Dear Baron Partners Fund Shareholder:

Performance

Baron Partners Fund (the "Fund") continued its excellent performance in both absolute and relative terms. After a brief period in which volatility returned to markets, investor concerns about trade disputes and geopolitical issues once again eased and markets calmed. The Fund capitalized on this market backdrop and rose 11.60% (Institutional Shares) in the three-month period ended June 30, 2018. That compares extremely favorably to the Russell Midcap Growth Index's appreciation of 3.16% and the S&P 500 Index's gain of 3.43%.

The Fund's absolute and relative results since the beginning of the year are equally impressive. The Fund has appreciated 15.50% since December 31, 2017 while the Russell Midcap Growth Index and S&P 500 Index have gained 5.40% and 2.65%, respectively.

Table I.
Performance
Annualized for periods ended June 30, 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]	11.52%	11.60%	3.16%	3.43%
Six Months[5]	15.34%	15.50%	5.40%	2.65%
One Year	18.16%	18.46%	18.52%	14.37%
Three Years	13.21%	13.51%	10.73%	11.93%
Five Years	15.66%	15.96%	13.37%	13.42%
Ten Years	11.28%	11.55%	10.45%	10.17%
Since Conversion (April 30, 2003)	14.08%	14.26%	11.72%	9.66%
Fifteen Years	13.48%	13.66%	11.07%	9.30%
Twenty Years	10.02%	10.16%	8.02%	6.46%
Since Inception (January 31,1992)	13.19%	13.29%	9.80%	9.64%

RONALD BARON

CEO AND PORTFOLIO MANAGER

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

We believe the environment continues to favor active stock picking as the elevated correlations between securities witnessed during the prior few years have returned to normal levels. The economy is strong while reduced government regulations and advantageous tax changes have made businesses more profitable. Job growth has consistently surpassed expectations and unemployment is at multi-year lows. Home prices have risen, and consumer confidence is high. Inflation is a bit elevated and interest rates are slowly rising but both appear manageable. Rising oil prices have not significantly impacted spending or GDP growth.

The high-quality growth companies in which the Fund has invested are being rewarded for their efforts to increase their growth. The scale they have achieved through both acquisitions and organic growth is now producing

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.

meaningful benefits for many of the top contributors to quarterly performance. Many of the top contributors to quarterly performance, **Tesla, Inc.**, **Vail Resorts, Inc.**, **CoStar Group, Inc.**, and **IDEXX Laboratories, Inc.**, have become meaningfully larger over the past few years. Tesla's investment in a new innovative assembly line is improving its production rate and ability to meet demand for its vehicles. Vail's acquisitions of regional ski mountains have provided a meaningful number of new clients for its season pass. Vail's resort diversification and season pass strategies have enabled growth despite poor weather this past year. CoStar is successfully cross-selling previously acquired businesses and products and gaining share through the bankruptcies of competitors. Its valuable product set has allowed it to enforce stricter pricing discipline and to shift clients previously paying below list to market rates. Additionally, the company will eliminate the use of shared accounts which will result in high flow through of incremental revenue. Finally, IDEXX's broad range of tests have allowed the company to bundle products and provide improved pricing terms to their veterinary customers in exchange for higher volume commitments.

Several companies that have detracted from results were impacted by global trade concerns last year. **Air Lease Corp.** and **Fastenal Co.** shares fell over concerns that reciprocal tariffs would impact industry growth and profitability. However, fundamentals for both remain strong. Strong airline passenger growth benefits Air Lease, especially in China where passenger growth was 11% year-over-year. Rising fuel prices increase demand for younger, cost efficient aircraft. Tight supply makes Air Lease's fleet more valuable. Additionally, investors feared **Norwegian Cruise Line Holdings, Ltd.** could be impacted by the strong dollar since approximately 25% of its revenue is internationally based. Higher oil prices also impacted profitability since it's a key component of operating expense. And more ships in the industry increases competition for passengers. However, we believe the company has pricing power and higher cabin yields can more than offset these factors. Demand for cruises remains strong and Norwegian's stock valuation and outlook remains reasonable.

The Fund modestly reduced positions in companies that modified their business plan or had a change in the industry dynamics. Mortgage insurance has become more challenging as competitors reinvest tax breaks into their pricing strategy. We feel **Arch Capital Group Ltd.** may follow suit which could create a revenue growth headwind as its seven-year contracts expire and its shares are unusually cheap relative to book value. **Zillow Group, Inc.** has strong fundamentals but will become more capital intensive through its new Instant Offers initiative of purchasing homes from prospective sellers. We have subsequently become more comfortable with Zillow's new strategy. Instant Offers relieves a major hurdle in connecting agents to customers. We do not expect home inventory to remain on Zillow's balance sheet for long.

