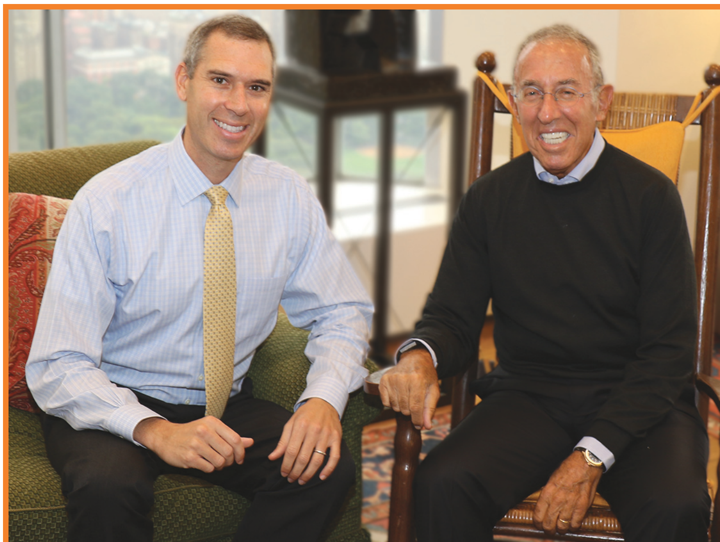
DEAR BARON GROWTH FUND SHAREHOLDER:

PERFORMANCE



NEAL ROSENBERG
CO-PORTFOLIO MANAGER

RONALD BARON
CEO AND LEAD PORTFOLIO MANAGER

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

Baron Growth Fund (the "Fund") declined 0.69% (Institutional Shares) during the three months ended September 30, 2019. The Fund's results again meaningfully exceeded those of its primary benchmark, the Russell 2000 Growth Index, which declined 4.17%. Despite the declines in the third quarter, year-to-date results remain strong for both the Fund and the broader stock market. The Fund gained 29.32% through September 30, 2019, almost double the 15.34% increase in the Russell 2000 Growth Index. The S&P 500 Index rose 20.55% through September 30, 2019. That index measures the performance of publicly traded leading large-cap U.S. companies and covers approximately 80% of the U.S market capitalization.

The Fund's performance benefited from our ownership of a diversified portfolio of well-managed, competitively advantaged, lower volatility, growth stocks. Stock prices of securities representing approximately 67% of the Fund's average net assets performed better than the benchmark, while stock prices of securities representing approximately 57% of its average net assets had positive returns. 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 strategy. Approximately 81% of our outperformance for the quarter and 90% of our year-to-date outperformance has come from favorable stock selection.

Table I.
Performance
Annualized for periods ended September 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]	(0.75)%	(0.69)%	(4.17)%	1.70%
Nine Months[4]	29.07%	29.32%	15.34%	20.55%
One Year	5.09%	5.36%	(9.63)%	4.25%
Three Years	16.70%	17.00%	9.79%	13.39%
Five Years	11.61%	11.89%	9.08%	10.84%
Ten Years	13.70%	14.00%	12.25%	13.24%
Fifteen Years	10.00%	10.19%	9.04%	9.01%
Since Inception (December 31, 1994)	13.11%	13.23%	7.74%	9.94%

In the quarter, analysts continued to debate monetary policy, trade, inflation, international relations, energy prices, and Brexit. The domestic political situation also became more uncertain. As usual, the evidence remains unclear, contradictory, and open to multiple interpretations. Interest rates, as measured by the 10-year U.S. Treasury Bond, fell to under 1.5% in early September, finally closing out the quarter at 1.68%, down a remarkable 1.55% since last October's high. Perhaps even more remarkable is that $17 trillion of sovereign debt now has negative yields. Investors who purchase negative yielding bonds and hold them to maturity are guaranteed to lose money over the life of the bond! We believe this reflects escalating levels of uncertainty and fear.

We believe that investing in a diversified portfolio of secularly growing, competitively advantaged businesses is a logical response to a world replete with low yields. We believe our businesses can grow independently of the macro economy. In general, these businesses serve large addressable markets, benefit from durable and robust secular trends, and enjoy high barriers to entry. We invest with management teams with track records of managing their businesses to deliver attractive and sustained returns over the long term. We meet regularly with management teams and their competitors, customers, and suppliers to gain a holistic understanding of businesses' long-term growth prospects. 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 decades as we do in evaluating new potential investments*.

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.

BARON FUNDS 1987

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. The attributes we favor tend to generate predictable financial results over the long term that are less sensitive to geopolitical and macroeconomic cycles. For example, long-time holding **FactSet Research Systems, Inc.** has generated 39 consecutive years of revenue growth, **Neogen Corp.** has grown its revenue 28 years in a row, and **Bright Horizons Family Solutions, Inc.** has grown revenue annually for at least 23 consecutive years. This consistency tends to create earnings and cash flow streams less variable than the market. Accordingly, we regard these investments as 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.

