

Baron Growth Fund

Retail Shares (BGRFX)
Institutional Shares (BGRIX)
R6 Shares (BGRUX)

As of December 31, 2019

A distinctive approach to small-cap growth investing

Investing in businesses poised for accelerating growth

We invest in small-cap companies that have grown beyond their initial, often riskier, start-up phase.

We look for

- Large, addressable market opportunities
- Significant competitive advantages
- Higher quality companies
- Consistency and predictability of revenue and earnings growth
- Free cash flow for reinvesting in future growth
- Experienced, visionary management

Staying invested in businesses as they grow

We invest in companies that we believe have the potential to double in size over the next five to six years.

- 3-year average turnover ratio of 2.7%
- Weighted average holding period of more than 10 years
- Purchase only small-cap companies and hold them as long as they continue to meet our investment criteria
- Focus on underlying fundamentals rather than short-term price movements

Ron Baron

CEO, CIO and Portfolio Manager

Neal Rosenberg

Co-Portfolio Manager

Why Baron

- Research driven
- Long-term mindset
- Collaborative research environment
- Integrated approach to risk management
- Interests aligned with those of our investors

Building a durable portfolio for the long term

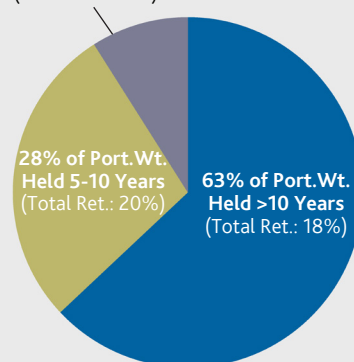
- We construct the portfolio to deliver strong performance with less risk, however we can not guarantee that it will
- Over 60% of the portfolio has been held over 10 years, and we expect these successful investments to continue to compound at attractive rates
- Almost 30% of the portfolio has been held from 5 to 10 years, and we expect these investments to continue to add significant value
- Less than 10% of the portfolio has been held less than five years, and we expect these positions to accrete in size as the businesses continue to generate sustained growth

Portfolio weights and returns by holding period*

Holding period (years)

Investment examples

9% of Port. Wt.
Held <5 Years
(Total Ret.: 23%)



Source: BAMCO, Inc.
Rescaled without cash and cash equivalents.
*Returns are annualized.

Less than 5

Kinsale Capital Group, Inc. is a property and casualty insurance carrier focused exclusively on the excess and surplus (E&S) lines market, which includes risks that are unique or hard to place in the standard insurance market. We believe Kinsale is a well run insurer that should grow book value per share faster than its peers. Its small size and low-cost technology platform give Kinsale the ability to achieve rapid premium growth while delivering industry leading underwriting margins.

5-10

Bright Horizons Family Solutions, Inc. is the leading provider of high-quality, corporate-sponsored child care in the U.S., U.K., and other countries. It provides child care and early education services under multi-year contracts in both its own centers and in sponsor-owned centers. We think Bright Horizons has an attractive business model, characterized by high revenue and earnings visibility, low capital intensity, superior ROI, and solid cash flows. We think the company should benefit from increases in dual-income families and women in the workplace.

More than 10

Gartner, Inc. is the leading independent provider of research and analysis on the information technology industry. Gartner has a vast addressable market, which management estimates exceeds \$70 billion annually, implying a penetration rate of less than 3%. IT is rapidly changing and growing in strategic importance, leading users to turn to third-party providers for insight into trends. The low price of Gartner's research relative to its value has created strong renewal trends, with retention rates running above 100%.

Portfolio holdings as a percentage of net assets as of 12/31/2019 for securities mentioned are as follows: Kinsale Capital Group, Inc. – 1.4%; Bright Horizons Family Solutions, Inc. – 3.4%, and Gartner, Inc. – 4.6%. Portfolio holdings may change over time.