Table II.
Performance
Periods Baron Partners Fund underperformed

	Internet Bubble	Baron Growth Stocks Underperform 2014-2016
	Annualized Returns	
	10/8/1998 to 3/9/2000	12/31/2013 to 12/31/2016
Baron Partners Fund (Institutional Shares)	59.72%	4.00%
Russell Midcap Growth Index	110.65%	6.23%
S&P 500 Index	32.29%	8.87%

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 6/30/2018		Millennium Internet Bubble to Present 12/31/1999 to 6/30/2018		Inception 1/31/1992 to 6/30/2018	
	Value $10,000	Cumulative	Value $10,000	Cumulative	Value $10,000	Cumulative	Value $10,000	Cumulative
Baron Partners Fund (Institutional Shares)	$11,479	14.79%	$47,374	373.74%	$54,379	443.79%	$270,185	2,601.85%
Russell Midcap Growth Index	$ 6,488	(35.12)%	$45,237	352.37%	$29,348	193.48%	$118,319	1,083.19%
S&P 500 Index	$ 7,188	(28.12)%	$36,827	268.27%	$26,471	164.71%	$113,679	1,036.79%

We believe Baron Partners Fund's performance from 2014 through 2016, when its investments increased modestly although their underlying businesses continued to grow rapidly, is analogous to the 18-month period from October 1998 through March 2000 amid the Internet Bubble. Baron Partners Fund, which owned no internet stocks, increased 59.72% annualized from 1998 to 2000, while its benchmark index increased 110.65%. For the next nine years through December 2008, though, the Fund returned 14.79%, 1.54% annualized and the benchmark index lost 35.12%, (4.69)% annualized. The Fund outperformed its index by 623 basis points per year! (See Table III – Millennium Internet Bubble to Financial Panic). Of course, past performance is no guarantee of future results.

During the Internet Bubble, the Fund did not own internet stocks because they did not meet our investment parameters. From 2014 through 2016, the companies in the Fund were reinvesting in their businesses and penalizing short-term profits, with ambitions to become meaningfully larger companies. These stocks underperformed the broader market during these years. We believe the recent strong outperformance of Baron Partners Fund is, in part, because the types of investments we make, and have always made, are beginning to bear fruit…which provides us with increasing confidence that the Fund's recent strong relative and absolute outperformance will continue. Of course, we cannot assure you that will be the case.

Due to the "magic" of compounding, $10,000 invested in Baron Partners Fund on December 31, 1999 is worth 5.4 times that amount, or $54,379 on June 30, 2018. That is 85% more than an investment in a passive Russell Midcap Growth Index mutual fund! (See Table III – Millennium Internet Bubble to Present.)

Table IV.
Top contributors to performance for the quarter ended June 30, 2018

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
Tesla, Inc.	2014	$21.9	$58.2	28.87%	4.03%
Vail Resorts, Inc.	2008	1.6	11.1	24.34	2.33
CoStar Group, Inc.	2005	0.7	15.0	13.77	2.08
IDEXX Laboratories, Inc.	2013	4.7	18.9	13.87	1.23
Gartner, Inc.	2013	5.7	12.1	12.99	0.67

Tesla, Inc. designs, manufactures and sells fully electric vehicles, solar products and energy storage solutions. Shares rose on positive management commentary around production ramp, an internal letter suggesting production of roughly 3,500 vehicles/week, and rapid deployment of a new general assembly line for Model 3. A staffing cut boosted confidence in Tesla's ability to meet its goal of finishing the year without needing to raise incremental external cash. Lastly, new information on battery pricing pointed to a price advantage over competitors.

Shares of **Vail Resorts, Inc.**, a global ski resort operator, climbed in the quarter on a strong end to the ski season. Management reported an increase in next year season pass sales of almost 20% despite increased competition. The company also struck agreements to acquire four additional resorts that we think should help boost sales in the East Coast and Northern Pacific markets. Vail continues to maintain a strong balance sheet and generates significant cash flow that will allow it to make additional acquisitions, invest in its resorts, and return capital to shareholders.

Shares of **CoStar Group, Inc.**, a real estate information and marketing services company, again contributed to performance. Business trends are excellent, with the company announcing that first quarter bookings jumped approximately 54% year-over-year. We are excited about the upsell of Loopnet Premium Searcher customers to the flagship CoStar product, which we believe can contribute an incremental $150 million – $200 million of recurring revenue. CoStar has a large opportunity to optimize its Premium Lister product, and we expect the recent acquisition of ForRent to be meaningfully accretive beginning next year.

Shares of veterinary diagnostics leader **IDEXX Laboratories, Inc.** contributed to performance. Competitive trends are strong and improving, highlighted by instrument installed base growth of 25%, domestic lab growth more than twice that of competitor VCA, and improving sales productivity. We believe new proprietary innovations, including SDMA tests at the point of care and a fecal antigen rapid assay test, should be meaningful contributors to growth. Margins are moving significantly higher, and we believe they can approach 30% over the next several years.

Shares of **Gartner, Inc.**, a provider of syndicated research, contributed to performance this quarter. The integration of CEB is proceeding ahead of schedule, and Gartner increased its investment to pursue this large opportunity. We expect this acquisition to drive faster revenue growth over the medium term. First quarter results indicate early traction, with both productivity and retention rates improving on the heritage CEB business. We believe key forward-looking metrics in Gartner's traditional IT research business are solid, with contract value growing at an attractive mid-teens rate.

