Dear Baron Focused Growth Fund Shareholder:

Performance

Baron Focused Growth Fund (the "Fund") increased 0.11% (Institutional Shares) in the first quarter. The Russell 2500 Growth Index (the "Index"), the benchmark against which we compare the performance of the Fund, increased 2.49%, and the S&P 500 Index increased by 6.17%. The S&P 500 Index measures the performance of large-cap companies. Despite recent underperformance, the Fund continues to outperform its benchmarks for the 1-, 3-, 5-, and 10-year periods. Since its inception on May 31, 1996, the Fund has increased 14.52% annualized. This compares favorably to the Index, which has increased 9.43% annualized, and the S&P 500 Index, which has increased 9.48% annualized.

Table I.
Performance
Annualized for periods ended March 31, 2021

	Baron Focused Growth Fund Retail Shares[1,2,3]	Baron Focused Growth Fund Institutional Shares[1,2,3,4]	Russell 2500 Growth Index[2]	S&P 500 Index[2]
Three Months[5]	0.02%	0.11%	2.49%	6.17%
One Year	167.13%	167.83%	87.50%	56.35%
Three Years	43.74%	44.10%	19.96%	16.78%
Five Years	30.94%	31.27%	19.91%	16.29%
Ten Years	17.72%	18.02%	14.21%	13.91%
Since Conversion (June 30, 2008)	15.28%	15.55%	13.10%	11.61%
Twenty Years	14.90%	15.07%	10.82%	8.47%
Since Inception (May 31,1996)	14.39%	14.52%	9.43%	9.48%

DAVID BARON
CO-PORTFOLIO MANAGER

RONALD BARON
CEO AND LEAD PORTFOLIO MANAGER

Retail Shares: BFGFX
Institutional Shares: BFGIX
R6 Shares: BFGUX

First quarter performance for the Fund was again led by our travel and leisure stocks, which represented 27.4% of the Fund's net assets. These businesses benefited from the increased deployment of vaccines and pent-up demand from people ready to travel and vacation again. However, the performance of these investments was not driven solely on the prospect of earnings returning to pre-COVID levels. These companies have all found better, more efficient ways to operate. We believe this should allow these competitively advantaged businesses to increase earnings well beyond pre-pandemic levels allowing them to emerge from the pandemic financially

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 1.35% and 1.07%, 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 Reflects the actual fees and expenses that were charged when the Fund was a partnership. The predecessor partnership charged a 15% performance fee through 2003 after reaching a certain performance benchmark. If the annual returns for the Fund did not reflect the performance fees for the years the predecessor partnership charged a performance fee, the returns would be higher. The Fund's shareholders will not be charged a performance fee. The performance is only for the periods before the Fund's registration statement was effective, which was June 30, 2008. During those periods, the predecessor partnership was not registered under the Investment Company Act of 1940 and was not subject to its requirements or the requirements of the Internal Revenue Code relating to registered investment companies, which, if it were, might have adversely affected its performance.

2 The **Russell 2500™ Growth Index** measures are classified as growth and the **S&P 500 Index** of 500 widely the performance of small to medium-sized U.S. companies that held large cap U.S. companies. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell is a trademark of Russell Investment Group. The index and the Fund include reinvestment of dividends, net of withholding taxes, which positively impact the performance results. The indexes are unmanaged. The index performance is not Fund performance; one cannot invest directly into an index.

3 The performance data does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

4 Performance for the Institutional Shares prior to May 29, 2009 is based on the performance of the Retail Shares, which have a distribution fee. The Institutional Shares do not have a distribution fee. If the annual returns for the Institutional Shares prior to May 29, 2009 did not reflect this fee, the returns would be higher.

