DEAR BARON OPPORTUNITY FUND SHAREHOLDER:

PERFORMANCE

Baron Opportunity Fund (the "Fund") had a strong start to 2019, climbing 21.40% (Institutional Shares) during the first quarter. The Fund outperformed both the Russell 3000 Growth Index, which advanced 16.18%, and the S&P 500 Index, which rose 13.65%.

Table I.
Performance
Annualized for periods ended March 31, 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]	21.35%	21.40%	16.18%	13.65%
One Year	20.10%	20.46%	12.06%	9.50%
Three Years	23.89%	24.24%	16.40%	13.51%
Five Years	11.97%	12.27%	13.10%	10.91%
Ten Years	17.68%	17.99%	17.44%	15.92%
Fifteen Years	10.71%	10.90%	9.64%	8.57%
Since Inception (February 29, 2000)	7.12%	7.26%	4.52%	5.94%

MICHAEL A. LIPPERT
PORTFOLIO MANAGER

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

REVIEW & OUTLOOK

The Fund had a strong first quarter, rebounding – ahead of the market – to begin the year. The market decline of late last year was driven by the rise of risks: the U.S.-China trade war, the Federal government shut down, the Fed raising rates too far and shrinking its balance sheet too fast, a global economic slowdown, among others. So far this year, concerns about these risks have faded, which has led to a recovery in multiples and a rise in the overall market. The market inflected up a few days into the year, after Chairman Powell (and other Fed members) clarified that the Fed was not on "autopilot" and would be patient and guided by economic data, which it confirmed in its late January meeting. On top of that, the market has perceived progress in the trade talks with China and near-term recession fears appear to have moderated.

I am still of the view (articulated in my last letter), that the current market, economic and political setting remains somewhat uncertain. Economists and market strategists continue bull/bear debates on: (i) an economic "soft landing" vs. a recession; and (ii) a bear market vs. a mid-cycle correction within a long-term bull market. 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 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 (pun intended).

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. Thus, my overused Wayne Gretzky paraphrase: "we skate to where the world is going, not where it's been." 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.

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 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.*

1 The indexes are unmanaged. 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.

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 broad benchmarks and indexes we are compared against reflect past successes. We emphasize the disruptive trends that will drive future growth and leadership.

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 Q4 2018	Actual Q3 2018	Actual Q2 2018	Actual Q1 2018
Baron Opportunity Fund	22.0%	27.3%	30.0%	31.0%
S&P 500 Index	6.5%	10.7%	11.0%	9.8%
Russell 3000 Index	6.7%	10.6%	11.2%	10.0%
Russell 3000 Growth Index	7.3%	12.0%	12.7%	11.2%

On almost every earnings call and/or in every presentation of companies bearing any relationship to today's digital world you hear a discussion of "digital transformation": the changes associated with the application of digital technology to all aspects of human society. I'm not sure who coined the term, but I'll credit Marc Benioff, the Co-Founder, Chairman and CEO of Salesforce, with it catching fire. Salesforce defines the term as "the process of using digital technologies to create new – or modify existing – business processes, culture, and customer experiences to meet changing business and market requirements. The re-imagining of business in the digital age is digital transformation." Digital transformation underpins many of the secular themes and disruptive innovation trends we emphasize in our portfolio, particularly cloud, software-as-a-service, artificial intelligence, e-commerce and targeted digital advertising, just to name a few. Here are a few quotes from recent earnings calls:

- "Around the world, more and more companies are investing in their digital transformations, which start and end with the customer … I recently spoke with the head of one of the largest consulting firms who said that roughly 85% of their top 50 customers are just getting started on their digital transformations, so clearly that's an indication that we have tremendous runway ahead of us … I don't think there's a company that I've met with of size and scale that isn't going through a dramatic digital transformation." *Marc Benioff and Keith Block, Co-CEOs Salesforce, March 3, 2019*.
- "In the fourth quarter, I had the opportunity to meet with 50 of the world's most respected CIOs. They reiterated common themes I shared with you before and that I continue to hear in my customer conversations worldwide: the business imperative for digital transformation, the need for trusted technology partners, and the challenges of driving cultural change … It's not a business buzzword in these companies anymore. It's actually a core strategic reality, in fact, survival in some companies … [E]veryone wants to digitally connect with their employees in a world where you get to recruit millennials and retain them, and everyone wants productivity." *John Donahoe, CEO ServiceNow, January 30, 2019*.
- "[W]e are seeing these very large digital transformational efforts and projects that we are partnered with, and they span quite frankly all the industries. I think in the last quarter you saw in health care, in retail, in financial services. In fact, internally [we] think of them as what our relationships with our traditional OEM partners in the PC ecosystem were. At this point, some of the partnerships we have with customers are of that same magnitude. And that just speaks to I think what's happening in the economy, which is every company is becoming a digital company …." *Satya Nadella, CEO Microsoft, January 30, 2019*.
- "The success of our Digital Experience business is bolstered by several industry tailwinds: the mandate for enterprises and organizations to digitally transform their businesses, and the need to deliver world-class, end-to-end customer experiences consumers have come to expect … Businesses need a full range of capabilities from creation through commerce and acquisition through renewal. For today's digital businesses, it's not enough to have data. You need the right data (behavioral, transactional and operational) to understand your customer and the intelligence to act on it in context." *Shantanu Nareyen, CEO Adobe, March 14, 2019*.
- "The opportunity for Equinix is compelling as ever as digital transformation is reshaping virtually every industry across the globe. Digital and infrastructure that fuels it have emerged as board-level issues, and this digital imperative is transcending the macroeconomic volatility we see in the market. Customers are thinking differently about how they interact with their customers and every element of their supply chain, and the major tech trends, whether it be AI, IoT, big data or 5G, are all amplifying this digital tailwind. In the wake of this digital transformation wave, a clear architecture of choice has emerged for our customers. That architecture is global, highly distributed, hybrid, and multi-cloud …." *Charles Myers, CEO Equinix, February 13, 2019*.

The bedrock of the Fund has always been that active investing based on secular, innovation-driven themes – rather than adherence to benchmarks and how they size up the investment universe – will drive superior investment returns over the long term, even in uncertain market and economic environments. Our research and company reports confirm that the growth prospects and secular trends for our investments remain excellent – in fact, 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 March 31, 2019

	Percent Impact
Sage Therapeutics, Inc.	1.25%
Amazon.com, Inc.	1.15
Guidewire Software, Inc.	1.09
CoStar Group, Inc.	0.92
Microsoft Corporation	0.88

Sage Therapeutics, Inc. remains laser-focused on developing novel drugs for central nervous system disorders. First quarter stock outperformance was driven by positive Phase 3 clinical-trial data for major depression in January and in March, FDA approval of its intravenous drug, branded Zulresso, for postpartum depression. Additionally, Sage has announced its expansion into disease indications like Parkinson's and tremor. We expect maturation of the development pipeline combined with positive commercial execution to continue to drive share appreciation. (Josh Riegelhaupt)

Amazon.com, Inc. shares were up solidly in the first quarter on the back of strong fourth quarter financial results, supporting what we view as the company's transition to an emphasis on profitable growth rather than just top-line growth. During the fourth quarter, Amazon's sales grew 20% but it's operating income grew 78%. On a segment basis, North American sales grew 63% and its operating income rose 22%; AWS sales grew 45% and its operating income expanded 61%; and International sales grew 15% and its operating loss receded by over 30%. While penetration of e-commerce is rising rapidly, Amazon continues to grow its total addressable market at an unprecedented pace. For example, we believe Amazon's advertising business – approaching a $10 billion business today – has the potential to generate $30 billion in the next four years and substantially improve Amazon's core margins. In the meantime, AWS remains the runaway leader in the vast, and still rapidly growing, public cloud infrastructure market. Amazon continues to benefit from its flywheel strategy, where more participation from Prime members drives greater loyalty and purchasing on Amazon.com. Paid Prime membership exceeds 100 million households globally. We continue to think Amazon is a good bet to become the most valuable company on earth sometime soon. (Ashim Mehra)

Shares of P&C insurance software vendor **Guidewire Software, Inc.** contributed to performance in the quarter. Guidewire has broken out as the gold standard of core systems vendors. The company is early in its core system replacement cycle, and it has tripled its addressable market through cloud delivery of its software and new digital products – digital transformation for the P&C industry. In early March, Guidewire's fiscal second quarter financial results beat Street expectations, and on the earnings conference call CEO Marcus Ryu told investors that the company had "advancing momentum" in cloud deals, closing one deal with TD Insurance and expanding commitments with two other large Tier 1 P&C insurers. Moreover, the company increased the number of cloud deals it expected to close in fiscal 2019. Over time, we believe that Guidewire will be the most critical software vendor for the $2 trillion global P&C insurance industry, capturing 30% to 50% of its $15 billion to $30 billion total addressable market and generating margins above 40%. (Neal Rosenberg)

