Dear Baron Growth Fund Shareholder:

Performance

The fourth quarter concluded an exceptional year for Baron Growth Fund (the "Fund") and the broader stock market. The Fund returned 40.50% (Institutional Shares) during the 12 months ended December 31, 2019. This meaningfully exceeded the returns of its primary benchmark, the Russell 2000 Growth Index (the "Benchmark"), which rose 28.48%. The S&P 500 Index, which measures the performance of publicly traded leading large-cap U.S. companies, rose 31.49%.

The Fund's 2019 performance benefited from our ownership of a diversified portfolio of well-managed, competitively advantaged, lower volatility growth stocks. Stock prices of securities representing approximately 79% of the Fund's average net assets performed better than the Benchmark, while stock prices of securities representing 97% of its average net assets had positive returns. We were particularly pleased that the Fund's outperformance continued to be primarily driven by favorable stock selection, which is the goal of our fundamentally driven investment strategy.

NEAL ROSENBERG
CO-PORTFOLIO MANAGER

RONALD BARON
CEO AND LEAD PORTFOLIO MANAGER

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

Table I.
Performance
Annualized for periods ended December 31, 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]	8.58%	8.65%	11.39%	9.07%
One Year	40.14%	40.50%	28.48%	31.49%
Three Years	20.01%	20.31%	12.49%	15.27%
Five Years	11.89%	12.18%	9.34%	11.70%
Ten Years	13.98%	14.28%	13.01%	13.56%
Fifteen Years	9.56%	9.76%	8.81%	9.00%
Twenty Years	9.54%	9.69%	5.57%	6.06%
Since Inception (December 31, 1994)	13.34%	13.46%	8.13%	10.22%

Markets concluded an outstanding year on a high note, with the S&P 500 Index gaining 9.07% in the fourth quarter. Performance was buoyed by increased clarity regarding domestic monetary policy, a Phase 1 trade deal between the U.S. and China, and a roadmap for Brexit stemming from the U.K. election. It took just one trading day in 2020 for a new geopolitical variable to present itself in the form of rising tensions between the U.S. and Iran. We are confident that many new, and unforeseen, macroeconomic and geopolitical uncertainties will arise before this year is out. We are equally confident that pundits will try, and fail, to consistently forecast the timing, magnitude, resolution, and ultimate impact they will have on stock process.

We believe that investing in a diversified portfolio of secularly growing, competitively advantaged businesses is the logical response to a world replete with high uncertainty and low yields. We believe our businesses can grow independently of the macroeconomy because they serve large addressable markets and benefit from durable and robust secular trends. We believe that our investments have created high barriers to entry, and we meet regularly with management teams and their competitors, customers, and suppliers to evaluate and stress test this view.

We expect our investments to have attractive financial characteristics over the long term. These include recurring revenue streams, high incremental margins, and self-funding "asset-light" business models. We exclusively invest with management teams with track records of managing their businesses to deliver attractive and sustained returns over the long term. The attributes we favor tend to generate predictable financial results over the long term, with earnings and cash flow streams less variable than those of the broader market. Accordingly, we regard these investments as

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, 2019 was 1.29% 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.

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inherently less risky than the market. As a result, our portfolio's beta has been approximately 30% less than the market since the Fund's inception. We regard lower beta as an attractive attribute.

We believe that the Fund's long-term orientation is distinctive and is the key source of our excess returns. As of December 31, 2019, the portfolio's 10 largest positions, which account for 51.6% of net assets, have been owned for an average of 15 years. These positions range from the 6.9 years we have owned **Bright Horizons Family Solutions, Inc.** to the 23.2 years we have owned **Choice Hotels International, Inc.** This group has compounded at a weighted average annual rate of 18.5% since they were first purchased, which exceeds the Benchmark's return by 9.2% annually.

Results for this cohort were outstanding again in 2019.

