Dear Baron Partners Fund Shareholder:

Performance

Baron Partners Fund (the "Fund") performed well on an absolute and relative basis during the three months ended December 31, 2019. The Fund gained 17.74% (Institutional Shares) per share in the period. The Russell Midcap Growth Index (the "Benchmark") rose 8.17%, the Morningstar US Fund Mid-Cap Growth Category Average increased 8.05%, and the S&P 500 Index gained 9.07%.

For the year 2019, Baron Partners Fund's returns were also favorable. The Fund rose 45.38% per share. That compares to the Russell Midcap Growth Index and the Morningstar US Fund Mid-Cap Growth Category Average, which gained 35.47% and 32.52%, respectively. The S&P 500 Index rose 31.49%.

Table I.
Performance
Annualized for periods ended December 31, 2019

	Baron Partners Fund Retail Shares[1,2,3]	Baron Partners Fund Institutional Shares[1,2,3,4]	Russell Midcap Growth Index[2]	S&P 500 Index[2]
Three Months[5]	17.63%	17.74%	8.17%	9.07%
One Year	44.99%	45.38%	35.47%	31.49%
Three Years	23.18%	23.51%	17.36%	15.27%
Five Years	13.60%	13.90%	11.60%	11.70%
Ten Years	16.09%	16.40%	14.24%	13.56%
Fifteen Years	10.87%	11.08%	10.15%	9.00%
Since Conversion (April 30, 2003)	14.16%	14.35%	11.96%	10.08%
Twenty Years	9.84%	10.00%	6.60%	6.06%
Since Inception (January 31,1992)	13.28%	13.39%	10.05%	9.89%

MICHAEL BARON
CO-PORTFOLIO MANAGER

RON BARON
CEO AND LEAD PORTFOLIO MANAGER

Retail Shares: BPTRX
Institutional Shares: BPTIX
R6 Shares: BPTUX

Markets continued the bull market run that began immediately following the 2008 Financial Crisis. The Fund's performance has exceeded its benchmark's returns over that period as well as since inception on January 31, 1992. The Fund's returns have also surpassed its benchmark's returns over the past 1-, 3-, 5- and 10-year periods.

While Baron Partners Fund has a "concentrated" portfolio (30 holdings with its top 10 positions accounting for 94.1% of net assets), the Fund is diversified across four basic categories. We believe this reduces the Fund's portfolio volatility since each category tends to behave differently in different economic environments. Very fast-growing companies, which we define as **Disruptive Growth**, are 52.4% of average weighted assets; **Core Growth** investments are 15.5%; **Real/Irreplaceable Asset** businesses are 32.1%; and, **Financials** companies account for 26.9%.

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares as of December 31, 2018 was 2.03% (comprised of operating expenses of 1.32% and interest expense of 0.71%) and Institutional Shares was 1.77% (comprised of operating expenses of 1.06% and interest expense of 0.71%). 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.

1 Reflects the actual fees and expenses that were charged when the Fund was a partnership. The predecessor partnership charged a 20% performance fee after reaching a certain performance benchmark. If the annual returns for the Fund did not reflect the performance fees the returns would be higher. The Fund's shareholders will not be charged a performance fee. The predecessor partnership's performance is only for periods before the Fund's registration statement was effective, which was April 30, 2003. During those periods, the predecessor partnership was not registered under the Investment Company Act of 1940 and was not subject to its requirements or the requirements of the Internal Revenue Code relating to registered investment companies, which, if it were, might have adversely affected its performance.

2 The indexes are unmanaged. The index performance is not Fund performance; one cannot invest directly into an index. The Russell Midcap® Growth Index measures the performance of medium-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 Russell Midcap Growth Index, the S&P 500 Index 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.

3 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.

4 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.

5 Not annualized.

BARON FUNDS 1987

The Disruptive Growth category had the largest favorable impact on results during the last quarter. The group gained 20.86% largely driven by the performance of **Tesla, Inc.** and **Zillow Group, Inc.** Both companies are entering a new phase of their growth cycles and the companies are achieving impressive results.

