DEAR BARON FINTECH FUND SHAREHOLDER:

PERFORMANCE

In the quarter ended March 31, 2022, Baron FinTech Fund (the "Fund") fell 16.67% (Institutional Shares) compared with a 4.60% decline for the S&P 500 Index (the "Benchmark") and a 12.78% decline for the FactSet Global FinTech Index. Since inception (December 31, 2019), the Fund has risen 16.68% on an annualized basis compared with an 18.09% gain for the Benchmark and a 5.66% gain for the FactSet Global FinTech Index.

Table I.
Performance
For period ended March 31, 2022

	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]	(16.69)%	(16.67)%	(4.60)%	(12.78)%
One Year	(2.83)%	(2.62)%	15.65%	(18.28)%
Since Inception (December 31, 2019)	16.42%	16.68%	18.09%	5.66%

JOSH SALTMAN
PORTFOLIO MANAGER

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

U.S. equities were down in the first quarter as concerns about more aggressive monetary tightening to combat higher inflation were exacerbated by headline risk from Russia's invasion of Ukraine and its related economic implications. Businesses are facing margin headwinds from wage growth and supply-chain disruptions, dampening expectations for future earnings growth. Energy and Materials were among the few sectors to finish in positive territory as escalating geopolitical tensions pushed commodity prices sharply higher. The Financials sector also outperformed due to rising Treasury yields, while defensive sectors such as Utilities and Consumer Staples benefited from a flight to safety during the quarter. Communication Services, Consumer Discretionary, and Information Technology (IT) were the largest decliners as investors rotated out of growth-oriented sectors that benefited from changing consumption patterns in the early stages of the pandemic. Small caps led the market lower after declining more than 7% in the period.

In a difficult quarter for FinTech stocks, the Fund underperformed the FactSet Global FinTech Index by 3.89% due to stock selection and, to a lesser extent, differences in exposures to various themes. All seven of the Fund's investment themes were in negative territory and underperformed the S&P 500 Index. Against the more comparable FactSet Global FinTech Index, three themes outperformed: Payments (-8.04%), Capital Markets (-10.51%), and Information Services (-10.64%); and four themes underperformed: Tech-Enabled Financials (-14.62%), Enterprise Software (-22.57%), E-commerce (-24.29%), and Digital IT Services (-32.02%). Leaders outperformed Challengers (-10.33% vs. -26.87%, respectively) in a risk-off market environment where small-cap growth stocks were out of favor.

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, 2021 was 1.57% and 1.18%, respectively, but the net annual estimated 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, 2032, 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.

The Fund's 1-year historical performance was impacted by gains from IPOs. There is no guarantee that these results can be repeated or that the Fund's level of participation in IPOs will be the same.

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.

The Fund's Digital IT Services holdings were responsible for roughly two-thirds of the relative shortfall vs. the FactSet Global FinTech Index, with most of the weakness coming from **EPAM Systems, Inc.** and **Grid Dynamics Holdings, Inc.** whose shares were negatively impacted by Russia's invasion of Ukraine where many of their employees are based. Unfavorable stock selection in E-commerce was largely due to the underperformance of cloud-based commerce platform **Shopify Inc.** and payment processor **PayPal Holdings, Inc.** Shopify was the second largest detractor due to the normalization in e-commerce activity from the early stages of the pandemic and the rotation out of high-growth stocks, while PayPal's shares were down sharply after management provided disappointing guidance and reduced user growth targets. Several of the Fund's Enterprise Software holdings were hurt by the rotation out of fast-growing stocks during the quarter, including **Intuit Inc.**, **Ceridian HCM Holding Inc.**, **Expensify, Inc.**, and **Toast, Inc.** Performance in Tech-Enabled Financials was hindered by notable declines from international money transfer provider **Wise Plc** and Russian online retail financial services provider **TCS Group Holding PLC**. Wise shares suffered due to a worsening outlook for the European economy following Russia's invasion of Ukraine, while TCS's shares plummeted after Russia was hit with harsh economic sanctions for its actions in Ukraine.

Cash exposure in a down market, higher exposure to strong performing Capital Markets businesses, and outperformance of investments in Information Services and Payments were the few material contributors to relative performance. Strength in Information Services was mainly due to the outperformance of data and analytics company **Fair Isaac Corporation**, whose shares were lifted by solid quarterly earnings and optimistic commentary from management. Global payment networks **Visa, Inc.** and **Mastercard Incorporated** led the way in Payments due to rebounding cross-border volumes and positive management outlooks.

