Baron Funds®

Quarterly Report

June 30, 2019

"Someone is sitting in the shade today because someone planted a tree a long time ago." Warren Buffett. 2008.

We, like Buffett, invest in growth businesses that make decisions to reinvest in themselves to become much larger…and more valuable. In general, such businesses penalize their current earnings to do so. Whether they are building satellites that will provide communications services like **Iridium Communications, Inc.**…or spending money on research like **Bio-Techne Corporation** to develop proteins and antibodies used to discover new biotech drugs…or investing in lifts, restaurants, snowmaking, and grooming equipment to improve skiers' experiences enabling **Vail Resorts, Inc.** to sell more season passes and earn more from its ski mountains…or investing like **MSCI, Inc.** in primary research on environmental, social and governmental factors to help its money manager clients better serve their clients…or investing in players, coaching, scouting, and facilities like **Manchester United plc**…or in battery and electric car factories and autonomous driving capabilities like **Tesla, Inc.**…

"The whole system should work to maximize the 25-year outcome, not the 90-day outcome," according to Mark Wiseman, Chairman of BlackRock's Active Equities Group.

"The relationship between an investor and an issuer shouldn't be like a marriage. When you go into a marriage, your expectation is it will last forever. But, the relationship between an issuer and an investor is now like a one night stand. Investors need to behave more like owners," in Mark's opinion. We agree.

We invest in growth, which is expensive to achieve…and not without risk. But, we subscribe to the notion that *no one will remember in five years whether a company earned a little more or a little less than it planned in the current quarter*…and think the analogy to planting a sapling that in 10 or 20 years will become a large shade tree is a good one.

Obviously, Tesla's Elon Musk agrees and is clearly puzzled by how public markets set stock prices daily. "Being public feels like the price of your stock is being set in a manic-depressive way. To use a Warren Buffett analogy, being a publicly traded company is like having someone stand on your home's front lawn randomly yelling different prices for your house every day. It's still the same house."

Many nations recognize that a retirement crisis is looming for their citizens who have undersaved.

To use Buffett's shade tree analogy, several states have planted saplings. Norway is the leader per capita with a $1 trillion sovereign fund for its 5.2 million citizens. This fund, with resources accumulated from exploitation of Norway's vast energy reserves, currently owns 1.4% of all stocks on the NYSE. Directors of that fund describe their mission as investing for the great grandchildren of a couple that met for the first time this afternoon in a coffee shop in Oslo. Australia's Superannuation Fund's $2.8 trillion is invested in financial markets on behalf of its 25 million citizens. The U.S. in comparison is a laggard. With its 327 million people, more than 60 times as many as Norway and 13 times as many as Australia, America's 401(k) and IRA assets are approximately $15.1 trillion. Our nation, despite having the world's largest economy, surprisingly does not have an investing culture stronger than many smaller countries!

RONALD BARON
CEO AND CHIEF INVESTMENT OFFICER

"The United States isn't an island. We're part of the global economy. What happens in the rest of the world affects the United States". Janet Yellen. Former Federal Reserve Chair. July 2019.

In recent weeks, a conference to reevaluate the framework through which the Federal Reserve conducts monetary policy was held in Chicago. Among those present were current and past Federal Reserve bankers, including Jay Powell, Ben Bernanke, Randy Quarles, and Rich Clarida. Clarida now seems especially influential. Soon after he joined the Board, policy goals outlined by Powell became significantly more dovish. Speeches at that meeting were made public.

Commentary included questions to Powell regarding any scenario that would cause the Fed to increase interest rates. This was in the context of global deflationary forces including $15 trillion of debt with negative interest rates in Europe and Japan; the need for fiscal stimulus in EU economies which does not seem imminent; Brexit; and trade wars and tariffs that have negatively impacted the U.S. economy's strong growth. "Shortage of labor in the United States that causes a dramatic increase in wage rates," was Powell's response. Chairman Powell then spoke of currently strong U.S. wage growth and showed pictures of recruiters for trucking businesses hiring at prison gates. Shortages of truck drivers have become so endemic that individuals being released from incarceration are being offered jobs with no background checks as long as they have a drivers license! "How long would it take for tightness in labor markets to raise core inflation?" "Five years" was the surprising answer! Does that mean we are heading back to zero bound interest rates as some forecast? We will see.

TABLE OF CONTENTS

Letter from Ron	1
Letter from Linda	8
Baron Funds Performance	19
Baron Asset Fund	25
Baron Growth Fund	29
Baron Small Cap Fund	35
Baron Opportunity Fund	40
Baron Partners Fund	45
Baron Fifth Avenue Growth Fund	50
Baron Focused Growth Fund	56
Baron International Growth Fund	61
Baron Real Estate Fund	66
Baron Emerging Markets Fund	74
Baron Global Advantage Fund	78
Baron Discovery Fund	84
Baron Durable Advantage Fund	89
Baron Real Estate Income Fund	94
Baron WealthBuilder Fund	100
Baron Health Care Fund	105
Portfolio Holdings	122

BARON FUNDS 1987

Letter from Ron

Low interest rates are good for borrowers and investors in growth businesses (Baron Funds)… and bad for savers. As a result, this doesn't seem a particularly propitious time to follow a"risk off" strategy. "Compound interest is the eighth wonder of the world. He who understands it earns it. He who doesn't pays it." Professor Albert Einstein. 1955.

"We are doing very well. Baron is doing better. We need to study them to find out 'why?'" Shout out from competitor mutual fund Board of Trustees Chairman at their quarterly meeting. July 2019.

Judy and I recently had dinner with a member of another mutual fund's board of trustees and his wife. That fund management company has about $100 billion of equity assets under management. "You had a shout out from the chairman of our board today," my friend remarked. "The chairman told us our firm's mutual funds were having an excellent year. But…Baron is doing even better! We need to study them to find out 'why?'"

We think the "why" is our unrelenting focus on management teams, competitive advantages, and investing for the long term. The following brief stories about **Robert Half** and **Whole Foods** are illustrative.

Robert Half's exceptional management team and its competitive advantages that include subject matter expertise and less costly just-in-time staffing have made its business an excellent long-term investment…a sixty bagger as my friend Peter Lynch would say!

Robert Half is a leading provider of professional staffing and consulting services. When I was walking to our office on New York City's Fifth Avenue in June, Keith Waddell, Vice Chairman of Robert Half, called out to me. "Hey, Ron, it's me. Keith Waddell from Robert Half." "You don't have to introduce yourself to me, Keith. I know who you are. I can't even count how many times I've visited you and Max (Max Messmer, Chairman of Robert Half) in your office in Menlo Park since 1990!" In 1991, when Baron Funds was quite small, we invested in Robert Half because we thought its prospects as the leading provider of temporary and permanent accountants were bright. Perhaps even more importantly, we invested because we were enamored with the talent, directness, leadership and integrity of Keith and Max. Robert Half's market capitalization was then approximately $100 million and its 1991 revenues approximated $200 million. Robert Half's market capitalization today is $6.7 billion, and its 2018 revenues were $5.8 billion!

"How is Protiviti doing?" was my first question to Keith that morning…after first complimenting him about how young he looked. Robert Half created its Protiviti division in 2002 to acquire Arthur Andersen, then one of the nation's five largest accounting firms. Robert Half acquired Arthur Andersen for just $17 million!!! That was since Andersen had been indicted for its role in the Enron scandal. That indictment spelled the end of Andersen as a stand-alone business and made the job prospects for its partners dismal. The $17 million purchase price was paid by Robert Half to the Andersen bankruptcy estate to purchase non-compete contracts for Andersen's 750 internal audit partners.

When Max and Keith learned of the indictment, they called Andersen's bankruptcy trustee and asked to meet with Andersen's internal audit partners, their wives and husbands. "You have done nothing wrong. Your careers and families' well-being have been placed at risk by the malfeasance of your company's senior partners," they told the Andersen partners and their families. "We would like to acquire your business and provide you with exceptional opportunities if you and your families allow us to do so." The partners of Andersen quickly agreed. Post-Enron, Max and Keith believed there would be heightened regulatory scrutiny that would create strong growth opportunities for internal audit. They were right.

Keith told me Protiviti's sales in 2018 were nearly $1 billion, 17.3% higher than in 2017, its pre-tax margin was about 10%,…and that Protiviti was just scratching the surface of its opportunity!" "What a great idea that was," I responded. "*That's the genius of Ron Baron*," Keith remarked. "No, the genius of Ron Baron is finding people like you and Max in whom to invest and recognizing a great idea," I answered.

The secret ingredients of Whole Foods' tremendous success are its values and standards…a focus on providing consumers with what they want…high quality fresh and freshly prepared foods with supply chain transparency. No slotting allowances from consumer packaged goods ("CPG") suppliers offer consumers assurance that Whole Foods' displayed products are the highest quality, not the ones that are paying the most to be promoted.

Baron research analyst Matt Weiss recently met Walter Robb, the former President of Whole Foods, at a conference for food industry executives. When Matt told Walter that he worked with Ron Baron, Walter said he remembered his visits to our office when we had been investors in Whole Foods prior to its acquisition by Amazon for $14 billion. "Ron had amazing recall. I knew we would end every meeting talking about free range chickens! At least half the time I spent with Ron we spoke about Whole Foods' organic chickens! How did we grow them? How did we cut them? How did we price them? Ron always wanted to understand why it was important that chickens sold by Whole Foods were 'so happy.'"

Whole Foods does not buy chickens treated with antibiotics or grown under inhumane conditions. This is since chickens grown under such conditions are likely to have secreted greater quantities of hormones that are unhealthy for consumers. Health hazards to consumers of chickens treated with antibiotics are now top of mind. The same rationale applies to fish…and to beef. For example, Whole Foods sells only sustainably farmed or caught "super happy salmon!" Other supermarkets purchase fish from farms that grow fish in small cubic spaces.

Whole Foods' competitive advantages are those values and standards. Were other grocers to try to replicate Whole Foods' products, their costs would increase significantly. Whole Foods' focus is solely on quality. Where is it produced? Who is the farmer? How is production sustainable? Walter thought, "Ron always asked about the absence of antibiotics in free range chickens to confirm his understanding of Whole Foods' values. He wanted to hear management consistently articulate that it lives by its values even if it is more expensive to run its business."

Product margins are so low in conventional grocery stores that "slotting fees" are required to keep on the lights. To obtain necessary ad support, those grocers devote a large portion of their stores to CPG brands that pay those extra fees…whether or not those items are of the highest quality. The majority of Whole Foods' products are fresh and in-store prepared fresh foods.

Whole Foods' complex supply chain gives its stores a "farmer's market" feel that is also not easily replicated. Whole Foods has industry-leading sales per square foot that are on average three times those of its competitors.

One more thing. I am staying this summer in an apartment near the Whole Foods store on Columbus Circle. This is while the air conditioning in our home is being rebuilt. I am dazzled by the crowds whenever I visit that store to buy its spectacular orange juice, whether it is early in the morning or when I leave my office in the evening!

"Ron, you can copy Roger Federer's stroke by watching him on YouTube. The ball leaving your racket isn't going to act the same way, though." Fabio Minozi. Ron's tennis instructor. East Hampton. Summer 2019.

In June, I told Fabio Minozi, my tennis instructor, that I wanted to learn Roger Federer's tennis stroke. "I love the way he seems to float around the court," I told Fabio. Fabio then asked me to watch Roger hit on YouTube before we played again. "I will show you Roger's stroke next time." The following week, Fabio began my lesson by telling me, "Use the Western forehand grip for top spin. Keep both hands on the racket while you are waiting to return. Hold the racket loosely. Three fingers. Keep your wrist cocked when you begin your swing. Where do you hear the ball when you swing? In front of you? That is where the ball speed is the greatest. That is where you need to hit the ball. On the rise. Start your swing low and flat. Finish high. End your forehand with a snap over your left shoulder. Catch the racket with your left hand before you finish." "You will be competitive against your friends…but Ron, no one is ever going to mistake you for Roger Federer! *The ball is not going to leave your racket the same way it leaves Roger's*."

When I watched Federer lose a hard-fought tiebreaker to Novak Djokovic in the fifth set at Wimbledon, as a sentimental fan, I was disappointed. Further, I was touched by what Federer and Novak said during the trophy presentation ceremony. When Roger was congratulated for his incredible accomplishments at age 37, he answered, "I hope I give some other people a chance to believe that at age 37 it's not over yet." Djokovic replied, "Thank you, Roger. You inspire me and give me hope that some people have a chance to do it at 37. I am 32."

The takeaway from my tennis instruction by Fabio, though, is that to be an exceptional tennis player… or to achieve unusual success in any sport… the arts… education… medicine… or business is about more than age. It is about talent… coaching… technique… ambition… drive… and the experience gained from hours and hours and hours of relentless practice. Every day. Year after year. Social scientist Malcom Gladwell coined "the 10,000 Hour Rule" to describe what he believed was necessary to become exceptional… whether you are… Roger Federer… The Beatles… Muhammad Ali… Lin-Manuel Miranda, the author and producer of the Broadway hit "Hamilton"… or Warren Buffett.

This may explain why, although democratization of information provides access to voluminous data and reportage about virtually all businesses and their managements, few investors are able to outperform market averages over the long term. It's very easy to buy stocks. Just call your financial advisor. Warren Buffett, perhaps the greatest investor of all time, notes, however, that, "You can't buy a stock just because someone else is buying a stock. You need to do your own work." Clearly, it is not so easy to understand businesses' competitive advantages and management skills that we believe are determinative of businesses' long-term valuations. Unless you have a growing and really bright, hardworking, ethical group of tenured young researchers with long-term perspectives and a well-honed investment process…that has been successful. Although we cannot guarantee we will continue to be as successful as we have been, we are certainly trying. We believe that our people, process, and long track record are Baron's competitive advantage, and this gives us the chance to continue to outperform.

From their inceptions through June 30, 2019, 14 of 16 Baron mutual funds, representing **98.8%** of Baron Funds' AUM, **outperformed** their respective passive benchmarks. Ten of these funds, representing **97.8%** of Baron Funds' AUM, rank in the **top 17%** of their respective Morningstar categories; six funds, representing **61.5%** of Baron Funds' AUM, rank in the **top 6%** of their respective categories. Baron currently manages approximately $30.2 billion and has earned more than $28 billion realized and unrealized profits since 1992. Our firm managed approximately $100 million at that time.

One more thing. I thought if I practiced twice a week I could learn to play like an older Roger Federer. I was wrong.

28th Annual Baron Investment Conference. October 25, 2019. Metropolitan Opera House. Lincoln Center. New York City. We hope you will be able to attend.

The meetings have grown from fewer than 35 attendees at our first meeting at New York City's Harmonie Club in 1992 to more than 5,000 at New York City's Met last year. Our meetings are intended to allow you to meet and question executives of businesses in which Baron Funds has invested. We also intend these meetings to give you an opportunity to meet and question Baron portfolio managers and analysts, our client services representatives, Linda, David, Michael and me. We are there to discuss our investments, process and any other topics on your mind….no questions are off limits…all day long. Finally, the entertainment at lunch and at the end of the day, as always, will be incredibly cool. Also, as always, it will be at our expense, not yours. And, as always, it will be a surprise. To register please go to www.BaronFunds.com/register. We hope to see you at The Met this fall. For those of you who can't attend, you will be able to watch our meeting streamed live on the Baron Funds website…everything but the entertainment, that is (we are contractually prevented from streaming entertainment). You can get a sense of our meeting by watching CNBC's Squawk Box that morning from 6 AM to 8:30 AM (Eastern Standard Time). CNBC's Becky Quick will first interview me and then the two of us will interview several executives with whom we have invested. We like to say that "we invest in people." When you attend our annual conferences or watch us on CNBC or visit us at our website, we believe you will gain a better understanding of the businesses in which your savings have been invested. In the end, we think it's all about people. Thank you for joining us as fellow shareholders of Baron Funds…and for your long-term support. We will continue to work hard to justify your confidence. See you on October 25th.

Respectfully,

Ronald Baron
CEO and Chief Investment Officer
July 31, 2019

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

All the indexes listed in this report above are unmanaged indexes; one cannot invest directly into an index. The **S&P 500 Index** measures the performance of 500 widely held large-cap U.S. companies, the **Russell 1000® Growth Index** of large-sized U.S. companies that are classified as growth, the **Russell Midcap® Growth Index** of medium-sized U.S. companies that are classified as growth, the **Russell 2500™ Growth Index** of small to medium-sized companies that are classified as growth, the **Russell 2000® Growth Index** of small-sized U.S. companies that are classified as growth and the **Russell 3000® Growth Index** measures the performance of the broad growth 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. **Russell 3000® Health Care Index** is an unmanaged index representative of companies involved in medical services or health care in the Russell 3000 Index, which is comprised of the 3,000 largest U.S. companies as determined by total market capitalization. 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. The S&P and Russell indexes include reinvestment of dividends, which positively impact the performance results. The MSCI ACWI ex USA indexes cited are unmanaged, free float-adjusted market capitalization weighted indexes. The **MSCI ACWI ex USA Index Net USD** measures the equity market performance of large and mid-cap securities across developed and emerging markets, excluding the United States. The **MSCI EM (Emerging Markets Index Net USD)** is a free float-adjusted market capitalization weighted index designed to measure equity market performance of large, mid and small cap securities in the emerging markets. The MSCI indexes and the Funds include reinvestment of dividends, net of withholding taxes, which positively impact the performance results. The **MSCI US REIT Index** is an unmanaged free float-adjusted market capitalization index that measures the performance of all equity REITs in the US equity market, except for specialty equity REITs that do not generate a majority of their revenue and income from real estate rental and leasing operations. Index performance is not fund performance. The **MSCI USA IMI Extended Real Estate Index** is a custom index calculated by MSCI for, and as requested by, BAMCO, Inc. The index includes real estate and real estate-related GICS classification securities. The **MSCI ACWI Index** is an unmanaged, free float-adjusted market capitalization weighted index reflected in US dollars that measures the equity market performance of large- and mid-cap securities across developed and emerging markets. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indices or any securities or financial products. This report is not approved, reviewed or produced by MSCI. The index is calculated with dividends net of withholding taxes. Its returns include reinvestment of interest, capital gains and dividends, which positively impact the performance results.

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. **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. **Standard Deviation** 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).

Fund Expense Ratios

	Retail Shares		Institutional Shares	
	Gross Expense Ratio	Net Expense Ratio	Gross Expense Ratio	Net Expense Ratio
Baron Discovery Fund	1.40	1.35[1]	1.12	1.10[1]
Baron Growth Fund	1.29	1.29	1.03	1.03
Baron Small Cap Fund	1.30	1.30	1.04	1.04
Baron Focused Growth Fund	1.39	1.35[1]	1.09	1.09
Baron Asset Fund	1.30	1.30	1.04	1.04
Baron Durable Advantage Fund	7.45	0.95[1]	5.71	0.70[1]
Baron Fifth Avenue Growth Fund	1.09	1.00[1]	0.82	0.75[1]
Baron Opportunity Fund	1.37	1.37	1.11	1.11
Baron Partners Fund	2.03	2.03	1.77	1.77
Baron Emerging Markets Fund	1.36	1.36	1.10	1.10
Baron Global Advantage Fund	1.45	1.15[1]	1.18	0.90[1]
Baron International Growth Fund	1.34	1.20[1]	1.07	0.95[1]
Baron Health Care Fund	4.94	1.10[1]	4.06	0.85[1]
Baron Real Estate Fund	1.32	1.32	1.06	1.06
Baron Real Estate Income Fund	10.47	1.05[1]	7.18	0.80[1]
Baron WealthBuilder Fund	2.02[2]	1.42[1,2]	1.61[2]	1.17[1,2]

[1] Net of Adviser's fee waivers which the Adviser has agreed to pursuant to a contract expiring on August 29, 2030, unless renewed for another 11-year term.

[2] Includes Acquired Fund Fees and Expenses, which are indirect fees and expenses that the Fund incurs from investing in the securities of a select number of Baron mutual funds

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 Fund expenses for Baron Opportunity Fund, Baron Fifth Avenue Growth Fund, Baron Focused Growth Fund, Baron International Growth Fund, Baron Real Estate Fund, Baron Emerging Markets Fund, Baron Global Advantage Fund, Baron Discovery Fund, Baron Durable Advantage Fund, Baron Real Estate Income Fund, Baron WealthBuilder Fund, and Baron Health Care Fund (pursuant to a contract expiring on August 29, 2030, unless renewed for another 11-year term) and all Funds' 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 above. For performance information current to the most recent month end, visit www.BaronFunds.com/performance or call 1-800-99BARON.

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

Ranking information provided is calculated for Retail Share Class and is as of June 30, 2019.

The number of share classes in each category may vary depending on the date that Baron downloaded information from Morningstar Direct.

Morningstar calculates its category averages 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.

The **Morningstar US Fund Mid-Cap Growth Category** consisted of 602, 484, and 367 share classes for the 1-, 5-, and 10-year periods.

Morningstar ranked **Baron Asset Fund** in the 6th, 10th, 18th, and 17th percentiles, respectively, in the category for the 1-year, 5-year, 10-year, and since inception periods. The Fund was incepted 6/12/1987 and the category consisted of 19 share classes for the since inception period.

Morningstar ranked **Baron Growth Fund** in the 28th, 32nd, 37th, and 4th percentiles, respectively, in the category for the 1-year, 5-year, 10-year, and since inception periods. The Fund was incepted 12/30/1994 and the category consisted of 57 share classes for the since inception period.

Morningstar ranked **Baron Partners Fund** in the 74th, 44th, 9th, and 4th percentiles, respectively, in the category for the 1-year, 5-year, 10-year, and since conversion periods. The Fund was converted into a mutual Fund 4/30/2003 and the category consisted of 232 share classes for the since conversion period.

The **Morningstar US Fund Small Growth Category** consisted of 672, 515, and 393 share classes for the 1-, 5-, and 10-year time periods.

Morningstar ranked **Baron Small Cap Fund** in the 21st, 47th, 52nd, and 12th percentiles, respectively, in the category for the 1-year, 5-year, 10-year, and since inception periods. The Fund was incepted 9/30/1997 and the category consisted of 107 share classes for the since inception period.

Morningstar ranked **Baron Discovery Fund** in the 41st, 17th, and 3rd percentiles, respectively, in the category for the 1-year, 5-year and since inception periods. The Fund was incepted 9/30/2013 and the category consisted of 497 share classes for the since inception period.

The **Morningstar US Fund Large Growth Category** consisted of 1,383, 1,100, 812, and 325 share classes for the 1-year, 5-year, 10-year, and since inception (2/29/2000) periods. Morningstar ranked **Baron Opportunity Fund** in the 8th, 24th, 26th, and 12th percentiles, respectively, in the category.

The **Morningstar US Fund Foreign Large Growth Category** consisted of 465, 336, 247, and 242 share classes for the 1-year, 5-year, 10-year, and since inception (12/31/2008) periods. **Morningstar ranked Baron International Growth Fund** in the 85th, 29th, 10th, and 10th percentiles, respectively, in the category.

The **Morningstar US Fund Real Estate Category** consisted of 259, 198, and 144 share classes for the 1-year, 5-year, and since inception (12/31/2009) periods. Morningstar ranked **Baron Real Estate Fund** in the 98th, 94th, and 6th percentiles, respectively, in the category.

The **Morningstar US Fund Diversified Emerging Markets Category** consisted of 837, 560, and 293 share classes for the 1-year, 5-year, and since inception (12/31/2010) periods. Morningstar ranked **Baron Emerging Markets Fund** in the 63rd, 39th, and 3rd percentiles, respectively, in the category.

The **Morningstar US Fund World Large Stock Category** consisted of 864, 594, and 458 share classes for the 1-year, 5-year, and since inception (4/30/2012) periods. Morningstar ranked **Baron Global Advantage Fund** in the 3rd, 2nd, and 2nd percentiles, respectively, in the category.

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Risk: All investments are subject to risk and may lose value. Index performance is not fund performance; one cannot invest directly into an index.

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Fund (Institutional Shares) and Benchmark Performance 6/30/2019

Fund	Primary Benchmark	Annualized Return Since Fund Inception	Annualized Benchmark Return Since Fund Inception	Inception Date	Average Annualized Returns 1-Year	5-Year	10-Year	15-Year	Annual Expense Ratio	Net Assets
SMALL CAP										
Baron Growth Fund	Russell 2000 Growth Index	13.40%	8.01%	12/31/1994	14.51%	11.31%	15.52%	10.29%	1.03%[3]	$6.94 billion
Baron Small Cap Fund	Russell 2000 Growth Index	10.36%	6.18%	9/30/1997	9.59%	9.89%	14.79%	9.69%	1.04%[3]	$4.17 billion
Baron Discovery Fund†	Russell 2000 Growth Index	15.46%	9.36%	9/30/2013	5.57%	12.05%	N/A	N/A	1.12%/1.10%[3][4]	$558.66 million
SMALL/MID CAP										
Baron Focused Growth Fund	Russell 2500 Growth Index	11.08%[1]	8.14%	5/31/1996	3.57%	8.14%	12.69%	10.21%	1.09%[5]	$228.67 million
MID CAP										
Baron Asset Fund	Russell Midcap Growth Index	11.93%	10.28%[2]	6/12/1987	19.70%	13.48%	16.41%	10.99%	1.04%[3]	$4.43 billion
LARGE CAP										
Baron Fifth Avenue Growth Fund	Russell 1000 Growth Index	9.68%	10.01%	4/30/2004	11.43%	14.52	16.31%	9.78%	0.82%/0.75%[3][7]	$310.02 million
Baron Durable Advantage Fund	S&P 500 Index	9.77%	8.71%	12/29/2017	11.43%	N/A	N/A	N/A	5.71%/0.70%[3][8]	$4.79 million
ALL CAP										
Baron Partners Fund	Russell Midcap Growth Index	13.05%[1]	9.95%	1/31/1992	6.81%	10.39%	17.13%	11.43%	1.77%[5][6]	$2.39 billion
Baron Opportunity Fund†	Russell 3000 Growth Index	7.50%	4.70%	2/29/2000	16.13%	13.57%	16.18%	11.60%	1.11%[3]	$473.26 million
INTERNATIONAL										
Baron Emerging Markets Fund†	MSCI EM Index	4.51%	1.42%	12/31/2010	0.11%	2.66%	N/A	N/A	1.10%[5]	$5.17 billion
Baron Global Advantage Fund†	MSCI ACWI Growth Index	14.93%	8.93%	4/30/2012	15.10%	13.48%	N/A	N/A	1.18%/0.90%[5][9]	$216.59 million
Baron International Growth Fund†	MSCI ACWI ex USA Index	10.94%	7.55%	12/31/2008	(1.17)%	5.28%	10.38%	N/A	1.07%/0.95%[5][10]	$295.01 million
SPECIALTY										
Baron Real Estate Fund	MSCI USA IMI Extended Real Estate Index	13.23%	12.27%	12/31/2009	1.08%	4.68%	N/A	N/A	1.06%[5]	$587.36 million
Baron Real Estate Income Fund	MSCI US REIT Index	4.84%	6.72%	12/29/2017	7.51%	N/A	N/A	N/A	7.18%/0.80%[5][11]	$3.72 million
Baron Health Care Fund	Russell 3000 Health Care Index	13.99%	13.21%	4/30/2017	11.06%	N/A	N/A	N/A	4.06%/0.85%[5][12]	$11.53 million
FUND OF BARON FUNDS										
Baron WealthBuilder Fund	S&P 500 Index	11.51%	8.71%	12/29/2017	9.64%	N/A	N/A	N/A	1.61%/1.17%[5][13]	$95.03 million

[1] Reflects the actual fees and expenses that were charged when the Funds were partnerships. The predecessor partnerships charged a 20% performance fee (Baron Partners Fund) or a 15% performance fee (Baron Focused Growth Fund) after reaching a certain performance benchmark. If the annual returns for the Funds did not reflect the performance fee for the years the predecessor partnerships charged a performance fee, returns would be higher. The Funds' shareholders are not charged a performance fee.

[2] For the period June 30, 1987 to June 30, 2019.

[3] As of 9/30/2018.

[4] Annual expense ratio was 1.12%, but the net annual expense ratio was 1.10% (net of the Adviser's fee waivers).

[5] As of 12/31/2018.

[6] Comprised of operating expenses of 1.06% and interest expenses of 0.71%.

[7] Annual expense ratio was 0.82%, but the net annual expense ratio was 0.75% (restated to reflect current fee waivers).

[8] Annual expense ratio was 5.71%, but the net annual expense ratio was 0.70% (net of Adviser's fee waivers).

[9] Annual expense ratio was 1.18%, but the net annual expense ratio was 0.90% (net of Adviser's fee waivers).

[10] Annual expense ratio was 1.07%, but the net annual expense ratio was 0.95% (net of Adviser's fee waivers).

[11] Annual expense ratio was 7.18%, but the net annual expense ratio was 0.80% (net of Adviser's fee waivers).

[12] Annual expense ratio was 4.06%, but the net annual expense ratio was 0.85% (net of Adviser's fee waivers).

[13] Annual expense ratio was 1.61%, but the net annual expense ratio was 1.17% (includes acquired fund fees and expenses, net of the Adviser's fee waivers).

† 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.

The discussion of market trends and companies are not intended as advice to any person regarding the advisability of investing in any particular security. Some of our comments are based on current management expectations and are considered "forward-looking statements." Actual future results, however, may prove to be different from our expectations. Our views are a reflection of our best judgment at the time and are subject to change any time based on market and other conditions, and we have no obligation to update them.

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

Portfolio holdings as a percentage of net assets as of June 30, 2019 for securities mentioned are as follows: **Iridium Communications Inc.** – Baron Growth Fund (3.0%), Baron Partners Fund (0.3%*), Baron Focused Growth Fund (4.1%); **Bio-Techne Corporation** – Baron Asset Fund (2.0%), Baron Growth Fund (2.6%), Baron Health Care Fund (3.8%); **Vail Resorts, Inc.** – Baron Asset Fund (3.2%), Baron Growth Fund (6.7%), Baron Partners Fund (6.8%*), Baron Focused Growth Fund (13.1%); **MSCI, Inc.** – Baron Growth Fund (6.2%), Baron Partners Fund (0.4%*); **Manchester United plc** – Baron Growth Fund (1.3%), Baron Opportunity Fund (0.8%), Baron Partners Fund (3.1%*), Baron Focused Growth Fund (4.4%); **Tesla, Inc.** – Baron Opportunity Fund (2.4%), Baron Partners Fund (8.0%*), Baron Fifth Avenue Growth Fund (0.7%), Baron Focused Growth Fund (8.8%), Baron Global Advantage Fund (0.4%).

* % of Long Positions.

Baron Funds do not currently hold shares of **Robert Half International, Inc.** or **Whole Foods Market, Inc.**

Portfolio holdings may change over time.

Past performance is no guarantee of future results.

Letter from Linda

As an avid sports fan, I cannot start this letter before saying congrats to the U.S. Women's National Soccer Team for winning their fourth World Cup, and thanking them for an amazing performance! After such an outstanding start of the year for sports fans, the only team sport remaining to enjoy over the next few weeks is baseball. Football season officially starts in early September, and some of you may already be strategizing about your fantasy football draft picks. We run a football survivor pool in our office, and one thing that I've noticed is that every year people tend to favor their home team even when the odds are against them. This is particularly, and sadly, true for Jets fans. This is classic home bias.

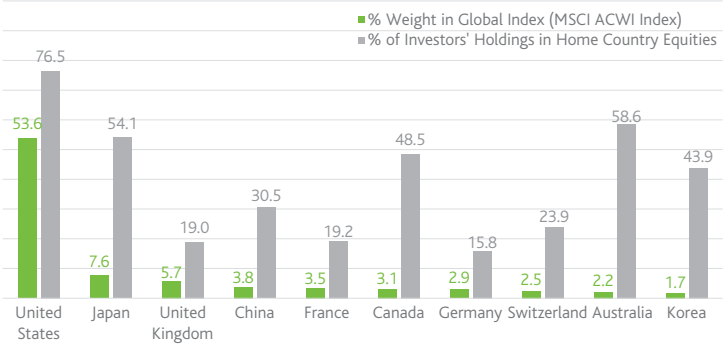
When it comes to sports, there is nothing materially wrong with favoring the team you know or like best. The worst that can happen is disappointment and the loss of your survivor pool entry fee. In the investment world, however, sticking to the familiar may pose real risks and turn into an expensive mistake.

According to data from the International Monetary Fund, the average U.S. investor has about 77% of his or her equity allocation invested in U.S. stocks. At the same time, U.S. stocks represent about half of the weight in the MSCI ACWI Index and the U.S. represents less than 25% of global GDP. Mutual Fund and ETF investors across the world are not the exception. According to the Morningstar Global Funds Database, as of 6/30/18, equity fund investors showed similar home biases. For example, almost 70% of the assets in equity funds available for sale in the U.S. were allocated to U.S. equities. In Japan and China, more than 90% was allocated to their respective home equities. This overallocation to U.S. companies is a prime example of home bias in investing. However, this bias is not limited to just U.S. investors – as the charts below show, investors in other countries also tend to be overallocated to stocks in their home country.

Equity Investors Tend to Have Home Bias

Equity Market Home Bias by Country

as of 6/30/18

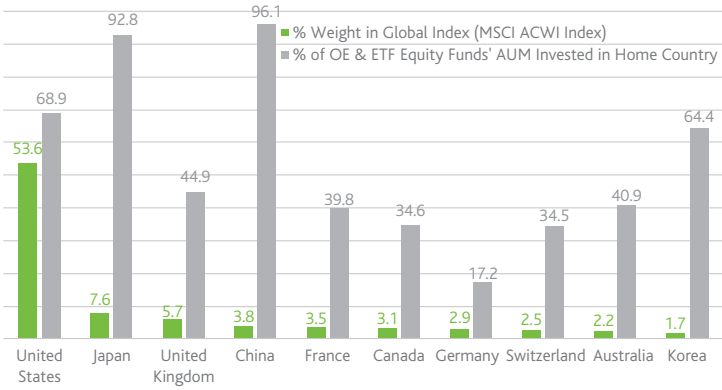


Sources: FactSet, MSCI, International Monetary Fund (Coordinated Portfolio Investment Survey), Baron Capital.
Note: % of Investors' Holdings in Home Country Equities is calculated by subtracting total foreign investment (as reported by the IMF) in each country from its market capitalization in the MSCI ACWI Index. Given that the IMF data is voluntary, there may be some discrepancies between the market values in the survey and the MSCI ACWI Index.

LINDA MARTINSON
CHAIRMAN, PRESIDENT AND COO

Open-End Funds and ETFs Home Bias by Country

as of 6/30/18



Sources: FactSet, MSCI, Baron Capital.
Note: % of OE & ETF Equity Funds' AUM Invested in Home Country is calculated using the total AUM of Open End Funds and ETFs available for sale in each country, and the country allocation data available in Morningstar. Percentage of the total AUM with available allocation data per country: United States – 97%, Japan – 52%, United Kingdom – 90%, China – 99%, France – 70%, Canada – 99%, Germany – 84%, Switzerland – 86%, Australia – 83%, and Korea – 99%.

In investing, being exposed to too much of the same thing could be dangerous, especially when that market or a segment of it underperforms. A globally diversified equity portfolio may not only protect investors from the concentration risks due to home bias, but could also open the doors for them to take advantage of many lucrative opportunities abroad. While research has established the potential benefits of diversification, this cannot guarantee a profit or protect against loss.

U.S. Stocks Have Global Exposure but Do Not Provide Global Diversification

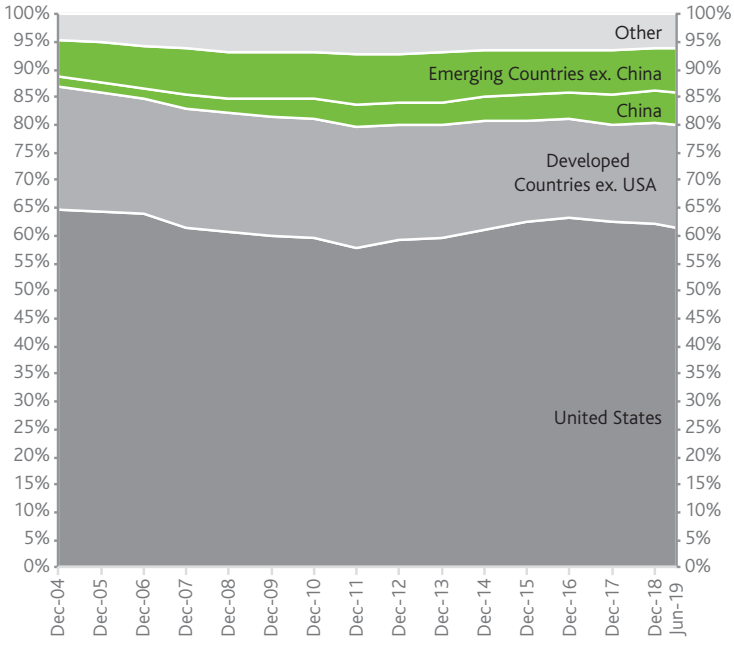
Some U.S. investors may believe that being exposed to U.S. stocks, particularly large-cap companies that have operations and assets around the globe, already provides them with significant global exposure. Others may think that U.S. companies predominantly reflect the economic and political events and stability at home. In our opinion, both views tell some truth but neither offers a true global perspective.

A breakdown by geographic revenue exposure of the companies in the S&P 500 Index shows that nearly 40% of the total revenue over the past year came from abroad. The chart below shows that this figure has been fairly stable over the past 15 years. This should not be surprising, as many U.S. companies have significant global presence.

A Significant Proportion of S&P 500 Companies' Revenue Has Been Sourced from Abroad

S&P 500 Index – LTM Revenue Breakdown by Geography

as of 6/30/2019



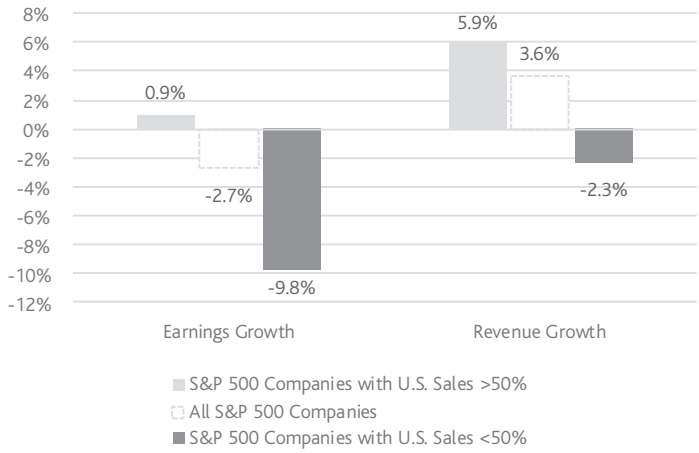
Source: FactSet.

Naturally, international events are likely to have more of an effect on the U.S. companies with larger foreign exposure. For example, recent trade and policy uncertainties have translated into meaningfully lower revenue and earnings expectations for Q2 '19 for companies that derive more than 50% of their revenues from abroad, according to data from FactSet.

U.S. Companies with Higher Foreign Revenue Exposure are Facing Headwinds

S&P 500 Index – Estimated Earnings and Revenue Growth: Q2 2019

as of 6/30/2019



Source: FactSet.

Clearly, the financial results of U.S. companies are not driven just by U.S. events. Like it or not, investors in passive U.S. large/all-cap products have significant unintended and unmanaged global exposure. While U.S. large/all-cap active managers may have some flexibility to manage that exposure, it is not their mandate to do that, and investors would still be left to handle that risk on their own.

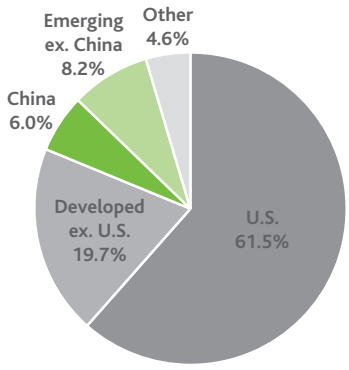
Because the large foreign revenue exposure of the S&P 500 Index is unintended and unmanaged, in our opinion it does not effectively eliminate home bias, nor can it effectively expose investors to the benefits of global growth.

A deeper dive into the data shows that the foreign revenues of the companies in the S&P 500 Index are geographically sourced in disproportion to the breakdown of global economic output. For example, only 6% of total revenue is derived from China (the second largest economy in the world) and 14% is coming from all emerging economies combined. At the same time, China represents over 16% of global GDP, and all emerging economies represent over 35%.

The S&P 500 Index Does Not Provide Effective Global Exposure

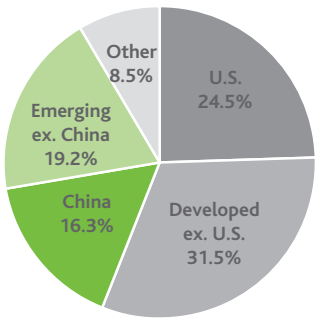
S&P 500 Index

LTM Revenue Breakdown by Geography



Share of World GDP

2019 Estimates

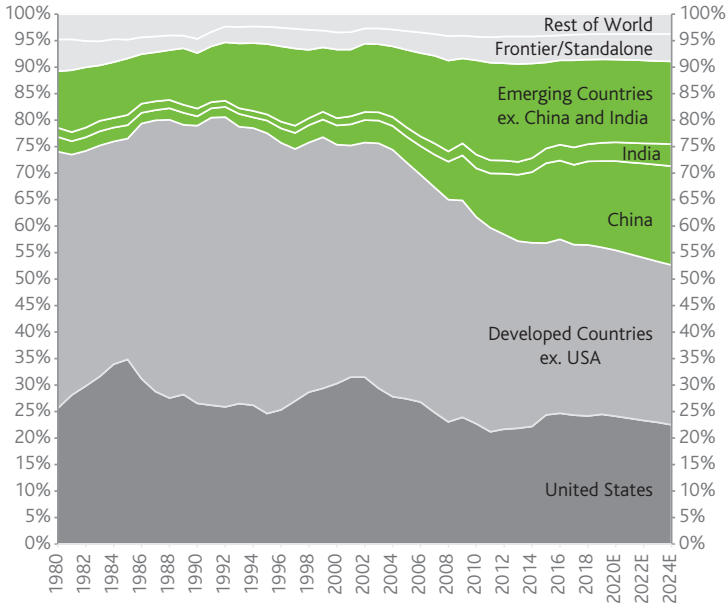


Sources: Revenue data and breakdown from FactSet, as of 6/30/2019.
GDP data and breakdown from the International Monetary Fund, World Economic Outlook Database, April 2019.
Country classifications from MSCI.
Note: Share of World GDP is calculated using current prices GDP in USD.LTM: last 12 months

We believe that a true global portfolio should invest in closer proportion to global output and in proportion to growth expectations. For example, according to estimates from the IMF, and as shown in the chart below, developing economies, and China in particular, are expected to continue to expand at a faster rate than developed countries.

Developing Countries are Expected to Have Higher GDP Growth

Share of World GDP



Sources: GDP data from International Monetary Fund, World Economic Outlook Database, April 2019. Country classifications from MSCI.
Note: Share of World GDP is calculated using current prices GDP in USD.

The Potential Benefits of Global Investing

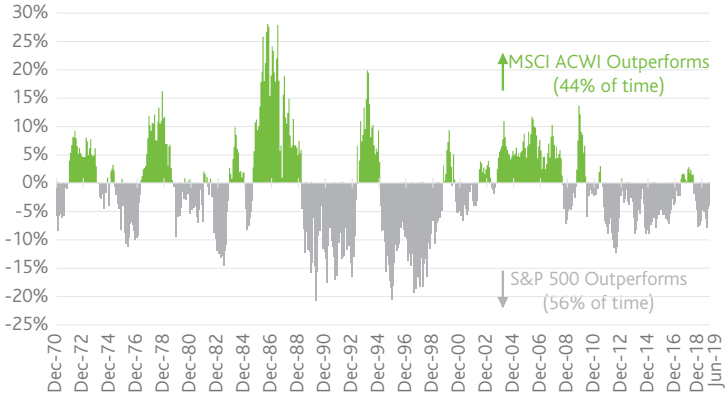
While U.S. stocks can be a great investment and can provide some global reach to investors, in our view a global portfolio that consists of U.S. and non-U.S. companies could offer significant additional benefits, like higher returns and improved risk/return characteristics, particularly to long-term equity investors.

Historically, the relative performance of U.S. and global stocks has been cyclical. While over the past decade the U.S. stock market has been the better performer, a longer-term view (see the chart below) shows that the global index has outperformed a significant portion of the time.

The Performance of the S&P 500 Index and the MSCI ACWI Index Has Been Cyclical

Difference in 1-Year Returns

12/31/70 – 6/30/19, Rolling Monthly



Source: FactSet.
Note: Due to data limitations, the MSCI ACWI Index was used from 12/31/87 to 6/30/19 and the MSCI World Index was used prior to 12/31/87.

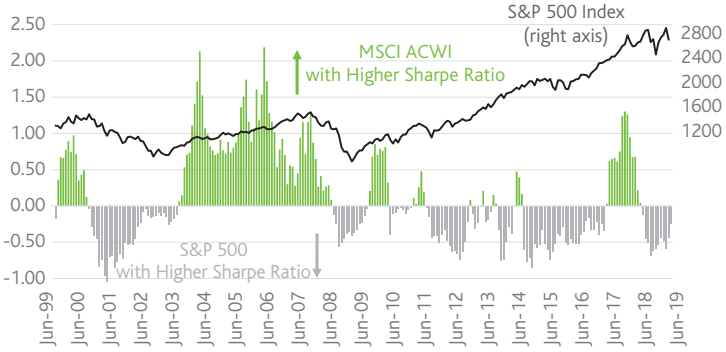
A closer look at the data shows that the magnitude and volatility of relative returns have become smaller over the past 20 years. This could be partly driven by the globalization of international capital markets and higher and faster information access around the world. Nonetheless, globalization does not seem to have affected the cyclical nature of relative performance: over the past 20 years since 6/30/99, the MSCI ACWI Index outperformed 45% of the time.

On a risk-adjusted basis, the results are similar. Over the past 20 years, a period that captures two major crises – the dot-com bubble and the Great Recession, the MSCI ACWI Index had a better 1-year Sharpe Ratio 45% of the time, based on monthly rolling data shown in the following chart. This result is despite the unprecedented U.S. bull market over the past 10 years that was largely stimulated by quantitative easing, corporate tax cuts, and low interest rates, giving U.S. stocks a significant advantage.

The Risk-Adjusted Performance of the S&P 500 Index and the MSCI ACWI Index Has Been Cyclical

Difference in 1-Year Sharpe Ratios

6/30/99 – 6/30/19, Rolling Monthly



Source: Morningstar Direct, FactSet.
Note: The Sharpe Ratios of each index were calculated using daily returns.

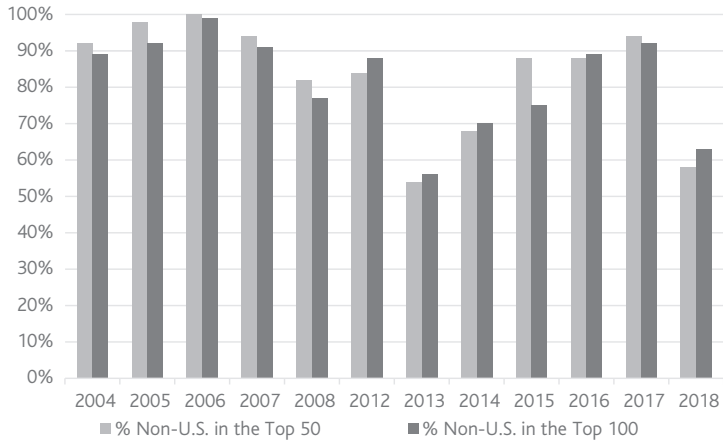
The prolonged outperformance of U.S. stocks in recent years has not given us reason to believe that the cyclical pattern of performance has been broken. Market cycles are unpredictable around the globe. In our view, attempting to time which stock market will do better is futile and can cause significant losses (see Letter from Linda from 3/31/19 for more on market timing).

If You Go Global, Go Active

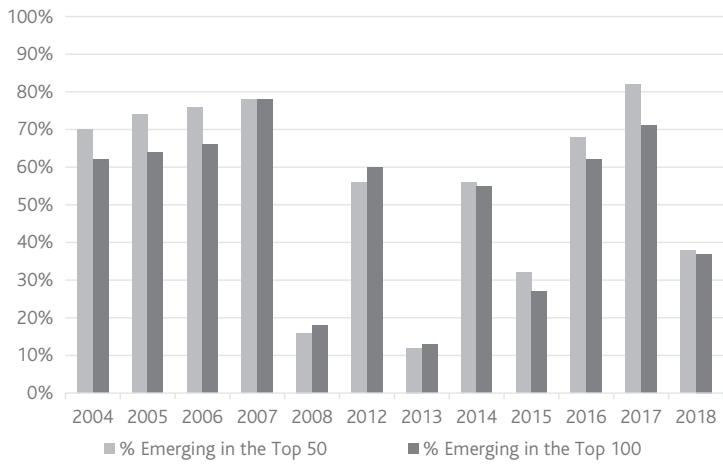
Foreign equities do not always perform better than U.S. stocks as a group, but there have always been plenty of strong-performing stocks abroad. The following three charts show that in each of the past 15 calendar years, the majority of the top-performing stocks in the world (measured by total return) were outside of the U.S., many of them in emerging markets. In 2018, for example, 63 of the 100 top performing stocks in the MSCI ACWI Index were non-U.S., and in 2017 that figure was 92 out 100.

Most of the Stocks with Highest Returns Have Been Non-U.S.

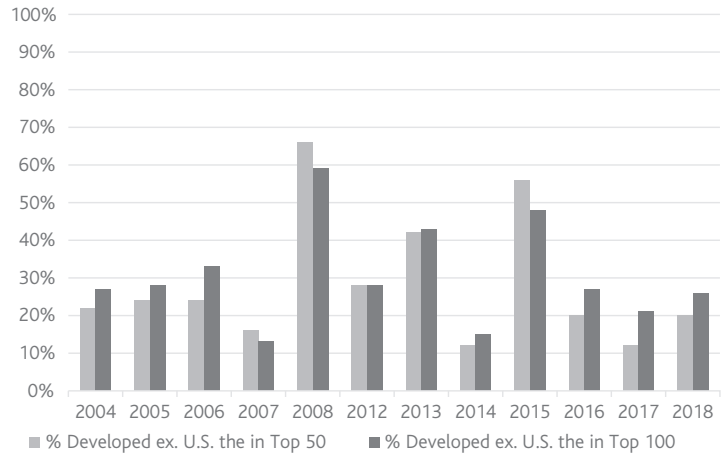
% Non-U.S. Companies among the Top Global Performers



% Emerging Country Companies among the Top Global Performers



% Developed Country ex. U.S. Companies among the Top Global Performers



Source: FactSet, Baron Capital.
Note: The analysis is based on the calendar-year total return of the companies in the MSCI ACWI Index.

With most of the top-performing stocks being constituents of the MSCI ACWI Index, one may wonder why this index underperformed the S&P 500 Index in most of these 15 years.

While the MSCI ACWI Index can serve as a rough proxy for the potential benefits of global investing, in our view it has too many design flaws to serve as a model for an actual investment. We view passive products that mimic this index (or any other index) as a poor choice for investors seeking global exposure.

One of the biggest drawbacks of the MSCI ACWI Index, in our view, is its overdiversification. As of 6/30/19, the index had 2,842 constituents, with the top 10 representing 11.8% of its total weight. Investing in such a broad set of stocks, and not having significant weights in almost any of them, virtually discounts all opportunity for consistently strong portfolio performance. Furthermore, after a few dozen, maybe a hundred investments, the marginal diversification benefits of each additional holding become close to zero and turn mostly into redundancies.

In addition, as most popular indexes do, the MSCI ACWI Index is constructed to give more weight to stocks that have done best in the past, rather than the ones with higher future growth opportunities. This exposes investors in such passive products based on that index to unmanaged momentum risk, among other risks.

The backward-looking weight-allocation of the index has naturally translated into a significant exposure to developed economies that, similarly to the S&P 500 Index, is disproportionate to the breakdown of global GDP and growth opportunities. As the three charts that follow show, a little over 27% of the index's revenue exposure and only 11.9% of its weight are to businesses in developing countries. At the same time, developing countries account for 44% of the world's GDP and are the ones expected to grow fastest.

In our view, skilled active managers can build and manage a well-balanced global portfolio without the deficiencies of the index and, as a result, potentially deliver significantly better absolute and risk-adjusted returns. While this sounds simplistic, the latest Morningstar data shows that it is not a trivial task. As of 6/30/19, only 32% and 30% of global actively managed products had outperformed their primary benchmark on a 3- and 5-year basis, respectively[1].

Baron's Approach to Global Investing

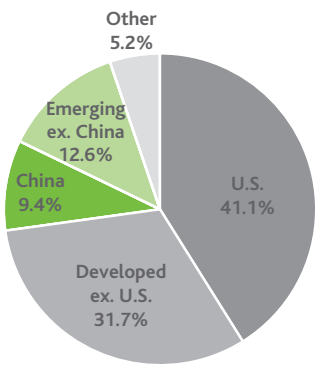
At Baron, we take a distinct approach to global investing that has produced outstanding results over the past seven years. On 4/30/12, we launched Baron Global Advantage Fund, managed by Alex Umansky, with the objective of identifying and investing in the best growth opportunities around the globe.

To achieve this objective, the Fund has been allowed maximum flexibility across virtually any criteria – it can invest in equity securities of established and emerging markets companies located throughout the world, of any market capitalization and across all industries. The Fund can take significant positions in those securities, within applicable regulatory requirements. Of course there is no guarantee that this objective can be met.

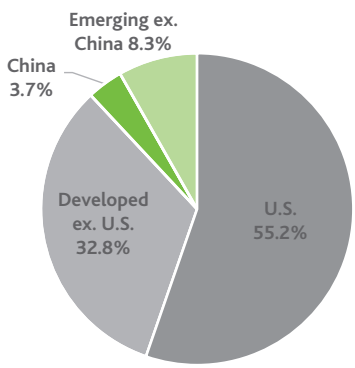
Enabled by globalization and technological advancements, secular growth opportunities have transcended country borders and industry definitions. That is why, in our view, flexibility is key for the success of a global equity portfolio. We believe that allowing a global portfolio to invest anywhere, without arbitrary limitations, offers the highest absolute and risk-adjusted upside potential, although this may not always be the result.

The MSCI ACWI Index is Heavily Weighted Towards Developed Countries

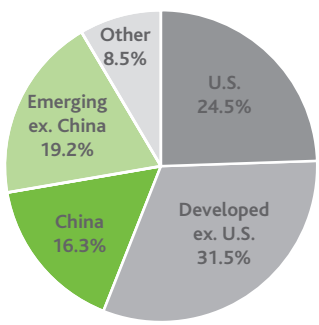
MSCI ACWI Index
LTM Revenue Breakdown by Geography



MSCI ACWI Index
Index Weight by Geography



Share of World GDP
2019 Estimates



Sources: Revenue data and breakdown from FactSet, as of 6/30/2019.
GDP data and breakdown from the International Monetary Fund, World Economic Outlook Database, April 2019.
Country classifications from MSCI.
Note: Share of World GDP is calculated using current prices GDP in USD.

Funds with more flexibility may have higher volatility of their returns. Baron Global Advantage Fund is no different in this respect. Its highly active approach to global investing has resulted in relatively high volatility of its absolute and relative returns. While this may not be appealing to every investor, those who are seeking a higher-return opportunity with the objective of adding alpha to their portfolios may find Baron Global Advantage Fund a suitable fit.

The flexibility of the Fund includes the ability of the manager to take high-conviction positions. As of 6/30/19, the top 10 positions in the portfolio represented nearly 40% of the total weight. With around 40-50 holdings (typical for the Fund), the Fund is not overdiversified, but it is not focused, either. Along with a high conviction approach, the portfolio manager thoughtfully considers diversification by multiple criteria, including stage of business growth, product type, customer base, and geographic source of revenue, to name a few, which provides an attractive balance between risks and opportunities.

Baron Global Advantage Fund has the most flexible mandate among the Baron Funds family. Yet, the Fund adheres to Baron's general investment philosophy and follows Baron's investment criteria – it invests in companies that, in our view, have strong long-term growth potential, exceptional managements, attractive valuations, and durable competitive advantages.

The Fund's manager puts a particular emphasis on the last criteria. According to Alex, and we agree, in an increasingly globalizing economy that has been continuously disrupted by technological advancements, the long-term winners will be the companies that can continually improve and offer unique value to their customers. To find such companies, Alex looks for the agents and/or beneficiaries of disruptive change in areas like digitization, big data, cloud computing, machine learning, autonomous driving, among others. He finds platform companies to be particularly well positioned to benefit from disruptive change, as they can capitalize on scalable network effects and large and diverse global addressable markets.

In addition to the above criteria, Alex favors companies that have secular, organic growth, strong free cash flows, higher/rising returns on invested capital, and low capital intensity. The table below shows that Baron Global Advantage Fund is meaningfully overexposed to companies with such fundamentals relative to its primary benchmark.

Baron Global Advantage Fund Invests in Higher Growth, Capital Efficient Businesses

Selected Fundamental Characteristics

as of 6/30/2019

	Growth		Profitability			Leverage
	Historical 5 Year Sales Growth (%)	Estimated 3-5 Year EPS Growth (%)	Gross Margin (%)	FCF Margin (%)	Return on Invested Capital (%)	Debt to Market Cap (%)
Baron Global Advantage Fund	22.8	24.7	53.1	13.0	13.9	9.1
MSCI ACWI Index	6.3	10.6	42.1	8.6	10.7	38.2
Difference	**16.5**	**14.1**	**11.0**	**4.4**	**3.2**	**–29.1**

Source: FactSet.
FCF: free cash flow

Although we are aware of the characteristics and composition of the index, Baron Global Advantage Fund is not managed to a benchmark. The Fund's characteristics and geographical and sector exposures are entirely a result of Alex's continuous assessment of where the best opportunities are and his conviction in each portfolio investment. As Alex follows a distinctly different approach to global investing, the Fund's relative weights and revenue exposures are also distinctly different, as the charts below show. The Fund's high active share, 94.3% as of 6/30/19, also demonstrates that it is significantly different from its benchmark. *See page 18 for a definition of Active Share.*

Baron Global Advantage Fund is Significantly Different from its Benchmark

Baron Global Advantage Fund vs. MSCI ACWI Index

as of 6/30/19

GICS Sector	Portfolio Weight	Overweight/Underweight
Information Technology	35.7%	19.7%
Consumer Discretionary	24.6%	13.8%
Health Care	18.1%	6.7%
Communication Services	10.0%	1.3%
Real Estate	--	-3.2%
Utilities	--	-3.3%
Materials	--	-4.9%
Energy	--	-5.9%
Consumer Staples	--	-8.3%
Industrials	0.3%	-10.2%
Financials	6.0%	-10.9%

Region/Country	Portfolio Weight	Overweight/Underweight
Total Developed	66.3%	-21.9%
United States	46.7%	-8.5%
United Kingdom	5.2%	0.2%
Netherlands	5.6%	4.6%
Israel	6.1%	6.0%
Other Developed	2.7%	-24.0%
Total Emerging	28.4%	16.6%
China	10.5%	6.8%
India	6.0%	5.0%
Argentina	4.1%	4.0%
Brazil	4.5%	3.6%
Other Emerging	3.3%	-2.7%

Region/Country	Portfolio Revenue Exposure	Overweight/Underweight
Total Developed	57.9%	-12.9%
United States	39.1%	-1.9%
Japan	1.4%	-5.0%
Australia	0.4%	-1.7%
Canada	1.7%	-1.5%
France	1.1%	-1.1%
Other Developed	14.2%	-1.7%
Total Emerging	32.1%	10.5%
Brazil	6.8%	4.9%
India	6.8%	4.8%
China	13.7%	4.3%
Other Emerging	4.7%	-3.5%
Other	4.5%	-3.0%

Sources: FactSet, Baron Capital, MSCI.

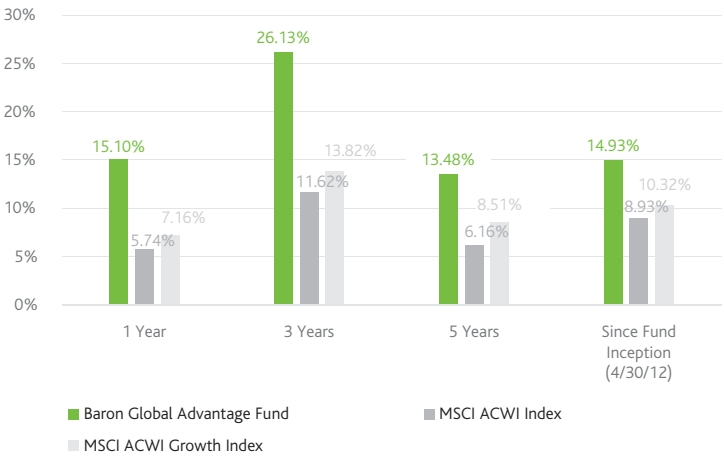
Since the Fund's inception on 4/30/12, Alex's highly differentiated investment approach to global investing has produced remarkable absolute and relative results. For a little over seven years, a $10,000 investment in the Fund is now worth over $27,000[2]. For comparison, over the same period a $10,000 investment in the MSCI ACWI Index would have grown to $18,462 and in the MSCI ACWI Growth Index to $20,219[3]. The chart below shows that as of 6/30/19 the Fund had better performance versus its primary and secondary benchmarks over shorter and longer periods.

The performance of the Fund has been consistently strong, particularly over longer periods. While it has experienced moments of short-term underperformance, the Fund has outperformed its benchmark about 9 out of 10 times over rolling 3-year periods, and 100% of the time over rolling 5-year periods. As the chart below shows, the longer the investment period, the higher the rate of outperformance.

Baron Global Advantage Fund Has Delivered Better Performance

Annualized Total Returns

as of 6/30/19

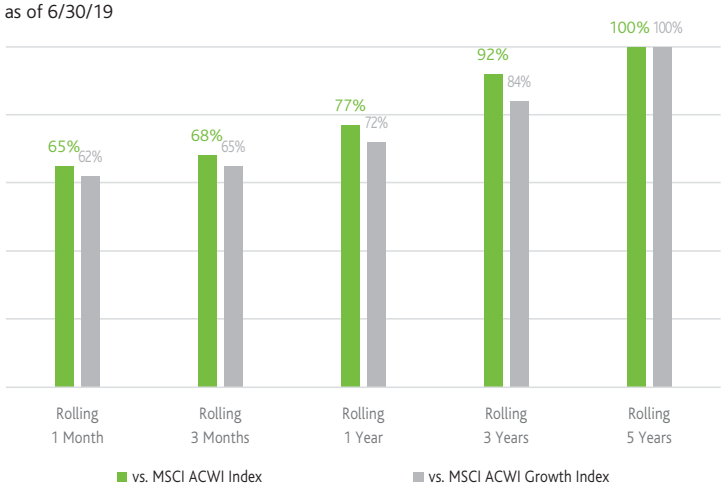


Source: FactSet SPAR.
Note: The Fund's performance was calculated using its institutional share class.

Baron Global Advantage Fund Outperformed More Often Over Longer Periods

Percentage of Time Outperformance over Rolling Periods

as of 6/30/19



Source: FactSet.
Note: Calculations based on monthly rolling data.

Furthermore, the Fund has delivered better risk-adjusted returns versus its benchmark, despite the higher volatility of its absolute and relative returns.

Baron Global Advantage Fund Has Delivered Strong Risk-Adjusted Returns

Performance-Based Statistics

as of 6/30/19

	Baron Global Advantage Fund	MSCI ACWI Index	Baron Global Advantage Fund	MSCI ACWI Index	Baron Global Advantage Fund	MSCI ACWI Index
	3 Years		5 Years		Since Fund Inception (4/30/12)	
Sharpe Ratio	1.60	0.91	0.77	0.45	0.92	0.72
Information Ratio	1.64		0.85		0.70	
Alpha (%)	12.03		6.10		4.75	
Beta	1.13		1.21		1.14	
Standard Deviation (%)	15.47	11.32	16.49	11.79	15.66	11.55
Tracking Error (%)	8.84		8.59		8.60	
Upside Capture (%)	151.01		139.47		126.46	
Downside Capture (%)	83.28		104.29		98.84	

Source: FactSet SPAR.
Note: The Fund's performance statistics were calculated using its institutional share class.

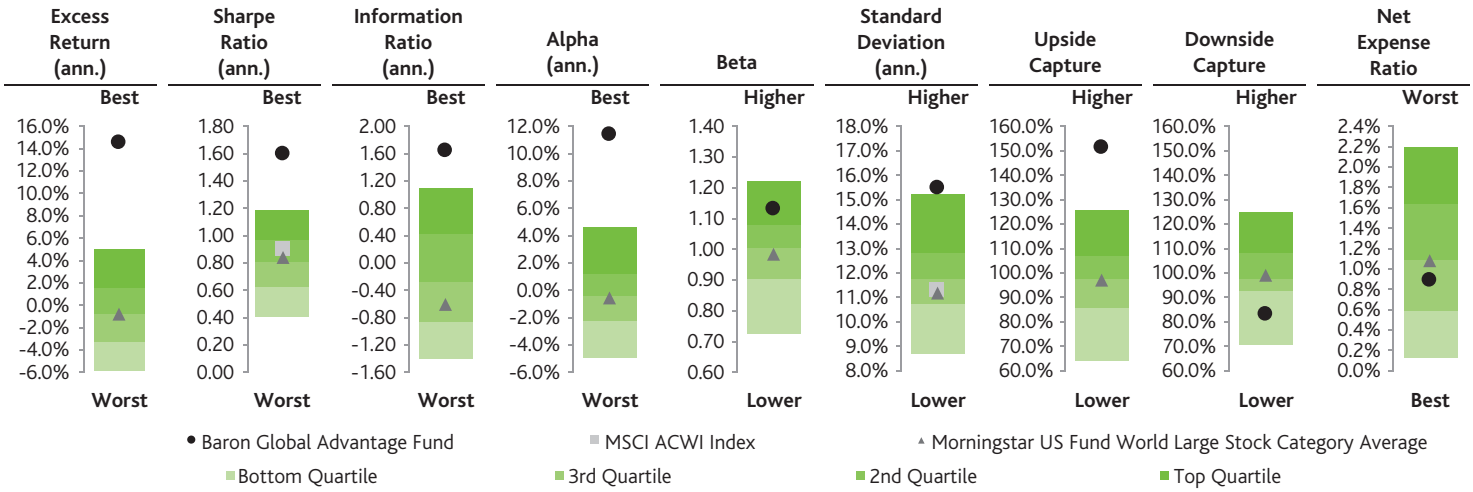
[2] Since its inception on 4/30/2012 until 6/30/2019, the cumulative return of the Fund's institutional share class was 171.16%.
[3] It is not possible to invest in an index. Data for illustration purposes only.

The Fund has also delivered top results relative to its peer group in the Morningstar US Fund World Large Stock Category, as the chart below shows.

Baron Global Advantage Fund vs. Peer Group

Trailing 3-Year Performance-Based Statistics

as of 6/30/19



Source: Morningstar Direct.

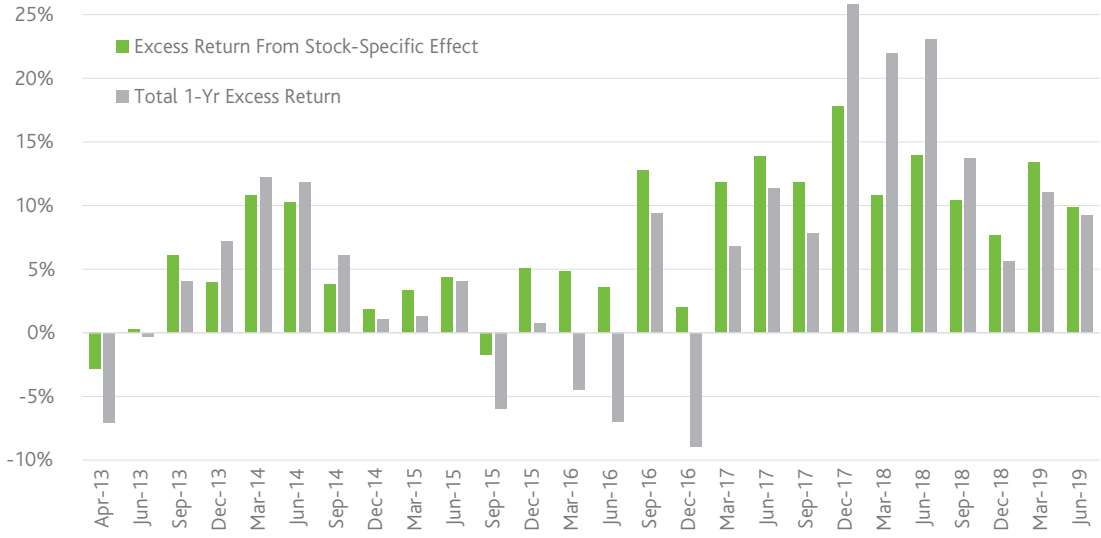
Most importantly, the strong results of the Fund have been driven by superior stock selection, which is what we expect. Since its inception until 6/30/19, Baron Global Advantage Fund outperformed its benchmark by 86.54% cumulatively[4], and stock selection contributed 92.03%[5] to this result. As the chart below shows, stock selection has been a consistent contributor to relative performance. We believe this outcome attests to the quality of our bottom-up fundamental approach.

Baron Global Advantage Fund Has Outperformed Due to Strong Stock Selection

Baron Global Advantage Fund vs. MSCI ACWI Index

Rolling One-Year Excess Return and Stock-Specific Effect

as of 6/30/19



Source: FactSet.

[4] Measured using the performance of the Fund's institutional share class.

[5] Calculated using factor-based performance attribution, using MSCI Barra's GEMLT model.

Not surprisingly, the Fund's performance has helped it rank near the top of its Morningstar category. (Please see page 15 for standardized performance information.) The Fund was recognized by Lipper as the best fund in its category for consistent risk-adjusted returns for the years 2016-2018. At the same time, it has ranked attractively in terms of net investor cost, represented by net expense ratio.

Baron Global Advantage Fund Has Delivered Top Performance at a Reasonable Cost

Baron Global Advantage Fund vs. Peers

Percentile Rankings in Morningstar US Fund World Large Stock Category

as of 6/30/2019

	Net Expense Ratio Rankings (higher = more expensive)	3-Yr Excess Return vs. Category Benchmark Rankings (lower = better)	3-Yr Sharpe Ratio Rankings (lower = better)	3-Yr Alpha vs. Category Benchmark Rankings (lower = better)
Retail Share Class	53%	1%	1%	1%
Institutional Share Class	40%	1%	1%	1%
R6 Share Class	40%	–	–	–

Source: Morningstar Direct.

Note: The percentile rankings are based on all share classes in the category with available data, including those of non-index funds, index funds, and ETFs.

All of these results are a product of years of research and experience, thoughtful complex analyses of multiple aspects and considerations, and many mistakes and victories along the way. It is also a result of applying a disciplined and consistent process that we think is repeatable, although there are no guarantees. Despite its significant potential benefits, investing globally may seem overwhelming to many, leading them to stick with the familiar and be exposed to home bias. But it doesn't have to be this way. Leave the task to a skilled global investor, and simply enjoy your summer. And focus on football.

Sincerely,

Linda S. Martinson
Chairman, President, and COO
July 31, 2019

Morningstar calculates the **Morningstar US Fund World Large Stock Category** average using the Morningstar 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 6/30/2019, the Category consisted of 864, 722, 594, and 458 share classes for the 1-, 3-, 5-year, and since inception (4/30/2012) periods. Morningstar ranked **Baron Global Advantage Fund** Institutional Share Class in the 2nd, 1st, 2nd, and 1st percentiles, respectively.

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

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.

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.

RISKS: Growth stocks can react differently to issuer, political, market and economic developments than the market as a whole. Non-U.S. investments may involve additional risks to those inherent in U.S. investments, including exchange-rate fluctuations, political or economic instability, the imposition of exchange controls, expropriation, limited disclosure and illiquid markets, resulting in greater share price volatility. Securities of small and medium-sized companies may be thinly traded and more difficult to sell.

Morningstar created a World Small/Mid Stock Category and moved a large number of funds formerly in World Stock to the new category. Morningstar renamed the World Stock Category to the World Large Stock Category effective April 28, 2017 to reflect the remaining large cap stocks in the category. The Fund has been included in the category since inception.

Effective 1/31/2019, the Fund has changed its primary benchmark to the MSCI ACWI Index. **MSCI ACWI Index** measures the equity market performance of large and midcap securities across developed and emerging markets, including the United States. **S&P 500 Index** measures the performance of 500 widely held large-cap U.S. companies. The index performance is not fund performance; one cannot invest directly into an index.

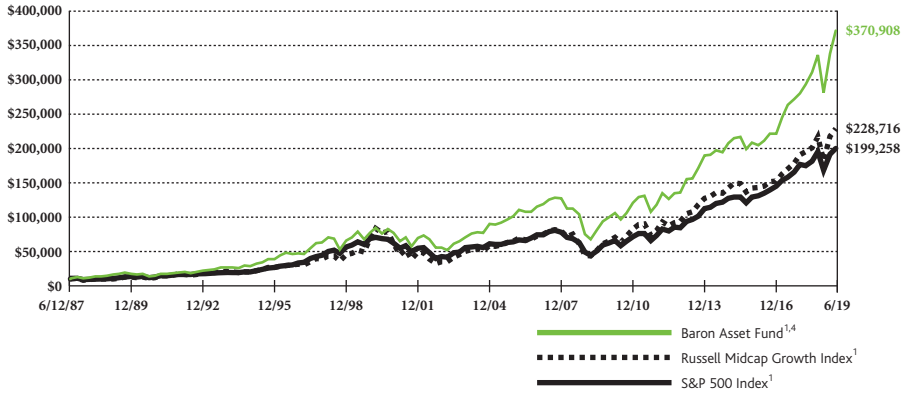
Active Share a term used to describe the share of a portfolio's holdings that differ from that portfolio's benchmark index. It is calculated by comparing the weight of each holding in the Fund to that holding's weight in the benchmark. Positions with either a positive or negative weighting versus the 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. **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. **Information Ratio** (Info Ratio) is a ratio of portfolio returns above the returns of a benchmark – usually an index – to the volatility of those returns. **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. **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). **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. **Downside Capture** measures how well a fund performs in time periods where the benchmark's returns are less than zero. **Upside Capture** explains how well a fund performs in time periods where the benchmark's returns are greater than zero.

