Dear Baron FinTech Fund Shareholder:

Performance

In the quarter ended December 31, 2022, Baron FinTech Fund (the "Fund") rose 4.98% (Institutional Shares) compared with a 7.56% gain for the S&P 500 Index (the "Benchmark") and a 3.91% gain for the FactSet Global FinTech Index (the "Index").[1] Since inception (December 31, 2019), the Fund has risen 4.24% on an annualized basis compared with a 7.66% gain for the Benchmark and a 4.87% decline for the Index.

Table I.
Performance†
Annualized for periods ended December 31, 2022

	Baron FinTech Fund Retail Shares[2,3]	Baron FinTech Fund Institutional Shares[2,3]	FactSet Global FinTech Index[2]	S&P 500 Index[2]
Three Months[3]	4.92%	4.98%	3.91%	7.56%
One Year	(33.46)%	(33.30)%	(33.66)%	(18.11)%
Three Years and Since Inception (December 31, 2019)	3.99%	4.24%	(4.87)%	7.66%


JOSH SALTMAN
PORTFOLIO MANAGER

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

2022 was a challenging year for equities in general and for higher growth fintech stocks, in particular. High inflation, rising interest rates, geopolitical tensions, and recession fears weighed on equity prices for most of the year. There was a large dispersion of returns across style categories and sectors. Value outperformed growth with the Russell 3000 Value and Growth Indexes down 8.0% and 29.0%, respectively. Energy was a massive outperformer (up 65.7% in the Benchmark), while the next best-performing sectors included Utilities, Consumer Staples, and Health Care. None of these sectors include fintech stocks, most of which are classified within Information Technology (IT), which meaningfully underperformed the broader market (down 28.2%).

Markets partially recovered in the fourth quarter as investor sentiment improved following the release of moderating inflation data and encouraging commentary from the Federal Reserve. The annual inflation rate in the U.S. fell to 7.1% in November, down for a fifth straight month from a high of 9.1% in June, fueling investor hopes that inflation has peaked and could prove less persistent than initially feared. Federal Reserve officials laid the groundwork for the central bank to slow its pace of monetary policy tightening. Much like the full-year performance, commodity-sensitive Energy, Industrials, and Materials sectors outperformed in the fourth quarter, while IT underperformed.

Despite trailing the broader market in the fourth quarter and the full year, the Fund modestly outperformed the more comparable FactSet Global FinTech Index in both periods as favorable stock selection overshadowed negative impacts from variations in thematic exposures. During the quarter, five of the Fund's seven investment themes outperformed the Index: Capital Markets, Payments, Information Services, Tech-Enabled Financials, and E-Commerce. The two quarterly underperformers were Enterprise Software and Digital IT Services. Leaders significantly outperformed Challengers during the quarter (up 9.4% vs. down 3.4%, respectively) and during the year (down 19.6% vs. down 53.9%, respectively).

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 Fund expenses pursuant to a contract expiring on August 29, 2033, 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 3-year historical performance was impacted by gains from IPOs and there is no guarantee that these results can be repeated or that the Fund's level of participation in IPOs will be the same in the future.

1 As of the writing of this letter, the Fund has changed its primary benchmark to the FactSet Global FinTech Index. As of 12/31/2022, the Fund's primary benchmark was the S&P 500 Index.

2 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. The **S&P 500 Index** measures the performance of 500 widely held large cap U.S. companies. 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.

3 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.

4 Not annualized.

Favorable stock selection in Information Services, Payments, and Capital Markets accounted for most of the relative gains in the fourth quarter. Strength in Information Services was largely due to the outperformance of **Fair Isaac Corporation**, a data and analytics company focused on predicting consumer behavior. Fair Isaac was a top contributor after reporting strong quarterly earnings despite macroeconomic headwinds and providing robust preliminary guidance for fiscal year 2023 that was well ahead of Street expectations. Rating agencies **Moody's Corporation** and **S&P Global Inc.** also performed well after reporting solid financial results despite near-term debt issuance headwinds. Global payment networks **Mastercard Incorporated** and **Visa, Inc.** were responsible for much of the outperformance in Payments as both companies reported strong quarterly results despite currency headwinds and the suspension of their Russian operations. Positive stock selection in Capital Markets, owing largely to the outperformance of electronic trading platforms **Tradeweb Markets Inc.** and **MarketAxess Holdings Inc.**, was somewhat offset by the Fund's higher exposure to this lagging segment. Tradeweb and MarketAxess benefited from elevated trading activity during the quarter. Global investment bank **Houlihan Lokey, Inc.** also provided a lift to performance after reporting better-than-expected quarterly results despite challenging market conditions. M&A activity should pick up from depressed levels, and the pipeline for restructuring mandates is growing quickly.

