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%

ALEX UMANSKY
PORTFOLIO MANAGER

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

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, 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

Baron Global Advantage Fund

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***.

* 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

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.

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