DEAR BARON PARTNERS FUND SHAREHOLDER:

PERFORMANCE

Baron Partners Fund's performance during the three months ended March 31, 2017 was strong. Its share price (Institutional Shares) increased 12.15%. This compares to the 6.89% gain for its primary benchmark, the Russell Midcap Growth Index. Morningstar ranked Baron Partners Fund's performance among the 20 best performing funds in the Morningstar US Fund Mid-Cap Growth Category during the 2017 first quarter. †

Table I.
Performance
Annualized for periods ended March 31, 2017

	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]	12.03%	12.15%	6.89%	6.07%
One Year	19.83%	20.15%	14.07%	17.17%
Three Years	5.87%	6.16%	7.88%	10.37%
Five Years	13.54%	13.84%	11.95%	13.30%
Ten Years	7.02%	7.25%	8.13%	7.51%
Since Conversion (April 30, 2003)	12.95%	13.12%	11.14%	9.27%
Fifteen Years	10.14%	10.29%	8.57%	7.09%
Twenty Years	11.29%	11.40%	8.79%	7.86%
Since Inception (January 31,1992)	12.52%	12.62%	9.39%	9.42%

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CEO AND PORTFOLIO MANAGER

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

U.S. stock prices had been highly correlated regardless of underlying business fundamentals from peak prices preceding the financial panic in 2008 through the recovery that extended through 2013. They have since been meaningfully less correlated, particularly in the last two quarters. We expect stock prices to remain more closely related to the fundamentals of their underlying businesses and less correlated with each other. We expect Baron Partners Fund to benefit from this change. This is since we expect the U.S. stock market and our economy to grow 5-6% per year in nominal terms (2-3% "real"), while the businesses in which Baron Partners Fund invests in our opinion could grow 15% per year or more over the long term. We believe faster long-term growth of Baron Partners Fund's portfolio investments will be reflected in faster appreciation than passive market benchmarks over the long term, although we cannot guarantee it will.

Baron Partners Fund's strong performance in 2017 followed disappointing results for the three years ended December 31, 2016. During that period, Baron Partners Fund's shares gained on average only 4.00% per year compared to 6.23% growth per year for its benchmark Russell Midcap Growth Index. From 2014-2016, Baron Partners Fund's performance ranked in the 51st percentile compared to its peers. This is far below our 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, 2016 was 1.78% (comprised of operating expenses of 1.35% and interest expense of 0.43%) and Institutional Shares was 1.52% (comprised of operating expenses of 1.09% and interest expense of 0.43%). 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.*

† The Institutional Share Class was ranked #20 by Morningstar out of 659 funds (share classes) in the Morningstar US Fund Mid Cap Growth Category, for the three-month period ended March 31, 2017; #82 out of 635 funds (share classes) for the 1-year period; #20 out of 500 funds (share classes) for the 5-year period; #186 out of 368 funds (share classes) for the 10-year period; and #4 out of 281 funds (share classes) for the period from 4/30/2003 (date of conversion to mutual fund) – 3/31/2017. Morningstar rankings are based on total returns for the three-month, 1-, 5-, 10-year, and since conversion (4/30/2003) periods ended 3/31/2017.

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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top 1% of peers' since inception performance record and far below this Fund's performance objective. *

Part of the underperformance from 2014 through 2016 resulted from the Fund's modest returns in 2016. Baron Partners Fund reported small gains during that period while its benchmark achieved strong returns. That was since businesses in which we had not invested like materials, energy, semiconductors, industrial and regional banks included in the benchmark, achieved exceptional gains. Stocks of regional banks, for example, gained 29% during the last seven weeks of 2016.