5 Not annualized.

BARON FUNDS 1987

stronger. For instance, **Red Rock Resorts, Inc.**, which had 10 casinos operating prior to the pandemic is now making 75% of its pre-pandemic revenue and more than 100% of its pre-pandemic EBITDA with just 6 of its 10 casinos open. This occurred because it has become more efficient with its labor and casino services. It has also more effectively marketed its casinos moving patrons from its closed casinos to open ones. We believe fully recovered EBITDA could be 20% higher than pre-COVID levels. This should help quickly improve the company's balance sheet and free cash flow profile. We see further potential for growth with its 340 acres of permitted but still undeveloped Las Vegas land.

The operating efficiencies of our travel and leisure businesses have resulted in higher margins, better cash flow, and stronger balance sheets, which in certain instances are better than pre-pandemic levels. Travel businesses are rapidly normalizing, and we believe the companies in which we have invested should exceed pre-pandemic earnings levels by 2023. Until then, we believe these companies have sufficient liquidity to survive the disruption. All have been able to get covenant relief from their banks. Balance sheets are no longer concerns and many are now switching their strategic plans from defense to offense. Further, many of our companies are considering acquisitions that should lead to significant earnings and cash flow growth in the years ahead. Others are using their enhanced cash flow to reduce debt or return capital to shareholders by reinstating or increasing dividends.

Penn National Gaming, Inc., with a 9.2% average portfolio weight, and **Hyatt Hotels Corp.**, with a 3.7% average portfolio weight, increased 21.4% and 11.4%, respectively. Penn rose on strong share gains in the online sports betting market in Michigan and the start of online operations in the large Illinois market. Penn also experienced improved sequential growth in revenue and sustained margin improvement in its casino operations. These positive developments put the company in a strong financial position with which to complete its strategic acquisition of Barstool Sports.

Hyatt rose in the quarter given a sequential improvement in its business. Noteworthy were favorable trends in business transient and group bookings in China. Investors extrapolated the improvement in China to its U.S. operations which represents 75% of its room base. This improvement, combined with better margins driven by enhanced operational efficiencies, helped boost the share price. These developments should strengthen Hyatt's balance sheet over the next year as EBITDA improves and cash flow is used to reduce debt. In addition, once the hotel transaction market returns, Hyatt should benefit as it resumes selling owned assets and converts to a fee-based business model.

On the negative side, **CoStar Group Inc.**, which was 7.5% of the average portfolio weight in the quarter, declined 11.1%. This was as higher-multiple growth companies, which performed exceptionally well in 2020, lagged value stocks to start the year. Regardless, CoStar continues to see an acceleration in demand for its digital real estate information, as trends shift from offline to online. The company's recent entry into the residential real estate business increases its addressable market and we believe should add to its growth prospects.

FactSet Research Systems, Inc., a provider of financial intelligence to the investment community, represented 3.3% of the average portfolio weight. Its stock price declined 7.0% in the quarter. This was when the company's recent investments in new products and services reduced FactSet's current earnings growth. However, we believe FactSet's two-year investment cycle in private equity information is warranted and should ultimately accelerate revenue growth. We believe these investments will eventually generate 50% returns on capital. However, we think FactSet shares may continue to underperform until the company experiences a reacceleration in revenue and EBITDA growth. FactSet is a prime example of a business penalizing its current earnings by investing in new products to become a significantly larger company.

We classify the holdings of the Fund as one of three types: rapid, early-stage growth businesses that are disruptive to their industries; companies with real, irreplaceable assets with pricing power that provide a hedge against inflation; and finally, foundational, long-term, core growth holdings that continue to steadily grow sales and earnings while using excess free cash to return value to shareholders. (Please see Table II.)

In the quarter, our **Disruptive Growth** companies underperformed, declining 2.6%, as these growth companies were hurt by the increase in yields, which lowered the discounted value of their future earnings. These stocks included **Stitch Fix, Inc.**, which declined 49.0% in the quarter and hurt performance by 57 bps; **Denali Therapeutics Inc.**, which declined 31.8% in the quarter and hurt performance by 37 bps; and **Guidewire Software, Inc.**, which declined 21.1% and hurt performance by 39 bps. While these declines contributed to underperformance in the quarter, we believe the growth prospects of these businesses remain favorable and their continued investments in their businesses should accelerate revenue and EBITDA growth.