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

	Millennium Internet Bubble to Financial Panic 12/31/1999 to 12/31/2008	Millennium Internet Bubble to Present 12/31/1999 to 9/30/2019	Inception 12/31/1994 to 9/30/2019
Alpha (%)	5.05	5.58	7.34
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 9/30/2019		Inception 12/31/1994 to 9/30/2019	
	Value $10,000	Cumulative	Value $10,000	Cumulative	Value $10,000	Cumulative
Baron Growth Fund (Institutional Shares)	$12,448	24.48%	$58,507	485.07%	$216,422	2,064.22%
Russell 2000 Growth Index	$ 6,476	(35.24)%	$26,550	165.50%	$ 63,332	533.32%
S&P 500 Index	$ 7,188	(28.12)%	$29,725	197.25%	$104,369	943.69%

Our fundamental, bottom-up approach outperformed again this quarter. The Fund declined 0.69%, which exceeded the return of the Fund's benchmark by 3.48%. Stock selection continues to be the primary driver of our returns.

The Fund has significantly outperformed its 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 Baron Growth Fund at its inception on December 31, 1994 would be worth $216,422 at September 30, 2019. This is 3.4 times greater than the $63,332 value of the hypothetical $10,000 investment made in the Fund's benchmark, the Russell 2000 Growth Index. Hypothetically, our returns were achieved with approximately 30% less volatility than the benchmark. (Please see Tables II and III.)

While Baron 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, it did generate a positive cumulative return of 24.48%. Hypothetically, if you had invested in the Russell 2000 Growth Index, 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 Baron Growth Fund on December 31, 1999 was worth $58,507 on September 30, 2019. That is double a hypothetical investment in 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 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 September 30, 2019

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
Arch Capital Group Ltd.	2002	$0.4	$17.0	13.21%	0.68%
CoStar Group, Inc.	2004	0.7	21.7	7.06	0.46
Trex Company, Inc.	2014	1.2	5.3	26.82	0.41
ANSYS, Inc.	2009	2.3	18.6	8.08	0.37
Primerica, Inc.	2010	1.1	5.3	6.38	0.19

Shares of insurer **Arch Capital Group Ltd.** positively contributed to performance. The company reported better-than-expected second quarter results with book value per share growing 19% year-over-year. We believe conditions in both of Arch's primary end markets are improving. P&C rates are rising modestly at a rate that exceeds loss cost growth, while lower interest rates and stable rate cards create a favorable backdrop in mortgage insurance.

Shares of **CoStar Group, Inc.**, a real estate information and marketing services company, contributed to performance. Business trends are excellent, with the company's bookings improving by approximately 31% year-over-year in its most recently reported quarter to a record $59 million. We see a path for quarterly bookings to improve toward $70 million, driving revenue growth toward 20%. The company now has over $1 billion of cash, which we expect to be used for opportunistic acquisitions to expand CoStar's addressable market.

Trex Company, Inc. is the dominant manufacturer and industry pioneer of wood-alternative ("composite") residential decking in the U.S. The company had a strong quarter, driven by second quarter financial results and third quarter sales guidance which were above analyst expectations. Trex continues to enjoy robust demand for its products, driven by a secular shift towards composite decking from wood. Trex's recently launched, more affordable "Enhance" product is expanding its addressable market and further accelerating demand.

Table V.
Top detractors from performance for the quarter ended September 30, 2019

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
FactSet Research Systems, Inc.	2006	$2.5	$ 9.3	–14.99%	–0.76%
Gartner, Inc.	2007	2.3	12.9	–11.18	–0.55
MSCI, Inc.	2007	1.8	18.4	–8.53	–0.51
SS&C Technologies Holdings, Inc.	2010	1.0	13.1	–10.69	–0.31
Iridium Communications Inc.	2014	0.6	2.8	–8.51	–0.26

Shares of **FactSet Research Systems, Inc.**, a leading provider of investment management tools, detracted from performance this quarter. The company announced a new three-year investment plan to accelerate intermediate-term revenue growth. We view the incremental investment as warranted given FactSet's large addressable market, and we expect to see the company enhance its leading position in analytics while accelerating traction in data feeds, wealth management, and private market data. We continue to view FactSet as a net share gainer with a remarkable track record of durable revenue and earnings growth.

Shares of **Gartner, Inc.**, a provider of syndicated research, detracted from performance. Although forward-looking metrics in Gartner's traditional IT research business decelerated modestly, they remain at a robust low-teens rate. The company discontinued several non-subscription products that are not core to its long-term strategy, but which will hurt profitability this year. Finally, the company was more successful than expected in filling sales positions, which will penalize earnings this year but drive faster revenue growth in 2020.

