Dear Baron Partners Fund Shareholder:

Performance

Baron Partners Fund (the "Fund") continued its strong performance through the second quarter of the year. The Fund increased in value by 14.69% (Institutional Shares) in the three-month period while the Russell Midcap Growth Index, the benchmark against which we compare the performance of the Fund, increased by 4.21%. The S&P 500 Index, which measures the performance of large-cap companies, increased by 3.09%. The Morningstar US Fund Mid-Cap Growth Category, measuring the performance of all U.S. open end, mid-cap growth funds increased by 4.68% for the three months ended June 30, 2017.

Table I.
Performance
Annualized for periods ended June 30, 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]	14.62%	14.69%	4.21%	3.09%
Six Months[5]	28.41%	28.62%	11.40%	9.34%
One Year	33.08%	33.43%	17.05%	17.90%
Three Years	9.22%	9.51%	7.83%	9.61%
Five Years	18.27%	18.58%	14.19%	14.63%
Ten Years	8.10%	8.33%	7.87%	7.18%
Since Conversion (April 30, 2003)	13.80%	13.97%	11.26%	9.33%
Fifteen Years	11.71%	11.87%	10.34%	8.34%
Twenty Years	10.34%	10.46%	8.26%	7.15%
Since Inception (January 31,1992)	13.00%	13.09%	9.48%	9.46%

RONALD BARON
CEO AND PORTFOLIO MANAGER

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

The performance of Baron Partners Fund for the first half of the year was equally strong in both absolute and relative terms. The Fund rose by 28.62% in the first six months of the year. The Russell Midcap Growth Index increased by 11.40%, the S&P 500 Index increased by 9.34%, and the Morningstar US Fund Mid-Cap Growth Category increased by 12.37% during the same period.

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.*

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

Baron Partners Fund

Baron Partners Fund was the top performing fund in its category during the quarter and first half of the year. It is a top 1% performer for the five-year time period. It is a top 14% performer for the three-year period and top 18% performer for the 10-year period. Baron Partners Fund is the top performing fund in its category since its inception in 1992.† *

While any discrete time period cannot predict future performance, we believe the stock market has once again begun to favor our investment style, which had modestly underperformed from 2014 to 2016. Further, we believe the Fund's long-term track record shows these 2017 results to date are not an anomaly. The Fund has returned 13.09% annualized performance since its inception on January 31, 1992, beating its benchmark, the Russell Midcap Growth Index, by 3.61% per year over that time period. It is the top ranked mid-cap growth fund versus its peers since inception.*

The economy has continued its steady growth and domestic unemployment is at its lowest level since 2001. Investors have begun to question the impact this administration can have on our economy. The initial sector-specific reaction last year to the new President's administration has largely unwound as health care changes, tax reform, infrastructure spending and reduced regulation are taking longer to achieve than originally thought.

The Fund attempts to avoid investments reliant on government programs. We believe that the policies of governments are unpredictable and reversible, and cannot be relied upon for long-term business and investment success. We think companies are now being valued more on their fundamentals and prospects and less on the U.S. government's anticipated programmatic impact. We believe our investments will ultimately reflect their fundamentals. Stock correlations have declined after being elevated for the past decade. Lower correlations are elevating the importance of stock picking and analysis over sector allocations.

From 2014 to 2016, the stock prices for 67% of the Fund's investments lagged their underlying companies' performance. We think the current recovery of the majority of these investments from unusually undervalued levels will likely continue, although we can certainly not assure you that will be the case. Examples of stock prices that do not reflect underlying operating performance are numerous within our portfolios. For instance, in the three years prior to 2017, Benefitfocus doubled its customer base and grew its revenue even faster, yet its stock price fell. CoStar almost doubled its highly valuable and dependable subscription revenue, yet its stock price remained roughly unchanged. Tesla grew its vehicle deliveries by 2.4 times, yet its stock price remained range bound as investors worried about upcoming Model 3 deliveries. These companies and other growth businesses are now being revalued higher.

We remain optimistic that the companies the Fund owns will continue to grow strongly. Benefitfocus has a relationship with Mercer, the market leader with respect to private exchanges for active employees. We expect Benefitfocus to grow the number of services offered on its platform. Additionally, the salesforce restructuring last year to focus more on larger clients should potentially re-accelerate its growth rate. CoStar's acquisition of LoopNet provides cross-selling opportunities that could potentially dwarf the acquired company's prior revenues. We are confident in Tesla's ability to deliver vehicles in the mass market and greatly improve production times from a hundred per month in August 2017, to thousands per week by the end of this year, to 10,000 per week by the end of 2018. And that's without a slowdown of Models S or X which should produce an additional 100,000 vehicles per year, in our view. Battery packs and solar roofs are additional future sources of income as the company becomes a holistic sustainable energy producer.