The Lipper Fund Awards, granted annually, highlight funds and fund companies that have excelled in delivering consistently strong risk-adjusted performance relative to their peers. The Lipper Fund Awards are based on the Lipper Leader for Consistent Return rating, which is a risk-adjusted performance measure calculated over 36, 60 and 120 months. The fund with the highest Lipper Leader for Consistent Return (Effective Return) value in each eligible classification wins the Lipper Fund Award. For more information, see lipperfundawards.com. Although Lipper makes reasonable efforts to ensure the accuracy and reliability of the data contained herein, the accuracy is not guaranteed by Lipper. Lipper, a Thomson Reuters company, is a leading global provider of mutual fund information and analysis to fund companies, financial intermediaries and media organizations. Any reference to a ranking, a rating or an award provides no guarantee for future performance results and is not constant over time.

BAMCO, Inc. is an investment adviser registered with the U.S. Securities and Exchange Commission (SEC). Baron Capital, Inc. is a broker-dealer registered with the SEC and member of the Financial Industry Regulatory Authority, Inc. (FINRA).

Baron Asset Fund

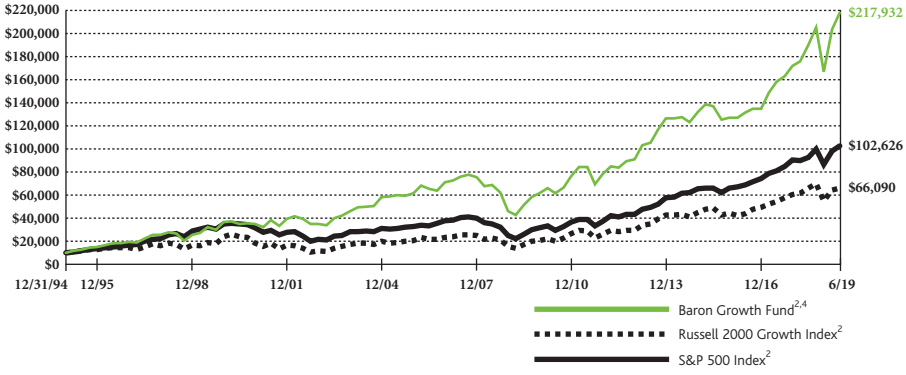
Comparison of the change in value of $10,000 investment in Baron Asset Fund (Institutional Shares)† in relation to the Russell Midcap Growth Index and the S&P 500 Index



Baron Asset Fund's annualized returns as of June 30, 2019: Three months, 9.92%; 1-year, 19.70%; 3-year, 20.82%; 5-year, 13.48%; 10-year, 16.41%; and Since Inception, 11.93%.

Baron Growth Fund

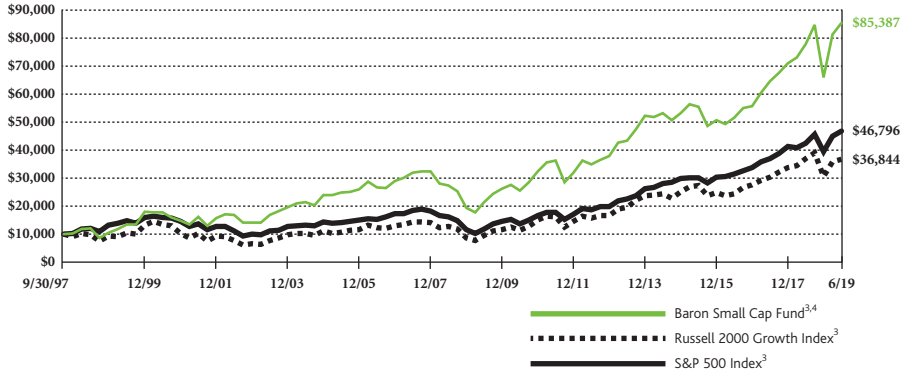
Comparison of the change in value of $10,000 investment in Baron Growth Fund (Institutional Shares)† in relation to the Russell 2000 Growth Index and the S&P 500 Index



Baron Growth Fund's annualized returns as of June 30, 2019: Three months, 7.03%; 1-year, 14.51%; 3-year, 18.28%; 5-year, 11.31%; 10-year, 15.52%; and Since Inception, 13.40%.

Baron Small Cap Fund

Comparison of the change in value of $10,000 investment in Baron Small Cap Fund (Institutional Shares)† in relation to the Russell 2000 Growth Index and the S&P 500 Index



Baron Small Cap Fund's annualized returns as of June 30, 2019: Three months, 4.95%; 1-year, 9.59%; 3-year, 18.21; 5-year, 9.89%; 10-year, 14.79%; and Since Inception, 10.36%.

1 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 indexes and Baron Asset Fund are with dividends, which positively impact the performance results.

2 The indexes are unmanaged. The Russell 2000® Growth Index measures the performance of small-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 indexes and Baron Growth Fund are with dividends, which positively impact the performance results.

3 The indexes are unmanaged. The Russell 2000® Growth Index measures the performance of small-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 indexes and Baron Small Cap Fund are with dividends, which positively impact the performance results.

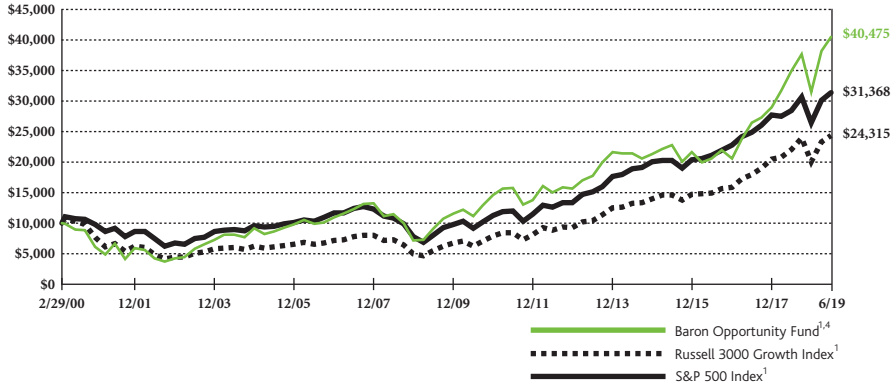
4 Past performance is not predictive of future performance. The performance data does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemptions of Fund shares.

† 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.

Baron Funds Performance

Baron Opportunity Fund

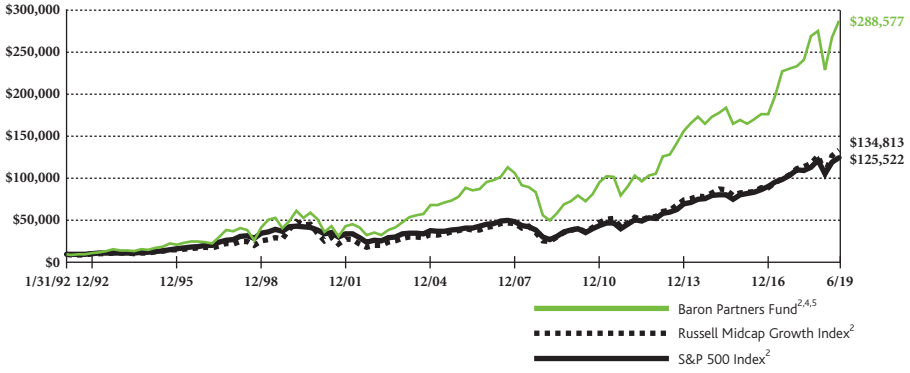
Comparison of the change in value of $10,000 investment in Baron Opportunity Fund (Institutional Shares)† in relation to the Russell 3000 Growth Index and the S&P 500 Index



Baron Opportunity Fund's annualized returns as of June 30, 2019: Three months, 6.19%; 1-year, 16.13%; 3-year, 25.33%; 5-year, 13.57%; 10-year, 16.18%; and Since Inception, 7.50%.

Baron Partners Fund

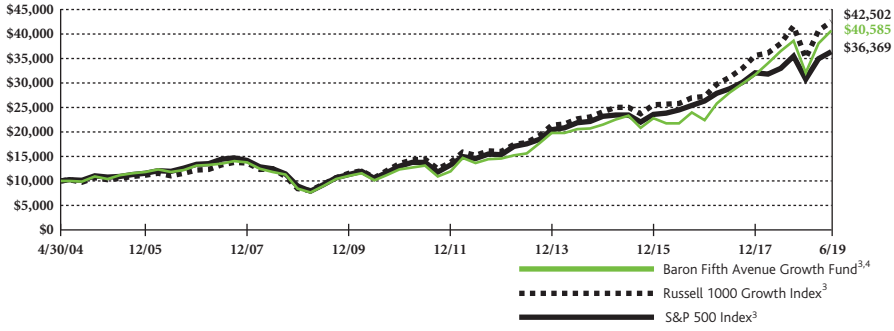
Comparison of the change in value of $10,000 investment in Baron Partners Fund (Institutional Shares)† in relation to the Russell Midcap Growth Index and the S&P 500 Index



Baron Partners Fund's annualized returns as of June 30, 2019: Three months, 7.50%; 1-year, 6.81%; 3-year, 19.07%; 5-year, 10.69%; 10-year, 17.13%; and Since Inception, 13.05%.

Baron Fifth Avenue Growth Fund

Comparison of the change in value of $10,000 investment in Baron Fifth Avenue Growth Fund (Institutional Shares)† in relation to the Russell 1000 Growth Index and the S&P 500 Index



Baron Fifth Avenue Growth Fund's annualized returns as of June 30, 2019: Three months, 6.61%; 1-year, 11.43%; 3-year, 23.12%; 5-year, 14.52%; 10-year, 16.31%; and Since Inception, 9.68%.

1 The indexes are unmanaged. 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 Baron Opportunity Fund are with dividends, which positively impact the performance results.

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 indexes and Baron Partners Fund are with dividends, which positively impact the performance results.

3 The indexes are unmanaged. The Russell 1000® Growth Index measures the performance of large-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 indexes and Baron Fifth Avenue Growth Fund are with dividends, which positively impact the performance results.

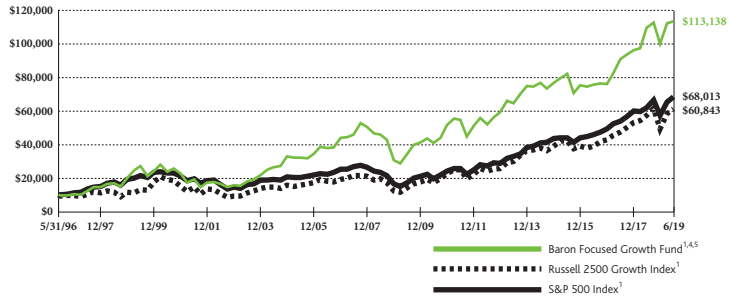
4 Past performance is not predictive of future performance. The performance data does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

5 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 for the years the predecessor partnership charged a performance fee, 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.

† 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.

Baron Focused Growth Fund

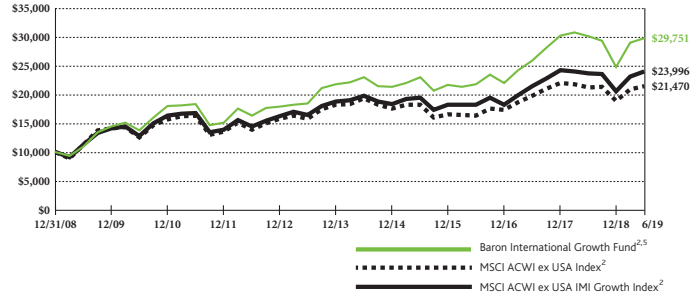
Comparison of the change in value of $10,000 investment in Baron Focused Growth Fund (Institutional Shares)† in relation to the Russell 2500 Growth Index and the S&P 500 Index



Baron Focused Growth Fund's annualized returns as of June 30, 2019: Three months, 1.10%; 1-year, 3.57%; 3-year, 14.48%; 5-year, 8.14%; 10-year, 12.69%; and Since Inception, 11.08%.

Baron International Growth Fund

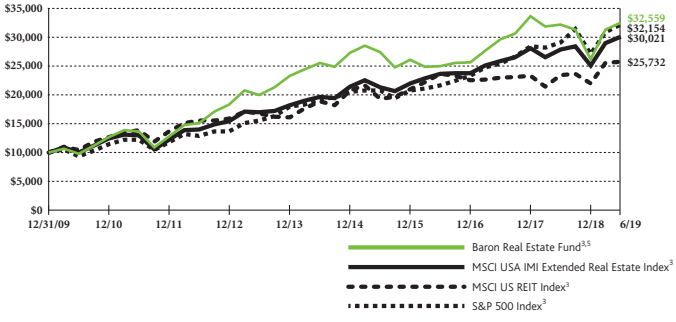
Comparison of the change in value of $10,000 investment in Baron International Growth Fund (Institutional Shares)† in relation to the MSCI ACWI ex USA Index and the MSCI ACWI ex USA IMI Growth Index



Baron International Growth Fund's annualized returns as of June 30, 2019: Three months, 2.66%; 1-year, (1.17)%; 3-year, 11.01%; 5-year, 5.28%; 10-year, 10.38%; and Since Inception, 10.94%.

Baron Real Estate Fund

Comparison of the change in value of $10,000 investment in Baron Real Estate Fund (Institutional Shares) in relation to the MSCI USA IMI Extended Real Estate Index, MSCI US REIT Index and the S&P 500 Index



Baron Real Estate Fund's annualized returns as of June 30, 2019: Three months, 4.22%; 1-year, 1.08%; 3-year, 9.17%; 5-year, 4.98%; and Since Inception, 13.23%.

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1 The indexes are unmanaged. The Russell 2500™ Growth Index measures the performance of small to 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 indexes and Baron Focused Growth Fund are with dividends, which positively impact the performance results.

2 The MSCI ACWI ex USA Index Net USD is an unmanaged, free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of large- and mid-cap securities across developed and emerging markets, excluding the United States. The MSCI ACWI ex USA IMI Growth Index Net USD is an unmanaged, free float-adjusted market capitalization weighted index that is designed to measure the performance of large-, mid-, and small-cap growth securities across developed and emerging markets, excluding the United States. The indexes and Baron International Growth Fund include reinvestment of dividends, net of foreign withholding taxes, which positively impact the performance results.

3 The MSCI USA IMI Extended Real Estate Index is a custom index calculated by MSCI for, and as requested by, BAMCO, Inc. The index includes real estate and real estate-related GICS classification securities. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indexes or any securities or financial products. This report is not approved, reviewed or produced by MSCI. The MSCI US REIT Index is a free float-adjusted market capitalization index that measures the performance of all equity REITs in the US equity market, except for specialty equity REITs that do not generate a majority of their revenue and income from real estate rental and leasing operations. The S&P 500 Index measures the performance of 500 widely held large cap U.S. companies. The indexes and Baron Real Estate Fund are with dividends, which positively impact performance results.

4 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 predecessor partnership's 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.

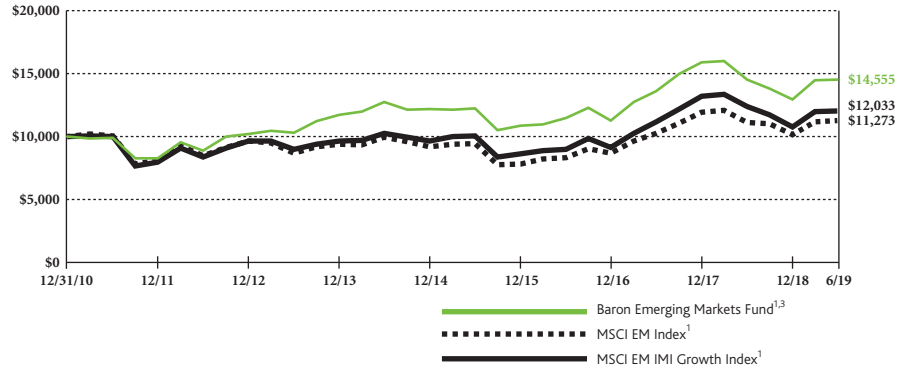
5 Past performance is not predictive of future performance. The performance data does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

† 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.

Baron Funds Performance

Baron Emerging Markets Fund

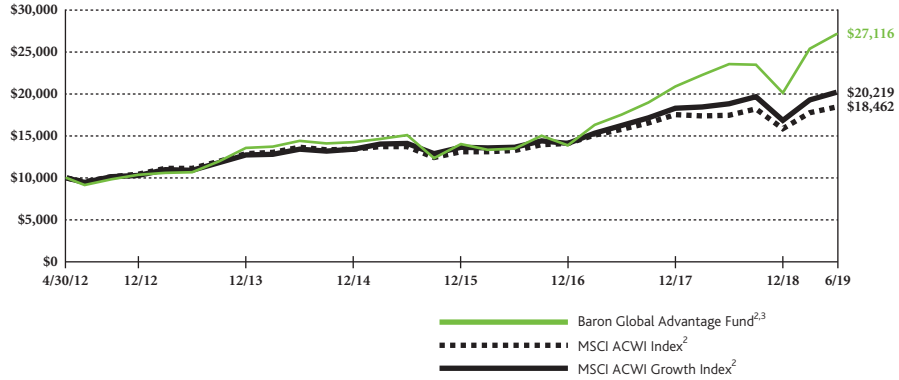
Comparison of the change in value of $10,000 investment in Baron Emerging Markets Fund (Institutional Shares) in relation to the MSCI EM Index and the MSCI EM IMI Growth Index



Baron Emerging Markets Fund's annualized returns as of June 30, 2019: Three months, 0.29%; 1-year, 0.11%; 3-year, 8.23%; 5-year, 2.66%; and Since Inception, 4.51%.

Baron Global Advantage Fund

Comparison of the change in value of $10,000 investment in Baron Global Advantage Fund (Institutional Shares) in relation to the MSCI ACWI Index and the MSCI ACWI Growth Index



Baron Global Advantage Fund's annualized returns as of June 30, 2019: Three months, 6.85%; 1-year, 15.10%; 3-year, 26.13%; 5-year, 13.48%; and Since Inception, 14.93%.

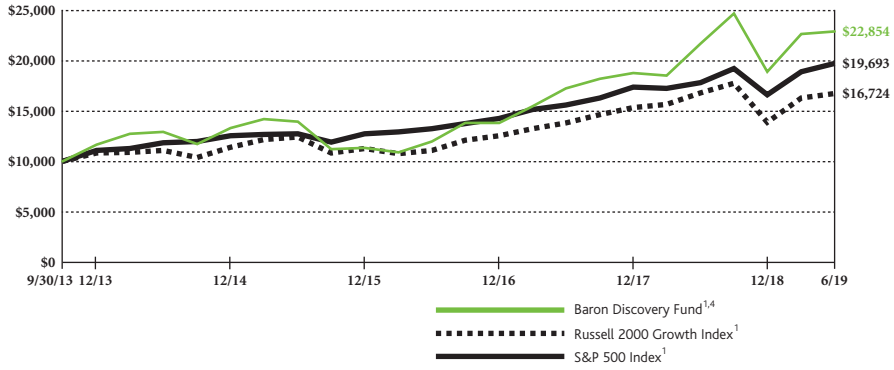
1 The MSCI EM (Emerging Markets) Index and the MSCI EM (Emerging Markets) IMI Growth Index are unmanaged, free float-adjusted market capitalization weighted indexes. The MSCI EM (Emerging Markets) Index Net USD and the MSCI EM (Emerging Markets) IMI Growth Index Net USD are designed to measure the equity market performance of large-, mid-, and small-cap securities in the emerging markets. The MSCI EM (Emerging Markets) IMI Growth Index Net USD screens for growth-style securities. The indexes and Baron Emerging Markets Fund include reinvestment of dividends, net of withholding taxes, which positively impact the performance results.

2 The Fund has changed its primary benchmark to the MSCI ACWI Index given its broad acceptance as the standard benchmark measuring global markets equity performance. The Fund will maintain the MSCI ACWI Growth Index as a secondary benchmark. The MSCI ACWI Index and the MSCI ACWI Growth Index are unmanaged, free float-adjusted market capitalization weighted indexes. The MSCI ACWI Index Net USD and the MSCI ACWI Growth Index Net USD are designed to measure the equity market performance of large- and mid-cap securities across developed and emerging markets, including the United States. The MSCI ACWI Growth Index Net USD screens for growth-style securities. The indexes and Baron Global Advantage Fund include reinvestment of dividends, net of foreign withholding taxes, which positively impact the performance results.

3 Past performance is not predictive of future performance. The performance data does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

Baron Discovery Fund

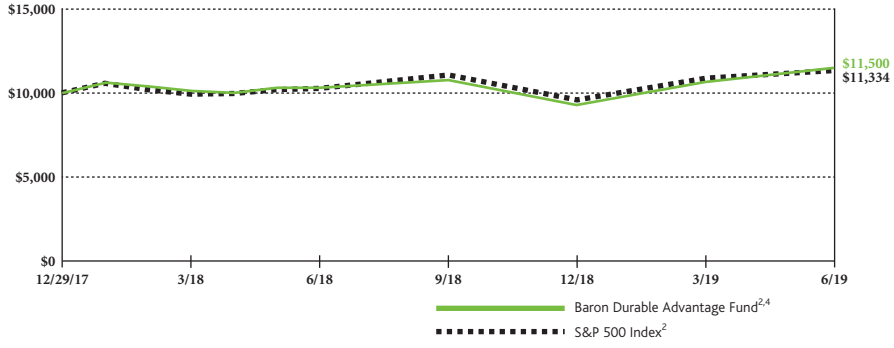
Comparison of the change in value of $10,000 investment in Baron Discovery Fund (Institutional Shares) in relation to the Russell 2000 Growth Index and the S&P 500 Index



Baron Discovery Fund's annualized returns as of June 30, 2019: Three months, 1.08%; 1-year, 5.57%; 3-year, 24.04%; 5-year 12.05%; and Since Inception, 15.46%.

Baron Durable Advantage Fund

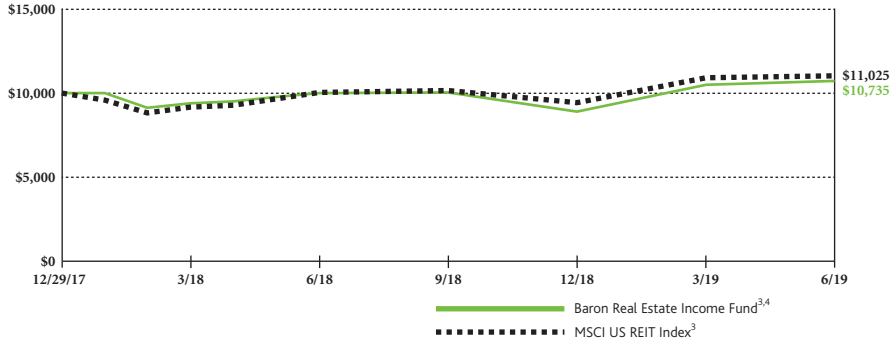
Comparison of the change in value of $10,000 investment in Baron Durable Advantage Fund (Institutional Shares) in relation to the S&P 500 Index



Baron Durable Advantage Fund's annualized returns as of June 30, 2019: Three months, 8.01%; 1-year, 11.43%; and Since Inception, 9.77%.

Baron Real Estate Income Fund

Comparison of the change in value of $10,000 investment in Baron Real Estate Income Fund (Institutional Shares) in relation to the MSCI US REIT Index



Baron Real Estate Income Fund's annualized returns as of June 30, 2019: Three months, 2.32%; 1-year, 7.51%; and Since Inception, 4.84%.

1 The indexes are unmanaged. The Russell 2000® Growth Index measures the performance of small-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 indexes and Baron Discovery Fund are with dividends, which positively impact the performance results.

2 The index is unmanaged. The S&P 500 Index measures the performance of 500 widely held large cap U.S. companies. The index and Baron Durable Advantage Fund are with dividends, which positively impact the performance results.

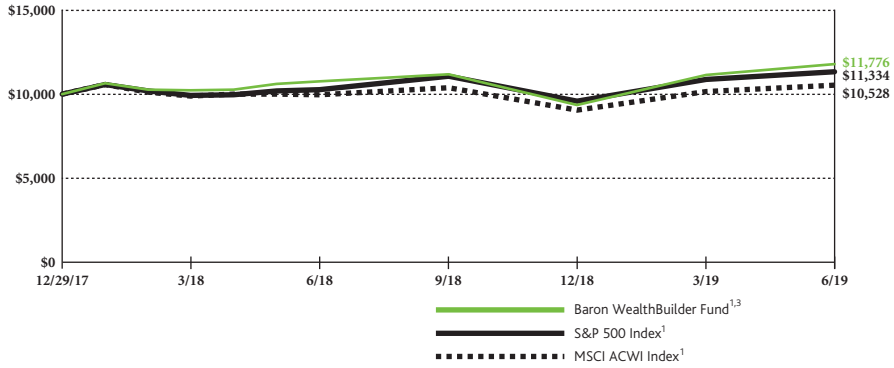
3 The index is unmanaged. The MSCI US REIT Index is a free float-adjusted market capitalization index that measures the performance of all equity REITs in the US equity market, except for specialty equity REITs that do not generate a majority of their revenue and income from real estate rental and leasing operations. The index and Baron Real Estate Income Fund are with dividends, which positively impact the performance results.

4 Past performance is not predictive of future performance. The performance data does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

Baron Funds Performance

Baron WealthBuilder Fund

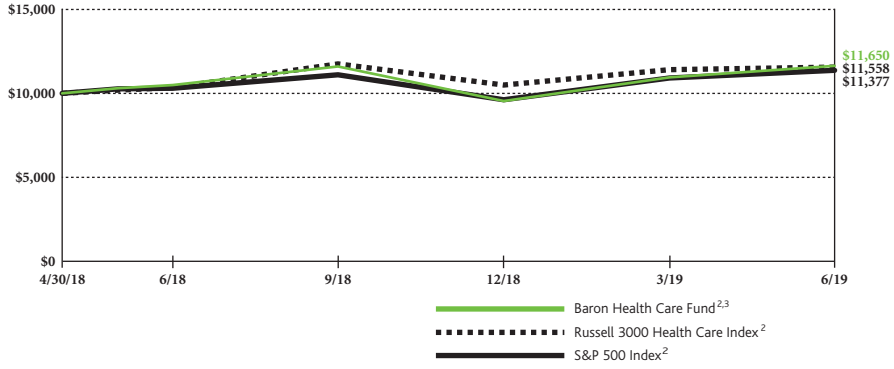
Comparison of the change in value of $10,000 investment in Baron WealthBuilder Fund (Institutional Shares) in relation to the S&P 500 Index and the MSCI ACWI Index



Baron WealthBuilder Fund's annualized returns as of June 30, 2019: Three months, 5.85%; 1-year, 9.64%; and Since Inception, 11.51%.

Baron Health Care Fund

Comparison of the change in value of $10,000 investment in Baron Health Care Fund (Institutional Shares) in relation to the Russell 3000 Health Care Index and the S&P 500 Index



Baron Health Care Fund's returns as of June 30, 2019: Three months, 6.30%; 1-year, 11.06%; and Since Inception, 13.99%.

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1 The indexes are unmanaged. The S&P 500 Index measures the performance of 500 widely held large cap U.S. companies. The MSCI ACWI Index is an unmanaged, free float-adjusted market capitalization weighted index reflected in US dollars that measures the equity market performance of large and mid cap securities across developed and emerging markets. The indexes and Baron WealthBuilder Fund are with dividends, which positively impact the performance results.

2 The indexes are unmanaged. The Russell 3000® Health Care Index is an unmanaged index representative of companies involved in medical services or health care in the Russell 3000 Index, which is comprised of the 3,000 largest U.S. companies as determined by total market capitalization. The S&P 500 Index measures the performance of 500 widely held large cap U.S. companies. The indexes and Baron Health Care Fund are with dividends, which positively impact the performance results.

3 Past performance is not predictive of future performance. The performance data does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

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Three-months returns are not annualized.

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

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 with an 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

The Funds' historical performance were impacted by gains from IPOs and/or secondary offerings, and there is no guarantee that these results can be repeated or that the Funds' level of participation in IPOs and secondary offerings will be the same in the future.

Risks: The Funds invest primarily in equity securities, which are subject to price fluctuations in the stock market. Non-U.S. investments may involve additional risks to those inherent in U.S. investments, including exchange-rate fluctuations, political or economic instability, the imposition of exchange controls, expropriation, limited disclosure and illiquid markets. This may result in greater share price volatility. Investments in developing countries may have increased risks due to a greater possibility of: settlement delays; currency and capital controls; interest rate sensitivity; corruption and crime; exchange rate volatility; and inflation or deflation. Investments in health care companies are subject to a number of risks, including the adverse impact of legislative actions and government regulations. Securities issued by small and medium sized companies may be thinly traded and may be more difficult to sell during market downturns. Companies propelled by innovation, including technology advances and new business models, may present the risk of rapid change and product obsolescence, and their success may be difficult to predict for the long term. In addition to general market conditions, the value of the real estate and real estate related investments will be affected by the strength of the real estate markets as well as by interest rate fluctuations, credit risk, environmental issues and economic conditions. Even though the Funds are diversified, they may establish significant positions where the Adviser has the greatest conviction. This could increase volatility of the Funds' returns.

The index performance is not fund performance; one cannot invest directly into an index.

BAMCO, Inc. is an investment adviser registered with the U.S. Securities and Exchange Commission (SEC). Baron Capital, Inc. is a broker-dealer registered with the SEC and member of the Financial Industry Regulatory Authority, Inc. (FINRA).

Dear Baron Asset Fund Shareholder:

Performance

U.S. equity indexes added to their first quarter gains, ending the first half of 2019 at or near all-time highs. As was the case last quarter, the market was periodically unnerved by the prospect of additional tariffs on Chinese and Mexican imports. However, eventual signs of easing trade tensions, coupled with indications that the Federal Reserve was becoming more dovish, helped lead the market higher. Larger-capitalization stocks and mid-caps, in particular, were among the best performers. Growth-oriented stocks also continued to outperform their value-oriented peers.

Against this backdrop, Baron Asset Fund (the "Fund") gained 9.92% (Institutional Shares), while the Russell Midcap Growth Index (the "Index") gained 5.40%, and the S&P 500 Index gained 4.30%. We are pleased that good risk-adjusted performance allowed the Fund's Retail and Institutional Shares to receive a five-star rating from Morningstar, Inc., the well-known publisher of information and rankings for the mutual fund industry.*

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

	Baron Asset Fund Retail Shares[1,2]	Baron Asset Fund Institutional Shares[1,2,3]	Russell Midcap Growth Index[1]	S&P 500 Index[1]
Three Months[5]	9.84%	9.92%	5.40%	4.30%
Six Months[5]	32.19%	32.35%	26.08%	18.54%
One Year	19.39%	19.70%	13.94%	10.42%
Three Years	20.49%	20.82%	16.49%	14.19%
Five Years	13.17%	13.48%	11.10%	10.71%
Ten Years	16.10%	16.41%	16.02%	14.70%
Fifteen Years	10.80%	10.99%	10.25%	8.75%
Since Inception (June 12, 1987)	11.84%	11.93%	10.28%[4]	9.79%

ANDREW PECK
PORTFOLIO MANAGER

Retail Shares: BARAX
Institutional Shares: BARIX
R6 Shares: BARUX

During the quarter, the Fund's investments in Health Care, Information Technology (IT), Financials, and Industrials added the most value. Performance in Health Care was driven by positive stock selection, led by veterinary diagnostics leader **IDEXX Laboratories, Inc.**, weighting instruments manufacturer **Mettler-Toledo International, Inc.**, and life sciences software solutions provider **Veeva Systems Inc.** These stocks performed well in the volatile market environment, buoyed by outstanding financial results. Additionally, minimal exposure to biotechnology stocks, which were down nearly 7% in the Index, and outperformance of DNA sequencing platform **Illumina, Inc.** lifted relative results. Illumina's shares reacted positively to increased investor confidence in the company's ability to meet its 2019 financial guidance.

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, 2018 was 1.30% and 1.04%, 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 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 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 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 For the period June 30, 1987 to June 30, 2019.

5 Not annualized.

* As of 6/30/2019, the Morningstar US Fund Mid-Cap Growth Category consisted of 539, 484, 367, and 539 share classes for the 3-year, 5-year, 10-year, and overall periods, respectively. Morningstar has awarded **Baron Asset Fund Retail** and **Institutional** Share Class 5 stars, 5 stars, 4 stars and 5 stars for its 3-year, 5-year, 10-year, and overall performance, respectively.
The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods.

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BARON FUNDS 1987

Strength in IT was broad-based, led by internet services & infrastructure firms **Verisign, Inc.** and **Wix.com Ltd.** Shares of Verisign rose on strong revenue growth and solid expense management. Wix's shares appreciated after the company's financial results demonstrated continued growth among its premium subscribers. Successful recent IPOs **Zoom Video Communications, Inc.** and **CrowdStrike, Inc.**, also added value after their share prices increased during the quarter.

Within Financials, higher exposure to this top performing sector and outperformance of financial exchanges & data companies **MarketAxess Holdings Inc.** and **FactSet Research Systems, Inc.** added value. MarketAxess gained because of increased trading volume on its platform, while FactSet's shares rose after the company reported solid quarterly results.

Industrials holdings outperformed, with commercial real estate information provider **CoStar Group, Inc.** and data and analytics vendor **Verisk Analytics, Inc.** leading the way. CoStar's shares were up as business trends were excellent, with the company's bookings improving by approximately 36% year-over-year. Verisk's stock price benefited from solid earnings results, featuring impressive performance in its Insurance segment and improved results in the Energy segment.

Few stocks were down during the quarter, although Consumer Discretionary investments weighed the most on relative results. This was driven by the underperformance of venerable jeweler **Tiffany & Co.** Shares fell after the company reported underwhelming earnings results, driven by lower Chinese tourist spending in the U.S. and concerns surrounding the U.S.-China trade war. In addition, shares of **SS&C Technologies Holdings, Inc.**, a financial technology vendor, and **Rollins, Inc.**, a provider of pest and termite control services, fell after both reported first quarter earnings below Wall Street expectations.

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

	Year Acquired	Percent Impact
IDEXX Laboratories, Inc.	2006	1.24%
Mettler-Toledo International, Inc.	2008	0.71
MarketAxess Holdings Inc.	2016	0.50
Verisign, Inc.	2013	0.48
CoStar Group, Inc.	2016	0.48

Shares of **IDEXX Laboratories, Inc.**, the leading player in the market for veterinary diagnostics, continued to significantly contribute to the Fund's performance. The company again reported financial results that were ahead of expectations on both revenues and earnings, while also increasing its earnings guidance for the year. Organic revenue growth in its core market for companion animals grew nearly 11%, while its global premium instrument installed base grew 20%, foreshadowing strong future growth for the high-margin consumables used by these same instruments. Its laboratory business also continued to grow its revenues at a double-digit pace. Profit margins also increased, despite ongoing investments back into the business, while share buybacks continued.

Shares of **Mettler-Toledo International, Inc.**, the world's largest provider of weighing instruments for use in laboratory, industrial, and food retailing applications, continued to contribute to performance. Mettler reported strong sales and earnings growth during its first quarter, and it also raised its annual earnings guidance. As was the case last quarter, management commentary about the demand environment for its instruments was positive, with sales, orders, and leads looking strong. We continue to believe Mettler can compound earnings at a mid-teens growth rate over the long term.

MarketAxess Holdings Inc. operates the leading electronic platform for trading corporate and sovereign bonds. Its shares contributed to performance as its second quarter average daily trading volume increased 28%, approximately double the rate of overall market growth. The company also reported solid first quarter earnings, highlighting the rapid growth of its automated credit trading, and it likely gained positive recognition from competitor Tradeweb's recent IPO. We retain conviction in the investment, as we expect MarketAxess to be a prime beneficiary of the secular shift to electronic trading in the corporate bond market.

Verisign, Inc. is a global provider of internet infrastructure services, including management of the '.com' and '.net' domains. Shares appreciated after the company reported strong revenue growth, solid expense management, and a healthy renewal rate among its customer base. We remain positive on Verisign given its highly defensible competitive position, capacity for ongoing growth in the number of global internet domain registrations, and ability to generate substantial free cash flow. In addition, Verisign is likely to benefit from future price increases on its '.com' domains, pending renegotiation of its registry agreement with its primary regulator.

Shares of **CoStar Group, Inc.**, a real estate information and marketing services company, added to performance. Business trends remained excellent, with the company's bookings improving by approximately 36% year-over-year. We remained pleased by the successful integration of its ForRent unit into Apartments.com, and we believe 20% or greater growth can be sustained in its multi-family apartment market. We expect the company to begin to raise its prices given its unique competitive position in commercial real estate data. In addition, the company has more than $1.2 billion of cash on its balance sheet, which we expect it to use for accretive acquisitions.

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

	Year Acquired	Percent Impact
SS&C Technologies Holdings, Inc.	2014	-0.15%
Rollins, Inc.	2016	-0.14
Tiffany & Co.	2005	-0.14
Waters Corporation	2018	-0.12
The Charles Schwab Corp.	1992	-0.11

Shares of financial technology vendor **SS&C Technologies Holdings, Inc.** detracted from performance after the company reported mixed first quarter earnings, with organic revenue growth coming in below Wall Street expectations. The company also raised its fiscal year 2019 adjusted EPS guidance, but shares nevertheless fell after having increased earlier in the year. We retain conviction, as we believe SS&C will continue to generate attractive earnings growth through market share gains, cross sales of its services portfolio, new product introductions, additional M&A, and synergy-led margin expansion.

Shares of **Rollins, Inc.**, a provider of pest and termite control services, detracted from performance. The company reported first quarter earnings below Wall Street expectations, citing poor weather and one-time cost headwinds. While underlying performance remained steady, the stock traded down given Rollins' relatively high multiple. We retain conviction in the company, and we believe that broader pest control industry trends remain positive. Moreover, pest control has proven to be a defensive industry with a history of growth during even the most difficult economic environments.

Shares of **Tiffany & Co.**, the well-known luxury jewelry retailer, detracted from performance. Tiffany reported underwhelming earnings results, driven by lower Chinese tourist spending in the U.S and concerns surrounding the U.S.-China trade war. We expect a positive inflection in the second half of 2019 as the company laps the negative tourist headwinds, and new initiatives start to drive sales growth. The company's new management team remains focused on new product introductions and marketing campaigns, as well as select store renovations.

Shares of **Waters Corporation** detracted from performance. Waters sells analytical instruments to biopharmaceutical, industrial, academic, and environmental testing laboratories for drug discovery and development, quality control, nutritional safety analysis, and environmental testing. The stock declined because the company reported weak organic revenue growth and lowered revenue growth and earnings guidance for the full year.

Shares of brokerage **The Charles Schwab Corp.** declined. Investors grew concerned about the prospect of lower interest rates curtailing 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.

Portfolio Structure

At June 30, 2019, Baron Asset Fund held 61 positions. The Fund's 10 largest holdings represented 38.9% of assets, and the 20 largest represented 60.3% of assets. The Fund's largest weighting was in the IT sector at 27.1% of assets. This sector includes software companies, IT consulting firms, internet services companies, and data processing firms. The Fund held 24.3% of its assets in the Health Care sector, which includes investments in life sciences companies, and health care equipment, supplies, and technology companies. The Fund held 16.5% of its assets in the Industrials sector, which includes investments in research and consulting companies, machinery companies, and industrial conglomerates. The Fund also had significant weightings in Financials at 12.5% of assets and Consumer Discretionary at 8.1% of assets.

Table IV.
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 Net Assets
IDEXX Laboratories, Inc.	2006	$2.5	$23.7	$268.9	6.1%
Gartner, Inc.	2007	2.9	14.5	247.6	5.6
Mettler-Toledo International, Inc.	2008	2.4	20.8	210.9	4.8
Verisk Analytics, Inc.	2009	4.0	24.0	192.8	4.4
Verisign, Inc.	2013	7.1	24.9	146.2	3.3
Vail Resorts, Inc.	1997	0.2	9.0	142.7	3.2
Guidewire Software, Inc.	2013	2.8	8.3	142.6	3.2
FactSet Research Systems, Inc.	2006	2.5	11.0	125.7	2.8
ANSYS, Inc.	2009	2.3	17.2	125.3	2.8
CoStar Group, Inc.	2016	5.0	20.2	121.6	2.7

Recent Activity

During the past quarter, the Fund established four new positions and added to eight others. The Fund eliminated three positions and reduced its holdings in six others.

Table V.
Top net purchases for the quarter ended June 30, 2019

	Quarter End Market Cap (billions)	Amount Purchased (millions)
Amphenol Corporation	$28.7	$23.2
DexCom, Inc.	13.6	10.0
Tradeweb Markets Inc.	9.7	8.8
Ceridian HCM Holding Inc.	7.1	8.6
CrowdStrike, Inc.	13.6	6.3

We took advantage of share price weakness to initiate a position in **Amphenol Corporation** during the quarter. Amphenol is a leading manufacturer of connectors and sensors with a demonstrated history of creating substantial value for its shareholders. The company was founded in 1932 to provide interconnect solutions for military applications, and it has since grown organically and through acquisition to become the second largest interconnect provider in the world.

Interconnects are products used to conduct electrical and optical signals. We believe the interconnect industry has highly favorable characteristics, most notably the strong secular trend towards electrification in products spanning a variety of end markets, including mobile devices, automotive, and the military. Interconnects are used in many mission-critical products, meaning manufacturers cannot afford for these relatively inexpensive components to fail. This has helped enable Amphenol to enjoy a superior growth and margin profile. We particularly like the variety of end markets that the company services, coupled with its focus on applications with high performance requirements. We believe that one of Amphenol's distinguishing features is its decentralized management structure and operating culture. General managers have substantial autonomy over their own businesses, allowing them to rapidly react to meet their customers' needs and to adapt to changing market conditions.

Amphenol generates a substantial amount of cash flow and aims to return half to shareholders through dividends and share buybacks, while using the remainder for acquisitions. The company has been a leader in consolidating the $65 billion connector industry, though it still commands only approximately 12% of the market. Amphenol entered the adjacent market for sensors several years ago, and we believe this affords the company a significant opportunity to replicate its strategy across the fragmented $150 billion sensor market. During the past 10 years, Amphenol has grown its sales at nearly a 10% compounded rate, approximately double the industry average, and we believe its outperformance is likely to continue over time.

Table VI.
Top net sales for the quarter ended June 30, 2019

	Amount Sold (millions)
Ultimate Software Group, Inc.	$23.9
Westinghouse Air Brake Technologies Corporation	14.9
Waters Corporation	13.7
A. O. Smith Corporation	12.3
Fastenal Co.	2.8

We exited our position in **Ultimate Software Group, Inc.**, a provider of payroll and other human capital management software, after the company was acquired by a well-known private equity firm for approximately $11 billion. We exited our position in **Westinghouse Air Brake Technologies Corporation** over ongoing concerns about the financial implications of its combination with General Electric Company's locomotive division. We reduced our holdings in **Waters Corporation**, which sells analytical instruments for drug discovery and development, after the company reported weak organic revenue growth and lowered revenue growth and earnings guidance for the full year.

Outlook

Throughout the past decade's bull market, and particularly during this year's rally, many prominent market commentators and strategists have recommended selling equities. In fact, according to Lipper Analytics, investors around the world have pulled $140 billion from equity funds during the first half of 2019. In contrast, investors who have ignored "short-term noise" in the stock market while pursuing a long-term "buy and hold" strategy have generally been richly rewarded. We believe this straightforward method remains the best approach for investors to follow.

We continue to remain optimistic that the prospects for U.S. equities are bright. We believe that the economy remains generally robust and that the outlook for continued earnings growth from the companies in our portfolio is solid. The U.S. unemployment rate remains near an historic low, and most leading economic indicators remain positive. Inflation is muted, and the Federal Reserve seems poised to ensure that interest rates remain at historically low levels.

We believe that our portfolio of well-managed, competitively advantaged, fast growing companies will continue to perform well, although we cannot guarantee that they will. We continue to believe that high-quality, mid-sized growth stocks represent a compelling long-term investment opportunity.

Sincerely,

Andrew Peck
Portfolio Manager
July 31, 2019

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 in mid-sized companies, but there also may be more risk. Specific risks associated with investing in mid-sized companies include that the securities may be thinly traded and they may be more difficult to sell during market downturns. 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. 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 Asset Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

Dear Baron Growth Fund Shareholder:

Performance

Baron Growth Fund (the "Fund") rose 7.03% (Institutional Shares) during the three months ended June 30, 2019. The Fund's results once again meaningfully exceeded those of its primary benchmark, the Russell 2000 Growth Index, which rose 2.75%. The S&P 500 Index, which measures the performance of publicly traded leading large-cap U.S. companies and covers approximately 80% of the U.S market cap, increased 4.30%. The first half of 2019 was strong for both the Fund and the broader stock market. The Fund gained 30.22% through June 30, which exceeded the Russell 2000 Growth Index by 9.86% and the S&P 500 Index by 11.68%. Both indexes had strong absolute performance, with the S&P 500 Index posting its best first half in more than two decades.

The Fund's performance was robust across its entire portfolio. Stock prices of securities representing approximately 50% of the Fund's average net assets appreciated more than 10% and stock prices of securities representing approximately 75% of its average net assets gained more than the benchmark. We were particularly pleased that the Fund's outperformance continues to be driven by favorable stock selection. This is the goal of our fundamentally driven investment philosophy and is where we devote our time. *Approximately 97% of our outperformance for the quarter and the year-to-date has come from favorable stock selection.*

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

	Baron Growth Fund Retail Shares[1,2]	Baron Growth Fund Institutional Shares[1,2,3]	Russell 2000 Growth Index[1]	S&P 500 Index[1]
Three Months[4]	6.95%	7.03%	2.75%	4.30%
Six Months[4]	30.05%	30.22%	20.36%	18.54%
One Year	14.21%	14.51%	(0.49)%	10.42%
Three Years	17.97%	18.28%	14.69%	14.19%
Five Years	11.02%	11.31%	8.63%	10.71%
Ten Years	15.22%	15.52%	14.41%	14.70%
Fifteen Years	10.10%	10.29%	8.90%	8.75%
Since Inception (December 31,1994)	13.28%	13.40%	8.01%	9.97%

NEAL ROSENBERG
CO-PORTFOLIO MANAGER

RONALD BARON
CEO AND LEAD PORTFOLIO MANAGER

Retail Shares: BGRFX
Institutional Shares: BGRIX
R6 Shares: BGRUX

The "usual suspects" dominated headlines once again this quarter, as investors and pundits continued to debate the direction of monetary policy, trade, international relations, energy prices, and Brexit. We view such developments as largely unpredictable, and believe that trying to forecast the corresponding impact on stock prices is even more capricious. There is no better evidence than the last several quarters, when the "consensus view" of the aforementioned debates seemed to change by the week. By June, the pendulum had swung so far that traders trying to profit by predicting these events began blatantly rooting for negative macroeconomic news in the hope that this would incent the Fed to reduce interest rates.

Instead of trying to predict the unpredictable, we spend our time doing fundamental due diligence alongside our growing team of analysts. Our goal is to identify what we believe are competitively differentiated businesses that can grow independently of the macroeconomy. In general, these businesses serve large addressable markets, benefit from durable and robust secular trends, and enjoy high barriers to entry. Our investments also tend to have attractive business models, highlighted by recurring revenue models, high incremental margins, and strong free cash flow conversion. We insist on investing with management teams that we view as best-in-class*, with a

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, 2018 was 1.29% and 1.03%, 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 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 The indexes are unmanaged. The index performance is not Fund performance; one cannot invest directly into an index. The Russell 2000® Growth Index measures the performance of small-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 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.

* The portfolio manager defines "Best-in-class" as well-managed, competitively advantaged, faster growing companies with higher margins and returns on invested capital and lower leverage that are leaders in their respective markets. Note that this statement represents the manager's opinion and is not based on a third-party ranking.

BARON FUNDS 1987

track record of managing their businesses to deliver attractive and sustained returns over the long term. These attributes create predictable earnings and cash flow streams that are less sensitive to the ebbs and flows of geopolitical and macroeconomic cycles. By extension, these investments are inherently less risky than the market. This is captured by our portfolio's beta, which is approximately 30% less than the market (see Table II) since inception.

We meet regularly with management teams and their competitors, customers, and suppliers to gain a holistic understanding of businesses' long-term growth opportunities. We also seek to understand the costs required to achieve that growth. *We view this as an iterative and long-term process and spend as much time researching businesses that we have owned for a decade as we do evaluating new potential investments*. We were more active in adding new positions this quarter, initiating several new investments. Overviews of some of these investments are detailed below. While this was the quarter when we began to deploy capital, we have been researching all of them for months or years. In the case of **Adaptive Biotechnologies Corporation**, we have been meeting with management for at least two years in preparation for this quarter's IPO.

We pay particularly close attention to assessing the competitive advantages of potential and existing investments. Competitive advantage is the enabler of our long-term philosophy, as it allows us to be confident in forecasting how competitive dynamics and market share will evolve over our investment horizon. Such competitively advantaged businesses also tend to have pricing power, which is critical as inflation inevitably erodes the purchasing power of money. Finally, we have observed that such competitively advantaged businesses tend to surprise investors with the magnitude and duration of their growth, causing them to be attractive investments across market cycles.

Our portfolio presently includes 62 investments, all with their own unique competitive advantages. Stocks including **CoStar Group, Inc.**, **MSCI, Inc.**, and **Gartner, Inc.** have vast proprietary data assets that have been built at a significant expense over extended time frames. Veterinary diagnostic leader **IDEXX Laboratories, Inc.** has constructed a broad, proprietary portfolio of diagnostic tests with retention rates approaching 100%. IDEXX continually strengthens this competitive advantage by spending in excess of $100 million on R&D annually, or five times more than all of its competitors combined. Our real estate investments own irreplaceable real assets in attractive end markets. **Douglas Emmett, Inc.** is the largest commercial landlord in West Los Angeles, a market with such strict zoning regulations that the buildings can literally not be rebuilt, while **Alexander's, Inc.** owns the iconic Bloomberg Building in Manhattan. Our gaming investments, such as **Red Rock Resorts, Inc.** and **Penn National Gaming, Inc.**, possess scarce gaming licenses granting the right to operate in their jurisdictions, as well as, in the case of Red Rock, certain parcels of entitled land giving it the right for future footprint expansion in local Las Vegas markets. Further entitlements in such local markets are restricted by legislation. **Vail Resorts, Inc.** is perhaps the apotheosis of sustainable competitive advantage, with the right to operate resorts on such irreplaceable mountains including Vail, Whistler, Beaver Creek, and Park City.

Table II.
Performance Based Characteristics as of June 30, 2019

	Millennium Internet Bubble to Financial Panic 12/31/1999 to 12/31/2008	Millennium Internet Bubble to Present 12/31/1999 to 6/30/2019	Inception 12/31/1994 to 6/30/2019
Alpha (%)	5.05	5.54	7.32
Beta	0.58	0.66	0.69

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

	Millennium Internet Bubble to Financial Panic 12/31/1999 to 12/31/2008		Millennium Internet Bubble to Present 12/31/1999 to 6/30/2019		Inception 12/31/1994 to 6/30/2019	
	Value $10,000	Cumulative	Value $10,000	Cumulative	Value $10,000	Cumulative
Baron Growth Fund (Institutional Shares)	$12,448	24.48%	$ 58,915	489.15%	$ 217,932	2,079.32%
Russell 2000 Growth Index	$ 6,476	(35.24)%	$ 27,707	177.07%	$ 66,090	560.90%
S&P 500 Index	$ 7,188	(28.12)%	$ 29,228	192.28%	$ 102,626	926.26%

Our fundamental, bottom-up approach again generated attractive returns this quarter. The Fund returned 7.03%, which exceeded the return of our benchmark by 4.28%. When we parse these returns using standard portfolio analytic techniques, we find that 97% of all the excess returns can be attributed to favorable stock selection. This contrasts with allocation effect, which represents the excess returns that a portfolio derives from targeting certain sectors or industries. Over time, we expect stock selection to continue to be the primary driver of our returns, as this is where we devote our attention and resources.

The Fund has significantly outperformed its peer group average over the long term. A $10,000 investment in Baron Growth Fund at its inception would be worth $217,932 at June 30, 2019. This is almost 3.3 times greater than the $66,090 value of the same investment made in a passive fund that tracks the Fund's benchmark, the Russell 2000 Growth Index. Those returns were achieved with approximately 30% less volatility than the benchmark. While this lower sensitivity to market movements tends to be underappreciated in strong markets, we view it as a particularly valuable attribute when markets inevitably turn volatile, as in the fourth quarter of 2018. (Please see Tables II and III.)

Baron Growth Fund didn't make much money from the peak of the Internet Bubble December 31, 1999 through the trough of the Financial Crisis on December 31, 2008, but did generate a positive cumulative return of 24.48%. This is a much better outcome than if you had invested in a passive fund that tracks the Russell 2000 Growth Index, the Fund's benchmark, which declined 35.24%. The large-cap S&P 500 Index did modestly better, but still declined 28.12%. (Please see Table III – Millennium Internet Bubble to Financial Panic.)

The effects of compounding illustrate the difference between making money and losing it over the long term. A $10,000 investment in Baron Growth Fund on December 31,1999 was worth $58,915 on June 30, 2019. That is more than double an investment in a passive index mutual fund such as the Russell 2000 Growth Index or S&P 500 Index (See Table III – Millennium Internet Bubble to Present). We are pleased that our long-term investments in what we believe are competitively advantaged growth companies with exceptional management teams helped us to generate attractive returns in good markets, and help to protect on the downside during more challenging ones.

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
MSCI, Inc.	2007	$1.8	$20.2	20.41%	1.15%
CoStar Group, Inc.	2004	0.7	20.2	18.79	1.14
IDEXX Laboratories, Inc.	2005	1.9	23.7	23.13	0.86
FactSet Research Systems, Inc.	2006	2.5	11.0	15.72	0.75
Arch Capital Group Ltd.	2002	0.4	15.0	14.73	0.71

Shares of **MSCI, Inc.**, a leading provider of investment decision support tools, contributed to performance. MSCI hosted an upbeat investor day presentation in March, and positive momentum continued into the second quarter. Moreover, the company announced solid first quarter earnings and named Linda Huber, who is well respected by the investment community, its new CFO. We retain conviction in MSCI because we believe it owns strong franchises and stands to benefit from several prominent tailwinds.

Shares of **CoStar Group, Inc.,** a real estate information and marketing services company, added to performance. Business trends are excellent, with the company's bookings improving by approximately 36% year-over-year. We are excited about the successful integration of ForRent into Apartments.com, and see sustained growth of 20% or more in the multi-family market. We expect the company to 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.

Shares of veterinary diagnostics leader **IDEXX Laboratories, Inc**. contributed to performance after reporting 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 moving significantly higher, and we believe that margins can approach 30% over the next several years.

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.

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 the stock due to Arch's strong management team and underwriting discipline.

Table V.

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

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap or Market Cap When Sold (billions)	Total Return	Percent Impact
Benefitfocus, Inc.	2013	$1.3	$ 0.9	–45.17%	–0.76%
Iridium Communications Inc.	2014	0.6	2.6	–12.06	–0.45
SS&C Technologies Holdings, Inc.	2010	1.0	14.6	–9.39	–0.33
2U, Inc.	2017	2.3	2.3	–54.99	–0.33
Red Rock Resorts, Inc.	2016	2.3	2.5	–16.54	–0.20

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 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%.

Iridium Communications Inc. is a leading satellite provider of mobile voice and data communications services, and the only commercial provider offering true global coverage. With successful deployment of its NEXT satellites into orbit, Iridium reduced execution, growth, and liquidity risks. The stock came under pressure due to extended renewal discussions with its largest customer, the Department of Defense. By leveraging the new platform, we expect Iridium to launch new services, capture market share, and benefit from its growing hosted solutions businesses.

Shares of financial technology vendor **SS&C Technologies Holdings, Inc.** detracted from performance after the company reported mixed first quarter earnings, with organic revenue growth coming in below Street expectations. The company raised fiscal year 2019 adjusted EPS guidance, but the stock had already run up significantly before earnings. We retain conviction, as we believe SS&C will continue to generate attractive earnings growth through market share gains, cross sales of its services portfolio, new product introductions, additional M&A, and synergy-led margin expansion.

Shares of **2U, Inc.**, an education technology services provider that enables universities to deliver high-quality online degree programs, detracted from performance. The company reported solid first quarter earnings, but guidance for the second quarter and fiscal year 2019 fell short of investor expectations.

Shares of **Red Rock Resorts, Inc.** a casino owner and operator in the Las Vegas locals market, declined in the quarter as investors grew concerned over earnings at the newly renovated Palms casino. However, numbers continue to be in line with the ramping of a new property, and the company still expects 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.

Recent Purchases

Marel hf, **Adaptive Biotechnologies Corporation** and **Alector, Inc.** were three new investments in the period.

Food processing system vendor **Marel hf** completed its dual listing in Amsterdam and the U.S. during the quarter. Marel was founded at the University of Iceland in 1978 as a project to help the fishing industry improve throughput and yield. Since then, the company has grown to become a leading global provider of advanced processing systems and services to the poultry, meat, and fish industries. Marel's state-of-the-art equipment and proprietary software helps food processing companies automate traditionally manual tasks of "primary" and "secondary" processing. By automating tasks such as cutting, deboning and forming, Marel's customers can increase throughput, reduce waste, and lower costs.

Marel competes in a large and fragmented industry. The primary and secondary food processing markets represent an $11 billion annual opportunity, inclusive of both equipment and services. We expect the market to grow at low single-digit rates, driven by secular trends including growing demand for proteins, improving food safety standards, and accelerating industry adoption of automation.

Marel is a global technology leader, and targets investing 6% of annual revenue in innovation. This corresponds to more than $70 million of annual spend, a level that exceeds the revenue of many of Marel's competitors. This creates a highly innovative product portfolio. Additionally, the company derives significant and sustainable competitive advantage from its global network of service and support personnel. This has been a significant investment for Marel and it helps drive sales and retention by reducing downtime, improving customer experience, and uniquely positioning the company to compete for larger, diversified accounts.

Marel has historically been acquisitive, using M&A to enhance its product lines, geographic reach, and industry footprint. We expect management to continue acquiring sub-scale competitors that can benefit from Marel's broader sales and service capabilities. We estimate that Marel has around 10% share of its total market, or 17%-18% share of the $6.5 billion-$7.0 billion market subset on which it is focused, implying a long runway for the company's M&A program.

We expect Marel's strong revenue growth to be amplified by continued margin expansion. Margins have already doubled under the current management team, but significant opportunity remains. Marel's poultry business boasts margins that are approaching 20%, while its fish and meat businesses are closer to 10%. We believe that margins in poultry should continue to improve and that the meat business should ultimately be just as profitable as poultry.

Adaptive Biotechnologies Corporation uses DNA sequencing, computational biology, software and machine learning to read and interpret cells in the immune system. We view Adaptive as a platform company, with applications across research, diagnostics and drug discovery. In total, we believe that the company serves an addressable market that exceeds $40 billion in annual revenue. The company has assembled a compelling set of sustainable competitive advantages including a proprietary database of over 20 billion immune receptors, a deep patent portfolio, and collaborations with Microsoft for artificial intelligence and machine learning and Genentech for drug development. The company boasts an outstanding management team led by co-founders Chad and Harlan Robins, brothers who made the scientific breakthroughs upon which Adaptive products are based and built the associated business model.

Adaptive's current portfolio consists of a product for the life sciences research market and a product for diagnostics. ImmunoSEQ, which sequences immune system cells, has been used for research purposes by over 2,000 academic researchers and more than 125 biopharmaceutical companies. ImmunoSEQ serves to answer translational research questions relating to the adaptive immune system, monitors response to therapies and discovers new signals. ClonoSEQ is a diagnostics product for detection and monitoring of minimal residual disease in patients with multiple myeloma and B-Cell Acute Lymphoblastic Leukemia. ClonoSEQ enables hematologists to detect relapse early, help predict patient outcomes and monitor response to therapy. ClonoSeq has FDA approval and Medicare coverage and the company has been securing reimbursement from commercial payors. We expect Adaptive to expand ClonoSEQ's approval to additional blood cancers, including chronic lymphocytic leukemia and non-Hodgkin's lymphomas.

Adaptive's new product pipeline is potentially transformational. Adaptive is developing ImmunoSEQ Dx for early detection of diseases, including certain cancers such as ovarian cancer and autoimmune diseases such as celiac disease. Adaptive is also building a map of the immune system as part of its strategic collaboration with Microsoft, the ultimate goal of which is the development of a universal diagnostic blood test that can detect any early stage disease. Additionally, Adaptive is working with Genentech to develop, manufacture and commercialize T-cell therapies for the treatment of a broad range of cancers.

Alector, Inc. is a biotechnology company focused on finding cures for neurodegenerative diseases. Alector's efforts currently focus on frontotemporal dementia ("FTD"), the most prevalent form of dementia in patients under 60 years of age. We estimate that approximately 170,000 people in the U.S. and EU currently suffer from FTD. Sadly, patients with FTD develop brain atrophy that is visible via MRI within 6-to-12 months of disease onset, and have an expected life span of approximately 10 years. At present, there are no therapies for FTD that have been approved by the FDA.

While there are still many open questions regarding the pathology of FTD, it is clear that a subset of FTD patients suffer from a loss of function in a gene called progranulin. Alector has developed a targeted therapeutic to treat this subset of FTD patients. The company has begun clinical trials to determine whether recovery of progranulin levels can stop brain atrophy. If successful, we believe the market opportunity is several billion dollars. Additionally, the company believes that the recovery of progranulin levels might also play a role in recovering function in the broader group of non-genetically-driven FTD patients, which would significantly broaden the market.

In addition to the FTD opportunity, Alector is developing two drugs for Alzheimer's disease in partnership with AbbVie Pharmaceuticals. AbbVie paid Alector $225 million upfront will provide Alector additional milestone

payments up to $1 billion, and will incur most of the clinical development costs. Once in clinic, Alector can elect to receive a royalty stream or an equal share of future profits from AbbVie. While we view the Alzheimer's opportunity as more speculative outcome, the financial risk to Alector is low and the potential rewards significant.

Portfolio Structure And Investment Strategy

The Fund seeks to invest in businesses that we believe have attractive and durable fundamental characteristics. These characteristics include large addressable markets and positive secular trends. We seek businesses that have created high barriers to entry and are investing to enhance competitive advantages. We favor business models that have high levels of recurring revenue, generate attractive incremental margins, and have strong free cash flow conversion. We exclusively invest with management teams that we consider to be best-in-class, with incentives aligned with ours and who operate with the goal of driving long-term shareholder value.

When we identify businesses that meet our investment criteria, we seek to invest at reasonable prices relative to their long-term potential. We expect these investments to generate attractive long-term performance as businesses' revenue and earnings compound at above-market rates. Ideally, we will also benefit from multiple expansion, meaning that we have paid a particularly attractive price for our investment. Occasionally this occurs when we have identified an asset whose attributes were underappreciated or unknown, or when the durability of growth was underappreciated. This also occurs when management teams take actions that are detrimental to short-term financial performance in pursuit of longer-term growth opportunities, or when the broader market declines due to macroeconomic concerns. We relish these situations as our focus on longer-term results allows us to look past short-term uncertainties.

The Fund holds investments for the long term. As of June 30, 2019, 38 of the Fund's investments representing over 90% of the portfolio's net assets had been held for more than five years, and approximately 62% of the portfolio's net assets had been held for more than 10 years. This is dramatically longer than most other small-cap growth funds, which, according to Morningstar, turn over about 73% of their portfolios annually. We view this long-term perspective as a source of our competitive advantage and a very important driver of returns.

Table VI.
Top performing stocks owned more than five years

	Year of First Purchase	Cumulative Total Return Since First Date of Purchase
IDEXX Laboratories, Inc.	2005	1,813.0%
Choice Hotels International, Inc.	1997	1,694.9
CoStar Group, Inc.	2004	1,283.8
Vail Resorts, Inc.	1997	1,224.3
Arch Capital Group Ltd.	2002	1,197.0
Mettler-Toledo International, Inc.	2008	1,064.4
MSCI, Inc.	2007	915.3

Baron Growth Fund's investments in the 38 businesses that have been held for more than five years and that represent 90.7% of the Fund's net assets have earned an annualized rate of return of 18.3% based on weighted average assets since they were first purchased. This exceeds the performance of the Fund's benchmark by 8.0% per year. Most Fund investments that have been held for more than five years have realized approximately three- to eight-fold appreciation so far, and nine have achieved returns in excess of nine times since their initial purchase. In addition, 11 of the 38 investments have achieved annualized returns that exceed their benchmark by more than 10%.

Table VII.
Top performing stocks owned less than five years

	Year of First Purchase	Cumulative Total Return Since First Date of Purchase
Kinsale Capital Group, Inc.	2016	241.4%
Wix.com Ltd.	2016	203.0
Altair Engineering Inc.	2017	120.6
Performance Food Group Company	2015	108.5
Essent Group Ltd.	2016	100.0

We exclusively purchase small-cap companies that we think can double in size in a four- or five-year period. Investments held for less than five years include 23 stocks that account for 8.6% of the Fund's net assets. As a group, they have returned 28.1% annually based on weighted average assets since their initial purchase, and exceeded our benchmark by 17.9% annualized. Ten of these investments have achieved annualized returns that exceeded our benchmark by more than 10%, and 7 have achieved annualized returns that exceeded our benchmark by more than 30%.

Portfolio Holdings

As of June 30, 2019, Baron Growth Fund held 62 investments. The top 10 holdings represented 51.5% of the Fund's total net assets. All these top 10 investments have grown dramatically since they were purchased when they were smaller businesses. We believe they all continue to offer significant further appreciation potential, although we cannot guarantee that will be the case. We believe the Fund's diversified portfolio offers investors potentially better-than-market returns with less risk than the market. Note that diversification cannot guarantee a profit or protect against loss.

Baron Growth Fund exclusively purchases small-cap companies. Since the Fund holds its investments for the long term, the Fund has a significant percentage of assets invested in securities that have appreciated beyond their market capitalizations at the time of the Fund's investment. Baron Growth Fund's median market cap is $4.3 billion; its weighted geometric average market cap is $9.0 billion. The Morningstar U.S. market breakpoints for small- and mid-cap funds were $3.7 billion and $19.3 billion, respectively, as of June 30, 2019.

Table VIII.
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 Net Assets
CoStar Group, Inc.	2004	$0.7	$20.2	$471.0	6.8%
Vail Resorts, Inc.	1997	0.2	9.0	468.7	6.7
MSCI, Inc.	2007	1.8	20.2	429.8	6.2
Arch Capital Group Ltd.	2002	0.4	15.0	365.6	5.3
FactSet Research Systems, Inc.	2006	2.5	11.0	358.2	5.2
Gartner, Inc.	2007	2.3	14.5	357.3	5.1
ANSYS, Inc.	2009	2.3	17.2	307.2	4.4
IDEXX Laboratories, Inc.	2005	1.9	23.7	302.9	4.4
Choice Hotels International, Inc.	1997	0.4	4.8	261.0	3.8
Bright Horizons Family Solutions, Inc.	2013	1.8	8.8	252.7	3.6

Thank you for joining us as fellow shareholders in Baron Growth Fund. We are appreciative of the confidence you have shown in us. We will continue to work hard to justify your confidence.

Respectfully,

Ronald Baron
CEO and Lead Portfolio Manager
July 31, 2019

Neal Rosenberg
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 in smaller companies, but there also may be more risk. Specific risks associated with investing in smaller companies include that the securities 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 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 Growth Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

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 (Russell 2000 Growth Index) is 1.00 by definition.

Dear Baron Small Cap Fund Shareholder:

Performance

Baron Small Cap Fund (the "Fund") is having a strong year. We had a good second quarter, gaining 4.95% (Institutional Shares). For the year, the Fund is up 29.26%. Our results were better than the Russell 2000 Growth Index (the "Index") for the second quarter and are well ahead year-to-date. The Index was up 2.75% in the quarter and is up 20.36% for the year. The Fund is also doing better than the S&P 500 Index, which is up 4.30% in the quarter and 18.54% year-to-date.

The strong results now have the Fund outperforming its benchmark index for all the time periods measured below.

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

	Baron Small Cap Fund Retail Shares[1,2]	Baron Small Cap Fund Institutional Shares[1,2,3]	Russell 2000 Growth Index[1]	S&P 500 Index[1]
Three Months[4]	4.89%	4.95%	2.75%	4.30%
Six Months[4]	29.07%	29.26%	20.36%	18.54%
One Year	9.28%	9.59%	(0.49)%	10.42%
Three Years	17.90%	18.21%	14.69%	14.19%
Five Years	9.60%	9.89%	8.63%	10.71%
Ten Years	14.49%	14.79%	14.41%	14.70%
Fifteen Years	9.50%	9.69%	8.90%	8.75%
Since Inception (September 30, 1997)	10.23%	10.36%	6.18%	7.35%

The market was up and down in the quarter, mostly in line with sentiment around trade tensions. By the end of the quarter, trade deals were reached with Mexico and Canada, and discussions with China were revived, so concerns ended on a softer note and the market rose.

The U.S. economy has slowed, and global growth has weakened as a result of prior increases in interest rates, reductions in global trade, and lower capital spending from supply chain disruption. The U.S. Federal Reserve acknowledged the slowdown and adopted a more dovish stance in its commentary. Now the market expects interest rate cuts…a major reversal from six months ago. Investors cheered the prospect for lower rates and remain optimistic that the growth outlook is still solid and inflation MIA. By the way, the current economic expansion is now the longest in history.

CLIFF GREENBERG
PORTFOLIO MANAGER

Retail Shares: BSCFX
Institutional Shares: BSFIX
R6 Shares: BSCUX

The Fund did well and outperformed largely due to stock selection. Health Care stocks in general were flat but our Health Care stocks performed well, especially veterinary diagnostics company **IDEXX Laboratories, Inc.**, contract research provider **ICON plc**, virtual health care provider **Teladoc Health, Inc.**, and glucose monitoring device manufacturer **DexCom, Inc**. These stocks and others we own did well in reaction to strong operating results and positive outlooks. Our stock selection also added value in Consumer Discretionary, Real Estate, and Industrials. Some of our lead stocks in these groups were Consumer Discretionary companies **Bright Horizons Family Solutions, Inc.**, the provider of child care, and **Installed Business Products, Inc.**, the installer of insulation and other housing products; Industrials companies **John Bean Technologies Corporation** and **SiteOne Landscape Supply, Inc.**; and tower operator **SBA Communications Corp.** in the Real Estate sector. Our Information Technology ("IT") stocks, which drove our relative performance in the first quarter, underperformed this quarter, which is fine with us as it feels good that our results this quarter were more broad-based across various sectors.

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, 2018 was 1.30% and 1.04%, 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 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 The indexes are unmanaged. The index performance is not Fund performance; one cannot invest directly into an index. The Russell 2000® Growth Index measures the performance of small-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 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

On a relative basis, our tilt towards high-quality and lower-volatility stocks helped our performance. Also, larger-cap stocks did better than smaller ones, and the Fund skews higher in market cap than the Index because we hold our winners for the long term, which has added much value and benefited our shareholders greatly.

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

	Percent Impact
IDEXX Laboratories, Inc.	0.59%
John Bean Technologies Corporation	0.58
SiteOne Landscape Supply, Inc.	0.50
The Trade Desk	0.49
Bright Horizons Family Solutions, Inc.	0.49

IDEXX Laboratories, Inc., the leading provider of diagnostics to veterinarians, reported robust financial results and the shares rose nicely. The company reported double-digit organic revenue growth and 12% recurring revenue growth. The installed base of instruments was up 21%, and new offerings being rolled out on the platform are being well received. U.S. lab growth grew 15%, as IDEXX continues to gain share because of proprietary tests and superior service. Margins grew over 200 basis points, and the company continued to repurchase its shares. All in all, an excellent quarter. Subsequently, it was reported that the company's CEO, who we revere and treasure, was in a serious biking accident. We wish him the best.

Shares of **John Bean Technologies Corporation** ("JBT"), a leading global provider of equipment and solutions to the food processing and air transport industries, rose after reporting strong results for the quarter and raising guidance for the year. JBT also announced two acquisitions, spending about $350 million. Both companies sell technological solutions to the poultry industry and are in keeping with the company's desire to automate food production. Part of the thesis for our investment is that these industries are very fragmented, and that JBT can play a role in consolidating the businesses in an accretive fashion and increase the organic growth of the targets by extending their global reach, professionalizing their operations, and incorporating the products in its larger sales and service organization. We retain our conviction that JBT can continue to grow organically and inorganically and thereby compound its earnings at a faster pace than most industrials.

SiteOne Landscape Supply, Inc. is the largest distributor of wholesale supplies to the landscape trade in the U.S., selling a wide range of irrigation, agronomics, hardscape, and nursery products. The company reported good results and reiterated guidance. The stock responded well. The company's share price had been depressed as weather negatively affected prior results, and higher interest rates held the stock price back on fear that housing starts would decline, which hasn't played out. We have been involved since the company's IPO and remain excited about the company's ability to: become the dominant player in a large and highly fragmented market; improve the way that business is conducted; serve its customers better with improved service, product, prices, and convenience; make significant and highly accretive acquisitions; and, in time, run the business at a significantly higher margin. This should lead to great value creation. The runway is very long, as SiteOne now has about 11% market share with the aspiration of increasing its position by three- or four-fold. Management is very strong, and we have great faith in its vision and execution.