In Baron Partners Fund's December 2016 letter, we analogized our Fund's underperformance from 2014 through 2016 to the period from October 1998 to March 2000. That was at the peak of the Internet bubble and we owned no Internet stocks. The Russell Midcap Growth Index, propelled by Internet stocks, gained 110.65% during the 17 months! Baron Partners Fund increased in value 59.72% while the S&P 500 gained 32.29%. During the following nine years through December 2008, though, Baron Partners Fund's performance was positive while its benchmark and the S&P 500 lost money. Baron Partners Fund outperformed its benchmark index during those nine years by, on average, over 600 basis points per year! Said another way, if you had been unlucky enough to invest in Baron Partners Fund on December 31, 1999 before the Internet bubble burst and sold on December 31, 2008 near the bottom of the Financial Panic, you would have earned a positive approximate 15% return on your investment. If you had instead invested in a fund that duplicated the performance of the Fund's passive benchmark, you would have lost about one-third of your money.

From Baron Partners Fund's conversion to a publicly owned mutual fund on April 30, 2003, it has earned a 13.12% annual compounded rate of return. This compares to an 11.14% annual compounded rate of return for the Russell Midcap Growth Index, and a 9.27% annual return for the S&P 500. Since Baron Partners Fund's inception 25 years ago on January 31, 1992, the Fund achieved 12.62% annualized returns, almost the same as for the past 14 years. The Russell Midcap Growth Index gained 9.39% annualized and the S&P 500, 9.42%. Baron Partners Fund is ranked in the top 1% of Morningstar's midcap growth funds from its inception in 1992 and top 2% from its conversion to a mutual fund on April 30, 2003.* If you had invested $10,000 in Baron Partners Fund at its inception 25 years ago, that investment would now be worth $198,900. If you had invested $10,000 in a fund that matched the passive Russell Midcap Growth Index, it would now be worth $95,800.

As we discussed in our December 31, 2016 Baron Partners Fund letter, we believe Baron Partners Fund underperformed its index for the three years ended December 31, 2016 for three principal reasons:

1. 66.8% of Baron Partners Fund's assets were invested in 13 businesses whose stock prices significantly underperformed the growth of their businesses from 2014-2016. We did not think that was likely to last. During the most recent quarter, several stocks which had underperformed their businesses' results in the prior three years performed well. **Manchester United plc** gained 18.6%. **Air Lease Corp.** gained 13.1%. **Gaming and Leisure Properties, Inc.** increased 11.3%. **Tesla, Inc.** gained 30.2%.
2. Virtually all the businesses in which the Fund has invested are incurring significant expenses that are penalizing their current earnings. We think these current expenditures will enable those companies to soon become much larger. When those businesses' earnings growth rates accelerate, we expect their share prices to follow suit. In the meantime, strategic investments by these businesses are depressing their current earnings and their share prices.
3. 83.5% of Baron Partners Fund's investments as of December 31, 2016 have made strategic acquisitions that we expect to enhance their earnings over the long term but as a result of integration costs over the short term have often penalized current earnings and likely their current share prices.

Five stocks have notably continued to underperform. **Hyatt Hotels Corp.**, **Benefitfocus, Inc.**, **Zillow Group, Inc.**, **AO World plc** and **Under Armour, Inc.** We believe all those businesses have opportunities for significant growth.

Table II.
Performance
Periods of euphoria and stress

	"Yesterday" Clinton Years 1992-2000 12/31/99 P/E	Internet Bubble	"The Long and Winding Road" Bush Years 2000-2008 9/11; Iraq; Afghanistan; Housing Financial Panic	"Here Comes the Sun" Recovery and Quantitative Easing 2009-2013	"Helter Skelter" Fed Tightening	"Any Time at All"
	Annualized Returns					
	Inception 1/31/1992 to 12/31/1999	10/8/1998 to 3/9/2000	12/31/1999 to 12/31/2008	12/31/2008 to 12/31/2013	12/31/2013 to 3/31/2017	Inception 1/31/1992 to 3/31/2017
Baron Partners Fund (Institutional Shares)	22.45%	59.72%	1.54%	22.55%	7.41%	12.62%
Russell Midcap Growth Index	19.26%	110.65%	(4.69)%	23.37%	7.92%	9.39%
S&P 500 Index	20.21%	32.29%	(3.60)%	17.94%	10.14%	9.42%
Percentile rank in Morningstar Mid-Cap Growth Category*	15**	84**	16	26	28	1**
# of Share Class in the Category	83**	416**	366	531	575	31**
Morningstar US Fund Mid-Cap Growth Peer Group Avg	18.00%	120.57%	(3.33)%	20.97%	5.99%	9.02%