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 6/30/2017	Inception 1/31/1992 to 6/30/2017
Baron Partners Fund (Institutional Shares)	22.45%	59.72%	1.54%	22.55%	11.13%	13.09%
Russell Midcap Growth Index	19.26%	110.65%	(4.69)%	23.37%	8.61%	9.48%
S&P 500 Index	20.21%	32.29%	(3.60)%	17.94%	10.34%	9.46%
Percentile rank in Morningstar Mid-Cap Growth Category*	15**	84**	16**	26	4	1**
# of Share Class in the Category	83**	416**	366**	531	564	30**
Morningstar US Fund Mid-Cap Growth Peer Group Avg	18.00%	120.57%	(3.33)%	20.97%	7.06%	9.18%

† The Institutional Share Class was ranked #1 by Morningstar out of 654 funds (share classes) in the Morningstar US Fund Mid-Cap Growth Category, for the three-month period ended June 30, 2017; #1 out of 647 funds (share classes) for the year-to-date period; #10 out of 626 funds (share classes) for the 1-year period; #1 out of 502 funds (share classes) for the 5-year period; #68 out of 371 funds (share classes) for the 10-year period; #1 out of 276 funds (share classes) for the period from 4/30/2003 (date of conversion to mutual fund) – 6/30/2017; and #1 out of 30 funds (share classes) for the since inception (1/31/1992) period. Morningstar rankings are based on total returns for the three-month, year-to-date, 1-, 5-, 10-year, since conversion (4/30/2003), and since inception (1/31/1992) periods ended 6/30/2017.

* 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 June 30, 2017, the Category consisted of 626, 502, 370 and 276 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 2nd, 1st, 18th and 1st percentiles, respectively, in the Category. The Category consisted of 83, 416, 366, 531, 564 and 30 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, 12/31/2013–6/30/2017 and 1/31/1992–6/30/2017, respectively. **Baron Partners Fund Institutional** Share Class ranked in the 15th, 84th, 16th, 26th, 4th and 1st percentiles, for the respective time intervals.

** Source: Morningstar Direct–Performance Reporting.

Table III.
Top contributors to performance for the quarter ended June 30, 2017

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
Tesla, Inc.	2014	$21.9	$59.4	29.94%	5.31%
CoStar Group, Inc.	2005	0.7	8.6	27.21	3.62
Zillow Group, Inc.	2014	4.3	9.0	44.45	2.11
Vail Resorts, Inc.	2008	1.6	8.1	6.23	0.70
Gartner, Inc.	2013	5.7	11.2	14.39	0.68

Tesla, Inc. makes fully electric vehicles, solar products, and energy storage solutions. Shares appreciated as a result of enhanced investor confidence in the Model 3 production schedule following management's comments suggesting no fundamental issues that will limit initial production. Management also noted an increase in reservations for Model 3 before its launch and without marketing. Further, Tesla now offers its solar roof product and has downsized the operations of recent acquisition SolarCity, focusing instead on cash generation that suggests lower merger-related risks. (Ishay Levin)

Shares of **CoStar Group, Inc.**, a real estate information and marketing services company, increased in the second quarter. Business trends were solid, with revenue growth of 13% and bookings growth of 17%. We are excited about the dissolution of LoopNet Premium Searcher and subsequent upsell of its customers to the flagship CoStar information product. We believe this transition could contribute an incremental $150 to $200 million of recurring revenue with almost no added cost. We also see an opportunity to optimize its Premium Lister product, which will potentially impact results next year. (Neal Rosenberg)

Zillow Group, Inc. operates online real estate sites, including Zillow.com, which offers information on homes for sale and rent; Zillow Mortgage Marketplace, which enables home buyers to get online mortgage quotes; and StreetEasy, New York City's leading real estate site. Shares rose on strong first quarter results and a robust outlook for 2017. We expect Zillow to benefit from recent product launches including auction-based pricing. As the dominant U.S.-based online real estate company, we think Zillow is well positioned to grow its share of the $8 billion real estate advertising market. (Ashim Mehra)