The Trade Desk, the leading internet advertising demand-side platform, enables advertisers and their agencies to purchase digital ads more effectively. The company continues to report incredible results; this quarter's revenues rose over 40%, and the stock continues to soar. The company outlined how enormous the opportunity is for growth, in that programmatic advertising has just 10% penetration of total advertising. Also, the company is just entering the Chinese advertising market, which offers great promise. The stock also benefited from issues at Google and Facebook, as advertisers seek to diversify their spending to other sites. The shares now trade at a full multiple (30 times forward EBITDA) and has over a $10 billion market cap (we bought in at $1.7 billion about two and a half years ago!!), and we sold some stock to take profits and moderate position size after the great run.

Shares of **Bright Horizons Family Solutions, Inc.**, the leading provider of high-quality, corporate-sponsored child care, rose in the second quarter after beating Street expectations across the board. Bright Horizons is a unique company in that it has had over 20 years of sustained sales and margin growth and has a very stable, visible, and consistent business model based on long-term contracts, and over 95% client retention. The company has added new lines of business and is expanding its business internationally to extend its growth horizon. The rate of earnings growth has modestly slowed over the last couple of years as the company digested a lower margin acquisition and spent heavily on technological improvements to its offerings. Now it is on the cusp of faster growth, as the company benefits from its investments and also as its "consortium" centers mature and add to profitability. This inflection in growth has led to multiple expansion.

Other stocks we own that rose over 20% in the quarter but affected performance less are **Installed Building Products, Inc.**, **RBC Bearings Incorporated**, **DexCom, Inc.**, **Cantel Medical Corp.**, **Endava plc**, **Revolve Group**, **Abcam plc**, **Summit Materials, Inc.**, **The Real Real, Inc.**, and **Pagerduty, Inc.**

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

	Percent Impact
2U, Inc.	–1.02%
GTT Communications, Inc.	–0.93
Red Rock Resorts, Inc.	–0.30
Cision Ltd.	–0.30
PRA Health Sciences, Inc.	–0.24

2U, Inc., an education technology service provider that enables universities to deliver high-quality online degree programs, fell a lot after reporting disappointing results. The company lowered guidance for revenue growth. Partner universities became more selective and lowered admission rates, and the delayed launch of an important program will result in only one cohort being seated this year. The company recently announced a large and meaningful acquisition of Trilogy, a company that provides tech bootcamps and training, which along with the GetSmarter purchase last year, has significantly diversified 2U's revenues. With the issues in the base business, many investors view these purchases with skepticism and uncertainty rather than with excitement, and the shares are in the penalty box for the time being.

GTT Communications, Inc., a multi-national telecommunications service provider to large enterprises, reported negative revenue growth in the first quarter and pushed out the timetable for the return to positive organic growth, and the stock was punished. The combination of high leverage, a large short position, and weak current results is calamitous. Management believes that the shortfall has to do exclusively with an understaffed sales force and is focused on adding headcount and quickening training. We are disappointed in the poor execution and had sold some stock before the miss was reported, but we still do like the opportunity and respect the management, so we have maintained the bulk of our position, and we believe it is wise to wait until results improve.

Shares of **Red Rock Resorts, Inc.**, a leading casino owner and operator focused on the Las Vegas locals' market, declined in the quarter after reporting lackluster results, and as other casino companies missed estimates. The company is finishing two large renovations of owned casinos, and the market is somewhat concerned over the pace of the ramp of the renovated Palms hotel. We think the project will be a success and are less focused on near-term results. We also believe that the stock traded down to a multiple which understates the value of the business once the new projects scale and the company uses some free cash flow to reduce leverage. We added to our holding on weakness.

Cision Ltd., the SaaS software provider to public relations and earned media industries, declined in the quarter after the company announced two acquisitions to expand the company's offerings. The company explained that the acquisitions fit its long-term objectives and had to act timely to take advantage of these opportunities. However, they are dilutive to near-term margins and Cision issued new equity to close the transactions, which has seemingly leaked back into the market. Organic growth has improved but hasn't reached "lift off" (company term). If and when it does, we believe the balance sheet will improve and the trading multiple could expand pretty significantly, so there is great upside in the stock. We are patiently awaiting these developments.

Shares of **PRA Health Sciences, Inc.**, a global clinical research organization, fell after reporting mixed first quarter financial results. Data Solutions revenues were light, which we attribute to management turnover. Importantly, the company maintained guidance and foreshadowed that revenues should reaccelerate after a couple of quarters of slowing. The stock has been quite volatile, since results have been less consistent, and it now trades at a significant discount to other contract research organizations. We like the business, the company, and management. We have been shareholders since it has been public, and we believe the multiple should expand if results revert to prior consistent growth.

The other stock we own that was down over 20% in the quarter was **Covetrus, Inc.**

Portfolio Structure

As of June 30, 2019, the Fund had $4.2 billion under management. The top 10 holdings made up 30.3% of the Fund. We owned 73 stocks.

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

	Year Acquired	Quarter End Investment Value (millions)	Percent of Net Assets
Guidewire Software, Inc.	2012	$167.3	4.0%
Gartner, Inc.	2007	165.0	4.0
Bright Horizons Family Solutions, Inc.	2013	124.5	3.0
SBA Communications Corp.	2004	123.7	3.0
Waste Connections, Inc.	2016	119.5	2.9
IDEXX Laboratories, Inc.	2008	117.0	2.8
The Trade Desk	2017	113.9	2.7
ICON plc	2013	111.6	2.7
SiteOne Landscape Supply, Inc.	2016	110.9	2.7
ASGN Incorporated	2012	106.1	2.5

The Fund's largest weighting was in the IT sector, at 28.4% of net assets at the end of the quarter. This is down 4% from the end of the first quarter. IT stock performance wasn't as strong, and we consciously diversified our new investments to other sectors to reduce IT weightings a bit to dampen volatility. We still are well overweight IT compared to our benchmark index, as we see great long-term opportunity, especially in software companies. But we did take our foot off the gas somewhat.

We have 20.5% of the Fund invested in Industrials, which is more than the Index. However, our Industrials are not so cyclical or economically sensitive, so we don't think growth rates will moderate much in a slower overall economy. The Fund held 18.2% of its net assets in the Health Care sector, way underweight our benchmark index since we are without much in biotechnology and pharmaceuticals. We have 15.4% in Consumer Discretionary and have been able to find some new companies that are in front of changing trends in how people shop.

As discussed, trade is a wild card, since dealings between sovereign nations have been heated (potentially affecting long-term relationships), and supply chains are in flux in the short term. We are following developments closely but want to point out that only about 10% of our net assets are affected by potential near-term or long-term changes in trade relations.

We are primarily invested in businesses that we think can grow at good clips for long periods of time…. that my colleague Alex Umansky dubs as having long "duration of growth." We note that, because of technological changes, innovation, and disruption that is affecting most businesses, there are industry leaders that we have identified that we believe have significant competitive advantages and a long runway of above average growth. In my 30+ years of managing money, I don't recall an environment like this. This dovetails well with our desire to invest in companies while they are young and small and hold them as they grow and mature. It's not the easiest fit in a "small-cap" mutual fund, but we have years of experience and success in "watering our flowers" and "cutting our weeds." We sell some of our winners as they appreciate and re-invest those proceeds in new small-cap ideas.

At the end of the quarter, we own five stocks that are considered large caps (**SBA Communications Corp.**, **TransDigm Group, Inc.**, **IDEXX Laboratories, Inc.**, **Mettler-Toledo International, Inc.**, and **Waste Connections, Inc.**)

- We have owned them for about 15, 13, 11, 11, and 10 years, respectively.
- We bought them when they had market caps of $235 million, $1.1 billion, $2.0 billion, $2.4 billion, and $431 million, respectively.
- We have made annualized returns in the stocks of 30%, 32%, 30%, 26%, and 22%, respectively.
- We have sold a large portion of our initial holdings over time, as per our approach, and now own 19%, 11%, 24%, 13%, and 32% of our peak positions in each, respectively.
- In aggregate, these stocks have an annualized return of 34.9%, 31.8%, and 26.0% over the last one, three, and five years, respectively.

I hope this illustrates the logic and success of our long-term approach.

Recent Activity

Table V.

Top net purchases for the quarter ended June 30, 2019

	Year Acquired	Quarter End Market Cap (billions)	Amount Purchased (millions)
Trex Company, Inc.	2019	$4.2	$27.8
Endava plc	2019	2.2	16.6
Covetrus, Inc.	2019	2.7	14.9
The RealReal, Inc.	2019	2.4	12.9
Inspire Medical Systems, Inc.	2019	1.4	11.9

During the second quarter, we initiated a new position in **Trex Company, Inc.** Though a new position for the Fund, Trex has been a long-term, successful holding for Baron. Trex is the dominant manufacturer and industry pioneer of wood-alternative ("composite") residential decking in the U.S. We have long admired Trex and focused on the opportunity to buy shares when they fell on disappointing first quarter earnings results. In our view, the issues that impacted first quarter results represent transitory growing pains, as the company strives to meet robust demand for its brand new, lower-priced product ("Enhance"), while bumping up against capacity constraints.

The introduction of Enhance doubles the company's addressable market, with a price more competitive with wood, which represents 83% of the decking market today. Composite accounts for approximately 17% of the U.S. decking market and is growing share by approximately 1% per year. We think Enhance will accelerate this trend as consumers increasingly choose composite over wood because composite offers similar aesthetics and costs with better performance (composites do not rot, fade, or stain). Importantly, the demand environment for Trex products remains strong, giving management confidence to announce plans to expand capacity by 70% over the next couple of years. On the heels of the Enhance rollout, we expect Trex to return to its double-digit organic growth trajectory (high-teens EPS growth), and in that scenario we see potential for the stock multiple to expand.

Trex exemplifies many of the traits we seek in our new investments. Trex has approximately 50% market share (which continues to rise!) and is the most well-regarded brand. Trex has an exclusive dealership network and proprietary recycling expertise that affords it a significant distribution and cost advantage versus its peers. We think highly of CEO Jim Cline and his executive team, and their ability to use a cash-rich balance sheet to enhance shareholder value.

We made some smaller investments in new ideas as well in the quarter.

- We bought into the IPOs of two cool consumer concepts–**The RealReal, Inc.**, which is an online marketplace for authenticated luxury goods; and **Revolve Group**, an online clothing retailer selling to fashion focused millennials.
- We invested in **Endava plc**, a leading next-generation technology services provider helping accelerate disruption by delivering rapid digital evolution to enterprises. Some other Baron Funds have had successful investments in this IT service space, so we are piggybacking on their research.
- We added to our investment in **Covetrus, Inc.**, a special situation formed through the spin out of a division of a publicly traded company that merged with a high-growth service provider to the same industry. Covetrus services veterinarians by distributing supplies and drugs and providing an online pharmacy to help vets stay involved in ordering prescriptions and food for their clients/pet owners.
- We added to our investment in **Inspire Medical Systems, Inc.**, a medical device company that provides an innovative treatment option for people with moderate-to-severe Obstructive Sleep Apnea and who are unable to use or get consistent relief from CPAP.

Table VI.

Top net sales for the quarter ended June 30, 2019

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap or Market Cap When Sold (billions)	Amount Sold (millions)
Ultimate Software Group, Inc.	2008	$0.7	$10.5	$82.9
TransDigm Group, Inc.	2006	1.1	25.7	35.5
Cboe Global Markets, Inc.	2017	8.8	12.0	20.6
Gaming and Leisure Properties, Inc.	2005	4.2	8.4	19.8
Gartner, Inc.	2007	2.2	14.5	19.5

During the quarter, we exited our long-held position in **Ultimate Software Group, Inc.** (up ten-fold since our initial purchase) when it was acquired by private equity.

We sold out of **Cboe Global Markets, Inc.**, a successful investment that had run up, was fully valued (in our opinion), and had a high market cap.

We trimmed, into strength, mid- and large-cap holdings **TransDigm Group, Inc.**, **Gartner, Inc.**, **IDEXX Laboratories, Inc.**, and **Waste Connections, Inc.**

We also sold some of our holdings in **Gaming and Leisure Properties, Inc.** and **The Trade Desk**, as the stocks increased in the quarter, and we thought it was opportune to reduce position sizes.

Outlook

The market is hitting all-time highs. The economy is slowing, but still doing fine. The Fed has set the stage for rate cut(s), joining the global easing cycle, which the market loves. Interest rates have fallen, and inflation is tame. The trade conflict is at a truce…it's a pretty good environment.

The most recent employment report in June was strong, and leading indicators seem to be bottoming, so maybe economic growth will pick up from here. That could be the case, especially with the effects of lower rates and stimulus actions by foreign governments.

This macro is the focus of most investors. Not ours. We concentrate on the quality, management's performance, and the opportunities of our portfolio companies, and we believe if the businesses perform, so will the stocks over the long term. If the overall economy were to grow 2%, not 3%, it doesn't affect our companies much and does not alter our investment thesis. And as we enter earnings season, we are optimistic about the near-term and long-term prospects of our holdings.

Against these positives, we acknowledge that our stocks have been strong and now trade at higher multiples on current earnings, so valuations are less attractive. The IPO market is a little frothy and valuations between growth and value stocks have diverged. Consumer and investor sentiment has improved, which is less good for stocks. Trade remains a major wild card, and negative developments could suddenly stoke uncertainty and anxiety for businesses and the markets.

Thanks for investing with us in the Baron Small Cap Fund, my fellow shareholders. I appreciate your confidence. We will continue to do our best and follow our time-tested approach, which will hopefully continue to provide positive returns.

Cliff Greenberg
Portfolio Manager
July 31, 2019

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 in smaller companies, but there also may be more risk. Specific risks associated with investing in smaller companies include that the securities 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 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 manager 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 Small Cap Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

Baron Opportunity Fund

Dear Baron Opportunity Fund Shareholder:

Performance

Considering the robust gains and outperformance of the first quarter, Baron Opportunity Fund (the "Fund") had a solid second quarter, climbing 6.19% (Institutional Shares). The Fund outperformed both the Russell 3000 Growth Index, which advanced 4.50%, and the S&P 500 Index, which rose 4.30%. Through the first half of the year, the Fund is up 28.92%, meaningfully ahead of both indexes, which have increased 21.41% and 18.54%, respectively.

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

	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]	6.11%	6.19%	4.50%	4.30%
Six Months[4]	28.77%	28.92%	21.41%	18.54%
One Year	15.84%	16.13%	10.60%	10.42%
Three Years	25.00%	25.33%	17.81%	14.19%
Five Years	13.27%	13.57%	13.02%	10.71%
Ten Years	15.87%	16.18%	16.13%	14.70%
Fifteen Years	11.16%	11.36%	9.83%	8.75%
Since Inception (February 29, 2000)	7.35%	7.50%	4.70%	6.09%

MICHAEL A. LIPPERT
PORTFOLIO MANAGER

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

Review & Outlook

The Fund had a strong first half of the year, rebounding soundly ahead of the market from its sharp decline of late last year. U.S. equity markets have hit record highs – on the back of still solid domestic economic trends and a recovery in multiples as investors concluded they had given too much weight to perceived risks during last year's retreat. I remain of the view (articulated in my last couple of letters) that the current market, economic and political setting remains somewhat uncertain. The second quarter, while positive on the whole, was a more mixed and volatile period, with the market fluctuating within a trading range. Investors and market commentators continue to grapple with a varied mix of dynamics, including unresolved trade negotiations, particularly with China; rising tensions in the Middle East, notably Iran; domestic political disagreements and hostility, with an upcoming combative presidential election; Brexit uncertainties; signals that the Fed may be moving towards a reversal in rate policy (now rate cuts vs. raising rates too far); and debate about the forward pace of domestic and global economic growth; among other things.

Markets are unpredictably fickle. Widely anticipated and carefully studied events – such as Fed meetings, trade negotiations, legislative debates, earnings reports – can lift the markets one day and drive them back down the next. On top of that, markets always confront surprises like geopolitical events, political scandals, M&A deals, earnings pre-announcements, executive departures and even, these days, presidential tweets. Short-term

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, 2018 was 1.37% and 1.11%, 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 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.*

† 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.

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

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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

movements in the markets – and stocks – are nearly impossible to call. That's why we have long followed a game plan – research-driven, long-term investing – where we don't have to dial that number.

I believe the Fund's performance is due to our consistent focus on secular innovation trends and sustainable growth. As I have written, we seek to generate investment returns by targeting disruptive innovation that is changing the way the world works. Our thematic investing approach captures open-ended growth opportunities resulting from disruptive innovation, seismic secular shifts across industries and indisputable long-term trends. We manage an unconstrained all-cap portfolio, which spans market capitalizations and geographies to identify businesses that are the leaders, facilitators and beneficiaries of innovation. The broad benchmarks and indexes we are compared against reflect past successes. We emphasize the disruptive trends that will drive future growth and leadership.

We also focus on a critical component of long-term investing that most investors ignore: duration. The duration – not just the size or rate – of a company's growth opportunity. Not merely how fast will it grow, but how long will it grow fast. We have found that our best investments have grown faster for longer than the market initially expected, including such companies as CoStar (a 17.7 year investment, with a 21.3% annualized return on our initial investment), Equinix (a 15.6 year investment, with a 24.3% annualized return on our initial investment) and Gartner (a 12.2 year investment, with a 16.0% annualized return on our initial investment). Some key factors of growth duration include the size of the opportunity, called the total addressable market or TAM; the penetration of that opportunity; whether the company has the right products and management strategy to capture that opportunity; and, perhaps most critically, the durability or sustainability of the company's competitive advantage, which is pivotal to capturing market share at healthy margins. The intrinsic value of a business is not based on this quarter's revenues, earnings, or cash flow, nor the growth rates thereof, but rather how much earnings and/or cash the company will generate over time. Businesses that grow faster for longer generate more earnings and cash flow and tend to sustain higher multiples.

Below is a partial list of the secular megatrends we focus on. These secular themes will be the key drivers of revenue, earnings, and cash flow growth – and stock performance – for the companies in which we are invested:

- 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 quarter-end holdings)

	Actual Q1 2019	Actual Q4 2018	Actual Q3 2018	Actual Q2 2018
Baron Opportunity Fund	17.4%	22.1%	27.5%	30.2%
S&P 500 Index	6.7%	6.4%	10.8%	10.9%
Russell 3000 Index	6.6%	6.7%	10.7%	11.1%
Russell 3000 Growth Index	8.8%	9.1%	11.2%	10.9%

Our research and company reports confirm that the growth prospects and secular trends for our investments remain as strong as ever, in our view. We believe most economic and market factors and unknowns will have little to no impact on the fundamentals for the industries and businesses we favor, given their powerful and sustainable secular and structural growth drivers. We have confidence that our portfolio should be in a relatively strong position to weather and thrive in a variety of economic, market and political environments. While market leadership will inevitably cycle, our conviction remains that sustainable/secular growth matters and will be the predominant foundation of longer-term market leadership for both individual businesses and industry groups.

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

	Percent Impact
Microsoft Corporation	0.77%
Endava plc	0.48
CoStar Group, Inc.	0.46
Sage Therapeutics, Inc.	0.36
Amazon.com, Inc.	0.35

Microsoft Corporation is a software mega-cap company that has crossed the chasm from the client-server and PC era to today's world of digital transformation and cloud. Microsoft has successfully pivoted its business to the cloud with its leading Azure infrastructure and Platform-as-a-Service offerings, and by porting its dominant Office suite of desktop solutions to the cloud, with its Software-as-a-Service products, Microsoft 365, Office 365, Dynamics 365, and Teams. Shares of Microsoft performed well during the second quarter as the company continued to deliver strong results for its cloud businesses, growing over 40% year-over-year, with increasing margins. Microsoft's ability to accelerate revenue growth to double-digit levels at its scale is a case study in business transformation. The company now supports open source and inter-operates with competing systems, positioning it as a leader in cloud computing (alongside Amazon). (Guy Tartakovsky)

Shares of **Endava plc**, a provider of outsourced software development to business customers, appreciated after reporting excellent quarterly results and raising full-year guidance. In March, revenue grew 25% and earnings per share grew 46% due to strong client demand and significant margin expansion. The share price also likely benefited from a secondary offering that increased liquidity, removed an overhang from pre-IPO shareholders,

and increased awareness to new investors. We believe Endava will continue gaining share in a large global market for IT services (see further discussion below). (Josh Saltman)

Shares of **CoStar Group, Inc.**, a real estate information and marketing services company, contributed to performance after continuing to report strong results. Business trends are excellent, with the company's bookings improving by approximately 36% year-over-year. We are excited about the successful integration of ForRent into Apartments.com and see sustained 20%-plus growth in the multi-family marketing business. We expect the company to 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 deploy for additional accretive acquisitions. (Neal Rosenberg)

Sage Therapeutics, Inc. remains laser focused on developing novel drugs for central nervous system disorders. Shares contributed to performance in the quarter, mostly due to tailwinds from the company's success in early 2019, including the positive read out of Phase 3 clinical trial data for major depression in January and FDA approval of its intravenous drug, branded Zulresso, for postpartum depression in March. While we await the results of a research and development initiative that promises to help shed light on future development goals, we retain conviction in Sage and its ability to change the treatment paradigm in neurology. (Josh Riegelhaupt)

Amazon.com, Inc. is the world's largest retailer and cloud services provider. Shares appreciated as profitability continued to improve on an increasing mix of higher-margin cloud revenue. As e-commerce penetration is rising rapidly and Amazon continues to grow its addressable market by entering new verticals, we believe the more material driver of the company is Amazon Web Services ("AWS")-related revenue. AWS remains the leader in the vast and rapidly growing cloud infrastructure market, and we expect this business to compete in artificial intelligence and application software in the years to come. (Ashim Mehra)

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

	Percent Impact
2U, Inc.	–0.58%
Benefitfocus, Inc.	–0.57
Tesla, Inc.	–0.56
Alphabet Inc.	–0.43
SS&C Technologies Holdings, Inc.	–0.21

Shares of **2U, Inc.**, a software and services provider that enables universities to deliver high-quality online degree programs, detracted from performance. The stock underperformed due largely to a disappointing earnings announcement that saw guidance lowered for the remainder of 2019. The main issues were in the core graduate program business where multiple schools lowered their admission rates and more potential students got stuck during the application process. While this is clearly a near-term setback, we continue to see a meaningful long-term opportunity for the company. 2U is benefiting from the rise in demand for high-quality online education and has a large pipeline of programs ahead. 2U also has a number of important competitive advantages that help separate it from the competition, including a first-mover advantage with established credibility from top-tier universities, marketing scale and expertise, willingness to invest meaningful risk capital in each program, and long-term contracts with penalties for non-renewal. (Adam Lieb)

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 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%. (Neal Rosenberg)

Tesla, Inc. designs, manufactures, and sells fully electric vehicles (EVs), solar products, and energy storage solutions. While Tesla's stock remains volatile – it was again a detractor in the second quarter – our eye remains on the long-term prize: the massive disruptions taking place in the automotive and transportation industries driven by electric, autonomous, and shared. Shares of Tesla detracted from performance as first quarter results fell short of investor expectations, stoking investor concerns over demand, profitability, and the need to raise capital. However, Tesla raised $2.7 billion in equity, enhancing its balance sheet. And, more fundamentally, Tesla delivered on the strong demand trends CEO Elon Musk repeatedly noted during the quarter: breaking its quarterly delivery record, with 95,200 vehicles, including 77,550 Model 3s and 17,650 Model S/Xs. The company's press release also mentioned that "[o]rders generated during the quarter exceeded our deliveries, thus we are entering Q3 with an increase in our order backlog." We remain confident that Tesla's first mover advantage and its focus on all aspects of EV architecture position it to deliver significant growth and profitability in the coming years. We believe the market's hyper focus on quarter-to-quarter deliveries is myopic and misplaced. We remain confident that Tesla is at the forefront of disruptive innovation in the automotive and transportation industries. (Ishay Levin)

Alphabet Inc. is the parent company of Google, the world's largest search and online advertising company. Shares of Alphabet declined in the quarter given deceleration in Google Sites revenue growth (which management attributed to short-term clean up issues at YouTube) and challenged sentiment amid regulatory headwinds. We remain highly convicted in Alphabet's merits as it continues to benefit from growth in mobile and online video advertising, which accrues to its core assets of search, YouTube, and the Google ad network. We are further encouraged by Alphabet's investments in AI, autonomous driving (Waymo), and life sciences (Verily, Calico). We are closely monitoring the regulatory issues on both sides of the Atlantic. (Ashim Mehra)

Shares of financial technology vendor **SS&C Technologies Holdings, Inc.** detracted from performance after the company reported mixed first quarter earnings, with organic revenue growth coming in below Street expectations. The company raised fiscal year 2019 adjusted earnings guidance, but the stock had already run up significantly before earnings. We retain conviction, as we believe SS&C will continue to generate attractive earnings growth through market share gains, cross sales of its services portfolio, new product introductions, additional M&A, and synergy-led margin expansion. (Adam Lieb)

Portfolio Structure

The Fund invests in secular growth, innovative businesses across all market capitalizations. As of the end of the second quarter, the largest market cap holding in the Fund was $1 trillion and the smallest was $883 million.

The median market cap of the Fund was $13.6 billion. The Fund had $473.3 million of assets under management. The Fund had investments in 71 securities. The Fund's top 10 positions accounted for 37.4% of the portfolio.

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

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Amazon.com, Inc.	$ 932.3	$28.4	6.0%
Microsoft Corporation	1,026.5	27.9	5.9
Guidewire Software, Inc.	8.3	24.2	5.1
Alphabet Inc.	751.0	20.9	4.4
Gartner, Inc.	14.5	18.9	4.0
CoStar Group, Inc.	20.2	11.9	2.5
argenx SE	5.3	11.8	2.5
Sage Therapeutics, Inc.	9.4	11.4	2.4
Tesla, Inc.	39.8	11.3	2.4
Electronic Arts Inc.	30.0	10.5	2.2

Recent Activity

Table V.
Top net purchases for the quarter ended June 30, 2019

	Quarter End Market Cap (billions)	Amount Purchased (millions)
Trainline Plc	$ 2.5	$8.7
Veracyte, Inc.	1.4	4.8
Endava plc	2.2	4.7
Twilio Inc.	18.3	4.4
CareDx, Inc.	1.5	3.5

During the quarter, we purchased shares of **Trainline Plc** in connection with its June initial public offering. Trainline is the leading provider of tickets, journey planning, and booking solutions for rail and coach travel in the U.K. and throughout Europe. But penetration of the company's large addressable opportunity is still in its infancy, with 3% penetration of the £70 billion European market and 1% penetration of the £225 billion global rail and coach industry. We invested in Trainline because we believe it is the leader in one of the few major markets that are still very early in the offline-to-online transition, with only 14% of U.K. supply booked electronically, of which Trainline has dominant market share (12% of the 14%). In our view, the company is also competitively advantaged given its proprietary global distribution system, which significantly decreases barriers to growing its share of the highly fragmented global rail and coach supply. Moreover, the company recently completed the re-platforming of its technology stack into a fully micro-services platform, which enables the company to easily expand into new product offerings. The company is already profitable in the U.K., and we expect it to break even in international markets within three years driven by strong free cash flow conversion dynamics. Over the next several years, we believe Trainline can sustain 20%-plus revenue growth and margin expansion driven by ancillary revenue streams, increasing take rates, business-to-business client growth, and expansion throughout Europe, helped by secular tailwinds from the shift to mobile and e-tickets as well as increasing international rail supply.

We initiated a position in **Veracyte, Inc.** in the quarter. This is a medical diagnostics company specializing in the characterization of thyroid and lung cancer, as well as a deadly condition called idiopathic pulmonary fibrosis ("IPF"). In our opinion, Veracyte has the highest quality (or only) tests for these indications in the market, and it now has CMS (Medicare) reimbursement for each of its tests, which have combined market opportunities of nearly $2 billion. It is working on private insurance as well. The company's tests help to qualify with a high degree of accuracy whether a patient with suspicious initial medical findings (from a needle aspiration for thyroid, or CT scan for lung cancer or IPF) needs follow up with a higher-risk, expensive invasive medical procedure such as a full tissue biopsy. The company is run by a dynamic CEO, Bonnie Anderson, and Veracyte's team continues to add new tests to its menu while continuously improving the accuracy of existing tests. At a recent visit to the company's labs in Silicon Valley, we saw the sophisticated workflow, including next generation sequencing of test samples, and better understood how the company is building a database of complex genetic findings to aid the accuracy of its results.

Endava plc provides outsourced software development to business customers. The company operates at the forefront of digital transformation, the main theme of our last quarterly letter, by helping clients find new ways to interact with their customers and enabling them to become more engaging, responsive, and efficient. Endava employs over 5,500 highly skilled software engineers in Eastern Europe and Latin America that support clients from ideation to production. Endava works on many complex projects, including building an operating platform for a payment processing company, designing a personalized in-store shopping experience for a fashion retailer, and enabling a shipping company to remotely adjust the settings on shipping containers to speed up or slow down the ripening of fruit. Endava benefits from growing demand for next-generation IT services from businesses around the world. Endava's strong technical capabilities and differentiated labor pool enable the company to work on higher-value client projects with better pricing power than peers. We believe Endava will continue gaining share in a large, growing market by adding new clients and increasing wallet share with existing clients. In our view, Endava's goals of 20% revenue growth and at least stable margins are reasonable, if not beatable.

Twilio Inc. is a leading Communications Platform as a Service company offering a set of Application Programming Interfaces ("APIs") that help developers embed communications into their software. APIs are effectively access points into a software program that trigger actions performed by another piece of software. For example, a text message or call to/from a Lyft driver would use Twilio's software and infrastructure while appearing as a seamless part of the Lyft app to the end user. Twilio's solution provides an attractive value proposition to developers and organizations, reducing the marginal cost of integrating communications into their software, while increasing by a few orders of magnitude the speed with which it can be done – a few lines of code calling Twilio's API instead

of a year spent buying hardware, negotiating with telecom operators across the world, and writing code (that is not core to the organization). We view Twilio as the AWS (Amazon Web Services) of communications. Here's our analogy: AWS has transformed the technology industry by democratizing access to computing at low cost, enabling greater flexibility and agility, and a significantly faster innovation cadence than was available in the client-server era. This democratization, among other things, fueled innovation, as start-ups could "rent" servers and pay as they grew. In a similar vein, Twilio is transforming and digitizing communication by "renting out" cross-channel communication technology (text, voice, video, email, chat, etc.) via software calls to their APIs, enabling enhanced communications to be built into apps and software quickly and cost effectively. We believe Twilio checks many of the boxes we look for in an investment: (1) disrupts a large market (the $1.5 trillion global communications market); (2) provides a differentiated solution with a clear value proposition to its developer user base (advanced communications with a few lines of code); (3) benefits from the secular tailwinds of digital transformation, leading enterprises to increasingly embed communications right into their software as they are all seeking to communicate better with their customers; (4) showcases best-in-class unit economics, with low revenue churn and $3 of incremental annual recurring revenue for every $1 of sales and marketing spend; (5) enjoys strong competitive positioning, with its closest competitor (Nexmo) being one-third the size and growing 30% slower; and (6) led by a visionary co-founder/CEO Jeff Lawson, who founded Twilio in 2008 and who in his past was also one of the earlier employees in AWS as well as a co-founder of StubHub. The last sentence in Jeff Lawson's annual shareholder letter summarizes the opportunity quite well: *"On our mission to fuel the future of communications, it is still Day One."*

CareDX, Inc. is the market leader in transplant diagnostics, with a presence in nearly all U.S. and E.U. centers. It is the current market leader in pre-transplant human leukocyte antigen ("HLA") typing (a $500 million market opportunity) and heart transplant testing (a $100 million market opportunity). And CareDX launched a new kidney transplant test called AlloSure in the third quarter of 2017. This test addresses a larger market opportunity (over $2 billion) and has higher margins than the existing CareDX tests. We believe that CareDX has many competitive advantages in attacking these opportunities versus the nascent competition, including substantial clinical data, reimbursement from insurers, and a long-term reputation in the end markets in which it operates (whereas this is a new market for its main competitor).

Table VI.

Top net sales for the quarter ended June 30, 2019

	Quarter End Market Cap or Market Cap When Sold (billions)	Amount Sold (millions)
Expedia Group, Inc.	$19.3	$6.3
Opera Limited	1.3	2.8
Gartner, Inc.	14.5	2.5
Guardant Health, Inc.	7.9	2.1
Arco Platform Limited	2.2	1.8

We sold **Expedia Group, Inc.** to fund our investment in Trainline Plc.

We sold **Opera Limited** to fund investments in businesses we believed were of a higher quality, including recent software initial public offerings.

We trimmed a small percentage of our **Gartner, Inc.** position, after the stock bounced back to all-time highs from a recent pullback, in order to maintain the investment at an appropriate size and to help fund other information technology investments. We retain high confidence in the company's management team and growth opportunity (as discussed above), and Gartner remains a top five position in the portfolio.

We reduced our holdings in **Guardant Health, Inc.** and **Arco Platform Limited** on valuation and position-sizing considerations as both stocks experienced strong gains this year. We remain confident of the long-term growth opportunity for each company and retain appropriately sized investments.

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
July 31, 2019

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 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. 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. 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 Opportunity Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

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.

MICHAEL BARON
CO-PORTFOLIO MANAGER

RON BARON
CEO AND LEAD
PORTFOLIO MANAGER

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

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%

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
July 31, 2019

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.

Baron Fifth Avenue Growth Fund

Dear Baron Fifth Avenue Growth Fund Shareholder:

Performance

It was a nice, quiet, almost boring quarter. The markets continued to do well, building on last quarter's gains, and we did even better. Baron Fifth Avenue Growth Fund (the "Fund") gained 6.6% (Institutional Shares), against 4.6% and 4.3% returns for the Russell 1000 Growth Index and the S&P 500 Index, respectively, the Fund's benchmarks. Year-to-date, the benchmark indexes are sporting impressive returns of 21.5% for the Russell 1000 Growth and 18.5% for the S&P 500, while the Fund has returned 26.5%. The market environment has clearly remained favorable to the way in which we invest.

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

	Baron Fifth Avenue Growth Fund Retail Shares[1,2]	Baron Fifth Avenue Growth Fund Institutional Shares[1,2,3]	Russell 1000 Growth Index[1]	S&P 500 Index[1]
Three Months[4]	6.55%	6.61%	4.64%	4.30%
Six Months[4]	26.41%	26.53%	21.49%	18.54%
One Year	11.17%	11.43%	11.56%	10.42%
Three Years	22.82%	23.12%	18.07%	14.19%
Five Years	14.22%	14.52%	13.39%	10.71%
Ten Years	16.01%	16.31%	16.28%	14.70%
Since Inception (April 30, 2004)	9.49%	9.68%	10.01%	8.89%

According to performance attribution analysis, all of the excess return in the quarter (as well as year-to-date) was attributable to strong stock selection, which is typically the case, in good times and bad. The portfolio had 16 double-digit or better gainers against 4 double-digit decliners, and 25 of our investments overall gained in value during the second quarter. **Veeva Systems**, **Illumina**, **Amazon**, **Mastercard**, **PagSeguro Digital**, **CME Group**, **Facebook**, and **Visa** were our top eight contributors (all long-term holdings) adding over 50 basis points each to absolute returns. Year-to-date, 12 investments have contributed over 100 basis points each, which we think is pretty remarkable, and they are the main reason why the Fund has done so well. On the other side of the ledger, **Alibaba**, **Alphabet**, and **Intuitive Surgical** (also all long-term holdings) declined by high single-digits and were the three largest detractors, though none cost us more than 43 basis points in the quarter or year-to-date, which is another reason why the Fund has done so well.

According to Morningstar, for the period ended June 30, 2019, the Fund is ranked in the top 8% for its year-to-date return, top 4% for its 3-year return, top 10% for its 5-year return, and top 18% for its 10-year return.

ALEX UMANSKY
PORTFOLIO MANAGER

Retail Shares: BFTHX
Institutional Shares: BFTIX
R6 Shares: BFTUX

Performance listed in the table above is net of annual operating expenses. Annual expense ratio for the Retail and Institutional Shares as of September 30, 2018 was 1.09% and 0.82%, but the net annual expense ratio was 1.00% and 0.75% (net of the Adviser's fee waivers, restated to reflect current fee waivers). *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 The indexes are unmanaged. The index performance is not Fund performance; one cannot invest directly into an index. The Russell 1000® Growth Index measures the performance of large-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 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

The Fund has been awarded a 5-star Morningstar rating for its 3-year risk-adjusted performance, and a 4-star rating for its 5-year, 10-year, and overall risk-adjusted performance.*

Since we completed the restructuring of the Fund at the end of calendar year 2011, it has returned 237.6% cumulatively, outperforming the Russell 1000 Growth Index by 31.0%, the S&P 500 Index by 63.9%, and the Morningstar Large Growth Category average by an impressive 62.9%. Strongly favorable compares, in our view.**

The news item probably most relevant to our investments to have surfaced over the last three months was the disclosure of increased antitrust and regulatory scrutiny of "Big Tech Companies." Shares of Amazon, Facebook, Alphabet, and Apple (this last one is not owned in this Fund, but is owned in other Baron Funds) were all down on the news that the FTC or DOJ would be taking an extensive look at their business practices to determine whether they have violated any current rules or laws and whether regulatory action, including breaking these companies up, was needed.

Being big isn't bad. Being bad is bad, and we don't believe any of these companies are actually "bad." Needless to say, intense regulatory scrutiny is not good for business. We'd much prefer top executives focus on practically anything else. But, beyond the obvious distractions and continued headline risk, we don't see significant business risk here.

1. For starters, this would take years – potentially a decade or more. The regulators would need ***to prove*** that the target company has: a) gained and maintained a monopoly through unlawful practices; or b) had past mergers which resulted in substantially reduced competition. We think this would be increasingly difficult to prove given these companies operate in multiple markets with significant services overlap. Unlike Europe, where regulators have a mandate to protect small businesses, U.S. regulators focus on consumer welfare. It is hard to argue that lower prices (Amazon) or better products (Apple, Google, and Facebook) are hurting consumers. The likelihood of any regulation coming before the 2020 election cycle is very small, in our view.
2. Recent history has not been kind to the trust busters. The DOJ lost its last few cases (American Express, AT&T/Time Warner Cable), and, in fact, the most recent success (if one can call it that) was the antitrust case against Microsoft, which took over 10 years to resolve. The DOJ formally opened the investigation in August of 1993 and the lawsuit was settled in June of 2004. While investors' initial reaction resulted in about a 20% drop in Microsoft's stock price, the stock appreciated around 900% (roughly a 23% compound annual return) over the 10+ years of wrangling with the DOJ.
3. While we believe an antitrust mandated breakup is unlikely, we don't think it would be necessarily bad for these stocks. Specific company analysis varies, but we believe the sum of the parts for Amazon, Alphabet, and Facebook, are likely to be worth considerably more than the whole.

Bottom line, increased regulatory scrutiny is not good for business, but it has become an inevitable part of the cost of doing business, and we think these companies are well equipped to manage it. When we evaluate the range of expected outcomes (as we do with all our investments), the overwhelming majority of them are still positive and hence, our expected long-term value creation opportunity for these companies remains largely unchanged.

A lot has been written recently about "growth" stocks decimating the performance of "value" stocks over the last decade. Some believe that "value investing" is dead. Others say that it will come back with a vengeance, and that reversion to mean will cause meaningful underperformance in growth stocks any day now. Naturally, we have no clue. But, we think the entire debate is framed poorly.

All sensible investing – is value-based investing. Benjamin Graham famously said that investing means buying companies, or assets below their intrinsic values, and that everything else was just speculation. We apply the key principles of classical value investing to the high-quality businesses that we believe are in the early stages of the growth part of their lifecycles. We also spend a considerable amount of time analyzing disruptive change to understand where it will support and sustain companies' competitive advantages and where it will likely cause them to be left behind. But leaving that aside for a moment, a distinction needs to be drawn between investing in a *high-quality business* trading at a discount to its intrinsic value and investing in *any-quality business*, trading for less than it is worth. It is critical for long-term investors to invest only in high-quality companies because they enable compounding (once described by Albert Einstein as the eighth wonder of the world – "*He who understands it, earns it; he who doesn't, pays it….*" High-quality businesses compound in value over time, while mediocre businesses do not and so, must be bought below their intrinsic value and churned quickly as their stock prices approach their fair value (which does not grow over time). High-quality businesses have competitive advantages and if they are sustainable, the company will likely grow faster and for longer periods of time. When the opportunity is particularly large and the

* Morningstar calculates the **Morningstar US Fund Large Growth Category** average using the Morningstar 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 6/30/2019, the Category consisted of 1,400, 1,383, 1,235, 1,100, and 812 share classes for the year-to-date, 1-, 3-, 5-, and 10-year periods. Morningstar ranked **Baron Fifth Avenue Growth Fund Institutional** Share Class in the 8th, 35th, 4th, 10th, and 18th percentiles, respectively.

As of 6/30/2019, the Morningstar US Fund Large Growth Category consisted of 1,235, 1,100, 812, and 1,235 share classes for the 3-year, 5-year, 10-year, and overall periods, respectively. Morningstar has awarded **Baron Fifth Avenue Growth Fund Institutional** Share Class 5 stars, 4 stars, 4 stars, and 4 stars for its 3-year, 5-year, 10-year, and overall performance, respectively

The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods.

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** Mr. Umansky became the portfolio manager of the Fund on November 1, 2011. Since that date, the Fund has returned 227.27% cumulatively, which compares to 205.58% for the Russell 1000 Growth Index and 175.85% for the S&P 500 Index, outperforming the Morningstar US Fund Large Growth Category average by 58.65% over the 7+ year period. As of 6/30/2019, the annualized returns of the Morningstar US Fund Large Growth Category average were 10.02%, 16.97%, 11.33%, and 14.71% for the 1-, 3-, 5, and 10-year periods.

company is innovative and benefits from the disruptive change, it will frequently forego short-term profits for the benefit of larger market share and future financial rewards. As a result, many of these companies are harder to analyze and a lot of the work must go into understanding the company's strategy, the sustainability of its competitive advantages, and the duration of its growth. Getting to know the management team, learning the culture that they instill, the importance that THEY place on quality – quality of their products, quality of their people, quality of their decision making – is part of our "secret sauce" that we think may not be easy to duplicate. The good news is that the majority of investors are too preoccupied with whether the Fed will cut interest rates by 50 basis points or by 25 basis points; whether XYZ Corp. will grow earnings 20% or 18% the next quarter, and whether value will finally come back and start outperforming growth, so no one is really trying to either. And that's just fine by us.

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

	Quarter End Market Cap (billions)	Percent Impact
Veeva Systems Inc.	$ 23.9	1.27%
Illumina, Inc.	54.1	0.88
Amazon.com, Inc.	932.3	0.80
Mastercard Incorporated	270.2	0.69
PagSeguro Digital Ltd.	12.8	0.62

Veeva Systems Inc. is the leading provider of cloud-based solutions, focused primarily on the life sciences industry, offering customer relationship management, content, collaboration, and data management solutions. Shares of Veeva were up 28% in the second quarter continuing the strong performance year-to-date after the company beat expectations on both revenue growth and profitability. Veeva's innovative culture and significant market share in Life Sciences CRM continue to drive growth in its more mature commercial business as Veeva continued to cross-sell add-on products to existing customers successfully. With Vault crossing 50% of revenues for the first time, we expect growth to accelerate with even more leverage going forward. The ongoing evolution of the Veeva platform, its ability to deliver significant value to its customers, and the company's impressive growth and margin profile make Veeva a unique long-term investment opportunity, in our view.

Illumina, Inc. is the leading provider of next generation DNA sequencing instruments and consumables. The stock was up 19% during the quarter due to increased investor confidence in the company's ability to meet its 2019 financial targets. While we expect short-term performance to continue to be lumpy, we believe that Illumina has a unique position in the market being the "arms dealer" to everyone who is doing cutting-edge genomics research. As we meet many of these companies who come through our offices every week, they each take a different approach on solving these leading-edge genomic challenges, but almost all of them have one thing in common–*they use Illumina's sequencers*.

Illumina has pre-announced a shortfall in its second quarter results in early July, so it may appear in the "Top detractors" section of this letter next quarter. But in case it doesn't, we'd like to highlight two quotes from the company's CEO in a recent conference call with investors: "In the coming years, we expect sequencing to become ubiquitous in research, and medicine. The insights we will gain from sequencing not just thousands, but millions of species and not just a million human genomes, but hundreds of millions, will lay the foundation for a world in which nearly all diseases will be better understood and the lives of patients much improved."

"Our customers are generating sequencing data at an unprecedented rate and scale. In 2018, over 100 petabytes of data were generated across our systems, a record for sequencing data generated in a single year. For reference, this is approximately 25 times the size of the entire Netflix catalogue."

We initiated an investment in Illumina in late 2011 when its market cap was approximately $4 billion. At the time, we called it a "must own" stock. Today, its market cap exceeds $54 billion, but our conviction remains unchanged. With less than 1% of human beings sequenced thus far (less than 2 million), and more than 99% of the genetic variants not deciphered yet, we envision Illumina to be a much larger company in the future than it is today.

Amazon.com, Inc.'s shares were up 6% in the quarter (in line with the Fund, though still better than our benchmarks) driven by improving company margins as profitability continues to rise due to increasing mix of higher margin cloud revenues. Amazon Web Services (AWS) had another strong quarter, growing revenues 41% year-over-year, passing a run rate of $30 billion for the first time, with operating margins holding at close to 30%. We think AWS is still at a relatively early growth stage, with cloud penetration of about 5% out of the $3.7 trillion global spend on Information Technology (according to Gartner). Amazon again showcased the depth of the moat it has built around its retail business during the quarter, announcing free 1-day shipping for its prime subscribers, raising the bar yet again for its competitors. Amazon continues to be our highest conviction investment.

Mastercard Incorporated is a leading global payment network. Shares appreciated 13% after the company reported solid quarterly results that exceeded investor expectations. The ongoing shift to electronic/digital payments drove 12% purchase volume growth, 13% revenue growth, and 24% EPS growth on a constant-currency basis. Mastercard is an example of a business we like a lot. It has a wide moat, high barriers to entry and the opportunity to keep growing for many years as it benefits from the continued growth in global consumer spending as well as the secular shift from cash to electronic payments (with cash still used in over 80% of global transactions).

PagSeguro Digital Ltd. is a Brazilian payment processor, focused on facilitating small and micro merchants in Brazil to accept different 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 for a bank account. Shares of PagSeguro rose 31% during the quarter due to the company's consistently strong financial performance and reduced competitive concerns in Brazil's micro-merchant customer segment. We believe that PagSeguro's platform, increasingly recognized brand, and rapidly improving penetration, have the potential to dramatically lower transaction costs for these small merchants. Over time, we expect PagSeguro to gain significant market share from the bank-controlled incumbent payment processors who continue to underserve this growing merchant community.

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

	Quarter End Market Cap (billions)	Percent Impact
Alibaba Group Holding Limited	$441.2	–0.43%
Alphabet Inc.	751.0	–0.41
Intuitive Surgical, Inc.	60.6	–0.35
StoneCo Ltd.	8.2	–0.33
Ctrip.com International, Ltd.	20.4	–0.29

Alibaba Group Holding Limited is the largest retailer and e-commerce company in China. Alibaba operates shopping platforms Taobao and Tmall and owns 33% of Ant Financial, which operates Alipay, the largest digital payment provider in China with over 1 billion active users. Shares of Alibaba were down 7% in the quarter as continued U.S.-China trade tensions and concerns about the slowing Chinese economy weighed on the stock. In the meantime, Alibaba's core businesses remain very profitable and continued to grow rapidly, with tailwinds from strong mobile and advertising revenue growth. We believe that Alibaba has the most comprehensive ecosystem of commerce platforms, logistics, and payments infrastructures that support the digital transformation of the retail sector. Alibaba's long-term opportunity remains open-ended, as the company continues to benefit from rising e-commerce penetration (about 20% of total retail sales now) and widening the moat around its platforms (700 million monthly active users) while increasing the value proposition to its customers and growing its addressable market.

Alphabet Inc. is the parent company of Google, the world's largest search and online advertising company. Shares of Alphabet declined 8% in the quarter following a deceleration in Google Sites revenue growth (as digital advertising has passed the 50% penetration mark) and a challenged sentiment amid increased regulatory scrutiny. Nonetheless, we remain optimistic about Alphabet's opportunity set as the company continues to benefit from growth in mobile and online video advertising in its core assets of search, YouTube, and the Google ad network. We also believe that significant positive optionality exists in Alphabet's meaningful long-term investments in Artificial Intelligence, autonomous driving (Waymo), and life sciences (Verily, Calico).

Intuitive Surgical, Inc. manufactures and sells the da Vinci robotic surgical system, which is used for minimally invasive surgery. The stock was down 8% during the quarter largely due to the company's first quarter financial results falling short of investor expectations. Intuitive sold more of its systems under operating leases, which resulted in less revenue being recognized upfront. We actually think this could be a positive development longer term, as it creates a more recurring revenue base, while potentially expanding the addressable market, reducing the upfront costs required to purchase and install the system. With fewer than 5% of surgical procedures performed with the da Vinci robots, we continue to believe Intuitive Surgical has a long runway for growth and expect the company to do well as procedure volumes continue to increase.

StoneCo Ltd. is a Brazilian payment processor that serves the under-banked medium-sized business customer. Shares of Stone declined 27% during the quarter due to concerns over the deteriorating competitive environment after one of its legacy competitors, Cielo, announced a round of dramatic price reductions for its banking customers (trying to incent them to stay within their ecosystem). While we continue to monitor the competitive environment closely, we believe that Stone's superior offering and high customer satisfaction will drive continued market share gains for the company. We remain excited about Stone's opportunity to enable credit, debit, and other forms of electronic payments in a large portion of the Brazilian economy that is significantly underserved by the traditional banking sector.

Ctrip.com International, Ltd. is the dominant online travel service provider in China. Shares declined 16% this quarter driven by slower growth in China outbound travel largely due to continued trade tensions. While we have no idea how long this dynamic will go on, we do think that the Chinese tourism industry is rapidly approaching an inflection point. Outbound travel penetration is now approaching 8% (compared to 15% in Japan and 33% in South Korea) and with rising disposable incomes and a 300 million strong middle class (growing to 850 million by 2030) Chinese travelers represent the largest and fastest-growing segment of travelers anywhere in the world. In our view, Ctrip remains the best-positioned company to capitalize on this trend, with added optionality from the company's growing international business.

Portfolio Structure

The Fund's portfolio is constructed on a bottom-up basis with the quality of ideas and conviction level (rather than benchmark weights) determining the size of each individual investment. Sector weights tend to be an outcome of the portfolio construction process and are not meant to indicate a positive or a negative "view." The top 10 positions represented 54.8% of the Fund, the top 20 were 80.9%, and we exited the quarter with 36 investments. Information Technology, Consumer Discretionary, Health Care, Communication Services, and Financials made up 96.1% of the portfolio. The remaining 3.9% was made up of Equinix, Inc., which is a REIT classified under Real Estate; and Lyft, Inc., classified in Industrials, as well as cash.

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

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Amazon.com, Inc.	$932.3	$39.4	12.7%
Mastercard Incorporated	270.2	17.7	5.7
Illumina, Inc.	54.1	16.5	5.3
Veeva Systems Inc.	23.9	16.3	5.3
Alibaba Group Holding Limited	441.2	15.7	5.1
Visa, Inc.	346.4	14.8	4.8
Alphabet Inc.	751.0	13.2	4.3
Facebook, Inc.	551.0	12.5	4.0
Worldpay, Inc.	38.1	11.8	3.8
Intuitive Surgical, Inc.	60.6	11.8	3.8

Recent Activity

During the June quarter, we initiated 4 new investments and added to 10 existing positions. We eliminated a stub position, which we received as a stock distribution from an existing holding, and trimmed two others. We exited the quarter with 36 holdings, which include shares of Red Hat, Inc. and Worldpay, Inc. whose acquisitions are expected to close in the second half of the year.

Table V.
Top net purchases for the quarter ended June 30, 2019

	Quarter End Market Cap (billions)	Amount Purchased (millions)
Twilio Inc.	$ 18.3	$4.6
StoneCo Ltd.	8.2	4.3
Illumina, Inc.	54.1	1.9
Adyen B.V.	22.8	1.6
Facebook, Inc.	551.0	0.6

We initiated a medium-size position in **Twilio, Inc.**, a communications-platform-as-a-service leader, offering a set of Application Programming Interfaces (APIs) that help developers embed communications into their software. APIs are essentially access points triggering actions performed by another software. For example, a text message or a call to or from a Lyft driver is enabled by Twilio's infrastructure. Twilio provides an attractive value proposition to both software developers and customers, reducing the marginal cost of integrating communications into their software, while increasing, by orders of magnitude, the speed with which it can be done. A few lines of code calling Twilio's APIs instead of a year spent buying hardware, negotiating with telcos across the world and writing code (that is not core to the organization). Twilio checks many of the boxes we look for in an investment:

- **Disrupts a large market**–the $1.5 trillion global communications market
- Offers a **compelling value proposition** to developers who vote with their feet–with Twilio now having 5 million developers active on its platform
- Benefits from the **secular tailwinds** of digital transformation, leading enterprises to increasingly embed communications into their software as they are trying to communicate better with their customers
- Showcases **best-in-class unit economics**: 4% annual churn, $3 of incremental ARR (annual recurring revenue) for every $1 of Sales & Marketing spend, customer lifetime value to customer acquisition cost ratio of greater than 40 times, and a net-dollar-expansion rate for existing customers of 140%, resulting in organic revenue growth of 65% (at a $900 million ARR scale) while being profitable
- Has an **innovative go-to-market strategy** (hybrid bottom-up developer led and top-down enterprise) enabling it to grow fast while only spending around 25% of revenues on sales & marketing (while most SaaS companies at this stage along the growth curve spend more than 50%)
- Enjoys **strong competitive positioning** with its closest competitor (Nexmo) being less than a third the size, and growing 30% slower
- Finally, Twilio is led by a **visionary co-founder/CEO** – Jeff Lawson, who founded Twilio in 2008 and who in his past was also one of the earlier employees in AWS as well as a co-founder of StubHub

To summarize, we believe that Twilio is a unique company, with meaningful and sustainable competitive advantages, in the early stages of penetration (only about 3% of the 5 million developers on the platform are paying customers today) with a strong and attractive economic business model. The last sentence in Jeff Lawson's annual shareholder letter summarizes the opportunity quite well: *"On our mission to fuel the future of communications, it is still Day One."* Pattern recognition alert: where have we seen this before…?

We also initiated an investment in **StoneCo Ltd.** While our timing with this purchase was terrible (Stone declined 27% during the period held in the quarter due to increasing concerns over competitive pressures), we do not believe this is a permanent loss of capital. We remain optimistic that Stone's comprehensive and highly functional offering is the best in the market, and that high customer satisfaction will drive continued market share gains for the company. We think Stone has a large opportunity to enable credit, debit, and other electronic payment mechanisms in a large portion of the Brazilian economy that is significantly underserved by the traditional banking sector.

Staying with the theme of poorly timed purchases, we added to our holdings in **Illumina, Inc.** As discussed earlier in this letter, Illumina pre-announced an earnings and revenue shortfall soon after the end of the second quarter causing the stock to give back most of its 19% quarterly gain. Illumina has been one of the most successful investments for this Fund over the last seven and a half years, though its performance path was not a straight line. With less than 1% of human beings sequenced thus far (less than 2 million), and more than 99% of the genetic variants not deciphered yet, we believe Illumina's opportunity to be a much larger company in the future remains intact.

We continued to build out our investment in **Adyen B.V.**, a digital payments solution provider, enabling merchants to accept electronic payments via different methods including credit cards, debit cards, bank transfers, and more. As described in more detail in our last letter, Adyen benefits from the growth of e-commerce and has demonstrated consistent market share gains, driven by its global presence, advanced technology capabilities, and the ability to achieve higher authorization/closure rates for merchants (authorization rates represent the percentage of approved transactions).

Table VI.
Top net sales for the quarter ended June 30, 2019

	Quarter End Market Cap or Market Cap When Sold (billions)	Amount Sold (millions)
Amazon.com, Inc.	$932.3	$1.4
Red Hat, Inc.	33.4	1.0
MultiChoice Group Limited	3.7	0.3

We resumed trimming our oversized position in **Amazon.com, Inc.** and continued to use shares of **Red Hat, Inc.** as a source of cash to fund new investments. IBM's all cash acquisition of Red Hat has closed in early July. After taking a few months to complete our analysis, we exited the stub position in **MultiChoice Group Limited**, a Pay-TV provider in South Africa, which we received as part of a spin-off from our Naspers holding during the previous quarter.

Outlook

With the Fund up over 26% in the first half of the year, on top of a small gain last year, on top of a 41% rise the year before, this has undeniably been a favorable environment for the way in which we invest. But even over this exceptionally strong 30-month period, it was anything but a straight line. We believe that market volatility is an inseparable part of our journey. Rather than focus on managing that volatility, we instead guard against over-diversification. We choose to manage risk at the company specific level by trying to invest only in unique companies with sustainable competitive advantages and a proven ability to reinvest capital at high rates of returns for extended periods of time.

Every day we live and invest in a world full of uncertainty. Well-known conditions and widely-anticipated events, such as Federal Reserve rate changes (up and down), ongoing trade disputes, a partial government shutdown, and the unpredictable behavior of important politicians the world over, are shrugged off by the financial markets one day, and seem to drive them up or down the next. We often find it difficult to know why market participants do what they do over the short term. The constant challenges we face are real and serious, with clearly uncertain outcomes. History would suggest that most will prove passing or manageable. The business of capital allocation (or investing) is the business of *taking* risk, managing the

uncertainty, and taking advantage of the long-term opportunities that those risks and uncertainties create. We are confident that our process is the right one, and we believe that it will enable us to make good investment decisions over time.

Our goal remains to maximize long-term returns without taking significant risks of permanent loss of capital. We are optimistic about the long-term prospects of the companies in which we are invested and continue to search for new ideas and investment opportunities.

Sincerely,

Alex Umansky
Portfolio Manager
July 31, 2019

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 Fund invests primarily in large cap equity securities which are subject to price fluctuations in the stock market. The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk. There is no guarantee that these objectives will be met.

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.

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Baron Focused Growth Fund

Dear Baron Focused Growth Fund Shareholder:

Performance

Baron Focused Growth Fund (the "Fund") increased 1.10% (Institutional Shares) in the second quarter. The Russell 2500 Growth Index (the "Index"), the benchmark against which we compare the performance of the Fund, increased 4.14% and the S&P 500 Index rose by 4.30%. The Fund's underperformance in the period versus its benchmark indexes was driven by large declines in 2 of this focused Fund's 15 stocks. These two stocks, **Tesla, Inc.** and **Benefitfocus, Inc.**, were responsible for almost 450 basis points of losses. Tesla shares fell 20% due to concerns about demand for its cars and worries about liquidity. Benefitfocus shares fell after two key employees resigned and the company modified its business model, focusing on larger clients, which take longer to get on their platform and generate revenue. We believe concerns about both companies' growth prospects are overblown and their significant stock price declines are unwarranted.

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

	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]	0.96%	1.10%	4.14%	4.30%
Six Months[5]	13.22%	13.37%	23.92%	18.54%
One Year	3.30%	3.57%	6.13%	10.42%
Three Years	14.18%	14.48%	16.14%	14.19%
Five Years	7.87%	8.14%	9.98%	10.71%
Ten Years	12.41%	12.69%	15.67%	14.70%
Fifteen Years	10.02%	10.21%	9.95%	8.75%
Since Inception (May 31,1996)	10.96%	11.08%	8.14%	8.66%

DAVID BARON
CO-PORTFOLIO MANAGER

RONALD BARON
CEO AND LEAD PORTFOLIO MANAGER

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

Table II.
Performance
Periods Baron Focused Growth 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 Focused Growth Fund (Institutional Shares)	41.77%	0.45%
Russell 2500 Growth Index	126.53%	5.45%
S&P 500 Index	32.29%	8.87%

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 1.39%, but the net annual expense ratio was 1.35% (net of the Adviser's fee waivers) and Institutional Shares was 1.09%. *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 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 index performance is not Fund performance; one cannot invest directly into an index. 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 FUNDS 1987

From 2014 through 2016, the Fund invested in several businesses whose stocks underperformed when they were investing in themselves to grow. **CoStar Group, Inc.**, **Iridium Communications, Inc.,** and **Guidewire Software, Inc**. are all examples. These companies' stocks outperformed in 2018 and year-to-date in 2019 as investments they made over four years ago are beginning to generate returns. While the Fund's 5- and 10-year performance continues to lag the Index, most of this was due to the 2014 through 2016 results.

We believe the Fund's underperformance from 2014 through 2016 is analogous to instances when after brief periods of underperformance, the Fund subsequently outperformed for an extended period. For example, in the 18-month period from October 1998 through March 2000, at the height of the Internet Bubble, the Fund, which owned no internet stocks, increased 41.77% annualized while the benchmark increased 126.53% annualized. This was immediately prior to the Internet Bubble bursting and the Index falling materially over the next eight years while the Fund increased in value. Please see Tables II and III.

Similar to the Fund's relatively strong performance in the post-Internet Bubble period, we expect the Fund to perform well over the next several years. This is despite our expectation that there will be periods when value stocks outperform the growth stocks in which we have invested. However, we can certainly make no guarantee this will be the case.

Since its inception on May 31, 1996, the Fund's 11.08% annualized performance has exceeded that of its benchmark by an average of nearly 300 basis points per year. This means that a hypothetical investment of $10,000 in Baron Focused Growth Fund over 23 years ago would now be worth approximately $113,000! If an investor had instead hypothetically invested $10,000 in the Russell 2500 Growth Index, it would be worth approximately $61,000. Please see Tables I and III.

Baron Focused Growth Fund's beta has averaged .77 since inception. This means the Fund has been 77% as volatile as the benchmark. As a result of the Fund's strong absolute and relative returns and lower risk, the Fund has achieved 4.88% annual alpha, a measure of risk-adjusted performance, since inception.

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

	Millennium Internet Bubble to Financial Panic 12/31/1999 to 12/31/2008		Millennium Internet Bubbleto Present 12/31/1999 to 6/30/2019		Inception 5/31/1996 to 6/30/2019	
	Value $10,000	Cumulative	Value $10,000	Cumulative	Value $10,000	Cumulative
Baron Focused Growth Fund (Institutional Shares)	$12,732	27.32%	$46,886	368.86%	$113,138	1,031.38%
Russell 2500 Growth Index	$ 6,931	(30.69)%	$34,032	240.32%	$ 60,843	508.43%
S&P 500 Index	$ 7,188	(28.12)%	$29,228	192.28%	$ 68,013	580.13%

Baron Focused Growth Fund didn't make much money from the peak of the Internet Bubble on December 31, 1999 through the trough of the Financial Crisis on December 31, 2008. But…we did make something…which gave our shareholders a much better outcome than if they had invested in the Russell 2500 Growth Index, our benchmark, or the S&P 500 Index. Both indexes lost money during that period.

Due to the "magic" of compounding and of not losing money during the Millennium Internet Bubble to Financial Panic period, $10,000 invested in Baron Focused Growth Fund on December 31, 1999 is worth 4.7 times that amount or $46,886 on June 30, 2019. Hypothetically, that is 37.8% more than an investment in the Russell 2500 Growth Index.

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.	2014	$6.2	$20.2	18.79%	2.63%
FactSet Research Systems, Inc.	2008	2.5	11.0	15.72	1.31
Arch Capital Group Ltd.	2003	0.9	15.0	14.73	0.64
Choice Hotels International, Inc.	2010	1.9	4.8	12.23	0.63
Space Exploration Technologies Corp.	2017	–	–	12.33	0.61

Shares of **CoStar Group, Inc.**, a real estate information and marketing services company, added to performance. Business trends are excellent, with the company's bookings improving by approximately 36% year-over-year. We are excited about the successful integration of ForRent into Apartments.com, and see sustained growth of 20% or more in the multi-family residential online listings market. We expect the company to 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.

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 its large addressable market, consistent execution on both new product development and financial results, and robust free cash flow generation.

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 the stock due to Arch's strong management team and underwriting discipline.

Shares of hotel franchisor **Choice Hotels International, Inc.**, appreciated on reports of consistent earnings and free cash flow even in the midst of a slowdown in revenue per available room. The company continues to generate mid-single-digit increases in EBITDA along with high single-digit increases in earnings per share and free cash flow. It is using its cash for share buybacks, dividends, and additional equity investments in Cambria Suites to accelerate the number of hotels in the brand. Cambria Suites produces three times the profit of Choice's other brands.

Space Exploration Technologies Corp. (SpaceX) designs, manufactures and launches advanced rockets and spacecraft. SpaceX is looking to build broadband capabilities by deploying a new satellite constellation and ultimately, is looking to enable people to live on other planets. The company continues to leverage its unique offering of reusable rockets to offer lower cost launches when compared with other vendors. We believe they will allow SpaceX to grow its share in the launch market. Since SpaceX is a private company, we value the investment using a proprietary valuation model, which resulted in an appreciation of the stock during the quarter.

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
Benefitfocus, Inc.	2014	$ 0.7	$ 0.9	–45.17%	–2.22%
Tesla, Inc.	2014	31.2	39.8	–20.15	–2.22
Red Rock Resorts, Inc.	2017	2.6	2.5	–16.52	–0.50
Iridium Communications Inc.	2014	0.6	2.6	–12.28	–0.49
Manchester United plc	2012	2.3	3.0	–5.50	–0.26

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, which should 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 annual revenue growth above 20%.

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 fell short of investor expectations and stoked concerns over demand and profitability. However, Tesla raised $2.7 billion in equity, and CEO Elon Musk noted strong demand trends. 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 been essentially flat, 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 **Red Rock Resorts, Inc.**, a casino owner and operator in the Las Vegas locals market, declined in the quarter as investors grew concerned over earnings at the newly renovated Palms casino. However, numbers continue to be in line with the ramping of a new property, and the company still expects 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.

Iridium Communications Inc. is a leading satellite provider of mobile voice and data communications services, and the only commercial provider offering true global coverage. With successful deployment of its NEXT satellites into orbit, Iridium reduced execution, growth, and liquidity risks. The stock came under pressure due to extended renewal discussions with its largest customer, the Department of Defense. By leveraging the new platform, we expect Iridium to launch new services, capture market share, and benefit from its growing hosted solutions businesses.

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. That said, we believe the company is a unique media company with broad global appeal, and shares should benefit as it continues its commercial partnership strategy with potential upside from the upcoming shirt renewal process.

Investment Strategy & Portfolio Structure

The strategy of Baron Focused Growth Fund 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 less than 20 securities diversified by GICS sectors that will be approximately 80% as volatile (beta) as the market. These businesses are identified by our Firm's proprietary research and time-tested investment approach.

As of June 30, 2019, the Fund held 15 investments. The Fund's average portfolio turnover for the past three years was 9.1%. This means the Fund has an average holding period for its investments of almost 11 years. This contrasts sharply with the average mid-cap growth mutual fund which typically "turns over" its portfolio every 21 months. From a quality standpoint, the Fund's investments have higher earnings growth, are more conservatively financed (evidenced by lower debt-to-market capitalization ratio), and offer lower beta than the average holdings in the benchmark. We believe these metrics are important to help limit risk for this concentrated portfolio.

While focused, the Fund is diversified by sector. The Fund's weightings are significantly different than that of the Russell 2500 Growth Index. For example, the Fund is heavily weighted in Consumer Discretionary businesses with 43.6% of the portfolio in this sector versus just 13.6% 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 the Fund as one of three types: rapid, early stage growth businesses that are disruptive to their industries; companies with real, irreplaceable assets that offer pricing power and a hedge against inflation; and finally, foundational, long-term, core growth holdings that continue to steadily grow sales and earnings while using excess free cash to return value to shareholders.

Table VI.
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	**20.0**	**14.47**	**2.57**
FactSet Research Systems, Inc.	9.4	15.72	1.31
Arch Capital Group Ltd.	4.9	14.73	0.64
Choice Hotels International, Inc.	5.7	12.23	0.63
Russell 2500 Growth Index		**4.14**	
Real/Irreplaceable Assets	**35.9**	**1.04**	**0.31**
American Homes 4 Rent	2.4	7.22	0.17
Hyatt Hotels Corp.	11.3	5.17	0.54
Vail Resorts, Inc.	13.1	3.48	0.50
Manchester United plc	4.4	–5.50	–0.26
Penn National Gaming, Inc.	2.1	–9.47	–0.13
Red Rock Resorts, Inc.	2.6	–16.52	–0.50
Cash	**2.4**	**0.20**	**0.00**
Fees	**–**	**–0.29**	**–0.29**
Disruptive Growth	**41.7**	**–3.34**	**–1.54**
CoStar Group, Inc.	16.2	18.79	2.63
Space Exploration Technologies Corp.	5.4	12.33	0.61
Guidewire Software, Inc.	4.5	4.34	0.15
Iridium Communications Inc.	4.1	–12.28	–0.49
Tesla, Inc.	8.8	–20.15	–2.22
Benefitfocus, Inc.	2.7	–45.17	–2.22
Total	**100.0**	**1.05***	**1.05***

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

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

Table VII.
Disruptive Growth Companies as of June 30, 2019

	Percent of Net Assets	Year Acquired	Cumulative Return Since Initial Purchase
CoStar Group, Inc.	16.2%	2014	158.9%
Tesla, Inc.	8.8	2014	–10.8
Space Exploration Technologies Corp.	5.4	2017	65.9
Guidewire Software, Inc.	4.5	2013	119.3
Iridium Communications Inc.	4.1	2014	241.6
Benefitfocus, Inc.	2.7	2014	–0.4

Rapidly growing firms account for 41.7% of the Fund's net assets. On current metrics, these businesses look expensive; however, we think they will continue to grow and have the potential to generate exceptional returns over time. 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 systems software provider to the insurance industry **Guidewire Software, Inc.**

Table VIII.
Investments with Real/Irreplaceable Assets as of June 30, 2019

	Percent of Net Assets	Year Acquired	Cumulative Return Since Initial Purchase
Vail Resorts, Inc.	13.1%	2013	304.7%
Hyatt Hotels Corp.	11.3	2009	175.4
Manchester United plc	4.4	2012	37.0
Red Rock Resorts, Inc.	2.6	2017	–0.1
American Homes 4 Rent	2.4	2018	17.7
Penn National Gaming, Inc.	2.1	2019	–8.2

Companies that own what we believe are irreplaceable assets represented 35.9% of net assets. **Vail Resorts, Inc.**, owner of the premier ski resort portfolio in the world, upscale lodging brand **Hyatt Hotels Corp.**, and storied English Premier League sports franchise **Manchester United plc** are all examples of companies we believe possess meaningful brand equity and barriers to entry in their businesses that equate to pricing power over time.

Table IX.
Core Growth Investments: Growth, Dividends, and Share Repurchases as of June 30, 2019

	Percent of Net Assets	Year Acquired	Cumulative Return Since Initial Purchase
FactSet Research Systems, Inc.	9.4%	2008	533.6%
Choice Hotels International, Inc.	5.7	2010	319.3
Arch Capital Group Ltd.	4.9	2003	918.4

Steady growers that continually return excess free cash to shareholders represent 20.0% of net assets. For example, **Choice Hotels International, Inc.** employs a capital-light franchise model for its economy and upscale hotel brands, and this model 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 one of the leading financial intelligence systems for the asset management industry, **FactSet Research Systems, Inc.** continues to grow into new areas via fixed income, risk management, and most recently wealth management. This should enable the company to grow while generating a steady stream of recurring cash flow that it uses for acquisitions and share buybacks.

Portfolio Holdings

For the quarter ended June 30, 2019, the Fund's top 10 holdings represented 83.7% of net assets. A number of these investments have been successful and were purchased when they were 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, **CoStar Group, Inc., Vail Resorts, Inc., Hyatt Hotels Corp., FactSet Research Systems, Inc.,** and **Tesla, Inc.** 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 over time.

Table X.
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 Net Assets
CoStar Group, Inc.	2014	$ 6.2	$20.2	$37.1	16.2%
Vail Resorts, Inc.	2013	2.3	9.0	29.9	13.1
Hyatt Hotels Corp.	2009	4.2	8.0	25.9	11.3
FactSet Research Systems, Inc.	2008	2.5	11.0	21.5	9.4
Tesla, Inc.	2014	31.2	39.8	20.1	8.8
Choice Hotels International, Inc.	2010	1.9	4.8	13.1	5.7
Space Exploration Technologies Corp.	2017	–	–	12.4	5.4
Arch Capital Group Ltd.	2003	0.9	15.0	11.1	4.9
Guidewire Software, Inc.	2013	2.7	8.3	10.3	4.5
Manchester United plc	2012	2.3	3.0	9.9	4.4

Thank you for investing in Baron Focused Growth Fund.

We continue to work hard to justify your confidence and trust in our stewardship of your family's hard-earned savings. We also continue 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 Lead Portfolio Manager
July 31, 2019

David 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 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.

Beta: measures a fund's sensitivity to market movements. The beta of the market (Russell 2500 Growth Index) is 1.00 by definition.

Alpha: measures the difference between a fund's actual returns and its expected performance, given its level of risk as measured by beta.

Dear Baron International Growth Fund Shareholder:

Performance

Baron International Growth Fund (the "Fund") appreciated 2.66% (Institutional Shares) for the second quarter of 2019, while its principal benchmark index, the MSCI ACWI ex USA Index, gained 2.98% for the quarter and the MSCI ACWI ex USA IMI Growth Index appreciated 4.01%. The Fund has comfortably exceeded both indexes for the year-to-date period. During the second quarter, global equity returns moderated following a strong first quarter, while emerging market ("EM") equities underperformed global and international indexes. In our view, the principal catalysts for international and global equities remained the shift in U.S. Federal Reserve posture, which confirmed a clear easing bias as the quarter progressed, as well as the tone of trade and geopolitical relations between the U.S. and China. Early in the quarter, equities succumbed to a material correction as an expected trade agreement was not consummated and non-tariff retaliation measures quickly escalated; however, as the counterparties reached a détente at the G20 meeting in Japan in the final days of the quarter, equities closed at or near year-to-date highs. As we enter the second half of 2019, we suspect equity returns will hinge on how much further U.S. and global growth slows, whether the Fed follows through with expected interest rate cuts, and if a commercial trade agreement can be reached between the U.S. and China, allowing the larger, more fundamental strategic differences to be pushed out to a future negotiation. Ongoing unpredictable U.S. foreign policy will likely continue to play a role in the outlook for market returns and volatility. As we suggested in our first quarter letter, we reiterate that we believe international and EM equities are likely bottoming on a relative return basis, and we see a mean reverting phase of outperformance in coming years as likely. As always, we are confident that we have invested in many well-positioned and well-managed companies on a bottom-up basis, with the potential for attractive returns over the long term.