These gains were partly offset by the Fund's unique exposure to Digital IT Services along with disappointing stock selection in Enterprise Software and lack of exposure to the top performing Hardware segment. Unique exposure to Digital IT Services detracted over 100 basis points from relative results as outsourced software development providers **Globant, S.A.**, **Endava plc**, and **CI&T Inc** were down sharply due to concerns about macroeconomic uncertainty weighing on client demand. Weakness in Enterprise Software was driven by financial technology solutions leader **Fidelity National Information Services, Inc.** and financial software provider **Intuit Inc.** Fidelity National's shares declined as banks have delayed IT investments due to macroeconomic uncertainty and weaker U.K. consumer spending reduced merchant processing growth. Wage inflation and higher supplier costs are also weighing on margins. Intuit's stock detracted due to an expected revenue decline for the more cyclical Credit Karma business and concerns that a recession would hurt Intuit's customer base of small businesses. This overshadowed otherwise solid quarterly results, with revenue up 29% year-over-year and earnings ahead of Street expectations.

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

	Percent Impact
Mastercard Incorporated	0.98%
Fair Isaac Corporation	0.95
Visa, Inc.	0.85
BlackRock Inc.	0.57
The Charles Schwab Corp.	0.44

Shares of global payment network **Mastercard Incorporated** increased after reporting strong quarterly results, with 15% revenue growth and 13% EPS growth despite significant headwinds from currency movements and the suspension of operations in Russia. Payment volume grew 21% in local currency (excluding Russia) as consumer spending remained resilient and the international travel recovery continued as border restrictions were lifted. We continue to own the stock due to Mastercard's long runway for growth and significant competitive advantages.

Shares of **Fair Isaac Corporation**, a data and analytics company focused on predicting consumer behavior, contributed to performance. The company reported good quarterly earnings despite mortgage headwinds and macroeconomic uncertainty. The company also provided fiscal year 2023 guidance that was well ahead of Street expectations. We believe Fair Isaac will be a steady earnings compounder, which should drive solid returns for the stock over a multi-year period.

Shares of global payment network **Visa, Inc.** increased after reporting strong quarterly results, with 19% growth in revenue and EPS despite currency headwinds and the suspension of operations in Russia. Payment volume grew 16% in local currency (excluding Russia and China) with notable strength in cross-border volumes driven by rebounding international travel. Management also provided encouraging guidance for the next fiscal year. We continue to own the stock due to Visa's long runway for growth and significant competitive advantages.

Shares of **BlackRock Inc.**, the world's largest asset manager, increased during the quarter. Despite volatility and a mid-December decline, most equity markets finished higher in the quarter, and BlackRock, which is heavily tied to these markets, benefited. Additionally, investors are anticipating that the company's fixed income products will experience growth in 2023. Alternative strategies are expanding as well and should continue to provide a profitable revenue stream.

Shares of online brokerage firm **The Charles Schwab Corp.** rose in the quarter on rising interest rates, which should generate increased profits on Schwab's more than $600 billion of interest-earning assets. Despite turbulent markets, the company attracted over $400 billion of net new client assets over the past 12 months. In addition to strong organic growth, we believe operating expenses per client assets will drop to record lows once the equity markets improve.

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

	Percent Impact
ZoomInfo Technologies Inc.	–0.44%
Globant, S.A.	–0.30
Endava plc	–0.26
nCino Inc.	–0.26
CI&T Inc	–0.24

ZoomInfo Technologies Inc. provides go-to-market business intelligence software. Shares of ZoomInfo detracted from performance after the company provided a weaker revenue outlook driven by macroeconomic uncertainty. While we believe that ZoomInfo has a long runway for growth in a large addressable market, we exited the position to reassess the company's competitive positioning and growth trajectory.

Globant, S.A. provides outsourced software development, design, and digital marketing services for business customers. Shares fell despite strong business momentum, with 34% revenue growth and 30% EPS growth in the recent quarter and slightly higher full-year guidance. The share price decline likely reflected slower guidance for next quarter and concern about macroeconomic uncertainty weighing on client demand. We continue to own the stock because we believe Globant has a long runway for growth in a large global market for IT services.