* The Morningstar US Fund Mid-Cap Growth Category Average is not weighted and represents the straight average of annualized returns of each of the funds in the Mid-Cap Growth Category. 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 March 31, 2017, the Category consisted of 635, 500, 368 and 281 funds (share classes) for the 1-, 5-, 10-year and since conversion (4/30/2003) periods. **Baron Partners Fund** Institutional Share Class ranked in the 13th, 4th, 51st and 2nd percentiles, respectively, in the Category. The Category consisted of 83, 416, 366, 531, 575 and 31 funds (share classes) during the time intervals 1/31/1992–12/31/1999, 10/8/1998–3/9/2000, 12/31/1999–12/31/2008, 12/31/2008–12/31/2013, 12/31/2013–3/31/2017 and 1/31/1992–3/31/2017, respectively. Baron Partners Fund Institutional Share Class ranked in the 15th, 84th, 16th, 26th, 28th and 1st percentiles, for the respective time intervals.

**Source: Morningstar Direct–Performance Reporting.

Table III.
Top contributors to performance for the quarter ended March 31, 2017

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
Tesla, Inc.	2014	$21.9	$45.4	30.24%	4.68%
IDEXX Laboratories, Inc.	2013	4.7	13.6	31.84	2.39
Vail Resorts, Inc.	2008	1.6	7.7	19.64	1.83
CoStar Group, Inc.	2005	0.7	6.8	9.94	1.34
Arch Capital Group Ltd.	2002	0.6	11.7	9.83	1.29

Shares of electric vehicle company **Tesla, Inc.** rose during the first quarter following its launch of GigaFactory, one of the world's largest manufacturing facilities, which will potentially drive significant cost reduction. Tesla is on target for a July 2017 launch of its mass market Model 3, potentially the largest product cycle in history. Additionally, the company's SolarCity merger is on track, showing less cash drain than initially feared by investors. We believe a pro-U.S. jobs administration is a tailwind for Tesla as it is one of North America's fastest growing employers. The company also raised $1.4 billion from capital markets during the period. As importantly, we think, was an announcement by Tencent, the largest publicly owned company in China, that it had acquired 5% of Tesla for $1.8 billion. (Gilad Shany/Ishay Levin)

Shares of veterinary diagnostics leader **IDEXX Laboratories, Inc.** rose in the first quarter, rallying on strong financial results and multiple expansion. Competitive trends are strong and improving, highlighted by instrument revenue growth, domestic lab growth, rising sales productivity, and stability in rapid assays. We think that IDEXX's direct go-to-market model coupled with meaningful research and development-driven product enhancements will put steady upward pressure on organic revenue and earnings growth over time. (Neal Rosenberg)

Shares of ski resort company **Vail Resorts, Inc.** increased in the first quarter due to increased visitation and spend levels in a strong ski season. We believe Vail's recent acquisitions of Whistler Blackcomb, Park City, and Perisher continue to help drive season pass sales and visitation, which, in turn, help insulate earnings from poor snowfall seasons and improve cash flow. (David Baron)

Table IV.
Top detractors from performance for the quarter ended March 31, 2017

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
Under Armour, Inc.	2016	$16.0	$8.3	–29.33%	–1.17%
AO World plc	2015	0.9	0.7	–24.34	–0.70
Zillow Group, Inc.	2014	4.3	6.2	–7.24	–0.40
Hyatt Hotels Corp.	2009	4.2	7.0	–2.32	–0.18
Benefitfocus, Inc.	2015	1.1	0.9	–5.87	–0.05

Shares of athletic apparel company **Under Armour, Inc.** declined in the first quarter on reported earnings and guidance that missed Street expectations. Increased promotional activity, improved competitor positioning, and a key distributor's bankruptcy lowered wholesale revenue. The company is attempting to diversify its wholesale distribution domestically while growing into other geographies and categories, which will likely cut into profitability over the next year, in our view. We believe many of these issues are temporary and the long-term demand and earnings potential remain relatively intact. (Michael Baron)

