DEAR BARON FINTECH FUND SHAREHOLDER:

PERFORMANCE

In the quarter ended March 31, 2021, Baron FinTech Fund (the "Fund") fell 1.29% (Institutional Shares) compared with a 6.17% gain for the S&P 500 Index (the "Benchmark") and a 2.77% gain for the FactSet Global FinTech Index. Since inception, the Fund has risen 34.84% (Institutional Shares) compared with an 20.09% gain for the Benchmark and a 29.78% gain for the FactSet Global FinTech Index.

Table I.
Performance
For period ended March 31, 2021

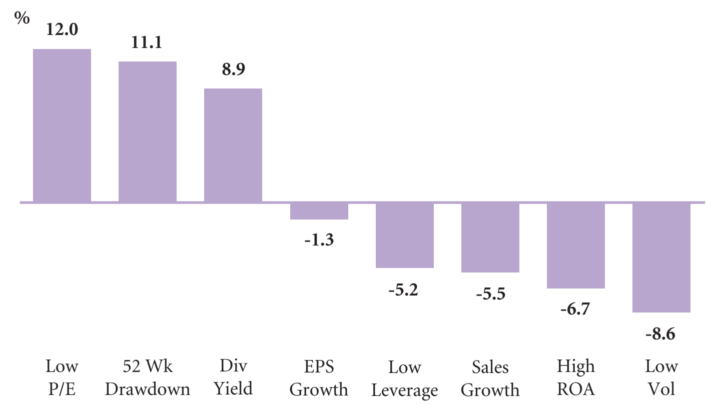
	Baron FinTech Fund Retail Shares[1,2]	Baron FinTech Fund Institutional Shares[1,2]	S&P 500 Index[1]	FactSet Global FinTech Index[1]
Three Months[3]	(1.36)%	(1.29)%	6.17%	2.77%
One Year	65.60%	66.06%	56.35%	90.74%
Since Inception (December 31, 2019)	34.54%	34.84%	20.09%	29.78%

During the quarter, the Fund underperformed the Benchmark by 7.46%. This level of underperformance is disappointing but not surprising given the significant market rotation that took place. Value stocks substantially outpaced Growth stocks (11.9% vs. 1.2%), Cyclicals beat Non-Cyclicals (11.3% vs. 3.2%), and Financials outperformed Information Technology ("IT") (16.4% vs. 1.4%). According to Credit Suisse, the best-performing stocks in the S&P 500 Index were those with low valuation multiples, significant share price declines last year, and high-dividend yields. Meanwhile the worst-performing stocks were those with high-revenue growth, low leverage, high returns on assets, and low volatility. The Fund heavily skews toward high-quality growth companies, so returns fell short in a period when low-quality cyclical stocks were favored. Occasional underperformance is the unfortunate but inevitable cost of our focused strategy of investing in FinTech companies with long runways for growth and sustainable competitive advantages. We retain conviction in our strategy and expect better future performance.

JOSH SALTMAN
PORTFOLIO MANAGER

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

1Q21 Factor Returns–S&P 500



Source: Credit Suisse

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2020 was 3.09% and 2.43%, respectively, but the net annual expense ratio was 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, 2031, 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 **S&P 500 Index** measures the performance of 500 widely held large cap U.S. companies. 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. The indexes and the Fund include reinvestment of dividends, net of withholding taxes, which positively impact the performance results. The indexes are unmanaged. Index performance is not Fund performance; one cannot invest directly into an index.

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.

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At a sector level, our investments in Financials and IT weighed the most on relative results. Among the Fund's seven investment themes, Digital IT Services was the sole outperformer, while the others lagged. Bank stocks appreciated significantly as the 10-Year Treasury yield almost doubled since the start of the year. The Fund's low exposure to these stocks hampered performance. It might seem surprising that FinTech stocks would underperform when financial stocks outperform, but we believe that FinTech is viewed as an adjacent category and was used as a source of funds to buy banks that benefit more from higher rates.

Table II.