Table IV.
Top detractors from performance for the quarter ended June 30, 2017

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap or Market Cap When Sold (billions)	Total Return	Percent Impact
Manchester United plc	2014	$2.8	$ 2.7	−3.31%	−0.17%
AO World plc	2015	0.9	0.7	−10.48	−0.15
Arch Capital Group Ltd.	2002	0.6	11.5	−1.56	−0.11
Air Lease Corp.	2014	3.3	3.9	−3.41	−0.09
Verisk Analytics, Inc.	2009	4.0	12.9	−8.37	−0.09

Manchester United plc, the best known team in the English Premier League, generates revenue from broadcasting, sponsorship, and licensing. Shares fell on speculation around team performance next year, despite Manchester qualifying for the Champions League. The company recently launched MUTV, a global video subscription offering. It maintains a strong pipeline of sponsorship deals, and we expect to hear more about its merchandising and licensing strategy. We believe Manchester United is a unique media company with broad global appeal. (Ashim Mehra)

AO World plc is a leading online seller of major domestic appliances in the U.K. with over 15% market share. Shares of AO were down in the second quarter as the company was hit by rising vendor prices resulting from the Pound's devaluation relative to the Euro. We expected to see subsequent stabilization, but current U.K. trends point to weaker consumer demand that is lasting longer than we had anticipated. We retain conviction based on our expectations of modest growth in AO's German business, while the company works to improve terms with vendors in advance of volume expansion. (Ashim Mehra)

Arch Capital Group Ltd. is a specialty insurance and reinsurance company based in Bermuda. Shares detracted in the second quarter after a period of significant rallying and multiple expansion. The stock was also pressured by a secondary sale from AIG and the pre-announcement of an unusually large underwriting loss in the second quarter. We retain conviction in Arch Capital due to its quality management team and underwriting discipline. (Josh Saltman)

Investment Strategy And Portfolio Structure

The goal of Baron Partners Fund is to double its value per share within five years, although the Fund may not achieve this goal. This is while we expect the stock market and economy to double about every 11 years. Our strategy to accomplish this goal is to invest for the long term in a focused portfolio of what we believe are fast-growing, well-managed competitively advantaged businesses at attractive prices that double in size every four to six years, not the 11 to 12 years for businesses in our benchmark that grow at a pace similar to the economy and stock market. We attempt to create a portfolio of 25 to 30 securities diversified by GICS sectors. These businesses are identified by our Firm's proprietary research. We think these well-managed businesses have strong, long-term growth opportunities. The Fund uses modest leverage to enhance returns, although this may increase volatility.

As of June 30, 2017, Baron Partners Fund held 25 investments. The median market capitalization of these growth companies was $7.8 billion. The top 10 positions represented 76.8% of total investments and 90.8% of net assets.

While concentrated, the Fund is diversified by sector. Its sector weightings are significantly different than those of the Russell Midcap Growth Index, the index against which we benchmark our performance. Our weightings will likely change over time depending upon those businesses' prospects and their perceived investment opportunities. The Fund currently has a greater weight in the Consumer Discretionary and Financial sectors than the Index, but has a lesser weight in Industrials and Health Care. The Fund also does not have any holdings in the Materials or Energy sectors. These underweight sectors, in our opinion, are more reliant on commodity prices and regulation that is outside of a business' control.

Table V.

Top 10 holdings as of June 30, 2017

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Amount (millions)	Percent of Total Investments
Tesla, Inc.	2014	$21.9	$59.4	$401.4	16.5%
CoStar Group, Inc.	2005	0.7	8.6	290.0	11.9
Arch Capital Group Ltd.	2002	0.6	11.5	223.9	9.2
Vail Resorts, Inc.	2008	1.6	8.1	187.8	7.7
Hyatt Hotels Corp.	2009	4.2	7.1	146.1	6.0
IDEXX Laboratories, Inc.	2013	4.7	14.2	145.3	6.0
FactSet Research Systems, Inc.	2007	2.5	6.6	128.0	5.3
Zillow Group, Inc.	2014	4.3	9.0	122.1	5.0
The Charles Schwab Corp.	1992	1.0	57.4	120.3	4.9
Gartner, Inc.	2013	5.7	11.2	105.0	4.3

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

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.

This report does not constitute an offer to sell or a solicitation of any offer to buy securities of Baron Partners Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

P/E: The price earnings ratio is a valuation ratio of a company's current stock price to its actual earnings per share.