There have been (and continue to be) many skeptics of Tesla. Most of them believed the company could not develop the technology, generate demand for and cost-effectively produce electric vehicles at scale, and obtain financing for its growth ambitions (to name a few of the often-cited criticisms). Tesla has shown these concerns to be unfounded. The company delivered 303,000 of its economically priced Model 3 vehicles in 2019, double the amount delivered in 2018. We believe total deliveries can grow approximately 50% again in 2020 as its newly opened China facility ramps up production and its U.S. plant continues to increase its output. We believe the company will continue to experience growth with new facilities planned in Europe and new vehicle model launches that we think can be even more popular than its existing lineup. Tesla's manufacturing costs have also declined as it is implementing lessons learned to make the production more efficient and benefits from its scale. Tesla's solar panel and energy storage businesses could bring added benefits.

Zillow's shift in its strategic business plan is also bearing results. Its core business has seen a re-acceleration in growth with the introduction and user acceptance of its Premier Agent product. This tool moves the company from generating revenue based on real estate leads to participating in the commissions of sales agents. That has increased the productivity, caliber, and retention of its independent agents. Further, we expect the company to expand its Homes business line to a national footprint this coming year. Early results are promising, and investors have so far underestimated the ancillary revenue achievable through Zillow's ability to purchase and sell homes.

Tesla and Zillow demonstrate the benefits of long-term investing. We purchased shares of both companies during periods of great investor skepticism. This was when their business plans were questioned making their prospects seem uncertain. This created opportunity for long-term investors like us who do our own research rather than rely upon recommendations based upon what we believed were inaccurate narratives. Those purchases are what drove the Fund's exceptional returns in the quarter.

However, we believe such significant long-term investments can only be successfully made if there are other more stable holdings in the portfolio to minimize volatility. Core Growth businesses like **IDEXX Laboratories, Inc.** and **Gartner, Inc.** have steadier growth prospects. Real/Irreplaceable Assets businesses have tangible properties that are less subject to competition. Companies like **Hyatt Hotels Corp.** and **Vail Resorts, Inc.** invest in their properties to offer a superior service vs. their competitors, which also increases asset values. Financial businesses' returns are generally more correlated with the economy and interest rates (factors that we feel are unpredictable in the short run). However, the Fund's Financials holdings tend to be "capital-light" businesses that are gaining market share (**The Charles Schwab Corp.**), offering deeper product sets (**FactSet Research Systems, Inc.**) and are selectively increasing price (**Arch Capital Group Ltd.**).

Table II.
Total returns by category for the quarter ended December 31, 2019

	% of Net Assets (as of 12/31/2019)	Total Return (%)	Contribution to Return (%)
Disruptive Growth	**52.44**	**20.86**	**10.80**
Tesla, Inc.	16.87	73.67	8.63
Zillow Group, Inc.	4.53	54.71	1.90
Spotify Technology S.A.	0.55	31.13	0.19
Iridium Communications Inc.	1.40	15.15	0.26
Virgin Galactic Holdings, Inc.	0.06	11.06	0.01
Guidewire Software, Inc.	4.85	4.16	0.28
CoStar Group, Inc.	18.42	0.81	–0.04
Space Exploration Technologies Corp.	5.15	–5.10	–0.37
Benefitfocus, Inc.	0.60	–7.85	–0.07
Real/Irreplaceable Assets	**32.14**	**15.64**	**5.05**
Marriott Vacations Worldwide Corp.	3.95	24.80	0.96
Hyatt Hotels Corp.	8.55	22.07	1.71
Manchester United plc	3.80	21.89	0.73
Red Rock Resorts, Inc.	1.10	18.46	0.21
Gaming and Leisure Properties, Inc.	3.16	14.46	0.50
Norwegian Cruise Line Holdings, Ltd.	1.43	12.78	0.17
Vail Resorts, Inc.	8.13	6.97	0.70
MGM Growth Properties LLC	0.43	4.65	0.02
Douglas Emmett, Inc.	1.59	3.16	0.05
Russell Midcap Growth Index		**8.17**	
Financials	**26.94**	**7.81**	**2.31**
MSCI, Inc.	0.52	18.89	0.10
Air Lease Corp.	0.83	14.21	0.17
The Charles Schwab Corp.	5.06	14.15	0.72
FactSet Research Systems, Inc.	7.57	10.73	0.91
Brookfield Asset Management, Inc.	2.12	8.88	0.22
Kinsale Capital Group, Inc.	–	5.96	0.00
Arch Capital Group Ltd.	10.83	2.17	0.17
Windy City Investments Holdings, L.L.C.	0.01	0.39	0.00
Core Growth	**15.51**	**0.15**	**0.07**
NVIDIA Corporation	–	19.09	0.03
GDS Holdings Limited	0.29	11.94	0.01
Activision Blizzard, Inc.	1.03	11.10	0.10
Gartner, Inc.	4.66	7.76	0.47
IDEXX Laboratories, Inc.	8.62	–3.97	–0.46
HEICO Corporation	0.91	–8.34	–0.09
Cash	**–27.02**	**–0.02**	**0.01**
Fees and Interest Expense	**–**	**–0.50**	**–0.55**
Total	**100.00**	**17.68***	**17.68***