Top contributors to performance for the quarter ended March 31, 2021

	Percent Impact
Endava plc	0.44%
EPAM Systems, Inc.	0.41
S&P Global Inc.	0.26
Grid Dynamics Holdings, Inc.	0.24
Network International Holdings Ltd.	0.23

Endava plc provides outsourced software development to business customers. Share price appreciation was driven by continued revenue and earnings growth. Following a brief slowdown during the early months of the pandemic, business has returned to normal as clients recognize the need for greater investment in digital transformation. Management expects organic revenue growth will return to the 20%-plus range with additional growth from accretive acquisitions. We believe Endava will continue gaining share in a large global market for IT services.

EPAM Systems, Inc. provides outsourced software development to business customers. Shares gained after the company reported quarterly financial results that exceeded Street expectations. Demand is rebounding after last year's slowdown as the pandemic has highlighted the need for greater investment in digital transformation. 2021 guidance calls for revenue growth to exceed 20% albeit with some temporary margin pressure from investments and catch-up spending. We continue to own the stock due to EPAM's long runway for growth and strong execution.

S&P Global Inc. provides credit ratings, indexes, data, and analytics to the financial and commodities markets. Shares increased on strong fourth quarter results and 2021 guidance that exceeded Street expectations. Although bond issuance is expected to moderate after two years of exceptional growth, management still expects revenue to grow mid-single-digits this year. Also, shareholders overwhelmingly voted to approve the merger with IHS Markit. We continue to own the stock as we see a long runway for growth and significant competitive advantages for the company.

Grid Dynamics Holdings, Inc. provides outsourced software development to business customers. Shares increased after the company reported improving financial results and 2021 guidance that exceeded analyst expectations. Following a major pullback in spending last year by large customers in the retail sector, management has successfully pivoted the company toward non-retail customers with better growth prospects, which now represent a significant majority of revenue. We continue to own the stock because we believe the company has unique capabilities and a long runway for growth.

Network International Holdings Ltd. is a leading payment processor serving banks and merchants in the Middle East and Africa. Shares increased on better-than-expected earnings results. In addition, allegations made by short sellers have not been proven true, which we think helped boost market sentiment. Network International is a beneficiary of the cash to digital payments trend in its markets as banks look to issue cards and merchants look to accept non-cash payments. We think the company will continue executing on its large opportunity under the leadership of a new CEO who was formerly with Mastercard.

Table III.

Top detractors from performance for the quarter ended March 31, 2021

	Percent Impact
Guidewire Software, Inc.	–0.61%
MercadoLibre, Inc.	–0.36
Verisk Analytics, Inc.	–0.27
TransUnion	–0.24
London Stock Exchange Group PLC	–0.23

Shares of property and casualty ("P&C") insurance software vendor **Guidewire Software, Inc.** detracted from performance as shares of high-multiple growth stocks lagged. The company is near the midpoint of its cloud transition, which should correspond with improving financial results. Despite short-term headwinds, we believe Guidewire has tripled its addressable market through new products and cloud delivery and will become the critical software vendor for the global P&C insurance industry, capturing 30% to 50% of its $15 billion to $30 billion total addressable market and generating margins above 40%.

MercadoLibre, Inc., a Latin American e-commerce and FinTech platform, declined in the quarter despite reporting very strong fourth quarter results. MercadoLibre falls into a category of businesses that were net beneficiaries of last year's lockdowns and reduced consumer gatherings that fell out of favor this quarter as investors looked toward economic reopening and normalization. We are confident in MercadoLibre's ability to create substantial long-term value as it grows into a regional powerhouse across e-commerce and financial services.

Shares of **Verisk Analytics, Inc.**, a leading data and analytics vendor, detracted from performance after the company reported fourth quarter earnings that came in slightly below Street expectations. The core Insurance segment remained strong, but pandemic-related weakness impacted the Energy and Financial Services segments. We remain positive about the competitive positioning, long-term growth, margin expansion, and capital deployment prospects for the business.