The Fund's **Core Growth** investments decreased 7.3% in the quarter, mainly due to an 11.1% decline in CoStar, which comprised 7.6% of the portfolio's net assets at the end of the quarter. This was as more highly valued growth stocks lagged slower growth, more cyclical stocks. CoStar continues to generate strong earnings growth with new products and services.

GDS Holdings Limited, the largest data center provider in China, declined 13.9% in the quarter. This was amid a broader technical sell off Chinese internet businesses. We added to our position in the quarter as the company continues to grow at above market rates with strong operating leverage while trading at only modest premium to peers. GDS continues to invest in its data center businesses, which are experiencing strong demand. GDS operates in China and has significant land holdings and power commitments that are difficult to attain.

Our **Real/Irreplaceable Assets** investments experienced strong stock performance, increasing 11.0% in the quarter. They were boosted by the expedited distribution of vaccines, which should allow individuals to travel and vacation again. This led to strong gains for Red Rock, Penn, and Hyatt. We added to our investment in **Manchester United plc**, the English Premier League professional soccer team, on weakness. Its share price declined 6.1% in the quarter. We believe Manchester United will benefit from a full reopening of its stadium by the summer. The stock represented 2.4% of the Fund's net assets as of the end of the quarter. Manchester United is also on a strong winning streak following a successful year-long team rebuilding effort.

Table II.
Total returns by category for the quarter ended March 31, 2021

	% of Net Assets (as of 3/31/2021)	Total Return (%)	Contribution to Return (%)
Real/Irreplaceable Assets	**27.0**	**10.95**	**1.73**
Red Rock Resorts, Inc.	1.0	30.15	0.19
Penn National Gaming, Inc.	9.4	21.38	1.26
American Homes 4 Rent	1.1	11.49	0.11
Hyatt Hotels Corp.	4.2	11.38	0.30
Vail Resorts, Inc.	5.8	4.55	0.12
Americold Realty Trust	0.7	3.64	0.02
Choice Hotels International, Inc.	2.5	0.52	0.01
Manchester United plc	2.4	–6.07	–0.26
Russell 2500 Growth Index		2.49	
Disruptive Growth	**49.3**	**–2.60**	**–0.23**
Space Exploration Technologies Corp.	4.0	53.44	1.13
BioNTech SE	1.6	33.40	0.28
Tripadvisor, Inc.	2.2	18.13	0.27
Iridium Communications Inc.	2.5	4.90	0.17
Schrodinger, Inc.	1.0	–5.06	–0.26
Tesla, Inc.	32.0	–5.51	–0.14
Spotify Technology S.A.	2.0	–14.84	–0.36
Guidewire Software, Inc.	1.5	–21.05	–0.39
Denali Therapeutics Inc.	0.8	–31.83	–0.37
Stitch Fix, Inc.	1.7	–48.96	–0.57
Core Growth	**18.3**	**–7.27**	**–1.15**
Arch Capital Group Ltd.	3.4	5.52	0.22
Adyen N.V.	1.9	–3.97	–0.13
FactSet Research Systems, Inc.	3.4	–6.95	–0.21
CoStar Group, Inc.	7.6	–11.08	–0.78
GDS Holdings Limited	1.9	–13.89	–0.25
Cash	**5.4**	**–**	**–**
Fees	**–**	**–0.28**	**–0.26**
Total	**100.0**	**0.08***	**0.08***

Sources: FactSet PA, BAMCO, and Russell, Inc.

* Represents the blended return of all share classes of the Fund.

Table III.
Performance
Periods Baron Focused Growth Fund underperformed

	Internet Bubble	Baron Growth Stocks Underperform 2014-2016
	Annualized Returns	
	10/8/1998 to 3/9/2000	12/31/2013 to 12/31/2016
Baron Focused Growth Fund (Institutional Shares)	41.77%	0.45%
Russell 2500 Growth Index	126.53%	5.45%
S&P 500 Index	32.29%	8.87%

The indexes are unmanaged. Index performance is not Fund performance; one cannot invest directly into an index.

