DEAR BARON PARTNERS FUND SHAREHOLDER:

PERFORMANCE

Baron Partners Fund (the "Fund") gained 2.14% (Institutional Shares) during the three-month period ended September 30, 2018. This was less than the Russell Midcap Growth Index, its benchmark, which appreciated 7.57%, and the S&P 500 Index, which gained 7.71%. For the nine months year-to-date, Baron Partners Fund gained 17.98%. The Russell Midcap Growth Index gained 13.38% and the S&P 500 Index increased 10.56%.

Table I.
Performance
Annualized for periods ended September 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]	2.06%	2.14%	7.57%	7.71%
Nine Months[5]	17.72%	17.98%	13.38%	10.56%
One Year	18.99%	19.32%	21.10%	17.91%
Three Years	18.30%	18.62%	16.65%	17.31%
Five Years	13.74%	14.04%	13.00%	13.95%
Ten Years	12.37%	12.65%	13.46%	11.97%
Since Conversion (April 30, 2003)	13.99%	14.17%	12.05%	10.02%
Fifteen Years	13.18%	13.37%	11.10%	9.65%
Twenty Years	12.21%	12.35%	9.41%	7.42%
Since Inception (January 31, 1992)	13.14%	13.25%	10.01%	9.85%

The Fund's relative underperformance in the last three months was despite strong results for 47.76% of the Fund's average portfolio weights based on the Fund's net assets. *That portfolio segment achieved double-digit positive returns for the period.* This concentrated Fund's results in the quarter were penalized principally by significant stock price declines of two investments, **Tesla, Inc.** and **Zillow Group, Inc.** Tesla and Zillow had average portfolio weights of 14.49% and 4.11%, respectively, in the quarter based on the Fund's net assets. Tesla's share price fell 22.80% in the period. Zillow's share price declined 26.89%. We remain optimistic about the long-term prospects for both businesses.

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

Tesla, the leading manufacturer and distributor of luxury electric automobiles and lithium batteries, has been subject to intense analytic and media scrutiny. This is due to its rapid, and, so far, profitless growth. Also drawing attention to Tesla are its efforts to disrupt the powerful and entrenched automobile, energy, and utility industries. Elon Musk, Tesla's controversial and undeniably brilliant CEO and chief engineer, is obviously responsible for a large part of this attention. Tesla's business has grown its revenues from $3.7 billion in 2014, when we began to purchase Tesla stock, to an estimated $20 billion in 2018. If Tesla reaches $30 billion revenues in 2019, we expect the company to achieve substantial positive cash flow…before reinvesting it to finance its continued rapid growth.

Tesla's share price volatility increased significantly during the quarter. This was after Musk announced on a social media platform that he was considering forming a group to purchase Tesla in a "going private" transaction. After an investigation, the SEC announced on September 27

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.

BARON FUNDS 1987

that the company had not acted properly in making that statement. Tesla's share price fell sharply on the final day of the quarter. We believed that the SEC was determined to protect investors, not damage this company's prospects, and would likely take actions to improve Tesla's governance. We also believed that settlement would be well received by investors. The Fund did not purchase or sell Tesla stock during this controversy. The following weekend, a settlement between Tesla and the SEC was announced that we believe should not impair Tesla's ability to produce high-quality vehicles at scale. Tesla's CEO and Chairman positions will be separated; communications with investors will be carefully controlled; and, reasonable monetary fines relative to the size of this business would be paid by both the company and Musk.

We believe Tesla's share price will ultimately depend upon how many electric cars and batteries the company sells; how much profit they make per unit; and how fast they grow. We remain optimistic about Tesla's prospects.

We attribute Zillow's recent share price decline to two factors–rising interest rates and shifting business model. Zillow is a leading service provider for real estate brokers. Although rising interest rates have caused both new and existing home sales to decline, we estimate Zillow's lead generation revenues continue to increase significantly from prior year levels. This is because it has been able to increase prices and gain share of broker advertising which is several times as large as Zillow. Zillow user growth slowed modestly in the quarter and the company increased marketing spend. We believe Zillow's data and algorithms are better than other providers and a lot more effective than print media. We think at least a portion of the decline in Zillow's share price is due to its efforts to partiallytransition its business model to buying and selling some homes

The Fund's investments in real estate and resort businesses, growing enterprises that also represent a long-term hedge against inflation, achieved modest returns in the period. We attribute this principally to recent increases in interest rates, which we think will not have a material impact on their long-term prospects. **Hyatt Hotels Corp.** has continued to achieve favorable and above industry average revenue per available room gains. This is in part due to its reliance upon business meetings, not transient guests. Hyatt's stock gained only 3.36% in the period, and it remains significantly undervalued relative to its assets. **Vail Resorts, Inc.** reported 12% gains in season pass ticket sales, and its share price was virtually unchanged during the period. **Gaming and Leisure Properties, Inc.**'s share price was also virtually flat despite acquisitions that are accretive to its dividend, which now provides an approximate 8% annualized return to its shareholders. We believe Gaming and Leisure's share price is undervalued relative to comparable companies that provide dividend yields of 6%. **CoStar Group, Inc.**, another real estate services company, gained modestly. This was despite continued strong growth of its underlying businesses driven, in part, by higher prices for its services.

