DEAR BARON FINTECH FUND SHAREHOLDER:

PERFORMANCE

In the quarter ended March 31, 2020, Baron FinTech Fund (the "Fund") declined 12.50% (Institutional Shares) compared with a 19.60% decline for the S&P 500 Index (the "Benchmark") and a 27.38% decline for the FactSet Global FinTech Index.

Table I.
Performance
For period ended March 31, 2020

	Baron FinTech Fund Retail Shares[1,2]	Baron FinTech Fund Institutional Shares[1,2]	S&P 500 Index[1]	FactSet Global FinTech Index[1]
Three Months and Since Inception (December 31, 2019)[3]	(12.50)%	(12.50)%	(19.60)%	(27.38)%

JOSH SALTMAN

PORTFOLIO MANAGER

Retail Shares: BFINX
Institutional Shares: BFIIX
R6 Shares: BFIUX

The Fund launched on December 31, 2019 because we think the FinTech sector offers attractive investment opportunities and will continue to do so for many years. FinTech sits at the intersection of financial services and technology. It includes both (i) technology companies providing software or services that facilitate financial transactions and (ii) financial services companies using technology in a significant way to increase efficiency or improve the customer experience. The FinTech universe is broad with hundreds of companies across payments, capital markets, information services, enterprise software, information technology ("IT") services, and tech-enabled banks, insurers, wealth managers, and other financial institutions. FinTech companies serve large addressable markets, with financial institutions spending more on IT than any other industry.

We seek to invest in companies with long runways for growth, sustainable competitive advantages, exceptional management teams, and attractive valuations. We take a long-term perspective and conduct independent research and analysis. We're particularly focused on companies that are deeply embedded into the financial ecosystem by providing critical functions that facilitate commerce and capital markets activity.

The FinTech space benefits from several long-term growth trends:

- **Shift from cash to electronic payments:** The world is going cashless, but $17 trillion of consumer payments each year are still made with cash or check.
- **Rise of e-commerce:** Online sales are growing much faster than in-store retail sales, but e-commerce penetration is still low at only around 15% of total retail sales in the U.S.
- **Electronification of the capital markets:** Trade execution and investing decisions continue to migrate to electronic venues to improve efficiency and reduce costs.
- **Digital transformation:** Many established companies have decades-old technology systems that are difficult to maintain and improve. Disruption from new tech-enabled entrants is forcing incumbents to either upgrade their systems or risk losing customers.
- **Demand for data to inform decision making:** Financial institutions have an insatiable appetite for data to improve loan pricing, insurance underwriting, marketing efficiency, investment returns, trade execution, and payment authorization rates.

These trends are driving the digitization of the Financials sector and the growth of FinTech companies. We believe these are inevitable trends that should continue regardless of pandemics, interest rates, trade wars, elections, and other political and macroeconomic factors.

Performance listed in the above table is net of annual operating expenses. Annual estimated expense ratio for the Retail Shares and Institutional Shares is 1.87% and 1.62%, respectively, but the net annual estimated expense ratio is 1.20% and 0.95% (net of the Adviser's fee waivers), respectively. 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 Adviser reimburses certain Baron Fund expenses pursuant to a contract expiring on August 29, 2030, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense 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 The indexes are unmanaged. The index performance is not Fund performance; one cannot invest directly into an index. S&P 500 Index measures the performance of 500 widely held large cap U.S. companies. The indexes and the Fund are with dividends, which positively impact the performance results. The FactSet Global FinTech Index™ is an unmanaged and equal-weighted index that measures the equity market performance of companies engaged in Financial Technologies, primarily in the areas of software and consulting, data, and analytics, digital payment processing, money transfer, and payment transactional-related hardware across 30 developed and emerging markets.

2 The performance data in the table does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemptions of Fund shares.

3 Not annualized.

The quarter was a difficult one for the market and for society. The first half of the quarter was strong with the S&P 500 Index rising 5.1% from the beginning of the year until the market peak in mid-February. Investors' reaction to the COVID-19 outbreak in the U.S. subsequently caused the S&P 500 Index to fall 23.5% through the end of the quarter. The pandemic created a public health crisis that quickly evolved into an economic crisis. Businesses closed to slow the spread of the virus, leading to a dramatic decline in economic activity and a rapid rise in unemployment. With memories of the Great Financial Crisis of 2008-2009 still fresh, governments and central banks acted quickly to stimulate the economy and keep the capital markets functioning. As the pandemic began to take hold outside of China, we scrutinized all of our holdings to evaluate leverage and liquidity levels. We believe all of the holdings in the Fund today have strong balance sheets and sufficient liquidity to endure a potentially prolonged economic downturn.

