DEAR BARON PARTNERS FUND SHAREHOLDER:

PERFORMANCE

The three months ended December 31, 2018 was a very difficult period for domestic equity markets. Baron Partners Fund's (the "Fund") investments, with few exceptions, did not withstand the market "correction." The Fund declined 16.72% (Institutional Shares) in the fourth quarter. This performance was roughly in line with the Russell Midcap Growth Index, which declined 15.99%, and worse than the S&P 500 Index, which fell 13.52%. According to Morningstar, the Fund slightly outperformed the Morningstar US Fund Mid-Cap Growth Category Average ("Category Average"), which fell 17.57% in the period. Although 17 of the 31 securities held by the Fund during the period, representing 69.3% of the Fund's net assets, and 54.6% of its gross assets, on a weighted average basis, outperformed the Russell Midcap Growth Index, the negative effect of leverage in a down market overshadowed positive stock selection.

Baron Partners Fund's returns for the full year were better on a relative basis than those of its benchmark indexes. The steep declines in the last quarter, however, made the Fund's absolute return negative for the trailing 12 months. In 2018, Baron Partners Fund Institutional Shares fell 1.75%. The Russell Midcap Growth Index and the S&P 500 Index declined 4.75% and 4.38%, respectively. According to Morningstar, the Category Average declined 6.65% in 2018.

MICHAEL BARON CO-PORTFOLIO MANAGER | RON BARON CEO AND LEAD PORTFOLIO MANAGER | Retail Shares: BPTRX Institutional Shares: BPTIX R6 Shares: BPTUX

Table I.
Performance
Annualized for periods ended December 31, 2018

	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]	(16.76)%	(16.72)%	(15.99)%	(13.52)%
One Year	(2.01)%	(1.75)%	(4.75)%	(4.38)%
Three Years	10.28%	10.56%	8.59%	9.26%
Five Years	7.55%	7.83%	7.42%	8.49%
Ten Years	14.67%	14.96%	15.12%	13.12%
Fifteen Years	10.74%	10.92%	8.98%	7.77%
Since Conversion (April 30, 2003)	12.43%	12.61%	10.61%	8.84%
Twenty Years	8.74%	8.88%	7.19%	5.62%
Since Inception (January 31, 1992)	12.25%	12.35%	9.20%	9.16%

Baron Partners Fund's portfolio consists of businesses with faster growth rates on average than its primary benchmark, the Russell Midcap Growth Index. The Fund's holdings also have higher valuations than the securities in the benchmark based on price to sales, price to earnings, and price to cash flow metrics. This is because their valuations accord some weight to the expected growth of those businesses. Not enough, in our opinion, but some. When stock prices undergo significant and highly-correlated corrections, stock prices of rapidly growing businesses are often penalized more than stocks of slower growing, more mature businesses. This is because sometimes investors discount future earnings streams more (the result of higher interest rates) and give more weight to the uncertainty of future projections (the result of a potentially slowing economy). When stock prices recover, share prices of such businesses in the past have generally recovered more rapidly than stocks in the benchmark. This is because the benchmark includes many slower growing, more mature, cyclical businesses. We believe the growth businesses in which we have invested offer the best return potential over extended time periods, which is why Baron Partners Fund has significantly outperformed its benchmark over the long term.

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares as of December 31, 2017 was 1.79% (comprised of operating expenses of 1.34% and interest expense of 0.45%) and Institutional Shares was 1.53% (comprised of operating expenses of 1.08% and interest expense of 0.45%). *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 expenses 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 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.

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Shares of businesses that we regard as "inflation hedges" fell more than the market in 2018. Of late they have been performing better on both a relative and absolute basis. Real estate-related businesses like real estate investment trusts (REITs), hotels, gaming, destination resorts, and real estate service businesses were penalized during 2018 by the steady rise in interest rates. Higher rates caused income streams produced by real estate businesses to be valued for less. Regardless, these businesses have continued to grow, and their replacement costs are continuing to increase. The Fund's exposure to real estate goes beyond traditional REITs and other real estate-related businesses. It extends to information and data services companies, like **CoStar Group, Inc.** and **Zillow Group, Inc.**, that are focused on real estate end markets. While **Marriott Vacations Worldwide Corp.**, **Red Rock Resorts, Inc.**, **MGM Growth Properties LLC**, **Douglas Emmett, Inc.**, and other real estate-related businesses declined in 2018, gains in most of the Fund's top 10 holdings more than offset the underperformance of these stocks.