Health Care, Information Technology, and Industrials contributed significantly to the benchmark's returns in the quarter. The Fund is underweight those sectors (excluding a shift in the characterization of CoStar, the real estate data provider, from an Information Technology business to an Industrials firm).

The U.S. economy remains on steady footing as unemployment remains near historic lows; consumer confidence is high, and housing prices are increasing. A strong dollar and higher interest rates favored companies that do business domestically. An escalating trade war with China has resulted in tariffs on a growing number of goods and products which is obviously a long-term concern.

On a year-to-date basis, the Fund continued to have both excellent absolute and relative results. A significant portion of the portfolio (52.11% of the average weight based on the Fund's net assets) gained over 20% year-to-date. These are generally characterized as growth companies that had invested in their businesses previously to create more formidably competitively advantaged businesses. The top three contributors to performance over the first nine months, CoStar, **IDEXX Laboratories, Inc.**, and Vail Resorts are good examples. CoStar and Vail Resorts had made important acquisitions that now allow them to cross-sell existing services and products to new customers and enhance their competitive offering. IDEXX's depth of tests and products allow it to be a single supplier to many veterinary clients and gain a higher share of the wallet.

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 9/30/2018		Millennium Internet Bubble to Present 12/31/1999 to 9/30/2018		Inception 1/31/1992 to 9/30/2018	
	Value $10,000	Annualized	Cumulative	Value $10,000	Cumulative	Value $10,000	Cumulative	Value $10,000	Cumulative
Baron Partners Fund (Institutional Shares)	$11,479	1.54%	14.79%	$48,389	383.89%	$55,544	455.44%	$275,971	2,659.71%
Russell Midcap Growth Index	$ 6,488	(4.69)%	(35.12)%	$48,664	386.64%	$31,571	215.71%	$127,281	1,172.81%
S&P 500 Index	$ 7,188	(3.60)%	(28.12)%	$39,666	296.66%	$28,512	185.12%	$122,445	1,124.45%

We believe Baron Partners Fund's performance from 2014 through 2016, when the Fund's portfolio investments increased in price 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 then 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 which the Fund had invested were reinvesting in their businesses and penalizing their short-term profits. This was because they had 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 long-term 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 5.6 times that amount, or $55,544 on September 30, 2018. That is 75.9% more than an investment in a passive index fund or ETF that was able to track the Russell Midcap Growth Index! (See Table III–Millennium Internet Bubble to Present.)

Table IV.

Top contributors to performance for the quarter ended September 30, 2018

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
IDEXX Laboratories, Inc.	2013	$4.7	$21.6	14.55%	1.20%
Arch Capital Group Ltd.	2002	0.6	12.1	12.66	1.01
Gartner, Inc.	2013	5.7	14.4	19.26	0.88
FactSet Research Systems, Inc.	2007	2.5	8.6	13.25	0.81
Space Exploration Technologies Corp.	2017	–	–	15.94	0.77

Shares of veterinary diagnostics leader **IDEXX Laboratories, Inc.** contributed to performance, buoyed by continued strong competitive trends, highlighted by instrument installed base growth of 20%, domestic lab growth more than twice that of competitor VCA, and improving sales productivity. We think new proprietary innovations and field sales force expansion should be meaningful contributors to growth. Margins are moving significantly higher, and we believe they can approach 30% over the next several years.

Arch Capital Group Ltd. is a specialty insurance company based in Bermuda. Shares appreciated after the company reported solid quarterly results that exceeded Street expectations. The stock also benefited from improving sentiment for mortgage insurers as investors became more confident that industry returns would remain attractive despite a recent price cut. We continue to own the stock due to Arch's strong management team and underwriting discipline.

Shares of **Gartner, Inc.**, a provider of syndicated research, contributed to performance. We believe forward-looking metrics in Gartner's traditional IT research business are strong, with contract value growing at a mid-teens rate. Gartner recently introduced a seat-based product to heritage CEB clients, and is generating traction in closing new customers with this improved product. The company meaningfully expanded its sales force to pursue this large incremental opportunity, and we expect to see heritage CEB growth accelerate from 2% into the mid-to-high teens over time.

Shares of **FactSet Research Systems, Inc.**, a leading provider of investment management tools, contributed to performance. The company announced a large 15,000 seat deal win with Merrill Lynch Wealth Management, which we believe should be meaningful from both a financial and a reputational perspective and should serve as a great reference point for FactSet as the company attempts to win more Wealth Management deals.