Table II.
Performance Based Characteristics as of December 31, 2019

	Millennium Internet Bubble to Financial Panic 12/31/1999 to 12/31/2008	Millennium Internet Bubble to Present 12/31/1999 to 12/31/2019	Inception 12/31/1994 to 12/31/2019
Alpha (%)	5.05	5.57	7.30
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 12/31/2019		Inception 12/31/1994 to 12/31/2019	
	Value $10,000	Cumulative	Value $10,000	Cumulative	Value $10,000	Cumulative
Baron Growth Fund (Institutional Shares)	$12,448	24.48%	$63,568	535.68%	$235,143	2,251.43%
Russell 2000 Growth Index	$ 6,476	(35.24)%	$29,576	195.76%	$ 70,548	605.48%
S&P 500 Index	$ 7,188	(28.12)%	$32,421	224.21%	$113,836	1,038.36%

The Fund has significantly outperformed its Benchmark peer group average over the long term. This is principally the result of not losing money during the nine years ending December 2008, when most others did… as well as outstanding performance of our growth stock investments. A hypothetical investment of $10,000 in the Fund at its inception on December 31, 1994 would be worth $235,143 at December 31, 2019. This is 3.3 times greater than the $70,548 value of a hypothetical $10,000 investment made in the Fund's Benchmark. Hypothetically, our returns were achieved with approximately 30% less volatility than the Benchmark, as represented by its beta. (Please see Tables II and III.)

While the 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, it did generate a positive cumulative return of 24.48%. Hypothetically, if you had invested in the Fund's Benchmark, your portfolio would have declined 35.24% in value. The large-cap S&P 500 Index declined 28.12%. (Please see Table III – Millennium Internet Bubble to Financial Panic)

The effects of compounding over the long term illustrate the difference between making money and losing it. A hypothetical investment of $10,000 in the Fund on December 31, 1999 was worth $63,568 on December 31, 2019. That is approximately double a hypothetical investment in the Benchmark or S&P 500 Index (Please 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 have generated attractive returns in good markets and have helped to protect capital during more challenging ones.

Table IV.
Top contributors to performance for the quarter ended December 31, 2019

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
MSCI, Inc.	2007	$1.8	$21.9	18.89%	1.13%
ANSYS, Inc.	2009	2.3	22.0	16.29	0.78
Choice Hotels International, Inc.	1996	0.4	5.8	16.80	0.63
Marriott Vacations Worldwide Corp.	2013	1.5	5.4	24.80	0.59
Penn National Gaming, Inc.	2008	2.5	3.0	37.23	0.58

Shares of **MSCI, Inc.**, a leading provider of investment decision support tools, contributed to performance. The company continued to execute well, reporting solid third quarter earnings that were ahead of market expectations. Importantly, MSCI renewed its ETF contract with Blackrock for the next ten years. We retain long-term conviction in MSCI because the company owns strong franchises and stands to benefit from a number of prominent tailwinds reshaping the investment landscape.

ANSYS, Inc. is a leading provider of physics-based simulation software that evaluates how products will perform under various environments. Third quarter Annual Contract Value, again exceeded investor expectations, and helped send the stock higher. Management has not seen any signs of a macroeconomic driven slowdown in new sales, demonstrating the powerful secular trends and strong execution that underpin ANSYS' business.

Shares of global hotel franchisor **Choice Hotels International, Inc.** increased in the quarter when the company forecast an acceleration in unit growth, primarily from its new Cambria and Ascend Collection brands. Recent renovations at its Comfort hotels should also boost revenue per available room as Comfort is one of the company's largest brands. Choice has a strong balance sheet and should be in a good position to mitigate the effects of a downturn given its asset-light, fee-based business model.