Table II.
Top contributors to performance for the quarter ended March 31, 2022

	Percent Impact
LPL Financial Holdings Inc.	0.49%
Nuvei Corporation	0.42
Fair Isaac Corporation	0.22
Visa, Inc.	0.21
CI&T Inc	0.20

LPL Financial Holdings Inc. is the largest independent broker-dealer in the U.S. Shares contributed after the company reported strong financial results with 20% gross profit growth and 34% growth in assets under management. Organic net new asset growth reached 13% in 2021, up from 7% in 2020. Shares also benefited from expectations of higher interest rates, which would increase the yield that LPL earns on cash held in client accounts. We continue to own the stock because of LPL's strong competitive position, market share gains, and tailwinds from higher interest rates.

Nuvei Corporation provides payment processing services mostly for online merchants around the world. Following a significant decline at the end of last year, shares contributed after the company reported strong quarterly results and solid 2022 guidance that called for 30%-plus growth in revenue and earnings. The company also provided enhanced financial disclosures, which bolstered investor confidence in management's long-term growth targets. We continue to own the stock due to Nuvei's numerous growth opportunities and strong execution.

Fair Isaac Corporation is a data and analytics company that provides consumer credit risk scores and decisioning software. Shares contributed to performance after the company reported solid financial results and management provided an optimistic outlook for the remainder of the year. The stock also likely benefited from an elevated pace of share repurchases during the quarter. We continue to own the stock because of Fair Isaac's significant competitive advantages and our expectation of mid-to-high-teens earnings growth over a multi-year period.

Shares of global payment network **Visa, Inc.** contributed on strong quarterly results with 24% revenue growth and 27% EPS growth. Payment volume grew 20%, with notable strength in cross-border volumes as travel activity rebounded from depressed levels. Management raised full-year guidance to reflect high-teens revenue growth. Shares also likely benefited from a flight to safety during a volatile quarter for equities. We continue to own the stock due to Visa's long runway for growth and significant competitive advantages.

CI&T Inc provides consulting and outsourced software development for business customers. Shares contributed after the company reported strong quarterly results with 72% revenue growth and 62% earnings growth. Management provided an optimistic outlook for 2022 with revenue growth guidance of 56%, reflecting high demand for digital IT services. The stock also likely benefited from a strengthening of the Brazilian Real and less geopolitical risk than publicly traded peers with operations in Eastern Europe. We believe CI&T will continue growing rapidly in a large global market for IT services.

Table III.
Top detractors from performance for the quarter ended March 31, 2022

	Percent Impact
EPAM Systems, Inc.	–2.55%
Shopify Inc.	–1.79
Intuit Inc.	–1.13
PayPal Holdings, Inc.	–0.92
Endava plc	–0.89

EPAM Systems, Inc. provides outsourced software development to business customers. The stock fell sharply due to anticipated business disruption from Russia's military invasion of Ukraine, where many of EPAM's employees are based. Despite reporting excellent financial results for the prior quarter with 53% growth in both revenue and earnings, management withdrew financial guidance due to war-related uncertainty. We exited our position but continue to monitor the company's ability to adapt to geopolitical adversity.

Shopify Inc. is a cloud-based software company that provides an operating system for multi-channel commerce. Shopify has been adopted by over 2 million merchants that processed $175 billion of gross merchandise volume in 2021, making it the second largest e-commerce player in the U.S. The stock fell due to a normalization in e-commerce from the early stages of the pandemic and a rotation out of high-growth stocks. We believe Shopify has a long runway for growth as it has less than 1% of global commerce spend.

Intuit Inc. is the leading provider of accounting software for small businesses and tax preparation software for individuals and tax professionals. Following a strong run last year, shares detracted after a slower start to the tax season resulted in quarterly revenue that missed analyst estimates despite stronger growth across the rest of the company. Management believes quarterly revenue softness in the consumer tax business was purely timing related, so full-year guidance was maintained. We own the stock due to Intuit's strong competitive position and numerous growth opportunities.

PayPal Holdings, Inc. enables digital payments for consumers and merchants worldwide. Shares fell on disappointing 2022 guidance that called for 15% to 17% revenue growth but flat EPS growth due to higher credit costs and a higher tax rate. Management also tempered user growth expectations due to a strategic shift toward improving engagement of existing users and away from less-productive new user acquisition. Despite reduced earnings expectations, we believe the share price decline is overdone given PayPal's growth opportunities and competitive advantages.