During the quarter, outperformance of the Fund's investments in Financials and Industrials and a lack of exposure to the Energy sector contributed the most to relative results. Positive stock selection in Financials accounted for most of the Fund's outperformance in the period, driven by financial exchanges & data companies **MSCI, Inc.**, **S&P Global Inc.**, and **Moody's Corporation**. Performance in the sector was also bolstered by specialty insurer **Kinsale Capital Group, Inc.** and global investment bank **Houlihan Lokey, Inc.**, whose share prices were up modestly in the quarter. Strength in Industrials was related to the outperformance of research & consulting services companies **Verisk Analytics, Inc.** and **CoStar Group, Inc.** These positive impacts were partly offset by lack of exposure to the defensive Health Care and Consumer Staples sectors, which held up well in the down market during the quarter, and underperformance of payments stocks in IT.

Table II.
Top contributors to performance for the quarter ended March 31, 2020

	Percent Impact
MSCI, Inc.	0.35%
Kinsale Capital Group, Inc.	0.29
Adyen N.V.	0.20
Houlihan Lokey, Inc.	0.09
Bill.com Holdings, Inc.	0.04

Shares of **MSCI, Inc.**, a leading provider of investment decision support tools, contributed to performance. The company reported solid fourth quarter earnings at the end of January. Despite the COVID-19 market disruption, MSCI shares appreciated due to investors' belief that MSCI is a durable "all weather franchise." We retain long-term conviction as the company owns strong franchises and, in our view, remains well positioned to benefit from a number of prominent tailwinds in the investment community.

Specialty insurer **Kinsale Capital Group, Inc.** was up slightly in the quarter, which was enough to significantly outperform. The company is less impacted by COVID-19 and slower economic growth than many other businesses. Premium growth of 41% last year was primarily driven by market share gains and higher premium rates, both of which should continue this year. Market conditions remain favorable as competitors reduce capacity after years of underpricing risk.

Adyen N.V. provides technology that enables merchants to accept electronic payments. The company reported strong 43% revenue growth in the most recent period and is making significant investments to sustain its high rate of growth. As a payment processor mostly for e-commerce, Adyen is perceived to be less impacted by pandemic-related store closures and a slowdown in consumer spending. While not immune from COVID-19 impacts, we believe Adyen will be a prime beneficiary of the secular growth of e-commerce over the long term.

Houlihan Lokey, Inc. is a global investment bank that advises companies on M&A, corporate finance, restructurings, and valuation services. The company reported quarterly results that beat Street expectations with 12% revenue growth and 13% EPS growth. Despite a worsening economic outlook that could reduce M&A volume, the stock appreciated due to expectations of increased activity for the restructuring business from financially distressed companies. We continue to own the stock due to the company's diversified service offering and leading market positions.

Bill.com Holdings, Inc., a leading provider of cloud-based software that simplifies, digitizes and automates complex back office financial operations, contributed to performance. The company reported very strong quarterly financial results and provided fiscal year 2020 guidance that was well above consensus. While COVID-19 and the recent Fed interest rate cuts could negatively impact the business in the short term, we believe Bill.com is well positioned to capitalize on the digitization of B2B payments and become a winner in the market for small- and mid-sized businesses.

Table III.
Top detractors from performance for the quarter ended March 31, 2020

	Percent Impact
Mastercard Incorporated	–1.25%
Endava plc	–1.15
Visa, Inc.	–0.85
Global Payments Inc.	–0.84
TransUnion	–0.83

Mastercard Incorporated is a leading global payment network. Despite reporting strong quarterly results with 16% revenue growth and 26% EPS growth, the stock sold off later in the quarter as the COVID-19 pandemic caused a slowdown in consumer spending and in the particularly lucrative cross-border payment volumes. Management withdrew full-year guidance due to the uncertain economic outlook, and news of CEO Ajay Banga's retirement also weighed on sentiment. We retain conviction in the stock due to Mastercard's long runway for growth and strong competitive advantages.

Endava plc provides outsourced software development to business customers. Despite reporting strong quarterly results, including 23% organic revenue growth and 51% EPS growth, as well as favorable pricing trends and margin expansion due to strong consumer demand, shares declined later in the quarter on concerns about the global economic slowdown as a result of the COVID-19 pandemic. We believe that, over the long term, Endava will continue to gain share in the large global market for IT services.

Visa, Inc. is a leading global payment network. Despite reporting solid quarterly financial results with 10% revenue growth and 12% EPS growth and announcing the acquisition of Plaid, which connects fintech companies with banks, the stock declined later in the quarter as the COVID-19 pandemic caused a slowdown in consumer spending and led management to cut guidance. We retain conviction in the company due to its long runway for growth and strong competitive advantages.

Payment processor **Global Payments Inc.** reported good quarterly financial results with 22% EPS growth and raised synergy targets for its recent merger with TSYS. However, the stock underperformed as widespread business shutdowns due to COVID-19 are expected to cause a slowdown in revenue. Global Payments has high exposure to small businesses, which are being especially impacted by the pandemic. We continue to own the stock because we believe the company will benefit from an eventual economic recovery and should generate significant value from its merger with TSYS.