TransUnion is a consumer credit bureau that helps businesses make credit and marketing decisions. Earnings have been impacted by a slowdown in economic growth and financial marketing activity due to the pandemic. Shares declined after the company provided underwhelming 2021 guidance that suggests a more gradual recovery than investors were expecting. We believe this guidance is conservative and continue to own the stock because we expect TransUnion to continue gaining share while diversifying into attractive information services verticals.

Shares of U.K.-based **London Stock Exchange Group PLC** fell sharply after the company reported that expenses associated with integrating data provider Refinitiv will be higher than analyst forecasts. While margins will be negatively impacted, management expects these investments will drive faster revenue growth over time. We continue to own the stock because we expect the acquisition of Refinitiv will transform LSE into a global market infrastructure provider and further diversify the revenue mix away from volatile transaction fees to more recurring data-subscription fees.

Portfolio Structure

The Fund seeks to invest in competitively advantaged, growing FinTech companies that we can own for years. We conduct independent, fundamental research and take a long-term perspective. The Fund invests in 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 will look very different from the Benchmark.

As of March 31, 2021, the Fund held 48 positions. Non-U.S. stocks represented 20.8% of the Fund's net assets. The Fund's 10 largest holdings represented 40.9% of net assets, and the 20 largest holdings represented 67.1% of net assets. The market capitalization range of the investments in the Fund was $857 million to $615 billion with a weighted average of $103 billion.

We segment the Fund's holdings into seven investment themes. Some companies have characteristics that span more than one theme, but we classify each company by a single theme that we believe is most representative.

1. **Payments:** The world is increasingly going cashless, but $18 trillion of consumer payments each year are still made with cash or check. **Visa, Inc.** and **Mastercard Incorporated** operate the leading global networks that facilitate electronic payments for consumers, merchants, and banks. We own several companies that enable merchants to accept electronic payments, including **Square, Inc.**, **Nuvei Technologies Corp.**, **Global Payments Inc.**, **Shift4 Payments, Inc.**, and **Bill.com Holdings, Inc.**

2. **E-commerce:** We have several investments that benefit from the secular growth of e-commerce. Online sales are growing much faster than in-store sales, but e-commerce penetration is still low at only around 15% of total U.S. retail sales. As payment processors for mostly online merchants, **PayPal Holdings, Inc.** and **Adyen N.V.** benefit from the rapid growth of e-commerce around the world. **Alibaba Group Holding Limited** and **MercadoLibre, Inc.** operate leading online marketplaces and payment platforms. **Shopify Inc.** provides software and services that make it easier for merchants to sell online.

3. **Enterprise Software:** We have several investments in software companies that help businesses manage their financial processes and operations. **Fidelity National Information Services, Inc.**, **Jack Henry & Associates, Inc.**, and **nCino Inc.** provide software that enables banks to manage account and transaction data. **Intuit Inc.** provides accounting and payroll solutions for small businesses as well as tax software for consumers and tax professionals. **Guidewire Software, Inc.** and **Duck Creek Technologies, Inc.** are leading providers of core systems software for the global P&C insurance industry.

4. **Information Services:** Financial institutions increasingly rely on information and insights to improve loan pricing, insurance underwriting, marketing efficiency, and investment returns. We have several investments in companies that provide critical data to help financial institutions optimize performance and fulfill regulatory requirements. Rating agencies **S&P Global Inc.** and **Moody's Corporation** provide credit ratings that are deeply embedded into the financial ecosystem. **TransUnion** provides the data and **Fair Isaac Corporation** provides the rating methodology used by lenders for consumer credit decisions. The insurance industry relies on **Verisk Analytics, Inc.** for underwriting data, and the commercial real estate industry relies on **CoStar Group, Inc.** for property data.

5. **Digital IT Services:** Many banks, insurers, and other businesses have decades-old technology that is difficult to maintain and improve. Disruption from new tech-enabled entrants is forcing incumbents to either upgrade their legacy systems or risk losing customers. **EPAM Systems, Inc.**, **Endava plc**, **Accenture plc**, and **Grid Dynamics Holdings, Inc.** provide consulting and outsourced software development for business customers to help them modernize their systems and navigate complex digital transformations.