Shares of **MSCI, Inc.**, a leading provider of investment decision support tools, declined during the quarter despite solid second quarter earnings. The stock has performed exceptionally well for the year, and gave back some gains as investors exited high-multiple performers for less pricey options.

Recent Purchases

This quarter we initiated a position in **Forestar Group Inc.**, a highly differentiated national residential lot developer. The company purchases batches of entitled but undeveloped residential land. It then develops the land by adding roads, utilities, grading, landscaping, and amenities for the community. The finished lots are sold to homebuilders in phases. Frequently, the company presells the first phase of developed land, accelerating returns and reducing the project's risk.

Forestar's growth prospects are closely tied to those of D.R Horton, the largest homebuilder in the U.S. D.R Horton delivers over 55,000 homes annually, with a national footprint and a focus on entry level homes, which is the fastest growing segment of the U.S. housing market. D.R. Horton is in the process of transitioning its business from a vertically integrated homebuilder and land developer into a pure "home manufacturer," with Forestar serving as its supplier of developed land. Don Tomnitz, former CEO of D.R. Horton, has been named Chairman of Forestar, and Horton currently owns 75% of Forestar's shares.

We believe that Forestar's strategic relationship with D.R. Horton is a sustainable competitive advantage. We expect Forestar to scale quickly by leveraging D.R. Horton's national footprint and local land expertise to build out a national platform. The symbiotic relationship creates significant visibility into the supply of undeveloped land and the demand for developed parcels, enabling management to optimize the deployment of its resources and capital. Finally, we expect Forestar to leverage D.R. Horton's capital markets relationships to access debt and equity financing at costs that are far lower than those of local developers.

We expect D.R. Horton to eventually source more than 30% of its lots from Forestar annually. This equates to 17,000 lots delivered annually, up 300% from the 4,000 lots expected to deliver in 2019. Forestar is also developing relationships with other homebuilders to diversify and grow its operating platform. D.R. Horton and Forestar have together outlined a business plan that should allow Forestar to grow from $100 million of revenue in 2018 to approximately $1 billion of revenue in 2021, with significant room to grow over the longer term.

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 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 September 30, 2019, 34 of the Fund's investments representing 91% 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 74% 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 able to identify high-quality businesses that can compound at attractive rates for far longer than their competitors, and for longer than most investors expect.

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	1,789.4%
Choice Hotels International, Inc.	1997	1,739.6
CoStar Group, Inc.	2004	1,381.5
Arch Capital Group Ltd.	2002	1,368.4
Vail Resorts, Inc.	1997	1,250.3
Mettler-Toledo International, Inc.	2008	876.4
MSCI, Inc.	2007	828.6
Alexander's, Inc.	1999	827.3

Baron Growth Fund's investments in the 34 businesses that have been held for more than five years and that represent 91.0% of the Fund's net assets have earned an annualized rate of return of 18.0% based on weighted average assets since they were first purchased. This exceeds the performance of the Fund's benchmark by 8.4% per year. Most Fund investments that have been held for more than five years have realized approximately four- to nine-fold appreciation so far, and 8 have achieved returns in excess of nine times since their initial purchase. In addition, 10 of the 34 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	285.8%
Wix.com Ltd.	2016	148.9
Performance Food Group Company	2015	139.6
Essent Group Ltd.	2016	103.6

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 22 stocks that account for 8.4% of the Fund's net assets. As a group, they have returned 23.4% annually based on weighted average assets since their initial purchase and exceeded our benchmark by 15.9% annualized. Four of these investments have achieved cumulative returns greater than 100%. Ten of these investments have achieved annualized returns that exceeded our benchmark by more than 10%, and six have achieved annualized returns that exceeded our benchmark by more than 30%.

Portfolio Holdings

As of September 30, 2019, Baron Growth Fund held 57 investments. The Top 10 holdings represented 52.4% 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 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 $4.4 billion, and its weighted geometric average market cap is $8.6 billion. The Morningstar U.S. market breakpoints for small- and mid-cap funds were $3.8 billion and $19.7 billion, respectively, as of September 30, 2019.

Table VIII.
Top 10 holdings as of September 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	$21.7	$504.2	7.4%
Vail Resorts, Inc.	1997	0.2	9.2	477.9	7.0
Arch Capital Group Ltd.	2002	0.4	17.0	408.3	6.0
MSCI, Inc.	2007	1.8	18.4	392.0	5.8
ANSYS, Inc.	2009	2.3	18.6	332.0	4.9
Gartner, Inc.	2007	2.3	12.9	316.0	4.7
FactSet Research Systems, Inc.	2006	2.5	9.3	303.7	4.5
IDEXX Laboratories, Inc.	2005	1.9	23.4	299.1	4.4
Choice Hotels International, Inc.	1997	0.4	5.0	266.9	3.9
Bright Horizons Family Solutions, Inc.	2013	1.8	8.9	255.4	3.8

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.