Shares of **CoStar Group, Inc.**, a real estate information and marketing services company, contributed to performance after providing better-than-expected 2019 guidance. Business trends are excellent, with the company's bookings improving by approximately 15% year-over-year. We are excited about the successful integration of ForRent into Apartments.com, and see sustained 20%+ growth in the multi-family market. We expect the company to begin to raise prices given its unique competitive position in commercial real estate data. Over time, we believe that CoStar has an even larger opportunity to optimize its Premium Lister product. (Neal Rosenberg)

Microsoft Corporation is a software mega cap 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 and Dynamics 365. Shares of Microsoft performed well during the first quarter as the company continued to deliver strong results for its cloud businesses, growing 48% year-over-year, with increasing margins. We retain conviction in Microsoft due to the strong moat it has built around its business, based on the wide reach of its sales channel into enterprises, its hybrid-cloud offering and its positioning in the public cloud market. (Guy Tartakovsky)

Table III.
Top detractors from performance for the quarter ended March 31, 2019

	Percent Impact
Tesla, Inc.	–0.54%
Stamps.com Inc.	–0.26
Take-Two Interactive Software, Inc.	–0.11
Aquantia Corp.	–0.11
Zillow Group, Inc.	–0.07

Tesla, Inc. designs, manufactures and sells fully electric vehicles (EVs), solar products and energy storage solutions. While Tesla's stock remains volatile – it was a detractor in the third quarter of 2018, a contributor in the fourth quarter and again a detractor this 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. Based on our in-depth research on all three of these trends, we continue to believe that Tesla has a multi-year lead and significant competitive advantages in the first two – electric motors/batteries and Autopilot – and will likely emerge as an important player in ridesharing. For example, the Model 3 has not only captured leading market share in the premium sedan segment in the U.S. and now many European markets, it has proven to be a far more efficient vehicle than any competitive offering: with measurable electric drivetrain efficiency of 4.1 miles per kilowatt hour versus 2.6 for the Jaguar iPace, 2.4 for the Audi e-tron, 2.5 for the Porsche Taycan, 2.8 for the Mercedes EQC and 3.2 for the BMW iX3. Regarding Autopilot, Tesla recently introduced a more advanced Navigate on Autopilot, which can autonomously drive the car from highway on-ramp to off-ramp, making lane changes without driver confirmation. In autonomous driving, Tesla possesses a key and growing asset that none of its competitors have: billions of miles of data collected. Tesla has announced an autonomous driving-focused investor day on April 22 and we are looking forward to what it will announce and demonstrate for investors. This quarter, the stock reacted negatively to recent news around challenges shipping Model 3s for the first time to Europe and China and the headwind of lower U.S. tax incentives for EVs. Tesla delivered fewer cars than expected during the first quarter. We believe the market's hyper-focus on quarter-to-quarter deliveries is myopic and misplaced. We believe Tesla is at the forefront of disruptive innovation in the automotive and transportation industries, and will soon be selling millions of EVs globally at attractive margins. (Ishay Levin)

Stamps.com Inc. provides multi-carrier software for e-commerce merchants to efficiently manage their shipping operations. Shares of Stamps declined during the first quarter after the company announced it was terminating its exclusive agreement with the United States Postal Service, which represented a material part of the company's revenues and profits. We sold our shares following the announcement. (Guy Tartakovsky)

Shares of **Take-Two Interactive Software, Inc.**, a leading video game publisher, detracted from performance. The company reported relatively solid fiscal third quarter earnings and gave optimistic commentary about the future. However, the stock traded down because of: (1) negative video game industry sentiment from heightened competition, including free-to-play games, like Fortnite; (2) lower-than-expected fiscal fourth quarter guidance, due mostly to the timing of online content releases, a short-term issue, and the belief that gamers rushed to buy Red Dead Redemption, pulling sales into the third quarter from the fourth; and (3) unknowns regarding the ramp of Red Dead Redemption online. We retain conviction in the company and believe that Take-Two has an excellent management team, continues to benefit from the shift to digital and has great intellectual property that continues to perform well. (Adam Lieb)