Table II.
Total returns and KPI growth in 2018 for the Fund's top 10 holdings

	% of Net Assets at 12/31/18	2018 Total Return (%)	KPI (Key Performance Indicator)	2018 KPI Growth (%)
Tesla, Inc.	18.9	6.9	Vehicles Delivered	137.4
CoStar Group, Inc.	15.1	13.6	Subscription Revenue	30.2
Vail Resorts, Inc.	10.0	1.7	Season Pass Sales	15.9
Arch Capital Group Ltd.	9.7	–11.7	BVPS	6.7
Hyatt Hotels Corp.	9.0	–7.4	Management and Franchise Fee EBITDA per Share	17.8
IDEXX Laboratories, Inc.	8.6	19.0	CAG Diagnostics	14.2
FactSet Research Systems, Inc.	7.9	5.0	ASV	6.0
Space Exploration Technologies Corp.	6.6	33.9	Launches	11.1
The Charles Schwab Corp.	6.1	–18.4	Net Income	52.7
Gartner, Inc.	5.5	3.8	Research Salespeople	17.1
Total	97.4	3.5		

Sources: FactSet PA and BAMCO.

Tesla, Inc., **IDEXX Laboratories, Inc.**, **Vail Resorts, Inc.**, **CoStar Group, Inc.**, **Space Exploration Technologies Corp.**, **FactSet Research Systems, Inc.**, and **Gartner, Inc.** managed gains when the broader market was down, as their businesses continued to exhibit excellent growth as measured by Key Performance Indicators (KPIs). As a group, the Fund's top 10 holdings increased 3.5% in 2018 while the Russell Midcap Growth Index declined 4.75% over the same period. While we were pleased with the returns these stocks generated, they did not match the KPI growth of their underlying businesses. This suggests favorable appreciation and opportunity for these businesses.

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		Financial Panic to Present 12/31/2008 to 12/31/2018		Millennium Internet Bubble to Present 12/31/1999 to 12/31/2018		Inception 1/31/1992 to 12/31/2018	
	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%	$40,298	14.96%	$46,257	8.39%	$229,827	12.35%
Russell Midcap Growth Index	$ 6,488	(4.69)%	$40,880	15.12%	$26,522	5.27%	$106,924	9.20%
S&P 500 Index	$ 7,188	(3.60)%	$34,303	13.12%	$24,657	4.86%	$105,891	9.16%

"To make money, buy some good stock, hold it until it goes up, and then sell it. If it doesn't go up, don't buy it." Will Rogers. American Humorist. 1931.

Due to the "magic" of compounding … and not losing money when the benchmark index and most investors had negative returns (from December 31, 1999 to December 31, 2008). . . $10,000 invested in Baron Partners Fund on December 31, 1999 was worth 4.6 times that amount, or $46,257 on December 31, 2018. That is 74.4% more than an investment in a passive index fund or ETF that tracks the Russell Midcap Growth Index during that period. (See Table III-Millennium Internet Bubble to Present.)

Table IV.
Top contributors to performance for the quarter ended December 31, 2018

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap or Market Cap When Sold (billions)	Total Return	Percent Impact
Tesla, Inc.	2014	$21.9	$57.2	25.69%	2.94%
Benefitfocus, Inc.	2015	1.1	1.5	13.03	0.14
MSCI, Inc.	2018	12.5	13.0	7.25	0.02

Tesla, Inc., designs, manufactures and sells electric vehicles, solar products, and energy storage solutions (batteries). Tesla's shares appreciated after announcing very favorable third quarter results. Tesla's earnings and sales exceeded investor expectations, especially its margin profile and working capital generation. Tesla also expressed confidence that it can now support rapid growth from its internally generated cash flow. Tesla is expanding its Model 3 production and sales into new markets. It has also begun construction of a new factory in China and more infrastructure investments in that nation. It is beginning deliveries of cars to China and Europe in the first quarter of 2019 that are being produced in its Fremont, California factory. Tesla's Model 3 has achieved the largest market share of premium, mid-sized sedans in America, beating Mercedes, BMW, Audi, Porsche, and Lexus. (Ishay Levin)