Sources: FactSet PA, BAMCO, and Russell, Inc.

* Represents the blended return of all share classes of the Fund.

Table III.
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
Tesla, Inc.	2014	$21.9	$75.4	73.6%	8.63%
Zillow Group, Inc.	2015	4.3	9.5	54.75	1.90
Hyatt Hotels Corp.	2009	4.2	9.2	22.07	1.71
Marriott Vacations Worldwide Corp.	2018	3.2	5.4	24.80	0.96
FactSet Research Systems, Inc.	2007	2.5	10.2	10.73	0.91

Tesla, Inc. designs, manufactures, and sells fully electric vehicles, solar products, and energy storage solutions. Strong quarterly results increased investor confidence and generated stock appreciation. Tesla noted strong demand trends, market share growth, and improved gross margins, cost controls, and cash generation, leading to increased revenue and free cash flow. Tesla's China factory project is moving ahead of schedule, and investors are anticipating that the new Model Y will positively impact the company's P&L.

Zillow Group, Inc. operates leading U.S. real estate sites, a mortgage marketplace, and the Zillow Offers home-buying business. Shares appreciated on strong quarterly results due to acceleration in the core Premier Agent business and continued traction in the Offers business. We believe Zillow is well positioned to capitalize on the large opportunity in online real estate advertising, with substantial upside from its Offers business which we think can grow Zillow's addressable market in homes for sale and generate additional leads for Zillow Premier Agents.

Shares of global hotelier **Hyatt Hotels Corp.** increased in the fourth quarter on news that the company sold two assets while retaining the management contracts. Hyatt continues to execute on its asset-light strategy and use the proceeds from the sales for share repurchases, a sign it sees value in its stock. Hyatt expects that two-thirds of EBITDA will be generated from fees and one-third from owned properties upon completion of an expected $1.5 billion in asset sales over the next two years. The company also has a strong balance sheet and trades at an attractive valuation.

Shares of timeshare company **Marriott Vacations Worldwide Corp.** increased in the fourth quarter as the company's Starwood timeshare contract sales continued to accelerate and the company increased synergies from its acquisition of Interval Leisure. The combined company continues to generate significant free cash flow that it is using to buy back its stock, a sign that it sees value in the equity even after the run-up in the share price during 2019.

FactSet Research Systems, Inc., a leading provider of investment management tools, contributed to performance. The company announced fiscal fourth quarter earnings in late September that included weak guidance for fiscal year 2020 and a new three year investment plan. The stock fell on this news that came at the end of the third quarter, but has since recovered nicely in the fourth quarter on limited incremental news. We retain conviction in FactSet due to the large addressable market, consistent execution on both new product development and financial results, and robust free cash flow generation.