Endava plc provides outsourced software development for business customers. Shares fell despite strong business momentum with 33%

revenue growth in the recent quarter and slightly higher financial guidance for the fiscal year. The share price decline likely reflected investor concern about macroeconomic uncertainty weighing on client demand. We continue to own the stock because we believe Endava will continue gaining share in a large global market for IT services.

Shares of **nCino Inc.**, a provider of cloud-based software for banks and credit unions, detracted from performance. The company reported solid earnings results and stronger margins but guided to slightly slower revenue growth in fiscal year 2023 than analysts expected. Management has also been cautious on the near-term macro environment. We retain long-term conviction as nCino has highly regarded products and operates in a large market as most banks still require meaningful investment in digital transformation.

CI&T Inc provides consulting and outsourced software development for business customers using delivery resources primarily in Brazil. Shares fell despite robust quarterly results, with 49% revenue growth, 34% EBITDA growth, and 131% EPS growth along with a hike in full-year guidance. The share price decline was likely due to volatility from low trading liquidity as well as investor concerns about macroeconomic uncertainty potentially weighing on client demand. We continue to own the stock because we believe CI&T will continue growing rapidly 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 December 31, 2022, the Fund held 47 positions. The Fund's 10 largest holdings represented 43.0% of net assets, and the 20 largest holdings represented 66.7% of net assets. International stocks represented 16.1% of net assets. The market capitalization range of the investments in the Fund was $730 million to $442.2 billion with a median of $15.2 billion and a weighted average of $89.7 billion. The Fund's active share versus the Benchmark was 94.6%.

We segment the Fund's holdings into seven investment themes. As of December 31, 2022, Information Services represented 20.3% of net assets, Payments represented 19.4%, Tech-Enabled Financials represented 18.0%, Enterprise Software represented 14.4%, Digital IT Services represented 10.5%, Capital Markets represented 7.3%, and E-Commerce represented 6.1%, with the remainder in cash. Over the past year, the Fund increased exposure to Tech-Enabled Financials, Payments, and Capital Markets, while exposure fell across the other themes. Compared to the FactSet Global FinTech Index, we have always been overweight Digital IT Services, Information Services, Capital Markets, and E-Commerce, while generally being meaningfully underweight Enterprise Software and Payments.

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. We expect stocks in both categories to outperform over time, but Leaders tend to have steadier performance than less-proven Challengers, as we saw over the last year. As of December 31, 2022, Leaders represented 69.8% of net assets and Challengers represented 26.3%, with the remainder in cash.

Table IV.
Top 10 holdings as of December 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	$442.2	$2.5	5.9%
Mastercard Incorporated	2020	306.1	334.3	2.4	5.6
S&P Global Inc.	2020	67.9	109.1	2.0	4.7
Intuit Inc.	2020	69.3	109.3	2.0	4.7
The Charles Schwab Corp.	2022	130.9	155.4	1.7	4.1
LPL Financial Holdings Inc.	2021	12.9	17.2	1.7	4.1
Accenture plc	2020	133.7	175.9	1.7	3.9
MSCI, Inc.	2020	22.5	37.2	1.5	3.6
Endava plc	2020	2.6	4.4	1.5	3.4
Fair Isaac Corporation	2020	11.1	14.9	1.3	3.1

Table V.
Fund investments in Baron fintech themes as of December 31, 2022

	Percent of Net Assets
Information Services	20.3%
Payments	19.4
Tech-Enabled Financials	18.0
Enterprise Software	14.4
Digital IT Services	10.5
Capital Markets	7.3
E-Commerce	6.1
Cash and Cash Equivalents	3.9
Total	100.0%*

* Individual weights may not sum to the displayed total due to rounding.

Table VI.
Fund investments in GICS sub-industries as of December 31, 2022

	Percent of Net Assets
Data Processing & Outsourced Services	25.7%
Financial Exchanges & Data	18.6
Application Software	13.3
IT Consulting & Other Services	10.5
Investment Banking & Brokerage	10.2
Research & Consulting Services	6.4
Property & Casualty Insurance	4.6
Internet & Direct Marketing Retail	2.4
Asset Management & Custody Banks	2.3
Insurance Brokers	1.1
Internet Services & Infrastructure	1.0
Cash and Cash Equivalents	3.9
Total	100.0%*

* Individual weights may not sum to the displayed total due to rounding.