From 2014 through 2016, the Fund invested in several companies whose stocks underperformed when they were investing in their businesses. **CoStar Group, Inc.** and **Tesla, Inc.** were among those businesses. Their stocks outperformed in 2019 and 2020 as those investments began to generate strong returns. These companies continue to invest in themselves, although now that they are financially stronger, they are better able to finance these investments while continuing to grow their core businesses.

We believe the Fund's underperformance from 2014 through 2016 is analogous to instances when after brief periods of underperformance, the Fund subsequently outperformed for an extended period. For example, in the 18-month period from October 1998 through March 2000, at the height of the Internet Bubble, the Fund, which owned no internet stocks, increased 41.77% annualized while the Index increased 126.53% annualized. This was immediately prior to the Internet Bubble bursting and the Index falling materially over the next eight years. The Fund increased in value during that same period . (Please see Tables III and IV.)

Analogous to the Fund's relatively strong performance in the post-Internet Bubble period, we expect the Fund to perform well over the next several years. This is despite our expectation that there will be periods when value stocks outperform the growth stocks in which we have invested. We can certainly give no assurance this will be the case. Currently, we believe some of our growth companies are trading as if they were value stocks despite having strong liquidity and balance sheets. They are already recovering quickly as vaccines are administered to combat the virus, and we see further upside still to come.

Since its inception on May 31, 1996 through March 31, 2021, the Fund's 14.52% annualized performance has exceeded that of its Index by 509 bps per year. This means that a hypothetical $10,000 investment in Baron Focused Growth Fund nearly 25 years ago would now be worth approximately $290,000! If an investor had instead hypothetically invested $10,000 in a fund designed to track the Index, it would be worth approximately $94,000. (Please see Tables I and IV.)

The Fund's beta has averaged 0.82 since inception. This means the Fund has been 82% as volatile as the Index. As a result of the Fund's strong absolute and relative returns and lower risk, the Fund has achieved 6.94% annual alpha, a measure of risk-adjusted performance since inception.

Baron Focused Growth Fund

Table IV.
Performance
Millennium to COVID-19 Pandemic. The Impact of Not Losing Money.

	Millennium Internet Bubble to Financial Panic 12/31/1999 to 12/31/2008		Financial Panic to Present 12/31/2008 to 3/31/2021		Millennium Internet Bubble to Present 12/31/1999 to 3/31/2021		Inception 5/31/1996 to 3/31/2021	
	Value $10,000	Annualized	Value $10,000	Annualized	Value $10,000	Annualized	Value $10,000	Annualized
Baron Focused Growth Fund (Institutional Shares)	$12,732	2.72%	$94,401	20.11%	$120,192	12.41%	$290,026	14.52%
Russell Midcap Growth Index	$ 6,931	–3.99%	$75,674	17.96%	$ 52,449	8.11%	$ 93,769	9.43%
S&P 500 Index	$ 7,188	–3.60%	$56,701	15.22%	$ 40,756	6.84%	$ 94,838	9.48%

The indexes are unmanaged. Index performance is not Fund performance; one cannot invest directly into an index.

We did not make much money from the peak of the Internet Bubble on December 31, 1999 through the trough of the Financial Crisis on December 31, 2008. But…we did make something…which gave investors a much better outcome than if they had invested in a passive index fund mirroring either the Index or the S&P 500 Index. Both indexes lost a material amount of money during that period. (Please see Table IV.)

Due to the "magic" of compounding and of not losing money from the Millennium Internet Bubble to the Financial Panic period and keeping up with the market during upswings from the Financial Panic to Present, $10,000 hypothetically invested in Baron Focused Growth Fund at the Fund's inception on May 31, 1996 was worth $290,026 on March 31, 2021. That is more than three times the value of a hypothetical investment of the same amount in funds designed to track the S&P 500 and Russell 2500 Indexes. (Please see Table IV.)