Endava plc provides consulting and outsourced software development for business customers. Shares gave back some of the big gains from last year due to increased investor caution regarding Endava's work force in Central and Eastern Europe, despite having no presence in Ukraine, Russia, or Belarus. We retain conviction. Endava reported strong business momentum with 50% revenue growth and 59% EPS growth in the recent quarter and a positive full-year outlook. We believe Endava will continue gaining share in a large global market for IT services.

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, 2022, the Fund held 47 positions. International stocks represented 21.4% of the Fund's net assets. The Fund's 10 largest holdings represented 40.9% of net assets, and the 20 largest holdings represented 66.5% of net assets. The market capitalization range of the investments in the Fund was $1.3 billion to $480.0 billion with a median of $14.6 billion and weighted average of $88.6 billion. The Fund's active share was 95.3%.

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 moving to electronic payments, but $18 trillion of consumer payments each year are still made with cash or check. **Visa, Inc.** and **Mastercard Incorporated** operate leading global networks that facilitate electronic payments for consumers, merchants, and banks. We own several companies that facilitate electronic payments, including **Block, Inc.**, **Bill.com Holdings, Inc.**, **Paymentus Holdings, Inc.**, **Global Payments Inc.**, and **Marqeta, Inc.**
2. **Information Services:** We have several investments in companies that provide critical data to help financial institutions improve performance and fulfill regulatory requirements. Rating agencies **S&P Global Inc.** and **Moody's Corporation** provide credit ratings and **MSCI, Inc.** manages equity indexes that are deeply embedded in the financial ecosystem. **Equifax Inc.** and **TransUnion** provide the consumer data and **Fair Isaac Corporation** provides the rating methodology used by lenders for credit and marketing decisions. The insurance industry relies on **Verisk Analytics, Inc.** for underwriting data, and the real estate industry relies on **CoStar Group, Inc.** for property data.
3. **Enterprise Software:** We have several investments in software companies that help businesses manage their financial processes and operations. **Intuit Inc.** provides accounting and payroll solutions for small businesses as well as tax preparation software for consumers and tax professionals. **Fidelity National Information Services, Inc.**, **Jack Henry & Associates, Inc.**, and **nCino Inc.** provide software for banks to manage account and transaction data. **Guidewire Software, Inc.** and **Duck Creek Technologies, Inc.** are leading providers of core systems software for the global insurance industry.
4. **Digital IT Services:** Many banks, insurers, and other businesses have decades-old technology that is difficult to maintain. Disruption from new tech-enabled entrants is forcing incumbents to either upgrade their legacy systems or risk losing customers. **Endava plc**, **Accenture plc**, **Globant, S.A.**, and **CI&T Inc** provide consulting and outsourced software development for business customers to help them modernize their systems and navigate complex digital transformations.
5. **E-commerce:** We have several investments that benefit from the secular growth of e-commerce. Online sales have historically grown much faster than in-store sales, but e-commerce penetration is still low at only around 15% of U.S. retail sales. As payment processors for mostly online merchants, **Adyen N.V.**, **Nuvei Corporation**, **DLocal Limited**, and **PayPal Holdings, Inc.** benefit from the growth of e-commerce around the world. **MercadoLibre, Inc.** operates a leading online marketplace and payment service in Latin America, while **Shopify Inc.** provides software and services that make it easier for merchants to sell online.
6. **Capital Markets:** Investing decisions and trade execution increasingly rely on digital solutions to improve performance and reduce costs. **Tradeweb Markets Inc.** and **MarketAxess Holdings Inc.** operate the leading electronic trading platforms for fixed income markets and benefit from the ongoing 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:** Forward-thinking financial institutions are using technology in particularly innovative ways to better serve their customers and operate more efficiently. **BlackRock Inc.** uses technology to evaluate risk for institutional investors and manage trillions of dollars' worth of ETF assets at very low cost. **Kinsale Capital Group, Inc.** is an insurance company that uses proprietary technology to enable faster underwriting and create meaningful cost advantages over the competition. **LPL Financial Holdings Inc.** is a broker-dealer that uses technology to help financial advisors run their practices more efficiently and serve their investors more effectively.