Recent Activity

We made only modest changes to the Fund's holdings during the quarter. After a strong run, we took some profits in **LPL Financial Holdings Inc.** to right-size the position and invested the proceeds into **The Charles Schwab Corp.** While both companies benefit from higher interest rates, LPL sees a more immediate lift to earnings, while most of the impact on Schwab's earnings takes several years to unfold due to the company's longer-duration balance sheet. We also added to our positions in **Fiserv, Inc.**, **The Progressive Corporation**, and **FactSet Research Systems, Inc.** All three are newer positions that were added in 2022, are classified as Leaders, and are gaining market share from less-advantaged competitors. We exited our position in **ZoomInfo Technologies Inc.** due to a much slower revenue outlook. The pace of the deceleration surprised us, and, following several recent acquisitions, we became less confident in the company's competitive positioning.

Table VII.
Top net purchases for the quarter ended December 31, 2022

	Quarter End Market Cap (billions)	Amount Purchased (thousands)
Fiserv, Inc.	$ 64.2	$522.3
The Charles Schwab Corp.	155.4	520.5
The Progressive Corporation	75.9	445.5
FactSet Research Systems, Inc.	15.3	293.1
Jack Henry & Associates, Inc.	12.8	73.3

Table VIII.
Top net sales for the quarter ended December 31, 2022

	Amount Sold (thousands)
LPL Financial Holdings Inc.	$968.1
ZoomInfo Technologies Inc.	412.4
Equifax Inc.	354.5
Ceridian HCM Holding Inc.	315.0
Nuvei Corporation	299.9

Outlook

Following the big market pullback in 2022, there was plenty of investor pessimism to start this year. Much of this pessimism was based on valid concerns about the near-term economic outlook. Interest rates and inflation may have peaked, but the market has moved on to concerns about earnings growth and a recession. The Fed has maintained its hawkish messaging on monetary policy, while its latest economic estimates project higher unemployment, higher inflation, and slower growth over the next two years. The risk of Fed overtightening and inducing a recession remains elevated. Nevertheless, equity markets had a strong start to the new year with the S&P 500 Index up 6.3% in January.

While we are certainly aware of the macroeconomic environment, we don't invest based on predictions of GDP growth, inflation, interest rates, or foreign currencies. There are compelling economic arguments to be made by both bullish and bearish investors. The CFO of investment bank Houlihan Lokey aptly characterized the macroeconomic outlook by noting, "There is half of the population that believes in a soft landing and half of the population that thinks it's going to get ugly." We have yet to find anyone who can accurately and consistently predict market movements. John Kenneth Galbraith once said, "There are two kinds of forecasters: those who don't know, and those who don't know they don't know." We take an agnostic approach to short-term market and economic forecasts because nobody really knows. What we do know is that economies tend to grow, and equity markets tend to appreciate over time. We also know that the fintech sector includes a plethora of companies with long runways for growth and sustainable competitive advantages that we expect will outperform the broader equity market over the long run.

We have curated a portfolio of fintech businesses to limit the exposure to any single economic outcome. The Fund is balanced across seven fintech themes, each of which are influenced by idiosyncratic factors. We are cognizant of the mix of Leaders and Challengers, with the relative mix driven by top-down risk considerations as well as bottom-up opportunities. We are also increasingly mindful of hidden correlations among our stocks, even those across different themes. For example, we recognized over a year ago that the Fund was poorly positioned for a period of rising interest rates given its overweight exposure to higher-growth technology companies. We addressed this by increasing the Fund's exposure to the Tech-Enabled Financials theme from 10.6% a year ago to 18.0% today by adding interest rate beneficiaries such as **LPL Financial Holdings Inc.**, **The Charles Schwab Corp.**, and **The Progressive Corporation**. We seek to position the Fund for a variety of economic environments, not just one.

We remain optimistic about the fundamental growth drivers for our fintech holdings. Consumer spending remains resilient despite a shift in spending from goods to services. For our Payments stocks, what consumers are buying doesn't matter so much as long as they're still spending. Despite the equity market pullback and slowing home price appreciation, Evercore ISI's Head of Economic Research Ed Hyman notes that consumer net worth is almost at a record high. We believe fintech is still in the early innings of growth as incumbent financial institutions still have a long digitization journey ahead and younger consumers continue favoring digital solutions.

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 the Funds' 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).