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

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
Penn National Gaming, Inc.	2019	$ 2.5	$16.4	21.38%	1.26%
Space Exploration Technologies Corp.	2017	–	–	53.44	1.13
Hyatt Hotels Corp.	2009	4.2	8.4	11.38	0.30
BioNTech SE	2020	24.1	26.4	33.40	0.28
Tripadvisor, Inc.	2021	6.0	7.3	18.13	0.27

Shares of regional casino operation **Penn National Gaming, Inc.** increased in the quarter on strong share gains in the online sports betting and i-gaming markets in Michigan and the opening of the large Illinois online sports betting market. Strong sequential growth in revenue and sustained margin improvement in its bricks and mortar operations also helped boost the share price. We think these positive developments will lead to improvements in the company's balance sheet and its EBITDA to free cash flow conversion.

Space Exploration Technologies Corp. ("SpaceX") designs, manufactures, and launches rockets, satellites, and spacecrafts. Its mission, ultimately, is to enable people to live on other planets. SpaceX is commercializing its broadband offering by rapidly deploying user terminals and its satellite constellation. It continues to reliably provide reusable launch capabilities, including crewed flights, and advancing the development of its newest and larger rocket, Starship. We value SpaceX using prices of recent transactions and a proprietary valuation model driving the price appreciation.

Shares of global hotelier **Hyatt Hotels Corp.** rose in the quarter on an increase in business and group spending in China. This sequential improvement, combined with better margins driven by enhanced operational efficiencies, helped boost the share price. We think these welcome developments will strengthen Hyatt's balance sheet over the next year as EBITDA improves and cash flow is used to pay down debt taken on during the pandemic.

BioNTech SE is a leader in the emerging field of mRNA drugs with additional programs in engineered cell therapies, antibodies, and immunomodulators. Shares performed well for the quarter. The COVID-19 vaccine rollout continues, and we believe the pandemic has been a strong proof point of the speed and efficacy of the mRNA platform. Beyond vaccines, we think BioNTech has the potential to disrupt the biopharma space with a pipeline spanning oncology, infectious diseases, and rare diseases.

Tripadvisor, Inc., an online travel company on whose website users can browse reviews and plan trips, contributed for the period held following a well-received launch of its travel-focused subscription offering. In our view, Tripadvisor is a unique asset with over 460 million unique monthly visitors to its travel sites and the business is well-positioned to benefit from pent-up consumer demand as pandemic-related travel restrictions ease. We believe there are a number of positive changes underway at Tripadvisor that will drive improved monetization going forward.

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

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
CoStar Group, Inc.	2014	$ 6.2	$32.4	–11.08%	–0.78%
Stitch Fix, Inc.	2021	10.0	5.3	–48.96	–0.57
Guidewire Software, Inc.	2013	2.7	8.5	–21.05	–0.39
Denali Therapeutics Inc.	2020	8.4	6.9	–31.83	–0.37
Spotify Technology S.A.	2020	45.4	51.1	–14.84	–0.36

Shares of **CoStar Group, Inc.**, a real estate information and marketing services company, detracted as a result of a broader rotation away from higher-multiple growth stocks. CoStar has seen an acceleration in demand for its digital marketplace businesses as traditionally offline activities shifted online. Modest headwinds in its data licensing businesses that hampered growth in 2020 are now abating. CoStar has moved to enter the residential real estate market, which meaningfully expands its market and should amplify growth as it launches new technological innovations.

Stitch Fix, Inc., an online personal styling service that uses recommendation algorithms and data science to personalize clothing items, detracted in the quarter following near-term logistics headwinds amid high expectations for the stock. Previously a subscription-like model, Stitch Fix is leveraging its proprietary data and algorithms to enable direct retail from its site. We believe this is just the start of Stitch Fix successfully expanding its total addressable market to the entire $375 billion to $400 billion U.S. apparel market, along with international opportunities.