Table IV.
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.	2013	$4.7	$22.4	–3.97%	–0.46%
Space Exploration Technologies Corp.	2017	–	–	–5.10	–0.37
HEICO Corporation	2018	8.5	13.4	–8.34	–0.09
Benefitfocus, Inc.	2015	1.1	0.7	–7.85	–0.07
CoStar Group, Inc.	2005	0.7	21.9	0.83	–0.04

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.

HEICO Corporation is an aerospace & defense company that manufactures FAA-approved parts and system sub-components. The stock price pulled back on profit taking and conservative guidance after a significant run-up in the first three quarters of 2019. We expect HEICO's defense business to grow over the long term as government budget increases flow through to outlays. In addition, the aerospace business should ramp for the next decade as aircraft deliveries from a decade ago reach prime aftermarket maintenance age. The Boeing 737 MAX grounding also continues to help the aftermarket.

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 **CoStar Group, Inc.**, a real estate information and marketing services company, detracted in the quarter after strong performance earlier in the year. Business trends are outstanding, with the company's bookings improving by approximately 14% year-over-year in its most recently reported quarter. We are optimistic about the company's incremental investment in the multi-family marketing space. While this investment will reduce earnings in 2020, we believe it will generate attractive returns for shareholders over the intermediate and long term.

INVESTMENT STRATEGY AND PORTFOLIO STRUCTURE

The objective of Baron Partners Fund is to double its value per share within five years. Our strategy to accomplish this goal is to invest for the long term in a focused portfolio of appropriately capitalized, well-managed growth businesses at attractive prices across market capitalizations. We attempt to create a portfolio of approximately 30 securities diversified by GICS sectors, with the top 10 positions representing a significant portion of net assets. The Fund uses leverage to enhance returns, although this may increase the volatility of returns. These businesses are identified by our Firm's proprietary research. We think these well-managed businesses have sustainable competitive advantages and strong, long-term growth opportunities.

As of December 31, 2019, Baron Partners Fund held 30 investments. The median market capitalization of these growth companies was $9.8 billion. The top 10 positions represented 94.1% of net assets. Leverage was 27.0%.

Baron Partners Fund

Table V.
Performance
Millennium to Present. The Impact of Not Losing Money.

	Millennium Internet Bubble to Financial Panic 12/31/1999 to 12/31/2008		Financial Panic to Present 12/31/2008 to 12/31/2019		Millennium Internet Bubble to Present 12/31/1999 to 12/31/2019		Inception 1/31/1992 to 12/31/2019	
	Value $10,000	Annualized	Value $10,000	Annualized	Value $10,000	Annualized	Value $10,000	Annualized
Baron Partners Fund (Institutional Shares)	$11,479	1.54%	$58,586	17.44%	$67,249	10.00%	$334,128	13.39%
Russell Midcap Growth Index	$ 6,488	(4.69)%	$55,380	16.84%	$35,929	6.60%	$144,849	10.05%
S&P 500 Index	$ 7,188	(3.60)%	$45,104	14.68%	$32,421	6.06%	$139,232	9.89%

The long-term absolute and relative performance of the Fund has been very good. The Fund has returned 13.39% annualized since its inception in 1992 beating its Benchmark by 3.34% per year. Absolute annualized returns over the past three years have surpassed the Fund's historical average. Three-year annualized returns were 23.51%, beating the Benchmark by 6.15% annualized. The prior 10-year period has also been very strong with the Fund having an annualized return of 16.40%, 2.16% better than its Benchmark.

In addition to viewing the Fund's returns in yearly periods, we believe it is helpful to understand how the Fund has performed in various economic cycles. We are amid an economic expansion following the 2008 Financial Panic. This 11-year period has seen steady financial growth and stock market appreciation. The Fund has performed very well in this period. Had you hypothetically invested $10,000 in the Fund on 12/31/2008, it would be worth $58,586 today. Had you mimicked the Benchmark returns, that $10,000 would be worth $55,380 if you hypothetically invested in the Russell Midcap Growth Index or $45,104 if you hypothetically invested in the S&P 500 Index. (Please see Table V – Financial Panic to Present.)