Aquantia Corp. is a fabless semiconductor company, focusing on selling integrated chips and adapters that enable multi-gigabit Ethernet connectivity over copper cabling. Aquantia sells into the data center, enterprise, access and automotive markets. Shares of Aquantia declined in the quarter due to a pause in orders from its key customer in the data center market due to an inventory correction, resulting in reduced expectations for 2019 revenue and profitability. We sold the shares to capture short-term tax losses and are continuing our research on the company. (Guy Tartakovsky)

Zillow Group, Inc. operates leading U.S. real-estate sites, a mortgage marketplace and now the Zillow Offers home-buying business. Shares declined for the period held given the company's ongoing efforts to grow its nascent, capital-intensive Offers business. In our view, Offers can substantially grow Zillow's addressable market not only in houses that can be bought and sold via Offers, but also in additional leads that Offers could provide to the core Premier Agent segment. Lastly, we view Zillow as well positioned to capitalize on the large opportunity in online real estate advertising. (Ashim Mehra)

Portfolio Structure

The Fund invests in secular growth, innovative businesses across all market capitalizations. As of the end of the first quarter, the largest market cap holding in the Fund was $904.9 billion and the smallest was $723 million.

The median market cap of the Fund was $16.5 billion. The Fund had $449.3 million of assets under management. The Fund had investments in 62 securities. The Fund's top 10 positions accounted for 38.6% of the portfolio.

Table IV.
Top 10 holdings as of March 31, 2019

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Amazon.com, Inc.	$874.7	$26.7	5.9%
Microsoft Corporation	904.9	24.5	5.5
Guidewire Software, Inc.	7.9	23.6	5.2
Alphabet Inc.	816.8	22.7	5.1
Gartner, Inc.	13.6	20.3	4.5
argenx SE	4.7	11.8	2.6
Tesla, Inc.	48.3	11.3	2.5
CoStar Group, Inc.	17.0	11.3	2.5
Sage Therapeutics, Inc.	8.1	10.8	2.4
Electronic Arts Inc.	30.4	10.6	2.4

Recent Activity

Table V.
Top net purchases for the quarter ended March 31, 2019

	Quarter End Market Cap (billions)	Amount Purchased (millions)
GDS Holdings Limited	$ 5.0	$4.3
Paypal Holdings, Inc.	121.8	2.8
Alexandria Real Estate Equities, Inc.	16.1	2.7
Zillow Group, Inc.	7.1	2.2
Take-Two Interactive Software, Inc.	10.7	2.1

GDS Holdings Limited is the leading developer and operator of carrier-neutral data centers in Tier 1 cities in China, with a customer base of over 600 predominantly large technology and internet companies. We participated in the company's follow-on offering in March 2019, which provided GDS with growth capital for the next several years and removes a key overhang for the stock. We believe GDS represents a compelling investment opportunity because: (1) the Chinese digital economy is in the early stages of growth with relatively low national internet penetration and China cloud adoption is still in the initial innings with yearly spending only 10% of the U.S. despite a much larger population; (2) GDS enjoys "preferred provider" status with some of the fastest growing technology players such as Baidu, Alibaba and Tencent; (3) its data centers are concentrated in Tier 1 cities such as Beijing, Shanghai, Shenzhen, Guangzhou and Chengdu, which have higher barriers to entry (such as land, power, permitting); (4) the company generates attractive returns on investment of 25%+ at the data center level; and (5) we believe GDS will grow its cash flow by almost three times over the next two years, and the shares are attractively valued relative to its future growth rate.

We initiated a position in **Paypal Holdings, Inc.**, a leading enabler of digital payments for consumers and merchants worldwide. Paypal is a prime beneficiary of the secular growth of e-commerce due to the ease and security of the Paypal checkout button. With 246 million consumers and 21 million merchants, Paypal enjoys a dominant competitive position from an acceptance network that is multiple times larger than its competitors'. The company is gaining share with its e-commerce payment volumes growing at a low-20% pace compared to mid-teens growth in global e-commerce. These share gains are due to expanding merchant acceptance, growth in active users and increasing user engagement. Moreover, Paypal is in the early stages of generating revenue from Venmo, its popular peer-to-peer money transfer service, by adding Venmo as a payment option for online merchants. Margin expansion should continue by leveraging non-transaction expenses. Paypal has net cash on its balance sheet and generates significant free cash flow, which is being used for share repurchases and strategic acquisitions.