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%.

Denali Therapeutics Inc. is a biotechnology company developing therapies for neurodegeneration, including both targeted drugs and delivery systems for crossing the blood/brain barrier. Shares fell in concert with the broader market rotation from growth to value that resulted in significant weakness in biotechnology stocks. From a fundamental perspective, Denali reported incrementally positive updates from its Hunter Syndrome program in the quarter, although this development was more impactful in the prior quarter when initial data was released.

Spotify Technology S.A. is a leading digital music service available in 178 international markets, offering on-demand audio streaming through paid premium subscriptions as well as a free ad-supported model. Shares fell on mixed full-year guidance as pandemic-driven restrictions drove a pull-forward of user growth in 2020. We continue to view Spotify as a long-term winner in music streaming with the potential to go from 144 million paying subscribers today to over 250 million in four years, driven by its scalable core music product as well as its growing library of spoken-word content.

INVESTMENT STRATEGY & PORTFOLIO STRUCTURE

Despite current market volatility and investor angst, we have continued to manage the Fund the same way we have historically. In the first quarter, we continued to consolidate recent gains in Tesla while adding to new positions. Given strong gains in the stock, we sold approximately 11% of our position in Tesla in the quarter on top of the 20% we sold from September through December 2020. We initiated smaller positions in online personal styling service **Stitch Fix, Inc.** and travel platform **Tripadvisor, Inc.** Both companies continue to have large addressable markets with strong brands to take significant share of those markets over time. We believe Tripadvisor could come out with a subscription service to offer to its over 240 million monthly active users that could drive significant value over time and become a source of recurring revenue growth. The company is already recovering strongly from its pandemic lows as people are searching once again for trips and using its site as a research tool. While we have made other modest changes on the margin, the Fund's strategy remains the same.

We continue to invest for the long term in a focused portfolio of what we believe are appropriately capitalized, competitively advantaged, and well-managed, small- and mid-cap growth businesses at attractive prices. We attempt to create a portfolio of approximately 20 to 25 securities diversified by GICS sectors that will be approximately 82% as volatile (as measured by beta) as the market. Since inception, the Fund has generated approximately 97% of the upside when the market rises but just 79% of the downside when the market declines. Businesses in which the Fund invests are identified by our analysts and portfolio managers using the Firm's proprietary research and time-tested investment approach.

As of March 31, 2021, the Fund held 23 investments. The Fund's average portfolio turnover for the past three years was 10.6%. This means the Fund has an average holding period for its investments of almost 9.5 years. This contrasts sharply with the average mid-cap growth mutual fund, which typically turns over its portfolio every 15 months. From a quality standpoint, the Fund's investments have stronger sales growth than the holdings in the benchmark, higher EBITDA and operating margins, stronger returns on invested capital with more robust balance sheets. We believe these metrics are important to limit risk in this concentrated portfolio.

While focused, the Fund is diversified by sector. The Fund's weightings are significantly different than those of the Index. For example, the Fund is heavily weighted in Consumer Discretionary businesses with 56.5% of its net assets in this sector versus 13.1% for the Index. Further, while the Fund has historically not invested in pharmaceuticals and biotechnology, it has added two biotechnology investments over the past year and now has 2.4% of the total portfolio in two stocks, **Denali Therapeutics Inc.** and **BioNTech SE**. While there is somewhat greater risk investing in these companies, we think the small positions do not significantly alter the portfolio's risk profile, and they give us upside potential should any of these companies discover new medicines and procedures. The Fund is further diversified by investments in businesses at different stages of growth and development as discussed above and shown below.