AO World plc is the leading online seller of major domestic appliances in the U.K. Shares were down in the first quarter as the company continues to be impacted by rising manufacturing prices as the British pound weakens relative to the Euro. We expect these higher prices to stabilize later in 2017. AO continues to execute its domestic plan and take share from competitors, and we expect its German business to expand while the company works to improve terms with vendors in advance of further volume expansion. (Ashim Mehra)

Zillow Group, Inc. is the leading online real estate company in the U.S. Shares were down in the first quarter after the company reported a 2017 outlook that missed Street expectations. We believe that several products launched at the end of 2016 and early this year will start to have a positive impact on Zillow's revenue growth through 2017. As the leader of a highly fragmented market, Zillow remains well positioned to grow its share, in our view. (Ashim Mehra)

Recent Developments

During the first quarter of 2017, Tesla's stock price increased 30.24% to $278.30 per share. Tesla is Baron Partners Fund's largest holding and represented 14.2% of this focused Fund's gross portfolio investments (18.2% of net assets) at quarter end. Until 2017, Tesla's share price had been range bound principally between $200 and $250 per share since 2014. During that period, Baron Partners Fund purchased 1.1 million Tesla shares for an average cost of $213.35 per share. At the date of this letter, Tesla's share price was above $300 per share.

Since 2013, Tesla has more than tripled its annual revenues to more than $7 billion. Demand for Tesla's new and used Model S sedans and Model X crossover cars continue to exceed its production capacity and "for sale" used cars. Tesla's $100,000 luxury "S" sedans and "X" crossovers already outsell Mercedes Benz' luxury cars…even in Europe! While Tesla's Models S and X represent about 8% of worldwide luxury car sales, luxury cars comprise less than 2% of worldwide automobile sales. We believe Tesla's revenues will increase at an even faster rate following the introduction this summer of its mass market, $35,000, Model 3 sedan.

Tesla opened its first car assembly line in its Fremont, California plant in 2012. Tesla's production capacity was then 1,000 cars per week. That year Tesla sold only 2,000 cars. In 2015, Tesla opened a second line in its Fremont factory, this one with the capacity to produce 3,000 Model "S" sedans and Model "X" crossover cars per week. In 2017 it sold 76,000 cars. In July 2017, Tesla plans to open its third production line in the Fremont facility. This line has planned capacity initially of 5,000 Model 3 cars per week which will eventually scale to 10,000 Model 3 cars per week.

Many investors worry about competition for Tesla from large, hundred year old automobile original equipment manufacturer (OEM) car makers. Those car companies have billions invested in plants that provide them with expertise and competitive advantage to make ICE cars (cars that use internal combustion engines instead of Tesla's batteries). Those plants would become "stranded assets" if abandoned or converted to make electric cars. OEMs also have large, legacy, independent dealer networks reliant upon servicing cars with internal combustion engines. Electric cars need little servicing. Electric cars also don't need gasoline and gasoline stations. Traditional ICE OEMs are also constrained by their entrenched legacy distribution channel that limits their abilities to offer services provided by Tesla's efficient, direct to consumer sales organization.

General Motors recently introduced Bolt, a compact, mass market, electric car. The Bolt is a *necessity* for GM to meet emission and mileage standards that will permit it to continue to sell its very profitable but low miles per gallon SUVs. GM has announced that it plans to sell 30,000 Bolt cars this year. It sold 3,000 in the first three months of 2017. Industry sources indicate Bolt sales have been disappointing and dealer inventories are high.

Tesla announced early last year that it would begin to manufacture and ship its Model 3 electric car in 2017. In the first six weeks following that announcement on May 18, 2015, Tesla received an astounding 373,000 orders for its Model 3! Customers placed those purchase orders with $1,000 deposits for a car buyers had never seen, had never sat in, had never driven and that would not be available for more than another year! We believe the reason for the enormous demand…with no advertising… is not just because the luxury Tesla S and X cars are beautiful, environmentally friendly, low maintenance and fun to drive. According to Department of Transportation statistics, Tesla cars are the *safest* cars ever made…and Tesla expects the Model 3 to be as praiseworthy.