Alexandria Real Estate Equities, Inc. is the largest REIT focused on owning, operating, developing, redeveloping and acquiring office buildings for the life sciences industry. Alexandria was the first REIT to identify and pursue the laboratory niche, which gave them a first mover advantage in core life sciences cluster locations, including Greater Boston, the San Francisco Bay Area, San Diego, New York City, Seattle 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. We believe the company's competitive advantages include irreplaceable locations near research institutions, strong relationships with health care tenants, expertise in developing life sciences real estate, dominant market share positions, a national footprint and tenant credit underwriting expertise. We believe Alexandria's business fundamentals are strong, with unprecedented demand growth, limited supply, continued rent growth and manageable lease expirations. Management, for whom we have great respect, has a five-year growth plan to double revenues through organic growth and accretive development. We think the stock trades at a reasonable valuation and has scarcity value as the only pure play life sciences REIT.

We re-invested in **Zillow Group, Inc.**, when founder Rich Barton – who we have known and invested with for almost 20 years – took over day-to-day management of the business as the company's CEO. As our investors may recall, we exited Zillow during the first half of 2018 when the company announced a change in its business strategy and model towards deploying capital to purchase and re-sell homes – the Zillow Offers business – saying we wanted to evaluate it further. Since that time, we have had many meetings and phone calls with the company, particularly with Rich and his new senior team, and decided to re-establish a small position. Rich returned to the helm of the company because of his passion for and belief in the size of the Zillow Offers opportunity, which he has described as Zillow's "moonshot" and "cross[ing] our own chasm." Rich has sat on the board of Netflix for over 18 years, and he compared Zillow's new opportunity with Netflix crossing its own chasms from mailing DVDs to streaming and from other people's content to original content. Rich believes the current process of moving – buying and selling a home – is "fraught" and "a daunting process." He's convinced that Zillow – with differentiated assets such as 150 million unique users, years of Zestimates data and the top brand and consumer mindshare in the digital real estate space – will change the way homes are bought and sold in the U.S. – it will "Uber-ize" the transaction. Lastly, Rich bought $20 million of additional Zillow stock. He sees uncapped upside potential without putting the entire Zillow enterprise at risk. We're with Rich.

We continued to build our position in **Take-Two Interactive Software, Inc.**, a leading video game publisher, during the period. Despite continuing to report solid earnings and even raising fiscal year 2019 guidance on its fiscal second quarter in November, the stock traded off towards year end due largely to the broader market sell-off. Longer term, we believe that Take-Two is well positioned for success based on a number of factors: its uniquely strong intellectual property portfolio (key game franchises include Grand Theft Auto, Red Dead Redemption and NBA 2K); margin expansion potential driven by the industry-wide shift to digital (digital downloads, in-game revenue and future streaming services); the opportunity to have a more regular release slate; increased mobile gaming penetration; eSports; a strong balance sheet; and an experienced and proven management team.

Table VI.
Top net sales for the quarter ended March 31, 2019

	Quarter End Market Cap or Market Cap When Sold (billions)	Amount Sold (millions)
Aquantia Corp.	$ 0.3	$3.7
The Trade Desk	8.8	3.2
Varonis Systems, Inc.	1.6	2.6
CoStar Group, Inc.	17.0	2.6
Wix.com Ltd.	5.8	2.2

We trimmed our holdings in **The Trade Desk**, **CoStar Group, Inc.** and **Wix.com Ltd.** after strong runs in their stocks to manage position sizes in those names. We retain conviction in the long-term opportunity of all three companies. Each remains a meaningful position in the portfolio.

We sold **Aquantia Corp.** to realize a short-term tax loss, as described above.

We sold **Varonis Systems, Inc.** after the company announced a transition in its business model from paid-upfront perpetual licensed software to a software-as-a-service subscription approach. While we agree with this shift, we have witnessed the uncertainties and challenges of other companies going through this type of a transition. We remain fans of the Varonis management team and plan to stay in close contact with the company as it proceeds through this transition.

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

Baron Opportunity Fund

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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.

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