6. **Capital Markets:** Investing decisions and trade execution increasingly rely on digital solutions to improve efficiency and reduce costs. **MarketAxess Holdings Inc.** and **Tradeweb Markets Inc.** operate the leading electronic trading platforms for fixed income markets and benefit from the secular shift from voice-based trading to electronic trading. **CME Group, Inc.** is the world's largest and most diversified derivatives marketplace whose electronic exchanges are used by traders around the world to manage risk.

7. **Tech-Enabled Financials:** Certain financial institutions are using technology in particularly innovative ways to better serve their customers and operate more efficiently. **Kinsale Capital Group, Inc.** is an insurance company that uses proprietary technology to enable faster underwriting and create meaningful cost advantages over the competition. **BlackRock Inc.** uses technology to evaluate risk for institutional investors and manage trillions of dollars' worth of ETF assets at very low cost.

As of March 31, 2021, Information Services represented 24.9% of net assets, Payments represented 21.8%, E-commerce represented 15.4%, Digital IT Services represented 11.9%, Enterprise Software represented 11.8%, Capital Markets represented 5.8%, and Tech-Enabled Financials represented 4.7% with the remainder in cash.

Table IV.
Top 10 holdings as of March 31, 2021

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Quarter End Investment Value (thousands)	Percent of Net Assets
PayPal Holdings, Inc.	2020	$130.0	$284.4	$1,991.3	4.5%
Visa, Inc.	2020	411.0	467.8	1,990.3	4.5
Intuit Inc.	2020	69.3	104.9	1,953.6	4.4
Endava plc	2020	2.6	4.7	1,863.2	4.2
Mastercard Incorporated	2020	306.1	353.7	1,851.5	4.2
S&P Global Inc.	2020	67.9	85.0	1,764.4	4.0
EPAM Systems, Inc.	2020	11.9	22.3	1,745.4	4.0
Fair Isaac Corporation	2020	11.1	14.2	1,676.9	3.8
Adyen N.V.	2020	24.9	67.9	1,651.2	3.7
Square, Inc.	2020	73.9	103.2	1,589.4	3.6

Table V.
Fund investments in GICS sub-industries as of March 31, 2021

	Percent of Net Assets
Data Processing & Outsourced Services	32.5%
Financial Exchanges & Data	13.8
Application Software	13.2
IT Consulting & Other Services	11.9
Research & Consulting Services	8.6
Internet & Direct Marketing Retail	4.6
Interactive Media & Services	3.0
Internet Services & Infrastructure	2.5
Asset Management & Custody Banks	1.7
Investment Banking & Brokerage	1.5
Insurance Brokers	1.1
Diversified Banks	1.1
Property & Casualty Insurance	0.8
Cash and Cash Equivalents	3.7
	100.0%

Recent Activity

Table VI.
Top net purchases for the quarter ended March 31, 2021

	Quarter End Market Cap (billions)	Amount Purchased (thousands)
BlackRock Inc.	$115.8	$757.6
Visa, Inc.	467.8	566.7
TCS Group Holding PLC	11.6	471.2
Mastercard Incorporated	353.7	452.7
Fair Isaac Corporation	14.2	445.6

During the quarter, we initiated a position in **BlackRock Inc.**, the world's largest investment manager with $9 trillion in assets under management. BlackRock offers an array of products across equities, fixed income, alternatives, and cash management to institutional and retail investors worldwide. About one-quarter of BlackRock's assets under management is actively managed, and the rest is in passive index funds and iShares-branded ETFs. The company offers technology services including the investment and risk management platform, Aladdin, as well as other advisory services and solutions. Over the five years ending December 31, 2020, assets under management and earnings per share grew at compound annual growth rates of 13% and 12%, respectively.