MICHAEL KASS
PORTFOLIO MANAGER

Retail Shares: BIGFX
Institutional Shares: BINIX
R6 Shares: BIGUX

For the second quarter of 2019, we performed roughly in line with our primary benchmark, the MSCI ACWI ex USA Index, while trailing our all-cap international growth proxy. We remain comfortably ahead of each benchmark for the year-to-date period. While encouraged by such outperformance, we acknowledge that the past several quarters have been marked by elevated volatility, reflecting an unpredictable geopolitical, foreign policy, and macroeconomic environment. We view the year-to-date pivot in U.S. Federal Reserve posture as a material and offsetting positive, which we believe signals an improving relative backdrop for equities, and for international and EM equities in particular. If, as we suspect, we are exiting the period of excess dollar liquidity withdrawal that characterized the past year, then non-U.S. equities are likely bottoming on a relative basis after a multi-year downturn.

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

	Baron International Growth Fund Retail Shares[1,2]	Baron International Growth Fund Institutional Shares[1,2,3]	MSCI ACWI ex USA Index[1]	MSCI ACWI ex USA IMI Growth Index[1]
Three Months[4]	2.57%	2.66%	2.98%	4.01%
Six Months[4]	19.68%	19.85%	13.60%	16.72%
One Year	(1.40)%	(1.17)%	1.29%	1.36%
Three Years	10.74%	11.01%	9.39%	9.52%
Five Years	5.01%	5.28%	2.16%	3.93%
Ten Years	10.10%	10.38%	6.54%	7.75%
Since Inception (December 31, 2008)	10.67%	10.94%	7.55%	8.69%

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, 2018 was 1.34% and 1.07%, but the net annual expense ratio was 1.20% and 0.95% (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 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.

† 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.

1 The index performance is not Fund performance; one cannot invest directly into an index. The MSCI ACWI ex USA indexes cited are unmanaged, free float-adjusted market capitalization weighted indexes. The MSCI ACWI ex USA Index Net USD measures the equity market performance of large and mid cap securities across developed and emerging markets, excluding the United States. The MSCI ACWI ex USA IMI Growth Index Net USD measures the equity market performance of large, mid and small cap growth securities across developed and emerging markets, excluding the United States. The indexes and Baron International Growth Fund include reinvestment of dividends, net of foreign withholding taxes, which positively impact the performance results.

2 The performance data 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 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.

4 Not annualized.

During the quarter, positive relative performance was led by stock selection effect in the Information Technology sector, driven by our investments in **Endava plc**, **Opera Limited**, **RIB Software SE**, and **PagSeguro Digital Ltd.,** each of which appreciated over 25% during the quarter on strong fundamental progress. In addition, positive stock selection in Consumer Discretionary, led by **Arco Platform Limited**, a Brazilian educational platform company, and **Trainline Plc,** a recent U.K.-based IPO and dominant consolidator of Europe-wide train & travel information and ticketing, contributed materially. From a country perspective, our Brazil reform theme led the way and our U.K.-based holdings, again driven by Endava and Trainline, also contributed positively to relative returns.

Offsetting a portion of the above, adverse stock selection in the Financials sector was largely attributed to a steep correction in **Futu Holdings Limited**, a China-based online and mobile financial information and trading platform. Futu, which was one of our top five contributors overall in the first quarter, reversed prior gains as investors reacted to a near-term slowdown in subscriber growth. In our view, this is due to the escalation of trade tensions and is likely to be temporary. Adverse sock selection in the Energy sector also detracted as our growth-oriented holdings, **Encana Corp.**, **Tullow Oil plc**, and **Golar LNG Ltd.**, suffered corrections in sympathy with oil prices as expectations for global growth were downgraded. From a country perspective, our Canadian energy holdings and our China-related investments detracted.

Table II.

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

	Percent Impact
Endava plc	0.64%
Arco Platform Limited	0.61
Opera Limited	0.60
RIB Software SE	0.46
PagSeguro Digital Ltd.	0.40

Shares of **Endava plc**, a provider of outsourced software development to business customers, appreciated after reporting excellent quarterly results and raising full-year guidance. In March, revenue grew 25% and EPS grew 46% due to strong client demand and significant margin expansion. The share price also likely benefited from a secondary offering that increased liquidity, removed an overhang from pre-IPO shareholders, and increased awareness to new investors. We believe Endava will continue gaining share in a large global market for IT services.

Arco Platform Limited is a Brazilian education technology company providing educational content and software solutions to K-12 private schools. Arco has grown rapidly and currently serves more than 4,500 schools throughout Brazil. Shares appreciated in the second quarter after the company announced the transformative Positivo acquisition, more than doubling its scale. We remain excited about Arco's future, as it remains in the early stages of disrupting legacy book publishers with a modern learning platform, generating better results for students and higher rankings for schools.

Opera Limited is a leading internet browser and newsfeed company in several emerging markets. Shares contributed to performance due to strong user growth and regulatory tailwinds from Google's agreement with the European Union to offer browser choices on Android phones. Opera has over 150 million monthly active users of its newsfeed product globally, which we believe could double in the next three to five years, with runway for meaningfully improved monetization. Furthermore, given Opera's relatively low cost base, we expect the company to drive improving profitability going forward.

RIB Software SE is a German software developer that enables construction and engineering firms to integrate project bids, supply chain management, scheduling, and execution on a real-time basis, driving material productivity enhancements for its clients. Shares contributed to performance due to solid operating results and license activity, as well as ongoing progress in consolidating go-to-market distribution for the company's MTWO initiative. We remain enthusiastic, as we believe we are in the early innings of RIB's potential growth opportunity.

Shares of **PagSeguro Digital Ltd.**, a payment processor and merchant acquirer, rose in the quarter due to improving sentiment in Brazil and minimal competitive intensity among the company's micro-merchant customer base. We retain conviction, as we believe PagSeguro will continue to build out a product ecosystem allowing it to offer digital banking products to customers.

Table III.

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

	Percent Impact
Futu Holdings Limited	–0.66%
InflaRx N.V.	–0.39
Encana Corp.	–0.37
Takeda Pharmaceutical Company Limited	–0.29
WANdisco plc	–0.22

Futu Holdings Limited is a China-based financial technology company with an online brokerage platform that enables individual investors in China, Hong Kong, and the U.S. to trade securities listed in China and abroad. Shares of Futu declined during the quarter as the company reported weak first quarter financial results, and growth in the number of active users and margin finance balances lagged Street expectations set during the IPO.

InflaRx N.V. is a German biotechnology company developing a drug to treat patients with hidradenitis suppurativa, a painful skin disease. Shares detracted from performance, as the quarter saw a failure of InflaRx's asset in Phase 2 trials that called into question the thesis for future investments in the development of its treatment for this disease.

Encana Corp. is a Canada-based energy producer with primary operations in Western Canada, Texas, and Oklahoma. Shares fell due to a decline in oil and natural gas liquids prices. Encana has restructured its portfolio and has one of the top positions in the lowest cost oil and natural gas basins in the Permian, Anadarko, and Montney. In our opinion, Encana is one of the most attractively valued exploration & production companies, and we believe investors still underappreciate the company's free cash flow and returns potential.

Shares of **Takeda Pharmaceutical Company Limited** detracted from performance due to earnings that fell short of Street expectations and ongoing concerns over the company's acquisition of a large, U.S.-based pharmaceutical company. However, we believe that as a leading global pharmaceutical player, Takeda is well positioned to benefit from growing incidences of gastrointestinal, oncological, and central nervous system-related disorders. We retain conviction due to Takeda's strong management team that has improved profitability and is steering the company in a shareholder-friendly direction.

WANdisco plc is a leading infrastructure software company that develops and sells distributed software solutions for data replication across disparate computing environments. Shares of WANdisco declined in the quarter due

to perceived risks around the company's ability to close second half bookings. We continue to believe WANdisco's technology offers a compelling value proposition to enhance live data consistency and streamline the data management process, particularly within hybrid environments of on-premises, private cloud, and public cloud platforms.

Portfolio Structure

Table IV.
Top 10 holdings as of June 30, 2019 – Developed Countries

	Percent of Net Assets
argenx SE	2.6%
RIB Software SE	2.2
Constellation Software, Inc.	2.2
Trainline Plc	2.1
AstraZeneca PLC	2.1
Takeda Pharmaceutical Company Limited	2.0
Endava plc	1.8
Experian plc	1.8
Nestle S.A.	1.8
Linde Public Limited Company	1.7

Table V.
Top five holdings as of June 30, 2019 – Emerging and Frontier Countries

	Percent of Net Assets
Arco Platform Limited	1.9%
PagSeguro Digital Ltd.	1.4
Zai Lab Limited	1.3
Sberbank of Russia PJSC	1.2
Copa Holdings, S.A.	1.2

Table VI.
Percentage of securities in developed markets as of June 30, 2019

	Percent of Net Assets
United Kingdom	14.5%
Japan	11.1
France	6.7
Germany	5.7
Canada	4.7
Netherlands	4.2
United States	3.8
Israel	2.9
Switzerland	2.5
Spain	2.4
Norway	2.3
Australia	2.2
Ireland	2.2
Sweden	1.3
Finland	1.2
Belgium	0.9

Table VII.
Percentage of securities in emerging and frontier markets as of June 30, 2019

	Percent of Net Assets
China	9.4%
India	4.9
Brazil	4.5
Russia	2.7
Panama	1.2
Mexico	1.2
Argentina	1.2
Korea	1.1
United Arab Emirates	0.6
Indonesia	0.2
Nigeria	0.0

Exposure by Market Cap: The Fund may invest in companies of any market capitalization, and we strive to maintain broad diversification by market cap. At the end of the second quarter, the Fund's median market cap was $7.9 billion, and we were invested 51.8% in large- and giant-cap companies, 30.9% in mid-cap companies, and 12.9% in small- and micro-cap companies, as defined by Morningstar, with the remainder in cash.

Recent Activity

During the quarter, we initiated, and/or increased several positions associated with our existing themes:

- Mobile e-commerce/artificial intelligence/cloud: **Xiaomi Corporation, Yandex N.V.,** and **Trainline Plc**
- India financialization: **Reliance Nippon Life Asset Management Limited** and **Max Financial Services Limited**
- EM consumption: **China International Travel Service Limited** and **Copa Holdings, S.A.**
- Fintech/digital payments: **TCS Group Holding PLC, Network International Holdings Ltd.,** and **Endava plc**

While we have increased our developing world exposure in recent quarters towards the higher end of our normal range, we also selectively and opportunistically added to various developed world investments:

- Japan: **NEXON Co., Ltd.** and **Takeda Pharmaceutical Company Limited**
- Europe/U.K.: **Symrise AG, Telefonaktiebolaget LM Ericsson, Ryanair Holdings plc**, and **AstraZeneca PLC**
- Australia: **NEXTDC Limited**

We also exited several positions, most notably **SoftBank Group Corp.**, **TechnoPro Holdings, Inc.**, **Suncor Energy Inc.**, and **Itau Unibanco Holding S.A.** In general, we aim to increase concentration in holdings where we have the highest conviction in quality and return potential, while eliminating lower conviction or smaller holdings over time.

Rather than present the investment thesis for a select number of new investments as we normally do, we would like to use this mid-year letter to review several key investment themes, which represent a significant portion of the Fund's capital. Themes are an important part of our idea generation process, a forward-looking metaphor for the screening process often

employed by many of our peers, whereby we seek the highest likelihood of the greatest value creation based on an important long-term inflection point, change or trend at an industry or country level. Recent themes include 5G network development, fintech/digital payments, biotechnology/gene editing, and India financialization & wealth management. A brief summary of several current themes and total exposure is provided below.

Mobile e-commerce/Artificial Intelligence/Cloud: (13%): In our view, these technologies are key drivers of productivity worldwide; new technology platform companies are flourishing internationally as well as in Silicon Valley. Examples include RIB Software SE, Wix.com Ltd., NEXTDC Limited, Recruit Holdings Co., Ltd., Alibaba Group Holding Limited, Tencent Holdings Limited, MercadoLibre, Inc., Reliance Industries Limited, and Yandex N.V.

Biotechnology/Gene Editing (6%): DNA sequencing, antibody discovery, and gene editing are driving rapid progress in personalized medicine and addressing many disease states. Examples include argenx SE, Abcam plc, Horizon Discovery Group plc, and Zai Lab Limited.

Digital Payments/Fintech (5%): Disruptive, low-cost new players are entering the financial services and payments sphere and attacking huge revenue centers previously controlled by slow-moving oligopolies. Examples include Worldpay, Inc., PagSeguro Digital Ltd., TCS Group Holding PLC, and Network International Holdings Ltd.

Industrial Automation/Robotics (4%): Automation/robotics, another key driver of global productivity, is expected to gain a new leg of momentum as 5G and internet of things platforms proliferate in coming years. Beneficiaries include Keyence Corporation, FANUC Corp., Blue Prism Group plc, and Midea Group Co., Ltd.

5G Network Development (4%): 5G Networks will transform smart manufacturing, smart cities, automated driving, as well as consumer and commercial applications such as video streaming. The strategic confrontation between the U.S. and China will raise the stakes and could accelerate deployment, particularly in China. Examples include Nokia Corporation, Telefonaktiebolaget LM Ericsson, China Tower Corporation Limited, Reliance Industries Limited, and Telesites, S.A.B. de C.V.

India Financialization/Wealth Management (4%): Post demonetization, India seeks to vastly increase participation in the formal financial system, capturing private sector assets historically hiding in cash, gold, or unregistered real estate, and recycling such assets into productive investment, unleashing a virtuous cycle. Examples include Kotak Mahindra Bank Ltd., HDFC Bank Limited, JM Financial Limited, Max Financial Services Limited, and Reliance Nippon Life Asset Management Limited.

Outlook

In our first quarter letter, we questioned whether global economic conditions could underwrite further material gains in the near term, particularly given our view that the U.S. and global economy, and related corporate earnings, appeared likely to continue to slow or stall. In the end, the second quarter progressed largely in line with our expectations, as gains in global equities moderated from their first quarter pace, albeit with a return to significant volatility during the quarter. On the one hand, slowing global growth and inflation readings, as well as trade uncertainties, allowed the U.S. Federal Reserve to complete its pivot from last year's tightening to an easing cycle, which is now being discounted as certain in the forward interest rate markets. This generally provides cover for coincident easing measures by central bankers worldwide, a clear support for global equities, and signals an improvement in risk conditions for international and emerging market economies and currencies. On the other hand, U.S. and global economic conditions continue to slow, and leading indicators suggest this trend may continue into early 2020. Geopolitical and foreign policy risks remain heightened, and, in our view, these risks may offset and could possibly overwhelm central bank accommodation as the current year progresses. We believe whether and how the U.S./China trade and strategic confrontation progresses is likely the most important variable in the near term, as improved financial conditions are largely discounted, and the U.S./China outlook remains uncertain, notwithstanding the recent détente.

Regarding the developed international markets, conditions continue to reward stock selection, as the macroeconomic and political environment remains challenged; most of Europe and Japan remain quite weak, and negative bond yields suggest that markets expect such conditions to persist for some time. In the U.K., the Brexit drama, in our view, took a turn for the worse, with Theresa May's plan finally invalidated and with it, her tenure as Prime Minister. While anything could still happen, the most likely outcome is a somewhat more abrupt version of Brexit; yet with the British pound retreating near all-time lows and businesses in the U.K. and Europe taking precautions, we suspect a near-worst case outcome is already priced in. Many domestic-facing U.K. businesses carry modest expectations and offer discounted valuations, and, as we have reported, we have increased our exposure here in recent quarters, though most of our U.K. exposure is comprised of high-quality, international-facing businesses with modest direct exposure to the U.K. economy and currency. In contrast, we reduced our exposure to Japan in recent quarters, as we suspect this market is most challenged by a return to subpar growth and inflation expectations. We have generally reduced our holdings of domestic businesses that have delivered on our expectations, but where previous tailwinds appear to have peaked, as is the case with our Japan wage inflation theme. We reiterate that the weak growth backdrop in much of the developed international world offers bottom-up and growth-oriented investors more than ample opportunity to stand out with a select portfolio of investments, and further suggest that these markets offer significant value and are likely beneficiaries of a U.S. Fed easing cycle.

During the quarter, despite a bumpy path, Brazil made material political progress towards a wholesale reform of its Social Security program, which we have viewed as not only a highly likely, but also a necessary precondition for sustained investor confidence in the country and its longer-term prospects. We remain enthusiastic and are likely to continue to add to our exposure in this dynamic market. In addition, Narendra Modi and the NDA alliance secured a second five-year term in a landslide election victory in May, suggesting ongoing reforms are likely, and in our view confirming our positive bias towards India. While liquidity conditions remain challenged and somewhat of an overhang in the near term, we remain enthusiastic and

anticipate an improving economic and investment cycle is likely to take root in coming quarters. We also are encouraged by evidence of stabilization in China, particularly in the consumer and value-added sectors which represent the bulk of our exposure, after many months of stimulus, regulatory easing, and tax relief. We continue to believe we are nearing the end of a protracted period of international and EM equity underperformance, and are confident we own a portfolio of quality growth companies poised to benefit from inherent competitive advantages and long-term tailwinds.

Thank you for investing in the Baron International Growth Fund.

Sincerely,

Michael Kass
Portfolio Manager
July 31, 2019

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: Non-U.S. investments may involve additional risks to those inherent in U.S. investments, including exchange-rate fluctuations, political or economic instability, the imposition of exchange controls, expropriation, limited disclosure and illiquid markets. This may result in greater share price volatility. Securities of small and medium-sized companies may be thinly traded and more difficult to sell. 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. 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 manager 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 International Growth Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

Baron Real Estate Fund

Dear Baron Real Estate Fund Shareholder:

Performance

We are pleased to report that the Baron Real Estate Fund (the "Fund") generated strong performance for the six months ended June 30, 2019.

During this period, the Fund gained 24.12% (Institutional Shares), exceeding its primary benchmark index, the MSCI USA IMI Extended Real Estate Index (the "MSCI Real Estate Index"), which rose 19.91%. Moreover, the Fund's 24.12% six-month gain also exceeded the MSCI US REIT Index, which appreciated 17.07% and the S&P 500 Index, which increased 18.54%.

Additionally, in the most recent quarter ended June 30, 2019, the Fund generated a 4.22% return, also outperforming the MSCI Real Estate Index, which gained 3.57%, and the MSCI US REIT Index, which gained 0.99%. The Fund's performance during the most recent three-month period was generally in-line with the performance of the S&P 500 Index, which gained 4.30%.

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

	Baron Real Estate Fund Retail Shares[1,2]	Baron Real Estate Fund Institutional Shares[1,2]	MSCI USA IMI Extended Real Estate Index[1]	MSCI US REIT Index[1]	S&P 500 Index[1]
Three Months[3]	4.17%	4.22%	3.57%	0.99%	4.30%
Six Months[3]	23.98%	24.12%	19.91%	17.07%	18.54%
One Year	0.82%	1.08%	7.82%	9.66%	10.42%
Three Years	8.89%	9.17%	8.22%	2.81%	14.19%
Five Years	4.72%	4.98%	8.79%	6.44%	10.71%
Since Inception (December 31, 2009) (Annualized)	12.95%	13.23%	12.27%	10.46%	13.08%
Since Inception (December 31, 2009) (Cumulative)[3]	217.95%	225.59%	200.21%	157.32%	221.54%

JEFFREY KOLITCH
PORTFOLIO MANAGER

Retail Shares: BREFX
Institutional Shares: BREIX
R6 Shares: BREUX

Regarding the overall market, strong year-to-date performance is due to several positive factors. These include:

- Business results for most companies have been positive–certainly better than originally feared.
- Management commentary regarding expectations for the balance of 2019 has largely been constructive.
- The economy now appears to be growing at a moderate pace following rapid growth in 2018, which was largely propelled by fiscal stimulus, including broad-based tax cuts. Consequently, fears of an imminent recession have receded.
- Interest rates, which spiked in 2018 and became a headwind for equities, have turned much lower this year and have become a tailwind. For example, the U.S. 10-year Treasury, which peaked at 3.23% in October 2018, declined considerably this year to 2.00% as of June 30, 2019!

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, 2018 was 1.32% and 1.06%, 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 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 The indexes are unmanaged. The index performance is not Fund performance; one cannot invest directly into an index. The MSCI USA IMI Extended Real Estate Index is a custom index calculated by MSCI for, and as requested by, BAMCO, Inc. The index includes real estate and real estate-related GICS classification securities. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indexes or any securities or financial products. This report is not approved, reviewed or produced by MSCI. The MSCI US REIT Index is a free float-adjusted market capitalization index that measures the performance of all equity REITs in the US equity market, except for specialty equity REITs that do not generate a majority of their revenue and income from real estate rental and leasing operations. The S&P 500 Index measures the performance of 500 widely held large cap U.S. companies. The indexes and the Fund include reinvestment of interest, capital gains and dividends, which positively impact the performance results.

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 Not annualized.

BARON FUNDS 1987

- The 30-year fixed mortgage rate, which peaked at 4.94% in November 2018, declined by 121 basis points to 3.73% in June 2019, providing a needed boost to the U.S. housing market.
- Central banks globally have pivoted to a more dovish stance. On July 10, Federal Reserve Chairman Jerome Powell signaled that the Central Bank is ready to cut interest rates later this month. This would provide additional stimulus for the economy, including real estate, and should benefit the stock market.
- Inflation remains at modest levels.
- Trade negotiations between the U.S. and China are back on track, as both parties appear motivated to resolve their differences.
- The stock valuations of many companies are reasonable and, in some cases, cheap.
- Corporate takeovers picked up, and there is anticipation of robust mergers and acquisitions activity in the months ahead.
- Various measures of investor sentiment have been reasonable, yet not too excessive.

Looking forward, although the strong six-month gains of 2019 are likely to moderate and we may see month-to-month volatility, we continue to expect the prospects for the market, real estate, and the Fund to remain positive. Please see the "Outlook" section at the end of this letter for our forward-looking views for the Fund.

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

	Quarter End Market Cap or Market Cap When Sold (billions)	Percent Impact
MGM Resorts International	$15.3	0.62%
Equinix, Inc.	42.4	0.62
InterXion Holding N.V.	5.8	0.59
SiteOne Landscape Supply, Inc.	2.8	0.47
Caesars Entertainment Corporation	7.7	0.35

The shares of **MGM Resorts International**, a leading global hotel and casino company, gained 11.9% in the second quarter of 2019. We believe two key factors propelled the shares higher.

First, MGM's Board of Directors acquired a significant amount of stock in the most recent quarter. For example, Paul Salem, who joined the Board in August 2018, purchased $20 million of MGM stock at $25.40 per share, sending, in our opinion, a strong and positive message regarding the company's valuation and business prospects. He is one of three Directors who have been tasked with evaluating MGM's real estate portfolio and identifying beneficial approaches to unlock shareholder value. A second Board member, Keith Meister, who is also assessing the company's real estate portfolio, acquired several million dollars worth of stock in the second quarter on behalf of Corvex Management LP, a hedge fund that he leads. Corvex has now amassed a $600 million stake in MGM!

Second, management has reiterated its confidence in growing cash flow by approximately 35% over the next two years from $2.8 billion in 2018 to a range of $3.6 billion to $3.9 billion in 2020. Management believes that the recent opening of three new MGM properties, its ongoing focus on improving operating efficiencies through cost cutting, and organic growth will propel MGM to achieve its growth targets.

We remain optimistic about MGM's potential for additional share price appreciation. The company's domestic assets are trading at an undemanding valuation of less than 8 times 2020 estimated cash flow–much cheaper than its casino and gaming peers. MGM offers an appealing combination of high-quality real estate assets, a leading presence in Las Vegas (one of the stronger real estate markets in the U.S.), a solid growth outlook, dividend growth prospects, and improving free cash flow. The company expects to generate free cash flow of $4.5 billion to $5.0 billion between 2018 and 2020. MGM has earmarked $2 billion for share repurchases, which at its recent depressed price of only $29 per share, would equate to buying back approximately 13% of the company.

Our investments in **Equinix, Inc.** and **InterXion Holding N.V.** continued to perform well in the most recent quarter. Equinix is the largest global data center company in the world, and InterXion is a European-centric data center company. Both companies reported strong first quarter business results, and expressed their expectations for sustained strength in demand.

We remain bullish on the long-term prospects for Equinix and InterXion, both best-in-class data center companies, primarily because we expect both to continue to benefit from robust growth resulting from powerful, secular demand prospects. These include:

Strong Growth in Information Technology ("IT") Outsourcing:

We project that 60% to 70% of businesses will be outsourcing their data center requirements in five years, representing a substantial increase from the current outsourcing of 30% to 40%. Many companies have discovered that it is often more cost effective to outsource their data center needs to third-party providers, and to redirect their own capital expenditures to their other corporate initiatives.

Increased Cloud Computing Adoption:

Companies that provide cloud computing services are important data center tenants. They include Amazon, Google, IBM, Microsoft, Alibaba, Tencent, and Baidu. The adoption of cloud computing by enterprises is expected to increase meaningfully in the years ahead. It is estimated that total cloud spending will grow from $70 billion to $240 billion, a clear multi-year tailwind for data centers.

Powerful Data Demand Trends:

We project *U.S. mobile data traffic* to grow 40% annually for the next five years. We project *global internet traffic* to grow 27% annually for the next five years. The *number of connected devices* is projected to grow from 18 billion in 2018 to 34 billion by 2025. The data that is generated needs to be processed, transported, and stored. This is bullish for data centers.

Equinix and InterXion should continue to be prime beneficiaries from these megatrends, and we continue to own these shares.

In the last four months of 2018, the shares of **SiteOne Landscape Supply, Inc.** declined from a peak of approximately $93 to $50. Following this decline, we acquired additional shares in 2019 at an average price of $54. SiteOne is the largest national wholesale distributor of landscape supplies (outdoor lighting, fertilizers, grass seeds, turf care equipment, etc.) in the U.S. with an extensive network of over 540 branch locations across 45 states and six Canadian provinces. SiteOne's sales also equal the combined total sales of its number 2 through number 10 competitors. The company serves both residential and commercial landscape professionals.

We are bullish about the long-term prospects for SiteOne because we expect the company to benefit both from the resumption of the cyclical recovery in the residential real estate market and from its ample opportunities to make acquisitions and consolidate a highly fragmented industry. The company generated $2.1 billion in sales in 2018, representing approximately 11% of the $19 billion U.S. landscape supply market. We believe SiteOne, with its excellent management team, solid balance sheet, and strong free cash flow generation, is well positioned to grow organically and through acquisitions in the years ahead. We expect SiteOne to remain the acquirer of choice in the landscape supply industry. There is $15 billion in potential acquisition targets, which may lead to a more than doubling of its market share over time.

We are pleased to report that one of our investments, **Caesars Entertainment Corporation,** a global casino-entertainment company that operates resorts primarily under the Harrah's, Caesars, and Horseshoe brand names, announced in the most recent quarter that it would be acquired by Eldorado Resorts, Inc. for $12.75 per share or a 28% premium to its prior day's closing price (and a 46% premium to our $8.76 per share cost basis). Its shares had risen sharply following reports that famed activist investor Carl Icahn had been acquiring shares in the company. This acquisition established Eldorado Resorts as the largest U.S. gaming company. We believe the purchase price represents a fair value for Caesars, and have therefore chosen to exit our investment in the company.

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

	Quarter End Market Cap (billions)	Percent Impact
Red Rock Resorts, Inc.	$ 2.5	–0.37%
Lowe's Companies, Inc.	79.0	–0.37
Hilton Grand Vacations Inc.	2.9	–0.30
Penn National Gaming, Inc.	2.3	–0.20
Norwegian Cruise Line Holdings, Ltd.	11.6	–0.14

In the second quarter, shares of **Red Rock Resorts, Inc.**, a real estate gaming, development and management company that operates 21 casino and entertainment properties and generates approximately 86% of its cash flow in Las Vegas, declined primarily due to concerns that the company's recently completed renovation projects at two of its resorts (The Palms Casino Resort and The Palace Station) will not generate sufficient additional cash flow to generate an attractive return on its development investments. If true, it may take longer for the company to repay debt and reach its targeted leverage of 4 times net debt to EBITDA (versus its current 5.4 times net debt to EBITDA).

However, at its recent share price of $21, we believe these concerns are largely discounted in Red Rock's share price. We view the company's valuation of 8 times 2020 estimated cash flow (EBITDA) and its 12% free cash flow yield as highly compelling.

Further, we remain constructive on the outlook for Red Rock for the following reasons:

- Attractive demand-supply trends in Las Vegas: Demand trends in the Las Vegas "locals" market have been solid in recent years due to strong population growth in Nevada (second fastest growing state in 2018). Nevada is one of only seven states in the U.S. without state income taxes, so residents and businesses may be incentivized to relocate. The Vegas economy is also benefiting from low unemployment, high weekly wages, and stable housing. On the supply side, no new major gaming facilities have opened in this area of Las Vegas (the "locals" market) since 2009, and no new competitive developments have been announced.
- Red Rock's high-quality real estate: Red Rock owns 17 fine real estate properties within the Las Vegas area. Notably, the company also owns nine parcels of additional land in Las Vegas and Reno (477 acres), providing Red Rock with several opportunities for future growth projects. Each location has been zoned for casino gaming and other commercial uses.
- Free cash flow is expected to increase significantly over the next few years: Now that Red Rock has virtually completed its multi-year renovation projects at Palace Station (completed) and the Palms (completion by September 2019), we expect capital expenditures to significantly decline, and cash flows at these properties to ramp significantly in the next few years.

In the second quarter, the shares of **Lowe's Companies, Inc.**, the second largest home improvement center in the U.S., declined 8%, due primarily to management's decision to lower earnings expectations for 2019 because of unanticipated cost increases and disappointing pricing. We view the earnings miss as a transitory hiccup and remain confident in the company's newly appointed senior management team. We believe Lowe's has a credible plan to generate strong earnings growth in the next few years, and believe the shares are reasonably valued.

In the most recent quarter, the shares of **Hilton Grand Vacations Inc.**, a leading timeshare company, declined following disappointing first quarter timeshare sales that have been negatively impacted by a shortage of inventory. However, management is addressing this issue by allocating more of its free cash flow toward real estate development. We expect that this will increase the availability of new timeshare properties resulting in the resumption of growth. We sold a significant portion of our shares during the quarter and are currently evaluating our remaining investment in the company.

The shares of **Penn National Gaming, Inc.**, the largest U.S. regional casino and gaming company, declined modestly in the second quarter primarily due to mildly disappointing first quarter earnings results (partly attributable to poor weather and holidays), and some concerns that consumer spending at casinos will slow sharply, perhaps causing promotional activity to increase. Our research leads us to believe that these concerns are more extreme than the reality. Business appears to be stable, and management has stated that the company is on track to achieve its targeted revenue and expense synergies from its acquisition of Pinnacle Entertainment. At its recent price of only $18.50/share, with a 2019 estimated cash flow multiple of only 5.6 times EBITDA, and the company's highly attractive 18% free cash flow yield, we believe Penn's valuation is attractive.

Following a 29% gain in its share price in the first quarter of 2019, the shares of cruise line operator **Norwegian Cruise Line Holdings, Ltd.** declined slightly in the most recent quarter. The company reported strong first quarter business results and cited expectations for continued strength in cruise demand. Early indications suggest that business results in 2019 will remain strong given that consumers have been booking 2019 cruises at an earlier and faster rate than in previous periods. We would note, however, that Norwegian lowered its earnings expectations for 2019 due to new travel regulations that took effect on June 5 that eliminate the ability of cruise lines to offer cruise travel to Cuba. We believe this concern has already been reflected in Norwegian's current share price.

Cruise line stocks historically have traded at an average multiple of 15 times earnings. Currently, Norwegian trades at less than 10 times 2019 estimated earnings! We expect the company to generate earnings growth of approximately 12% to 15% per year between 2018 and 2020. In our judgment, the valuation of Norwegian remains highly attractive.

Portfolio Structure

We continue to maintain that our philosophy of structuring a more inclusive and unique real estate fund–one that includes REITs, but also comprises other diversified real estate-related categories, is a compelling long-term strategy. We also believe that the Fund is complementary to our Baron Real Estate Income Fund and most other REIT funds.

The Fund's portfolio structure and strategy are as follows:

1. Real Estate-Related Categories

   The Baron Real Estate Fund currently has investments in REITs, plus nine additional real estate-related categories. Our percentage allocations to these categories vary, and they are based on our research and assessment of opportunities in each category (see Table IV below).

2. REITs and non-REITs

   Currently, the Fund has 30% of net assets invested in REITs and 70% in its additional real estate-related categories (including 1.9% in cash). We are optimistic about the prospects for both the Fund's REITs and our additional real estate categories. At this time, we believe that some of the Fund's other real estate categories present superior return potential than most REITs, because of their discounted share prices and greater growth prospects.

3. Commercial and Residential Real Estate Categories

   The Fund continues to invest in both commercial and residential real estate-related companies.

   In addition to REITs, residential-related companies that the Fund evaluates for investment include homebuilders, building product and services companies, land developers, construction material companies, home centers, and senior housing operators.

   In the first six months of 2019, we have spent considerable time meeting with several residential-related companies. Our research leads us to believe that many of the factors that slowed sales in 2018 have either eased or improved in the first half of this year, and are beginning to encourage a reacceleration in home purchases and housing-related spending. These include the significant decline in mortgage rates to only 3.7%, the moderation in home price appreciation, solid consumer sentiment, and strong job and wage growth.

   We maintain that the 2018 housing market slowdown only represented a pause in what should continue to be a multi-year housing recovery. As such, we have continued to increase the Fund's exposure to housing-related companies. For our more detailed thoughts, please see the "Top Net Purchases" section later in this letter.

4. Exposure to the U.S. Consumer and Cyclical Growth

   Our research indicates that the consumer is in solid shape (i.e., unemployment is low, wage growth has picked up, mortgage rates have declined, consumer sentiment measures are solid), and business conditions are prospectively stable. We therefore continue to prioritize real estate-related categories that usually perform well when consumer sentiment is strong, and the economy is expanding. These real estate categories include homebuilders and land developers (6.5% of the Fund's assets), building product and services companies (13.7%), casino and gaming companies (12.9%), cruise lines (8.3%), vacation timeshare companies (2.7%), and hotels (0.6%). In our opinion, valuations of most of these cyclical growth categories are compelling.

5. Emphasis on Real Estate Secular and Megatrend Real Estate Growth Companies

   The Fund continues to prioritize real estate categories that we believe are positioned to benefit from durable megatrends and secular growth opportunities. These specialized real estate categories include data center companies, wireless tower companies, and industrial REITs that, in our view, are well positioned to benefit for several years from the technological revolution in cloud computing, the internet, artificial intelligence, autonomous vehicles, mobile data, cell phones, and wireless infrastructure. As of June 30, 2019, 22.6% of the Fund's net assets were invested in data center (15.6%), wireless tower (5.0%), and industrial REITs (2.0%).

6. Number of Fund Holdings

   As of June 30, 2019, the Fund was invested in 45 companies. Our 10 largest holdings represented 46.3% of the Fund. Our 20 largest holdings represented 70.3% of the Fund.

7. Market Capitalization and Liquidity

   We continue to invest in companies of various market capitalizations. As of June 30, 2019, the median market capitalization of the Fund's investments was $8.8 billion. Companies with market capitalizations of less than $2.5 billion constitute only 5.3% of the Fund. The liquidity of the Fund is strong.

8. "Best-in-class" Companies*

   We remain confident about the quality and strong long-term prospects of the Fund's holdings.

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* Note that "**best-in-class**" represents the manager's opinion and is not based on a third-party ranking. In our opinion, characteristics of a "best-in-class" real estate company are:

- Owns unique and well-located real estate assets in markets with high barriers to entry combined with attractive long-term demand demographics;
- Enjoys strong long-term growth prospects together with a leading competitive position;
- Maintains a conservative and liquid balance sheet; and, importantly,
- Employs an intelligent and motivated management team whose interests are closely aligned with shareholders.

Table IV.
Fund investments in real estate-related categories as of June 30, 2019

		Percent of Net Assets
REITs		30.0%
Building Products/Services		13.7
Casinos & Gaming Operators		12.9
Hotel & Leisure		11.6
Cruise Lines	8.3%	
Hotels & Timeshare/Leisure	3.3	
Data Center Operating Companies[1]		9.7
Real Estate Service Companies		9.0
Homebuilders & Land Developers		6.5
Real Estate Operating Companies		3.6
Tower Operators[2]		1.1
		98.1
Cash and Cash Equivalents		1.9
Total		100.0%

[1] Total would be 15.6% if included data center REITs Equinix, Inc. and QTS Realty Trust, Inc.
[2] Total would be 5.0% if included tower REITs American Tower Corp. and SBA Communications Corp.

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

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
CBRE Group, Inc.	$17.3	$43.9	7.5%
MGM Resorts International	15.3	32.4	5.5
Equinix, Inc.	42.4	32.3	5.5
GDS Holdings Limited	5.2	28.2	4.8
Norwegian Cruise Line Holdings, Ltd.	11.6	27.3	4.6
InterXion Holding N.V.	5.8	24.1	4.1
Masco Corporation	11.5	23.1	3.9
Royal Caribbean Cruises Ltd.	25.4	21.6	3.7
Brookfield Asset Management, Inc.	47.6	21.3	3.6
Boyd Gaming Corporation	3.0	18.0	3.1

Recent Activity

Table VI.
Top net purchases for the quarter ended June 30, 2019

	Quarter End Market Cap (billions)	Amount Purchased (millions)
Masco Corporation	$11.5	$15.7
D.R. Horton, Inc.	16.1	13.8
Trex Company, Inc.	4.2	10.1
Installed Building Products, Inc.	1.8	7.2
Kilroy Realty Corporation	7.5	6.8

In the last six months of 2018, activity in the U.S. housing market slowed dramatically due, in part, to:

- Home price affordability concerns: From 2012 to 2018, home prices appreciated approximately 6% to 7% per year versus annual wage gains of only 2% per year.
- A quick and sharp increase in mortgage rates. The 30-year fixed mortgage rate increased by nearly 100 basis points in 2018, going from 3.95% to start the year to 4.94% in November 2018.
- Tax reform: Tax reform capped property tax and mortgage interest deductions, negatively impacting potential home buyers in several states that tend to have higher-priced homes such as California, New York, New Jersey, and Connecticut.
- Emotional and financial scars from the 2008/09 housing crisis: Several potential home buyers remained cautious before purchasing a home due to the lingering memory of the 2008/09 housing crisis.

In 2019, prospects have improved for home purchase activity and housing-related spending due to the significant decline in mortgage rates (down more than 80 basis points from 4.55% at the end of 2018 to 3.73% in June 2019) and moderation in home price appreciation. The U.S. consumer is also benefiting from solid job growth and wage gains.

Encouragingly, the management of **Lennar Corporation**, a Fund investment and leading national homebuilding company, captured the trend we see by stating that "the market paused in the back half of 2018, corrected in the first quarter of 2019, and is now on solid footing."

In the most recent quarter, we continued to increase the Fund's exposure to companies that we expect to benefit from the resumption of the recovery in the U.S. housing market. We are optimistic about the prospects for our most recent housing-related purchases, including: **Masco Corporation**, **D.R. Horton, Inc.**, **Trex Company, Inc.**, and **Installed Building Products, Inc.**

Masco Corporation is a leading company of branded home improvement and building products, focusing on plumbing, decorative architectural (paint), cabinet, window, and other specialty products. Masco's market-leading brands include Delta faucets and Behr paints.

In June, Masco announced its intention to sell its cabinets and windows businesses. We are pleased with this decision because it will reduce the cyclicality of Masco's business and should lead to an improvement in the company's valuation multiple. Following the divestiture of its cabinets and windows businesses, Masco will have dramatically reduced its exposure to the more cyclical new construction segment of residential real estate. The "new" Masco, which will primarily be a plumbing and decorative architectural company, will have 90% exposure to repair and remodel spending, a segment of the residential real estate market that tends to be more resilient than new construction, and therefore should garner a premium valuation.

We believe Masco's shares could increase 15% annually over the next few years through a combination of double-digit earnings growth (fueled from organic growth, margin expansion, acquisitions, and share repurchases) and an expansion in the company's valuation multiple from 10 times EBITDA currently to 11 or 12 times EBITDA.

D.R. Horton, Inc. is the largest homebuilder by volume in the U.S., and we are quite optimistic about the long-term prospects for the company. We believe D.R. Horton is positioned to perform well given its status as the largest and lowest-cost producer in the entry-level home segment for first-time buyers and baby boomers looking for an affordable home.

We are supportive of D.R. Horton's announced intention to transition to a stronger and more "asset light" balance sheet by outsourcing its land development spending needs to third-party developers such as Forestar Group Inc. Ultimately, D.R. Horton's transition to a less capital-intensive business should generate a higher-valuation multiple.

NVR, Inc., a homebuilder with a 100% "asset light" strategy that avoids the financial requirements and risks associated with direct land ownership and development, is valued at a significant premium to every other homebuilder, including D.R. Horton. We expect that the valuation disparity between D.R. Horton and NVR will close over time as D.R. Horton executes on its own "asset light" strategy.

Following a decline in its share price from a peak of $91 in September 2018 to a low of $59 in 2019, we acquired shares of **Trex Company, Inc.** in the most recent quarter at an average price of $61 per share.

Trex is the largest manufacturer of wood-alternative (composite) outdoor decking and railing in the U.S. with a 40% market share utilizing composite. Many consumers have opted to convert from wood to composite decking because composite looks quite similar to wood, yet performs better. Unlike wood, composite deck boards are engineered to resist fading, scratches, and stains. Most important, composite deck boards do not rot, warp, or splinter, and they do not require seasonal painting, sealing, or staining.

We are optimistic about the long-term growth prospects for Trex for the following reasons:

- Secular growth

  Composite decking, as a relatively new product, currently represents only 17% of the outdoor decking market. Wood decking still leads with an 83% market share. However, in our opinion, newer composite decking will continue to increase its share of the decking market because of its superior performance and lifetime cost advantages relative to wood decking. We believe Trex is well positioned to benefit from this anticipated secular growth opportunity.

- Potential for market share gains

  In our opinion, Trex is poised to continue to increase its industry-leading 40% market share in the years ahead due to its brand leadership and broad array of composite decking products.

- Cyclical growth

  90% of Trex's sales are generated from the residential real estate market. The company should benefit from the ongoing recovery in U.S. new and existing home sales and the growing desire by consumers for outdoor living spaces.

- Growth from new products, new geographies, and acquisitions

  Management has introduced a broader array of composite decking products (i.e., new lower price point decking products that target the do-it-yourself consumer), commercial products (railing), and expanded into international markets (currently less than 10% of sales), all of which should enhance growth in the years ahead. Trex also generates significant free cash flow, which could be used to fund future acquisitions.

Installed Building Products, Inc. (IBP) is one of the nation's largest insulation installers for the residential new construction market. It is also a diversified installer of complementary building products. Its CEO, Jeff Edwards, and his management team have built IBP from a single branch to a national platform with over 175 locations servicing 48 states, revenues of $1.3 billion, and cash flow of more than $160 million.

We are optimistic about the multi-year prospects for IBP for these reasons:

1. Scale and cost advantages

   IBP's national platform provides the company with significant scale and cost advantages. Manufacturers of insulation products prefer to sell their products to IBP at very competitive prices because the company's broad national penetration allows the manufacturers to better plan their production schedules. Homebuilders often choose to subcontract the installation of insulation and certain other building products to IBP because IBP's scale, full-service capabilities, keen knowledge of local building codes and standards, timely delivery, and quality installation serves to eliminate "nuisance" work for the homebuilders.

2. Housing market beneficiary

   We remain bullish about the prospects for a continued recovery in the U.S. housing market. The large imbalance between pent-up housing demand and low construction levels bodes well for a continuation of growth in home construction. IBP should be a prime beneficiary of growth in new home construction as approximately 77% of IBP's business is generated from new housing construction (67% new single-family and 10% new multi-family).

3. Several opportunities for growth

   Management believes it has the potential to grow its sales from $1.3 billion to $5 billion over time by:

   (i) Expanding its 28% market share of new residential construction organically by growing its current business platform of services
   (ii) Acquiring other businesses; IBP has a successful track record of acquiring and integrating more than 140 companies, realizing synergistic cost savings, and enhancing the profitability of these acquired businesses
   (iii) Broadening its residential and commercial building segments which currently represents only 17% of sales

4. Large insider ownership: CEO Jeff Edwards owns 23% of IBP. Accordingly, his interests are aligned with those of shareholders. We believe he is particularly driven to build a much larger and more profitable business.

Although the forthcoming second quarter results may be lower than expected, we expect business to improve in the second half of 2019. We believe our investment in IBP can compound at 15% per year over the next few years.

In the most recent quarter, we also acquired shares in **Kilroy Realty Corporation**, a REIT that owns, develops, acquires, and manages real estate assets (primarily office buildings) in the coastal regions of San Francisco, Seattle, Los Angeles, Orange County, and San Diego. We recently spent time with CEO John Kilroy. John and his management team have positioned Kilroy to grow its net operating income by approximately 70% over the next five years through occupancy gains and rent increases in its operating portfolio and the completion of its development pipeline.

During the company's most recent quarterly earnings conference call, management said that it was witnessing the strongest market conditions the company has seen, because of limited supply and solid demand resulting in declining vacancy rates and higher rents. In our opinion, the shares of Kilroy Realty are currently valued at attractive discounts to their private market values.

Table VII.
Top net sales for the quarter ended June 30, 2019

	Quarter End Market Cap or Market Cap When Sold (billions)	Amount Sold (millions)
Hilton Grand Vacations Inc.	$ 2.9	$16.1
Lowe's Companies, Inc.	79.0	14.6
InterXion Holding N.V.	5.8	10.1
Caesars Entertainment Corporation	7.7	8.3
Home Depot, Inc.	228.8	6.6

In the most recent quarter, we significantly reduced our investment in **Hilton Grand Vacations Inc.** following disappointing results. For the last two quarters, management has tempered growth expectations, due to the company's temporary shortage of timeshare inventory. We are reevaluating our holding in the company, but remain optimistic about its long-term prospects.

We also reduced our investments in **Lowe's Companies, Inc.** and **Home Depot, Inc.** reflecting a modest rebalancing of the portfolio and have reallocated the capital to alternative housing-related companies.

Following strong share price performance in the first six months of 2019, we modestly trimmed our investment in data center company **InterXion Holding N.V.** We remain bullish about the company's long-term prospects.

We are pleased to report that **Caesars Entertainment Corporation** announced that it would be acquired by Eldorado Resorts Inc. at a significant premium to our cost basis in the company. Following the announcement, we exited our investment in Caesars.

Outlook

We have stated in prior letters that **no one has a crystal ball regarding the outlook** for the stock, bond, and real estate markets. Certainly, any number of factors can influence market direction and performance, such as geopolitical, central bank actions, and macroeconomic factors such as GDP growth, interest rates, inflation, the U.S. dollar, and oil prices. The first six months of 2019 are certainly a case in point.

For example, in the first half of 2019, we are confident that few would have predicted that:

- The Fed would pivot to a dovish stance on January 4, 2019, less than three weeks after increasing interest rates on December 19, 2018;
- The U.S. 10-Year Treasury yield would fall 123 basis points from its 2018 high to only 2.0% on June 30, 2019;
- Inflation would drop significantly and remain below the Fed's targeted 2% level;
- Geopolitical tensions would dramatically increase with Iran; and
- The S&P 500 advance of 18.54% would be the best six-month start in more than 20 years!

These developments are a strong reminder that it is a fool's game trying to forecast an outlook.

Nevertheless, there are several indicators that lead us to conclude that the current business environment could be supportive of further gains in the stock market, real estate, and the Baron Real Estate Fund:

- Business conditions are generally solid for our real estate-related companies.
- The U.S. economy is experiencing an unusual combination of solid employment growth, decent wage growth, low interest rates, and modest inflation.
- We are not witnessing the wide-ranging forewarnings that typically signal the end of a business and/or real estate cycle such as spikes in economic growth, construction activity, interest rates and/or inflation, and the aggressive use of debt.
- We continue to own several attractively valued quality companies across several segments of real estate.
- We have structured the Fund to capitalize on what we believe are compelling investment themes including companies that should benefit from the ongoing health of the U.S. consumer (casino & gaming and cruise line companies), the resumption of the recovery in the U.S. homebuilding market (home builders and building product and services companies), and the technology revolution (data center, wireless tower, and industrial REIT companies).

In summary, we continue to be of the view that the current environment for stocks and real estate is positive. While we would not expect to replicate our strong first half returns of 2019 in the second half of this year, we do remain optimistic about the potential for further gains.

Thank you for your past and continuing support. I remain a major shareholder of the Baron Real Estate Fund, alongside you.

Sincerely,

Jeffrey Kolitch
Portfolio Manager
July 31, 2019

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: In addition to general market conditions, the value of the Fund will be affected by the strength of the real estate markets. Factors that could affect the value of the Fund's holdings include the following: overbuilding and increased competition; increases in property taxes and operating expenses; declines in the value of real estate; lack of availability of equity and debt financing to refinance maturing debt; vacancies due to economic conditions and tenant bankruptcies; losses due to costs resulting from environmental contamination and its related cleanup; changes in interest rates; changes in zoning laws, casualty or condemnation losses; variations in rental income; changes in neighborhood values; and functional obsolescence and appeal of properties to tenants. The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

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 Real Estate Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such an offer or solicitation.

Baron Emerging Markets Fund

Dear Baron Emerging Markets Fund Shareholder:

Performance

Baron Emerging Markets Fund (the "Fund") appreciated 0.29% (Institutional Shares) for the second quarter of 2019, while its principal benchmark index, the MSCI EM Index, gained 0.61% for the quarter and the MSCI EM IMI Growth Index appreciated 0.07%. The Fund has outperformed both indexes for the year-to-date period. During the quarter, emerging market ("EM") equities underperformed U.S. and global indexes, though global equity returns moderated to nominal gains following a strong first quarter. In our view, the principal catalysts for EM and global equities remained the shift in U.S. Federal Reserve posture, which confirmed a clear easing bias as the quarter progressed, as well as the tone of trade and geopolitical relations between the U.S. and China. Early in the quarter, equities succumbed to a material correction as an expected trade agreement was not consummated and non-tariff retaliation measures quickly escalated; however, as the counterparties reached a détente at the G20 meeting in Japan in the final days of the quarter, equities closed at or near year-to-date highs. As we enter the second half of 2019, we suspect equity returns will hinge on how much further U.S. and global growth slows, whether the Fed follows through with expected interest rate cuts, and if a commercial trade agreement can be reached between the U.S. and China, allowing the larger, more fundamental strategic differences to be pushed out to a future negotiation. Ongoing unpredictable U.S. foreign policy will likely continue to play a role in the outlook for market returns and volatility. As we suggested in our first quarter letter, we reiterate that we believe EM and international equities are likely bottoming on a relative return basis, and we see a mean reverting phase of outperformance in coming years as likely. As always, we are confident that we have invested in many well-positioned and well-managed companies on a bottom-up basis, with the potential for attractive returns over the long term.

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

	Baron Emerging Markets Fund Retail Shares[1,2]	Baron Emerging Markets Fund Institutional Shares[1,2]	MSCI EM Index[1]	MSCI EM IMI Growth Index[1]
Three Months[3]	0.29%	0.29%	0.61%	0.07%
Six Months[3]	12.13%	12.27%	10.59%	11.59%
One Year	(0.08)%	0.11%	1.21%	(3.12)%
Three Years	7.97%	8.23%	10.66%	10.10%
Five Years	2.40%	2.66%	2.49%	3.17%
Since Inception (December 31, 2010)	4.26%	4.51%	1.42%	2.20%

MICHAEL KASS
PORTFOLIO MANAGER

Retail Shares: BEXFX
Institutional Shares: BEXIX
R6 Shares: BEXUX

For the second quarter of 2019, we performed roughly in line with both our primary benchmark, the MSCI EM Index, as well as our all-cap EM growth proxy. While encouraged by our year-to-date outperformance, we acknowledge that the past several quarters have been marked by elevated volatility, reflecting an unpredictable geopolitical, foreign policy, and macroeconomic environment. We view the year-to-date pivot in U.S. Federal Reserve posture as a material and offsetting positive, which we believe signals an improving relative backdrop for EM equities. If, as we suspect, we are exiting the period of excess dollar liquidity withdrawal that characterized the past year, then EM equities are likely bottoming on a relative basis after a multi-year downturn.

During the quarter, positive relative performance was led by stock selection effect in the Consumer Discretionary sector, driven by our investments in **China International Travel Service Limited**, the dominant operator of duty-free retail stores in mainland China, and **KIA Motors Corporation**, due to its significant success in new model introductions. In addition, **Copa Holdings, S.A.**, the highly profitable LATAM airline based in Panama, **Rumo S.A.**, the Brazilian rail and logistics operator with a near monopoly, and **Techtronic Industries Co. Ltd.**, a branded power-tool manufacturer based in Hong Kong, powered strong relative performance in the Industrials sector. From a country perspective, Korea and our Brazil and Argentina reform themes delivered positive relative performance during the quarter.

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, 2018 was 1.36% and 1.10%, 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 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.

† 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.

1 The indexes are unmanaged. The index performance is not Fund performance; one cannot invest directly into an index. The MSCI EM (Emerging Markets) Index Net USD is designed to measure equity market performance of large and mid-cap securities across 23 Emerging Markets countries. The MSCI EM (Emerging Markets) IMI Growth Index Net USD is a free float-adjusted market capitalization index designed to measure equity market performance of large, mid and small-cap securities exhibiting overall growth characteristics across 23 Emerging Markets countries. The indexes and the Fund include reinvestment of dividends, net of withholding taxes, which positively impact the performance results.

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

3 Not annualized.

BARON FUNDS 1987

Offsetting a portion of the above, adverse stock selection in the Energy sector was driven by **Tullow Oil plc** of the U.K. and **KunLun Energy Company Limited** of China. In addition, an overweight position Health Care, the worst performing sector in the Fund's index for the quarter, also detracted from relative performance. Finally, from a country perspective, poor stock selection effect in India, largely related to our India financial inclusion, wealth management and affordable housing themes was a drag during the quarter, as liquidity strains lingered and impacted the near-term earnings outlook. We are confident that the recent Modi election victory and anticipated reform agenda will alleviate such strains in coming quarters.

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

	Percent Impact
PagSeguro Digital Ltd.	0.51%
Sberbank of Russia PJSC	0.41
B3 S.A. – Brasil, Bolsa, Balcao	0.31
CP All Plc.	0.24
KIA Motors Corporation	0.24

Shares of **PagSeguro Digital Ltd.**, a payment processor and merchant acquirer, rose in the quarter due to improving sentiment in Brazil and minimal competitive intensity among the company's micro-merchant customer base. We retain conviction, as we believe PagSeguro will continue to build out a product ecosystem allowing it to offer digital banking products to customers.

Sberbank of Russia PJSC is the largest bank in Russia, with dominant market share in loans and deposits. Sberbank advanced during the quarter as the company continued to report strong operating results and reaffirmed its commitment to a higher dividend payout. The stock also benefited from a significant decline in Russia's country-related risk. In addition to its dominant market position, superior profitability, and high dividend payment capacity, Sberbank's early adoption of technology to compete in the changing landscape for financial services is an advantage, in our view.

B3 S.A. – Brasil, Bolsa, Balcao operates exchanges in Brazil for trading financial products and provides registration of non-standard derivatives contracts and bank funding instruments. The stock contributed to performance as Brazil's ongoing economic recovery drove higher trading volumes for equities and derivatives. The company reported strong first quarter results with revenue growth of 24% and EBITDA growth of 27%. We continue to own the stock because we believe B3 will benefit from the long-term development of the Brazilian capital markets.

Shares of **CP All Plc.**, Thailand's largest 7-Eleven convenience chain operator, rose in the quarter following consumer spending data that exceeded analyst estimates and early signs of progress on the internal "offline-to-online" strategy. We expect CP All to continue its store footprint growth strategy and augment its service portfolio with a greater variety of ready-to-eat options that should boost spending in the store. Over time, we believe these stores will form the "last mile" logistics network for many e-commerce vendors.

Shares of **KIA Motors Corporation** contributed to performance due to financial results that beat Street estimates. We believe KIA has built a strong pipeline of new models that will lead to earnings growth over the next two to three years. Recent success of the Telluride SUV in the U.S. has been cheered by investors, and we expect KIA to continue driving significant growth with new product launches.

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

	Percent Impact
Alibaba Group Holding Limited	–0.33%
Sasol Limited	–0.26
Hangzhou Hikvision Digital Technology Co., Ltd.	–0.24
Piramal Enterprises Limited	–0.22
Tullow Oil plc	–0.19

Alibaba Group Holding Limited is the largest retailer and e-commerce company in China. The company owns and operates shopping platforms Taobao and Tmall as well as 33% of Ant Financial, which operates Alipay, the largest third-party online payment provider in China. Shares declined in the quarter on a softer revenue outlook given accounting and strategy changes at subsidiaries Cainiao and Lazada. However, we believe Alibaba's core business remains nicely profitable and continues to grow rapidly, with tailwinds to the overall company from strong mobile and advertising growth.

Sasol Limited is an integrated petrochemical and energy company. Shares declined after the company announced an increase in capital expenditures for its LCCP chemical plant project in the U.S. We remain positive, as Sasol is approaching free cash flow inflection with the launch of the LCCP plant. We do not think the stock is being accurately valued by the market, and we expect to see multiple re-rating as the company executes on its chemicals growth strategy.

Shares of **Hangzhou Hikvision Digital Technology Co., Ltd.**, the world's largest security surveillance equipment manufacturer, fell due to concerns over U.S.-China trade tensions that may adversely affect its business outlook and ability to procure key components. While we do not see any fundamental shift in its ability to deliver long-term sustainable growth in its AI and automation products, we have reduced the position to mitigate the potential short-term volatility in its earnings. Long term, we believe in Hikvision's leading position in China's multi-year manufacturing upgrade cycle.

Shares of **Piramal Enterprises Limited** detracted from performance due to near-term headwinds in the Indian real estate sector, including regulatory changes and tightening liquidity. However, as India's leading financier, the company is benefiting from growing demand for mortgage lending and corporate banking. We believe Piramal is well positioned to weather near-term volatility and benefit from industry consolidation, and we retain conviction due to the company's strong long-term growth outlook and solid risk management.

Tullow Oil plc is an international exploration and production company with operations in Africa and South America. Shares fell because of a decline in oil prices. We like the company due to operational improvements, ramp up of production at the TEN field in Ghana, the deleveraging of its balance sheet, potential monetization of Kenya assets, and exploration upside in South America.

Portfolio Structure

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

	Percent of Net Assets
Alibaba Group Holding Limited	3.8%
Tencent Holdings Limited	3.8
Sberbank of Russia PJSC	2.2
Samsung Electronics Co., Ltd.	2.1
Petroleo Brasileiro S.A. Petrobras	1.8
PagSeguro Digital Ltd.	1.8
B3 S.A. – Brasil, Bolsa, Balcao	1.7
Rumo S.A.	1.6
China Mobile Ltd.	1.6
Taiwan Semiconductor Manufacturing Company Ltd.	1.5

Exposure By Country

Table V.
Percentage of securities by country as of June 30, 2019

	Percent of Net Assets
China	32.2%
India	15.5
Brazil	10.0
Taiwan	7.2
South Africa	6.2
Korea	5.1
Mexico	3.4
Russia	3.1
Philippines	2.8
Thailand	2.4
Argentina	2.0
Hong Kong	1.2
Panama	1.2
Finland	1.1
United Kingdom	1.1
United Arab Emirates	0.7
Hungary	0.5
Indonesia	0.4
Malaysia	0.3
Nigeria	0.0

Exposure by Market Cap: The Fund may invest in companies of any market capitalization, and we have generally been broadly diversified across large-, mid-, and small-cap companies, as we believe developing world companies of all sizes can exhibit attractive growth potential. At the end of the second quarter of 2019, the Fund's median market cap was $9.3 billion, and we were invested 76.5% in large- and giant-cap companies, 19.2% in mid-cap companies, and 0.7% in small- and micro-cap companies as defined by Morningstar, with the remainder in cash.

Recent Activity

During the quarter, we initiated and/or increased several positions associated with our existing themes:

- Mobile e-commerce/artificial intelligence: **Xiaomi Corporation** and **Alibaba Group Holding Limited**
- India financialization: **Bandhan Bank Limited, Reliance Nippon Life Asset Management Limited,** and **Edelweiss Financial Services Limited**
- EM consumption: **China International Travel Service Limited, Copa Holdings, S.A.,** and **CP All Plc.**
- Fintech/digital payments: **Network International Holdings Ltd.**, **StoneCo Ltd.**, **LexinFintech Holdings Ltd.**, and **Qudian Inc**.

On balance, we approached market volatility during the quarter as offering attractive entry points, as U.S./China trade and strategic relations continued to oscillate, and a wide range of potential outcomes in India's general election were contemplated prior to Modi's convincing victory.

We also exited several positions, most notably **China Construction Bank Corporation**, **Itau Unibanco Holding S.A.**, **Coal India Ltd.**, and **Smiles Fidelidade S.A**. In general, we aim to increase concentration in holdings where we have highest conviction in quality and return potential, while eliminating lower conviction or smaller holdings over time.

Rather than present the investment thesis for a select number of new investments as we normally do, we would like to use this mid-year letter to review several of our key investment themes, which in aggregate represent roughly 50% of the Fund's capital. Themes are an important part of our idea generation process whereby we seek the highest likelihood of the greatest value creation based on an important long-term inflection point, change or trend at an industry or country level. Recent themes include China value-added, Brazil reform & privatization, and India financialization & wealth management. A brief summary of several current themes and total exposure is provided below.

Mobile e-commerce/Artificial Intelligence/Cloud (13%): In our view, these technologies are key drivers of productivity worldwide; new technology platform companies are flourishing in EM as well as in Silicon Valley. Examples include Alibaba Group Holding Limited, Tencent Holdings Limited, GDS Holdings Limited, MercadoLibre, Inc., Reliance Industries Limited, and Yandex N.V.

EM Consumption/Per Capita Income Growth (13%): Most EM countries are generally shifting their emphasis from export and infrastructure activity to domestic consumption and per capita income growth. Examples include Wal-Mart de Mexico, S.A.B. de C.V., Copa Holdings, S.A., China International Travel Service Limited, CP All Plc., and Britannia Industries Limited.

India Financialization/Wealth Management (9%): Post demonetization, India seeks to vastly increase participation in the formal financial system, capturing private sector assets historically hiding in cash, gold, or unregistered real estate, and recycling such assets into productive investments, unleashing a virtuous cycle. Examples include Kotak Mahindra Bank Ltd., JM Financial Limited, Edelweiss Financial Services Limited, SBI Life Insurance Company Limited, and Bandhan Bank Limited.

China Value-Added (9%): China has prioritized a shift in resources and emphasis towards value-added sectors, seeking a fair share of profits in industries previously dominated by multi-nationals, such as semiconductors, software development, automation/robotics, auto/electronic vehicles and batteries, biotechnology/pharmaceuticals, and domestic consumer goods. Examples include Midea Group Co., Ltd., Han's Laser Technology Co., Ltd., Yunnan Baiyao Group Co., Ltd., Zai Lab Limited, Hangzhou Hikvision Digital Technology Co., Ltd., and Kingdee International Software Group Co. Ltd.

Brazil Reform & Privatization (7%): The election of Jair Bolsonaro ushers in a profound change in political direction, whereby private sector participation will greatly increase, alongside material fiscal, regulatory, and financial reforms. Beneficiary investments include B3 S.A. – Brasil, Bolsa, Balcao, Petroleo Brasileiro S.A. – Petrobras, Rumo S.A., and Banco do Brasil S.A.

Outlook

In our first quarter letter, we questioned whether global economic conditions could underwrite further material gains in the near term, particularly given our view that the U.S. and global economy, and related corporate earnings, appeared likely to continue to slow or stall. In the end, the second quarter progressed largely in line with our expectations, as gains in global equities moderated from their first quarter pace, albeit with a return to significant volatility during the quarter. On the one hand, slowing global growth and inflation readings, as well as trade uncertainties, allowed the U.S. Federal Reserve to complete its pivot from last year's tightening to an easing cycle, which is now being discounted as certain in the forward interest rate markets. This generally provides cover for coincident easing measures by central bankers worldwide, a clear support for global equities, and signals an improvement in risk conditions for international and emerging market economies and currencies. On the other hand, U.S. and global economic conditions continue to slow, and leading indicators suggest this trend may continue into early 2020. Geopolitical and foreign policy risks remain heightened, and, in our view, these risks may offset and could possibly overwhelm central bank accommodation as the current year progresses. We believe whether and how the U.S./China trade and strategic confrontation progresses is likely the most important variable in the near term, as improved financial conditions are largely discounted, and the U.S./China outlook remains uncertain, notwithstanding the recent détente.

During the quarter, despite a bumpy path, Brazil made material political progress towards a wholesale reform of its Social Security program, which we have viewed as not only a highly likely, but also a necessary precondition for sustained investor confidence in the country and its longer-term prospects. We remain enthusiastic and are likely to continue to add to our exposure in this dynamic market. In addition, Narendra Modi and the NDA alliance secured a second five-year term in a landslide election victory in May, suggesting ongoing reforms are likely, and in our view confirming our positive bias towards India. While liquidity conditions remain challenged and somewhat of an overhang in the near term, we remain enthusiastic and anticipate an improving economic and investment cycle is likely to take root in coming quarters. We are also encouraged by evidence of stabilization in China, particularly in the consumer and value-added sectors which represent the bulk of our exposure, after many months of stimulus, regulatory easing, and tax relief. We continue to believe we are nearing the end of a protracted period of EM equity underperformance, and are confident we own a portfolio of quality growth companies poised to benefit from inherent competitive advantages and long-term tailwinds.

Thank you for investing in the Baron Emerging Markets Fund.

Sincerely,

Michael Kass
Portfolio Manager
July 31, 2019

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: In addition to the general stock market risk that securities may fluctuate in value, investments in developing countries may have increased risks due to a greater possibility of: settlement delays; currency and capital controls; interest rate sensitivity; corruption and crime; exchange rate volatility; and inflation or deflation. The Fund invests in companies of all sizes, including small and medium sized companies whose securities may be thinly traded and 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 manager 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 Emerging Markets Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

Baron Global Advantage Fund

Dear Baron Global Advantage Fund Shareholder:

Performance

Baron Global Advantage Fund (the "Fund") had another strong quarter.

The Fund appreciated 6.9% (Institutional Shares), exceeding the 3.6% gain by MSCI ACWI Index and 4.9% gain for the MSCI ACWI Growth Index, the Fund's benchmarks. Year-to-date, the Fund is up 34.8%, outperforming its benchmarks by 18.6% and 14.7%, respectively.

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

	Baron Global Advantage Fund Retail Shares[1,2]	Baron Global Advantage Fund Institutional Shares[1,2]	MSCI ACWI Index[1]	MSCI ACWI Growth Index[1]
Three Months[3]	6.78%	6.85%	3.61%	4.90%
Six Months[3]	34.65%	34.82%	16.23%	20.09%
One Year	14.79%	15.10%	5.74%	7.16%
Three Years	25.87%	26.13%	11.62%	13.82%
Five Years	13.25%	13.48%	6.16%	8.51%
Since Inception (April 30, 2012)	14.69%	14.93%	8.93%	10.32%

Similar to the first quarter, this was a solid, all around effort. Almost all of the Fund's excess returns (98%) can be attributed to strong stock selection, and while our overweight in China (we're *typically* overweight China, or rather the benchmarks are *structurally* underweight China) contributed to outperformance in the prior quarter, but proved to be a 62 basis point headwind this quarter. As a quick reminder, we do not aim to give investors exposure to any particular geography or any sector of the economy, but rather look for unique "big idea" businesses that we believe can be materially larger over time, wherever they may be.

10 of our investments contributed over 40 basis points each to absolute returns: **Endava, Veeva, Illumina, Globant, PagSeguro, Okta, Take-Two,**

ALEX UMANSKY
PORTFOLIO MANAGER

Retail Shares: BGAFX
Institutional Shares: BGAIX
R6 Shares: BGLUX

Facebook, MercadoLibre and a recent newcomer**, Fiverr International**. An additional 12 holdings contributed at least 20 basis points each, and 38 investments overall increased in value during the quarter. 28 of these 38 holdings were up over 10%. Unlike last quarter, we did have a number of meaningful detractors with **InflaRx, Aerie Pharmaceuticals, Futu,** and **StoneCo** costing the Fund over 50 basis points each, while **Alphabet, Ctrip, Alibaba,** and **Acceleron** each detracted at least 20 basis points. Even so, the Fund continued to benefit from a favorable environment for the way in which we invest. By this, we don't mean growth over value, or large cap over small cap, or this sector over that sector. We tend to do well when investors focus on business fundamentals and are willing to value companies based on their long-term prospects, which is what we do at all times. We tend to do less well when investors care only about here and now, which happens often during the times of heightened uncertainty.

Performance listed in the table above is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2018 was 1.45% and 1.18%, respectively, but the net annual expense ratio is 1.15% and 0.90% (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 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.

† 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 index performance is not fund performance; one cannot invest directly into an index. The MSCI ACWI indexes cited are unmanaged, free float-adjusted market capitalization weighted indexes reflected in US dollars. Effective 1/31/2019, the Fund has changed its primary benchmark to the MSCI ACWI Index. The MSCI ACWI Growth Index Net USD measures the equity market performance of large- and mid-cap growth securities across developed and emerging markets. The MSCI ACWI Index Net USD measures the equity market performance of large- and mid-cap securities across developed and emerging markets. The indexes and the Baron Global Advantage Fund include reinvestment of dividends, net of foreign withholding taxes, which positively impact the performance results.

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 Not annualized.

BARON FUNDS 1987

We are happy to report that in March of 2019, Baron Global Advantage Fund was named the best fund in its category by Lipper Analytics for consistent risk-adjusted returns over the last three years (2016 – 2018).*

According to Morningstar, for the period ended June 30, 2019, Baron Global Advantage Fund ranked in the top 1% for 3-year returns and top 2% for 1-year and 5-year returns. The Fund has been awarded a 5-star Morningstar rating for its 3-year, 5-year, and overall performance.**

Since its inception on April 30, 2012, Baron Global Advantage Fund has returned 171.2% (Institutional Shares) cumulatively, compared to 84.6% for the MSCI ACWI Index and 102.2% for the MSCI ACWI Growth Index, the Fund's primary and secondary benchmarks, respectively. Over the same period of time, the Fund has outperformed the Morningstar US Fund World Large Stock Category average, by 89.4%, cumulatively.***

Over the last five years, the Fund has outperformed the MSCI ACWI Index by 7.3% per year, the MSCI ACWI Growth Index by 5.0% per year, and the Morningstar US Fund World Large Stock Category average by 7.5% per year.

We just finished going over Mary Meeker's 2019 Internet Trends report. All 333 pages of it. Here are some of the key takeaways that struck us as noteworthy as reported by the former "Queen of the Internet" herself:

- There are now 3.8 billion internet users in the world (over 50% of the global population). While new growth is harder to find, user base still grew 7% in 2018 and is expected to grow 6% in 2019. 21% of all users are located in China (48% penetration), followed by 12% in India (28% penetration) and the U.S. (91% penetration).
- New smartphone shipments declined by 4% in 2018 after being flat in 2017. There are over 3 billion active smartphones today with still roughly 80% operated on Android and 20% running on Apple's IOS.
- e-commerce has now reached 15% penetration in the U.S. (or $560 billion) and growth is continuing to slow down to… estimated 12.4% in 2019. As a reminder, physical retail sales in this country are about $3.2 trillion per year, growing at about 2% per year.
- Spending on internet advertising has accelerated to 22% growth (from 21% growth last year) with 100% of growth coming from mobile (desktop was flat year-over-year). Average daily time spent with digital media per adult user is continuing to rise in the U.S. and globally reaching 6.3 hours per day and still growing 7%. Percentage of global users identified using social media platforms the most as follows:
  - Facebook 30% (from 31% last year)
  - YouTube 27% (from 22% last year)
  - WhatsApp 25% (from 23% last year)
  - WeChat 23% (from 25% last year)
  - Instagram 19% (from 13% last year)
  - Facebook Messenger (15% from 14% last year)
  - Twitter (11% from 9% last year)
  - Pinterest (4% from 3% last year)
  - Twitch (2% from 1% last year)
- Speaking of Social Media, with all the hoopla going on about protecting privacy and personal information, Accenture Global conducted a survey of 8,000 adult consumers in the U.S., Canada, France, Germany, Italy, Sweden, and the U.K. The most surprising findings, in our view, were that 83% of respondents stated that they were willing to passively share personal data in exchange for more personalized experiences. Even more surprising, 74% of respondents were willing to *actively* share personal data in exchange for more personalized experiences.