As of March 31, 2022, Information Services represented 23.0% of net assets, Payments represented 18.0%, Enterprise Software represented 14.4%, Digital IT Services represented 12.3%, E-commerce represented 12.0%, Tech-Enabled Financials represented 10.9%, and Capital Markets represented 6.7%, with the remainder in cash.

We also segment the Fund's holdings between Leaders and Challengers. Leaders are generally larger, more established companies with stable growth rates, higher margins, and moderate valuation multiples. Challengers are generally smaller, earlier-stage companies with higher growth rates, lower margins, and higher valuation multiples. Leaders include **Visa, Inc.**, **Intuit Inc.**, **S&P Global Inc.**, **LPL Financial Holdings Inc.**, and **Accenture plc**. Challengers include **Endava plc**, **Block, Inc.**, **MercadoLibre, Inc.**, **Adyen N.V.**, and **Shopify Inc.** We expect stocks in both categories to outperform over time, but Leaders tend to have more predictable performance than less-proven Challengers. As of March 31, 2022, Leaders represented 59.1% of net assets and Challengers represented 38.2%, with the remainder in cash.

Table IV.
Top 10 holdings as of March 31, 2022

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Visa, Inc.	2020	$376.2	$480.0	$2.6	4.9%
Intuit Inc.	2020	69.3	136.0	2.4	4.6
S&P Global Inc.	2020	67.9	142.3	2.4	4.6
Mastercard Incorporated	2020	306.1	349.3	2.3	4.5
Endava plc	2020	2.6	7.4	2.3	4.5
LPL Financial Holdings Inc.	2021	12.9	14.6	2.2	4.3
Accenture plc	2020	133.7	223.7	2.1	4.0
BlackRock Inc.	2021	116.4	116.9	1.7	3.2
MSCI, Inc.	2020	22.5	40.9	1.7	3.2
Equifax Inc.	2022	29.6	29.1	1.6	3.1

Table V.
Fund investments in GICS sub-industries as of March 31, 2022

	Percent of Net Assets
Data Processing & Outsourced Services	28.4%
Financial Exchanges & Data	15.8
Application Software	15.3
IT Consulting & Other Services	12.3
Research & Consulting Services	8.0
Investment Banking & Brokerage	5.9
Asset Management & Custody Banks	3.2
Internet & Direct Marketing Retail	2.7
Internet Services & Infrastructure	2.0
Interactive Media & Services	1.7
Property & Casualty Insurance	1.1
Insurance Brokers	0.9
Cash and Cash Equivalents	2.7
Total	100.0%

Recent Activity

During the quarter, the Fund initiated two new positions and exited six positions. Below we discuss some of our top net purchases and sales.

Table VI.
Top net purchases for the quarter ended March 31, 2022

	Quarter End Market Cap (billions)	Amount Purchased (thousands)
Equifax Inc.	$29.1	$1,565.7
Globant, S.A.	11.0	1,534.8
Global Payments Inc.	38.6	323.7
LPL Financial Holdings Inc.	14.6	301.6
CME Group, Inc.	85.5	6.2

We initiated a position in **Equifax Inc.**, a leading consumer credit bureau and information services company. It collects and manages large databases of consumer data, such as credit, employment, and income records. Equifax uses these assets to provide data and analytics services to businesses and governments to make credit and marketing decisions. Credit bureaus have numerous competitive advantages, including economies of scale, regulatory barriers, and high switching costs as customers rely on their mission-critical solutions. Following a data breach in 2017, the senior management team was replaced and over $1.5 billion was spent on modernizing Equifax's technology infrastructure and migrating it to the cloud. In addition to strengthening the company's cyber defenses, we believe this technology transformation will enable a faster pace of product innovation and drive higher organic growth.

Unique to Equifax is its Workforce Solutions business, which maintains a database of employment and income records sourced from employers and payroll processors. Equifax has over 136 million active records representing over 60% of U.S. non-farm payrolls. Businesses and government agencies use this data for employment and income verification, which is needed when someone applies for a mortgage, requests government benefits, or changes jobs. We believe Equifax has by far the largest repository of this valuable data and continues to add new records at a faster pace than competitors. With durable growth coming from new product innovation and its Workforce Solutions business, we believe that Equifax is a high-quality business that is well positioned to grow earnings per share at a mid-teens rate over a multi-year period.