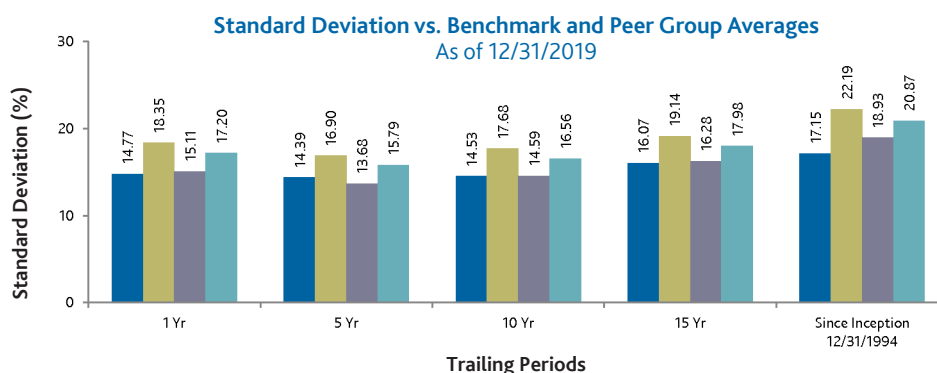
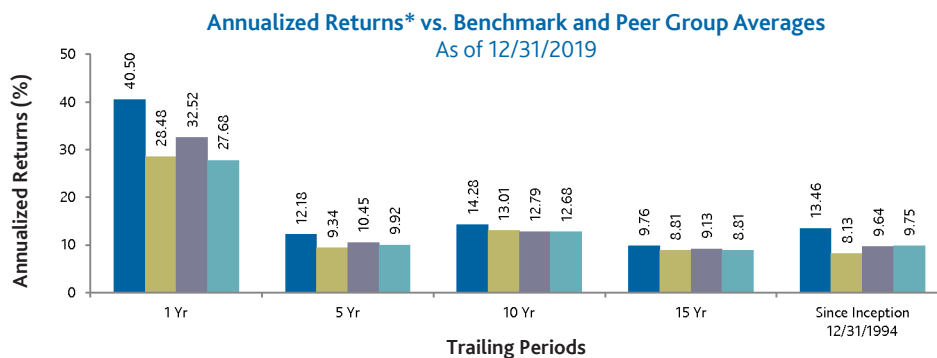


Baron Growth Fund

We are patient because it takes time:

- For a company investing in its business to strengthen its competitive advantages and capitalize on its growth opportunity
- For stock prices of small-cap businesses to reflect intrinsic value/fundamentals
- For analysts to build conviction in a new investment idea
- For the portfolio manager to find attractive entry points to build positions in small-cap stocks

We have generated attractive absolute and relative returns with a lower risk profile



■ Baron Growth Fund ■ Russell 2000 Growth Index ■ Morningstar Mid-Cap Growth Category Average ■ Morningstar Small Growth Category Average

*Performance listed in the above table is net of annual operating expenses. As of fiscal year ended 9/30/2019, the expense ratio of the Fund's Institutional Shares was 1.04%. 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.

Unless otherwise noted, all performance and performance related calculations are based on the Institutional Shares. 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. For periods prior to 5/29/2009, ranking data is based on the performance of the Retail Shares.

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

Risks: Specific risks associated with investing in smaller companies include that the securities may be thinly traded and 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. Morningstar moved the Fund from the **Small Growth Category** effective 5/31/2011 to the **Mid-Cap Growth Category**. The Fund's investment mandate has been, and continues to be, to invest in small-cap growth stocks for the long term. Because of its long-term approach, the Fund could have a significant percentage of its assets invested in securities that have appreciated beyond their market capitalization at the time of the Fund's initial investment. As a result, we provide comparative performance data for the Fund against the Morningstar Small Growth and Morningstar Mid-Cap Growth Categories.

Morningstar calculates the **Morningstar US Fund Small Growth and Mid-Cap Growth Category Averages** using its Fractional Weighting methodology. Total returns do account for management, administrative, and 12b-1 fees and other costs automatically deducted from fund assets.

The **Russell 2000® Growth Index** is an unmanaged index that measures the performance of small-sized U.S. companies that are classified as growth. The Russell 2000 Growth Index and Baron Growth Fund returns reflect the reinvestment of dividends and other earnings, which positively impact performance results. The index performance is not fund performance. An investor cannot invest directly into an index. 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. **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).

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