There were a few interesting tidbits related directly to our investments in China:

- In the opinion of Ms. Meeker, **Alibaba** has "the most comprehensive ecosystem of commerce platforms, logistics, and payments to support the digital transformation of the retail sector. Ant Financial (33% owned by Alibaba) is not only China's #1 mobile payments platform, but it is also one of the largest providers of financial services such as loans, wealth management, billpay, money transfers, and insurance. Alipay has over 1 billion active users (double the amount from two years ago), 70% of whom use at least three of Alipay's financial services. In the meantime, AliCloud paying customers have surpassed 1.4 million with over 50% of Top 500 Chinese Enterprises on board.
- **PinDuoDuo** now has over 443 million buyers (up 100% from a year ago). The "Group Discovery" buying company is connecting consumer preferences directly to manufacturers in a unique and innovative way.
- **Meituan Dianping** has grown to 6 million merchants on its platform (from 2 million 18 months ago) by connecting consumers directly to local merchants.

We think this is all pretty cool.

Intuition, curiosity, and the power of wandering – was the headline of a sub-section of Jeff Bezos's most recent shareholder letter, dated April 11, 2019 (the entire letter can be viewed here: https://blog.aboutamazon.com/company-news/2018-letter-to-shareholders). We continue to find nuggets of wisdom in Jeff's writings that both shed the light on Amazon's unique culture and resonate with us in our own endeavors. "*From very early on in Amazon's life, we knew we wanted to create a culture of builders – people who are curious, explorers. They like to invent. Even when they're experts, they are "fresh" with a beginner's mind. They see the way we do things as just the way we do things now. A builder's mentality helps us approach big, hard-to-solve opportunities with a humble conviction that success can come through iteration: invent, launch, reinvent, relaunch, start over, rinse, repeat, again and again.* ***They know the path to success is anything but straight***.

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* The Lipper Fund Awards, granted annually, highlight funds and fund companies that have excelled in delivering consistently strong risk-adjusted performance relative to their peers.

The Lipper Fund Awards are based on the Lipper Leader for Consistent Return rating, which is a risk-adjusted performance measure calculated over 36, 60 and 120 months. The fund with the highest Lipper Leader for Consistent Return (Effective Return) value in each eligible classification wins the Lipper Fund Award. For more information, see lipperfundawards.com. Although Lipper makes reasonable efforts to ensure the accuracy and reliability of the data contained herein, the accuracy is not guaranteed by Lipper. Lipper, a Thomson Reuters company, is a leading global provider of mutual fund information and analysis to fund companies, financial intermediaries and media organizations. Any reference to a ranking, a rating or an award provides no guarantee for future performance results and is not constant over time.

** Morningstar calculates the **Morningstar US Fund World Large Stock Category** average using the Morningstar 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 6/30/2019, the Category consisted of 864, 722, 594, and 458 share classes for the 1-, 3-, 5-year, and since inception (4/30/2012) periods. Morningstar ranked **Baron Global Advantage Fund** Institutional Share Class in the 2nd, 1st, 2nd, and 1st percentiles, respectively.

*** As of 6/30/2019, the annualized returns of the Morningstar US Fund World Large Stock Category average were 4.89%, 11.07%, 5.96%, and 8.70% for the 1-, 3-, 5-year, and since inception (4/30/2012) periods.

"Sometimes (often actually) in business, you do know where you're going, and when you do, you can be efficient. Put in place a plan and execute. In contrast, wandering in business is not efficient ... but it's also not random. It's guided – by hunch, gut, intuition, curiosity, and powered by a deep conviction that the prize for customers is big enough that it's worth being a little messy and tangential to find our way there. Wandering is an essential counter-balance to efficiency. You need to employ both. ***The outsized discoveries – the "non-linear" ones – are highly likely to require wandering****."*

After spending some time internalizing the above, we have come to a happy realization that Jeff's insights play an important role in our own process as well. Intellectual curiosity, lateral thinking, interdisciplinary approach, pragmatism, and most importantly, willingness to fail have always been key tenets, or core values, if you will, of our investment process. We understood and accepted at the onset that "the path to success is anything but straight" and that "the outsized discoveries," the truly big ideas, the "non-linear" ones – are highly likely to require "wandering" or imagining "what if things really go right?" We attribute a lot of our investment success to "intellectual curiosity and the power of wandering."

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

	Quarter End Market Cap (billions)	Percent Impact
Endava plc	$ 2.2	1.33%
Veeva Systems Inc.	23.9	0.89
Illumina, Inc.	54.1	0.86
Globant, S.A.	3.7	0.63
PagSeguro Digital Ltd.	12.8	0.49

Endava plc provides outsourced software development to business customers. The company operates at the forefront of the digital revolution by helping clients find new ways to interact with their customers and enabling them to become more engaging, responsive, and efficient. Endava employs 5,000 highly skilled, low cost software engineers in Eastern Europe and Latin America that support clients from ideation to production. The stock was up 49% during the second quarter after reporting excellent quarterly results and raising full-year guidance. During the March quarter, revenue grew 25% and EPS grew 46% due to strong client demand and significant margin expansion. The share price also likely benefited from a secondary offering that increased liquidity, removed an overhang from pre-IPO shareholders, and increased awareness to new investors. As companies continue to digitally transform to avoid being disrupted, they turn to companies like Endava for help. We believe that this dynamic will drive Endava's market share in the large global market for IT services for years to come.

Veeva Systems Inc. is the leading provider of cloud-based solutions, focused primarily on the life sciences industry, offering customer relationship management, content, collaboration, and data management solutions. Shares of Veeva were up 28% in the second quarter continuing the strong performance year-to-date after the company beat expectations on both revenue growth and profitability. Veeva's innovative culture and significant market share in Life Sciences CRM continue to drive growth in its more mature commercial business as Veeva continued to cross-sell add-on products to existing customers successfully. With the Veeva Vault platform crossing 50% of revenues for the first time, we expect growth to accelerate with even more leverage going forward. The ongoing evolution of the Veeva platform, its ability to deliver significant value to its customers, and the company's impressive growth and margin profile make Veeva a unique long-term investment opportunity, in our view.

Illumina, Inc. is the leading provider of next generation DNA sequencing instruments and consumables. The stock was up 19% during the quarter because of increased investor confidence in the company's ability to meet its 2019 financial targets. While we expect short-term performance to continue to be lumpy, we believe that Illumina has a unique position in the market being the "arms dealer" to everyone who is doing cutting-edge genomics research. As we meet many of these companies who come through our offices every week, they each take a different approach on solving these leading-edge genomic challenges, but most of them have one thing in common – *they use Illumina's sequencers*. With less than 1% of human beings sequenced thus far (less than 2 million), and more than 99% of the genetic variants not deciphered yet, we envision Illumina to be a much larger company in the future than it is today.

Globant, S.A. provides outsourced software development and digitally enabled marketing services to business customers. The stock was up 42% in the second quarter after the company reported strong first quarter results and raised full-year guidance. First quarter revenue grew 26% on a constant-currency basis, while strong margin expansion drove 31% EPS growth. Headcount grew 33% as the demand environment continues to be healthy, and the pipeline remains strong (driven by similar digital transformation efforts that drove Endava's strong performance above). We continue to own the stock because we believe Globant has a long runway for growth in a very large global market for IT services.

PagSeguro Digital Ltd. is a Brazilian payment processor, focused on facilitating small- and micro-merchants in Brazil to accept different 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 for a bank account. Shares of PagSeguro rose 31% during the quarter due to the company's consistently strong financial performance and reduced competitive concerns in Brazil's micro-merchant customer segment. We believe that PagSeguro's platform, increasingly recognized brand, and rapidly improving penetration, have the potential to dramatically lower transaction costs for these small merchants. Over time, we expect PagSeguro to gain significant market share from the bank-controlled incumbent payment processors who continue to underserve this growing merchant community.

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

	Quarter End Market Cap or Market Cap When Sold (billions)	Percent Impact
InflaRx N.V.	$ 0.1	–0.78%
Aerie Pharmaceuticals, Inc.	1.4	–0.76
Futu Holdings Limited	1.1	–0.58
StoneCo Ltd.	8.2	–0.56
Alphabet Inc.	751.0	–0.36

InflaRx N.V is a biotechnology company developing an antibody to the C5a protein within the complement cascade for application in life-threatening inflammatory diseases. This past quarter revealed a failure of InflaRx's asset in Phase 2 development for hidradenitis supportiva that essentially invalidated the thesis for future investments of C5a biology in this disease. We exited this position after the end of the June quarter.

Aerie Pharmaceuticals, Inc. is a clinical stage pharmaceutical company focused on discovery, development, and commercialization of therapies, such as its eye drops Rhopressa and Roclatan, for the treatment of glaucoma and diseases of the eye. Recent share weakness can be attributed to prescription trends being below expectations. Given the asymptomatic aspects of glaucoma disease progression this is unsurprising, and the launch has been bolstered by reimbursement wins. Nonetheless, given the novel mechanism of the action and the large unmet need in this disease, we retain conviction in Aerie's ultimate potential.

Futu Holdings Limited is a China-based financial technology company with an online brokerage platform that enables individual investors in China, Hong Kong, and the U.S. to trade securities listed in China and abroad. Shares of Futu declined 46% during the quarter following disappointing user growth metrics despite almost tripling marketing expenses year-over-year, leading the company to reduce expectations for 2019 below what was set during the IPO. We decided to exit the position as deteriorating unit economics and management's struggle to set appropriate expectations reduced our conviction in the company.

StoneCo Ltd. is a Brazilian payment processor that serves the under-banked medium-sized business customer. Shares of StoneCo declined 28% during the quarter due to rising concerns over the competitive environment after one of its legacy competitors, Cielo, announced a round of dramatic price reductions for its banking customers (trying to incent them to stay within their ecosystem). While we continue to monitor the competitive environment closely, we believe that Stone's expansive offering and high customer satisfaction will drive continued market share gains for the company. We remain excited about Stone's opportunity to enable credit, debit, and other forms of electronic payments in a large portion of the Brazilian economy that is significantly underserved by the traditional banking sector.

Alphabet Inc. is the parent company of Google, the world's largest search and online advertising company. Shares of Alphabet declined 8% in the quarter following a deceleration in Google Sites revenue growth (as digital advertising has passed the 50% penetration mark) and a challenged sentiment amid increased regulatory scrutiny. Nonetheless, we remain optimistic about Alphabet's opportunity set as the company continues to benefit from growth in mobile and online video advertising in its core assets of search, YouTube, and the Google ad network. We also believe that significant positive optionality exists in Alphabet's meaningful long-term investments in Artificial Intelligence, autonomous driving (Waymo), and life sciences (Verily, Calico).

Portfolio Structure

The portfolio is constructed on a bottom-up basis with the quality of ideas and conviction level having the most significant roles in determining the size of each individual investment. Sector or country weights tend to be an outcome of the portfolio construction process and are not meant to indicate a positive or a negative "view."

The top 10 positions represented 38.0% of the Fund, and the top 20 represented 60.4%. Our investments in the Information Technology, Consumer Discretionary, Health Care, Communication Services, and Financials sectors, as classified by GICS, represented 94.4% of the Fund's net assets. Our investments in companies domiciled outside the U.S. represented 48.0% of net assets.

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

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Amazon.com, Inc.	$932.3	$12.3	5.7%
Illumina, Inc.	54.1	10.3	4.8
Alibaba Group Holding Limited	441.2	9.8	4.5
Alphabet Inc.	751.0	8.6	4.0
Facebook, Inc.	551.0	8.3	3.8
EPAM Systems, Inc.	9.5	6.8	3.1
Endava plc	2.2	6.8	3.1
Veeva Systems Inc.	23.9	6.5	3.0
argenx SE	5.3	6.5	3.0
Mellanox Technologies Ltd.	6.1	6.4	3.0

Exposure By Country

Table V.
Percentage of securities by country as of June 30, 2019

	Percent of Net Assets
United States	46.7%
China	10.5
Israel	6.1
India	6.0
Netherlands	5.6
United Kingdom	5.2
Brazil	4.5
Argentina	4.1
Canada	2.6
South Africa	2.4
United Arab Emirates	0.9
Germany	0.1

Recent Activity

During the second quarter, we initiated 7 new investments and added to 36 existing positions as we put the Fund's inflows to work. We also sold out of 4 investments that were not able to graduate into "core" holdings. We exited the June quarter with 51 investments, which include shares of **Mellanox Technologies Ltd.** and **Worldpay, Inc.** whose acquisitions are expected to close in the second half of the year as well as a few stub positions which were in the process of being eliminated.

Table VI.
Top net purchases for the quarter ended June 30, 2019

	Quarter End Market Cap (billions)	Amount Purchased (millions)
Twilio Inc.	$ 18.3	$4.2
Amazon.com, Inc.	932.3	3.8
Trainline Plc	2.5	3.8
Facebook, Inc.	551.0	3.1
StoneCo Ltd.	8.2	3.1

We initiated a medium-size position in **Twilio, Inc.**, a communications-platform-as-a-service leader, offering a set of Application Programming Interfaces (APIs) that help developers embed communications into their software. APIs are essentially access points triggering actions performed by another software. For example, a text message or a call to or from a Lyft driver is enabled by Twilio's infrastructure. Twilio provides an attractive value proposition to both software developers and customers, reducing the marginal cost of integrating communications into their software, while increasing, by orders of magnitude, the speed with which it can be done. A few lines of code calling Twilio's APIs instead of a year spent buying hardware, negotiating with telcos across the world and writing code (that is not core to the organization). Twilio checks many of the boxes we look for in an investment:

- **Disrupts a large market** – the $1.5 trillion global communications market.
- Offers a **compelling value proposition** to developers who vote with their feet – with Twilio now having 5 million developers active on its platform.
- Benefits from the **secular tailwinds** of digital transformation, leading enterprises to increasingly embed communications into their software as they are trying to communicate better with their customers.
- Showcases **best-in-class unit economics**: 4% annual churn, $3 of incremental ARR (annual recurring revenue) for every $1 of Sales & Marketing spend, customer lifetime value to customer acquisition cost ratio of greater than 40 times, and a net-dollar-expansion rate for existing customers of 140%, resulting in organic revenue growth of 65% (at a $900 million ARR scale) while being profitable.
- Has an **innovative go-to-market strategy** (hybrid bottom-up developer led and top-down enterprise) enabling it to grow fast while only spending around 25% of revenues on sales & marketing (while most SaaS companies at this stage along the growth curve spend more than 50%).
- Enjoys **strong competitive positioning** with its closest competitor (Nexmo) being less than a third the size, and growing 30% slower.
- Finally, Twilio is led by a **visionary co-founder/CEO** – Jeff Lawson, who founded Twilio in 2008 and who in his past was also one of the earlier employees in AWS as well as a co-founder of StubHub.

To summarize, we believe that Twilio is a unique company, with meaningful and sustainable competitive advantages, in the early stages of penetration (only about 3% of the 5 million developers on the platform are paying customers today) with a strong and attractive economic business model. The last sentence in Jeff Lawson's annual shareholder letter summarizes the opportunity quite well: *"On our mission to fuel the future of communications, it is still Day One."* Pattern recognition alert: where have we seen this before…?

We bought a medium-size position in **Trainline plc**, the leading provider of tickets, journey planning, and booking solutions for rail and coach travel in the U.K. and throughout Europe. Trainline is the leader in one of the few major markets that are still very early in the offline-to-online transition, with only 14% of the U.K. supply booked electronically, of which Trainline accounts for 12% and only a 3% penetration of the £70 billion European market and 1% penetration of the £225 billion global rail and coach market. In our view, the company is also competitively advantaged given its proprietary global distribution system, which significantly decreases barriers to growing its share of the highly fragmented global rail and coach supply, as well as its recent re-platforming into a fully micro-services based architecture, which enables the company to easily expand into new product offerings. The company is already profitable in the U.K., and we expect it to break even in international markets within three years driven by strong free cash flow conversion dynamics. Over the next several years, we believe Trainline can sustain approximately 20% revenue growth and expand its margins driven by ancillary revenue streams, increasing take rates, business-to-business client growth, and expansion throughout Europe, helped by secular tailwinds from the shift to mobile and e-tickets as well as increasing international rail supply.

We took advantage of the recent weakness in the shares of **StoneCo Ltd.** to add to our holdings. We remain optimistic that StoneCo's comprehensive and highly functional offering is the best in the market, and that high customer satisfaction will drive continued market share gains for the company for years to come. We think StoneCo has a large opportunity to enable credit, debit, and other electronic payment mechanisms in a large portion of the Brazilian economy that is significantly underserved by the traditional banking sector.

We also added to our core investments in **Amazon.com, Inc.** and **Facebook, Inc.** as we continued to put the Fund's inflows to work.

Table VII.
Top net sales for the quarter ended June 30, 2019

	Market Cap When Sold (billions)	Amount Sold (millions)
Futu Holdings Limited	$1.1	$1.1
Bolsas y Mercados Argentinos S.A.	0.5	0.5
Upwork Inc.	1.7	0.4
Mercari Inc.	3.9	0.2

We exited our investments in **Futu Holdings Limited, Bolsas y Mercados Argentinos S.A, Upwork Inc.**, and **Mercari Inc.** None of the above names were able to graduate to core holdings and so we chose to reallocate capital to higher conviction ideas.

Outlook

After a tough fourth quarter last year, various market indexes have been rallying and achieving new highs and so has Baron Global Advantage Fund. Many of our companies have performed exceedingly well and, with the Fund appreciating nearly 35% in the first six months of the year, it has clearly been a favorable environment for the way in which we invest. Over the last 12 months, we have observed a noticeable pick up in volatility. However, we continue to do what we do, which is focus on big ideas and invest for the long term. By and large, we continue to see favorable fundamentals for most of our investments. Valuations, though no longer cheap, remain reasonable in our view, especially when compared to available alternatives. The digitization phenomenon that we believe will dominate corporate spending for years to come is starting to reach inflection points in many new areas where not only media and retail, but health care, transportation, and consumer banking are in the midst of full-blown disruptions. We believe this should continue to favor many of the companies in which we are invested.

Every day we live and invest in a world full of uncertainty. Fed policy, potential trade wars, the health of EM economies, energy prices, global politics, terrorism–these are all serious challenges with clearly uncertain outcomes. History would suggest that most will prove passing or manageable. The business of capital allocation (or investing) is the business of taking risk, managing the uncertainty, and taking advantage of the long-term opportunities that those risks and uncertainties create. We believe that

our process is the right one and that it will enable us to make good investment decisions over time.

Our goal remains to maximize long-term returns without taking significant risks of permanent loss of capital. We focus on identifying and investing in what we believe are unique companies with sustainable competitive advantages that have the ability to compound capital at high rates of return for extended periods of time. We are optimistic about the long-term prospects of the companies in which we are invested and continue to search for new ideas and investment opportunities.

Sincerely,

Alex Umansky
Portfolio Manager
July 31, 2019

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: Growth stocks can react differently to issuer, political, market and economic developments than the market as a whole. Non-U.S. investments may involve additional risks to those inherent in U.S. investments, including exchange-rate fluctuations, political or economic instability, the imposition of exchange controls, expropriation, limited disclosure and illiquid markets, resulting in greater share price volatility. Securities of small and medium-sized companies may be thinly traded and more difficult to sell. 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 Global Advantage Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

Baron Discovery Fund

Dear Baron Discovery Fund Shareholder:

Performance

"The winner ain't the one with the fastest car, it's the one who refuses to lose." – Dale Earnhardt

"To finish first, you must first finish." – Juan Manuel Fangio

"What's behind you doesn't matter." – Enzo Ferrari

"It's not really about the competition. Your biggest challenge in a race is yourself." – Summer Sanders

There is so much collective wisdom in these quotes. Three are from famous race car drivers, one of whom also happened to create one of the most iconic car companies in the world. The last is from a four-time Olympic medal winning female swimmer. Unless you are involved in a pure sprint, there is so much more to manage in a race than maximum speed and acceleration. Corner entry angles, braking zones, gear-shifting, and situational awareness are some of the many factors that professional race car drivers must manage to be the fastest driver over the course of what could potentially be a multi-hour race. Risk must be taken in a balanced way, and you must compete within yourself, without worrying about what the other competitors are doing. Thus, winning entails a constant moment-by-moment, self-effectuated process, with an eye toward the longer-term aspect of grinding out the best overall time over many sections and many laps of a racetrack.

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

	Baron Discovery Fund Retail Shares[1,2]	Baron Discovery Fund Institutional Shares[1,2]	Russell 2000 Growth Index[1]	S&P 500 Index[1]
Three Months[3]	1.04%	1.08%	2.75%	4.30%
Six Months[3]	20.84%	21.01%	20.36%	18.54%
One Year	5.33%	5.57%	(0.49)%	10.42%
Three Years	23.71%	24.04%	14.69%	14.19%
Five Years	11.77%	12.05%	8.63%	10.71%
Since Inception (September 30, 2013) (Annualized)	15.18%	15.46%	9.36%	12.51%
Since Inception (September 30, 2013) (Cumulative)[3]	125.41%	128.54%	67.24%	96.93%

LAIRD BIEGER AND RANDY GWIRTZMAN
PORTFOLIO MANAGERS

Retail Shares: BDFFX
Institutional Shares: BDFIX
R6 Shares: BDFUX

This is perfectly analogous to the way we manage Baron Discovery Fund (the "Fund"). We are in this to win the race (seeking to outperform our peers with superior returns, investing in companies for the long term), by managing our daily process (active stock selection coupled with active risk management) without reacting to what our competitors are doing (worrying about what factors are in vogue at a particular moment in time). We may not race every section of the track perfectly, but we are confident that we will finish the race at the top of the pack by being consistently better over the entirety of those sections. While the second quarter was not ideal, as the Fund underperformed the broader market, this was just one turn on the track, and not even one lap of the race. We believe we are still well positioned in the field for the year (a single lap in the race), and like the legendary Enzo Ferrari, we are looking forward, not behind, for superior performance. In the words of Dale Earnhardt, we refuse to lose.

The photo above was taken in June of 2015, when we attended a three-day racing school at Lime Rock Track in Connecticut. It was a great team building exercise, and we learned that we are much better investors than we are racers!

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, 2018 was 1.40% and 1.12%, 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 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.*

† 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.

1 The indexes are unmanaged. The index performance is not Fund performance; one cannot invest directly into an index. The Russell 2000® Growth Index measures the performance of small-sized U.S. companies that are classified as growth and the S&P 500 Index of 500 widely held large cap U.S. companies. Russell 2500® Growth Index measures the performance of small to medium-sized U.S. companies that are classified as growth. 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 Not annualized.

BARON FUNDS 1987

There were a variety of factors that caused the Fund's underperformance in the quarter. First, larger market capitalization companies outperformed smaller companies during the quarter. This becomes apparent when comparing the second quarter performance of the stocks in the top quartile, sorted by market cap, of the Russell 2000 Growth Index. The top quartile of the index increased by 5.60%, on average, outperforming the bottom half, which increased by 0.78%, on average. Given the Fund's weighted average market capitalization is somewhat smaller than that of the Russell 2000 Growth Index our relative performance was affected by the outperformance of the larger market cap companies. Despite our smaller companies being relatively out of favor today, we believe that over the longer term, smaller-capitalization companies will come back in vogue with investors and what today is a headwind will become a tailwind again. Therefore, our process does not change during these periods. Additionally, Health Care was out of favor, which is atypical in a "risk off" environment since it is generally viewed as a more defensive area. Health Care in the index returned 0.50% in the quarter, with pharmaceuticals at (9.72)%, versus the full return of 2.75% for the Russell 2000 Growth Index. This was due to sector-specific political rhetoric as we approach the 2020 Presidential election. Politicians on the left are pressing for government run health care, and politicians on both sides are looking to increase price transparency and lower drug costs. The increased uncertainty has made investors nervous about health care generally, leading to Health Care sector underperformance. Our Health Care investments are in companies that provide better care for patients at lower costs than current standards of care, so we believe that unless the entire health care system becomes dysfunctional, we will win with our investments. Nevertheless, when a sector is out of favor, and businesses within that sector don't execute perfectly, which certainly occurred with a couple of our holdings as laid out below, there will be valuation corrections. However, if our management teams execute as we expect, these stock declines should prove to be temporary setbacks.

We've also not had a single acquisition within our portfolio in 2019, which is a bit unusual as we typically have a few of our companies agree to be acquired each year. Nevertheless, there has been a lot of merger activity among larger-cap companies that can have positive downstream effects on our holdings. For example, AbbVie has agreed to acquire Allergan for $63 billion in total value. Allergan created Botox, a drug used for aesthetic and therapeutic purposes. Our holding in **Revance Therapeutics, Inc.**, which has a long-acting version of a drug with the same active ingredient as Botox, should benefit from validation of interest in the drug. Revance's drug should be approved in early 2020. Another example is United Technologies acquiring Raytheon for $90 billion in a blockbuster defense transaction. At an acquisition multiple of about 17 times Raytheon's cash flow, we believe that our investment in **Mercury Systems, Inc.** looks cheap at a similar multiple and with much higher growth. We believe our smaller companies are strategically well positioned and will soon have their moment in the sun.

So, the race is not yet over, and we have a firm hand on the wheel and our eye on the prize–our long-term targeted returns (and our annualized since inception numbers are right there). We are confident that if we continue to relentlessly pursue our process on a daily basis (as we always have), that we will end up on the podium. Note, there is no guarantee that this goal will be met.

Table II.

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

	Percent Impact
Endava plc	0.82%
Kinsale Capital Group, Inc.	0.78
Silk Road Medical, Inc.	0.75
RIB Software SE	0.61
SiteOne Landscape Supply, Inc.	0.55

Endava plc provides outsourced software development to business customers. The stock outperformed after reporting excellent quarterly results and raising full-year guidance. During the March quarter, revenue grew 25% and earnings grew 46% due to strong client demand combined with significant margin expansion. The share price also likely benefited from a secondary offering that increased trading liquidity, removed an overhang from pre-IPO shareholders, and increased awareness to new investors. We continue to own the stock because we believe Endava will continue gaining share in a very large global market for IT services.

Kinsale Capital Group, Inc. is a Property and Casualty (P&C) insurance carrier focused exclusively on the higher value-added Excess and Surplus segment. This segment accounts for $40 billion in premiums and has historically grown faster and generated greater returns than the overall insurance market. Kinsale's stock outperformed during the quarter after reporting excellent first quarter results that exceeded expectations. Premium growth accelerated to 33% due to share gains, higher pricing, and favorable market conditions as large competitors retrenched. Underwriting margins were especially strong due to favorable reserve development and price increases exceeding loss trends. We continue to be optimistic about Kinsale's prospects given the company's long runway for growth in an attractive segment of the P&C insurance market.

Silk Road Medical, Inc. was a new IPO in the quarter and is an exciting investment for the Fund. The company produces a medical device that creates a minimally invasive surgical (MIS) technique to remove plaque from a patient's carotid artery and to place a stent to keep the artery open. This is called TCAR (trans-carotid arterial revascularization), and it effectively reverses blood flow in the carotid artery away from the brain during the surgery to prevent a stroke caused by plaque moving downstream in the artery to the brain. Currently, the most pervasive method to accomplish this is called CEA (carotid endarterectomy), which is an invasive scalpel-based procedure comprising 85% of surgical interventions. As mounting clinical evidence is proving TCAR to be as safe or safer than CEA, with fewer side effects, we believe Silk Road can convert this market to its method, which is worth about $650 million per year for the currently FDA approved patient candidates (over 100,000) for surgeries that are at high risk of adverse events from a CEA. Another $350 million market is addressable for surgical candidates (about 60,000) that are at average risk for adverse events under CEA, though Silk Road will need another FDA approval for this label. And there are another 250,000 patients in a "watchful waiting" category (have stroke symptoms and carotid blockages, but aren't candidates for invasive surgery) that could potentially be treated safely with TCAR. The market value in this cohort could be worth another $1.5 billion. Like other MIS techniques in vascular surgery, we believe TCAR has the potential to take

80% or more market share for such carotid surgeries. And in the future, we think that the technique created by Silk Road's device could make it useful to improve other types of neurological or cardiological surgeries.

RIB Software SE is a German company that develops and markets high-end construction software. RIB's core iTwo software package combines three-dimensional (3D) computer aided design (CAD) software (its own or other leading third-party packages) with integrated project time and cost calculations (the combination of which is called 5D by the company). RIB is free cash flow positive and has a strong balance sheet. In March 2018, RIB raised 130 million Euro of equity to support growth. We invested after the capital raise occurred, when shares dropped over 50%. Since then, the company has acquired majority interests in five managed-services providers (MSP's) which gives RIB global reach to integrate its products with customers, and it has also acquired a handful of small software companies that enhance its iTwo product. We are excited by the company's push to take iTwo software and market it to a broader potential user base via a subscription-oriented, cloud-based version (called MTwo). This will occur in three ways: (1) through Microsoft Dynamics as a partner, (2) via its own MSP network, and (3) through an e-commerce channel where RIB will get paid on a percentage of sale basis for coordinating sales of construction materials for projects. RIB is targeting adding up to two million new software users over time for this product. Thus, we believe that RIB could potentially grow cash flow by hundreds of millions of Euro over the next few years.

SiteOne Landscape Supply, Inc. is the largest distributor of wholesale supplies to the professional landscaping market. Despite first quarter earnings missing expectations due to weather challenges, investors were much more focused on the company's commentary highlighting double-digit organic growth in late March and April. This strong start to the important spring selling season bodes well for the company hitting or exceeding their financial targets for the year. We remain bullish on SiteOne's organic and inorganic (via "bolt on" acquisitions) growth opportunities and, by extension, its equity.

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

	Percent Impact
TherapeuticsMD, Inc.	–1.10%
2U, Inc.	–1.03
Sientra, Inc.	–0.69
Intersect ENT, Inc.	–0.57
Myriad Genetics, Inc.	–0.50

TherapeuticsMD, Inc. is developing drugs that address the multi-billion dollar hormone replacement market. The company now has three FDA approved drugs that it is beginning to market. Its first drug for Vulvar Vaginal Atrophy (Imvexxy, with a current available market of about $1.7 billion per year with only 7% estimated current penetration) has been putting up very good prescription growth, and its second drug for hot flashes in menopause (Bijuva, with a market opportunity of $4 billion to $5 billion) launched in April. It will also market a new non-pill birth control product (Annovera) starting in the second half of this year. The opportunity for non-pill, long-acting contraceptives is $2 billion, and it is growing at 15% per year while pill-based solutions are falling out of favor. Shares sold off in the quarter for two reasons in our opinion, neither of which will affect the long-term prospects for the company. First, politicians on both sides of the aisle are looking for more price transparency and lower drug costs, which has hurt sentiment in the specialty pharmaceutical segment. Since TherapeuticsMD's drugs are relatively low priced, and are already in line with competitors, we don't see this as a company-specific issue. Second, at its recent investor day, the company gave 2019 revenue guidance that at $30 million was $6 million lower than Wall Street estimates. We are not concerned as most of the variance was due to the company's legacy vitamin business, which has no value in our model. We believe that as payers finalize reimbursement of the company's FDA approved drugs in the second half of 2019 and in early 2020, revenues and margins will accelerate dramatically, and investors will be amply rewarded for their patience.

2U, Inc., a technology and services provider that enables universities to deliver high-quality online degree programs, detracted from performance. The stock underperformed due largely to a disappointing earnings announcement that saw guidance lowered for the remainder of 2019. The main issues were in the core graduate program business where multiple schools lowered their admission rates and more potential students got stuck during the application process. Although 2U is benefiting from the rise in demand for high-quality online education and has a large pipeline of programs ahead, we are reevaluating our view on the company's future growth prospects.

Sientra, Inc. shares lost ground in the quarter due to a slight (one-to-two quarter) delay in ramping its third-party breast implant facility to full capacity, as well as industry concerns around textured implant safety (which have dampened overall industry procedure volume). Sientra's textured implants have far fewer incidences per implant versus competitors, and there was no negative effect when an FDA industry oversight meeting occurred in late March. The company also raised $115 million in an equity offering in the quarter, which should get the company at least close to free cash flow breakeven. We expect shares to rebound as Sientra ramps production of implants in the second half of 2019.

Intersect ENT, Inc. produces drug-coated, bioabsorbable stents to help sinus sufferers deal with recurrent problems after they have had invasive sinus surgery. While we believe the company has broad prospects for its portfolio of unique products in a big market, it has stumbled with the launch of its SINUVA product which targets usage in doctor's offices (versus in-hospital surgical use). Our due diligence with physicians indicated that the product would be very well received by patients, but the company has had trouble dealing with a complex reimbursement pathway. We believe that this is manageable, but we are wary of the timing of the departure of the company's CEO right after reporting a disappointing sales quarter for SINUVA. Therefore, we sold about half of our position in the quarter while we evaluate the current situation.

Myriad Genetics, Inc. is a provider of high-end genetic testing for hereditary cancer, compatibility with anti-depressant drugs, and many other conditions. Concerns from last quarter have carried over to this quarter, including whether private payers will cover the company's GeneSight test for patient compatibility with antidepressant drugs. In addition, a sell side analyst report claimed that a June meeting among CMS contractors was about exploring whether to eliminate current Medicare reimbursement of GeneSight (now worth about $120 million in revenues per year to Myriad). In fact, the meeting was about whether to expand coverage beyond psychiatrist prescribers to the general medical practitioner community. Such an expansion could more than double current revenues for the test. While critics of the company have a story to tell, we believe that Myriad's leading market positioning, potential for significant increases in volumes of

reimbursed tests, and a high-quality management team can lead to a doubling or even tripling of currently high free cash flow per share. Given that the company currently trades at under 14 times its current free cash flow per share, we see tremendous upside for Myriad.

Portfolio Structure

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

	Year Acquired	Quarter End Investment Value (millions)	Percent of Net Assets
Mercury Systems, Inc.	2015	$18.0	3.2%
Kinsale Capital Group, Inc.	2016	16.5	2.9
ViewRay Incorporated	2018	16.4	2.9
Americold Realty Trust	2018	16.2	2.9
Myriad Genetics, Inc.	2016	15.1	2.7
RIB Software SE	2018	14.9	2.7
SiteOne Landscape Supply, Inc.	2016	13.9	2.5
CareDx, Inc.	2018	13.4	2.4
Endava plc	2018	13.1	2.3
Veracyte, Inc.	2019	12.9	2.3

The top 10 positions in the portfolio represented 26.8% which is slightly lower than our historical 30% weighting. As of June 30, 2019, the Fund had $558.7 million of assets under management. Our cash represented 6.2% of the Fund, which is typical of our mid-single-digit target levels.

Recent Activity

Table V.
Top net purchases for the quarter ended June 30, 2019

	Year Acquired	Quarter End Market Cap (billions)	Amount Purchased (millions)
Veracyte, Inc.	2019	$1.4	$11.2
Trex Company, Inc.	2019	4.2	9.5
Silk Road Medical, Inc.	2019	1.5	8.6
Blue Prism Group plc	2019	1.4	8.1
Aerie Pharmaceuticals, Inc.	2019	1.4	7.4

We initiated a position in **Veracyte, Inc**. in the quarter. This is a medical diagnostics company specializing in the characterization of thyroid and lung cancer as well as a deadly condition called idiopathic pulmonary fibrosis (IPF). In our opinion, Veracyte has the highest quality (or only) tests for these indications in the market, and it now has CMS (Medicare) reimbursement for all of its tests, which have combined market opportunities of nearly $2 billion. It is working on private insurance as well. The company's tests help to qualify with a high degree of accuracy whether a patient with suspicious initial medical findings (from a needle aspiration for thyroid, or CT scan for lung cancer or IPF) needs to be followed up with a higher risk, expensive invasive medical procedure such as a full tissue biopsy. The company is run by a dynamic CEO, Bonnie Anderson, and Veracyte's team continues to add new tests to its menu while continuously improving the accuracy of existing tests. At a recent visit to the company's labs in Silicon Valley we saw the sophisticated workflow including next generation sequencing of test samples, and better understood how the company is building a database of complex genetic findings to better aid the accuracy of its results.

Trex Company, Inc. is the leader in composite (i.e., non-wood) decking with more than two times the market share of its next biggest competitor. This was a former holding of the Fund. We had always been admirers of the company's competitive positioning and business model, but we waited to repurchase the stock until we felt more comfortable with the company's strategy to go after the mass market. During the second quarter, the company announced its low cost (mass market) decking line called *Trex Enhance Basics*. This product had been in the R&D pipeline for years, but until now it did not have an acceptable gross margin. Through a combination of product redesign, capacity optimization, and general cost efficiencies, the company was finally able to put out a composite decking product that costs a consumer only 5% more than a wood deck and has significantly lower maintenance costs. This is a monumental change for the company, as it doubles the addressable market. We also think this new product line will accelerate the shift from wood to composite (currently composite is 18% of the $5 billion decking industry with the remaining 82% still wood). This product has limited availability today, but it should achieve broad distribution in 2020. Importantly, early signs indicate that *Enhance Basics* has not cannibalized Trex's more premium offerings. The bottom line is that we think the market is underestimating the impact that *Enhance Basics* will have on Trex's earnings growth the next couple of years.

Blue Prism Group plc is a leader in the Robotic Process Automation (RPA) sector. RPA is a business process automation technology that uses metaphorical software "robots" that automate business tasks in order to improve workflow and lower costs. We purchased Blue Prism during the quarter as we believe the market opportunity is massive (consulting from McKinsey estimates $10 trillion is spent on employees doing data entry/extraction related work) and its value proposition to customers is significant (customers typically get paid back on their investment within one year). Blue Prism is early in its growth trajectory and has faced some challenges in managing that growth (including recent challenges in ramping its sales force productivity), but we believe management has put in place the right infrastructure to execute on its growth plan and will overcome its current challenges with time. We also believe the stock is undervalued given its growth opportunities over the next couple of years.

Aerie Pharmaceuticals, Inc. is in the midst of launching a novel franchise of glaucoma medications called Rhopressa and Rocklatan. In 2018, Glaucoma was a $3 billion (35 million prescription) market in the U.S., a $1 billion (91 million prescription) European market and a $800 million (54 million prescription) Japanese market with the majority of this market highly genericized. Given that 50% of patients are treated with a frontline prostaglandin agent (a common generic) and the rest cycling between a handful of less effective and more frequent dosage eye drops, we think Aerie has major advantages. With its once-daily dosage drugs, that have a novel mechanism of action that is best in class, its two drugs are primed to take market share. Assuming Aerie can capture 10% to 15% of the market (for reference, third-line drugs capture about this amount at peak), we think Aerie's franchise can generate $1 billion to $1.5 billion in sales.

Table VI.
Top net sales for the quarter ended June 30, 2019

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap or Market Cap When Sold (billions)	Amount Sold (millions)
Coherent, Inc.	2013	$1.5	$3.3	$7.6
Flexion Therapeutics Inc.	2016	0.4	0.4	7.1
Intersect ENT, Inc.	2018	1.0	0.7	5.1
IntriCon Corporation	2018	0.2	0.2	4.6
QAD Inc.	2016	0.5	0.7	4.1

Coherent, Inc. is a company that sells industrial lasers for manufacturing as well as for OLED flat panel production. Given the overall trade war situation with China, combined with some near- to mid-term softness in smart phones (the primary current user of OLED panels), we decided to significantly reduce our exposure. We still believe that the company has significant longer-term prospects in all of its end markets. We sold our position in **Flexion Therapeutics Inc**. after a lackluster launch of the company's new knee pain management drug and the departure of its head of sales, whom we believed was a key to the success of the launch. **IntriCon Corporation** manufactures components for medical devices, primarily for the diabetes and hearing aid markets. The company has very good prospects as it expands its diabetes business with Medtronic and has a large opportunity in hearing aids if Federal legislation ultimately breaks the overly restrictive regulatory environment (requiring licensed audiologists to prescribe hearing aids). We sold our position as we realized during the quarter that Medtronic's products seem to be falling behind technologically to some cutting-edge competitors. The hearing aid opportunity is exciting but it is still a couple of years away, so the overall investment became too risky for our comfort. We sold our position in **QAD Inc.** due to a combination of subscription revenue growth coming in lower than we expected and a valuation that fully reflected the company's current prospects.

Outlook

We believe that valuations for our current investments leave room for significant upside over the medium and long term (which we define as a three- to five-year period). We continue to look for our targeted returns on each of our investments on an individual basis. Our vigor has not waned a bit, and we continue to analyze, visit, and question management teams for each of our portfolio companies as well as for many other companies that could become new portfolio companies. As always, we greatly appreciate the support we receive from Baron, our families, and most importantly, our investors. Thank you for joining us on this exciting ride!

Randy Gwirtzman & Laird Bieger
Portfolio Managers
July 31, 2019

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 in smaller companies, but there also may be more risk. Specific risks associated with investing in smaller companies include that the securities 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 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 manager only through the end of the period stated in this report. The portfolio managers' 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 Discovery Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

Dear Baron Durable Advantage Fund Shareholder:

Performance

Baron Durable Advantage Fund (the "Fund") returned 8.01% (Institutional Shares) during the quarter, outperforming the 4.30% return of the S&P 500 Index, the Fund's benchmark. In the first half of the year, the Fund is up 24.03% compared to 18.54% for the S&P 500 and over the last year, the Fund is up 11.43% compared to 10.42% for the S&P 500.

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

	Baron Durable Advantage Fund Retail Shares[1,2]	Baron Durable Advantage Fund Institutional Shares[1,2]	S&P 500 Index[1]
Three Months[3]	7.94%	8.01%	4.30%
Six Months[3]	23.86%	24.03%	18.54%
One Year	11.15%	11.43%	10.42%
Since Inception (December 29, 2017)	9.51%	9.77%	8.71%

ALEX UMANSKY
PORTFOLIO MANAGER

Retail Shares: BDAFX
Institutional Shares: BDAIX
R6 Shares: BDAUX

In the second quarter, we saw a continuation of the solid momentum from the first three months, as the market shrugged off concerns of a global macro slowdown along with mixed signals from the U.S. economy as investors started pricing in the more dovish interest rate stance telegraphed by the Federal Reserve, which indicated there was a growing probability for rate cuts throughout the second half of the year starting with the July meeting.

This quarter, we generated 327 basis points of outperformance due to stock selection (on top of 201 basis points that we generated in the first quarter). Our stock selection added value in every sector where we have made investments, with the exception of Communication Services. We've even managed to "add value" in sectors where we held no stocks (Energy and Utilities), which we thought was pretty cool. We had 14 double-digit gainers against a lone double-digit decliner (A.O. Smith was down 11%) with 29 of our holdings overall rising in value. **Microsoft, IHS Markit, Mastercard, CME Group, TE Connectivity** and **LVMH** contributed over 50 basis points each to absolute returns, while an additional eight investments contributed over 30 basis points each. **Alphabet** (the parent company of Google), **Agilent Technologies** and **A.O. Smith** were our only decliners of note, costing the Fund 62 basis points combined.

Our goal continues to be to find and own for the long term, great businesses with sustainable competitive advantages and entrenched leadership positions in their markets. We seek to invest in high-quality businesses that earn high returns on invested capital, but no longer have the ability to reinvest all of their excess free cash flow back into the company, and are thus returning a large portion of it back to shareholders in the form of dividends or share buybacks. We believe that owning a portfolio of these businesses will enable us to outperform the S&P 500 Index over the long term, while minimizing the risk of permanent loss of capital and the inherent volatility that comes with investing in growth companies.

At Baron Funds, we are long-term investors. We have an extremely long time horizon in this Fund. We quantify it as – essentially forever. This is the framework for how we evaluate and measure the businesses in which we invest (and therefore encourage our investors to measure our performance over years and market cycles, rather than quarters). While market prices can fluctuate dramatically in any given quarter or even year, intrinsic values tend to be much more stable, especially for the types of entrenched, durable businesses we target in this Fund. This also drives the types of questions we ask management teams when we meet them, focusing on understanding how they have reinforced their competitive moats rather than whether growth would come in at 10% or 12% in the period they are about to report.

Performance listed in the table above is net of annual operating expenses. Annual expense ratio for the Retail and Institutional Shares as of September 30, 2018 was 7.45% and 5.71%, respectively, but the net annual expense ratio was 0.95% and 0.70% (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 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 The index is unmanaged. The index performance is not Fund performance; one cannot invest directly into an index. The S&P 500 Index measures the performance of 500 widely held large cap U.S. companies. The index and the Fund are with dividends, which positively impact the performance results.

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 Not annualized.

BARON FUNDS 1987

So, what happened to the intrinsic values of our holdings in the most recent quarter?

We believe they have grown nicely while at the same time their competitive moats continued to expand. **Microsoft**, our largest holding, grew its cloud business by over 40% year-over-year to a run rate of over $38 billion, while profit margins expanded, yet again. **Mastercard** was chosen by Apple as its preferred credit card provider (adding to its ecosystem), expanded its partnerships with Santander in Brazil, Rogers Bank in Canada, and BNP Paribas in France, and closed a deal with Citibank as its exclusive network for cross-border transactions in China. The company grew revenues by 13% and EPS by 24% in its most recent reported quarter. **UnitedHealth Group** grew to serve 880,000 more people with medical benefits, driving a 9% growth in revenues and a 19% growth in operating income. While the stock underperformed during this period, driven by Medicare-for-All fears, we believe Medicare-for-All is highly unlikely and the intrinsic value of the company has expanded more than its stock price, based on our calculations. As a result, we added to our position during the quarter. **IHS Markit**, the data and analytics leader, grew revenues by 13% with industry-leading EBITDA margins (over 40%) as the company continues to power data-driven insights for over 50,000 customers globally including 80% of the Global Fortune 500. We increased our IHS Markit position as well during the quarter. A recent Gartner report showed that **Texas Instruments** ("TI") has continued to expand its market share in the Analog Semiconductor market during 2018 and, though the current semiconductor backdrop is "sketchy" and TI's exposure to Huawei (4% customer) is scaring many investors off – you guessed it – we increased our position.

We also put fresh capital to work initiating three new investments during the quarter. **Iqvia Holdings**, a leading global provider of advanced analytics, technology solutions, and contract research services to the life sciences industry, **Adobe**, the leading digital media and digital experience cloud software provider, and **Alexandria Real Estate Equities**, the leading life sciences focused REIT. We spend more time on each company under the section titled Recent Activity below.

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

	Quarter End Market Cap (billions)	Percent Impact
Microsoft Corporation	$1,026.5	0.70%
IHS Markit Ltd.	25.6	0.68
Mastercard Incorporated	270.2	0.61
CME Group, Inc.	69.5	0.58
TE Connectivity Ltd.	32.3	0.57

Microsoft Corporation is a software mega-cap company focusing on cloud software through Azure – its Infrastructure and Platform-as-a-Service offering, and its Software-as-a-Service offerings – Office 365, Dynamics 365, Teams, and more. Shares of Microsoft were up 14% in the quarter continuing the momentum from the first quarter as the business continued to perform well. Its cloud business grew 41% year-over-year, margins expanded, and overall commercial bookings grew 30% (this metric includes the mature, slower growing businesses). Microsoft's ability to accelerate its top-line growth to double-digits at its scale (over $115 billion in revenues) is a good case study for business transformation in our view. From a company that was a "closed-garden" focused on defending its mature Windows business, Microsoft transformed to a company that supports open source, interoperates with competing operating systems (i.e., Linux), and is one of the top two or three best-positioned companies to benefit from the significant opportunity in cloud computing (with cloud still representing only about 5% of the $3.7 trillion global Information Technology market). We believe that Microsoft's competitive advantages are strong and durable as it benefits from the long reach of its sales channel, its differentiated hybrid cloud offering, and its large installed base of enterprise customers.

IHS Markit Ltd. provides critical information, analytics, and expertise across the financial services, natural resources, and transportation markets, enabling customers to improve efficiency and make more informed decisions. The company employs more than 5,000 analysts, data scientists, financial experts, and industry specialists to generate proprietary content that reinforces the durability of its competitive moat. The stock was up 17% during the quarter, after the company reported solid quarterly results that were better than expected. We expect the second quarter's organic growth of 5% to improve over the next couple of quarters due to easier comparables and lapping the acquisition of the faster-growing Ipreo. Management is also optimistic about the long-term prospects of the data lake strategy, which provides customers with a single platform to explore and access all of IHS Markit's data, driving new insights, synergies, and savings. We believe the company is well positioned to achieve management's long-term targets of 5% to 7% organic revenue growth, 100 basis points of annual EBITDA margin expansion, and double-digit EPS growth.

Mastercard Incorporated is a leading global payment network. Shares appreciated 13% after the company reported solid quarterly results that exceeded investor expectations. The ongoing shift to electronic payments drove 12% purchase volume growth, 13% revenue growth, and 24% EPS growth on a constant-currency basis. Mastercard is an example of a business we like a lot. It has a wide moat, high barriers to entry and the opportunity to keep growing for many years as it benefits from the continued growth in global consumer spending as well as the secular shift from cash to electronic payments (with cash still used in over 80% of global transactions).

CME Group, Inc. is the world's largest and most diversified derivatives marketplace. Its exchanges support trading of futures and options across a variety of asset classes, including interest rates, equity indexes, energy, agricultural commodities, currencies, and metals. After underperforming earlier in the year, shares rose 18% in the second quarter as a changing interest rate outlook led to higher market volatility and 14% growth in average daily trading volume. The company also reported quarterly earnings that exceeded expectations. We continue to believe that CME operates a strong business with a wide structural moat driven by the network effects between buyers and sellers on its marketplaces (the value of a marketplace is a function of its liquidity, which rises with the number of participants), its capital-light requirements, and its experienced management team that allocates capital well. We continue to own the stock as we believe CME would benefit from higher volatility and an increasing adoption of exchange-traded futures.

TE Connectivity Ltd., a leading manufacturer of connectivity and sensor solutions for harsh environments, outperformed during the quarter with shares rising 19%. The company reported a strong quarter while also raising guidance for the year as the auto business grew faster than production and as margins in the industrial business expanded. The company also made an

offer to acquire First Sensor, a German sensor manufacturer, broadening its offering to a deeper and more diverse customer pool. We continue to hold TE Connectivity as we believe the company has sustainable competitive advantages driven by its focused portfolio of harsh environment applications, and we believe it will benefit from the strong secular trend of electrification, particularly in the auto segment.

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

	Quarter End Market Cap or Market Cap When Sold (billions)	Percent Impact
Alphabet Inc.	$751.0	–0.31%
Agilent Technologies, Inc.	23.6	–0.19
A. O. Smith Corporation	7.9	–0.13
Taiwan Semiconductor Manufacturing Company Ltd.	197.4	–0.09
UnitedHealth Group Incorporated	231.9	–0.05

Alphabet Inc. is the parent company of Google, the world's largest search and online advertising company. Shares of Alphabet declined 8% in the quarter following a deceleration in Google Sites revenue growth (as digital advertising has passed the 50% penetration mark) and more challenging sentiment amid increased regulatory scrutiny. Nonetheless, we remain confident in Alphabet's merits as it continues to benefit from growth in mobile and online video advertising, which accrues to its core assets of search, YouTube, and the Google ad network. We are further encouraged by Alphabet's investments in AI, autonomous driving (Waymo), and life sciences (Verily, Calico). We believe that even in a scenario in which regulators decide to split Google, the parts are likely to be worth more than the whole as value is revealed and a conglomerate discount removed. Several Google businesses are losing money today due to being at an earlier stage of growth (e.g., Waymo), and they artificially inflate Google's valuation multiples.

Agilent Technologies, Inc. sells instruments, software, services, and consumables to customers in the life sciences, diagnostics, and applied chemical markets. The stock underperformed, declining 7% during the quarter because the company reported lower-than-expected organic revenue growth, which management attributed to softness in China, as well as slower sales to large pharmaceutical customers. We think these issues are temporary and believe the company's growth can reaccelerate driven by innovation and new product development and the company's exposure to faster growing end markets (such as cancer diagnostics).

A.O. Smith Corporation, a world-leading manufacturer of water heaters and boilers, underperformed during the quarter with shares declining 11%. The company continues to suffer from adverse market conditions and an inventory correction in China, which is dragging down sales growth and earnings power. In addition, A.O. Smith was a target of a short report during the quarter which put substantial pressure on the stock, but in our view, was largely misguided. We continue to hold A.O. Smith as we believe the company will continue benefiting from increased penetration in emerging markets as more people join the middle class, new product introduction, and its entrenched competitive positioning in a fairly consolidated industry.

Taiwan Semiconductor Manufacturing Company Ltd. is the global leading designer and manufacturer of integrated circuits and wafer semiconductor devices. Shares were down 8% during the period held in the quarter due to the lingering downturn in the semiconductor cycle with continued weakness in smartphones, a pause in hyperscale spending, and the U.S.-China trade tensions that continue to weigh on the global tech sector. We decided to sell our shares and reallocate to higher conviction ideas.

UnitedHealth Group Incorporated is the U.S.' largest insurer and leading provider of health care services, IT/analytics, and PBM (pharmacy benefit management) services. Shares were down 1% in the second quarter on what we believe are unwarranted concerns raised by Medicare-for-All rhetoric. We think UnitedHealth's uniquely diversified and complementary set of skills, services, and expertise would allow it to deliver higher-quality health care to its members and customers at a lower cost, which are essential capabilities for successful health care enterprises. We view it as a core holding allowing us to participate in the strong secular growth of health care.

Portfolio Structure

We expect the Fund to consist of 30 to 50 investments with position sizes ranging from 1% to 5% at the time of purchase. The portfolio is constructed on a bottom-up basis with the quality of ideas and conviction level (rather than benchmark weights and sector composition) having the highest roles in determining the size of each individual investment. Sector weights tend to be an outcome of the portfolio construction process and are not meant to indicate a positive or a negative "view." The Fund's top 10 holdings represented 44.1% of the Fund, the top 20 holdings represented 72.7%, and we exited the second quarter with 34 investments.

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

	Quarter End Market Cap (billions)	Quarter End Investment Value (thousands)	Percent of Net Assets
Microsoft Corporation	$1,026.5	$244.6	5.1%
Mastercard Incorporated	270.2	230.7	4.8
UnitedHealth Group Incorporated	231.9	225.7	4.7
IHS Markit Ltd.	25.6	224.0	4.7
S&P Global Inc.	56.1	211.6	4.4
Constellation Brands, Inc.	37.8	208.8	4.4
Danaher Corporation	102.3	208.4	4.4
Moody's Corporation	37.0	207.4	4.3
Accenture plc	124.3	174.8	3.7
Apple, Inc.	910.6	173.4	3.6

Recent Activity

We initiated three new investments during the quarter: **Iqvia Holdings Inc.**, **Adobe Inc.**, and **Alexandria Real Estate Equities, Inc.**, and used the positive flows into the Fund to add to 15 existing holdings. We eliminated **Keyence Corporation** and **Taiwan Semiconductor Manufacturing Company Ltd.**, and did not sell or trim any others.

Table V.
Top net purchases for the quarter ended June 30, 2019

	Quarter End Market Cap (billions)	Amount Purchased (thousands)
Iqvia Holdings Inc.	$ 31.7	$105.8
Adobe Inc.	143.0	104.8
Constellation Brands, Inc.	37.8	63.4
IHS Markit Ltd.	25.6	59.0
Alexandria Real Estate Equities, Inc.	16.6	47.5

We bought **Iqvia Holdings Inc.** during the quarter. Iqvia is a leading global provider of advanced analytics, technology solutions, and contract research services to the life sciences industry. The company was formed in 2016 through the merger of Quintiles, a contract research organization ("CRO") serving biopharmaceutical companies by facilitating clinical trials, and IMS Health, a provider of information and technology services to pharmaceutical companies. Quintiles was the largest global CRO while IMS, a primarily subscription-based provider of health care insights was the dominant player in its space with a 50% market share, greater than five times larger than its closest competitor. The combined company has one of the largest and most comprehensive collections of health care data in the world, which includes more than 600 million comprehensive longitudinal non-identified patient records that generate information and insights on 85% of the world pharmaceuticals. This can be used by clients to increase clinical operations performance, support regulatory and compliance needs, and orchestrate sales operations. The company receives over 70 billion health care records annually from over 120,000 suppliers, which Iqvia's analytics can utilize to improve clinical trial design, site identification, and patient recruitment. This saves time in clinical trials, and is an extremely important value proposition for pharmaceutical and biotechnology companies trying to bring drugs to market as soon as possible. With an estimated $10.8 billion in expected 2019 sales and a total addressable market ("TAM") exceeding $230 billion, Iqvia has a significant runway for growth for years to come. Iqvia is also led by a veteran CEO Ari Bousbib, who has done well in his previous two CEO roles (IMS 2010 to 2016 and Otis elevator under United Technologies, 2002 to 2010), growing IMS revenues at a compounded growth rate of 6%, while increasing EBITDA margins from 25% to 30%; and growing Otis' revenues at an 11% CAGR, while increasing EBITDA margins from 13% to 19%.

We also bought **Adobe Inc.** during the quarter. Adobe is a leading software company providing solutions for creative and marketing professionals, offering products that range from Photoshop to digital marketing and analytics helping companies with digital transformations. Adobe's transition to the cloud has been one of the most successful in the history of the software industry, enabling the company to reaccelerate growth, increase customer retention, and strengthen its competitive moat. Adobe is the leader in creative cloud (two-thirds of revenues), and its platform has become the industry standard. Its digital experience offering (one-third of revenues) is also the most comprehensive platform, offering solutions from advertising to marketing and analytics, and it remains in the early rounds of creating the experience system of record as it integrates its recent two acquisitions of Magento (commerce solution) and Marketo (primarily a business-to-business solution). Adobe's robust opportunity is driven by some of the strongest technological shifts of our generation, including digitization of content, the growing adoption of online advertising, the transition to mobile, and the widespread adoption of video. Adobe's access to data with trillions of data points in marketing, web analytics coming from millions of users, and the artificial intelligence capabilities it adds on top, create a significant moat around its business, with a flywheel effect that continuously increases Adobe's advantages relative to competitors. We believe that the opportunity ahead of Adobe is large and expanding with a TAM estimated at over $100 billion. We believe Adobe remains the best-positioned company to attack that TAM as it benefits from its leadership position in both the creative market as well as the experience market.

Our final new purchase during the quarter was **Alexandria Real Estate Equities, Inc**., which is the largest REIT focused on owning, operating, developing, redeveloping, and acquiring office buildings for the life sciences industry. Alexandria was founded in 1994 by Jerry Sudarsky and Joel Marcus, and was the first REIT to identify and pursue the laboratory niche, which gives them first mover advantage in core life sciences cluster locations, including Greater Boston, the San Francisco Bay Area, San Diego, New York City, Seattle, Suburban Washington, D.C., and Research Triangle Park. Tenants span the life sciences industry, including academic and medical institutions, multi-national pharmaceutical companies, public and private biotechnology entities, U.S. Government agencies, medical device companies, industrial biotechnology companies, venture capital firms, and life sciences product and service companies. The core thesis underpinning the company is the cluster model which has created powerful network effects, driven by the idea that innovative life-sci companies want to locate next to each other, as well as next to world-class academic institutions, talent, and capital to foster innovation and collaboration (not too different from the notion behind Silicon Valley). In our opinion, Alexandria is well positioned to benefit from the aging U.S. population, the rising health care needs, new drug development, and more capital infusions into biotechnology and health care. Core portfolio growth is driven by a marked-to-market growth opportunity, annual rent increases, and occupancy gains, while the clusters the company owns remain in vast over demand (which in turn drives pricing power). We think Alexandria has the potential to double in size by building out its development, redevelopment, and land-holding pipeline over the next five years.

We added to our **Constellation Brands, Inc.** position making it now our sixth largest holding at 4.4% of net assets. Constellation Brands is the third largest producer of beer in the U.S. (including brands such as Corona and Grupo Modelo) and the world's leading premium wine company. The company's Corona and Modelo brands are among the fastest growing brands in the industry, aided by favorable demographic trends and overall trade-up from domestics. Within its beer portfolio, the company has also been driving industry leading top-line growth the last several years, the result of meaningful innovation (line extensions such as Corona Especial & Premier and Corona in cans) and distribution gains. Lastly, the company is well positioned to benefit from potential federal legalization of recreational marijuana use in the U.S., with the potential size of the market estimated at over $50 billion through its ownership stake in Canada's largest cannabis producer, Canopy Growth.

We continued adding to **IHS Markit Ltd**. during the second quarter after first buying it during the fourth quarter of 2018 making it now our fourth largest holding at 4.7% of net assets. We believe that its solid competitive positioning in providing data and analytics that are core to its customers' businesses will enable it to grow and expand margins for many years.

Table VI.
Top net sales for the quarter ended June 30, 2019

	Market Cap When Sold (billions)	Amount Sold (thousands)
Keyence Corporation	$ 74.5	$62.8
Taiwan Semiconductor Manufacturing Company Ltd.	197.4	53.4

We eliminated our **Keyence Corporation** and **Taiwan Semiconductor Manufacturing Company Ltd.** positions in order to reallocate capital to our higher conviction ideas.

Outlook

Baron Durable Advantage Fund has had a pretty solid six months with a 24% gain. Of course, this period followed the last three months of 2018 when it lost almost 14%. Did the intrinsic values of the competitively advantaged businesses we own decline meaningfully during the bad period, and rise sharply during the good one? Probably not, and we have not reacted or changed the portfolio very much. From time to time, these swings create opportunities for long-term investors who focus on finding great high-quality business, to acquire them below their intrinsic values and then to hold them through market volatility and uncertainty, while they continue to compound. That is what we aim to do.

We do not attempt to predict when the next recession would occur or if the market will be up or down over the next 3, 6, or 12 months. We do know however, that over the last 40 years or so, the stock market has outperformed bonds approximately 74% of the time based on rolling five-year periods, and while history doesn't repeat itself it often rhymes. Our goal is to invest in large-cap companies with, in our view, strong and durable competitive advantages, proven track records of successful capital allocation, high returns on invested capital, and high free cash flow generation, a significant portion of which is regularly returned to shareholders in the form of dividends or share repurchases. We hope to maximize long-term returns without taking significant risks of permanent loss of capital. We are optimistic about the prospects of the companies in which we invest and will always continue to search for new ideas and opportunities.

Sincerely,

Alex Umansky
Portfolio Manager
July 31, 2019

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 Fund invests primarily in large cap equity securities which are subject to price fluctuations in the stock market. 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 Fifth Avenue Growth Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

Baron Real Estate Income Fund

Dear Baron Real Estate Income Fund Shareholder:

Performance

We are pleased to report that the Baron Real Estate Income Fund (the "Fund") generated strong performance for the six months ended June 30, 2019.

During this period, the Fund gained 20.65% (Institutional Shares), exceeding its primary benchmark index, the MSCI US REIT Index, which gained 17.07%.

Additionally, in the most recent quarter ended June 30, 2019, the Fund generated a 2.32% return, also outperforming the MSCI US REIT Index, which gained 0.99%.

In the first six months of 2019, the relative appeal of dividend-paying securities, such as REITs (73% of the Fund's net assets), increased as interest rates declined. On June 30, 2019, the 4.0% weighted average dividend yield of U.S. REITs compared favorably to the 2.0% yield on U.S. 10-Year Treasuries.

Additional factors that contributed to strong performance for many of the Fund's REITs and other commercial real estate-related companies include:

- Generally steady and growing commercial real estate fundamentals;
- New construction activity that has moderated due to high construction and labor costs, thereby lessening concerns of possible oversupply;
- Low leveraged balance sheets and access to low-cost debt and equity capital;
- A benign interest rate environment;
- Substantial private capital looking to buy and finance real estate provides support for real estate valuations; and,
- Several attractively valued REITs and real estate-related companies.

We encourage you to read the "Portfolio Structure" section presented later in this letter. There, we discuss our key observations regarding the portfolio's structure and strategy.

Table I.
Performance
For periods ended June 30, 2019

	Baron Real Estate Income Fund Retail Shares[1,2]	Baron Real Estate Income Fund Institutional Shares[1,2]	MSCI US REIT Index[1]
Three Months[3]	2.33%	2.32%	0.99%
Six Months[3]	20.61%	20.65%	17.07%
One Year	7.21%	7.51%	9.66%
Since Inception (December 29, 2017)	4.58%	4.84%	6.72%

JEFFREY KOLITCH
PORTFOLIO MANAGER

Retail Shares: BRIFX
Institutional Shares: BRIIX
R6 Shares: BRIUX

We also urge you to review our perspective on the outlook for the Fund in the "Outlook" section later in this letter.

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

	Quarter End Market Cap (billions)	Percent Impact
MGM Resorts International	$15.3	0.61%
Equinix, Inc.	42.4	0.59
Invitation Homes, Inc.	14.0	0.54
Prologis, Inc.	50.5	0.52
Americold Realty Trust	6.2	0.38

The shares of **MGM Resorts International**, a leading global hotel and casino company, gained 11.8% in the second quarter of 2019. We believe two key factors propelled the shares higher.

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, 2018 was 10.47% and 7.18%, respectively, but the net annual estimated expense ratio is 1.05% and 0.80% (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 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 The index is unmanaged. The index performance is not Fund performance; one cannot invest directly into an index. The MSCI US REIT Index is a free float-adjusted market capitalization index that measures the performance of all equity REITs in the US equity market, except for specialty equity REITs that do not generate a majority of their revenue and income from real estate rental and leasing operations. The index and the Fund include reinvestment of interest, capital gains and dividends, which positively impact the performance results.

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 Not annualized.

BARON FUNDS 1987

First, MGM's Board of Directors acquired a significant amount of stock in the most recent quarter. For example, Paul Salem, who joined the Board in August 2018, purchased $20 million of MGM stock at $25.40 per share, sending, in our opinion, a strong and positive message regarding the company's valuation and business prospects. He is one of three Directors who have been tasked with evaluating MGM's real estate portfolio and identifying beneficial approaches to unlock shareholder value. A second Board member, Keith Meister, who is also assessing the company's real estate portfolio, acquired several million dollars worth of stock in the second quarter on behalf of Corvex Management LP, a hedge fund that he leads. Corvex has now amassed a $600 million stake in MGM!

Second, management has reiterated its confidence in growing cash flow by approximately 35% over the next two years from $2.8 billion in 2018 to a range of $3.6 billion to $3.9 billion in 2020. Management believes that the recent opening of three new MGM properties, its ongoing focus on improving operating efficiencies through cost cutting, and organic growth will propel MGM to achieve its growth targets.

We remain optimistic about MGM's potential for additional share price appreciation. The company's domestic assets are trading at an undemanding valuation of less than 8 times 2020 estimated cash flow–much cheaper than its casino and gaming peers. MGM offers an appealing combination of high-quality real estate assets, a leading presence in Las Vegas (one of the stronger real estate markets in the U.S.), a solid growth outlook, dividend growth prospects, and improving free cash flow. The company expects to generate free cash flow of $4.5 billion to $5.0 billion between 2018 and 2020. MGM has earmarked $2 billion for share repurchases, which at its recent depressed price of only $29 per share, would equate to buying back approximately 13% of the company.

In the most recent quarter, the shares of our data center REIT investment in **Equinix, Inc.** continued to perform well. Equinix is the largest global data center company in the world. Equinix reported strong first quarter business results and expressed its expectation for sustained strength in demand.

We remain bullish on the long-term prospects for Equinix, a best-in-class data center company, primarily because we expect the company to continue to benefit from robust growth resulting from powerful, secular demand prospects. These include:

Strong Growth in Information Technology ("IT") Outsourcing:

We project that 60% to 70% of businesses will be outsourcing their data center requirements in five years, representing a substantial increase from the current outsourcing of 30% to 40%. Many companies have discovered that it is often more cost effective to outsource their data center needs to third-party providers, and to redirect their own capital expenditures to their other corporate initiatives.

Increased Cloud Computing Adoption:

Companies that provide cloud computing services are important data center tenants. They include Amazon, Google, IBM, Microsoft, Alibaba, Tencent, and Baidu. The adoption of cloud computing by enterprises is expected to increase meaningfully in the years ahead. It is estimated that total cloud spending will grow from $70 billion to $240 billion, a clear multi-year tailwind for data centers.

Powerful Data Demand Trends:

We project *U.S. mobile data traffic* to grow 40% annually for the next five years. We project *global internet traffic* to grow 27% annually for the next five years. The *number of connected devices* is projected to grow from 18 billion in 2018 to 34 billion by 2025. The data that is generated needs to be processed, transported, and stored. This is bullish for data centers.

Equinix should continue to be a prime beneficiary of these megatrends, and the Fund continues to own its shares.

The shares of **Invitation Homes, Inc.** increased 10.0% in the most recent quarter as the company reported strong business results that included solid occupancy and rent increases as well as impressive expense management.

Invitation Homes is a REIT and the largest owner and operator of single-family rental homes in the U.S. with more than 80,000 homes located in 13 states. Its primary business strategy focuses on acquiring, renovating, leasing, and operating single-family homes as rentals. The company is focused on geographic markets exhibiting strong household and employment growth, with 70% of revenue generated from the Western U.S. and Florida. We believe the company has assembled the premier single-family home rental portfolio in the U.S.

We remain optimistic about the prospects for Invitation Homes primarily because we believe the demand outlook for single-family home rentals should continue to outstrip supply, thereby creating a favorable backdrop for strong rent and cash flow growth.

Demand conditions for rental homes are attractive due to increasing household formation and income growth, a decline in home purchase affordability, and the continued drop in homeownership relative to the increasing propensity to rent. Regarding new construction activity, there is a limited supply of single-family rental homes in the U.S. housing market, increasingly constrained by rising construction costs.

In our opinion, Invitation Homes, with its well-located real estate portfolio and impressive management team, has a strong runway for growth in the years ahead by generating solid rent increases and cash flow growth and, perhaps, acquiring additional homes for rent.

In April, **Prologis, Inc.**, the world's largest owner, operator, and developer of industrial logistics real estate (the Fund's largest industrial REIT holding), reported healthy first quarter business results. Management cited "continued market strength," boosting its growth expectations to reflect its view that "our 2019 outlook is more optimistic today than it was 90 days ago."

Industrial REITs are witnessing robust warehouse demand and rent growth partly in response to emergent e-commerce needs resulting from the accelerated growth of online sales as customers continue to seek faster delivery. We remain optimistic about the long-term prospects for Prologis and the Fund's other industrial REIT holdings (**Rexford Industrial Realty, Inc.** and **Duke Realty Corporation**).

The shares of **Americold Realty Trust** continued to perform well in the most recent quarter due to strong long-term business prospects. The company is the only REIT that focuses on owning and operating temperature-controlled warehouses. It has the largest portfolio of these warehouses in the U.S. and globally. We think Americold is well positioned to deliver superior growth relative to most REITs due to strong demand trends, limited supply, and opportunities to improve occupancy and rents in its current portfolio.

We also anticipate that Americold will bolster its growth by developing additional warehouses and by making acquisitions of other temperature-controlled warehouses. We continue to believe the prospects for the company are strong, and its shares remain attractively valued relative to most REITs.

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

	Quarter End Market Cap (billions)	Percent Impact
Red Rock Resorts, Inc.	$ 2.5	–0.37%
Penn National Gaming, Inc.	2.3	–0.26
Extended Stay America, Inc.	3.2	–0.15
Hudson Pacific Properties, Inc.	5.1	–0.12
Weyerhaeuser Company	19.6	–0.12

In the second quarter, shares of **Red Rock Resorts, Inc.**, a real estate gaming, development and management company that operates 21 casino and entertainment properties and generates approximately 86% of its cash flow in Las Vegas, declined in large part due to concerns that the company's recently completed renovation projects at two of its resorts (the Palms Casino Resort and Palace Station) will not generate sufficient cash flow to earn an attractive return on its development investments. If true, it may take longer for the company to repay debt and reach its targeted leverage of 4 times net debt to EBITDA (versus its current 5.4 times net debt to EBITDA).

At its recent share price of $21, we believe these concerns are largely discounted in Red Rock's valuation. We view the company's valuation of 8 times 2020 estimated cash flow (EBITDA) and its 12% free cash flow yield as highly compelling.

Further, we remain constructive on the outlook for Red Rock for the following reasons:

- Attractive demand-supply trends in Las Vegas: Demand trends in the Las Vegas "locals" market have been solid in recent years due to strong population growth in Nevada (second fastest growing state in 2018). Nevada is one of only seven states in the U.S. without state income taxes, so residents and businesses may be incentivized to relocate. The Vegas economy is also benefiting from low unemployment, high weekly wages, and stable housing. On the supply side, no new major gaming facilities have opened in this area of Las Vegas (the "locals" market) since 2009, and no new competitive developments have been announced.
- High-quality owned real estate: Red Rock owns 17 quality real estate properties within the Las Vegas area. The company also owns nine parcels of land in Las Vegas and Reno (477 acres). Each location has been zoned for casino gaming and other commercial uses, giving Red Rock several opportunities for future growth projects.
- Free cash flow is expected to increase significantly over the next few years: Now that Red Rock has almost completed its multi-year renovation projects at Palace Station (completed) and the Palms (to be completed by September 2019), we expect capital expenditures to decline materially and cash flows at these properties to ramp significantly in the next few years.

The shares of **Penn National Gaming, Inc.**, the largest U.S. regional casino and gaming company, declined modestly in the second quarter primarily due to mildly disappointing first quarter earnings results (partly attributable to poor weather and holidays), and concerns that consumer spending at casinos will slow sharply and promotional activity will increase. Following our meeting with management in the second quarter, our sense is that these concerns are worse than the reality. Business appears to be stable and the company is on track to achieve its targeted revenue and expense synergies from its acquisition of Pinnacle Entertainment. At its recent price of only $18.00/share, with a 2019 estimated cash flow multiple of only 5.6 times EBITDA and a highly attractive 18% free cash flow yield, we believe Penn's valuation is attractive.

Please see the "Top Net Purchases" section later in this letter for a discussion of the Fund's recent purchase of shares of **Extended Stay America, Inc.**

Following strong share price gains in first quarter of 2019, the shares of **Hudson Pacific Properties, Inc.** declined modestly in the second quarter.

Hudson Pacific is a West Coast office REIT that owns and develops first-class office buildings in San Francisco, Silicon Valley, Los Angeles, and Seattle. The company has assembled a high-quality real estate portfolio in markets that should deliver solid long-term absolute and relative growth given strong economic and demographic prospects.

West Coast office fundamentals are among the strongest in the U.S. The demand outlook is attractive as West Coast job growth, particularly from technology, media, and life sciences companies, continues to outpace the national average by a wide margin. Additionally, new construction activity remains limited due to high construction costs and zoning/entitlement restrictions. Consequently, this favorable imbalance between demand and supply should lead to solid occupancy and rent gains, together with strong cash flow growth for the next few years.