TransUnion is a consumer credit bureau that helps businesses make credit and marketing decisions. Despite reporting quarterly results that beat Street expectations with 10% revenue growth and 13% EPS growth, the stock declined as the COVID-19 pandemic caused a deterioration in the economic outlook, and investors questioned the sustainability of TransUnion's strong growth in a possible recession. While growth may slow down, we expect TransUnion to continue gaining share while diversifying into attractive information services verticals.

Portfolio Structure

The Fund invests in FinTech companies across all market capitalizations and geographies. The quality of the ideas and level of conviction determine the position size of each investment. We do not try to mimic an index, and we expect the Fund to look very different from the Benchmark.

As of March 31, 2020, the Fund held 34 positions. International stocks represented 14.2% of the Fund's net assets. The Fund's 10 largest holdings represented 51.3% of net assets, and the 20 largest holdings represented 79.7% of net assets. The market capitalization range of the investments in the Fund was $407 million to $522 billion with a weighted average market capitalization of $80.4 billion.

We also categorize the Fund's holdings by investment theme. As of March 31, 2020, critical data providers represented 28.1% of net assets, electronic payments represented 21.7%, enterprise software represented 13.1%, digital IT services represented 12.7%, e-commerce represented 11.8%, capital markets represented 5.0%, and cash and other represented 7.6%.

Table IV.
Top 10 holdings as of March 31, 2020

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Quarter End Investment Value (thousands)	Percent of Net Assets
Mastercard Incorporated	2020	$306.1	$242.8	$485.5	6.8%
Visa, Inc.	2020	376.2	316.2	451.1	6.4
Fidelity National Information Services, Inc.	2020	86.0	75.0	437.9	6.2
S&P Global Inc.	2020	67.9	59.0	355.3	5.0
Adyen N.V.	2020	24.9	25.7	338.2	4.8
EPAM Systems, Inc.	2020	11.9	10.3	326.8	4.6
PayPal Holdings, Inc.	2020	130.0	112.3	320.7	4.5
Endava plc	2020	2.6	1.9	316.4	4.5
Moody's Corporation	2020	45.6	39.6	306.7	4.3
MSCI, Inc.	2020	22.5	24.6	300.5	4.2

Table V.
Fund investments in GICS sub-industries as of March 31, 2020

	Percent of Net Assets
Data Processing & Outsourced Services	38.7%
Financial Exchanges & Data	18.6
IT Consulting & Other Services	12.7
Research & Consulting Services	10.9
Application Software	8.9
Internet & Direct Marketing Retail	2.5
Property & Casualty Insurance	2.4
Investment Banking & Brokerage	1.4
Cash and Cash Equivalents	3.9
	100.0%

Outlook

The COVID-19 pandemic has significantly disrupted our way of life and will pressure financial results for most companies, including those in the Fund. Consumer spending has fallen, corporate decision-making has slowed, and new sales activity has paused. We don't know how severe or prolonged the recession will be, making short-term financial performance especially challenging to predict. Many companies have withdrawn full-year financial guidance due to significant uncertainty.

Despite cloudy skies in the near term, we think the long-term outlook for the Fund's holdings are very bright. Impacts from the COVID-19 pandemic will likely accelerate disruptive trends that were already in place before the virus. Fear of contaminated cash should hasten the move to electronic and contactless payments, thereby benefiting our payments investments. Greater comfort with shopping online and a desire to avoid crowds should promote the growth of e-commerce, thereby benefiting our e-commerce investments. Companies will need to find better ways to serve their customers by investing in new technologies and adopting cloud-based solutions, thereby benefiting our enterprise software and IT services investments. Market participants will need to find better ways of accessing liquidity and managing risk, thereby benefiting our capital markets investments. And businesses will increasingly rely on data to inform decision-making, thereby benefiting our critical data investments. We believe the companies in which the Fund invests are competitively advantaged growth companies run by capable managers. Our research suggests that these companies have strong balance sheets and sufficient liquidity to weather this storm and capture additional market share while weaker competitors retrench.

Thank you for investing in Baron FinTech Fund. We are diligently working to identify good investment ideas that we believe will generate attractive returns. I am an investor in the Fund, alongside you.

Sincerely,

Josh Saltman
Portfolio Manager

Baron FinTech Fund

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: In addition to general market conditions, the value of the Fund will be affected by investments in fin tech companies which are subject to a number of risks, including the adverse impact of legislative actions and government regulations. The Fund is non-diversified, which means it may have a greater percentage of its assets in a single issuer than a diversified fund. The Fund invests in small and medium sized companies whose securities may be thinly traded and more difficult to sell during market downturns. 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 manager 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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