We believe it is equally important to understand how the Fund performed during more challenging economic times. The nine-year period from the internet bubble collapse through the financial panic (12/31/1999 to 12/31/2008) was an unusually difficult period. The Russell Midcap Growth Index and S&P 500 Index fell 4.69% and 3.60% annualized, respectively. A $10,000 hypothetical investment in these indexes would be worth only $6,488 and $7,188, respectively, at the end of that nine-year period. Baron Partners Fund, however gained 1.54% annualized. $10,000 hypothetically invested in the Fund was worth $11,479 after the nine years; the Fund preserved (and slightly grew) capital during this challenging economic time. This was because its investments in high-quality growth businesses at attractive prices were able to weather this difficult environment. (Please see Table V – Millennium Internet Bubble to Financial Panic.)

The capital preservation and modest growth during difficult times is what we believe sets the Fund apart and has made its long-term performance exceptional. **A $10,000 hypothetical investment at the inception of the Fund in 1992 would be worth $334,128 today. That same $10,000 would be worth less than half that amount had you hypothetically invested in the Russell Midcap Growth Index or the S&P 500 Index. Those investments would be worth only $144,849 and $139,232, respectively.**

While we are extremely pleased with the returns generated last quarter, last year, and during the past 10-year moderate economic expansion, the Fund ranks in the top 1st percentile of its category since its conversion to a mutual fund on April 30, 2003.* Of course, we cannot assure you that this outperformance will continue. However, we can assure you that we will try as hard as we can to continue to outperform.

Portfolio Holdings

Table VI.
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 Total Investments
CoStar Group, Inc.	2005	$ 0.7	$21.9	$502.6	14.5%
Tesla, Inc.	2014	21.9	75.4	460.2	13.3
Arch Capital Group Ltd.	2002	0.6	17.4	295.5	8.5
IDEXX Laboratories, Inc.	2013	4.7	22.4	235.0	6.8
Hyatt Hotels Corp.	2009	4.2	9.2	233.2	6.7
Vail Resorts, Inc.	2008	1.6	9.7	221.8	6.4
FactSet Research Systems, Inc.	2007	2.5	10.2	206.6	6.0
Space Exploration Technologies Corp.	2017	–	–	140.5	4.1
The Charles Schwab Corp.	1992	1.0	61.1	137.9	4.0
Guidewire Software, Inc.	2017	6.0	9.1	132.3	3.8

Thank you for joining us as fellow shareholders in Baron Partners Fund. We continue to work hard to justify your confidence and trust in our stewardship of your hard-earned savings. We remain dedicated to continuing to provide you with the information we would like to have if our roles were reversed. This is so you will be able to make an informed decision about whether this Fund remains an appropriate investment for you and your family.

Respectfully,

Ronald Baron
CEO and Lead Portfolio Manager

Michael Baron
Co-Portfolio Manager

* Morningstar calculates the **Morningstar US Fund Mid-Cap Growth Category** Average using its 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 12/31/2019, the Category consisted of 618, 501, 385, and 235 share classes for the 1-, 5-, 10-year, and since conversion (4/30/2003) periods. Morningstar ranked **Baron Partners Fund** Retail Share Class in the 1st, 9th, 3rd, and 1st percentiles, respectively. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied, adapted or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information, except where such damages or losses cannot be limited or excluded by law in your jurisdiction. Past financial performance is no guarantee of future results.

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Risks: The Adviser believes that there is more potential for capital appreciation using non-diversification and leverage, but there also is more risk. Specific risks associated with non-diversification and leverage include increased volatility of the Fund's returns and exposure of the Fund to greater loss in any given period. The Fund invests in companies of all sizes, including small and medium sized companies whose securities may be thinly traded and made difficult to sell during market downturns. Leverage is the degree to which an investor or business is utilizing borrowed money. 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.

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