We believe the shares of Hudson Pacific are attractively valued and offer compelling return potential in the next few years.

Similarly, following strong share price performance in the first quarter of 2019, the shares of **Weyerhaeuser Company**, a timber REIT, were under pressure for a portion of the second quarter primarily due to weakness in lumber prices. We view this weakness as temporary and believe that the company is well positioned to benefit from the cyclical recovery in the residential housing market where construction activity and inventory levels remain depressed relative to history and demand trends are improving.

Portfolio Structure

The Fund is currently invested in 13 real estate categories, with approximately 73% in REITs, 25% in our other real estate categories, and the remainder in cash (see Table IV below).

REITS (72.7% of net assets):

We remain bullish about the Fund's investments in several REIT categories:

- West Coast Office REITs: We are optimistic about the long-term prospects for the Fund's West Coast office REITs (**Hudson Pacific Properties, Inc.**, **Kilroy Realty Corporation**, and **Douglas Emmett, Inc.**). Each of these companies is benefiting from strong tenant demand trends (driven by technology and media companies), limited construction activity, rising rents, and solid growth prospects.
- Industrial REITs: Business conditions for the Fund's industrial REIT holdings (**Prologis, Inc.**, **Rexford Industrial Realty, Inc.**, and **Duke Realty Corporation**) are strong. Each company is witnessing robust warehouse demand and rent growth partly in response to emergent e-commerce needs resulting from the accelerated growth of online sales as customers continue to seek faster delivery.
- Other REITs: In this category, we invest in a cold storage REIT (**Americold Realty Trust**) and a life-sciences REIT (**Alexandria Real Estate Equities, Inc.**). In our opinion, each company owns and operates the premier real estate portfolio in their respective areas of focus and are well positioned for strong long-term growth.

- Data Center REITs: Our data center REITs (**Equinix, Inc.** and **QTS Realty Trust, Inc.**) are poised to benefit from the secular demand tailwinds of strong growth in information technology outsourcing, increased cloud computing adoption, and the growth in U.S. mobile data and internet traffic.
- Multi-Family REITs: We expect our investments in multi-family REITs (**AvalonBay Communities, Inc., Equity Residential,** and **Essex Property Trust, Inc.**) to generate increases in occupancies and rents from solid job and wage growth. Additionally, the growing trend of many new households that are choosing to rent rather than buy a home should also serve as a positive tailwind.
- Single-Family Rental REITs: We are bullish on the prospects for our investment in the single-family rental REIT category (**Invitation Homes, Inc.**) because we believe the demand outlook for single-family home rentals should continue to outstrip supply, thereby creating a favorable backdrop for strong rent and cash flow growth. We believe that Invitation Homes has assembled the premier single-family home rental portfolio in the U.S.
- Manufactured Housing REITs: We expect our two premier manufactured housing companies in this niche REIT category (**Equity Lifestyle Properties, Inc.** and **Sun Communities, Inc.**) to continue to benefit from favorable demand/supply dynamics. They are the beneficiaries of strong demand from budget-conscious home buyers such as retirees and millennials, and negligible new inventory due to high development barriers. Both companies have superior long-term cash flow growth prospects and lower capital expenditure needs than most other REIT categories.
- Triple Net REITs: Our gaming REITs (**MGM Growth Properties LLC** and **Gaming and Leisure Properties, Inc.**) own quality casino and gaming real estate properties. Both have attractive and well-covered dividends, accretive acquisition growth opportunities, and are, in our opinion, compelling investments.
- Wireless Tower REITs: Our tower REITs (**American Tower Corp.** and **Crown Castle International Corp.**) are, in our view, positioned to grow for several years as the demand for data intensive devices accelerates, and new wireless technologies continue to improve. New technologies and greater data demand require a greater number of antennas that will continue to benefit tower companies.

Real Estate Companies Other Than REITs (24.7% of net assets):

We are also optimistic about the Fund's investments in our non-REIT companies:

We believe that many of the Fund's non-REIT real estate investments (such as **MGM Resorts International**, **Brookfield Infrastructure Partners L.P.**, **Penn National Gaming, Inc.**, **Red Rock Resorts, Inc.**, **GDS Holdings Limited**, **Marriott Vacations Worldwide Corp.**, and **Kennedy-Wilson Holdings, Inc.**) provide some diversification from REITs and, in many cases, an appealing combination of attractive dividends, strong growth, and solid share price appreciation potential.

Table IV.

Fund investments in REIT categories as of June 30, 2019

	Percent of Net Assets
Non-REIT Real Estate Companies	24.7%
Office REITs	12.5
Industrial REITs	9.8
Other REITs	9.7
Data Center REITs	8.0
Multi-Family REITs	7.0
Single-Family Rental REITs	6.1
Manufactured Housing REITs	5.5
Triple Net REITs	5.0
Wireless Tower REITs	4.2
Hotel REITs	3.5
Health Care REITs	1.0
Timber REITs	0.4
	97.4
Cash and Cash Equivalents	2.6
Total	100.0%

Table V.

Top 10 holdings as of June 30, 2019

	Quarter End Market Cap (billions)	Quarter End Investment Value (thousands)	Percent of Net Assets
Invitation Homes, Inc.	$14.0	$224.8	6.0%
Americold Realty Trust	6.2	223.1	6.0
Equinix, Inc.	42.4	215.8	5.8
MGM Resorts International	15.3	205.8	5.5
Prologis, Inc.	50.5	170.3	4.6
Kilroy Realty Corporation	7.5	163.3	4.4
GDS Holdings Limited	5.2	161.3	4.3
Hudson Pacific Properties, Inc.	5.1	155.4	4.2
Alexandria Real Estate Equities, Inc.	16.6	138.0	3.7
Rexford Industrial Realty, Inc.	4.2	109.2	2.9

Recent Activity

Table VI.

Top net purchases for the quarter ended June 30, 2019

	Quarter End Market Cap (billions)	Amount Purchased (thousands)
Extended Stay America, Inc.	$ 3.2	$89.6
Invitation Homes, Inc.	14.0	71.0
Brookfield Infrastructure Partners L.P.	16.9	47.7
Kilroy Realty Corporation	7.5	42.2
MGM Resorts International	15.3	42.0

Regarding our top net purchases for the quarter ended June 30, 2019, below are our thoughts regarding **Extended Stay America, Inc.**, **Brookfield Infrastructure Partners L.P.**, and **Kilroy Realty Corporation**. A discussion of both **Invitation Homes, Inc.** and **MGM Resorts International** can be found in the "Top Contributors to Performance" section earlier in this letter.

In the most recent quarter, we acquired shares in **Extended Stay America, Inc.**, the largest lodging REIT in North America by unit and room count with 554 owned hotels and approximately 61,500 owned rooms. The company targets guests who typically remain at the hotel for at least 5 days and, in

many cases, for more than 30 days. For example, Extended Stay generates approximately 70% of its revenues from guests who spend at least 5 nights at its hotels and 41% from guests who stay at least 30 nights.

Although we support management's multi-pronged plan to grow its hotel count, sell its lower-quality hotels, and increase the percentage of hotels that it manages and franchises, we also view our investment in Extended Stay as a "special situation" addition to the Fund.

We believe there is a strong probability that management accelerates the creation of shareholder value by selling its real estate, its hotel brand, or the entire company. On May 2, 2019, during the company's first quarter earnings call, CEO Jonathan Halkyard said "we decided to suspend share repurchases in light of consideration of various potential actions to create shareholder value." Then he went on to say, "we are always focused on increasing shareholder value both through the core business, through our development activities, as well as consideration of the corporate structure."

We believe there are interested strategic and financial parties who would be willing to pay a higher and attractive price relative to Extended Stay's current price. Trading at only 9.3 times 2019 estimated cash flow, and with a dividend yield of 5.5%, we believe the company's shares are compelling relative to private market values for many of its hotels and relative to many of its public market hotel peers.

Brookfield Infrastructure Partners L.P. is one of the largest globally diversified owners and operators of high-quality infrastructure assets in the world. Core infrastructure investments include utilities, data centers, wireless towers, and transport (ports and rails).

Since its public listing in 2008, Brookfield's management team has achieved an impressive track record of growing the company's earnings per share 16% annually and its dividend 10% annually.

We are optimistic about the company's prospects. Brookfield generates stable and growing cash flows–95% of its cash flow is either regulated or under long-term contracts. The company, with its well-capitalized balance sheet and deep and experienced management team, is well positioned to capitalize on several years of infrastructure investment opportunities around the world, which should enhance future growth. We view Brookfield's growth prospects, current valuation, and 4.6% dividend as attractive.

We remain bullish on the multi-year prospects for West Coast office REIT, **Kilroy Realty Corporation**, and acquired additional shares this past quarter.

Kilroy owns, develops, acquires, and manages real estate assets (primarily office buildings) in the coastal regions of San Francisco, Seattle, Los Angeles, Orange County, and San Diego. We recently spent time with CEO John Kilroy. John and his management team have positioned Kilroy to grow its net operating income (cash flow) by approximately 70% over the next five years through occupancy gains and rent increases in its operating portfolio and the completion of its development pipeline.

During the company's most recent quarterly earnings conference call, management said that it was witnessing the strongest market conditions the company has seen with limited supply and solid demand resulting in declining vacancy rates and higher rents.

West Coast office fundamentals are among the strongest in the U.S. The demand outlook is attractive as West Coast job growth, particularly from technology, media, and life sciences companies, continues to outpace the national average by a wide margin. Additionally, new construction activity remains limited due to high construction costs and zoning/entitlement restrictions. Consequently, this favorable imbalance between demand and supply should lead to solid occupancy and rent gains, together with strong cash flow growth for the next few years.

We believe the shares of Kilroy are attractively valued and offer compelling return potential in the next few years.

Table VII.
Top net sales for the quarter ended June 30, 2019

	Quarter End Market Cap or Market Cap When Sold (billions)	Amount Sold (thousands)
Simon Property Group, Inc.	$50.0	$60.2
SL Green Realty Corp.	7.0	30.2
Americold Realty Trust	6.2	29.4
Vornado Realty Trust	12.7	22.4
HCP, Inc.	15.3	19.1

In the most recent quarter, we exited **Simon Property Group, Inc.**, the world's largest mall operator. Though we have high regard for CEO David Simon, we believe that retail mall and shopping centers will likely continue to be challenged by a slowdown of in-store sales due to the growth of online purchasing by consumers.

We also exited the Fund's investments in New York-centric REITs, **SL Green Realty Corp.** and **Vornado Realty Trust**. We have reallocated the capital to West Coast office REITs such as Hudson Pacific Properties, Inc., Kilroy Realty Corporation, Douglas Emmett, Inc., and Alexandria Real Estate Equities, Inc. Generally, we believe the prospects for West Coast office REITs are superior to East Coast office REITs due to a more favorable imbalance between demand and supply, which should lead to superior occupancy and rent gains, together with stronger cash flow growth for the next few years.

We slightly reduced our investment in **Americold Realty Trust** reflecting a modest rebalancing of the portfolio. However, we remain optimistic about the company's long-term business prospects.

We reduced our investment in **HCP, Inc.**, reallocating this capital to higher conviction investment opportunities.

Outlook

We have stated in prior letters that **no one has a crystal ball regarding the outlook** for the stock, bond and real estate markets. Certainly, any number of factors can influence market direction and performance, such as geopolitical, central bank actions, and macroeconomic factors such as GDP growth, interest rates, inflation, the U.S. dollar, and oil prices. The first six months of 2019 are certainly a case in point.

For example, in the first half of 2019, we are confident that few would have predicted that:

- The Fed would pivot to a dovish stance on January 4, 2019, less than three weeks after increasing interest rates on December 19, 2018;
- The U.S. 10-Year Treasury yield would fall 123 basis points from its 2018 high to only 2.0% on June 30, 2019;
- Inflation would drop significantly and remain below the Fed's targeted 2% level;
- Geopolitical tensions would dramatically increase with Iran; and
- The S&P 500 advance of 18.54% would be the best six-month start in more than 20 years!

These developments are a strong reminder that it is a fool's game trying to forecast an outlook.

Nevertheless, in addition to the factors cited at the beginning of this letter that contributed to strong performance in the first half of this year and continue to remain in place, there are several indicators that lead us to conclude that the current business environment could be supportive of further gains in the stock market, real estate, and the Baron Real Estate Income Fund:

- Business conditions are generally solid for our REIT and real estate-related companies.
- The U.S. economy is experiencing an unusual combination of solid employment growth, decent wage growth, low Interest rates, and modest inflation.
- We are not witnessing the wide-ranging forewarnings that typically signal the end of a business and/or real estate cycle such as spikes in economic growth, construction activity, interest rates and/or inflation, and the aggressive use of debt.
- We continue to own several attractively valued quality companies across several segments of real estate.

In summary, we continue to be of the view that the current environment for stocks and real estate is positive. While we would not expect to replicate our strong first half returns of 2019 in the second half of this year, we do remain optimistic about the potential for further gains.

I am proud to report that I am a major shareholder of the Baron Real Estate Income Fund, alongside you.

Thank you for your support.

Sincerely,

Jeffrey Kolitch
Portfolio Manager
July 31, 2019

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: In addition to general market conditions, the value of the Fund will be affected by the strength of the real estate markets as well as by interest rate fluctuations, credit risk, environmental issues and economic conditions. The Fund invests in companies of all sizes, including small and medium sized companies whose securities may be thinly traded and more difficult to sell during market downturns. Prices of equity securities may decline significantly over short or extended period of time. Debt or fixed income securities such as those held by the Fund, are also subject to derivatives risk, liquidity risk, and income risk. As interest rates rise, bond prices fall. The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

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 Real Estate Income Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such an offer or solicitation.

Baron WealthBuilder Fund

Dear Baron WealthBuilder Fund Shareholder:

Performance

Baron WealthBuilder Fund (the "Fund") increased in value 5.85% (Institutional Shares) in the three-month period ended June 30, 2019. The S&P 500 Index (the "S&P 500") appreciated 4.30%. The MSCI ACWI Index (the "MSCI ACWI") gained 3.61%. These strong absolute and relative results are a continuation of the Fund's outperformance in the prior quarter. The Fund has now increased 25.78% in the first half of calendar year 2019. That compares to the S&P 500 and MSCI ACWI which have gained 18.54% and 16.23%, respectively.

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

	Baron Wealth Builder Fund Retail Shares[1,2]	Baron Wealth Builder Fund Institutional Shares[1,2]	Baron Wealth Builder Fund TA Shares[1,2]	S&P 500 Index[1]	MSCI ACWI Index[1]
Three Months[3]	5.77%	5.85%	5.76%	4.30%	3.61%
Six Months[3]	25.72%	25.78%	25.78%	18.54%	16.23%
One Year	9.36%	9.64%	9.64%	10.42%	5.74%
Since Inception (December 29, 2017)	11.32%	11.51%	11.51%	8.71%	3.49%

The second quarter of the year was volatile as market sentiment swung from bullish to bearish and back to bullish. After signs of slower global economic activity, the period ended on a strong note as tensions with major trading partners in China and Mexico eased; the Federal Reserve's posture became dovish, and other central banks began to implement stimulative monetary policies.

Our "Disruptive" and "Core Growth" companies continued to perform well. Businesses with legacy business models and which are unable or unwilling to alter their practices faltered, while more nimble, innovative growth competitors took market share. The S&P 500 and broader world indexes are plagued by the former. Avoiding such businesses proved beneficial to the performance of the underlying diversified Baron Funds' portfolios in which Baron WealthBuilder Fund invests.

Baron's domestic, mid-cap growth funds did exceptionally well in the period. This was as quality, consistent growth companies were heavily rewarded. Some smaller-sized businesses were penalized as concerns regarding a cyclical slowdown increased. Small-cap health care stocks held by

MICHAEL BARON
ASSISTANT PORTFOLIO MANAGER

RONALD BARON
CEO AND PORTFOLIO MANAGER

Retail Shares: BWBFX
Institutional Shares: BWBIX
TA Shares: BWBTX

underlying Baron mutual funds were negatively impacted by political rhetoric. Investors became concerned such businesses would be forced to accept lower rates if our government assumed more payment responsibilities.

Baron WealthBuilder Fund's exposure to emerging markets was the only allocation that detracted from our relatively strong performance in the quarter.

We believe Baron's fundamental investment analyses and well-established process should result in the Baron funds in which Baron Wealth Builder Fund invests continuing to outperform their various benchmarks over the long term. Our repeatable formula of discovering, researching and investing for the long term in businesses with sizable opportunities, and durable competitive advantages led by talented executives is well established. We try to purchase at attractive prices and remain owners for the long term. This is to benefit from the success of these businesses over extended time periods. We do not try to benefit from short-term fluctuations in the markets and economy. It is a strategy that has proven successful. 87.8% of Baron WealthBuilder Fund assets are invested in underlying Baron Funds that exceeded their respective benchmark indexes in the most recent period.

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares, Institutional Shares and TA Shares as of December 31, 2018 was 2.02%, 1.61% and 1.71%, respectively, but the net annual expense ratio was 1.42%, 1.17% and 1.17% (includes acquired fund fees, 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. BAMCO, Inc. ('BAMCO" or the "Adviser") has agreed that, pursuant to a contract expiring on August 29, 2030, unless renewed for another 11-year term, it will reimburse certain expenses of the Fund, limiting net annual operating expenses (portfolio transaction costs, interest, dividend, acquired fund fees and expenses and extraordinary expenses are not subject to the operating expense limitation) to 0.30% of average daily nest assets of Retail Shares, 0.05% of average daily net assets of Institutional Shares and 0.05% of average daily net assets of TA Shares, 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 The indexes are unmanaged. The index performance is not Fund performance; one cannot invest directly into an index. The S&P 500 Index measures the performance of 500 widely held large cap U.S. companies. The MSCI ACWI Index is an unmanaged, free float-adjusted market capitalization weighted index reflected in US dollars that measures the equity market performance of large- and mid-cap securities across developed and emerging markets. The indexes and the Fund are with dividends, which positively impact the performance results.

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 Not annualized.

91.5% of assets are invested in Baron funds that have exceeded their benchmarks since Baron WealthBuilder Fund's inception, or since initial purchase.

We encourage you to read the various quarterly letters found in this report for a deeper understanding of the funds that comprise Baron WealthBuilder Fund.

Fund of Funds Structure and Investment Strategy

Baron WealthBuilder Fund enables investors to diversify across the **98.8%** of Baron Funds' assets under management ("AUM") that have outperformed their benchmarks from inception. Such investments provide exposure to Baron portfolios with various market caps, sectors, and geographies in a single structure. Further, each Baron Fund employs the same core investment process and philosophy. Our unique investment approach and process has yielded outstanding results since the firm's founding in 1982. 14 of 16 Baron mutual funds, representing **98.8%** of Baron Funds' AUM, have outperformed their respective passive benchmarks since the inceptions of those funds. 10 of those funds, representing **97.8%** of Baron Funds' AUM, rank in the **top 17%** of their respective Morningstar categories and 6, representing **61.5%** of Baron Funds' AUM, rank in the **top 6%**.

The makeup of the underlying investment portfolios is significantly different than the indexes. Consequently, the Fund has a high "active share" when measured against benchmarks. We feel the diversity in regions and sectors of the Fund's underlying growth portfolios dampen risk while providing strong absolute returns. While nearly matching the number of holdings in the S&P 500 (464 stocks in Baron WealthBuilder versus 502 in the S&P 500), the similarities end there. The holdings in the Fund have a lower dividend yield (0.7% versus 2.0% for the S&P 500), with companies most often electing instead to reinvest earnings in their businesses for growth. The approach is working. The projected earnings per share growth rate over the next 3-to-5 years is 16.2% for companies in the underlying Baron portfolios versus 11.6% for the S&P 500 (39.7% higher growth). Further, we feel many of our investments can exceed those goals. These businesses more than doubled the S&P 500's growth rate over the proceeding five years. The Fund's five-year historical earnings per share growth rate is 16.3% versus the S&P 500's 7.9%. Yet these companies are only 47.7% more expensive than the S&P 500's holdings *(the Fund's trailing price to earnings ratio is 29.4 versus 19.9 for the S&P 500). We feel that this valuation metric is misleading since many holdings have depressed margins as they sacrifice current profitability for higher long-term growth rates and sustainability.* Significantly higher growth for a moderate price premium has historically been rewarded. We believe significantly higher growth for a moderate price premium will be rewarded.

Baron WealthBuilder Fund's portfolio is also distinct in its sector weightings. The S&P 500 has a higher share of Consumer Staples, Energy, and Utilities businesses. Those are typically defensive companies that have limited unique traits and slower growth prospects and are often reliant on unpredictable commodity prices. Baron WealthBuilder Fund instead favors Consumer Discretionary, Information Technology, Industrials, and Real Estate firms where competitive advantage is more apparent and growth projections more robust.

Finally, the Fund is exposed to international companies. The S&P 500 includes only domestic businesses. The MSCI ACWI has global coverage. North America is 58.1% of that index compared to 85.8% for the Fund. But the greater international exposure for the MSCI ACWI Index is heavily skewed towards slowly growing developed markets. Baron WealthBuilder Fund seeks faster growth in emerging economies. 39.5% of the Fund's international investments are in Asia/ Pacific ex Japan, versus 29.4% for the MSCI ACWI. The MSCI ACWI has 63.8% of its international investments in slower growth European and Japanese companies while this region constitutes 31.7% of the Fund's international investments.

Table II.
Baron Funds Performance
As of June 30, 2019

Institutional Share Class Data

% of Total Investments of Fund		Performance Second Quarter of 2019†	Benchmark	Performance Second Quarter of 2019†
33.2%	**Small Cap**			
4.5%	Baron Discovery Fund	1.08%	Russell 2000 Growth Index	2.75%
14.3%	Baron Growth Fund	7.03%		
14.4%	Baron Small Cap Fund	4.95%		
3.9%	**Small/Mid Cap**			
3.9%	Baron Focused Growth Fund	1.10%	Russell 2500 Growth Index	4.14%
16.3%	**Mid Cap**			
16.3%	Baron Asset Fund	9.92%	Russell Midcap Growth Index	5.40%
7.3%	**Large Cap**			
6.3%	Baron Fifth Avenue Growth Fund	6.61%	Russell 1000 Growth Index	4.64%
1.0%	Baron Durable Advantage Fund	8.01%	S&P 500 Index	4.30%
21.5%	**All Cap**			
6.6%	Baron Opportunity Fund	6.19%	Russell 3000 Growth Index	4.50%
14.9%	Baron Partners Fund	7.50%	Russell Midcap Growth Index	5.40%

† Not annualized.

Baron WealthBuilder Fund

% of Total Investments of Fund		Performance Second Quarter of 2019†	Benchmark	Performance Second Quarter of 2019†
12.6%	**International**			
5.3%	Baron Emerging Markets Fund	0.29%	MSCI EM Index	0.61%
4.3%	Baron Global Advantage Fund	6.85%	MSCI ACWI Index	3.61%
3.0%	Baron International Growth Fund	2.66%	MSCI ACWI ex USA Index	2.98%
5.2%	**Specialty**			
4.5%	Baron Real Estate Fund	4.22%	MSCI USA IMI Extended Real Estate Index	3.57%
0.7%	Baron Health Care Fund	6.30%	Russell 3000 Health Care Index	1.43%

† Not annualized.

Table III.
Sector exposures as of June 30, 2019

	Percent of Net Assets	S&P 500 Index	MSCI ACWI Index
Information Technology	22.5%	21.5%	16.0%
Consumer Discretionary	19.4	10.2	10.8
Health Care	15.4	14.2	11.4
Industrials	14.2	9.4	10.5
Financials	13.2	13.1	16.9
Communication Services	6.7	10.2	8.7
Real Estate	6.1	3.1	3.2
Consumer Staples	0.9	7.3	8.3
Materials	0.9	2.8	4.9
Energy	0.5	5.0	5.9
Utilities	0.1	3.3	3.3
Unclassified	0.1		

Table IV.
Country exposures as of June 30, 2019

	Percent of Net Assets	S&P 500 Index	MSCI ACWI Index
United States	85.3%	100.0%	55.2%
China	3.2		3.7
Israel	1.5		0.2
United Kingdom	1.5		5.0
India	1.3		1.1
Brazil	1.2		0.9
Netherlands	1.0		1.1
South Africa	0.6		0.7
Sweden	0.5		0.8
Canada	0.4		3.1
Other	3.5		28.3

Table V.
Fund of fund holdings as of June 30, 2019

	Percent of Net Assets
Baron Asset Fund	16.3%
Baron Partners Fund	14.9
Baron Small Cap Fund	14.4
Baron Growth Fund	14.3
Baron Opportunity Fund	6.6
Baron Fifth Avenue Growth Fund	6.3
Baron Emerging Markets Fund	5.3
Baron Real Estate Fund	4.5
Baron Discovery Fund	4.5
Baron Global Advantage Fund	4.3
Baron Focused Growth Fund	3.9
Baron International Growth Fund	3.0
Baron Durable Advantage Fund	1.0
Baron Health Care Fund	0.7

Thank you for Investing in Baron WealthBuilder Fund.

Thank you for joining us as fellow shareholders in Baron WealthBuilder Fund. We continue to work hard to justify your confidence and trust in our stewardship of your hard-earned savings. We will 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 the Fund remains an appropriate investment for you and your family.

Respectfully,

Ronald Baron
CEO and Portfolio Manager
July 31, 2019

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 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 Fund is a non-diversified fund because it invests, at any given time, in the securities of a select number of Baron mutual funds (the "Underlying Funds"), representing specific investment strategies. The Fund can invest in funds holding U.S. and international stocks; small-cap, small to mid-cap, large-cap, all-cap stocks; and specialty stocks. Each of the Underlying Funds has its own investment risks, and those risks can affect the value of the Fund's investments and therefore the value of the Fund's shares. To the extent that the Fund invests more of its assets in one Underlying Fund than in another, it will have greater exposure to the risks of that Underlying Fund. For further information regarding the investment risks of the Underlying Funds, please refer to the Underlying Funds' prospectus.

The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

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.

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 WealthBuilder Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

Ranking information provided is calculated using the Retail Share Class and is as of June 30, 2019.

The number of share classes in each category may vary depending on the date that Baron downloaded information from Morningstar Direct.

Morningstar calculates its category averages 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.

The **Morningstar US Fund Mid-Cap Growth Category** consisted of 602, 484, and 367 share classes for the 1-, 5-, and 10-year periods.

Morningstar ranked **Baron Asset Fund** in the 6th, 10th, 18th, and 17th percentiles, respectively, in the category for the 1-year, 5-year, 10-year, and since inception periods. The Fund was incepted 6/12/1987 and the category consisted of 19 share classes for the since inception period.

Morningstar ranked **Baron Growth Fund** in the 28th, 32nd, 37th, and 4th percentiles, respectively, in the category for the 1-year, 5-year, 10-year, and since inception periods. The Fund was incepted 12/30/1994 and the category consisted of 57 share classes for the since inception period.

Morningstar ranked **Baron Partners Fund** in the 74th, 44th, 9th, and 4th percentiles, respectively, in the category for the 1-year, 5-year, 10-year, and since conversion periods. The Fund was converted into a mutual Fund 4/30/2003 and the category consisted of 232 share classes for the since conversion period.

The **Morningstar US Fund Small Growth Category** consisted of 672, 515, and 393 share classes for the 1-, 5-, and 10-year time periods.

Morningstar ranked **Baron Small Cap Fund** in the 21st, 47th, 52nd, and 12th percentiles, respectively, in the category for the 1-year, 5-year, 10-year, and since inception periods. The Fund was incepted 9/30/1997 and the category consisted of 107 share classes for the since inception period.

Morningstar ranked **Baron Discovery Fund** in the 41st, 17th, and 3rd percentiles, respectively, in the category for the 1-year, 5-year, and since inception periods. The Fund was incepted 9/30/2013 and the category consisted of 497 share classes for the since inception period.

The **Morningstar US Fund Large Growth Category** consisted of 1,383, 1,100, 812, and 325 share classes for the 1-year, 5-year, 10-year, and since inception (2/29/2000) periods. Morningstar ranked **Baron Opportunity Fund** in the 8th, 24th, 26th, and 12th percentiles, respectively, in the category.

The **Morningstar US Fund Foreign Large Growth Category** consisted of 465, 336, 247, and 242 share classes for the 1-year, 5-year, 10-year, and since inception (12/31/2008) periods. Morningstar ranked **Baron International Growth Fund** in the 85th, 29th, 10th, and 10th percentiles, respectively, in the category.

The **Morningstar US Fund Real Estate Category** consisted of 259, 198, and 144 share classes for the 1-year, 5-year, and since inception (12/31/2009) periods. Morningstar ranked **Baron Real Estate Fund** in the 98th, 94th, and 6th percentiles, respectively, in the category.

The **Morningstar US Fund Diversified Emerging Markets Category** consisted of 837, 560, and 293 share classes for the 1-year, 5-year, and since inception (12/31/2010) periods. Morningstar ranked **Baron Emerging Markets Fund** in the 63rd, 39th, and 3rd percentiles, respectively, in the category.

The **Morningstar US Fund World Large Stock Category** consisted of 864, 594, and 458 share classes for the 1-year, 5-year, and since inception (4/30/2012) periods. Morningstar ranked **Baron Global Advantage Fund** in the 3rd, 2nd, and 2nd percentiles, respectively, in the category.

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Risk: All investments are subject to risk and may lose value. Index performance is not fund performance; one cannot invest directly into an index.

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Baron WealthBuilder Fund

Fund (Institutional Shares) and Benchmark Performance 6/30/2019

Fund	Primary Benchmark	Annualized Return Since Fund Inception	Annualized Benchmark Return Since Fund Inception	Inception Date	Average Annualized Returns 1-Year	5-Year	10-Year	15-Year	Annual Expense Ratio	Net Assets
SMALL CAP										
Baron Growth Fund	Russell 2000 Growth Index	13.40%	8.01%	12/31/1994	14.51%	11.31%	15.52%	10.29%	1.03%[3]	$6.94 billion
Baron Small Cap Fund	Russell 2000 Growth Index	10.36%	6.18%	9/30/1997	9.59%	9.89%	14.79%	9.69%	1.04%[3]	$4.17 billion
Baron Discovery Fund†	Russell 2000 Growth Index	15.46%	9.36%	9/30/2013	5.57%	12.05%	N/A	N/A	1.12%/1.10%[3][4]	$558.66 million
SMALL/MID CAP										
Baron Focused Growth Fund[1]	Russell 2500 Growth Index	11.08%	8.14%	5/31/1996	3.57%	8.14%	12.69%	10.21%	1.09%[5]	$228.67 million
MID CAP										
Baron Asset Fund	Russell Midcap Growth Index	11.93%	10.28%[2]	6/12/1987	19.70%	13.48%	16.41%	10.99%	1.04%[3]	$4.43 billion
LARGE CAP										
Baron Fifth Avenue Growth Fund	Russell 1000 Growth Index	9.68%	10.01%	4/30/2004	11.43%	14.52%	16.31%	9.78%	0.82%/0.75%[3][7]	$310.02 million
Baron Durable Advantage Fund	S&P 500 Index	9.77%	8.71%	12/29/2017	11.43%	N/A	N/A	N/A	5.71%/0.70%[8]	$4.79 million
ALL CAP										
Baron Partners Fund[1]	Russell Midcap Growth Index	13.05%	9.95%	1/31/1992	6.81%	10.39%	17.13%	11.43%	1.77%[5][6]	$2.39 billion
Baron Opportunity Fund†	Russell 3000 Growth Index	7.50%	4.70%	2/29/2000	16.13%	13.57%	16.18%	11.60%	1.11%[3]	$473.26 million
INTERNATIONAL										
Baron Emerging Markets Fund†	MSCI EM Index	4.51%	1.42%	12/31/2010	0.11%	2.66%	N/A	N/A	1.10%[5]	$5.17 billion
Baron Global Advantage Fund†	MSCI ACWI Index	14.93%	8.93%	4/30/2012	15.10%	13.48%	N/A	N/A	1.18%/0.90%[5][9]	$216.59 million
Baron International Growth Fund†	MSCI ACWI ex USA Index	10.94%	7.55%	12/31/2008	–1.17%	5.28%	10.38%	N/A	1.07%/0.95%[5][10]	$295.01 million
SPECIALTY										
Baron Real Estate Fund	MSCI USA IMI Extended Real Estate Index	13.23%	12.27%	12/31/2009	1.08%	4.68%	N/A	N/A	1.06%[5]	$587.36 million
Baron Real Estate Income Fund	MSCI US REIT Index	4.84%	6.72%	12/29/2017	7.51%	N/A	N/A	N/A	7.18%/0.80%[5][11]	$3.72 million
Baron Health Care Fund	Russell 3000 Growth Index	13.99%	13.21%	4/30/2018	11.06%	N/A	N/A	N/A	4.06%/0.85%[5][12]	$11.53 million
FUND OF FUNDS										
Baron WealthBuilder Fund	S&P 500 Index	11.51%	8.71%	12/29/2017	9.64%	N/A	N/A	N/A	1.88%/1.16%[12]	$95.03 million

(1) Reflects the actual fees and expenses that were charged when the Funds were partnerships. The predecessor partnerships charged a 20% performance fee (Baron Partners Fund) or a 15% performance fee (Baron Focused Growth Fund) after reaching a certain performance benchmark. If the annual returns for the Funds did not reflect the performance fee for the years the predecessor partnerships charged a performance fee, returns would be higher. The Funds' shareholders are not charged a performance fee.

(2) For the period June 30, 1987 to June 30, 2019.

(3) As of 9/30/2018.

(4) Annual expense ratio was 1.12%, but the net annual expense ratio was 1.10% (net of the Adviser's fee waivers).

(5) As of 12/31/2018.

(6) Comprised of operating expenses of 1.06% and interest expenses of 0.71%.

(7) Annual expense ratio was 0.82%, but the net annual expense ratio was 0.75% (restated to reflect current fee waivers).

(8) Annual expense ratio was 5.71%, but the net annual expense ratio was 0.70% (net of Adviser's fee waivers).

(9) Annual expense ratio was 1.18%, but the net annual expense ratio was 0.90% (net of Adviser's fee waivers).

(10) Annual expense ratio was 1.07%, but the net annual expense ratio was 0.95% (net of Adviser's fee waivers).

(11) Annual expense ratio was 7.18%, but the net annual expense ratio was 0.80% (net of Adviser's fee waivers).

(12) Annual expense ratio was 4.06%, but the net annual expense ratio was 0.85% (net of Adviser's fee waivers).

(13) Annual expense ratio was 1.61%, but the net annual expense ratio was 1.17% (includes acquired fund fees and expenses, net of the Adviser's fee waivers).

† 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.

Dear Baron Health Care Fund Shareholder:

Performance

In the quarter ended June 30, 2019, Baron Health Care Fund (the "Fund") advanced 6.30% (Institutional Shares), compared with the 1.43% gain for the Russell 3000 Health Care Index (the "Benchmark") and the 4.30% gain for the S&P 500 Index. Year to date, the Fund is up 22.25% (Institutional Shares) compared with the 10.23% gain for the Benchmark and the 18.54% gain for the S&P 500 Index. Since inception (4/30/2018), the Fund has increased 13.99% (Institutional Shares) compared with the 13.21% increase for the Benchmark and the 11.69% increase for the S&P 500 Index.

Table I.
Performance
For periods ended June 30, 2019

	Baron Health Care Fund Retail Shares[1,2]	Baron Health Care Fund Institutional Shares[1,2]	Russell 3000 Health Care Index[1]	S&P 500 Index[1]
Three Months[3]	6.31%	6.30%	1.43%	4.30%
Six Months[3]	22.19%	22.25%	10.23%	18.54%
One Year	10.88%	11.06%	11.80%	10.42%
Since Inception (April 30, 2018)[3]	13.73%	13.99%	13.21%	11.69%

The Health Care sector continued to underperform the broader equity markets because of investor concerns about the upcoming Presidential election and the increased political rhetoric about proposed structural changes to the health care system. We continue to believe expansion of Medicare coverage could ultimately happen, but we think a transformational shift to a single payor system with no private health insurance companies is highly unlikely.

During the quarter, the Fund outperformed both the Benchmark and the S&P 500 Index. The Fund's investments in diabetes device companies **DexCom, Inc.** and **Insulet Corp.** contributed the most to performance, driven by reduced investor concerns about competitive threats to DexCom, and strong financial results from Insulet. Other outperformers included **Silk Road Medical, Inc.**, a newly-public company that offers a new approach for the treatment of carotid artery disease; **IDEXX Laboratories, Inc.**, the leader in veterinary diagnostics; and **argenx SE**, which is developing novel drugs for severe autoimmune diseases.

NEAL KAUFMAN
PORTFOLIO MANAGER

Retail Shares: BHCFX
Institutional Shares: BHCHX
R6 Shares: BHCUX

We continue to think the Health Care sector will offer attractive investment opportunities over the next decade and beyond. Health Care is one of the largest and most complex sectors in the U.S. economy, accounting for approximately 18% of GDP, growing faster than GDP, and encompassing a diverse array of sub-industries. Health Care is also a dynamic industry undergoing significant changes driven by legislation, regulation, and market forces.

The Fund's investment approach is consistent with the Baron investment philosophy. We take a long-term perspective, conduct independent research and analysis, and look for businesses that we believe have open-ended secular growth opportunities, durable competitive advantages, and strong management teams. We are particularly focused on businesses that solve problems in health care, whether by reducing costs, enhancing efficiency, and/or improving patient outcomes.

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, 2018 was 4.94% and 4.06%, respectively, but the net annual expense ratio was 1.10% and 0.85% (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 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 The indexes are unmanaged. The index performance is not Fund performance; one cannot invest directly into an index. The Russell 3000® Health Care Index is an unmanaged index representative of companies involved in medical services or health care in the Russell 3000 Index, which is comprised of the 3,000 largest U.S. companies as determined by total market capitalization. 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.

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

3 Not annualized.

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

	Percent Impact
DexCom, Inc.	1.03%
Insulet Corp.	0.73
Silk Road Medical, Inc.	0.69
IDEXX Laboratories, Inc.	0.67
argenx SE	0.62

DexCom, Inc. sells a continuous glucose monitoring device for people with diabetes. The stock rose after Abbott's Libre 2.0 unexpectedly did not receive FDA approval following the American Diabetes Association annual meeting. There were also questions about whether Libre 2.0's performance metrics had improved enough to catch up with DexCom's accuracy. We continue to believe DexCom has a long runway for growth despite the potential for increased competition from Libre 2.0.

Shares of **Insulet Corp.**, a seller of the OmniPod insulin pump for people with diabetes who require insulin, contributed to performance in the quarter. The stock rose due to above-consensus first quarter financial results, and investors turned their attention to the potential positive impact of new product launches, including DASH in 2019 and Horizon in late 2020. We continue to believe Insulet is well positioned to generate strong long-term growth.

Silk Road Medical, Inc. contributed to performance during the period held in the quarter. Silk Road is a newly-public company offering a novel approach to the treatment of carotid artery disease. Shares appreciated because of the potential for this approach to become the standard of care. We think the company has a long runway for growth, as clinical data has shown that its treatment offers the advantages of a minimally invasive solution with lower stroke risk than existing alternatives.

Shares of veterinary diagnostics leader **IDEXX Laboratories, Inc.** contributed to performance after reporting 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 moving significantly higher, and we believe that margins can approach 30% over the next several years.

argenx SE is a Dutch biotechnology company dedicated to developing biologics to treat immunological disorders and cancer. Strong performance in the quarter was generally attributable to the high quality of argenx's assets that led to greater investor appreciation of the business and incremental updates on early pipeline assets at the company's Research & Development day. We expect continued positive performance given the high quality of argenx's pipeline combined with its strong cash position.

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

	Percent Impact
Covetrus, Inc.	–0.53%
InflaRx N.V.	–0.44
Intersect ENT, Inc.	–0.40
Acceleron Pharma Inc.	–0.34
Intuitive Surgical, Inc.	–0.33

Covetrus, Inc., is a newly-formed global animal health technology and services company comprised of Vet's First Choice and Henry Schein Animal Health. Shares declined in the quarter as investors reacted to first quarter revenue and EBITDA misses of 3% and 15%, respectively, and a modest guidance reset with general concerns over near-term softness in the legacy Henry Schein Animal Health business. We remain bullish on the longer-term opportunity for this unique company to become a leading veterinary health platform.

InflaRx N.V. is a German biotechnology company developing a drug to treat patients with hidradenitis suppurativa, a painful skin disease. This past quarter saw an unequivocal failure of InflaRx's asset in Phase 2 trials that called into question the thesis for future investments in the development of its treatment for this disease. We exited this position.

Intersect ENT, Inc. produces drug coated, bioabsorbable stents to help sinus sufferers with recurrent problems after sinus surgery. Shares detracted due to struggles with the launch of its SINUVA product which targets usage in doctors' offices. Our due diligence indicated the product would be well received by patients, but Intersect has had trouble dealing with a reimbursement pathway. We believe this is manageable, but given the timing of the CEO's departure following a weak sales quarter for SINUVA, we decided to exit our position.

Acceleron Pharma Inc. is a biopharmaceutical company developing a set of assets for hematological, respiratory, and muscle disorders. Shares fell in the quarter. As we expect most of 2019 to serve as a period of incubation for the company without any major results until possibly late in the year, we are not surprised that Acceleron has fallen out of favor given the lack of news. We expect investor interest to pick up as catalysts approach.

Shares of **Intuitive Surgical, Inc.**, a manufacturer of surgical robotic products, most notably the da Vinci robotic surgical system, detracted from performance. The stock declined due to first quarter financial results falling short of investor expectations, which was partially attributable to Intuitive selling more of its systems under operating leases, resulting in less upfront revenue recognition. We continue to believe Intuitive Surgical has a long runway for growth.

Portfolio Structure

We build the portfolio from the bottom up, one stock at a time, using the Baron investment approach. We do not try to mimic an index, and we expect the Fund to look very different from the Benchmark. The Fund may invest in stocks of any market capitalization and may hold both domestic and international stocks. As of June 30, 2019, the Fund held 44 positions. This compares with 502 positions in the Benchmark. International stocks represented 13.6% of the Fund's net assets. The Fund's 10 largest holdings represented 42.7% of net assets and the 20 largest holdings represented 68.2% of net assets. Compared with the Benchmark, the Fund was overweight in life sciences tools & services and health care supplies, and underweight in pharmaceuticals and health care services. The Fund includes a mix of stocks ranging from large, stable growth companies to small, pre-commercial biotechnology companies. The market cap range of the investments in the Fund was $854 million to $232 billion, with a weighted average market cap of $48.1 billion. This is well below the Benchmark's weighted average market cap of $116.6 billion.

We continue to invest in the following themes:

- **Genomics:** We have an investment in **Illumina, Inc.**, the market leader in DNA sequencing technology. As the cost and time to sequence a human genome have declined to less than $1,000 in under a day, the applications for DNA sequencing are expanding, most notably in cancer diagnosis and treatment, as well as in rare and undiagnosed genetic diseases, non-invasive pre-natal testing, population genomics, and consumer genomics. We have investments in companies using Illumina's DNA sequencing technology and other genomic technology for diagnostics applications, including: **Guardant Health, Inc.**, which offers a non-invasive blood test for cancer therapy selection and is developing non-invasive blood tests for cancer recurrence monitoring and early detection of cancer; **CareDx, Inc.**, which offers a non-invasive blood test for kidney transplant surveillance; **Veracyte**, **Inc.**, which offers genomic diagnostic tests for thyroid cancer, lung cancer, and idiopathic pulmonary fibrosis; and **Adaptive Biotechnologies Corporation**, a newly public company that offers ClonoSeq for detection and monitoring of minimal residual disease in certain blood cancers and is developing early disease detection tests and other products based on its immune system sequencing platform.

- **Innovative New Drugs:** We have investments in companies developing innovative new drugs. **Sage Therapeutics, Inc.** is developing novel medications for depression, which have the potential to offer a faster onset of action (days vs. months) and a change in the treatment paradigm from chronic to acute. **Argenx SE**'s lead molecule has the potential to treat a long list of severe autoimmune diseases caused by pathogenic auto-antibodies. **Vertex Pharmaceuticals Incorporated**, the leader in the treatment of cystic fibrosis, has shown promising data for its "triple therapy," a cocktail of three drugs combined into one pill that would address an expanded group of patients with the disease, and has a promising new product pipeline for other diseases.

- **Minimally Invasive Surgery:** Less invasive surgery is less traumatic for the patient, enabling a faster recovery. We have investments in: **Intuitive Surgical, Inc.**, the pioneer in robotic surgery; **Edwards Lifesciences Corp.**, a leader in transcatheter heart valve replacement; **Abbott Laboratories**, a leader in transcatheter mitral valve repair; **Teleflex Incorporated**, which offers a new minimally invasive treatment for benign prostatic hyperplasia, also known as enlarged prostate; and **Silk Road Medical, Inc.**, which offers a new minimally invasive approach for the treatment of carotid artery disease.

- **Diabetes Management:** Approximately 30 million Americans have diabetes and another 84 million have prediabetes. Diabetes was the seventh leading cause of death in the U.S. in 2015, and according to the American Diabetes Association, the direct medical costs and indirect expenditures attributable to diabetes in the U.S. were an estimated $327 billion in 2017. Worldwide, the prevalence of diabetes is staggering: over 400 million people globally have diabetes and The International Diabetes Federation estimates that by 2045, this number could reach 629 million people. We have investments in innovative medical technology companies which help patients better manage their diabetes: **DexCom, Inc.**, which offers a continuous glucose monitoring system that eliminates the need for fingersticks; **Insulet Corp.**, which offers a unique tubeless, disposable insulin pump; and **Abbott Laboratories**, which sells the FreeStyle Libre flash glucose monitoring system.

- **Tools Providers to Life Sciences Companies:** We believe companies that provide products and services to biotechnology and pharmaceutical companies are attractive because they can benefit from the growth in those areas without the risk inherent in drug development. Our investments in the life sciences tools providers include **Bio-Techne Corporation**, **Mettler-Toledo International, Inc.**, **ICON plc**, **Iqvia Holdings Inc.**, among others.

- **Integration between Payors and Providers:** Efforts to control health care costs are driving a shift towards value-based health care, which rewards health care providers for the quality of care they provide rather than the quantity of care. As a result, the lines between health care payors and providers are blurring as providers assume more insurance risk and payors acquire providers to control health care costs. We have investments in **UnitedHealth Group Incorporated**, a leading managed care organization that is the largest employer of physicians in the U.S., and **Humana Inc.**, a leading managed care organization that is the largest hospice operator in the U.S. Both of these companies are well positioned to potentially benefit from enrollment growth in Medicare Advantage, the value-based Medicare program which is growing more rapidly than traditional Medicare because of the more attractive value proposition to enrollees.

- **Animal Health:** We believe the animal health industry is attractive based on the trends toward greater pet ownership, increased spending on pets, increased consumption of animal protein, and increased focus on food safety. Further, compared with drug development for humans, the animal health industry is characterized by lower regulatory barriers, shorter and less costly R&D, less generic competition, and lower third-party reimbursement risks. We have investments in **Dechra Pharmaceuticals PLC**, which develops and sells medicines for pets and food producing animals; **IDEXX Laboratories, Inc.**, the leading provider of diagnostic instruments and assays used for pet care in veterinarian offices; and **Covetrus, Inc.**, a newly-formed company resulting from the merger of Henry Schein's Animal Health Business, a leading distributor of products to veterinarians, with Vets First Choice, a technology platform used by veterinarians.

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

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Quarter End Investment Value (thousands)	Percent of Net Assets
UnitedHealth Group Incorporated	2018	$227.2	$231.9	$794.0	6.9%
argenx SE	2018	2.8	5.3	597.8	5.2
Abbott Laboratories	2018	124.6	148.4	554.7	4.8
DexCom, Inc.	2018	8.3	13.6	520.7	4.5
Sage Therapeutics, Inc.	2018	6.7	9.4	492.9	4.3
Bio-Techne Corporation	2018	5.7	7.9	442.4	3.8
Vertex Pharmaceuticals Incorporated	2018	39.0	47.0	398.9	3.5
Humana Inc.	2019	35.0	35.8	384.7	3.3
Insulet Corp.	2018	5.0	7.1	371.5	3.2
CareDx, Inc.	2018	0.5	1.5	363.0	3.2

Table V.
Fund investments in GICS sub-industries as of June 30, 2019

	Percent of Net Assets
Health Care Equipment	26.2%
Biotechnology	19.5
Life Sciences Tools & Services	17.8
Managed Health Care	11.2
Pharmaceuticals	8.4
Health Care Supplies	5.8
Health Care Facilities	2.3
Health Care Distributors	2.0
Specialized REITs	1.7
Health Care Technology	1.4
Cash and Cash Equivalents	3.7
	100.0%

Recent Activity

Table VI.
Top net purchases for the quarter ended June 30, 2019

	Quarter End Market Cap (billions)	Amount Purchased (thousands)
Merck & Co., Inc.	$215.9	$318.7
Alcon Inc.	30.3	267.5
Humana Inc.	35.8	249.4
UnitedHealth Group Incorporated	231.9	192.0
Veracyte, Inc.	1.4	169.8

We initiated a position in **Merck & Co., Inc.**, a leading global pharmaceutical company. Merck's most important drug is Keytruda, an anti-PD-1 (programmed death receptor-1) therapy, which is used to treat a variety of cancers. We believe Keytruda is still in the early innings of development with multiple ongoing clinical trials in adjuvant (after surgery) and neoadjuvant (before surgery) settings, combination therapies, and earlier lines of therapy. We also think Keytruda has substantial room to grow outside the U.S. Beyond Keytruda, we think Merck's vaccines business is a key growth driver and an attractive business because of high barriers to entry and limited threats from generic competition due to manufacturing complexity. We believe Gardasil, a vaccine to help prevent certain diseases caused by the human papillomavirus (HPV), has potential to grow for many years driven by expansion into new geographies and younger patients, recommendations to make HPV vaccinations gender neutral, and increased awareness that Gardasil can prevent cancers linked to HPV infections beyond just cervical cancer. We also think Merck has an attractive animal health business, which should benefit from the favorable secular trends we described in the section above for the animal health industry. Finally, we think Merck has a pipeline of new drugs with strong growth potential, including a vaccines pipeline, MK-8591 for treatment and prevention of HIV, and Gefapixant for chronic cough and potentially other disease indications. At the company's recent investor day, management outlined its expectation to generate strong revenue growth every year over the next five years combined with meaningful operating margin expansion and increased returns on invested capital. Management also expects the business to generate significant free cash flow, which can be deployed for business development and share repurchases. We think Merck trades at a reasonable valuation for a business with these characteristics.

We initiated a position in **Alcon Inc.**, the leading global medical device ophthalmology company. Alcon was recently spun off from Novartis AG. Alcon has a surgical business that sells equipment, disposables, and implants used in a variety of ophthalmologic surgical procedures and a vision care business that sells contact lenses and over-the-counter eye care products. We think the ophthalmic device market is a secular growth market based on an aging population with growing eye care needs, emerging market growth, and rising prevalence of myopia driven by increased screen time and mobile device use. In addition, Alcon's end markets are less impacted by third-party reimbursement pressures given that customers purchase key products with out-of-pocket spending. We think that, as a stand-alone public company, Alcon can invest more in its business and generate faster revenue growth and more margin expansion than it did under Novartis' ownership. In the near term, Alcon has two important new products in the pipeline: PanOptix, a trifocal intraocular lens for cataract surgery, and Precision1, a daily silicone hydrogel contact lens for the mass market. We think these products should drive revenue growth acceleration over the next few years. Alcon management is committed to delivering significant margin expansion from 2018 to 2023, driven by sales growth acceleration, favorable product mix, manufacturing efficiencies, and cost improvement. Finally, we think Alcon has the balance sheet capacity to make acquisitions to drive growth.

We initiated a position in **Veracyte, Inc.**, a genomics diagnostics company. Veracyte offers three genomic diagnostic tests: Afirma for thyroid cancer, Percepta for lung cancer, and the Envisia for interstitial lung disease. Veracyte's tests can help patients avoid unnecessary, expensive, invasive biopsy procedures. Afirma is a well-established test and we expect continued market penetration. Percepta and Envisia are in the early stages of commercialization, and we expect these tests to add to revenue over time. Veracyte also has a partnership with Johnson & Johnson to develop a novel non-invasive nasal swab diagnostic test for early detection of lung cancer, which, if successful, could become a meaningful revenue driver.

We added to our positions in **UnitedHealth Group Incorporated** and **Humana Inc**. We believe the stocks are selling at attractive valuations because of investor fears about political proposals to eliminate private health insurance. We continue to believe single payor Medicare for All proposals are highly unlikely to become law and that a more likely scenario is an expansion of Medicare. We think both UnitedHealth and Humana would be well positioned to benefit from the expansion of Medicare.

Table VII.
Top net sales for the quarter ended June 30, 2019

	Amount Sold (thousands)
Ligand Pharmaceuticals Incorporated	$167.6
Intersect ENT, Inc.	161.1
Eurofins Scientific SE	140.1
Boston Scientific Corporation	124.0
Abcam plc	120.0

We sold our position in **Intersect ENT**, **Inc**. due to the CEO's departure and disappointing financial results. We sold **Eurofins Scientific SE** to make room for other ideas. We sold our position in **Boston Scientific Corporation** to manage the Fund's weighting in medical device companies. We sold our position in **Abcam plc** due to valuation. We reduced our position in **Ligand Pharmaceuticals Incorporated** to manage the Fund's weighting in biotechnology stocks.

Outlook

We continue to believe health care reform will be incremental rather than revolutionary and our outlook on the sector remains positive.

In general, business fundamentals are solid. The regulatory and funding environment remains favorable. The number of new drugs approved by the FDA reached an all-time high in 2018. The IPO market is healthy. NIH funding for fiscal year 2019 increased 5.4%, following similar increases in fiscal years 2016 to 2018, and we expect bipartisan support for NIH funding to continue.

M&A activity in the sector continued in the second quarter. Notable transactions included Pfizer's announced acquisition of Array BioPharma, a developer of small molecule drugs for cancer, for $11.4 billion; AbbVie's announced acquisition of Allergan, the maker of Botox, for $63 billion; Thermo Fisher Scientific's acquisition of privately-held Brammer Bio, a leader in viral vector manufacturing, for $1.7 billion; Catalent's acquisition of privately-held Paragon Bioservices, a leader in viral vector manufacturing, for $1.2 billion; and UnitedHealth's agreement to acquire privately-held Equian, a provider of payment integrity services, for $3.2 billion. With the exception of AbbVie's proposed acquisition of Allergan, we think the other transactions were innovation and growth oriented and driven by efforts to grow new product pipelines, a trend we think bodes well for the companies in our portfolio.

We are optimistic about the growth prospects for our holdings. We believe the companies in which the Fund invests are unique, competitively advantaged, well-managed growth companies. Thank you for investing in Baron Health Care Fund. I am an investor in the Fund, alongside you.

Sincerely,

Neal Kaufman
Portfolio Manager
July 31, 2019

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.

Risks: In addition to general market conditions, the value of the Fund will be affected by investments in health care companies which are subject to a number of risks, including the adverse impact of legislative actions and government regulations. The Fund is non-diversified, which means it may have a greater percentage of its assets in a single issuer than a diversified fund. The Fund invests in small and medium sized companies whose securities may be thinly traded and more difficult to sell during market downturns. 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 manager 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 Health Care Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

Portfolio Market Capitalization (Unaudited)

Baron Asset Fund

Baron Asset Fund invests in mid-sized growth companies with market capitalizations above $2.5 billion or the smallest market cap stock in the Russell Midcap Growth Index at reconstitution, whichever is larger, and below the largest market cap stock in the Russell Midcap Growth Index at reconstitution.

Company	Equity Market Cap (in millions)	% of Net Assets
Booking Holdings, Inc.	$81,159	1.1%
Illumina, Inc.	54,118	2.5
The Charles Schwab Corp.	53,654	1.9
Equinix, Inc.	42,396	1.5
Worldpay, Inc.	38,147	2.3
Roper Technologies Inc.	38,033	2.2
Amphenol Corporation	28,660	0.5
T. Rowe Price Group, Inc.	25,944	0.8
SBA Communications Corp.	25,463	2.5
Verisign, Inc.	24,928	3.3
Willis Towers Watson Public Limited Company	24,754	1.7
FleetCor Technologies, Inc.	24,207	1.4
Zoom Video Communications, Inc.	24,191	0.2
Verisk Analytics, Inc.	23,971	4.4
Veeva Systems Inc.	23,873	1.8
IDEXX Laboratories, Inc.	23,680	6.1
Align Technology, Inc.	21,897	0.6
Mettler-Toledo International, Inc.	20,835	4.8
CoStar Group, Inc.	20,246	2.7
Expedia Group, Inc.	19,809	0.8
Liberty Broadband Corporation	18,864	1.0
Fastenal Co.	18,662	0.3
IAC/InterActiveCorp	18,294	1.0
CBRE Group, Inc.	17,251	1.4
ANSYS, Inc.	17,190	2.8
The Cooper Companies, Inc.	16,672	1.6
First Republic Bank	16,274	1.1
CDW Corporation	16,208	1.0
Teleflex Incorporated	15,284	1.5
Arch Capital Group Ltd.	14,973	2.0
Waters Corporation	$14,954	0.2%
SS&C Technologies Holdings, Inc.	14,575	1.4
Gartner, Inc.	14,499	5.6
TransUnion	13,768	2.3
DexCom, Inc.	13,643	0.6
CrowdStrike, Inc.	13,616	0.3
IDEX Corporation	13,032	1.8
MarketAxess Holdings Inc.	12,117	1.9
Rollins, Inc.	11,749	0.9
Tiffany & Co.	11,369	1.0
FactSet Research Systems, Inc.	10,958	2.8
The Trade Desk	10,142	0.5
Tradeweb Markets Inc.	9,736	0.3
Zillow Group, Inc.	9,479	1.0
Sage Therapeutics, Inc.	9,365	0.9
West Pharmaceutical Services, Inc.	9,197	1.7
Vail Resorts, Inc.	8,972	3.2
Aspen Technology, Inc.	8,571	1.0
Guidewire Software, Inc.	8,294	3.2
Hyatt Hotels Corp.	8,019	0.9
Bio-Techne Corporation	7,896	2.0
A. O. Smith Corporation	7,885	0.3
The Toro Company	7,121	0.9
Ceridian HCM Holding Inc.	7,070	1.6
Wix.com Ltd.	7,052	1.5
ANGI Homeservices Inc.	6,590	0.4
BWX Technologies, Inc.	4,957	0.7
Choice Hotels International, Inc.	4,841	1.1
MAXIMUS, Inc.	4,629	0.5
Alexander's, Inc.	1,891	0.4
		97.7%

Baron Growth Fund

Baron Growth Fund invests in small-sized growth companies with market capitalizations up to the largest market cap stock in the Russell 2000 Growth Index at reconstitution, or companies with market capitalizations up to $2.5 billion, whichever is larger.

Company	Equity Market Cap (in millions)	% of Net Assets
IDEXX Laboratories, Inc.	$23,680	4.4%
Mettler-Toledo International, Inc.	20,835	1.4
CoStar Group, Inc.	20,246	6.8
MSCI, Inc.	20,220	6.2
Church & Dwight Co., Inc.	17,989	0.4
ANSYS, Inc.	17,190	4.4
Alexandria Real Estate Equities, Inc.	16,644	1.5
Arch Capital Group Ltd.	14,973	5.3
SS&C Technologies Holdings, Inc.	14,575	3.1
Gartner, Inc.	14,499	5.1
FactSet Research Systems, Inc.	10,958	5.2
Under Armour, Inc.	10,659	0.1
West Pharmaceutical Services, Inc.	9,197	1.1
Vail Resorts, Inc.	8,972	6.7
Bright Horizons Family Solutions, Inc.	8,764	3.6
Gaming and Leisure Properties, Inc.	8,367	3.0
Guidewire Software, Inc.	8,294	1.7
Bio-Techne Corporation	7,896	2.6
Wix.com Ltd.	7,052	0.9
Douglas Emmett, Inc.	6,784	2.2
Morningstar, Inc.	6,170	2.4
Adaptive Biotechnologies Corporation	5,843	0.3
Pegasystems, Inc.	5,619	1.0
Ollie's Bargain Outlet Holdings, Inc.	5,530	0.4
LendingTree, Inc.	5,410	0.6
Primerica, Inc.	5,079	3.2
Choice Hotels International, Inc.	4,841	3.8
MAXIMUS, Inc.	4,629	0.3
Essent Group Ltd.	4,622	0.4
Air Lease Corp.	4,594	0.4
Littelfuse, Inc.	4,374	0.7
Marriott Vacations Worldwide Corp.	$4,321	2.2%
Performance Food Group Company	4,211	0.6
Trex Company, Inc.	4,195	1.5
Oaktree Capital Group, LLC	3,748	0.7
Dechra Pharmaceuticals PLC	3,580	0.1
Marel hf.	3,419	0.3
Neogen Corp.	3,237	0.5
Dick's Sporting Goods, Inc.	3,187	0.1
Boyd Gaming Corporation	3,001	0.3
Manchester United plc	2,975	1.3
Houlihan Lokey, Inc.	2,950	0.3
Altair Engineering Inc.	2,876	0.4
American Assets Trust, Inc.	2,752	0.3
Covetrus, Inc.	2,732	0.1
Albany International Corp.	2,678	0.1
Iridium Communications Inc.	2,634	3.0
Red Rock Resorts, Inc.	2,517	1.0
The Carlyle Group	2,490	0.8
Cohen & Steers, Inc.	2,430	1.5
Moelis & Company	2,279	0.4
Penn National Gaming, Inc.	2,256	1.5
Denali Therapeutics Inc.	1,982	0.2
BrightView Holdings, Inc.	1,964	0.1
Kinsale Capital Group, Inc.	1,947	1.3
Alexander's, Inc.	1,891	0.5
Bloom Energy Corporation	1,393	0.2
Alector, Inc.	1,309	0.0
OneSpa World Holdings Limited	947	0.1
Benefitfocus, Inc.	883	0.9
		99.5%

Baron Small Cap Fund

Baron Small Cap Fund invests 80% of its net assets in small-sized growth companies with market capitalizations up to the largest market cap stock in the Russell 2000 Growth Index at reconstitution, or companies with market capitalizations up to $2.5 billion, whichever is larger.

Company	Equity Market Cap (in millions)	% of Net Assets
TransDigm Group, Inc.	$25,728	2.3%
SBA Communications Corp.	25,463	3.0
Waste Connections, Inc.	25,203	2.9
IDEXX Laboratories, Inc.	23,680	2.8
Mettler-Toledo International, Inc.	20,835	1.5
Liberty Broadband Corporation	18,864	0.9
Gartner, Inc.	14,499	4.0
DexCom, Inc.	13,643	1.1
Liberty SiriusXM Group	12,257	1.0
The Trade Desk	10,142	2.7
WEX Inc.	9,000	2.3
Bright Horizons Family Solutions, Inc.	8,764	3.0
Liberty Media Corporation – Liberty Formula One	8,603	0.7
Aspen Technology, Inc.	8,571	2.4
Gaming and Leisure Properties, Inc.	8,367	0.5
ICON plc	8,311	2.7
Guidewire Software, Inc.	8,294	4.0
Cognex Corporation	8,230	2.0
Nordson Corp.	8,118	0.5
Guardant Health, Inc.	7,880	0.7
Ceridian HCM Holding Inc.	7,070	1.0
Wix.com Ltd.	7,052	2.1
Berry Global Group, Inc.	6,921	1.0
SL Green Realty Corp.	6,860	0.2
Planet Fitness, Inc.	6,742	1.4
The Madison Square Garden Company	6,651	1.5
PRA Health Sciences, Inc.	6,510	2.1
Americold Realty Trust	6,209	1.9
Adaptive Biotechnologies Corporation	5,843	0.1
Ollie's Bargain Outlet Holdings, Inc.	5,530	0.5
Teladoc Health, Inc.	4,755	2.0
Clarivate Analytics Plc	4,695	1.5
Ingevity Corporation	4,401	1.0
Trex Company, Inc.	4,195	0.8
RBC Bearings Incorporated	4,138	1.0
Floor & Decor Holdings, Inc.	4,116	2.0
HealthEquity, Inc.	4,102	1.3
Mercury Systems, Inc.	$3,894	1.7%
Abcam plc	3,849	0.6
John Bean Technologies Corporation	3,831	2.3
Univar Inc.	3,741	0.9
Pagerduty, Inc.	3,580	0.3
Dechra Pharmaceuticals PLC	3,580	0.8
Qualys, Inc.	3,410	0.4
Cantel Medical Corp.	3,368	1.3
LiveRamp Holdings, Inc.	3,347	1.2
Neogen Corp.	3,237	0.4
ASGN Incorporated	3,200	2.5
Houlihan Lokey, Inc.	2,950	0.7
Altair Engineering Inc.	2,876	1.0
SiteOne Landscape Supply, Inc.	2,842	2.7
Wingstop Inc.	2,786	0.3
Covetrus, Inc.	2,732	0.4
Red Rock Resorts, Inc.	2,517	1.6
The RealReal, Inc.	2,390	0.4
Revolve Group	2,376	0.3
2U, Inc.	2,374	1.1
Moelis & Company	2,279	0.6
Yext, Inc.	2,232	0.7
Summit Materials, Inc.	2,224	0.8
Endava plc	2,183	0.6
The Cheesecake Factory, Inc.	1,977	0.8
Installed Building Products, Inc.	1,777	2.1
Cision Ltd.	1,740	1.7
Helios Technologies, Inc.	1,486	0.8
Inspire Medical Systems, Inc.	1,444	0.4
Raven Industries Inc.	1,293	0.6
Hudson Ltd.	1,275	1.0
Orion Engineered Carbons S.A.	1,274	0.5
GTT Communications, Inc.	983	1.0
OneSpa World Holdings Limited	947	1.0
BJ's Restaurants, Inc.	911	0.6
Party City Holdco Inc.	688	0.3
		96.8%

Baron Opportunity Fund

Baron Opportunity Fund invests in high growth businesses of any market capitalization selected for their capital appreciation potential.

Company	Equity Market Cap (in millions)	% of Net Assets
Microsoft Corporation	$1,026,511	5.9%
Amazon.com, Inc.	932,294	6.0
Alphabet Inc.	751,025	4.4
Alibaba Group Holding Limited	441,175	1.3
Visa, Inc.	346,417	2.0
Mastercard Incorporated	270,196	2.1
Netflix, Inc.	160,600	1.3
Adobe Inc.	143,035	1.8
Paypal Holdings, Inc.	134,483	0.8
salesforce.com, inc.	117,558	0.9
NVIDIA Corporation	100,016	1.4
Intuitive Surgical, Inc.	60,559	1.0
Illumina, Inc.	54,118	1.5
The Charles Schwab Corp.	53,654	1.4
ServiceNow, Inc.	50,937	1.2
Vertex Pharmaceuticals Incorporated	46,968	1.3
Equinix, Inc.	42,396	2.1
Tesla, Inc.	39,802	2.4
Edwards Lifesciences Corp.	38,519	1.0
MercadoLibre, Inc.	30,172	0.9
Electronic Arts Inc.	30,009	2.2
Spotify Technology S.A.	26,417	0.7
SBA Communications Corp.	25,463	0.5
Zoom Video Communications, Inc.	24,191	0.2
Verisk Analytics, Inc.	23,971	1.0
Veeva Systems Inc.	23,873	0.2
Concho Resources, Inc.	20,697	0.5
CoStar Group, Inc.	20,246	2.5
Splunk, Inc.	18,884	0.8
IAC/InterActiveCorp	18,294	1.4
Twilio Inc.	18,287	1.0
ANSYS, Inc.	17,190	1.0
Alexandria Real Estate Equities, Inc.	16,644	0.7
SS&C Technologies Holdings, Inc.	14,575	1.9
Gartner, Inc.	14,499	4.0
CrowdStrike, Inc.	13,616	0.3
PagSeguro Digital Ltd.	$12,778	0.6%
Take-Two Interactive Software, Inc.	12,777	1.4
MarketAxess Holdings Inc.	12,117	0.9
The Trade Desk	10,142	1.4
Tradeweb Markets Inc.	9,736	0.3
Zillow Group, Inc.	9,479	0.7
RingCentral, Inc.	9,416	1.0
Sage Therapeutics, Inc.	9,365	2.4
Guidewire Software, Inc.	8,294	5.1
StoneCo Ltd.	8,205	0.6
Guardant Health, Inc.	7,880	0.5
Coupa Software Inc.	7,821	0.1
Neurocrine Biosciences, Inc.	7,707	0.5
Ceridian HCM Holding Inc.	7,070	1.0
Wix.com Ltd.	7,052	1.9
Proofpoint, Inc.	6,695	0.7
Mellanox Technologies Ltd.	6,064	1.9
Adaptive Biotechnologies Corporation	5,843	0.1
argenx SE	5,337	2.5
GDS Holdings Limited	5,245	1.0
LiveRamp Holdings, Inc.	3,347	1.3
Manchester United plc	2,975	0.8
Trainline Plc	2,516	2.2
Arrowhead Pharmaceuticals, Inc.	2,513	0.9
The RealReal, Inc.	2,390	0.5
Revolve Group	2,376	0.3
2U, Inc.	2,374	0.6
Yext, Inc.	2,232	1.4
Arco Platform Limited	2,205	0.9
Endava plc	2,183	1.4
Acceleron Pharma Inc.	2,164	0.7
CareDx, Inc.	1,516	0.9
Veracyte, Inc.	1,364	1.2
Fiverr International Ltd.	944	0.7
Benefitfocus, Inc.	883	0.8
		98.8%

Baron Partners Fund

Baron Partners Fund is a non-diversified fund that invests primarily in U.S. companies of any size with significant growth potential.

Company	Equity Market Cap (in millions)	% of Total Investments
The Charles Schwab Corp.	$53,654	3.8%
Tesla, Inc.	39,802	8.0
Activision Blizzard, Inc.	36,156	0.3
Spotify Technology S.A.	26,417	2.2
IDEXX Laboratories, Inc.	23,680	8.1
Align Technology, Inc.	21,897	1.1
CoStar Group, Inc.	20,246	15.7
MSCI, Inc.	20,220	0.4
Fastenal Co.	18,662	0.3
HEICO Corporation	15,473	0.9
Arch Capital Group Ltd.	14,973	8.4
Gartner, Inc.	14,499	4.5
Norwegian Cruise Line Holdings, Ltd.	11,552	0.9
FactSet Research Systems, Inc.	10,958	7.2
Zillow Group, Inc.	$9,479	3.4%
Vail Resorts, Inc.	8,972	6.8
MGM Growth Properties LLC	8,756	0.4
Gaming and Leisure Properties, Inc.	8,367	2.6
Guidewire Software, Inc.	8,294	4.0
Hyatt Hotels Corp.	8,019	6.5
Douglas Emmett, Inc.	6,784	1.3
Air Lease Corp.	4,594	0.8
Marriott Vacations Worldwide Corp.	4,321	2.6
Manchester United plc	2,975	3.1
Iridium Communications Inc.	2,634	0.3
Red Rock Resorts, Inc.	2,517	0.6
Benefitfocus, Inc.	883	0.7
		94.9%

Baron Funds

Baron Fifth Avenue Growth Fund

Baron Fifth Avenue Growth Fund invests in large-sized growth companies with market capitalizations no smaller than the top 85th percentile by total market capitalization of the Russell 1000 Growth Index at June 30, or companies with market capitalizations above $10 billion, whichever is smaller.

Company	Equity Market Cap (in millions)	% of Net Assets
Amazon.com, Inc.	$932,294	12.7%
Alphabet Inc.	751,025	4.3
Facebook, Inc.	550,957	4.0
Alibaba Group Holding Limited	441,175	5.1
Visa, Inc.	346,417	4.8
Mastercard Incorporated	270,196	5.7
Naspers Limited	106,716	2.5
ASML Holding N.V.	88,507	2.6
Booking Holdings, Inc.	81,159	1.5
CME Group, Inc.	69,487	3.4
Intuitive Surgical, Inc.	60,559	3.8
S&P Global Inc.	56,082	2.0
Illumina, Inc.	54,118	5.3
The Charles Schwab Corp.	53,654	2.2
Vertex Pharmaceuticals Incorporated	46,968	2.2
Equinix, Inc.	42,396	3.2
Kotak Mahindra Bank Ltd.	40,850	1.0
Tesla, Inc.	39,802	0.7
Worldpay, Inc.	38,147	3.8
Red Hat, Inc.	$33,439	2.0%
MercadoLibre, Inc.	30,172	0.5
Zoom Video Communications, Inc.	24,191	0.3
Veeva Systems Inc.	23,873	5.3
Adyen B.V.	22,837	1.0
Ctrip.com International, Ltd.	20,430	1.4
Lyft, Inc.	19,096	0.3
Splunk, Inc.	18,884	2.0
IAC/InterActiveCorp	18,294	1.8
Twilio Inc.	18,287	1.5
CrowdStrike, Inc.	13,616	0.3
PagSeguro Digital Ltd.	12,778	2.5
EPAM Systems, Inc.	9,457	2.8
RingCentral, Inc.	9,416	1.3
Sage Therapeutics, Inc.	9,365	2.7
StoneCo Ltd.	8,205	1.1
Wix.com Ltd.	7,052	2.0
		99.6%

Baron Focused Growth Fund

Baron Focused Growth Fund is a non-diversified fund that invests in small and mid-sized growth companies with market capitalizations up to the largest market cap stock in the Russell Midcap Growth Index at reconstitution.