Space Exploration Technologies Corp. ("SpaceX") designs, manufactures, and launches advanced rockets and spacecraft. In the future, SpaceX is looking to build broadband capabilities by deployment of a new satellite constellation and ultimately, is looking to enable people to live on other planets. The company continues to leverage its unique offering of reusable rockets to offer lower cost launches vs. other vendors and continues to take significant share in commercial and governmental launches. As SpaceX is a private company, we value the company using a proprietary valuation model, which resulted in appreciation of the stock during the quarter.

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

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
Tesla, Inc.	2014	$21.9	$45.2	–22.80%	–3.54%
Zillow Group, Inc.	2015	4.3	8.9	–26.89	–1.18
The Charles Schwab Corp.	1992	1.0	66.4	–3.57	–0.24
Red Rock Resorts, Inc.	2017	2.9	3.1	–20.19	–0.10
Douglas Emmett, Inc.	2015	4.2	6.4	–5.49	–0.08

Tesla, Inc. designs, manufactures, and sells fully electric vehicles, solar products, and energy storage solutions. Shares declined on investor concerns around CEO Elon Musk's announcement of potential privatization, which led to lawsuits and investigations. Departures of a few executives and Street expectations for lower third quarter production and deliveries also pressured the stock. We retain conviction. We believe Tesla solved fundamental production issues, and expect it to optimize its production line to meet its margins and profitability targets over time.

Zillow Group, Inc. operates the leading online real estate sites in the U.S. Shares detracted based on a lower revenue and profitability outlook. Revenue guidance was negatively impacted by reduced rental revenue and a slight delay in the roll-out of Zillow Instant Offers, the company's new home buying initiative. We retain conviction, as we believe Zillow will continue to grow its share of the $8 billion real estate advertising market.

Shares of brokerage company **The Charles Schwab Corp.** declined slightly in the quarter. Competitors have repeatedly cut fees on trading and money management business. Schwab has historically followed suit, and we anticipate this to be the case again. Investors are also concerned that rising rates will not improve net interest margin to levels achieved in the past as additional revenue will be shared with clients to sustain market share. We believe Schwab will continue to gain assets, provide additional valuable services, and grow its earnings despite these current headwinds.

Shares of **Red Rock Resorts, Inc.**, a casino operator focused on the Las Vegas locals market, decreased as many Las Vegas residents left on vacation given the strong economy and a heat wave that affected the area. We consider the drop in visitation to be temporary, and do not foresee a long-term slowdown in the locals market. Las Vegas' population continues to grow, wages continue to rise 2% to 3% per year, and housing prices are at record highs. We view such data optimistically, and we see the stock's current valuation as attractive.

Douglas Emmett, Inc. is a REIT that owns a portfolio of high-quality office and multi-family assets in Western Los Angeles and Honolulu. A rise in the 10-year interest rate, which made Douglas Emmett's dividend yield look relatively less attractive, drove weak performance in the quarter. We retain conviction because Douglas Emmett owns a portfolio of high-quality assets we believe are underappreciated at the current stock price.

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. Our strategy to accomplish this goal is to invest for the long term in a focused portfolio of what we believe are appropriately capitalized, well-managed businesses at attractive prices across market capitalizations. We attempt to create a portfolio of less than 30 securities diversified by GICS sectors. The Fund can use moderate leverage to enhance returns although this may increase volatility of the returns. The businesses are identified by our firm's proprietary research. We think these are well-managed businesses that have sustainable competitive advantages and strong, long-term growth opportunities.

As of September 30, 2018, Baron Partners Fund held 25 investments. The median market capitalization of these growth companies was $8.9 billion. The top 10 positions represent 90.9% of net assets. Leverage was 21.0%.

The long-term absolute and relative performance of the Fund has been very good. The Fund has returned 13.25% annualized since its inception, besting its benchmark index, the Russell Midcap Growth Index, by 3.24% per year. Absolute annualized returns over the past three years have surpassed their historical average. Three-year annualized returns are 18.62%, beating its benchmark by 1.97% annualized and the Morningstar US Fund Mid-Cap Growth Category Average by 2.81%.

Portfolio Holdings

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

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Amount (millions)	Percent of Total Investments
CoStar Group, Inc.	2005	$ 0.7	$15.3	$368.2	12.9%
Tesla, Inc.	2014	21.9	45.2	293.9	10.3
Vail Resorts, Inc.	2008	1.6	11.1	254.1	8.9
IDEXX Laboratories, Inc.	2013	4.7	21.6	224.7	7.9
Arch Capital Group Ltd.	2002	0.6	12.1	211.7	7.4
Hyatt Hotels Corp.	2009	4.2	8.9	206.9	7.3
FactSet Research Systems, Inc.	2007	2.5	8.6	172.3	6.0
The Charles Schwab Corp.	1992	1.0	66.4	142.5	5.0
Gartner, Inc.	2013	5.7	14.4	134.7	4.7
Space Exploration Technologies Corp.	2017	–	–	131.5	4.7

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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