Shares of benefits software vendor **Benefitfocus, Inc.** contributed to performance, driven by accelerating revenue growth and improving margins and free cash flow conversion. Benefitfocus has delivered consistent improvement in bookings, margins, and cash flow in recent quarters. We believe its recent outreach to brokers and carriers to use its platform is a positive development. We expect the company's BenefitsPlace offering to contribute meaningfully to results in 2019 and to accelerate thereafter. The company's ecosystem is expanding, highlighted by an improving partnership with SAP. (Neal Rosenberg)

Shares of **MSCI, Inc.**, a leading provider of investment decision support tools, contributed to performance in the fourth quarter. The company reported solid third quarter earnings results, but the stock traded off for much of the quarter with the broader market. We purchased MSCI late in the quarter and experienced a gain from the time of our investment. While market uncertainty could create some near-term volatility, the company owns strong franchises and stands to benefit from several prominent tailwinds in the coming years, in our view. (Adam Lieb)

Table V.
Top detractors from performance for the quarter ended December 31, 2018

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
CoStar Group, Inc.	2005	$0.7	$12.3	–19.84%	–3.08%
Vail Resorts, Inc.	2008	1.6	8.5	–22.16	–2.36
IDEXX Laboratories, Inc.	2013	4.7	16.0	–25.49	–2.34
Hyatt Hotels Corp.	2009	4.2	7.4	–14.88	–1.23
Marriott Vacations Worldwide Corp.	2018	3.2	3.3	–36.61	–1.22

Shares of **CoStar Group, Inc.**, a real estate information and marketing services company, detracted as technology stocks broadly sold off. Business trends are excellent, with third quarter bookings improving by approximately 28% year-over-year. We are excited about the successful integration of ForRent into the Apartments.com network, and see sustained 20%+ growth in the multi-family market. We expect CoStar to begin to raise prices given its unique competitive position in commercial real estate data. Over time, we believe CoStar has an even larger opportunity to optimize its Premium Lister product. (Neal Rosenberg)

Shares of **Vail Resorts, Inc.**, the largest operator of ski resorts in the world, decreased in the quarter when the company reported season pass sales increased 10% for the 2018/19 ski season, which was slightly lower growth than investors expected. However, since Vail is now assured of almost half its lift ticket revenue before the season even starts, its earnings are more predictable and less susceptible to weather conditions. We believe the company is still able to grow earnings at a double-digit rate and is generating strong cash flow that it is using for dividend increases and accretive acquisitions. (David Baron)

Shares of veterinary diagnostics leader **IDEXX Laboratories, Inc.** detracted from performance. While third quarter financial results were strong, unfavorable weather in Europe and depressed global milk prices slightly reduced overall growth. We retain conviction. In the core companion animal business, competitive trends are outstanding, highlighted by instrument installed base growth of 20%, domestic lab growth more than twice that of its main competitor, and improving sales productivity. New proprietary innovations and a sales force expansion should also contribute to growth, in our view. (Neal Rosenberg)

Shares of global hotelier **Hyatt Hotels Corp.** decreased in the quarter due to investor concern that an uncertain economic outlook would lead to a slowdown in revenue per available room (RevPAR). Hyatt has not experienced a slowdown and continues to take share with low single-digit RevPAR growth. Hyatt is recycling capital at accretive rates by selling assets to buy back shares. The company has an investment grade balance sheet and is generating strong cash flow. (David Baron)

Shares of Marriott Vacations Worldwide Corp., a global manager and developer of timeshare resorts, fell as a result of slower earnings growth at its recently acquired Interval Leisure resorts. The slowdown is in line with company expectations. Marriott expects Interval's growth to reaccelerate next year as it integrates the business and finds efficient ways to expand. We are positive on the acquisition and expect increased synergies over time. Marriott generates strong cash flow that it is using for share buybacks and leverage reduction. (David Baron)

Investment Strategy and Portfolio Structure

The goal of Baron Partners Fund is to double its value per share within five years, although there is no guarantee that this goal will be met. The Fund's strategy is to invest for the long term in a focused portfolio of what we believe are well-managed, appropriately capitalized, fast growing, competitively advantaged businesses at attractive prices across market capitalizations. Although the Fund can invest in stocks regardless of market capitalization, we remain most interested in mid-cap companies. This is because, in general, mid-cap companies are better established and thus less risky than smaller businesses and grow faster than larger ones. Approximately 92.9% of Baron Partners Fund's long positions were invested in smid-, mid-, and mid/large-cap businesses as defined by Russell. As of December 31, 2018, the weighted average market capitalization of Baron Partners Fund's growth companies was $19.4 billion.