Company	Equity Market Cap (in millions)	% of Net Assets
Tesla, Inc.	$39,802	8.8%
CoStar Group, Inc.	20,246	16.2
Arch Capital Group Ltd.	14,973	4.9
FactSet Research Systems, Inc.	10,958	9.4
Vail Resorts, Inc.	8,972	13.1
Guidewire Software, Inc.	8,294	4.5
Hyatt Hotels Corp.	8,019	11.3
American Homes 4 Rent	7,286	2.4
Choice Hotels International, Inc.	$4,841	5.7%
Manchester United plc	2,975	4.4
Iridium Communications Inc.	2,634	4.1
Red Rock Resorts, Inc.	2,517	2.6
Penn National Gaming, Inc.	2,256	2.1
Benefitfocus, Inc.	883	2.7
		92.2%

Baron International Growth Fund

Baron International Growth Fund is a diversified fund that invests in non-U.S companies with significant growth potential. Investments may be made across all market capitalizations. The Fund invests principally in companies of developed countries and may invest up to 35% in companies of developing countries.

Company	Equity Market Cap (in millions)	% of Net Assets
Alibaba Group Holding Limited	$441,175	1.0%
Tencent Holdings Limited	429,751	0.8
Nestle S.A.	308,087	1.8
LVMH Moët Hennessy Louis Vuitton SE	215,120	1.4
Reliance Industries Limited	115,077	0.6
Linde Public Limited Company	109,148	1.7
AstraZeneca PLC	108,300	2.1
Petroleo Brasileiro S.A. Petrobras	97,714	1.2
HDFC Bank Limited	96,606	0.8
Industria de Diseno Textil, S.A.	93,737	0.8
Sberbank of Russia PJSC	83,002	1.2
KEYENCE CORPORATION	74,588	1.5
Sony Corporation	66,608	0.6
BNP Paribas S.A.	59,354	0.8
Danone SA	58,120	1.3
Recruit Holdings Co., Ltd.	56,535	1.5
Takeda Pharmaceutical Company Limited	55,896	2.0
Midea Group Co., Ltd.	52,343	0.5
China Tower Corporation Limited	46,189	0.5
Kotak Mahindra Bank Ltd.	40,850	0.7
Worldpay, Inc.	38,147	1.3
FANUC Corp.	37,716	0.9
Vivendi SA	36,045	0.9
Telefonaktiebolaget LM Ericsson	31,665	1.3
Xiaomi Corporation	30,769	0.5
MercadoLibre, Inc.	30,172	0.3
Aena SME, S.A.	29,730	1.6
Nokia Corporation	28,236	1.2
Experian plc	27,583	1.8
KBC Group NV	27,276	0.9
China International Travel Service Limited	25,201	0.6
Fresenius Medical Care AG and Co. KGaA	23,864	0.7
Agilent Technologies, Inc.	23,595	1.1
Haitong Securities Co., Ltd.	20,543	0.4
Constellation Software, Inc.	19,973	2.2
Newcrest Mining Limited	17,237	1.1
Sodexo S.A.	17,237	1.3
KB Financial Group, Inc.	16,603	0.4
KIA Motors Corporation	15,447	0.7
Arch Capital Group Ltd.	14,973	1.4
WH Group Limited	14,914	1.1
Ryanair Holdings plc	14,451	1.2
Symrise AG	13,043	1.1
NEXON Co., Ltd.	12,984	1.3
PagSeguro Digital Ltd.	12,778	1.4
Yandex N.V.	12,412	0.6
KOSÉ Corporation	10,155	0.3
Julius Baer Group Ltd.	9,964	0.8
Britannia Industries Limited	9,552	0.3
Rentokil Initial plc	9,336	1.1
Eurofins Scientific SE	7,867	1.0
Momo Inc.	7,423	0.3
Encana Corp.	$7,417	0.9%
YPF S.A.	7,162	0.6
Wix.com Ltd.	7,052	1.6
MonotaRO Co., Ltd.	6,102	0.8
Mellanox Technologies Ltd.	6,064	1.4
Koninklijke Vopak N.V.	5,894	1.1
InterXion Holding N.V.	5,820	0.5
YY Inc.	5,497	0.4
argenx SE	5,337	2.6
GDS Holdings Limited	5,245	0.4
The Stars Group Inc.	4,910	1.1
B&M European Value Retail S.A.	4,235	1.0
Copa Holdings, S.A.	4,117	1.2
BlackBerry Limited	4,087	0.5
Mercari Inc.	3,994	0.6
RBL Bank Limited	3,953	0.5
Square Enix Holdings Co., Ltd.	3,921	0.8
TCS Group Holding PLC	3,907	0.9
Abcam plc	3,849	0.8
Network International Holdings Ltd.	3,765	0.6
Tullow Oil plc	3,732	1.0
Dechra Pharmaceuticals PLC	3,580	1.2
Kingdee International Software Group Co. Ltd.	3,579	0.4
Godrej Properties Limited	3,330	0.5
Grupo Lala, S.A.B. de C.V.	3,043	0.3
Trainline Plc	2,516	2.1
Hua Hong Semiconductor Limited	2,488	0.5
Zai Lab Limited	2,349	1.3
Domino's Pizza Enterprises Ltd.	2,263	0.4
Arco Platform Limited	2,205	1.9
Endava plc	2,183	1.8
Telesites, S.A.B. de C.V.	2,032	0.8
Reliance Nippon Life Asset Management Limited	1,962	0.5
Golar LNG Ltd.	1,872	1.1
Max Financial Services Limited	1,592	0.6
NEXTDC Limited	1,570	0.7
Blue Prism Group plc	1,352	0.2
PT Tower Bersama Infrastructure, Tbk.	1,216	0.2
Futu Holdings Limited	1,174	0.7
Opera Limited	1,151	1.2
RIB Software SE	1,048	2.2
JM Financial Limited	936	0.4
Okamoto Industries, Inc.	880	0.8
Glenveagh Properties PLC	725	1.0
Bolsas y Mercados Argentinos S.A.	668	0.3
Adaptimmune Therapeutics plc	421	0.2
Horizon Discovery Group plc	298	0.6
WANdisco plc	258	0.5
Lekoil, Ltd.	26	0.0
		95.6%

Baron Real Estate Fund

Baron Real Estate Fund is a diversified fund that invests 80% of its net assets in equity securities of U.S. and non-U.S. real estate and real estate-related companies of any size. The Fund's investment in non-U.S. companies will not exceed 25%.

Company	Equity Market Cap (in millions)	% of Net Assets
Home Depot, Inc.	$228,827	1.1%
American Tower Corp.	90,372	2.7
Lowe's Companies, Inc.	79,004	0.3
Prologis, Inc.	50,519	2.0
Brookfield Asset Management, Inc.	47,570	3.6
China Tower Corporation Limited	46,189	1.1
Equinix, Inc.	42,396	5.5
The Sherwin-Williams Company	42,308	1.2
Hilton Worldwide Holdings, Inc.	28,449	0.1
SBA Communications Corp.	25,463	1.1
Royal Caribbean Cruises Ltd.	25,411	3.7
CoStar Group, Inc.	20,246	1.5
Vulcan Materials Company	18,138	2.1
CBRE Group, Inc.	17,251	7.5
Alexandria Real Estate Equities, Inc.	16,644	2.6
D.R. Horton, Inc.	16,095	2.6
MGM Resorts International	15,348	5.5
Lennar Corporation	15,286	2.0
Invitation Homes, Inc.	14,033	1.7
Norwegian Cruise Line Holdings, Ltd.	11,552	4.6
Masco Corporation	11,519	3.9
Equity Lifestyle Properties, Inc.	10,921	1.2
MGM Growth Properties LLC	8,756	2.5
Gaming and Leisure Properties, Inc.	$8,367	2.1%
Hyatt Hotels Corp.	8,019	0.4
Kilroy Realty Corporation	7,453	1.1
Douglas Emmett, Inc.	6,784	1.1
Owens Corning	6,319	1.3
Americold Realty Trust	6,209	2.4
InterXion Holding N.V.	5,820	4.1
Park Hotels & Resorts Inc.	5,556	0.3
JBG SMITH Properties	5,275	1.2
GDS Holdings Limited	5,245	4.8
Hudson Pacific Properties, Inc.	5,136	2.0
Marriott Vacations Worldwide Corp.	4,321	2.4
Trex Company, Inc.	4,195	2.0
Boyd Gaming Corporation	3,001	3.1
Hilton Grand Vacations Inc.	2,888	0.3
SiteOne Landscape Supply, Inc.	2,842	1.9
QTS Realty Trust, Inc.	2,562	0.4
Red Rock Resorts, Inc.	2,517	1.8
Penn National Gaming, Inc.	2,256	2.6
Installed Building Products, Inc.	1,777	1.3
NEXTDC Limited	1,570	0.8
Forestar Group Inc.	820	0.6
		98.1%

Baron Emerging Markets Fund

Baron Emerging Markets Fund is a diversified fund that invests 80% of its net assets in non-U.S. companies of all sizes domiciled, headquartered or whose primary business activities or principal trading markets are in developing countries. The Fund may invest up to 20% in companies in developed market countries and in Frontier Countries.

Company	Equity Market Cap (in millions)	% of Net Assets
Alibaba Group Holding Limited	$441,175	3.8%
Tencent Holdings Limited	429,751	3.8
Samsung Electronics Co., Ltd.	243,000	2.1
Ping An Insurance (Group) Company of China, Ltd.	229,196	1.4
Taiwan Semiconductor Manufacturing Company Ltd.	203,139	1.5
China Mobile Ltd.	186,493	1.6
Reliance Industries Limited	115,077	1.3
Petroleo Brasileiro S.A. Petrobras	97,714	1.8
HDFC Bank Limited	96,606	1.3
Sberbank of Russia PJSC	83,002	2.2
Housing Development Finance Corporation Limited	54,705	1.0
Midea Group Co., Ltd.	52,343	1.2
Wal-Mart de Mexico, S.A.B. de C.V.	47,671	1.0
China Tower Corporation Limited	46,189	1.5
Kotak Mahindra Bank Ltd.	40,850	1.2
Banco do Brasil S.A.	40,251	0.8
Hangzhou Hikvision Digital Technology Co., Ltd.	37,537	0.2
Bajaj Finance Limited	30,923	0.6
Xiaomi Corporation	30,769	0.9
MercadoLibre, Inc.	30,172	0.8
PT Telkom Indonesia (Persero) Tbk	29,030	0.0
Nokia Corporation	28,236	1.1
FirstRand Limited	27,301	0.9
Fomento Economico Mexicano, S.A.B. de C.V.	26,598	1.0
China International Travel Service Limited	25,201	1.4
CP All Plc.	25,191	1.4
Tencent Music Entertainment Group	24,511	0.3
Shenzhou International Group Holdings Ltd.	20,667	1.3
Haitong Securities Co., Ltd.	20,543	0.6
B3 S.A. – Brasil, Bolsa, Balcao	20,088	1.7
SK Telecom Co., Ltd.	18,112	0.5
KB Financial Group, Inc.	16,603	0.7
Sasol Limited	15,533	0.9
KIA Motors Corporation	15,447	1.3
New Oriental Education & Technology Group Inc.	15,326	0.5
China Mengniu Dairy Co. Ltd.	15,222	1.4
WH Group Limited	14,914	1.4
Guangzhou Automobile Group Company Limited	14,667	1.1
Ayala Land, Inc.	14,610	1.3
Samsung Life Insurance Co. Ltd.	14,481	0.5
Techtronic Industries Co. Ltd.	13,994	1.2
Sun Pharmaceuticals Industries Limited	13,936	0.4
Taiwan Mobile Co., Ltd.	13,542	1.2
Delta Electronics, Inc.	13,172	1.5
Sino Biopharmaceutical Ltd.	12,876	0.4
PagSeguro Digital Ltd.	12,778	1.8
Yunnan Baiyao Group Co., Ltd.	12,649	1.1
Yandex N.V.	12,412	0.8
Bangkok Bank Public Co. Ltd.	12,386	1.0
BDO Unibank, Inc.	11,957	1.2
Sunny Optical Technology Group	11,331	0.2
SBI Life Insurance Company Limited	10,484	1.1
Sinopharm Group Co. Ltd.	10,461	0.7
Britannia Industries Limited	$9,552	0.8%
Bandhan Bank Limited	9,312	0.6
Lenovo Group Limited	9,305	0.8
Rumo S.A.	8,416	1.6
Far EasTone Telecommunications Co., Ltd.	8,215	1.0
StoneCo Ltd.	8,205	0.9
Momo Inc.	7,423	0.5
AngloGold Ashanti Limited	7,412	0.5
Bid Corporation Ltd.	7,310	1.4
YPF S.A.	7,162	0.9
KunLun Energy Company Limited	7,047	0.5
Divi's Laboratories Ltd.	6,142	0.9
Dr. Reddy's Laboratories Ltd.	6,134	0.8
Infraestructura Energetica Nova S.A.B. de C.V.	6,025	0.5
Piramal Enterprises Limited	5,713	0.5
Notre Dame Intermedica Participacoes S.A.	5,552	0.3
YY Inc.	5,497	0.5
Han's Laser Technology Co., Ltd.	5,341	0.6
GDS Holdings Limited	5,245	0.8
Kroton Educacional SA	4,697	1.0
Bidvest Group Ltd.	4,557	1.1
Gold Fields Ltd.	4,483	0.5
Wizz Air Holdings Plc	4,443	0.5
Pepkor Holdings Limited	4,409	0.6
Copa Holdings, S.A.	4,117	1.2
RBL Bank Limited	3,953	0.6
GRUMA, S.A.B. de C.V.	3,921	0.6
Mr Price Group Limited	3,811	0.3
Network International Holdings Ltd.	3,765	0.7
Tullow Oil plc	3,732	1.1
Kingdee International Software Group Co. Ltd.	3,579	0.5
Eclat Textile Co., Ltd.	3,516	1.0
Grupo Lala, S.A.B. de C.V.	3,043	0.3
Metro Pacific Investments Corp.	2,955	0.3
China Everbright Ltd.	2,490	0.4
Hua Hong Semiconductor Limited	2,488	0.6
Exide Industries Ltd.	2,479	0.5
Tata Global Beverages Limited	2,466	0.8
Zai Lab Limited	2,349	1.2
Tata Chemicals Limited	2,313	0.6
Edelweiss Financial Services Limited	2,295	0.4
Qudian Inc.	2,230	0.4
Tata Communications Limited	2,002	0.5
LexinFintech Holdings Ltd.	1,977	0.4
Reliance Nippon Life Asset Management Limited	1,962	0.5
Max Financial Services Limited	1,592	0.9
Makalot Industrial Co., Ltd.	1,416	0.7
Loma Negra Compania Industrial Argentina Sociedad Anonima	1,395	0.3
MyEG Services Berhad	1,248	0.3
PT Tower Bersama Infrastructure, Tbk.	1,216	0.3
JM Financial Limited	936	0.4
Ginko International Co., Ltd.	580	0.4
Tongda Group Holdings Limited	498	0.2
Manpasand Beverages Ltd.	59	0.0
Tongda Hong Tai Holdings Limited	29	0.0
Lekoil, Ltd.	26	0.0
		96.4%

Baron Global Advantage Fund

Baron Global Advantage Fund is a diversified fund that invests primarily in established and emerging markets companies located throughout the world with capitalization within the range of companies included in the MSCI ACWI Index Net.

Company	Equity Market Cap (in millions)	% of Net Assets
Amazon.com, Inc.	$932,294	5.7%
Alphabet Inc.	751,025	4.0
Facebook, Inc.	550,957	3.8
Alibaba Group Holding Limited	441,175	4.5
Naspers Limited	106,716	2.4
HDFC Bank Limited	96,606	2.1
ASML Holding N.V.	88,507	1.4
Housing Development Finance Corporation Limited	54,705	2.0
Illumina, Inc.	54,118	4.8
Meituan Dianping	50,501	0.8
Kotak Mahindra Bank Ltd.	40,850	2.0
Tesla, Inc.	39,802	0.4
Worldpay, Inc.	38,147	1.9
MercadoLibre, Inc.	30,172	2.4
Zoom Video Communications, Inc.	24,191	0.3
Pinduoduo Inc.	23,979	0.7
Veeva Systems Inc.	23,873	3.0
Adyen B.V.	22,837	1.2
TAL Education Group	22,545	2.0
Ctrip.com International, Ltd.	20,430	1.5
Constellation Software, Inc.	19,973	2.6
Lyft, Inc.	19,096	0.3
Splunk, Inc.	18,884	2.7
Twilio Inc.	18,287	2.0
Okta, Inc.	14,097	1.1
CrowdStrike, Inc.	13,616	0.3
PagSeguro Digital Ltd.	$12,778	1.8%
Take-Two Interactive Software, Inc.	12,777	2.2
Zscaler, Inc.	9,631	0.5
EPAM Systems, Inc.	9,457	3.1
RingCentral, Inc.	9,416	1.1
Sage Therapeutics, Inc.	9,365	2.0
StoneCo Ltd.	8,205	1.7
Guardant Health, Inc.	7,880	1.1
Wix.com Ltd.	7,052	2.0
Anaplan, Inc.	6,519	0.5
Mellanox Technologies Ltd.	6,064	3.0
Adaptive Biotechnologies Corporation	5,843	0.7
Elastic N.V.	5,626	0.5
argenx SE	5,337	3.0
GDS Holdings Limited	5,245	1.0
Network International Holdings Ltd.	3,765	0.9
Globant, S.A.	3,668	1.7
Trainline Plc	2,516	2.0
Yext, Inc.	2,232	1.2
Arco Platform Limited	2,205	1.0
Endava plc	2,183	3.1
Acceleron Pharma Inc.	2,164	2.0
Aerie Pharmaceuticals, Inc.	1,357	1.4
Fiverr International Ltd.	944	1.2
InflaRx N.V.	82	0.1
		94.7%

Baron Discovery Fund

Baron Discovery Fund invests in small-sized growth companies with market capitalizations up to the largest market cap stock in the Russell 2000 Growth Index at June 30, or companies with market capitalizations up to $2.5 billion, whichever is larger, so long as the purchase of those securities would not cause the Fund's weighted average market capitalization to exceed that of the Russell 2000 Growth Index. If at any time, the Fund's weighted average market capitalization exceeds that of the Russell 2000 Growth Index, the Fund may only purchase securities with market capitalizations up to the weighted average market capitalization of the Russell 2000 Growth Index.

Company	Equity Market Cap (in millions)	% of Net Assets
The Trade Desk	$10,142	2.0%
Sage Therapeutics, Inc.	9,365	1.0
Liberty Media Corporation – Liberty Formula One	8,603	1.2
Anaplan, Inc.	6,519	0.5
GCI Liberty, Inc.	6,482	0.7
Americold Realty Trust	6,209	2.9
JUST EAT plc	5,412	0.5
Teladoc Health, Inc.	4,755	1.6
Rexford Industrial Realty, Inc.	4,200	2.2
Trex Company, Inc.	4,195	1.8
Floor & Decor Holdings, Inc.	4,116	2.1
Mercury Systems, Inc.	3,894	3.2
Envestnet, Inc.	3,546	0.6
Qualys, Inc.	3,410	1.4
LiveRamp Holdings, Inc.	3,347	0.9
Novanta Inc.	3,300	1.1
Coherent, Inc.	3,299	0.2
Boyd Gaming Corporation	3,001	1.9
SiteOne Landscape Supply, Inc.	2,842	2.5
Wingstop Inc.	2,786	0.8
Red Rock Resorts, Inc.	2,517	1.5
Emergent BioSolutions Inc.	2,483	1.7
The RealReal, Inc.	2,390	1.0
Revolve Group	2,376	0.3
2U, Inc.	2,374	0.7
Yext, Inc.	2,232	2.0
Endava plc	2,183	2.3
ESCO Technologies, Inc.	2,146	1.3
Myriad Genetics, Inc.	2,038	2.7
Cubic Corporation	2,009	1.8
Kinsale Capital Group, Inc.	1,947	2.9
Varonis Systems, Inc.	1,874	0.6
Alexander & Baldwin, Inc.	1,666	0.8
Studio City International Holdings Limited	1,558	0.5
ForeScout Technologies, Inc.	$1,532	1.9%
CareDx, Inc.	1,516	2.4
Silk Road Medical, Inc.	1,486	2.3
Helios Technologies, Inc.	1,486	1.7
Inspire Medical Systems, Inc.	1,444	0.4
Bloom Energy Corporation	1,393	1.1
Veracyte, Inc.	1,364	2.3
Aerie Pharmaceuticals, Inc.	1,357	0.9
Blue Prism Group plc	1,352	1.0
Raven Industries Inc.	1,293	0.4
Kornit Digital Ltd.	1,257	1.7
Esperion Therapeutics, Inc.	1,252	1.6
Accelerate Diagnostics, Inc.	1,246	1.1
RIB Software SE	1,048	2.7
Fiverr International Ltd.	944	0.9
TPI Composites, Inc.	866	2.3
ViewRay Incorporated	854	2.9
Myovant Sciences Ltd.	810	0.3
AxoGen, Inc.	776	0.9
Cerus Corporation	775	1.8
Nova Measuring Instruments Ltd.	715	1.2
Intersect ENT, Inc.	711	0.8
Luxfer Holdings PLC	667	1.1
TherapeuticsMD, Inc.	627	1.5
Revance Therapeutics, Inc.	571	1.5
Ichor Holdings, Ltd.	529	1.5
PAR Technology Corporation	458	1.4
Limoneira Company	354	1.2
Thunder Bridge Acquisition, Ltd.	336	1.1
Sientra, Inc.	303	1.6
Everspin Technologies, Inc.	112	0.7
Barfresh Food Group, Inc.	63	0.1
Ra Medical Systems, Inc.	47	0.3
		93.8%

Baron Funds

Baron Durable Advantage Fund

Baron Durable Advantage Fund invests primarily in large-sized companies with market capitalizations no smaller than the top 90th percentile by market capitalization of the S&P 500 Index at June 30, or companies with market capitalizations above $10 billion, whichever is smaller.

Company	Equity Market Cap (in millions)	% of Net Assets
Microsoft Corporation	$1,026,511	5.1%
Apple, Inc.	910,645	3.6
Alphabet Inc.	751,025	3.3
Mastercard Incorporated	270,196	4.8
UnitedHealth Group Incorporated	231,893	4.7
Home Depot, Inc.	228,827	2.3
LVMH Moët Hennessy Louis Vuitton SE	215,120	3.4
Adobe Inc.	143,035	2.3
Accenture plc	124,343	3.7
Costco Wholesale Corporation	116,219	1.7
AstraZeneca PLC	108,300	2.0
Texas Instruments Incorporated	107,669	1.4
Danaher Corporation	102,321	4.4
Charter Communications, Inc.	98,486	2.3
ASML Holding N.V.	88,507	2.0
Booking Holdings, Inc.	81,159	1.8
BlackRock Inc.	72,971	3.0
CME Group, Inc.	69,487	3.3
The Estee Lauder Companies Inc.	$66,263	1.7%
S&P Global Inc.	56,082	4.4
Illinois Tool Works Inc.	49,130	1.1
Equinix, Inc.	42,396	2.4
The Sherwin-Williams Company	42,308	1.5
Constellation Brands, Inc.	37,805	4.4
Moody's Corporation	37,031	4.3
TE Connectivity Ltd.	32,265	3.0
Iqvia Holdings Inc.	31,736	2.6
Electronic Arts Inc.	30,009	2.5
IHS Markit Ltd.	25,555	4.7
Agilent Technologies, Inc.	23,595	2.1
Mettler-Toledo International, Inc.	20,835	2.8
Fastenal Co.	18,662	1.3
Alexandria Real Estate Equities, Inc.	16,644	1.0
A. O. Smith Corporation	7,885	0.9
		95.8%

Baron Real Estate Income Fund

Baron Real Estate Income Fund is a non-diversified fund that under normal circumstances, invests at least 80% of its net assets in real estate income-producing securities and other real estate securities of any market capitalization, including common stocks and equity securities, debt and preferred securities, non-U.S. real estate income-producing securities, and any other real estate-related yield securities.

Company	Equity Market Cap (in millions)	% of Net Assets
American Tower Corp.	$90,372	2.5%
Crown Castle International Corp.	54,192	1.7
Prologis, Inc.	50,519	4.6
Equinix, Inc.	42,396	5.8
Welltower Inc.	33,015	0.3
AvalonBay Communities, Inc.	28,324	2.5
Equity Residential	28,131	2.5
Boston Properties, Inc.	19,933	1.3
Weyerhaeuser Company	19,618	0.4
Essex Property Trust, Inc.	19,185	2.1
Brookfield Property Partners L.P.	18,461	0.6
Brookfield Infrastructure Partners L.P.	16,883	2.9
Alexandria Real Estate Equities, Inc.	16,644	3.7
MGM Resorts International	15,348	5.5
HCP, Inc.	15,286	0.4
Invitation Homes, Inc.	14,033	6.0
Host Hotels & Resorts, Inc.	13,499	1.5
Sun Communities, Inc.	11,623	2.7
Duke Realty Corporation	11,362	2.3
Equity Lifestyle Properties, Inc.	10,921	2.8
MGM Growth Properties LLC	$8,756	2.9%
Gaming and Leisure Properties, Inc.	8,367	2.1
Kilroy Realty Corporation	7,453	4.4
Medical Properties Trust, Inc.	6,879	0.3
Douglas Emmett, Inc.	6,784	1.1
Americold Realty Trust	6,209	6.0
Park Hotels & Resorts Inc.	5,556	1.0
JBG SMITH Properties	5,275	1.5
GDS Holdings Limited	5,245	4.3
Hudson Pacific Properties, Inc.	5,136	4.2
Marriott Vacations Worldwide Corp.	4,321	2.4
Rexford Industrial Realty, Inc.	4,200	2.9
Pebblebrook Hotel Trust	3,681	1.0
Extended Stay America, Inc.	3,182	2.2
Kennedy-Wilson Holdings, Inc.	2,933	1.7
QTS Realty Trust, Inc.	2,562	2.2
Red Rock Resorts, Inc.	2,517	1.8
Penn National Gaming, Inc.	2,256	2.6
NEXTDC Limited	1,570	0.7
		97.4%

Baron Health Care Fund

Baron Health Care Fund is a non-diversified fund that under normal circumstances, invests at least 80% of its net assets in equity securities in the form of common stock of companies engaged in the research, development, production, sale, delivery or distribution of products and services related to the health care industry.

Company	Equity Market Cap (in millions)	% of Net Assets
UnitedHealth Group Incorporated	$231,893	6.9%
Merck & Co., Inc.	215,884	2.8
Abbott Laboratories	148,368	4.8
AstraZeneca PLC	108,300	2.9
Intuitive Surgical, Inc.	60,559	2.5
Illumina, Inc.	54,118	3.1
Vertex Pharmaceuticals Incorporated	46,968	3.5
HCA Healthcare, Inc.	46,270	2.3
Edwards Lifesciences Corp.	38,519	1.6
Humana Inc.	35,825	3.3
Iqvia Holdings Inc.	31,736	1.6
Alcon Inc.	30,324	2.5
Veeva Systems Inc.	23,873	1.4
IDEXX Laboratories, Inc.	23,680	2.7
Align Technology, Inc.	21,897	0.5
Mettler-Toledo International, Inc.	20,835	1.6
The Cooper Companies, Inc.	16,672	1.9
Alexandria Real Estate Equities, Inc.	16,644	1.7
Teleflex Incorporated	15,284	2.3
Exact Sciences Corporation	15,244	0.8
DexCom, Inc.	13,643	4.5
Sage Therapeutics, Inc.	9,365	4.3
West Pharmaceutical Services, Inc.	9,197	0.9
ICON plc	$8,311	1.4%
Catalent, Inc.	7,899	0.7
Bio-Techne Corporation	7,896	3.8
Guardant Health, Inc.	7,880	0.5
Neurocrine Biosciences, Inc.	7,707	1.3
Insulet Corp.	7,124	3.2
Adaptive Biotechnologies Corporation	5,843	0.1
argenx SE	5,337	5.2
HealthEquity, Inc.	4,102	0.9
Dechra Pharmaceuticals PLC	3,580	2.0
Covetrus, Inc.	2,732	2.0
Arrowhead Pharmaceuticals, Inc.	2,513	0.9
Zai Lab Limited	2,349	1.1
Ligand Pharmaceuticals Incorporated	2,237	0.5
Acceleron Pharma Inc.	2,164	2.4
CareDx, Inc.	1,516	3.2
Silk Road Medical, Inc.	1,486	1.6
Inspire Medical Systems, Inc.	1,444	1.6
Veracyte, Inc.	1,364	1.7
Alector, Inc.	1,309	0.6
ViewRay Incorporated	854	1.2
		96.3%

Baron Asset Fund — PORTFOLIO HOLDINGS

June 30, 2019 (Unaudited)

Shares		Cost	Value
Common Stocks (97.65%)			
Communication Services (3.34%)			
	Cable & Satellite (1.00%)		
425,000	Liberty Broadband Corporation, Cl C[1]	$ 32,000,689	$ 44,293,500
	Interactive Media & Services (2.34%)		
1,305,000	ANGI Homeservices, Inc., Cl A[1]	21,459,729	16,978,050
203,000	IAC/InterActiveCorp.[1]	42,463,650	44,158,590
918,374	Zillow Group, Inc., Cl C[1]	27,002,314	42,603,370
		90,925,693	103,740,010
Total Communication Services		122,926,382	148,033,510
Consumer Discretionary (8.12%)			
	Hotels, Resorts & Cruise Lines (2.02%)		
556,442	Choice Hotels International, Inc.	5,979,508	48,416,019
543,233	Hyatt Hotels Corp., Cl A	16,817,762	41,356,328
		22,797,270	89,772,347
	Internet & Direct Marketing Retail (1.92%)		
25,759	Booking Holdings, Inc.[1]	4,113,567	48,290,655
275,627	Expedia Group, Inc.	33,767,566	36,666,659
		37,881,133	84,957,314
	Leisure Facilities (3.22%)		
639,538	Vail Resorts, Inc.	12,388,781	142,732,091
	Specialty Stores (0.96%)		
455,117	Tiffany & Co.	28,342,285	42,617,156
Total Consumer Discretionary		101,409,469	360,078,908
Financials (12.50%)			
	Asset Management & Custody Banks (0.76%)		
307,514	T. Rowe Price Group, Inc.	11,188,453	33,737,361
	Financial Exchanges & Data (5.02%)		
438,725	FactSet Research Systems, Inc.	30,500,158	125,721,036
257,267	MarketAxess Holdings, Inc.	31,487,484	82,690,759
326,189	Tradeweb Markets, Inc., Cl A	8,807,103	14,290,340
		70,794,745	222,702,135
	Insurance Brokers (1.67%)		
385,421	Willis Towers Watson plc[2]	48,903,637	73,823,538
	Investment Banking & Brokerage (1.93%)		
2,125,936	The Charles Schwab Corp.	1,921,092	85,441,368
	Property & Casualty Insurance (2.00%)		
2,393,444	Arch Capital Group Ltd.[1,2]	8,625,560	88,748,904
	Regional Banks (1.12%)		
506,421	First Republic Bank	18,557,405	49,452,011
Total Financials		159,990,892	553,905,317
Common Stocks (continued)			
Health Care (24.26%)			
	Biotechnology (0.94%)		
226,658	Sage Therapeutics, Inc.[1]	$ 35,684,955	$ 41,498,813
	Health Care Equipment (8.16%)		
178,000	DexCom, Inc.[1]	22,738,734	26,671,520
976,630	IDEXX Laboratories, Inc.[1]	18,197,737	268,895,538
199,644	Teleflex, Inc.	40,334,965	66,112,111
		81,271,436	361,679,169
	Health Care Supplies (3.90%)		
93,360	Align Technology, Inc.[1]	15,256,103	25,552,632
215,418	The Cooper Companies, Inc.	36,713,299	72,572,170
598,404	West Pharmaceutical Services, Inc.	26,107,582	74,890,261
		78,076,984	173,015,063
	Health Care Technology (1.77%)		
484,386	Veeva Systems, Inc., Cl A[1]	30,296,950	78,523,814
	Life Sciences Tools & Services (9.49%)		
431,986	Bio-Techne Corporation	45,942,864	90,064,761
302,552	Illumina, Inc.[1]	13,002,071	111,384,519
251,117	Mettler-Toledo International, Inc.[1]	26,581,877	210,938,280
37,000	Waters Corp.[1]	7,297,913	7,963,880
		92,824,725	420,351,440
Total Health Care		318,155,050	1,075,068,299
Industrials (16.49%)			
	Aerospace & Defense (0.69%)		
588,082	BWX Technologies, Inc.	29,416,776	30,639,072
	Agricultural & Farm Machinery (0.92%)		
607,045	The Toro Co.	37,800,467	40,611,311
	Building Products (0.31%)		
292,158	AO Smith Corp.	14,488,843	13,778,171
	Environmental & Facilities Services (0.86%)		
1,060,612	Rollins, Inc.	23,392,874	38,044,153
	Industrial Conglomerates (2.17%)		
262,192	Roper Technologies, Inc.	27,831,603	96,030,442
	Industrial Machinery (1.79%)		
460,760	IDEX Corporation	36,231,831	79,315,226
	Research & Consulting Services (9.40%)		
219,493	CoStar Group, Inc.[1]	44,044,864	121,612,291
1,393,500	TransUnion	70,501,013	102,436,185
1,316,206	Verisk Analytics, Inc.	43,847,924	192,771,531
		158,393,801	416,820,007
	Trading Companies & Distributors (0.35%)		
473,234	Fastenal Co.	3,895,070	15,422,696
Total Industrials		331,451,265	730,661,078

Baron Asset Fund — PORTFOLIO HOLDINGS (Continued)

June 30, 2019 (Unaudited)

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (27.07%)			
	Application Software (10.71%)		
611,856	ANSYS, Inc.[1]	$ 26,567,864	$ 125,320,346
365,000	Aspen Technology, Inc.[1]	32,529,711	45,362,200
1,454,093	Ceridian HCM Holding, Inc.[1]	52,759,552	72,995,469
1,406,809	Guidewire Software, Inc.[1]	76,200,081	142,622,297
1,042,076	SS&C Technologies Holdings, Inc.	32,682,577	60,033,998
89,000	The Trade Desk, Inc., Cl A[1]	17,736,945	20,272,420
91,451	Zoom Video Communications, Inc., Cl A[1]	3,292,236	8,119,934
		241,768,966	474,726,664
	Data Processing & Outsourced Services (4.12%)		
213,448	FleetCor Technologies, Inc.[1]	11,616,151	59,946,871
290,986	MAXIMUS, Inc.	14,227,799	21,108,124
829,350	Worldpay, Inc., Cl A[1]	48,700,893	101,636,843
		74,544,843	182,691,838
	Electronic Components (0.54%)		
250,000	Amphenol Corp., Cl A	23,160,927	23,985,000
	Internet Services & Infrastructure (4.80%)		
699,103	Verisign, Inc.[1]	42,196,952	146,224,383
468,000	Wix.com Ltd.[1,2]	41,821,919	66,502,800
		84,018,871	212,727,183
	IT Consulting & Other Services (5.59%)		
1,538,323	Gartner, Inc.[1]	33,456,031	247,577,704
	Systems Software (0.29%)		
186,611	Crowdstrike Holdings, Inc., Cl A[1]	6,344,774	12,743,665
	Technology Distributors (1.02%)		
407,363	CDW Corp.	27,215,415	45,217,293
Total Information Technology		490,509,827	1,199,669,347
Real Estate (5.87%)			
	Office REITs (0.42%)		
50,583	Alexander's, Inc.[4]	2,188,911	18,730,885
	Real Estate Services (1.44%)		
1,243,323	CBRE Group, Inc., Cl A[1]	19,021,762	63,782,470
	Specialized REITs (4.01%)		
133,416	Equinix, Inc.	12,783,698	67,280,354
489,856	SBA Communications Corp.[1]	18,137,560	110,139,223
		30,921,258	177,419,577
Total Real Estate		52,131,931	259,932,932
TOTAL COMMON STOCKS		**1,576,574,816**	**4,327,349,391**
Private Partnerships (0.00%)			
Financials (0.00%)			
	Asset Management & Custody Banks (0.00%)		
7,056,223	Windy City Investments Holdings, L.L.C.[1,3,4]	**0**	**190,518**

Principal Amount		Cost	Value
Short Term Investments (2.22%)			
$98,390,166	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/28/2019, 0.50% due 7/1/2019; Proceeds at maturity - $98,394,266; (Fully collateralized by $94,350,000 U.S. Treasury Note, 0.75% due 7/15/2028; Market value - $100,358,680)	**$ 98,390,166**	**$ 98,390,166**
TOTAL INVESTMENTS (99.87%)		**$1,674,964,982**	4,425,930,075
CASH AND OTHER ASSETS LESS LIABILITIES (0.13%)			5,572,734
NET ASSETS			$4,431,502,809
RETAIL SHARES (Equivalent to $84.35 per share based on 27,901,929 shares outstanding)			$2,353,421,578
INSTITUTIONAL SHARES (Equivalent to $87.76 per share based on 22,727,430 shares outstanding)			$1,994,516,572
R6 SHARES (Equivalent to $87.74 per share based on 952,363 shares outstanding)			$ 83,564,659

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 At June 30, 2019, the market value of restricted and fair valued securities amounted to $190,518 or 0.00 % of net assets. This security is not deemed liquid.
4 The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI.

Baron Growth Fund — PORTFOLIO HOLDINGS

June 30, 2019 (Unaudited)

Shares		Cost	Value
Common Stocks (99.52%)			
Communication Services (4.27%)			
	Alternative Carriers (2.97%)		
8,862,608	Iridium Communications, Inc.[1,4]	$ 55,774,685	$ 206,144,262
	Movies & Entertainment (1.30%)		
5,000,000	Manchester United plc, Cl A[2]	70,291,779	90,400,000
Total Communication Services		126,066,464	296,544,262
Consumer Discretionary (19.75%)			
	Apparel, Accessories & Luxury Goods (0.11%)		
300,000	Under Armour, Inc., Cl A[1]	625,747	7,605,000
	Casinos & Gaming (2.72%)		
725,000	Boyd Gaming Corp.	18,479,841	19,531,500
5,289,000	Penn National Gaming, Inc.[1]	70,102,132	101,866,140
3,131,887	Red Rock Resorts, Inc., Cl A	66,868,262	67,272,933
		155,450,235	188,670,573
	Education Services (3.64%)		
1,675,000	Bright Horizons Family Solutions, Inc.[1]	53,610,279	252,707,250
	General Merchandise Stores (0.39%)		
310,000	Ollie's Bargain Outlet Holdings, Inc.[1]	14,541,755	27,004,100
	Hotels, Resorts & Cruise Lines (6.04%)		
3,000,000	Choice Hotels International, Inc.[4]	72,782,127	261,030,000
1,550,000	Marriott Vacations Worldwide Corp.	84,292,546	149,420,000
555,000	OneSpaWorld Holdings Ltd.[1,2,5]	5,550,000	8,602,500
		162,624,673	419,052,500
	Leisure Facilities (6.75%)		
2,100,000	Vail Resorts, Inc.[4]	65,291,780	468,678,000
	Specialty Stores (0.10%)		
200,000	Dick's Sporting Goods, Inc.	2,878,901	6,926,000
Total Consumer Discretionary		455,023,370	1,370,643,423
Consumer Staples (0.98%)			
	Food Distributors (0.58%)		
1,000,000	Performance Food Group Co.[1]	19,000,000	40,030,000
	Household Products (0.40%)		
385,000	Church & Dwight Co., Inc.	3,454,881	28,128,100
Total Consumer Staples		22,454,881	68,158,100
Financials (28.17%)			
	Asset Management & Custody Banks (2.98%)		
2,400,000	The Carlyle Group	51,015,847	54,264,000
2,000,000	Cohen & Steers, Inc.	49,208,575	102,880,000
1,000,000	Oaktree Capital Group, LLC	42,136,120	49,540,000
		142,360,542	206,684,000
	Financial Exchanges & Data (13.75%)		
1,250,000	FactSet Research Systems, Inc.	62,536,096	358,200,000
1,150,000	Morningstar, Inc.	27,237,863	166,336,000
1,800,000	MSCI, Inc.	34,264,435	429,822,000
		124,038,394	954,358,000
Common Stocks (continued)			
Financials (continued)			
	Investment Banking & Brokerage (0.68%)		
450,000	Houlihan Lokey, Inc.	$ 19,625,873	$ 20,038,500
775,000	Moelis & Co., Cl A	21,734,239	27,086,250
		41,360,112	47,124,750
	Life & Health Insurance (3.24%)		
1,875,000	Primerica, Inc.	40,103,890	224,906,250
	Property & Casualty Insurance (6.56%)		
9,860,000	Arch Capital Group Ltd.[1,2]	31,152,752	365,608,800
978,449	Kinsale Capital Group, Inc.	32,761,204	89,508,514
		63,913,956	455,117,314
	Thrifts & Mortgage Finance (0.96%)		
530,000	Essent Group Ltd.[1,2]	14,737,154	24,904,700
100,059	LendingTree, Inc.[1]	24,206,736	42,027,782
		38,943,890	66,932,482
Total Financials		450,720,784	1,955,122,796
Health Care (10.82%)			
	Biotechnology (0.26%)		
190,000	Alector, Inc.[1]	4,301,075	3,610,000
678,051	Denali Therapeutics, Inc.[1]	12,825,338	14,076,339
		17,126,413	17,686,339
	Health Care Distributors (0.13%)		
375,000	Covetrus, Inc.[1]	10,121,789	9,172,500
	Health Care Equipment (4.36%)		
1,100,000	IDEXX Laboratories, Inc.[1]	16,287,498	302,863,000
	Health Care Supplies (1.62%)		
558,717	Neogen Corp.[1]	12,135,314	34,701,913
620,000	West Pharmaceutical Services, Inc.	21,264,904	77,593,000
		33,400,218	112,294,913
	Life Sciences Tools & Services (4.30%)		
421,139	Adaptive Biotechnologies Corp.[1]	13,759,979	20,341,014
850,000	Bio-Techne Corporation	44,923,357	177,216,500
120,000	Mettler-Toledo International, Inc.[1]	5,494,764	100,800,000
		64,178,100	298,357,514
	Pharmaceuticals (0.15%)		
300,000	Dechra Pharmaceuticals plc (United Kingdom)[2]	8,518,489	10,470,703
Total Health Care		149,632,507	750,844,969
Industrials (9.38%)			
	Building Products (1.54%)		
1,490,000	Trex Company, Inc.[1]	27,131,528	106,833,000
	Electrical Components & Equipment (0.18%)		
1,000,000	Bloom Energy Corp., Cl A[1,5]	17,181,241	12,270,000
	Environmental & Facilities Services (0.10%)		
386,108	BrightView Holdings, Inc.[1]	4,656,114	7,224,081

Baron Growth Fund — PORTFOLIO HOLDINGS (Continued)

JUNE 30, 2019 (UNAUDITED)

Shares		Cost	Value
Common Stocks (continued)			
Industrials (continued)			
	Industrial Machinery (0.37%)		
90,507	Albany International Corp., Cl A	$ 6,117,079	$ 7,503,935
4,126,905	Marel hf (Netherlands)[2]	17,612,705	18,116,185
		23,729,784	25,620,120
	Research & Consulting Services (6.79%)		
850,000	CoStar Group, Inc.[1]	36,184,525	470,951,000
	Trading Companies & Distributors (0.40%)		
675,000	Air Lease Corp.	15,498,764	27,904,500
Total Industrials		124,381,956	650,802,701
Information Technology (18.64%)			
	Application Software (11.58%)		
725,000	Altair Engineering, Inc., Cl A[1]	11,330,019	29,282,750
1,500,000	ANSYS, Inc.[1]	35,363,292	307,230,000
2,200,000	Benefitfocus, Inc.[1,4]	83,233,571	59,730,000
1,190,000	Guidewire Software, Inc.[1]	38,711,926	120,642,200
1,000,000	Pegasystems, Inc.	13,997,009	71,210,000
3,750,000	SS&C Technologies Holdings, Inc.	29,603,660	216,037,500
		212,239,477	804,132,450
	Data Processing & Outsourced Services (0.31%)		
300,000	MAXIMUS, Inc.	5,432,144	21,762,000
	Electronic Components (0.70%)		
275,000	Littelfuse, Inc.	30,870,720	48,650,250
	Internet Services & Infrastructure (0.90%)		
438,207	Wix.com Ltd.[1,2]	28,664,771	62,269,215
	IT Consulting & Other Services (5.15%)		
2,220,000	Gartner, Inc.[1]	33,681,340	357,286,800
Total Information Technology		310,888,452	1,294,100,715
Real Estate (7.51%)			
	Diversified REITs (0.31%)		
460,135	American Assets Trust, Inc.	8,503,418	21,681,561
	Office REITs (2.64%)		
91,000	Alexander's, Inc.[5]	11,506,781	33,697,300
3,750,000	Douglas Emmett, Inc.	46,426,704	149,400,000
		57,933,485	183,097,300
	Specialized REITs (4.56%)		
750,000	Alexandria Real Estate Equities, Inc.[5]	26,517,362	105,817,500
5,400,000	Gaming and Leisure Properties, Inc.	118,252,553	210,492,000
		144,769,915	316,309,500
Total Real Estate		211,206,818	521,088,361
TOTAL COMMON STOCKS		**1,850,375,232**	**6,907,305,327**
Private Preferred Stocks (0.08%)			
Health Care (0.08%)			
	Health Care Technology (0.08%)		
3,354,353	Schrödinger, Inc., Series E[1,3,5]	**4,999,999**	**5,702,400**

Shares		Cost	Value
Private Partnerships (0.00%)			
Financials (0.00%)			
	Asset Management & Custody Banks (0.00%)		
2,375,173	Windy City Investments Holdings, L.L.C.[1,3,5]	**$ 0**	**$ 64,130**
Warrants (0.01%)			
Consumer Discretionary (0.01%)			
	Hotels, Resorts & Cruise Lines (0.01%)		
96,515	OneSpaWorld Holdings Ltd. Warrants, Exp 3/19/2024[1,2,3,5]	**0**	**553,031**
Principal Amount			
Short Term Investments (0.47%)			
$32,726,368	Repurchase Agreement with Fixed Income Clearing Corp., dated 06/28/2019, 0.50% due 7/1/2019; Proceeds at maturity - $32,727,732; (Fully collateralized by $31,385,000 U.S. Treasury Note, 0.75% due 7/15/2028; Market value - $33,383,754)	**32,726,368**	**32,726,368**
TOTAL INVESTMENTS (100.08%)		**$1,888,101,599**	6,946,351,256
LIABILITIES LESS CASH AND OTHER ASSETS (-0.08%)			(5,416,240)
NET ASSETS			$6,940,935,016
RETAIL SHARES (Equivalent to $79.56 per share based on 32,748,400 shares outstanding)			$2,605,305,153
INSTITUTIONAL SHARES (Equivalent to $82.26 per share based on 51,110,934 shares outstanding)			$4,204,508,828
R6 SHARES (Equivalent to $82.27 per share based on 1,593,742 shares outstanding)			$ 131,121,035

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 At June 30, 2019, the market value of restricted and fair valued securities amounted to $6,319,561 or 0.09% of net assets. $5,766,530 is deemed not liquid and $553,031 is deemed liquid.
4 An "Affiliated" investment may include any company in which the Fund owns 5% or more of its outstanding shares.
5 The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI.

Baron Small Cap Fund — PORTFOLIO HOLDINGS

June 30, 2019 (Unaudited)

Shares		Cost	Value
Common Stocks (96.80%)			
Communication Services (4.12%)			
	Cable & Satellite (1.94%)		
100,000	Liberty Broadband Corporation, Cl A[1]	$ 404,823	$ 10,284,000
275,000	Liberty Broadband Corporation, Cl C[1]	1,079,680	28,660,500
1,100,000	Liberty Media Corp.-Liberty SiriusXM, Cl C[1]	2,399,373	41,778,000
		3,883,876	80,722,500
	Movies & Entertainment (2.18%)		
750,000	Liberty Media Corporation-Liberty Formula One, Cl C[1]	10,168,679	28,057,500
225,000	The Madison Square Garden Company, Cl A[1]	11,968,716	62,986,500
		22,137,395	91,044,000
Total Communication Services		26,021,271	171,766,500
Consumer Discretionary (15.35%)			
	Casinos & Gaming (1.55%)		
3,000,000	Red Rock Resorts, Inc., Cl A	66,072,490	64,440,000
	Education Services (2.99%)		
825,000	Bright Horizons Family Solutions, Inc.[1]	25,784,147	124,467,750
	General Merchandise Stores (0.52%)		
250,000	Ollie's Bargain Outlet Holdings, Inc.[1]	15,211,851	21,777,500
	Home Improvement Retail (2.01%)		
2,000,000	Floor & Decor Holdings, Inc., Cl A[1]	77,932,896	83,800,000
	Homebuilding (2.13%)		
1,500,000	Installed Building Products, Inc.[1]	88,307,354	88,830,000
	Hotels, Resorts & Cruise Lines (0.93%)		
2,500,000	OneSpaWorld Holdings Ltd.[1,2,4]	27,000,000	38,750,000
	Internet & Direct Marketing Retail (0.75%)		
600,000	The RealReal, Inc.[1]	12,949,355	17,340,000
402,335	Revolve Group, Inc.[1]	7,242,030	13,880,558
		20,191,385	31,220,558
	Leisure Facilities (1.39%)		
800,000	Planet Fitness, Inc., Cl A[1]	28,416,505	57,952,000
	Restaurants (1.82%)		
600,000	BJ's Restaurants, Inc.	23,242,737	26,364,000
800,000	The Cheesecake Factory, Inc.	21,568,144	34,976,000
150,000	Wingstop Inc.	3,028,583	14,212,500
		47,839,464	75,552,500
	Specialty Stores (1.26%)		
3,000,000	Hudson Ltd., Cl A[1,2]	54,314,533	41,370,000
1,500,000	Party City Holdco, Inc.[1]	17,834,140	10,995,000
		72,148,673	52,365,000
Total Consumer Discretionary		468,904,765	639,155,308
Financials (1.30%)			
	Investment Banking & Brokerage (1.30%)		
625,000	Houlihan Lokey, Inc.	28,909,333	27,831,250
750,000	Moelis & Co., Cl A	17,797,030	26,212,500
Total Financials		46,706,363	54,043,750

Shares		Cost	Value
Common Stocks (continued)			
Health Care (18.24%)			
	Biotechnology (0.56%)		
1,250,000	Abcam plc (United Kingdom)[2]	$ 11,616,424	$ 23,398,816
	Health Care Distributors (0.38%)		
650,000	Covetrus, Inc.[1]	20,651,602	15,899,000
	Health Care Equipment (5.58%)		
650,000	Cantel Medical Corp.	33,013,794	52,416,000
300,000	DexCom, Inc.[1]	3,984,388	44,952,000
425,000	IDEXX Laboratories, Inc.[1]	6,412,926	117,015,250
300,000	Inspire Medical Systems, Inc.[1,4]	15,398,159	18,195,000
		58,809,267	232,578,250
	Health Care Supplies (0.37%)		
250,000	Neogen Corp.[1]	13,688,364	15,527,500
	Health Care Technology (1.99%)		
1,250,000	Teladoc Health, Inc.[1]	39,661,531	83,012,500
	Life Sciences Tools & Services (7.18%)		
101,149	Adaptive Biotechnologies Corp.[1]	2,022,980	4,885,497
350,000	Guardant Health, Inc.[1,4]	7,740,116	30,215,500
725,000	ICON plc[1,2]	20,589,905	111,628,250
75,000	Mettler-Toledo International, Inc.[1]	3,665,864	63,000,000
900,000	PRA Health Sciences, Inc.[1]	16,553,917	89,235,000
		50,572,782	298,964,247
	Managed Health Care (1.34%)		
850,000	HealthEquity, Inc.[1]	14,124,522	55,590,000
	Pharmaceuticals (0.84%)		
1,000,000	Dechra Pharmaceuticals plc (United Kingdom)[2]	28,027,985	34,902,345
Total Health Care		237,152,477	759,872,658
Industrials (20.47%)			
	Aerospace & Defense (4.01%)		
1,000,000	Mercury Systems, Inc.[1]	25,872,953	70,350,000
200,000	TransDigm Group, Inc.[1]	0	96,760,000
		25,872,953	167,110,000
	Building Products (0.77%)		
450,000	Trex Company, Inc.[1]	27,809,963	32,265,000
	Environmental & Facilities Services (2.87%)		
1,250,000	Waste Connections, Inc.[2]	54,583,333	119,475,000
	Human Resource & Employment Services (2.55%)		
1,750,000	ASGN, Inc.[1]	45,317,074	106,050,000
	Industrial Conglomerates (0.60%)		
700,000	Raven Industries, Inc.	25,196,407	25,116,000
	Industrial Machinery (4.64%)		
725,000	Helios Technologies, Inc.	34,755,037	33,647,250
800,000	John Bean Technologies Corp.	70,245,737	96,904,000
150,000	Nordson Corp.	4,103,822	21,196,500
250,000	RBC Bearings, Incorporated[1]	15,921,126	41,702,500
		125,025,722	193,450,250

Baron Small Cap Fund — PORTFOLIO HOLDINGS (Continued)

JUNE 30, 2019 (UNAUDITED)

Shares		Cost	Value
Common Stocks (continued)			
Industrials (continued)			
	Research & Consulting Services (1.48%)		
4,000,000	Clarivate Analytics plc (formerly, Churchill Capital Corp.)[1,2]	$ 44,078,833	$ 61,520,000
	Trading Companies & Distributors (3.55%)		
1,600,000	SiteOne Landscape Supply, Inc.[1]	54,416,204	110,880,000
1,675,000	Univar, Inc.[1]	33,150,442	36,917,000
		87,566,646	147,797,000
Total Industrials		435,450,931	852,783,250
Information Technology (28.40%)			
	Application Software (14.99%)		
1,196,607	2U, Inc.[1]	57,276,707	45,040,287
1,050,000	Altair Engineering, Inc., Cl A[1]	17,162,704	42,409,500
800,000	Aspen Technology, Inc.[1]	29,983,938	99,424,000
850,000	Ceridian HCM Holding, Inc.[1]	23,711,721	42,670,000
6,000,000	Cision Ltd.[1,2]	64,996,212	70,380,000
1,650,000	Guidewire Software, Inc.[1]	48,997,265	167,277,000
300,000	Pagerduty, Inc.[1]	9,800,372	14,115,000
500,000	The Trade Desk, Inc., Cl A[1]	18,899,334	113,890,000
1,450,000	Yext, Inc.[1]	19,421,005	29,130,500
		290,249,258	624,336,287
	Data Processing & Outsourced Services (2.25%)		
450,000	WEX, Inc.[1]	18,982,530	93,645,000
	Electronic Equipment & Instruments (1.96%)		
1,700,000	Cognex Corp.	13,564,763	81,566,000
	Internet Services & Infrastructure (3.08%)		
2,250,000	GTT Communications, Inc.[1]	68,332,495	39,600,000
625,000	Wix.com Ltd.[1,2]	34,804,819	88,812,500
		103,137,314	128,412,500
	IT Consulting & Other Services (5.70%)		
600,000	Endava plc, ADR[1,2]	16,610,349	24,144,000
1,025,000	Gartner, Inc.[1]	15,469,264	164,963,500
1,000,000	LiveRamp Holdings, Inc.[1]	21,949,294	48,480,000
		54,028,907	237,587,500
	Systems Software (0.42%)		
200,000	Qualys, Inc.[1]	6,977,105	17,416,000
Total Information Technology		486,939,877	1,182,963,287
Materials (3.34%)			
	Commodity Chemicals (0.51%)		
1,000,000	Orion Engineered Carbons SA[2]	28,618,002	21,410,000
	Construction Materials (0.81%)		
1,750,000	Summit Materials, Inc., Cl A[1]	32,596,422	33,687,500
	Metal & Glass Containers (1.01%)		
800,000	Berry Global Group, Inc.[1]	12,652,147	42,072,000
	Specialty Chemicals (1.01%)		
400,000	Ingevity Corp.[1]	35,677,603	42,068,000
Total Materials		109,544,174	139,237,500

Shares		Cost	Value
Common Stocks (continued)			
Real Estate (5.58%)			
	Office REITs (0.20%)		
100,000	SL Green Realty Corp.	$ 2,127,325	$ 8,037,000
	Specialized REITs (5.38%)		
2,500,000	Americold Realty Trust[4]	51,778,567	81,050,000
500,000	Gaming and Leisure Properties, Inc.	6,410,964	19,490,000
550,000	SBA Communications Corp.[1]	2,216,000	123,662,000
		60,405,531	224,202,000
Total Real Estate		62,532,856	232,239,000
TOTAL COMMON STOCKS		**1,873,252,714**	**4,032,061,253**
Warrants (0.04%)			
Consumer Discretionary (0.04%)			
	Hotels, Resorts & Cruise Lines (0.04%)		
260,850	OneSpaWorld Holdings Ltd. Warrants, Exp 3/19/2024[1,2,3,4]	**0**	**1,494,670**
Principal Amount			
Short Term Investments (3.59%)			
Repurchase Agreement (3.59%)			
$149,589,167	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/28/2019, 0.50% due 7/1/2019; Proceeds at maturity - $149,595,400; (Fully collateralized by $143,450,000 U.S. Treasury Note, 0.75% due 7/15/2028; Market value - $152,585,613)	**149,589,167**	**149,589,167**
TOTAL INVESTMENTS (100.43%)		**$2,022,841,881**	**4,183,145,090**
LIABILITIES LESS CASH AND OTHER ASSETS (-0.43%)			**(17,897,682)**
NET ASSETS			**$4,165,247,408**
RETAIL SHARES (Equivalent to $30.90 per share based on 51,468,045 shares outstanding)			**$1,590,511,925**
INSTITUTIONAL SHARES (Equivalent to $32.25 per share based on 74,561,841 shares outstanding)			**$2,404,544,768**
R6 SHARES (Equivalent to $32.24 per share based on 5,278,829 shares outstanding)			**$ 170,190,715**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 At June 30, 2019, the market value of restricted and fair valued securities amounted to $1,494,670 or 0.04% of net assets. This security is deemed liquid.
4 The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI.
ADR American Depositary Receipt.

Baron Opportunity Fund — PORTFOLIO HOLDINGS

June 30, 2019 (Unaudited)

Shares		Cost	Value
Common Stocks (98.78%)			
Communication Services (12.87%)			
	Interactive Home Entertainment (3.62%)		
103,900	Electronic Arts, Inc.[1]	$ 11,177,507	$ 10,520,914
58,100	Take-Two Interactive Software, Inc.[1]	6,420,497	6,596,093
		17,598,004	17,117,007
	Interactive Media & Services (5.77%)		
19,350	Alphabet, Inc., Cl C[1]	15,931,280	20,915,609
29,500	IAC/InterActiveCorp.[1]	5,429,439	6,417,135
		21,360,719	27,332,744
	Internet Software & Services (0.67%)		
69,700	Zillow Group, Inc., Cl A[1]	2,785,775	3,189,472
	Movies & Entertainment (2.81%)		
201,014	Manchester United plc, Cl A[2]	3,180,403	3,634,333
16,825	Netflix, Inc.[1]	702,623	6,180,159
23,800	Spotify Technology SA[1,2]	3,537,780	3,480,036
		7,420,806	13,294,528
Total Communication Services		49,165,304	60,933,751
Consumer Discretionary (15.19%)			
	Automobile Manufacturers (2.38%)		
50,500	Tesla, Inc.[1]	10,865,198	11,284,730
	Education Services (0.95%)		
102,236	Arco Platform Ltd., Cl A[1,2]	1,789,130	4,475,892
	Internet & Direct Marketing Retail (11.86%)		
36,900	Alibaba Group Holding Limited, ADR[1,2]	2,789,515	6,252,705
14,975	Amazon.com, Inc.[1]	4,786,247	28,357,109
111,184	Fiverr International Ltd.[1,2]	2,334,864	3,302,165
6,729	MercadoLibre, Inc.[1]	3,720,321	4,116,600
78,988	The RealReal, Inc.[1]	1,772,480	2,282,753
44,954	Revolve Group, Inc.[1]	809,172	1,550,913
1,957,126	Trainline PLC, 144A (United Kingdom)[1,2]	8,729,565	10,243,786
		24,942,164	56,106,031
Total Consumer Discretionary		37,596,492	71,866,653
Energy (0.54%)			
	Oil & Gas Exploration & Production (0.54%)		
24,815	Concho Resources, Inc.	2,557,949	2,560,412
Financials (2.70%)			
	Financial Exchanges & Data (1.27%)		
13,800	MarketAxess Holdings, Inc.	1,550,243	4,435,596
36,440	Tradeweb Markets, Inc., Cl A	983,880	1,596,437
		2,534,123	6,032,033
	Investment Banking & Brokerage (1.43%)		
168,200	The Charles Schwab Corp.	6,449,280	6,759,958
Total Financials		8,983,403	12,791,991
Health Care (14.86%)			
	Biotechnology (8.37%)		
81,300	Acceleron Pharma, Inc.[1]	2,883,177	3,339,804
83,602	argenx SE, ADR[1,2]	2,889,758	11,836,371
162,000	Arrowhead Pharmaceuticals, Inc.[1]	2,493,521	4,293,000
29,700	Neurocrine Biosciences, Inc.[1]	2,480,850	2,507,571
62,400	Sage Therapeutics, Inc.[1]	4,836,073	11,424,816
34,000	Vertex Pharmaceuticals, Inc.[1]	5,313,164	6,234,920
		20,896,543	39,636,482

Shares		Cost	Value
Common Stocks (continued)			
Health Care (continued)			
	Health Care Equipment (2.02%)		
25,000	Edwards Lifesciences Corp.[1]	$ 2,188,379	$ 4,618,500
9,435	Intuitive Surgical, Inc.[1]	2,084,841	4,949,129
		4,273,220	9,567,629
	Health Care Technology (0.25%)		
7,200	Veeva Systems, Inc., Cl A[1]	606,415	1,167,192
	Life Sciences Tools & Services (4.22%)		
11,545	Adaptive Biotechnologies Corp.[1]	230,900	557,624
119,100	CareDx, Inc.[1,3]	3,468,603	4,286,409
26,837	Guardant Health, Inc.[1,3]	542,205	2,316,838
19,415	Illumina, Inc.[1]	1,838,580	7,147,632
198,790	Veracyte, Inc.[1,3]	4,806,430	5,667,503
		10,886,718	19,976,006
Total Health Care		36,662,896	70,347,309
Industrials (3.46%)			
	Research & Consulting Services (3.46%)		
21,433	CoStar Group, Inc.[1]	365,540	11,875,168
30,590	Verisk Analytics, Inc.	1,652,699	4,480,211
Total Industrials		2,018,239	16,355,379
Information Technology (45.87%)			
	Application Software (17.93%)		
70,082	2U, Inc.[1]	3,560,557	2,637,886
29,100	Adobe, Inc.[1]	5,455,821	8,574,315
22,775	ANSYS, Inc.[1]	2,305,432	4,664,776
130,714	Benefitfocus, Inc.[1]	3,895,869	3,548,885
93,170	Ceridian HCM Holding, Inc.[1]	2,780,255	4,677,134
4,900	Coupa Software, Inc.[1]	437,312	620,389
238,300	Guidewire Software, Inc.[1]	9,108,269	24,158,854
42,700	RingCentral, Inc., Cl A[1]	3,277,189	4,907,084
26,980	salesforce.com, Inc.[1]	1,564,651	4,093,675
31,000	Splunk, Inc.[1]	1,733,741	3,898,250
154,900	SS&C Technologies Holdings, Inc.	5,659,349	8,923,789
28,000	The Trade Desk, Inc., Cl A[1]	504,000	6,377,840
331,900	Yext, Inc.[1]	4,815,635	6,667,871
12,207	Zoom Video Communications, Inc., Cl A[1]	439,452	1,083,860
		45,537,532	84,834,608
	Data Processing & Outsourced Services (5.95%)		
36,900	MasterCard Incorporated, Cl A	3,024,970	9,761,157
68,500	Pagseguro Digital Ltd., Cl A[1,2]	2,109,161	2,669,445
32,300	PayPal Holdings, Inc.[1]	2,989,160	3,697,058
88,406	StoneCo Ltd., Cl A[1,2]	3,226,908	2,615,049
54,200	Visa, Inc., Cl A	4,409,505	9,406,410
		15,759,704	28,149,119
	Internet Services & Infrastructure (3.88%)		
121,000	GDS Holdings Ltd., ADR[1,2,3]	4,299,832	4,545,970
35,241	Twilio, Inc., Cl A[1]	4,426,460	4,805,111
63,543	Wix.com Ltd.[1,2]	3,424,599	9,029,460
		12,150,891	18,380,541
	IT Consulting & Other Services (6.70%)		
169,076	Endava plc, ADR[1,2]	4,712,959	6,803,618
117,687	Gartner, Inc.[1]	3,605,919	18,940,546
122,883	LiveRamp Holdings, Inc.[1]	3,389,639	5,957,368
		11,708,517	31,701,532

Baron Opportunity Fund — PORTFOLIO HOLDINGS (Continued)

June 30, 2019 (Unaudited)

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (continued)			
	Semiconductors (3.29%)		
80,200	Mellanox Technologies Ltd.[1,2]	$ 4,716,457	$ 8,875,734
40,800	NVIDIA Corp.	8,599,889	6,700,584
		13,316,346	15,576,318
	Systems Software (8.12%)		
19,723	Crowdstrike Holdings, Inc., Cl A[1]	670,582	1,346,884
208,100	Microsoft Corp.	18,829,508	27,877,076
28,800	Proofpoint, Inc.[1]	2,314,362	3,463,200
20,900	ServiceNow, Inc.[1]	1,110,572	5,738,513
		22,925,024	38,425,673
Total Information Technology		121,398,014	217,067,791
Real Estate (3.29%)			
	Specialized REITs (3.29%)		
22,800	Alexandria Real Estate Equities, Inc.[3]	3,102,398	3,216,852
19,825	Equinix, Inc.	4,330,078	9,997,549
10,400	SBA Communications Corp.[1]	34,784	2,338,336
Total Real Estate		7,467,260	15,552,737
TOTAL COMMON STOCKS		**265,849,557**	**467,476,023**
Principal Amount			
Short Term Investments (1.26%)			
$5,971,180	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/28/2019, 0.50% due 7/1/2019; Proceeds at maturity - $5,971,429; (Fully collateralized by $5,730,000 U.S. Treasury Note, 0.75% due 7/15/2028; Market value - $6,094,915)	**5,971,180**	**5,971,180**
TOTAL INVESTMENTS (100.04%)		**$271,820,737**	**473,447,203**
LIABILITIES LESS CASH AND OTHER ASSETS (-0.04%)			**(191,858)**
NET ASSETS			**$473,255,345**
RETAIL SHARES (Equivalent to $22.56 per share based on 16,002,802 shares outstanding)			**$361,062,145**
INSTITUTIONAL SHARES (Equivalent to $23.49 per share based on 4,129,054 shares outstanding)			**$ 96,979,758**
R6 SHARES (Equivalent to $23.51 per share based on 647,058 shares outstanding)			**$ 15,213,442**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI.
ADR American Depositary Receipt.
144A Security is exempt from registration pursuant to Rule 144A under the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. At June 30, 2019, the market value of Rule 144A securities amounted to $10,243,786 or 2.16% of net assets. This security has been deemed liquid pursuant to policies and procedures approved by the Board of Trustees, unless otherwise noted.

Baron Partners Fund — PORTFOLIO HOLDINGS

June 30, 2019 (Unaudited)

Shares		Cost	Value
Common Stocks (121.29%)			
Communication Services (11.74%)			
	Alternative Carriers (0.39%)		
400,000	Iridium Communications, Inc.[1]	$ 10,564,810	$ 9,304,000
	Interactive Home Entertainment (0.32%)		
165,000	Activision Blizzard, Inc.	7,749,539	7,788,000
	Interactive Media & Services (4.31%)		
2,250,000	Zillow Group, Inc., Cl A[1]	88,163,901	102,960,000
	Movies & Entertainment (6.72%)		
5,200,000	Manchester United plc, Cl A[2]	88,699,761	94,016,000
455,000	Spotify Technology SA[1,2]	62,787,604	66,530,100
		151,487,365	160,546,100
Total Communication Services		257,965,615	280,598,100
Consumer Discretionary (32.56%)			
	Automobile Manufacturers (10.28%)		
1,100,000	Tesla, Inc.[1]	235,289,421	245,806,000
	Casinos & Gaming (0.83%)		
925,000	Red Rock Resorts, Inc., Cl A	21,933,713	19,869,000
	Hotels, Resorts & Cruise Lines (12.80%)		
2,600,000	Hyatt Hotels Corp., Cl A	72,054,423	197,938,000
835,989	Marriott Vacations Worldwide Corp.	93,458,017	80,589,340
510,000	Norwegian Cruise Line Holdings Ltd.[1,2]	24,081,839	27,351,300
		189,594,279	305,878,640
	Leisure Facilities (8.65%)		
925,800	Vail Resorts, Inc.	27,801,851	206,620,044
Total Consumer Discretionary		474,619,264	778,173,684
Financials (25.36%)			
	Financial Exchanges & Data (9.78%)		
770,000	FactSet Research Systems, Inc.	50,187,585	220,651,200
55,000	MSCI, Inc.	7,701,455	13,133,450
		57,889,040	233,784,650
	Investment Banking & Brokerage (4.88%)		
2,900,000	The Charles Schwab Corp.	50,169,841	116,551,000
	Property & Casualty Insurance (10.70%)		
6,900,000	Arch Capital Group Ltd.[1,2]	31,138,235	255,852,000
Total Financials		139,197,116	606,187,650
Health Care (11.80%)			
	Health Care Equipment (10.37%)		
900,000	IDEXX Laboratories, Inc.[1]	39,330,858	247,797,000
	Health Care Supplies (1.43%)		
125,000	Align Technology, Inc.[1]	31,475,409	34,212,500
Total Health Care		70,806,267	282,009,500

Shares		Cost	Value
Common Stocks (continued)			
Industrials (22.71%)			
	Aerospace & Defense (1.21%)		
125,625	HEICO Corp.	$ 9,632,520	$ 16,809,881
116,875	HEICO Corp., Cl A	7,586,429	12,081,369
		17,218,949	28,891,250
	Research & Consulting Services (20.05%)		
865,000	CoStar Group, Inc.[1]	103,964,389	479,261,900
	Trading Companies & Distributors (1.45%)		
600,000	Air Lease Corp.	19,363,657	24,804,000
300,000	Fastenal Co.	6,616,562	9,777,000
		25,980,219	34,581,000
Total Industrials		147,163,557	542,734,150
Information Technology (11.73%)			
	Application Software (6.01%)		
774,629	Benefitfocus, Inc.[1]	25,012,214	21,031,177
1,210,000	Guidewire Software, Inc.[1]	95,464,320	122,669,800
		120,476,534	143,700,977
	IT Consulting & Other Services (5.72%)		
850,000	Gartner, Inc.[1]	94,205,471	136,799,000
Total Information Technology		214,682,005	280,499,977
Real Estate (5.39%)			
	Hotel & Resort REITs (0.49%)		
382,727	MGM Growth Properties LLC, Cl A	7,799,495	11,730,582
	Office REITs (1.64%)		
985,000	Douglas Emmett, Inc.	27,670,142	39,242,400
	Specialized REITs (3.26%)		
2,000,000	Gaming and Leisure Properties, Inc.	60,598,528	77,960,000
Total Real Estate		96,068,165	128,932,982
TOTAL COMMON STOCKS		**1,400,501,989**	**2,899,136,043**
Private Common Stocks (2.38%)			
Industrials (2.38%)			
	Aerospace & Defense (2.38%)		
221,631	Space Exploration Technologies Corp., Cl A[1,3,4]	29,920,185	50,070,876
30,221	Space Exploration Technologies Corp., Cl C[1,3,4]	4,079,835	6,827,528
TOTAL PRIVATE COMMON STOCKS		**34,000,020**	**56,898,404**
Private Preferred Stocks (4.18%)			
Industrials (4.18%)			
	Aerospace & Defense (4.18%)		
311,111	Space Exploration Technologies Corp., Cl H[1,3,4]	41,999,985	70,286,197
131,657	Space Exploration Technologies Corp., Cl I[1,3,4]	22,250,032	29,743,950
TOTAL PRIVATE PREFERRED STOCKS		**64,250,017**	**100,030,147**

Baron Partners Fund — PORTFOLIO HOLDINGS (Continued)

June 30, 2019 (Unaudited)

Shares		Cost	Value
Private Partnerships (0.01%)			
Financials (0.01%)			
	Asset Management & Custody Banks (0.01%)		
7,579,130	Windy City Investments Holdings, L.L.C.[1,3,4]	$ 0	$ 204,636
TOTAL INVESTMENTS (127.86%)		$1,498,752,026	3,056,269,230
LIABILITIES LESS CASH AND OTHER ASSETS (-27.86%)			(666,032,125)
NET ASSETS			$2,390,237,105
RETAIL SHARES (Equivalent to $59.91 per share based on 20,254,988 shares outstanding)			$1,213,458,113
INSTITUTIONAL SHARES (Equivalent to $61.35 per share based on 16,649,539 shares outstanding)			$1,021,499,635
R6 SHARES (Equivalent to $61.36 per share based on 2,530,735 shares outstanding)			$ 155,279,357

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 At June 30, 2019, the market value of restricted and fair valued securities amounted to $157,133,187 or 6.57% of net assets. These securities are not deemed liquid.
4 The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI.