We believe BlackRock is well positioned for continued growth given its diverse product offering, global distribution, brand recognition, and capable management team. With most of its assets in index funds and ETFs, BlackRock is a prime beneficiary of the ongoing shift to passive investing. The company also benefits from increasing demand for sustainable investment strategies and "barbell" strategies that use a combination of low-cost index funds, active and illiquid alternatives products. BlackRock fits squarely within our Tech-Enabled Financials theme given its longstanding commitment to innovation and proprietary technology platform, Aladdin, which serves as the investment and risk management system for both BlackRock and a growing number of institutional investors around the world. We expect BlackRock's earnings per share will continue to grow at a double-digit annual rate over a market cycle through a combination of mid-single-digit growth in assets under management from net inflows, market appreciation, low to mid-teens revenue growth in technology services, modest margin expansion, and share repurchases.

We also invested in **TCS Group Holding PLC**, a digital-only bank based in Russia operating under the brand name Tinkoff. Founded in 2006, Tinkoff has evolved from a monoline credit card issuer to a financial services and lifestyle ecosystem with over 13 million active customers. It is a global pioneer in digital banking and one of the most profitable banks in the world with a return on equity exceeding 40%. Through its super App and web interface, Tinkoff offers traditional retail banking products such as loans, deposits, and insurance as well as ancillary lifestyle services including travel, shopping, and entertainment. The company's business profile is evolving favorably with a higher proportion of secured loans in the portfolio and more fee-based income coming from payment processing and retail brokerage. We believe Tinkoff can enjoy a sustained period of high growth given the low penetration of retail credit in Russia, cross-selling opportunities, and exposure to attractive verticals. We see significant growth potential in online merchant acquiring and retail brokerage where the company holds leading positions when measured by processed volumes and active clients. Over the next two years, management expects to reach 16.5 million active users and deliver 20% annualized earnings growth, which we believe are conservative targets.

Table VII.
Top net sales for the quarter ended March 31, 2021

	Amount Sold (thousands)
Rocket Companies, Inc.	$187.7

We sold **Rocket Companies, Inc.** when commentary on social media contributed to a share price spike. We had concerns about growth as interest rates rise and mortgage refinancing volumes fall, so we took advantage of the elevated share price to exit the position.

Outlook

The prospects for economic growth are far more positive today than they were a year ago. Reopening economies, increasing vaccination rates, fiscal stimulus, and pent-up demand support the IMF's real GDP growth projections of 6.4% in the U.S. and 6.0% globally this year. We expect accelerating revenue growth for our more economically sensitive stocks in payments and credit data and moderating growth for our COVID-beneficiary stocks in e-commerce. How much these near-term growth expectations are already reflected in share prices is an open question, but we are looking well beyond the next few quarters to evaluate the long-term growth prospects of all our holdings. We believe we are in the very early innings of the growth of FinTech that will persist regardless of prevailing interest rates and market cycles.

Jamie Dimon, the highly respected Chairman and CEO of JPMorgan Chase, was asked on a recent earnings call about the threat from FinTech companies. He noted that banks are "facing a whole generation of newer, tougher, faster competitors" from the likes of PayPal, Square, Stripe, and Ant Financial as well as big technology players like Facebook, Alphabet, Apple, and Amazon. He then bluntly added, "Absolutely, we should be scared s***less about that." When asked how JPMorgan can protect its turf, Dimon replied, "I'm not going to tell you. But we have plenty of resources and a lot of very smart people. We've just got to get quicker, better, faster." Banks have significant strengths from scale and entrenched customer relationships but are hobbled by inflexible legacy systems that will need to be moved to the cloud to remain competitive. Many banking products, such as payments, are moving out of the banking system. Neobanks and non-banks are gaining share in consumer accounts by addressing customer pain points and making digital platforms easy to use.

FinTech companies can both support and compete with banks like JPMorgan. Banks will continue to spend billions of dollars a year on technology and data from FinTech allies while facing growing competition from FinTech rivals. While bank stocks were strong performers this past quarter, we believe they face structural challenges from new entrants that are faster, nimbler, and more customer centric. We believe the Fund's holdings are well positioned to benefit from this competitive tension in the years ahead.

Thank you for your investment and continued support. We are working hard to identify good investment ideas that we expect will generate attractive returns over the long term.

Sincerely,

Josh Saltman
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: 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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