Table V.
Top detractors from performance for the quarter ended December 31, 2019

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
IDEXX Laboratories, Inc.	2005	$1.9	$22.4	–3.98%	–0.18%
Benefitfocus, Inc.	2013	1.3	0.7	–7.86	–0.06
Bright Horizons Family Solutions, Inc.	2013	1.8	8.7	–1.45	–0.06
Trex Company, Inc.	2014	1.2	5.2	–1.15	–0.03
Kinsale Capital Group, Inc.	2016	0.6	2.3	–1.52	–0.03

Shares of veterinary diagnostics leader **IDEXX Laboratories, Inc.** detracted from performance as investors rotated out of high-multiple veterinary health care stocks. In addition, a potential new lab competitor raised investor concerns. We retain conviction as competitive trends are outstanding, highlighted by instrument installed base growth of 18%, domestic lab growth more than twice its primary competitor, and improving sales productivity. Margins are moving significantly higher, and we believe they could approach 30% over the next several years.

Shares of benefits enrollment platform **Benefitfocus, Inc.** detracted from performance in the fourth quarter due to financial results that missed Street expectations. We retain conviction, as we believe this is a short-term issue. The company has pivoted to signing larger, more complex employee and carrier customers during the 2019 selling season. While this is accretive to growth in the long term, larger customers take longer to implement, thereby delaying revenue recognition by several quarters.

Shares of **Bright Horizons Family Solutions, Inc.**, a leading provider of high-quality, corporate-sponsored child care, experienced a negligible drop in the quarter. We still believe the outlook for this consistently well-run company is bright, grounded on an attractive business model characterized by high revenue and earnings visibility, low capital intensity, superior ROI, and solid cash flows. Growth avenues include additional centers, continued cross-sale of other high-margin services, accretive acquisitions, geographic expansion, and greater center utilization.

Recent Purchases

During the quarter, we participated in the initial public offering of **BRP Group, Inc.** BRP is an independent insurance brokerage firm that distributes commercial and personal insurance to 400,000 clients across the U.S. and internationally. BRP has over 500 employees in over 40 offices across four states. The company was founded in 2011 by Chairman Lowry Baldwin and is headquartered in Tampa, Florida.

The insurance brokerage industry has an attractive business model since brokers earn commissions based on premiums without taking underwriting risk. Revenue is largely recurring and predictable due to annual renewal events and retention rates that approximate 90%. Profit margins are stable at healthy levels, and capital intensity is low, resulting in strong free cash flow generation.

BRP is gaining share in an industry that is growing by mid-single-digits. The company has a younger and more productive sales force than the industry. BRP separates sales and service, enabling producers to spend more of their time selling. The company also has proprietary distribution relationships with mortgage originators, home builders, realtors, developers, community bankers, accounting firms, and law firms to distribute insurance directly at the point of sale.

We expect management to be an active consolidator in the highly fragmented insurance brokerage industry. There are approximately 37,000 insurance brokers in the U.S., over 600 were sold in both 2017 and 2018. BRP has acquired 27 firms since 2016, and we expect to see the annualized pace accelerate. We believe that BRP's strong reputation, client-focused culture, shared services, and favorable tax attributes make it an acquirer of choice. Management plans to grow BRP into a top 10 broker in 10 years, which implies an approximately 10-fold increase in revenue over this period.

Portfolio Structure and Investment Strategy

The Fund seeks to invest in businesses that we believe have attractive and sustainable fundamental characteristics. We search for businesses that are investing to grow and enhance their competitive advantages. We favor business models that are asset-light, have high levels of recurring revenue, and generate attractive incremental margins. We exclusively invest with management teams that we consider exceptional.

We seek to invest at reasonable prices relative to businesses' long-term potential. We expect these investments to generate attractive long-term performance as these businesses' revenues and earnings compound. This often 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. Our focus on longer-term results allows us to look past short-term uncertainties.

The Fund holds investments for the long term. As of December 31, 2019, 33 of the Fund's investments, representing 91% of the portfolio's net assets, had been held for more than five years, and 18 investments, representing 63% of the portfolio's net assets, had been held for more than 10 years. The portfolio's 10 largest positions have been owned for an average of 15 years. This is dramatically longer than most other small-cap growth funds, which, according to Morningstar, turn over about 72% of their portfolios annually. We view this long-term perspective as a source of our competitive advantage. Most investors focus on short-term results. By concentrating on long-term results, we are researching a less efficient area of the market, which enables us to uncover high-quality businesses that can compound at faster rates for far longer. The undisclosed costs of a lower turnover portfolio including market impact and commissions are also obviously less.