Baron Fifth Avenue Growth Fund — PORTFOLIO HOLDINGS

June 30, 2019 (Unaudited)

Shares		Cost	Value
Common Stocks (99.65%)			
Communication Services (10.09%)			
	Interactive Media & Services (10.09%)		
1,948	Alphabet, Inc., Cl A[1]	$ 280,365	$ 2,109,294
10,283	Alphabet, Inc., Cl C[1]	4,420,382	11,114,998
64,665	Facebook, Inc., Cl A[1]	2,342,792	12,480,345
25,696	IAC/InterActiveCorp.[1]	5,221,002	5,589,651
Total Communication Services		12,264,541	31,294,288
Consumer Discretionary (24.40%)			
	Automobile Manufacturers (0.70%)		
9,741	Tesla, Inc.[1]	2,746,853	2,176,724
	Internet & Direct Marketing Retail (23.70%)		
92,830	Alibaba Group Holding Limited, ADR[1,2]	7,959,441	15,730,044
20,785	Amazon.com, Inc.[1]	4,735,474	39,359,100
2,416	Booking Holdings, Inc.[1]	1,282,530	4,529,299
120,389	Ctrip.com International Ltd., ADR[1,2]	4,281,276	4,443,558
2,590	MercadoLibre, Inc.[1]	1,243,200	1,584,484
32,250	Naspers Limited, Cl N (South Africa)[2]	5,273,421	7,806,114
		24,775,342	73,452,599
Total Consumer Discretionary		27,522,195	75,629,323
Financials (8.65%)			
	Diversified Banks (1.04%)		
150,000	Kotak Mahindra Bank Ltd. (India)[2]	2,937,439	3,209,856
	Financial Exchanges & Data (5.42%)		
54,208	CME Group, Inc.	5,248,888	10,522,315
27,643	S&P Global, Inc.	5,226,365	6,296,799
		10,475,253	16,819,114
	Investment Banking & Brokerage (2.19%)		
168,693	The Charles Schwab Corp.	6,277,649	6,779,771
Total Financials		19,690,341	26,808,741
Health Care (19.32%)			
	Biotechnology (4.94%)		
45,621	Sage Therapeutics, Inc.[1]	7,050,220	8,352,749
37,971	Vertex Pharmaceuticals, Inc.[1]	5,909,494	6,963,122
		12,959,714	15,315,871
	Health Care Equipment (3.80%)		
22,459	Intuitive Surgical, Inc.[1]	7,394,243	11,780,868
	Health Care Technology (5.26%)		
100,453	Veeva Systems, Inc., Cl A[1]	7,493,347	16,284,436
	Life Sciences Tools & Services (5.32%)		
44,814	Illumina, Inc.[1]	5,436,613	16,498,274
Total Health Care		33,283,917	59,879,449
Industrials (0.29%)			
	Trucking (0.29%)		
13,707	Lyft, Inc., Cl A[1]	871,416	900,687
Information Technology (33.72%)			
	Application Software (3.58%)		
33,776	RingCentral, Inc., Cl A[1]	2,776,769	3,881,538
48,867	Splunk, Inc.[1]	5,744,683	6,145,025
12,094	Zoom Video Communications, Inc., Cl A[1]	435,384	1,073,827
		8,956,836	11,100,390
	Data Processing & Outsourced Services (18.87%)		
4,046	Adyen NV, 144A (Netherlands)[1,2]	3,003,513	3,121,025
66,851	MasterCard Incorporated, Cl A	3,750,511	17,684,095
197,125	Pagseguro Digital Ltd., Cl A[1,2]	4,879,574	7,681,961
114,585	StoneCo Ltd., Cl A[1,2]	4,316,950	3,389,424
85,434	Visa, Inc., Cl A	2,870,564	14,827,071
96,219	Worldpay, Inc., Cl A[1]	7,601,671	11,791,639
		26,422,783	58,495,215

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (continued)			
	Internet Services & Infrastructure (3.55%)		
34,717	Twilio, Inc.[1]	$ 4,552,016	$ 4,733,663
44,145	Wix.com Ltd.[1,2]	3,671,496	6,273,005
		8,223,512	11,006,668
	IT Consulting & Other Services (2.82%)		
50,484	EPAM Systems, Inc.[1]	4,622,163	8,738,780
	Semiconductor Equipment (2.62%)		
39,157	ASML Holding N.V.[2]	4,042,938	8,141,915
	Systems Software (2.28%)		
13,015	Crowdstrike Holdings, Inc., Cl A[1]	442,510	888,794
32,908	Red Hat, Inc.[1]	1,631,353	6,178,806
		2,073,863	7,067,600
Total Information Technology		54,342,095	104,550,568
Real Estate (3.18%)			
	Specialized REITs (3.18%)		
19,555	Equinix, Inc.	3,178,515	9,861,391
TOTAL COMMON STOCKS		**151,153,020**	**308,924,447**
Principal Amount			
Short Term Investments (0.37%)			
$1,159,609	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/28/2019, 0.50% due 7/1/2019; Proceeds at maturity - $1,159,657; (Fully collateralized by $1,115,000 U.S. Treasury Note, 0.75% due 7/15/2028; Market value - $1,186,009)	**1,159,609**	**1,159,609**
TOTAL INVESTMENTS (100.02%)		**$152,312,629**	**310,084,056**
LIABILITIES LESS CASH AND OTHER ASSETS (-0.02%)			**(68,919)**
NET ASSETS			**$310,015,137**
RETAIL SHARES (Equivalent to $32.55 per share based on 3,718,707 shares outstanding)			**$121,057,111**
INSTITUTIONAL SHARES (Equivalent to $33.24 per share based on 5,010,920 shares outstanding)			**$166,577,134**
R6 SHARES (Equivalent to $33.25 per share based on 673,029 shares outstanding)			**$ 22,380,892**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
ADR American Depositary Receipt.
144A Security is exempt from registration pursuant to Rule 144A under the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. At June 30, 2019, the market value of Rule 144A securities amounted to $3,121,025 or 1.01% of net assets. This security has been deemed liquid pursuant to policies and procedures approved by the Board of Trustees, unless otherwise noted. All securities are Level 1, unless otherwise noted.

Baron Focused Growth Fund — PORTFOLIO HOLDINGS

June 30, 2019 (Unaudited)

Shares		Cost	Value
Common Stocks (92.14%)			
Communication Services (8.43%)			
	Alternative Carriers (4.08%)		
401,472	Iridium Communications, Inc.[1]	$ 2,949,375	$ 9,338,239
	Movies & Entertainment (4.35%)		
550,000	Manchester United plc, Cl A[2]	8,719,506	9,944,000
Total Communication Services		11,668,881	19,282,239
Consumer Discretionary (43.64%)			
	Automobile Manufacturers (8.79%)		
90,000	Tesla, Inc.[1]	20,342,221	20,111,400
	Casinos & Gaming (4.74%)		
250,000	Penn National Gaming, Inc.[1]	5,089,522	4,815,000
279,939	Red Rock Resorts, Inc., Cl A	6,354,805	6,013,090
		11,444,327	10,828,090
	Hotels, Resorts & Cruise Lines (17.03%)		
150,000	Choice Hotels International, Inc.	5,080,139	13,051,500
340,000	Hyatt Hotels Corp., Cl A	12,201,302	25,884,200
		17,281,441	38,935,700
	Leisure Facilities (13.08%)		
134,000	Vail Resorts, Inc.	8,130,896	29,906,120
Total Consumer Discretionary		57,198,885	99,781,310
Financials (14.26%)			
	Financial Exchanges & Data (9.40%)		
75,000	FactSet Research Systems, Inc.	5,828,282	21,492,000
	Property & Casualty Insurance (4.86%)		
300,000	Arch Capital Group Ltd.[1,2]	1,800,056	11,124,000
Total Financials		7,628,338	32,616,000
Industrials (16.23%)			
	Research & Consulting Services (16.23%)		
67,000	CoStar Group, Inc.[1]	12,103,628	37,122,020
Information Technology (7.19%)			
	Application Software (7.19%)		
225,000	Benefitfocus, Inc.[1]	5,980,203	6,108,750
101,870	Guidewire Software, Inc.[1]	4,816,691	10,327,580
Total Information Technology		10,796,894	16,436,330
Real Estate (2.39%)			
	Residential REITs (2.39%)		
225,000	American Homes 4 Rent, Cl A	4,700,804	5,469,750
TOTAL COMMON STOCKS		**104,097,430**	**210,707,649**
Private Common Stocks (2.34%)			
Industrials (2.34%)			
	Aerospace & Defense (2.34%)		
20,859	Space Exploration Technologies Corp., Cl A[1,3,4]	2,815,965	4,712,465
2,844	Space Exploration Technologies Corp., Cl C[1,3,4]	383,940	642,517
TOTAL PRIVATE COMMON STOCKS		**3,199,905**	**5,354,982**
Preferred Stocks (3.08%)			
Industrials (3.08%)			
	Aerospace & Defense (3.08%)		
29,630	Space Exploration Technologies Corp., Cl H[1,3,4]	$ 4,000,050	$ 6,694,009
1,479	Space Exploration Technologies Corp., Cl I[1,3,4]	249,951	334,136
TOTAL PREFERRED STOCKS		**4,250,001**	**7,028,145**
Principal Amount			
Short Term Investments (2.36%)			
$5,404,221	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/28/2019, 0.50% due 7/1/2019; Proceeds at maturity - $5,404,446; (Fully collateralized by $5,185,000 U.S. Treasury Note, 0.75% due 7/15/2028; Market value - $5,515,207)	**5,404,221**	**5,404,221**
TOTAL INVESTMENTS (99.92%)		**$116,951,557**	**228,494,997**
CASH AND OTHER ASSETS LESS LIABILITIES (0.08%)			**179,907**
NET ASSETS			**$228,674,904**
RETAIL SHARES (Equivalent to $17.90 per share based on 2,529,059 shares outstanding)			**$ 45,278,761**
INSTITUTIONAL SHARES (Equivalent to $18.31 per share based on 4,243,182 shares outstanding)			**$ 77,679,924**
R6 SHARES (Equivalent to $18.31 per share based on 5,772,292 shares outstanding)			**$105,716,219**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 At June 30, 2019, the market value of restricted and fair valued securities amounted to $12,383,127 or 5.42% of net assets. These securities are not deemed liquid.
4 The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI.

Baron International Growth Fund — PORTFOLIO HOLDINGS

June 30, 2019 (Unaudited)

Shares		Cost	Value
Common Stocks (95.56%)			
Argentina (1.16%)			
100,117	Bolsas y Mercados Argentinos S.A.	$ 923,767	$ 876,745
1,267	MercadoLibre, Inc.[1]	608,160	775,113
96,949	YPF S.A., ADR	1,986,793	1,765,441
Total Argentina		3,518,720	3,417,299
Australia (2.24%)			
49,108	Domino's Pizza Enterprises Ltd.	748,183	1,297,819
140,000	Newcrest Mining Limited	2,813,225	3,145,269
475,608	NEXTDC Limited[1]	2,265,199	2,171,009
Total Australia		5,826,607	6,614,097
Belgium (0.92%)			
41,131	KBC Group NV	3,196,985	2,699,234
Brazil (4.47%)			
127,966	Arco Platform Limited, Cl A[1]	2,422,840	5,602,352
105,576	PagSeguro Digital Ltd., Cl A[1]	2,463,140	4,114,297
222,006	Petroleo Brasileiro S.A. Petrobras, ADR	3,375,167	3,456,633
Total Brazil		8,261,147	13,173,282
Canada (4.73%)			
217,714	BlackBerry Limited[1]	2,189,175	1,624,146
6,775	Constellation Software, Inc.	1,543,012	6,385,433
537,153	Encana Corp.	4,797,819	2,755,595
186,070	The Stars Group Inc.[1]	5,033,500	3,176,215
Total Canada		13,563,506	13,941,389
China (9.36%)			
17,991	Alibaba Group Holding Limited, ADR[1]	2,227,250	3,048,575
130,000	China International Travel Service Limited, Cl A	1,479,415	1,680,065
5,462,000	China Tower Corporation Limited, Cl H, 144A	804,757	1,434,715
182,354	Futu Holdings Limited, ADR[1]	2,188,248	1,927,482
32,654	GDS Holdings Limited, ADR[1]	1,129,476	1,226,811
1,111,371	Haitong Securities Co., Ltd., Cl H	1,607,822	1,246,657
739,029	Hua Hong Semiconductor Limited, 144A	1,553,122	1,433,164
1,187,374	Kingdee International Software Group Co. Ltd.	762,369	1,286,264
212,189	Midea Group Co., Ltd. Cl A	1,522,947	1,608,172
24,397	Momo Inc., ADR[1]	792,370	873,413
28,337	Tencent Holdings Limited	41,611	1,281,949
25,451	Tencent Holdings Limited, ADR	1,194,968	1,151,912
3,107,500	WH Group Limited, 144A	2,638,758	3,152,226
1,175,565	Xiaomi Corporation, Cl B, 144A[1]	1,754,766	1,507,756
15,000	YY Inc., ADR[1]	1,033,592	1,045,350
106,554	Zai Lab Limited, ADR[1]	2,391,984	3,715,538
Total China		23,123,455	27,620,049
Finland (1.18%)			
695,692	Nokia Corporation, ADR	4,037,380	3,485,417
France (6.67%)			
46,751	BNP Paribas S.A.	2,792,611	2,216,244
45,601	Danone SA	3,595,391	3,861,137
6,680	Eurofins Scientific SE	659,871	2,947,624
9,787	LVMH Moët Hennessy Louis Vuitton SE	2,625,708	4,160,702
32,900	Sodexo S.A.	3,555,264	3,845,809
96,582	Vivendi SA	2,322,579	2,650,468
Total France		15,551,424	19,681,984

Shares		Cost	Value
Common Stocks (continued)			
Germany (5.73%)			
24,801	Fresenius Medical Care AG and Co. KGaA	$ 2,103,705	$ 1,947,702
25,674	Linde Public Limited Company	3,826,233	5,156,779
313,925	RIB Software SE	3,744,416	6,447,741
34,919	Symrise AG	2,085,172	3,362,356
Total Germany		11,759,526	16,914,578
India (4.88%)			
22,000	Britannia Industries Limited	916,969	874,399
99,000	Godrej Properties Limited[1]	1,247,015	1,438,001
69,594	HDFC Bank Limited	2,209,052	2,465,104
1,067,162	JM Financial Limited	1,440,547	1,187,143
90,551	Kotak Mahindra Bank Limited	1,695,595	1,937,704
307,000	Max Financial Services Limited[1]	2,011,468	1,814,143
158,609	RBL Bank Limited, 144A	1,445,996	1,467,436
102,000	Reliance Industries Limited[1]	1,983,377	1,851,004
422,000	Reliance Nippon Life Asset Management Limited, 144A	1,351,687	1,352,919
Total India		14,301,706	14,387,853
Indonesia (0.24%)			
2,582,500	PT Tower Bersama Infrastructure, Tbk.	1,066,896	693,211
Ireland (2.14%)			
3,507,170	Glenveagh Properties PLC, 144A[1]	4,378,951	2,919,219
53,025	Ryanair Holdings plc, ADR[1]	3,437,340	3,401,023
Total Ireland		7,816,291	6,320,242
Israel (2.93%)			
36,566	Mellanox Technologies Ltd.[1]	1,489,275	4,046,759
32,404	Wix.com Ltd.[1]	1,656,177	4,604,609
Total Israel		3,145,452	8,651,368
Japan (11.12%)			
14,900	FANUC Corp.	2,116,507	2,768,609
7,274	KEYENCE CORPORATION	3,894,302	4,486,039
6,000	KOSÉ Corporation	642,145	1,012,691
64,493	Mercari Inc.[1]	1,722,055	1,718,016
98,400	MonotaRO Co., Ltd.	1,247,408	2,410,431
257,000	Nexon Co., Ltd.[1]	3,891,946	3,754,677
54,000	Okamoto Industries, Inc.	2,799,510	2,430,293
134,400	Recruit Holdings Co., Ltd.	2,673,770	4,499,965
32,223	Sony Corporation, ADR	1,008,417	1,688,163
69,900	Square Enix Holdings Co., Ltd.	2,276,714	2,246,044
163,100	Takeda Pharmaceutical Company Limited	7,219,721	5,801,926
Total Japan		29,492,495	32,816,854
Korea, Republic of (1.10%)			
28,975	KB Financial Group, Inc.	1,438,261	1,148,545
55,025	KIA Motors Corporation	1,696,021	2,099,139
Total Korea, Republic of		3,134,282	3,247,684
Mexico (1.17%)			
775,000	Grupo Lala, S.A.B. de C.V.	932,394	950,492
4,041,932	Telesites, S.A.B. de C.V.[1]	2,953,177	2,497,548
Total Mexico		3,885,571	3,448,040
Netherlands (4.24%)			
53,405	argenx SE, ADR[1]	2,012,719	7,561,080
20,634	InterXion Holding N.V.[1]	682,420	1,570,041
73,000	Koninklijke Vopak N.V.	3,681,864	3,361,699
Total Netherlands		6,377,003	12,492,820

Baron International Growth Fund — PORTFOLIO HOLDINGS (Continued)

June 30, 2019 (Unaudited)

Shares		Cost	Value
Common Stocks (continued)			
Nigeria (0.03%)			
1,672,685	Lekoil, Ltd.[1]	$ 571,534	$ 79,658
Norway (2.29%)			
168,500	Golar LNG Ltd.	4,099,626	3,113,880
348,359	Opera Limited, ADR[1]	2,544,003	3,636,868
Total Norway		6,643,629	6,750,748
Panama (1.18%)			
35,688	Copa Holdings, S.A., Cl A	2,996,186	3,482,078
Russia (2.74%)			
226,106	Sberbank of Russia PJSC, ADR	2,896,109	3,483,401
142,000	TCS Group Holding PLC, GDR	2,767,352	2,783,200
47,972	Yandex N.V., Cl A[1]	1,725,577	1,822,936
Total Russia		7,389,038	8,089,537
Spain (2.36%)			
23,663	Aena SME, S.A., 144A	3,548,972	4,690,075
75,745	Industria de Diseno Textil, S.A.	2,218,318	2,278,961
Total Spain		5,767,290	6,969,036
Sweden (1.32%)			
411,000	Telefonaktiebolaget LM Ericsson, ADR	3,722,315	3,904,500
Switzerland (2.51%)			
49,982	Julius Baer Group Ltd.	1,942,757	2,226,901
50,000	Nestle S.A.	4,238,697	5,176,111
Total Switzerland		6,181,454	7,403,012
United Arab Emirates (0.59%)			
230,021	Network International Holdings Ltd., 144A[1]	1,441,356	1,732,242
United Kingdom (14.44%)			
118,721	Abcam plc	793,975	2,222,345
172,669	Adaptimmune Therapeutics plc, ADR[1]	1,459,561	694,129
147,500	AstraZeneca PLC, ADR	5,318,439	6,088,800
674,000	B&M European Value Retail S.A.	3,188,355	2,854,784
35,000	Blue Prism Group plc[1]	854,501	614,067
103,500	Dechra Pharmaceuticals PLC	3,600,572	3,612,393
135,423	Endava plc, ADR[1]	3,170,311	5,449,421
171,158	Experian plc	3,398,968	5,184,299
883,049	Horizon Discovery Group plc[1]	2,095,042	1,738,153
650,000	Rentokil Initial plc	2,766,779	3,281,644
1,195,239	Trainline plc, 144A[1]	5,331,244	6,255,996
1,148,151	Tullow Oil plc	3,189,936	3,071,473
270,000	WANdisco plc[1]	2,599,708	1,542,988
Total United Kingdom		37,767,391	42,610,492
United States (3.82%)			
45,103	Agilent Technologies, Inc.	1,873,431	3,367,841
110,567	Arch Capital Group Ltd.[1]	1,862,627	4,099,825
31,004	Worldpay, Inc., Cl A[1]	2,484,232	3,799,540
Total United States		6,220,290	11,267,206
TOTAL COMMON STOCKS		**236,758,929**	**281,893,910**

Principal Amount		Cost	Value
Short Term Investments (4.07%)			
$12,018,286	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/28/2019, 0.50% due 7/1/2019; Proceeds at maturity - $12,018,786; (Fully collateralized by $11,525,000 U.S. Treasury Note, 0.75% due 7/15/2028; Market value - $12,258,970)	**$ 12,018,286**	**$ 12,018,286**
TOTAL INVESTMENTS (99.63%)		**$248,777,215**	293,912,196
CASH AND OTHER ASSETS LESS LIABILITIES (0.37%)			1,097,927
NET ASSETS			**$295,010,123**
RETAIL SHARES (Equivalent to $22.75 per share based on 3,355,679 shares outstanding)			**$ 76,334,715**
INSTITUTIONAL SHARES (Equivalent to $23.12 per share based on 8,772,281 shares outstanding)			**$202,842,695**
R6 SHARES (Equivalent to $23.12 per share based on 684,684 shares outstanding)			**$ 15,832,713**

% Represents percentage of net assets.
[1] Non-income producing securities.
ADR American Depositary Receipt.
GDR Global Depositary Receipt.
144A Security is exempt from registration pursuant to Rule 144A under the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. At June 30, 2019, the market value of Rule 144A securities amounted to $25,945,748 or 8.79% of net assets. These securities have been deemed liquid pursuant to policies and procedures approved by the Board of Trustees, unless otherwise noted.

Summary of Investments by Sector as of June 30, 2019	Percentage of Net Assets
Information Technology	22.0%
Consumer Discretionary	15.3%
Health Care	13.4%
Financials	11.2%
Industrials	10.1%
Energy	6.6%
Communication Services	6.6%
Consumer Staples	5.1%
Materials	4.8%
Real Estate	0.5%
Cash and Cash Equivalents*	4.4%
	100.0%

* Includes short term investments.

Baron Real Estate Fund — PORTFOLIO HOLDINGS

June 30, 2019 (Unaudited)

Shares		Cost	Value
Common Stocks (98.12%)			
Communication Services (1.14%)			
	Integrated Telecommunication Services (1.14%)		
25,447,800	China Tower Corporation Limited, Cl H, 144A (Hong Kong)[2]	$ 4,518,381	$ 6,684,428
Consumer Discretionary (31.79%)			
	Casinos & Gaming (12.91%)		
667,450	Boyd Gaming Corp.	14,240,218	17,981,103
1,135,050	MGM Resorts International	24,380,222	32,428,379
787,555	Penn National Gaming, Inc.[1]	20,245,985	15,168,309
478,104	Red Rock Resorts, Inc., Cl A	10,707,926	10,269,674
		69,574,351	75,847,465
	Home Improvement Retail (1.40%)		
30,500	Home Depot, Inc.	2,367,092	6,343,085
18,350	Lowe's Companies, Inc.	1,682,137	1,851,698
		4,049,229	8,194,783
	Homebuilding (5.92%)		
348,900	D.R. Horton, Inc.	15,240,442	15,048,057
131,236	Installed Building Products, Inc.[1]	7,212,035	7,771,796
247,200	Lennar Corp., Cl A	11,988,358	11,979,312
		34,440,835	34,799,165
	Hotels, Resorts & Cruise Lines (11.56%)		
60,337	Hilton Grand Vacations, Inc.[1]	1,368,114	1,919,923
6,825	Hilton Worldwide Holdings, Inc.	310,506	667,076
31,700	Hyatt Hotels Corp., Cl A	2,425,733	2,413,321
145,450	Marriott Vacations Worldwide Corp.	13,016,411	14,021,380
508,390	Norwegian Cruise Line Holdings Ltd.[1,2]	18,871,120	27,264,956
178,250	Royal Caribbean Cruises Ltd.[2]	16,234,719	21,605,682
		52,226,603	67,892,338
Total Consumer Discretionary		160,291,018	186,733,751
Financials (3.62%)			
	Asset Management & Custody Banks (3.62%)		
445,150	Brookfield Asset Management, Inc., Cl A[2]	10,618,625	21,269,267
Industrials (10.65%)			
	Building Products (7.22%)		
588,350	Masco Corp.	22,868,095	23,086,854
128,557	Owens Corning	6,459,106	7,482,018
164,950	Trex Co., Inc.[1]	10,110,271	11,826,915
		39,437,472	42,395,787
	Research & Consulting Services (1.53%)		
16,150	CoStar Group, Inc.[1]	2,947,422	8,948,069
	Trading Companies & Distributors (1.90%)		
161,201	SiteOne Landscape Supply, Inc.[1]	7,502,447	11,171,229
Total Industrials		49,887,341	62,515,085

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (9.68%)			
	Internet Services & Infrastructure (9.68%)		
750,837	GDS Holdings Ltd., ADR[1,2,3]	$ 21,833,733	$ 28,208,946
316,450	InterXion Holding N.V.[1,2,3]	9,080,445	24,078,681
1,004,779	NEXTDC Ltd. (Australia)[1,2]	3,428,890	4,586,516
Total Information Technology		34,343,068	56,874,143
Materials (3.22%)			
	Construction Materials (2.08%)		
88,850	Vulcan Materials Co.	9,381,618	12,199,993
	Specialty Chemicals (1.14%)		
14,650	The Sherwin-Williams Co.	3,961,194	6,713,949
Total Materials		13,342,812	18,913,942
Real Estate (38.02%)			
	Hotel & Resort REITs (2.78%)		
471,300	MGM Growth Properties LLC, Cl A	9,759,941	14,445,345
67,850	Park Hotels & Resorts, Inc.	1,817,694	1,869,946
		11,577,635	16,315,291
	Industrial REITs (2.01%)		
147,100	Prologis, Inc.	7,303,567	11,782,710
	Office REITs (5.42%)		
162,900	Douglas Emmett, Inc.	3,037,502	6,489,936
344,100	Hudson Pacific Properties, Inc.	11,153,507	11,448,207
184,200	JBG SMITH Properties	6,959,970	7,246,428
89,850	Kilroy Realty Corp.	6,816,866	6,631,829
		27,967,845	31,816,400
	Real Estate Development (0.57%)		
172,175	Forestar Group, Inc.[1]	3,228,196	3,366,021
	Real Estate Services (7.48%)		
856,500	CBRE Group, Inc., Cl A[1]	25,509,771	43,938,450
	Residential REITs (2.92%)		
57,350	Equity LifeStyle Properties, Inc.	5,674,827	6,958,849
382,550	Invitation Homes, Inc.	9,091,490	10,225,562
		14,766,317	17,184,411
	Specialized REITs (16.84%)		
106,500	Alexandria Real Estate Equities, Inc.[3]	7,828,311	15,026,085
77,100	American Tower Corp.	5,662,009	15,763,095
440,240	Americold Realty Trust[3]	10,794,822	14,272,581
64,091	Equinix, Inc.	11,979,869	32,320,450
321,219	Gaming and Leisure Properties, Inc.	8,268,068	12,521,117
49,579	QTS Realty Trust, Inc., Cl A	2,057,529	2,289,558
29,850	SBA Communications Corp.[1]	1,494,102	6,711,474
		48,084,710	98,904,360
Total Real Estate		138,438,041	223,307,643
TOTAL COMMON STOCKS		**411,439,286**	**576,298,259**

Baron Real Estate Fund — PORTFOLIO HOLDINGS (Continued)

June 30, 2019 (Unaudited)

Principal Amount		Cost	Value
Short Term Investments (2.24%)			
$13,161,625	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/28/2019, 0.50% due 7/1/2019; Proceeds at maturity - $13,162,174; (Fully collateralized by $12,625,000 U.S. Treasury Note, 0.75% due 7/15/2028; Market value - $13,429,023)	$ 13,161,625	$ 13,161,625
TOTAL INVESTMENTS (100.36%)		$424,600,941	589,459,884
LIABILITIES LESS CASH AND OTHER ASSETS (-0.36%)			(2,098,679)
NET ASSETS			$587,361,205
RETAIL SHARES (Equivalent to $25.75 per share based on 9,111,558 shares outstanding)			$234,592,304
INSTITUTIONAL SHARES (Equivalent to $26.19 per share based on 13,036,258 shares outstanding)			$341,391,003
R6 SHARES (Equivalent to $26.19 per share based on 434,430 shares outstanding)			$ 11,377,898

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI.
ADR American Depositary Receipt.
144A Security is exempt from registration pursuant to Rule 144A under the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. At June 30, 2019, the market value of Rule 144A securities amounted to $6,684,428 or 1.14% of net assets. This security has been deemed liquid pursuant to policies and procedures approved by the Board of Trustees, unless otherwise noted.

Baron Emerging Markets Fund — PORTFOLIO HOLDINGS

June 30, 2019 (Unaudited)

Shares		Cost	Value
Common Stocks (96.38%)			
Argentina (1.96%)			
1,152,093	Loma Negra Compania Industrial Argentina Sociedad Anonima, ADR[1]	$ 23,881,978	$ 13,479,488
63,704	MercadoLibre, Inc.[1]	29,802,981	38,972,196
2,681,468	YPF S.A., ADR	52,273,284	48,829,532
Total Argentina		105,958,243	101,281,216
Brazil (9.96%)			
9,196,458	B3 S.A. - Brasil, Bolsa, Balcao	45,660,140	89,714,532
2,786,921	Banco do Brasil S.A.	34,573,849	39,148,041
18,677,182	Kroton Educacional SA	56,164,246	53,357,124
1,416,749	Notre Dame Intermedica Participacoes S.A.	14,650,839	14,876,058
2,408,723	Pagseguro Digital Ltd., Cl A[1]	59,299,592	93,867,935
6,139,342	Petroleo Brasileiro S.A. - Petrobras, ADR	66,715,024	95,589,555
15,606,624	Rumo S.A.[1]	58,008,218	84,252,481
1,500,093	StoneCo Ltd., Cl A[1]	41,597,489	44,372,751
Total Brazil		376,669,397	515,178,477
China (32.21%)			
1,173,853	Alibaba Group Holding Limited, ADR[1]	124,042,727	198,909,391
15,666,517	China Everbright Ltd.	38,518,428	23,156,192
5,801,301	China International Travel Service Limited, Cl A	62,305,397	74,973,580
18,858,732	China Mengniu Dairy Co. Ltd.	39,038,075	73,117,656
9,046,189	China Mobile Ltd.	100,203,548	82,353,434
289,446,680	China Tower Corporation Limited, Cl H, 144A	43,740,365	76,029,580
1,036,064	GDS Holdings Limited, ADR[1]	36,288,317	38,924,924
52,241,946	Guangzhou Automobile Group Company Limited, Cl H	61,795,605	55,819,092
25,344,546	Haitong Securities Co., Ltd., Cl H	39,653,534	28,429,711
3,154,329	Hangzhou Hikvision Digital Technology Co., Ltd., Cl A	9,228,746	12,712,901
6,178,683	Han's Laser Technology Co., Ltd., Cl A	28,148,346	31,027,019
16,956,316	Hua Hong Semiconductor Limited, 144A	36,400,850	32,882,590
22,301,166	Kingdee International Software Group Co. Ltd.	8,546,946	24,158,509
29,539,346	KunLun Energy Company Limited	32,789,505	25,791,664
56,559,660	Lenovo Group Limited	41,520,973	43,793,245
1,739,580	LexinFintech Holdings Ltd., ADR[1]	21,798,885	19,413,713
8,104,816	Midea Group Co., Ltd., Cl A	43,415,567	61,426,084
689,308	Momo Inc., ADR[1]	21,893,409	24,677,226
294,125	New Oriental Education & Technology Group Inc., ADR[1]	16,210,059	28,406,592
5,888,775	Ping An Insurance (Group) Company of China, Ltd., Cl H	63,985,654	70,811,768
2,524,314	Qudian Inc., ADR[1]	19,177,637	18,932,355
4,889,486	Shenzhou International Group Holdings Ltd.	22,711,899	67,449,026
19,576,365	Sino Biopharmaceutical Ltd.	10,751,547	20,028,095
10,305,750	Sinopharm Group Co. Ltd., Cl H	40,693,022	36,287,501
1,091,592	Sunny Optical Technology Group	2,463,188	11,301,560
3,520,992	Tencent Holdings Limited	83,728,385	159,287,521
793,621	Tencent Holdings Limited, ADR	37,121,295	35,919,286
1,081,693	Tencent Music Entertainment Group, ADR[1]	14,705,946	16,214,578
145,805,183	Tongda Group Holdings Limited	36,836,233	11,184,949
73,760,312	WH Group Limited, 144A	61,451,846	74,821,946
36,328,766	Xiaomi Corporation, Cl B, 144A[1]	51,322,100	46,594,548
4,600,386	Yunnan Baiyao Group Co., Ltd., Cl A	66,262,455	55,933,759
344,040	YY Inc., ADR[1]	23,041,064	23,976,148

Shares		Cost	Value
Common Stocks (continued)			
China (continued)			
1,772,732	Zai Lab Limited, ADR[1]	$ 37,629,236	$ 61,815,165
Total China		1,377,420,789	1,666,561,308
Finland (1.14%)			
11,759,598	Nokia Corporation, ADR	67,714,622	58,915,586
Hong Kong (1.22%)			
8,215,950	Techtronic Industries Co. Ltd.	35,284,347	62,940,961
2,852,319	Tongda Hong Tai Holdings Limited[1]	893,167	416,253
Total Hong Kong		36,177,514	63,357,214
Hungary (0.52%)			
616,627	Wizz Air Holdings Plc, 144A[1]	20,421,317	26,705,406
India (15.51%)			
557,360	Bajaj Finance Limited	18,228,441	29,715,743
3,656,746	Bandhan Bank Limited, 144A	31,584,156	28,533,257
1,059,720	Britannia Industries Limited	30,485,425	42,119,019
1,959,612	Divi's Laboratories Ltd.	22,927,575	45,349,598
793,008	Dr. Reddy's Laboratories Ltd.	31,794,242	29,380,067
269,780	Dr. Reddy's Laboratories Ltd., ADR	11,070,248	10,108,657
9,259,262	Edelweiss Financial Services Limited	25,156,849	22,760,245
8,357,171	Exide Industries Ltd.	21,829,311	24,370,084
1,835,972	HDFC Bank Limited	58,829,624	65,032,357
1,605,421	Housing Development Finance Corporation Limited	42,719,171	50,977,141
20,890,049	JM Financial Limited	38,441,519	23,238,713
2,938,757	Kotak Mahindra Bank Ltd.	36,194,184	62,886,575
3,987,492	Manpasand Beverages Ltd.	20,506,045	2,047,830
7,744,808	Max Financial Services Limited[1]	67,609,611	45,766,085
907,647	Piramal Enterprises Limited	33,066,700	25,611,663
3,491,962	RBL Bank Limited, 144A	32,148,853	32,307,305
3,603,695	Reliance Industries Limited[1]	70,093,099	65,396,610
7,400,000	Reliance Nippon Life Asset Management Limited, 144A	23,702,578	23,724,168
5,377,693	SBI Life Insurance Company Limited, 144A	57,410,268	56,382,534
3,664,959	Sun Pharmaceuticals Industries Limited	31,286,220	21,300,525
3,426,574	Tata Chemicals Limited	38,359,401	31,108,134
3,461,044	Tata Communications Limited	34,704,499	24,318,420
10,284,783	Tata Global Beverages Limited	36,586,245	40,167,556
Total India		814,734,264	802,602,286
Indonesia (0.36%)			
8,187,806	PT Telkom Indonesia (Persero) Tbk	2,418,264	2,399,400
61,321,905	PT Tower Bersama Infrastructure, Tbk.	31,124,502	16,460,420
Total Indonesia		33,542,766	18,859,820
Korea, Republic of (5.14%)			
933,646	KB Financial Group, Inc.	36,799,370	37,008,975
1,796,837	KIA Motors Corporation	54,621,770	68,547,207
2,654,376	Samsung Electronics Co., Ltd.	74,170,839	108,087,044
360,048	Samsung Life Insurance Co., Ltd.	35,442,785	26,088,615
116,152	SK Telecom Co., Ltd.	24,555,118	26,054,101
Total Korea, Republic of		225,589,882	265,785,942
Malaysia (0.31%)			
44,168,893	MyEG Services Berhad	14,032,835	15,837,698

Baron Emerging Markets Fund — PORTFOLIO HOLDINGS (Continued)

June 30, 2019 (Unaudited)

Shares		Cost	Value
Common Stocks (continued)			
Mexico (3.42%)			
532,613	Fomento Economico Mexicano, S.A.B. de C.V., ADR	$ 48,929,615	$ 51,530,308
3,303,929	GRUMA, S.A.B. de C.V., Cl B	44,996,597	31,079,095
12,945,961	Grupo Lala, S.A.B. de C.V.	24,781,735	15,877,456
6,523,578	Infraestructura Energetica Nova S.A.B. de C.V.	28,413,159	25,671,161
19,302,909	Wal-Mart de Mexico, S.A.B de C.V.	44,549,470	52,687,953
Total Mexico		191,670,576	176,845,973
Nigeria (0.03%)			
32,312,623	Lekoil, Ltd.[1,2]	14,494,003	1,538,827
Panama (1.18%)			
628,600	Copa Holdings, S.A., Cl A	46,934,737	61,332,502
Philippines (2.80%)			
69,132,865	Ayala Land, Inc.	54,035,894	68,586,006
23,221,786	BDO Unibank, Inc.	52,853,995	63,483,518
139,373,735	Metro Pacific Investments Corp.	15,200,378	13,056,655
Total Philippines		122,090,267	145,126,179
Russia (3.04%)			
7,367,959	Sberbank of Russia PJSC, ADR	79,361,865	113,511,167
1,152,375	Yandex N.V., Cl A[1]	24,130,652	43,790,250
Total Russia		103,492,517	157,301,417
South Africa (6.20%)			
1,534,980	AngloGold Ashanti Limited, ADR	22,468,793	27,337,994
3,219,862	Bid Corporation Ltd.	66,346,852	70,115,078
4,177,860	Bidvest Group Ltd.	48,232,341	56,220,272
9,409,399	FirstRand Limited	36,707,505	45,828,254
4,834,670	Gold Fields Ltd., ADR	24,827,682	26,155,565
1,233,605	Mr Price Group Limited	18,824,352	17,372,744
22,342,657	Pepkor Holdings Limited, 144A	32,709,372	28,552,916
1,272,986	Sasol Limited	42,724,915	31,653,284
699,228	Sasol Limited, ADR	22,855,400	17,375,816
Total South Africa		315,697,212	320,611,923
Taiwan, Province of China (7.23%)			
14,886,879	Delta Electronics, Inc.	66,043,110	75,661,646
4,148,439	Eclat Textile Co., Ltd.	49,195,857	53,152,035
20,166,000	Far EasTone Telecommunications Co., Ltd.	46,466,574	50,819,230
3,052,065	Ginko International Co., Ltd.	37,944,740	19,168,459
5,646,936	Makalot Industrial Co., Ltd.	26,239,351	38,208,295
15,156,000	Taiwan Mobile Co., Ltd.	53,494,018	59,775,914
1,981,526	Taiwan Semiconductor Manufacturing Company, Ltd., ADR	46,059,284	77,616,374
Total Taiwan, Province of China		325,442,934	374,401,953
Thailand (2.38%)			
3,878,929	Bangkok Bank Public Co. Ltd., Cl F	24,544,838	25,185,773
3,836,364	Bangkok Bank Public Co. Ltd., NVDR	20,304,820	24,656,564
1,885,500	CP All Plc. Cl C	4,926,100	5,292,208
24,361,634	CP All Plc. Cl F	54,770,469	68,211,842
Total Thailand		104,546,227	123,346,387
United Arab Emirates (0.66%)			
4,518,691	Network International Holdings Limited, 144A[1]	28,351,618	34,029,356
United Kingdom (1.11%)			
21,551,835	Tullow Oil plc	$ 56,788,865	$ 57,654,326
TOTAL COMMON STOCKS		**4,381,770,585**	**4,987,273,796**
Principal Amount			
Short Term Investments (3.38%)			
$174,675,889	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/28/2019, 0.50% due 7/1/2019; Proceeds at maturity - $174,683,167; (Fully collateralized by $168,745,000 U.S. Treasury Note, 0.375% due 7/15/2027; Market value - $178,171,602)	**174,675,889**	**174,675,889**
TOTAL INVESTMENTS (99.76%)		**$4,556,446,474**	**5,161,949,685**
CASH AND OTHER ASSETS LESS LIABILITIES (0.24%)			**12,555,276**
NET ASSETS			**$5,174,504,961**
RETAIL SHARES (Equivalent to $13.96 per share based on 50,352,074 shares outstanding)			**$ 702,812,409**
INSTITUTIONAL SHARES (Equivalent to $14.00 per share based on 318,713,885 shares outstanding)			**$4,462,486,798**
R6 SHARES (Equivalent to $14.01 per share based on 657,125 shares outstanding)			**$ 9,205,754**

% Represents percentage of net assets.
1 Non-income producing securities.
2 An "Affiliated" investment may include any company in which the Fund owns 5% or More of its outstanding shares.
ADR American Depositary Receipt.
NVDR Non-Voting Depositary Receipt.
144A Security is exempt from registration pursuant to Rule 144A under the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. At June 30, 2019, the market value of Rule 144A securities amounted to $460,563,606 or 8.90% of net assets. These securities have been deemed liquid pursuant to policies and procedures approved by the Board of Trustees, unless otherwise noted.

Summary of Investments by Sector as of June 30, 2019	Percentage of Net Assets
Financials	20.9%
Consumer Discretionary	15.7%
Information Technology	14.1%
Communication Services	12.4%
Consumer Staples	10.2%
Health Care	6.6%
Industrials	6.2%
Energy	5.2%
Materials	2.8%
Real Estate	1.3%
Utilities	1.0%
Cash and Cash Equivalents*	3.6%
	100.0%

* Includes short term investments.

Baron Global Advantage Fund — PORTFOLIO HOLDINGS

JUNE 30, 2019 (UNAUDITED)

Shares		Cost	Value
Common Stocks (94.73%)			
Argentina (4.05%)			
35,781	Globant S.A.[1]	$ 1,655,746	$ 3,615,670
8,442	MercadoLibre, Inc.[1]	3,578,550	5,164,562
Total Argentina		5,234,296	8,780,232
Brazil (4.53%)			
50,228	Arco Platform Limited, Cl A[1]	984,440	2,198,982
101,899	PagSeguro Digital Ltd., Cl A[1]	2,567,036	3,971,004
123,148	StoneCo Ltd., Cl A[1]	3,954,066	3,642,718
Total Brazil		7,505,542	9,812,704
Canada (2.59%)			
5,948	Constellation Software, Inc.	3,659,873	5,605,986
China (10.48%)			
58,029	Alibaba Group Holding Limited, ADR[1]	8,645,968	9,833,014
87,546	Ctrip.com International, Ltd., ADR[1]	3,578,744	3,231,323
57,930	GDS Holdings Limited, ADR[1]	1,987,227	2,176,430
188,518	Meituan Dianping, Cl B[1]	1,367,265	1,655,811
75,667	Pinduoduo Inc., ADR[1]	1,778,836	1,561,010
111,216	TAL Education Group, ADR[1]	2,619,468	4,237,330
Total China		19,977,508	22,694,918
Germany (0.06%)			
39,617	InflaRx N.V.[1]	1,346,402	125,190
India (6.02%)			
34,764	HDFC Bank Limited, ADR	3,668,921	4,520,710
134,245	Housing Development Finance Corporation Limited[2]	3,720,211	4,262,699
198,925	Kotak Mahindra Bank, Ltd.[2]	3,547,033	4,256,804
Total India		10,936,165	13,040,213
Israel (6.13%)			
85,526	Fiverr International Ltd.[1]	1,796,046	2,540,122
57,983	Mellanox Technologies Ltd.[1]	4,544,492	6,416,979
30,420	Wix.com Ltd.[1]	2,755,631	4,322,682
Total Israel		9,096,169	13,279,783
Netherlands (5.65%)			
3,395	Adyen B.V., 144A[1]	2,530,707	2,618,854
45,940	argenx SE, ADR[1]	2,613,212	6,504,185
14,997	ASML Holding N.V.[2]	2,476,055	3,120,723
Total Netherlands		7,619,974	12,243,762
South Africa (2.43%)			
21,775	Naspers Limited, Cl N	5,197,407	5,270,640
United Arab Emirates (0.92%)			
264,275	Network International Holdings Ltd., 144A[1]	1,820,535	1,990,202
United Kingdom (5.18%)			
168,233	Endava plc, ADR[1]	4,157,577	6,769,696
847,635	Trainline plc, 144A[1]	3,780,791	4,436,603
Total United Kingdom		7,938,368	11,206,299
United States (46.69%)			
107,521	Acceleron Pharma Inc.[1]	4,520,715	4,416,963
30,089	Adaptive Biotechnologies Corporation[1]	1,078,030	1,453,299
100,926	Aerie Pharmaceuticals, Inc.[1]	4,643,094	2,982,363
7,987	Alphabet Inc., Cl C[1]	8,385,135	8,633,228
6,519	Amazon.com, Inc.[1]	8,689,848	12,344,574
22,138	Anaplan, Inc.[1]	410,288	1,117,305
8,079	Crowdstrike, Inc., Cl A[1]	274,686	551,715
14,472	Elastic N.V.[1]	1,040,677	1,080,480
39,116	EPAM Systems, Inc.[1]	4,616,453	6,770,980
43,055	Facebook, Inc., Cl A[1]	6,916,692	8,309,615
28,834	Guardant Health, Inc.[1]	764,879	2,489,239
27,962	Illumina, Inc.[1]	7,658,354	10,294,210
10,881	Lyft, Inc., Cl A[1]	674,953	714,990
18,540	Okta, Inc.[1]	390,056	2,289,875
20,626	RingCentral, Inc., Cl A[1]	1,935,670	2,370,340
23,826	Sage Therapeutics, Inc.[1]	3,110,476	4,362,302
47,205	Splunk, Inc.[1]	5,049,761	5,936,029
42,107	Take-Two Interactive Software, Inc.[1]	4,200,368	4,780,408
3,638	Tesla, Inc.[1]	1,048,764	812,947
31,739	Twilio Inc.[1]	4,209,766	4,327,613
40,354	Veeva Systems Inc., Cl A[1]	3,033,559	6,541,787
34,503	Worldpay, Inc., Cl A[1]	2,802,704	4,228,343
133,111	Yext, Inc.[1]	1,885,244	2,674,200
6,414	Zoom Video Communications, Inc., Cl A[1]	230,904	569,499
14,027	Zscaler, Inc.[1]	316,275	1,075,029
Total United States		77,887,351	101,127,333
TOTAL COMMON STOCKS		**158,219,590**	**205,177,262**
Principal Amount			
Short Term Investments (10.15%)			
Repurchase Agreement (10.15%)			
$21,981,314	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/28/2019, 0.50% due 7/1/2019; Proceeds at maturity - $21,982,230; (Fully collateralized by $21,080,000 U.S. Treasury Note, 0.750% due 7/15/2028; Market value - $22,422,480)	**21,981,314**	**21,981,314**
TOTAL INVESTMENTS (104.88%)		**$180,200,904**	**227,158,576**
LIABILITIES LESS CASH AND OTHER ASSETS (-4.88%)			**(10,566,768)**
NET ASSETS			**$216,591,808**
RETAIL SHARES (Equivalent to $26.62 per share based on 3,269,179 shares outstanding)			**$ 87,036,643**
INSTITUTIONAL SHARES (Equivalent to $27.00 per share based on 4,583,368 shares outstanding)			**$123,731,273**
R6 SHARES (Equivalent to $27.01 per share based on 215,610 shares outstanding)			**$ 5,823,892**

% Represents percentage of net assets.
1 Non-income producing securities.
ADR American Depositary Receipt.
144A Security is exempt from registration pursuant to Rule 144A under the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. At June 30, 2019, the market value of Rule 144A securities amounted to $9,045,659 or 4.18% of net assets. These securities have been deemed liquid pursuant to policies and procedures approved by the Board of Trustees, unless otherwise noted.

Summary of Investments by Sector as of June 30, 2019	Percentage of Net Assets
Information Technology	35.7%
Consumer Discretionary	24.6%
Health Care	18.1%
Communication Services	10.0%
Financials	6.0%
Industrials	0.3%
Cash and Cash Equivalents*	5.3%
	100.0%

* Includes short term investments.

Baron Discovery Fund — PORTFOLIO HOLDINGS

June 30, 2019 (Unaudited)

Shares		Cost	Value
Common Stocks (93.76%)			
Communication Services (1.85%)			
	Cable & Satellite (0.66%)		
60,000	GCI Liberty, Inc., Cl A[1]	$ 3,151,005	$ 3,687,600
	Movies & Entertainment (1.19%)		
185,000	Liberty Media Corporation-Liberty Formula One, Cl A[1]	5,634,811	6,634,100
Total Communication Services		8,785,816	10,321,700
Consumer Discretionary (9.58%)			
	Casinos & Gaming (3.91%)		
400,000	Boyd Gaming Corp.	8,966,554	10,776,000
390,000	Red Rock Resorts, Inc., Cl A	8,985,551	8,377,200
135,606	Studio City International Holdings Ltd., ADR[1,2]	1,695,075	2,687,711
		19,647,180	21,840,911
	Home Improvement Retail (2.06%)		
275,000	Floor & Decor Holdings, Inc., Cl A[1]	8,662,555	11,522,500
	Internet & Direct Marketing Retail (2.76%)		
175,000	Fiverr International Ltd.[1,2]	3,909,951	5,197,500
335,000	JUST EAT plc (United Kingdom)[1,2]	2,365,362	2,656,787
199,000	The RealReal, Inc.[1]	5,058,169	5,751,100
52,711	Revolve Group, Inc.[1]	948,798	1,818,529
		12,282,280	15,423,916
	Restaurants (0.85%)		
50,000	Wingstop, Inc.	1,072,182	4,737,500
Total Consumer Discretionary		41,664,197	53,524,827
Consumer Staples (1.25%)			
	Agricultural Products (1.16%)		
325,000	Limoneira Co.	7,733,157	6,480,500
	Packaged Foods & Meats (0.09%)		
1,050,000	Barfresh Food Group, Inc.[1]	597,200	509,250
Total Consumer Staples		8,330,357	6,989,750
Financials (2.95%)			
	Property & Casualty Insurance (2.95%)		
180,000	Kinsale Capital Group, Inc.	7,879,077	16,466,400
Health Care (29.62%)			
	Biotechnology (4.51%)		
195,000	Emergent BioSolutions, Inc.[1]	9,809,487	9,420,450
188,500	Esperion Therapeutics, Inc.[1]	8,975,676	8,769,020
168,000	Myovant Sciences Ltd.[1,2]	3,913,534	1,520,400
30,000	Sage Therapeutics, Inc.[1]	2,915,767	5,492,700
		25,614,464	25,202,570
	Health Care Equipment (7.58%)		
250,084	AxoGen, Inc.[1]	4,706,102	4,951,663
37,000	Inspire Medical Systems, Inc.[1,3]	2,043,349	2,244,050
190,000	Intersect ENT, Inc.[1,3]	5,702,879	4,324,400
509,431	RA Medical Systems, Inc.[1]	7,695,327	1,844,140
260,000	Silk Road Medical, Inc.[1,3]	8,569,181	12,599,600
1,860,000	ViewRay, Inc.[1]	13,781,322	16,386,600
		42,498,160	42,350,453
	Health Care Supplies (3.47%)		
1,830,000	Cerus Corp.[1]	9,255,879	10,284,600
1,476,000	Sientra, Inc.[1]	13,646,646	9,092,160
		22,902,525	19,376,760

Shares		Cost	Value
Common Stocks (continued)			
Health Care (continued)			
	Health Care Technology (1.62%)		
136,000	Teladoc Health, Inc.[1]	$ 4,130,522	$ 9,031,760
	Life Sciences Tools & Services (8.50%)		
260,000	Accelerate Diagnostics, Inc.[1]	4,117,791	5,948,800
372,699	CareDx, Inc.[1,3]	5,524,499	13,413,437
545,000	Myriad Genetics, Inc.[1,3]	14,102,701	15,140,100
454,190	Veracyte, Inc.[1,3]	11,192,449	12,948,957
		34,937,440	47,451,294
	Pharmaceuticals (3.94%)		
174,300	Aerie Pharmaceuticals, Inc.[1]	7,434,307	5,150,565
635,200	Revance Therapeutics, Inc.[1]	10,341,615	8,238,544
3,331,500	TherapeuticsMD, Inc.[1]	15,031,589	8,661,900
		32,807,511	22,051,009
Total Health Care		162,890,622	165,463,846
Industrials (18.75%)			
	Aerospace & Defense (5.01%)		
155,000	Cubic Corp.	9,013,533	9,994,400
255,600	Mercury Systems, Inc.[1]	8,113,149	17,981,460
		17,126,682	27,975,860
	Building Products (1.80%)		
140,000	Trex Company, Inc.[1]	9,529,319	10,038,000
	Electrical Components & Equipment (1.14%)		
519,474	Bloom Energy Corp., Cl A[1,3]	6,617,226	6,373,946
	Heavy Electrical Equipment (2.26%)		
512,000	TPI Composites, Inc.[1]	11,656,600	12,656,640
	Industrial Conglomerates (0.41%)		
63,253	Raven Industries, Inc.	2,260,402	2,269,518
	Industrial Machinery (5.65%)		
86,600	ESCO Technologies, Inc.	4,658,024	7,154,892
200,000	Helios Technologies, Inc.	9,106,146	9,282,000
293,000	Kornit Digital Ltd.[1,2]	4,908,173	9,276,380
240,000	Luxfer Holdings plc[2]	5,563,295	5,884,800
		24,235,638	31,598,072
	Trading Companies & Distributors (2.48%)		
200,000	SiteOne Landscape Supply, Inc.[1]	10,275,246	13,860,000
Total Industrials		81,701,113	104,772,036
Information Technology (22.80%)			
	Application Software (8.57%)		
108,331	2U, Inc.[1]	5,858,908	4,077,579
60,880	Anaplan, Inc.[1]	1,034,960	3,072,614
50,700	Envestnet, Inc.[1]	1,772,888	3,466,359
723,300	RIB Software SE (Germany)[2,4]	11,484,857	14,855,940
50,000	The Trade Desk, Inc., Cl A[1]	1,330,566	11,389,000
550,000	Yext, Inc.[1]	7,762,280	11,049,500
		29,244,459	47,910,992
	Electronic Equipment & Instruments (2.70%)		
10,300	Coherent, Inc.[1]	948,068	1,404,611
62,731	Novanta, Inc.[1,2]	1,983,811	5,915,533
275,000	PAR Technology Corp.[1]	5,614,156	7,755,000
		8,546,035	15,075,144

Baron Discovery Fund — PORTFOLIO HOLDINGS (Continued)

June 30, 2019 (Unaudited)

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (continued)			
	IT Consulting & Other Services (3.21%)		
325,000	Endava plc, ADR[1,2]	$ 7,762,120	$ 13,078,000
100,000	LiveRamp Holdings, Inc.[1]	2,597,256	4,848,000
		10,359,376	17,926,000
	Semiconductor Equipment (2.71%)		
360,000	Ichor Holdings Ltd.[1,2]	7,124,786	8,510,400
260,000	Nova Measuring Instruments Ltd.[1,2]	6,318,760	6,653,400
		13,443,546	15,163,800
	Semiconductors (0.68%)		
580,000	Everspin Technologies, Inc.[1]	5,093,299	3,781,600
	Systems Software (4.93%)		
330,000	Blue Prism Group plc (United Kingdom)[1,2]	8,142,526	5,789,773
319,000	ForeScout Technologies, Inc.[1]	8,902,279	10,801,340
90,000	Qualys, Inc.[1]	3,114,726	7,837,200
50,000	Varonis Systems, Inc.[1]	2,979,594	3,097,000
		23,139,125	27,525,313
Total Information Technology		89,825,840	127,382,849
Real Estate (5.84%)			
	Diversified REITs (0.77%)		
185,000	Alexander & Baldwin, Inc.	5,454,828	4,273,500
	Industrial REITs (2.17%)		
300,000	Rexford Industrial Realty, Inc.	10,096,521	12,111,000
	Specialized REITs (2.90%)		
500,000	Americold Realty Trust[3]	10,584,667	16,210,000
Total Real Estate		26,136,016	32,594,500
Unclassified (1.12%)			
	Unclassified (1.12%)		
600,000	Thunder Bridge Acquisition Ltd., Cl A[1,2]	6,220,500	6,258,000
TOTAL COMMON STOCKS		**433,433,538**	**523,773,908**

Principal Amount		Cost	Value
Short Term Investments (7.28%)			
Repurchase Agreement (7.28%)			
$40,697,047	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/28/2019, 0.50% due 7/1/2019; Proceeds at maturity - $40,698,743; (Fully collateralized by $39,030,000 U.S. Treasury Note, 0.75% due 7/15/2028; Market value - $41,515,626)	**$ 40,697,047**	**$ 40,697,047**
TOTAL INVESTMENTS (101.04%)		**$474,130,585**	564,470,955
LIABILITIES LESS CASH AND OTHER ASSETS (-1.04%)			(5,808,856)
NET ASSETS			$558,662,099
RETAIL SHARES (Equivalent to $20.41 per share based on 7,049,287 shares outstanding)			$143,855,360
INSTITUTIONAL SHARES (Equivalent to $20.68 per share based on 19,765,367 shares outstanding)			$408,800,918
R6 SHARES (Equivalent to $20.68 per share based on 290,371 shares outstanding)			$ 6,005,821

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI.
ADR American Depositary Receipt.

Baron Durable Advantage Fund — PORTFOLIO HOLDINGS

June 30, 2019 (Unaudited)

Shares		Cost	Value
Common Stocks (95.85%)			
Communication Services (8.15%)			
	Cable & Satellite (2.33%)		
283	Charter Communications, Inc., Cl A[1]	$ 89,042	$ 111,836
	Interactive Home Entertainment (2.50%)		
1,182	Electronic Arts, Inc.[1]	138,753	119,689
	Interactive Media & Services (3.32%)		
147	Alphabet, Inc., Cl C[1]	159,798	158,894
Total Communication Services		387,593	390,419
Consumer Discretionary (7.42%)			
	Apparel, Accessories & Luxury Goods (3.39%)		
381	LVMH Moët Hennessy Louis Vuitton SE (France)[2]	122,482	161,973
	Home Improvement Retail (2.27%)		
523	Home Depot, Inc.	99,533	108,768
	Internet & Direct Marketing Retail (1.76%)		
45	Booking Holdings, Inc.[1]	87,686	84,362
Total Consumer Discretionary		309,701	355,103
Consumer Staples (7.78%)			
	Distillers & Vintners (4.36%)		
1,060	Constellation Brands, Inc., Cl A	214,633	208,757
	Hypermarkets & Super Centers (1.68%)		
304	Costco Wholesale Corp.	59,480	80,335
	Personal Products (1.74%)		
456	The Estée Lauder Companies, Inc., Cl A	64,597	83,498
Total Consumer Staples		338,710	372,590
Financials (15.07%)			
	Asset Management & Custody Banks (3.04%)		
310	BlackRock, Inc.	163,146	145,483
	Financial Exchanges & Data (12.03%)		
808	CME Group, Inc.	125,886	156,841
1,062	Moody's Corp.	167,697	207,419
929	S&P Global, Inc.	167,338	211,617
		460,921	575,877
Total Financials		624,067	721,360
Health Care (18.59%)			
	Health Care Equipment (4.35%)		
1,458	Danaher Corp.	145,391	208,377
	Life Sciences Tools & Services (7.54%)		
1,378	Agilent Technologies, Inc.	94,787	102,895
769	IQVIA Holdings, Inc.[1]	105,826	123,732
160	Mettler-Toledo International, Inc.[1]	100,327	134,400
		300,940	361,027
	Managed Health Care (4.72%)		
925	UnitedHealth Group, Inc.	212,452	225,709

Shares		Cost	Value
Common Stocks (continued)			
Health Care (continued)			
	Pharmaceuticals (1.98%)		
2,295	AstraZeneca PLC, ADR[2]	$ 89,150	$ 94,738
Total Health Care		747,933	889,851
Industrials (8.01%)			
	Building Products (0.93%)		
947	AO Smith Corp.	57,920	44,661
	Industrial Machinery (1.09%)		
344	Illinois Tool Works, Inc.	57,196	51,879
	Research & Consulting Services (4.68%)		
3,516	IHS Markit Ltd.[1,2]	191,299	224,039
	Trading Companies & Distributors (1.31%)		
1,924	Fastenal Co.	51,877	62,703
Total Industrials		358,292	383,282
Information Technology (25.91%)			
	Application Software (2.32%)		
377	Adobe, Inc.[1]	104,775	111,083
	Data Processing & Outsourced Services (4.82%)		
872	MasterCard Incorporated, Cl A	138,842	230,670
	Electronic Manufacturing Services (2.98%)		
1,489	TE Connectivity Ltd.[2]	140,781	142,616
	IT Consulting & Other Services (3.65%)		
946	Accenture plc, Cl A[2]	151,721	174,793
	Semiconductor Equipment (1.96%)		
452	ASML Holding N.V.[2]	83,279	93,984
	Semiconductors (1.45%)		
603	Texas Instruments, Inc.	64,041	69,200
	Systems Software (5.11%)		
1,826	Microsoft Corp.	164,456	244,611
	Technology Hardware, Storage & Peripherals (3.62%)		
876	Apple, Inc.	151,825	173,378
Total Information Technology		999,720	1,240,335
Materials (1.55%)			
	Specialty Chemicals (1.55%)		
162	The Sherwin-Williams Co.	65,853	74,243
Real Estate (3.37%)			
	Specialized REITs (3.37%)		
336	Alexandria Real Estate Equities, Inc.[3]	47,543	47,406
226	Equinix, Inc.	100,520	113,970
Total Real Estate		148,063	161,376
TOTAL COMMON STOCKS		**3,979,932**	**4,588,559**

Baron Durable Advantage Fund — PORTFOLIO HOLDINGS (Continued)

June 30, 2019 (Unaudited)

Principal Amount		Cost	Value
Short Term Investments (6.61%)			
$316,535	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/28/2019, 0.50% due 7/1/2019; Proceeds at maturity - $316,548; (Fully collateralized by $305,000 U.S. Treasury Note, 0.75% due 7/15/2028; Market value - $324,424)	$ 316,535	$ 316,535
TOTAL INVESTMENTS (102.46%)		$4,296,467	4,905,094
LIABILITIES LESS CASH AND OTHER ASSETS (-2.46%)			(117,803)
NET ASSETS			$4,787,291
RETAIL SHARES (Equivalent to $11.42 per share based on 92,057 shares outstanding)			$1,051,602
INSTITUTIONAL SHARES (Equivalent to $11.46 per share based on 287,357 shares outstanding)			$3,293,541
R6 SHARES (Equivalent to $11.46 per share based on 38,583 shares outstanding)			$ 442,148

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI.
ADR American Depositary Receipt.

Baron Real Estate Income Fund — PORTFOLIO HOLDINGS

June 30, 2019 (Unaudited)

Shares		Cost	Value
Common Stocks (97.40%)			
Consumer Discretionary (14.47%)			
	Casinos & Gaming (9.86%)		
7,205	MGM Resorts International	$ 212,306	$ 205,847
4,944	Penn National Gaming, Inc.[1]	112,267	95,221
3,051	Red Rock Resorts, Inc., Cl A	72,120	65,536
		396,693	366,604
	Hotels, Resorts & Cruise Lines (4.61%)		
4,950	Extended Stay America, Inc.	89,643	83,605
912	Marriott Vacations Worldwide Corp.	74,301	87,917
		163,944	171,522
Total Consumer Discretionary		560,637	538,126
Information Technology (5.04%)			
	Internet Services & Infrastructure (5.04%)		
4,294	GDS Holdings Ltd., ADR[1,2,3]	124,346	161,326
5,738	NEXTDC Ltd. (Australia)[1,2]	30,189	26,192
Total Information Technology		154,535	187,518
Real Estate (75.02%)			
	Health Care REITs (1.02%)		
481	HCP, Inc.	13,816	15,383
603	Medical Properties Trust, Inc.	9,929	10,516
146	Welltower, Inc.	10,401	11,903
		34,146	37,802
	Hotel & Resort REITs (6.39%)		
3,106	Host Hotels & Resorts, Inc.	60,493	56,591
3,527	MGM Growth Properties LLC, Cl A	102,616	108,103
1,316	Park Hotels & Resorts, Inc.	37,869	36,269
1,304	Pebblebrook Hotel Trust	45,338	36,747
		246,316	237,710
	Industrial REITs (9.82%)		
2,708	Duke Realty Corp.	72,744	85,600
2,126	Prologis, Inc.	138,104	170,293
2,706	Rexford Industrial Realty, Inc.	86,687	109,241
		297,535	365,134
	Office REITs (12.47%)		
381	Boston Properties, Inc.	48,378	49,149
1,042	Douglas Emmett, Inc.	40,713	41,513
4,672	Hudson Pacific Properties, Inc.	149,170	155,437
1,385	JBG SMITH Properties	53,146	54,486
2,213	Kilroy Realty Corp.	162,464	163,342
		453,871	463,927
	Real Estate Operating Companies (2.32%)		
1,251	Brookfield Property Partners LP[2]	24,509	23,681
3,044	Kennedy-Wilson Holdings, Inc.	52,713	62,615
		77,222	86,296
	Residential REITs (18.56%)		
454	AvalonBay Communities, Inc.	74,773	92,244
850	Equity LifeStyle Properties, Inc.	78,218	103,139
1,200	Equity Residential	72,817	91,104
268	Essex Property Trust, Inc.	66,469	78,237
8,409	Invitation Homes, Inc.	199,724	224,773
785	Sun Communities, Inc.	74,854	100,629
		566,855	690,126

Shares		Cost	Value
Common Stocks (continued)			
Real Estate (continued)			
	Specialized REITs (24.44%)		
978	Alexandria Real Estate Equities, Inc.[3]	$ 125,868	$ 137,986
460	American Tower Corp.	65,384	94,047
6,882	Americold Realty Trust[3]	138,944	223,115
480	Crown Castle International Corp.	51,277	62,568
428	Equinix, Inc.	187,363	215,836
1,985	Gaming and Leisure Properties, Inc.	71,517	77,375
1,767	QTS Realty Trust, Inc., Cl A	73,154	81,600
627	Weyerhaeuser Co.	16,725	16,515
		730,232	909,042
Total Real Estate		2,406,177	2,790,037
Utilities (2.87%)			
	Multi-Utilities (2.87%)		
2,482	Brookfield Infrastructure Partners L.P.[2]	100,031	106,577
TOTAL COMMON STOCKS		**3,221,380**	**3,622,258**
Principal Amount			
Short Term Investments (4.14%)			
$154,044	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/28/2019, 0.50% due 7/1/2019; Proceeds at maturity - $154,050; (Fully collateralized by $150,000 U.S. Treasury Note, 0.75% due 7/15/2028; Market value - $159,553)	**154,044**	**154,044**
TOTAL INVESTMENTS (101.54%)		**$3,375,424**	3,776,302
LIABILITIES LESS CASH AND OTHER ASSETS (-1.54%)			**(57,443)**
NET ASSETS			**$3,718,859**
RETAIL SHARES (Equivalent to $10.34 per share based on 83,287 shares outstanding)			**$ 861,067**
INSTITUTIONAL SHARES (Equivalent to $10.38 per share based on 237,523 shares outstanding)			**$2,466,408**
R6 SHARES (Equivalent to $10.39 per share based on 37,667 shares outstanding)			**$ 391,384**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI.
ADR American Depositary Receipt. All securities are Level 1, unless otherwise noted.

Baron WealthBuilder Fund — PORTFOLIO HOLDINGS

June 30, 2019 (Unaudited)

Shares		Cost	Value
Affiliated Mutual Funds (103.47%)			
Small Cap Funds (34.30%)			
212,438	Baron Discovery Fund - Institutional Shares	$ 4,384,298	$ 4,393,213
170,837	Baron Growth Fund - Institutional Shares	12,629,051	14,053,019
438,601	Baron Small Cap Fund - Institutional Shares	13,426,363	14,144,878
Total Small Cap Funds		30,439,712	32,591,110
Small to Mid Cap Funds (4.10%)			
212,658	Baron Focused Growth Fund - Institutional Shares	3,696,569	3,893,762
Mid Cap Funds (16.83%)			
182,288	Baron Asset Fund - Institutional Shares	13,839,299	15,997,568
Large Cap Funds (7.56%)			
87,621	Baron Durable Advantage Fund - Institutional Shares	927,383	1,004,133
185,900	Baron Fifth Avenue Growth Fund - Institutional Shares	5,377,199	6,179,302
Total Large Cap Funds		6,304,582	7,183,435
All Cap Funds (22.26%)			
275,066	Baron Opportunity Fund - Institutional Shares	5,714,456	6,461,296
239,526	Baron Partners Fund - Institutional Shares	13,023,776	14,694,916
Total All Cap Funds		18,738,232	21,156,212
International Funds (13.10%)			
370,316	Baron Emerging Markets Fund - Institutional Shares	4,879,934	5,184,422
158,007	Baron Global Advantage Fund - Institutional Shares	3,565,476	4,264,613
129,585	Baron International Growth Fund - Institutional Shares	2,931,090	2,996,007
Total International Funds		11,376,500	12,445,042
Specialty Funds (5.32%)			
56,078	Baron Health Care Fund - Institutional Shares	588,360	653,304
168,011	Baron Real Estate Fund - Institutional Shares	4,447,364	4,400,195
Total Specialty Funds		5,035,724	5,053,499
TOTAL AFFILIATED INVESTMENTS (103.47%)		**$89,430,618**	**98,320,628**
LIABILITIES LESS CASH AND OTHER ASSETS (-3.47%)			**(3,295,377)**
NET ASSETS			**$95,025,251**
RETAIL SHARES (Equivalent to $11.73 per share based on 290,107 shares outstanding)			**$ 3,402,717**
TA SHARES (Equivalent to $11.76 per share based on 1,128,001 shares outstanding)			**$13,269,823**
INSTITUTIONAL SHARES (Equivalent to $11.76 per share based on 6,662,486 shares outstanding)			**$78,352,711**

% Represents percentage of net assets.

Baron Health Care Fund — PORTFOLIO HOLDINGS

JUNE 30, 2019 (UNAUDITED)

Shares		Cost	Value
Common Stocks (96.34%)			
Health Care (94.63%)			
	Biotechnology (19.56%)		
6,701	Acceleron Pharma, Inc.[1]	$ 300,388	$ 275,277
3,532	Alector, Inc.[1]	75,605	67,108
4,222	argenx SE, ADR[1,2]	382,145	597,751
3,794	Arrowhead Pharmaceuticals, Inc.[1]	60,506	100,541
497	Ligand Pharmaceuticals, Inc.[1]	54,757	56,733
1,703	Neurocrine Biosciences, Inc.[1]	154,050	143,784
2,692	Sage Therapeutics, Inc.[1]	387,632	492,878
2,175	Vertex Pharmaceuticals, Inc.[1]	364,341	398,852
3,530	Zai Lab Ltd., ADR[1,2]	87,553	123,091
		1,866,977	2,256,015
	Health Care Distributors (2.00%)		
9,415	Covetrus, Inc.[1]	297,624	230,291
	Health Care Equipment (26.18%)		
6,596	Abbott Laboratories	480,363	554,724
3,475	DexCom, Inc.[1]	425,932	520,694
1,014	Edwards Lifesciences Corp.[1]	144,561	187,326
1,147	IDEXX Laboratories, Inc.[1]	225,648	315,804
2,970	Inspire Medical Systems, Inc.[1,3]	160,507	180,130
3,112	Insulet Corp.[1]	253,044	371,511
558	Intuitive Surgical, Inc.[1]	273,263	292,699
3,913	Silk Road Medical, Inc.[1,3]	123,035	189,624
810	Teleflex, Inc.	203,367	268,231
15,809	ViewRay, Inc.[1]	116,906	139,277
		2,406,626	3,020,020
	Health Care Facilities (2.32%)		
1,985	HCA Healthcare, Inc.	264,011	268,312
	Health Care Supplies (5.82%)		
4,679	Alcon, Inc.[1,2]	267,494	290,332
203	Align Technology, Inc.[1]	44,905	55,561
656	The Cooper Companies, Inc.	163,139	221,000
831	West Pharmaceutical Services, Inc.	85,869	104,000
		561,407	670,893
	Health Care Technology (1.44%)		
1,022	Veeva Systems, Inc., Cl A[1]	83,633	165,676
	Life Sciences Tools & Services (17.78%)		
282	Adaptive Biotechnologies Corp.[1]	5,640	13,620
2,122	Bio-Techne Corporation	338,744	442,416
10,085	CareDx, Inc.[1,3]	229,752	362,959
800	Exact Sciences Corp.[1,3]	76,224	94,432
680	Guardant Health, Inc.[1,3]	13,227	58,704
1,078	ICON plc[1,2]	156,883	165,980
959	Illumina, Inc.[1]	273,097	353,056
1,113	IQVIA Holdings, Inc.[1]	156,221	179,082
213	Mettler-Toledo International, Inc.[1]	122,027	178,920
7,064	Veracyte, Inc.[1,3]	169,793	201,395
		1,541,608	2,050,564
	Managed Health Care (11.16%)		
1,665	HealthEquity, Inc.[1]	115,401	108,891
1,450	Humana, Inc.	373,088	384,685
3,254	UnitedHealth Group, Inc.	821,986	794,009
		1,310,475	1,287,585
	Pharmaceuticals (8.37%)		
8,074	AstraZeneca PLC, ADR[2]	305,562	333,295
1,500	Catalent, Inc.[1]	79,353	81,315
6,632	Dechra Pharmaceuticals plc (United Kingdom)[2]	207,200	231,472
3,805	Merck & Co., Inc.	318,701	319,049
		910,816	965,131
Total Health Care		9,243,177	10,914,487

Shares		Cost	Value
Common Stocks (continued)			
Real Estate (1.71%)			
	Specialized REITs (1.71%)		
1,397	Alexandria Real Estate Equities, Inc.[3]	$ 175,826	$ 197,103
TOTAL COMMON STOCKS		**9,419,003**	**11,111,590**
Principal Amount			
Short Term Investments (3.47%)			
$400,322	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/28/2019, 0.50% due 7/1/2019; Proceeds at maturity - $400,339; (Fully collateralized by $385,000 U.S. Treasury Note, 0.75% due 7/15/2028; Market value - $409,519)	**400,322**	**400,322**
TOTAL INVESTMENTS (99.81%)		**$9,819,325**	**11,511,912**
CASH AND OTHER ASSETS LESS LIABILITIES (0.19%)			**21,667**
NET ASSETS			**$11,533,579**
RETAIL SHARES (Equivalent to $11.62 per share based on 407,490 shares outstanding)			**$ 4,735,149**
INSTITUTIONAL SHARES (Equivalent to $11.65 per share based on 501,104 shares outstanding)			**$ 5,840,346**
R6 SHARES (Equivalent to $11.65 per share based on 82,242 shares outstanding)			**$ 958,084**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI.
ADR American Depositary Receipt.

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