We also initiated a position in **Globant, S.A.**, a provider of outsourced software development, design, and digital marketing services for business customers. Globant helps companies such as Disney, Electronic Arts, and Banco Santander pursue digital transformations using a highly skilled workforce of over 23,000 software engineers and consultants primarily based in Latin America. These employees are trained in the latest technologies, including cloud infrastructure, cybersecurity, data analytics, artificial intelligence, digital marketing, enterprise software platforms, blockchain, connected devices, and metaverse. The company was founded in 2003 by four friends in Argentina who still run the company, including Chairman and CEO Martín Migoya. Globant serves over 1,100 customers across a variety of sectors, but its largest vertical is financial services. The company helps financial institutions adopt digital lending practices, improve operational efficiency, optimize risk management practices, comply with changing regulations, and launch new payment and open banking solutions.

We have long admired Globant's success and used a recent valuation pullback to buy the stock. Like our other digital IT services companies (e.g., Endava, Accenture, and CI&T), Globant benefits from the growing need for digital transformation from businesses around the world. Revenue and earnings per share have grown at annualized rates of 32% and 29%, respectively, over the last five years. Management noted on the most recent earnings call that "demand for our end-to-end digital services and platforms is much stronger now than it was before the COVID-19 pandemic," which should support robust growth in the coming years. Globant operates in a large and fast-growing global market that IDC estimates is approximately $650 billion in size growing at a mid-teens rate. Globant is growing much faster than the market from both organic expansion and accretive acquisitions. While barriers to entry are low in the IT services industry, barriers to success are high due to long sales cycles, the importance of strong reputations and personal relationships, and a global shortage of IT talent. In contrast to other digital IT services companies based in central and eastern Europe, Globant's presence in Latin America confers advantages from being in the same time zone as North American clients and from lower geopolitical risk around the Russia-Ukraine war.

Table VII.
Top net sales for the quarter ended March 31, 2022

	Amount Sold (thousands)
PayPal Holdings, Inc.	$1,034.3
EPAM Systems, Inc.	869.4
Fair Isaac Corporation	849.3
Endava plc	655.4
TransUnion	639.6

We reduced **PayPal Holdings, Inc.** as it became clear that strong growth trends during the early part of the pandemic were not persisting in a more normal environment. We trimmed **Fair Isaac Corporation**, **Endava plc**, and **TransUnion** solely to raise cash to meet redemptions and not because of any fundamental concerns about the businesses.

We sold our positions in **EPAM Systems, Inc.** and **Grid Dynamics Holdings, Inc.** due to operational challenges from Russia's military invasion of Ukraine. At the end of last year, 58% of EPAM's workforce was in Ukraine, Belarus, and Russia, and we estimate a similarly high percentage of Grid Dynamics' workforce was in Ukraine and Russia. While both companies are highly adaptable and are aggressively recruiting in other parts of the world, we were concerned about their abilities to continue operating from these warring countries. Both companies have announced plans to close their Russian delivery centers while relocating many of their Russian employees to other countries. We have great sympathy and admiration for the employees of EPAM and Grid Dynamics, and we will continue to monitor their progress.

We exited our position in **TCS Group Holding PLC**, a digital-only provider of banking and brokerage services in Russia. We reduced over half of our shares last year due to rising geopolitical risk, and we sold the remainder before the Russian invasion of Ukraine. TCS is an excellent business, but it's facing significant headwinds from international sanctions on Russia and the resulting slowdown of the domestic economy. Following our sale, the stock dropped precipitously and international trading was suspended. We also exited small positions in **Riskified Ltd.** and **Toast, Inc.**, which both went public last year, to raise capital for higher-conviction ideas.

We successfully exited our position in **IHS Markit Ltd.** upon the closing of the company's acquisition by **S&P Global Inc.** and the stock's subsequent delisting. We are optimistic about the growth prospects for the combined company and retain a meaningful position in S&P Global.

Outlook

The market outlook is always hazy but seems even more uncertain today. On the one hand, corporate earnings remain strong, and the average U.S. consumer is in excellent financial shape with low leverage, plentiful jobs, rising wages, and more than $2 trillion in excess savings. On the other hand, inflation has risen to the highest level in over 40 years, forcing the Federal Reserve to tighten monetary policy more aggressively. Rapidly rising interest rates have pressured valuation multiples, particularly for fast-growing companies with projected cash flows far in the future. There are signs that inflation has peaked and may soon moderate, so the Fed might not need to raise interest rates quite as much as markets are expecting, which would provide a welcome reprieve for growth stocks.