Tesla has spent the past five years making substantial investments in infrastructure including hundreds of showrooms and maintenance facilities, thousands of charging stations, enormous battery and solar roof plants and a paint shop capable of painting 500,000 cars annually with capacity that can be doubled with modest additional investments.

I almost forgot. Panasonic is investing more than $1.5 billion in Tesla's $5 billion Reno Giga battery factory, the same amount in an expansion of the Reno factory and has committed to make an additional $250-300 million investment in Tesla's second Giga factory in Buffalo, New York. The Buffalo facility will produce solar roofs, a product about which we are also quite excited. We are also optimistic about Tesla batteries, its cars with autonomous driving capabilities, Tesla "mobility" services like Uber's (Tesla could make your car available to others when you are not using it which will offset your car payments) and utility network services.

Oh, one more thing. In late March, Tencent, the largest publicly owned company in China, announced that it had acquired 5% of Tesla's shares for $1.8 billion. Tencent is capitalized at $272 billion and is one of the fastest growing businesses in China. Tencent had purchased Tesla shares over the past two years in open market transactions and through Tesla secondary public equity offerings. Tencent's average purchase price was $217 per share. Although Tencent's investment in Tesla is "passive" at present, Tesla currently does about 15% of its business in China and it could be a lot easier to penetrate that very large market if Tesla had help from such a partner. We will see.

Finally, I have recently been asked by CNBC among other media to take a victory lap about our investment in Tesla. I have uniformly told everyone who asked that it is too early for us to claim victory for that investment. In fact, we think it will still be too early in 2020 or 2021 when we think Tesla could sell one million cars per year, produce $70 billion in revenue and more than $7 billion in operating profits before reinvesting in its business to grow several times larger. A lot has to go right for that to take place. But, few public businesses have such an opportunity or "story" as skeptics believe. We think the odds of success for Elon Musk's Tesla are favorable.

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 capitalizations. The Fund uses leverage to manage position concentrations and enhance returns, which may 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 March 31, 2017, Baron Partners Fund held 26 investments. The median market capitalization of these growth companies was $6.6 billion. The top 10 positions represent 75.7% of total investments and 97.6% of net assets.

While focused, the Fund is diversified by GICS sector. The weightings are significantly different than those of the Russell Midcap Growth Index, the index against which we benchmark our performance. Our allocations will likely change over time depending upon those businesses' prospects and their perceived investment opportunities. The Fund currently has a greater weight in Financials and Consumer Discretionary than the index, but is less exposed to Industrials and Health Care. The Fund has no holdings in the Energy or Materials sectors. These underweight sectors are reliant on commodity prices and regulation that are beyond the businesses' ability to control.

Table V.
Top 10 holdings as of March 31, 2017

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Amount (millions)	Percent of Total Investments
Tesla, Inc.	2014	$21.9	$45.4	$308.9	14.2%
CoStar Group, Inc.	2005	0.7	6.8	227.9	10.5
Arch Capital Group Ltd.	2002	0.6	11.7	227.4	10.4
Vail Resorts, Inc.	2008	1.6	7.7	177.7	8.1
IDEXX Laboratories, Inc.	2013	4.7	13.6	154.6	7.1
Hyatt Hotels Corp.	2009	4.2	7.0	140.3	6.4
FactSet Research Systems, Inc.	2007	2.5	6.5	127.0	5.8
The Charles Schwab Corp.	1992	1.0	54.6	114.3	5.2
Manchester United plc	2014	2.8	2.8	90.4	4.1
Zillow Group, Inc.	2014	4.3	6.2	84.5	3.9

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 has invested are favorable and improving. Since, in our opinion, the share prices of our businesses do not reflect their prospects, we believe they remain attractive. Of course, there can be no guarantee this will be the case.

We are continuing to work hard to justify your confidence and trust in our stewardship of your family's hard-earned savings. We 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 and your family.

Respectfully,

Ronald Baron
CEO and Portfolio Manager
April 20, 2017

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.

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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