Table V.
Top detractors from performance for the quarter ended June 30, 2018

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
Arch Capital Group Ltd.	2002	$ 0.6	$10.8	–7.26%	–0.79%
Fastenal Co.	2017	12.6	13.8	–11.18	–0.26
Norwegian Cruise Line Holdings, Ltd.	2014	6.5	10.6	–10.80	–0.13
MGM Resorts International	2018	19.7	16.2	–18.62	–0.13
Marriott Vacations Worldwide Corp.	2018	3.2	3.0	–4.74	–0.10

Arch Capital Group Ltd. is a specialty insurance company based in Bermuda. This quarter, the company reported solid quarterly results that exceeded Street expectations. However, the stock declined after a mortgage insurance competitor cut premium rates, leading to concerns about industry pricing pressure. Pricing trends also remain soft in the non-mortgage P&C insurance and reinsurance segments. We continue to own the stock due to Arch's strong management team and underwriting discipline.

Fastenal Co., a leading industrial supplies distributor, continues to lead its peer group by delivering double-digit organic sales growth, the result of several market share growth initiatives. However, the stock has recently declined as these faster growing initiatives, including national accounts, vending and OnSite, are more expensive to administer until they reach scale and thus currently dilutive of gross margins. We remain invested as Fastenal continues to post improved results that demonstrate it can grow meaningfully faster and more profitably than peers.

Norwegian Cruise Line Holdings, Ltd. is a global cruise line company with Norwegian, Oceania, and Regent brands. Shares declined in the quarter on investor concerns about accelerating supply growth and its impact on pricing. In addition, fuel price increases and dollar appreciation hurt market sentiment and potential earnings in the quarter. However, we believe yields and bookings remain robust and do not see the increase in supply hurting bookings and pricing. We also think strong yields will offset the increases in fuel cost and stronger dollar.

Shares of **MGM Resorts International**, a global casino operator, decreased on lowered 2018 guidance for revenue per available room due to slowed growth at its Mandalay Bay casino following a 2017 mass shooting incident, construction disruptions at its new Park MGM location, and the cancellation of a major boxing match in May. We believe these are short-term headwinds. The company is completing all of its major new developments this year, and we see its free cash flow inflecting. Moreover, it has been aggressively buying back stock, which we expect to continue for some time.

Shares of timeshare company **Marriott Vacations Worldwide Corp.** fell on an announcement that it was acquiring Interval Leisure Group with initial stated synergies from the deal that missed investor expectations. However, these figures were limited to cost synergies and did not account for potential revenue synergies that could be even higher, in our view. We think the combined entity will generate significant free cash flow that will allow it to quickly delever its balance sheet and return capital to shareholders through increased dividends and share repurchases.

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 businesses at attractive prices across market capitalization. We attempt to create a portfolio of less than 30 securities diversified by GICS sectors. The Fund can use some leverage, a level that changes as appropriate, to enhance returns although this does increase the volatility of the 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 June 30, 2018, Baron Partners Fund held 27 investments. The median market capitalization of these growth companies was $10.6 billion. The top 10 positions comprise 74.6% of total investments or 93.5% of net assets. Leverage was 25.5%.

The long-term absolute and relative performance of the Fund has been very good. The Fund has returned 13.29% (Institutional Shares) annualized since inception besting its comparable index, the Russell Midcap Growth Index, by 3.49% per year. Absolute annualized returns over the past five years have surpassed their historical average. Five-year annualized returns are 15.96%, beating the benchmark by 2.59% annualized.

Portfolio Holdings

Table VI.
Top 10 holdings as of June 30, 2018

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Amount (millions)	Percent of Total Investments
Tesla, Inc.	2014	$21.9	$58.2	$380.7	13.4%
CoStar Group, Inc.	2005	0.7	15.0	361.1	12.7
Vail Resorts, Inc.	2008	1.6	11.1	253.8	9.0
Hyatt Hotels Corp.	2009	4.2	8.6	200.6	7.1
IDEXX Laboratories, Inc.	2013	4.7	18.9	196.1	6.9
Arch Capital Group Ltd.	2002	0.6	10.8	188.5	6.7
FactSet Research Systems, Inc.	2007	2.5	7.7	152.5	5.4
The Charles Schwab Corp.	1992	1.0	68.9	148.2	5.2
Zillow Group, Inc.	2015	4.3	11.8	119.5	4.2
Space Exploration Technologies Corp.	2017	–	–	113.4	4.0

Thank you for investing in Baron Partners Fund.

Thank you for joining us as fellow shareholders in Baron Partners Fund. We believe the growth prospects for the businesses in which Baron Partners Fund invested are favorable and improving. Since, in our opinion, the share prices of these businesses do not reflect their prospects, we believe they remain attractive. Of course, there can be no guarantee this will be the case.

We continue to work hard to justify your confidence and trust in our stewardship of your family's 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 your family.

Respectfully,

Ronald Baron
CEO and Portfolio Manager

Michael Baron
Assistant 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.