Rather than make fruitless macroeconomic projections, we invest in companies that can weather a broad range of outcomes. These businesses operate in large and growing markets, are gaining market share, enjoy durable competitive advantages, and are run by excellent managers that foster positive corporate cultures. While our investment philosophy remains unchanged, we have recently made the following portfolio refinements:

- We've been leaning more into our Leaders, which are generally more stable and predictable businesses than our earlier-stage Challengers. Leaders represent 59.1% of Fund assets, up from 53.9% three months ago.
- We've increased portfolio concentration by focusing on our highest-conviction ideas. The Fund has 47 positions, down from 51 three months ago. The 10 largest positions represent 40.9% of Fund assets, up from 37.9% three months ago.
- As the cost of capital has been rising, we've reduced exposure to companies that rely on external capital for growth, including lenders and highly acquisitive companies. Our portfolio companies generate strong free cash flow and/or have sufficient capital on their balance sheets to fund growth initiatives.
- We constantly monitor the competitive landscape and have reduced exposure to companies that are losing market share or are otherwise not keeping pace with industry innovation.

We are optimistic about the growth prospects for our holdings and the prospective returns for the Fund. U.S. retail sales ex-auto grew 8% in the first quarter, stable from the prior quarter, according to Mastercard SpendingPulse. Credit and debit card payment volumes from the largest U.S. banks grew 17% in the first quarter, a slight deceleration from the prior quarter due to tough comparisons against last year's government stimulus payments but still robust. Accenture's CEO on the most recent earnings call attributed the company's rapid growth to "compressed transformations" where clients are undertaking simultaneous digital transformation projects across multiple areas and in accelerated time frames "as they recognize the need to transform every part of their enterprise with technology, data and AI, and new ways of working." Globant's CFO noted that demand for digital services and platforms is much stronger now than it was before the start of the COVID-19 pandemic. Visa's CFO noted that cross-border payment volumes (including e-commerce) are now above pre-pandemic levels, while international travel is expected to return to 2019 levels this year. These data points indicate strong momentum for our holdings despite an uncertain macroeconomic backdrop.

Baron FinTech Fund

In his annual letter, JPMorgan's CEO Jamie Dimon wrote about intensifying competition to banks from each other, shadow banks, fintechs, and large technology companies, necessitating a 30% increase in JPMorgan's investment spending this year. Most of this incremental spending will fund technology investments to sustain the bank's operations, improve products and services, and for R&D. JPMorgan has spent billions of dollars building cloud-based systems that will ultimately be faster, cheaper, more flexible, and AI-enabled compared to legacy systems. Dimon noted that technology modernization is a never-ending process, and once you build a modern system, investment spending rarely falls. Rather, the pace of spending continues as new platforms "create a whole new set of investment opportunities to be analyzed. Technology always drives change, but now the waves of technological innovation come in faster and faster." JPMorgan is just one of example of the thousands of financial institutions and other businesses around the world that need to aggressively invest in technology just to remain competitive, much less gain an advantage against others making similar investments. We believe our Fund's investments in service providers, technology companies, and other fintech businesses will benefit from this digital arm's race.

Thank you for investing in Baron FinTech Fund. 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, FinTech Companies may be adversely impacted by government regulations, economic conditions and deterioration in credit markets. Companies in the information technology sector are subject to rapid changes in technology product cycles; rapid product obsolescence; government regulation; and increased competition, both domestically and internationally, including competition from foreign competitors with lower production costs. The IT services industry can be significantly affected by competitive pressures, such as technological developments, fixed-rate pricing, and the ability to attract and retain skilled employees, and the success of companies in the industry is subject to continued demand for IT services. 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 companies of all sizes, including 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.

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

Active Share a term used to describe the share of a portfolio's holdings that differ from that portfolio's benchmark index. It is calculated by comparing the weight of each holding in the Fund to that holding's weight in the benchmark. Positions with either a positive or negative weighting versus the benchmark have Active Share. An Active Share of 100% implies zero overlap with the benchmark. Active Share was introduced in 2006 in a study by Yale academics, M. Cremers and A. Petajisto, as a measure of active portfolio management.

BAMCO, Inc. is an investment adviser registered with the U.S. Securities and Exchange Commission (SEC). Baron Capital, Inc. is a broker-dealer registered with the SEC and member of the Financial Industry Regulatory Authority, Inc. (FINRA).