Table VI.
Top performing stocks owned more than five years

	Year of First Purchase	Cumulative Total Return Since First Date of Purchase
Choice Hotels International, Inc.	1996	2,048.7%
IDEXX Laboratories, Inc.	2005	1,714.3
Arch Capital Group Ltd.	2002	1,400.2
CoStar Group, Inc.	2004	1,394.3
Vail Resorts, Inc.	1997	1,344.5
MSCI, Inc.	2007	1,004.1
Mettler-Toledo International, Inc.	2008	999.6
Cohen & Steers, Inc.	2004	908.9

Baron Growth Fund's investments in the 33 businesses that have been held for more than five years and that represent 91% of the Fund's net assets have earned an annualized rate of return of 18.5% based on weighted average assets since they were first purchased. This exceeds the performance of the Fund's Benchmark by 8.0% per year. In addition, 9 of the 33 investments have achieved annualized returns that exceed their Benchmark by more than 10%. Most Fund investments that have been held for more than five years have realized approximately 4- to 10-fold appreciation so far, and 12 have achieved returns in excess of 8-fold since their initial purchase.

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	280.0%
Performance Food Group Company	2015	168.1
Wix.com Ltd.	2016	160.9
Essent Group Ltd.	2016	122.6

We exclusively purchase small-cap companies that we think can double in size in a five- or six-year period. Investments held for less than five years include 23 stocks that account for 8.5% of the Fund's net assets. As a group, they have returned 23.1% annually based on weighted average assets since their initial purchase and exceeded the Benchmark by 11.3% annualized. Ten of these investments have achieved annualized returns that exceeded the Benchmark by more than 10%, and five have achieved annualized returns that exceeded our benchmark by more than 25%.

Portfolio Holdings

As of December 31, 2019, Baron Growth Fund held 57 investments. The Top 10 holdings represented 51.6% of the Fund's net assets. All top 10 investments have grown dramatically since they were purchased. All were small-cap businesses at their time of purchase. 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 only 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 $4.2 billion and its weighted geometric average market cap is $9.2 billion. The Morningstar U.S. market breakpoints for small- and mid-cap funds were $4.0 billion and $21.8 billion, respectively, as of December 31, 2019.

The Fund's top 10 positions returned a weighted average of 49.6% in 2019, or nearly double the return of our Benchmark. We believe that this robust performance from our largest and longest-tenured investments demonstrates the value of our buy and hold philosophy and the power of investing in compounding businesses. We remain optimistic that these businesses can again double over the next five to six years, producing attractive returns for shareholders. In addition to the superior performance, our low-turnover, long-term orientation has secondary benefits of minimizing transaction costs and taxes.

Table VIII.
Top 10 holdings as of December 31, 2019

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Vail Resorts, Inc.	1997	$0.2	$ 9.7	$497.6	6.8%
CoStar Group, Inc.	2004	0.7	21.9	484.6	6.7
MSCI, Inc.	2007	1.8	21.9	464.7	6.4
Arch Capital Group Ltd.	2002	0.4	17.4	415.2	5.7
ANSYS, Inc.	2009	2.3	22.0	386.1	5.3
Gartner, Inc.	2007	2.3	13.8	337.5	4.6
FactSet Research Systems, Inc.	2006	2.5	10.2	335.4	4.6
Choice Hotels International, Inc.	1996	0.4	5.8	310.3	4.3
IDEXX Laboratories, Inc.	2005	1.9	22.4	279.4	3.8
Bright Horizons Family Solutions, Inc.	2013	1.8	8.7	251.0	3.4

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

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.

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