We manage a portfolio of fewer than 30 securities diversified by GICS sectors. However, the vast majority of the Fund's assets are invested in its Top 10 holdings. Baron Partners Fund held 28 investments at December 31. The Fund's Top 10 investments represented 97.4% of its net assets and approximately 75% of its gross assets. Leverage utilized at December 31, 2018 was 30.7%. The Fund uses what we consider moderate leverage, to enhance returns and balance its portfolio. This is although leverage may increase the volatility of returns, both positively and negatively, as it did in 2018. The businesses in which Baron Partners Fund invests are identified by Baron's proprietary research.

As you might expect from a Firm that holds itself out as a long-term investor, Baron Partners Fund's average portfolio turnover was 16.62% during the past three years. This implies an average holding period of more than six years. If you review Baron Partners Fund's Top 10 holdings in Table VI, you can see that most of our largest holdings have been owned much longer than that. For example, the Fund has been an investor in Charles Schwab since 1992 and Arch Capital since 2002. Even better is the significant appreciation we have achieved in those two investments and in virtually all others in our Top 10 holdings since their initial purchase. What is more interesting to us, however, is that we believe we have an opportunity to double our money again in these investments over the next five to seven years…and, in several cases we expect that to happen much sooner. Of course, we cannot guarantee that will be the case.

While Baron Partners Fund has outperformed its primary benchmark index since inception by 3.15% annualized (although certainly not every year), according to Morningstar, the Category Average has consistently underperformed the Fund's primary benchmark during the last several calendar years, as well as for the since conversion and since inception periods. We attribute our outperformance to our Firm's process and long-term perspective about virtually everything...including hiring, training, and retaining exceptionally talented and hardworking analysts and portfolio managers…and other Firm employees as well. The investment industry is one that generally experiences high turnover. We have never had a layoff and, we believe, as a result, have generated significant loyalty from our investment professionals. We have not lost an analyst or portfolio manager in four years.

As of 12/31/2018, the annualized returns of the Category Average were (6.65)%, 7.27%, 5.61%, 13.16%, 8.76%, and 8.49% for the 1-, 3-, 5-, 10-year, since conversion (4/30/2003), and since inception (1/31/1992) periods.

In addition to its strong relative performance, the long-term absolute performance of Baron Partners Fund has been very good. The Fund has returned 12.35% annualized since its inception compared to a 9.20% annualized return for the Russell Midcap Growth Index. According to Morningstar Direct, the Morningstar Mid-Cap Growth Category Average increased in value 8.49% per year annualized over the same time frame. We attribute our competitors' underperformance largely to their efforts to "market time" based on unpredictable "macro" developments and their efforts to "asset allocate." In that regard, Larry Fink, the CEO and founder of BlackRock, the largest provider of ETFs in every asset class known to man, was recently interviewed on CNBC's Squawk Box. Larry noted that "80% of investment returns can be attributed to asset allocation." He went on to say "unfortunately, it is very difficult to predict in advance what asset classes will perform best!"

Portfolio Holdings

Table VI.
Top 10 holdings as of December 31, 2018

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Amount (millions)	Percent of Total Investments
Tesla, Inc.	2014	$21.9	$57.2	$369.4	14.5%
CoStar Group, Inc.	2005	0.7	12.3	295.2	11.6
Vail Resorts, Inc.	2008	1.6	8.5	195.2	7.6
Arch Capital Group Ltd.	2002	0.6	10.8	189.7	7.4
Hyatt Hotels Corp.	2009	4.2	7.4	175.8	6.9
IDEXX Laboratories, Inc.	2013	4.7	16.0	167.4	6.6
FactSet Research Systems, Inc.	2007	2.5	7.6	154.1	6.0
Space Exploration Technologies Corp.	2017	–	–	128.9	5.0
The Charles Schwab Corp.	1992	1.0	56.1	120.4	4.7
Gartner, Inc.	2013	5.7	11.6	108.7	4.3

Thank you for joining us as fellow shareholders in Baron Partners Fund. We will continue to work hard to justify your confidence and trust in our stewardship of your hard-earned savings. We will also 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.

Respectfully,

Ronald Baron
CEO and Lead Portfolio Manager

Michael Baron
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 contains 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 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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