Table VII.
Disruptive Growth Companies as of March 31, 2021

	Percent of Net Assets	Year Acquired	Cumulative Return Since Initial Purchase
Tesla, Inc.	32.0%	2014	1,233.67%
Space Exploration Technologies Corp.	4.0	2017	203.71
Iridium Communications Inc.	2.5	2019	52.50
Tripadvisor, Inc.	2.2	2021	20.31
Spotify Technology S.A.	2.0	2020	11.98
Stitch Fix, Inc.	1.7	2021	–48.15
BioNTech SE	1.6	2020	9.12
Guidewire Software, Inc.	1.5	2013	119.88
Schrodinger, Inc.	1.0	2020	44.79
Denali Therapeutics Inc.	0.8	2020	–18.36

Disruptive Growth firms accounted for 49.3% of the Fund's net assets. On current metrics, these businesses may appear expensive; however, we think they will continue to grow significantly and, if we are correct, they have the potential to generate exceptional returns over time. Examples of these companies include electric vehicle leader **Tesla, Inc.**, commercial satellite company **Iridium Communications Inc.**, and systems software provider to the insurance industry **Guidewire Software, Inc.** All of these companies have large addressable markets relative to the current size of those competitively advantaged businesses.

Table VIII.
Investments with Real/Irreplaceable Assets as of March 31, 2021

	Percent of Net Assets	Year Acquired	Cumulative Return Since Initial Purchase
Penn National Gaming, Inc.	9.4%	2019	399.48%
Vail Resorts, Inc.	5.8	2013	443.10
Hyatt Hotels Corp.	4.2	2009	201.46
Choice Hotels International, Inc.	2.5	2010	422.70
Manchester United plc	2.4	2012	21.16
American Homes 4 Rent	1.1	2018	63.71
Red Rock Resorts, Inc.	1.0	2017	54.79
Americold Realty Trust	0.7	2020	14.88

Companies that own what we believe are **Real/Irreplaceable Assets** represented 27.0% of net assets. **Vail Resorts, Inc.**, owner of the premier ski resort portfolio in the world, upscale lodging brand **Hyatt Hotels Corp.**, and storied English Premier League sports franchise **Manchester United plc** are examples of companies we believe possess meaningful brand equity and barriers to entry that equate to pricing power over time. **Penn National Gaming, Inc.**'s state-granted licenses for its regional casinos provide important protection from competitors. Online sports betting and casino gaming offer large opportunities for future growth for the company.

Table IX.
Core Growth Investments: Growth, Dividends, and Share Repurchases as of March 31, 2021

	Percent of Net Assets	Year Acquired	Cumulative Return Since Initial Purchase
CoStar Group, Inc.	7.6%	2014	284.06%
FactSet Research Systems, Inc.	3.4	2008	594.45
Arch Capital Group Ltd.	3.4	2003	953.80
Adyen N.V.	1.9	2020	132.85
GDS Holdings Limited	1.9	2020	31.90

Core Growth investments, steady growers that continually return excess free cash flow to shareholders, represented 18.3% of net assets. Examples of these companies include **CoStar Group, Inc.** and **FactSet Research Systems, Inc.** CoStar continues to add new services both in the commercial and residential areas of real estate that has grown its addressable market and added new services for its clients further improving retention and cash flow. As one of the leading financial intelligence systems for the asset management industry, FactSet continues to grow into new areas via fixed income, risk management, and, most recently, private equity. This should enable the company to grow while generating a steady stream of recurring cash flow that it uses for acquisitions, dividends, and buybacks.

Portfolio Holdings

For the quarter ended March 31, 2021, the Fund's top 10 holdings represented 74.8% of net assets. A number of these investments have been successful and were purchased when they were much smaller businesses. We believe they continue to offer significant further appreciation potential although we cannot guarantee that will be the case.

The top five positions in the portfolio, **Tesla, Inc.**, **Penn National Gaming, Inc.**, **CoStar Group, Inc.**, **Vail Resorts, Inc.**, and **Hyatt Hotels Corp.** all have, in our view, significant competitive advantages due to irreplaceable assets, strong brand awareness, technologically superior know-how, or exclusive data that is integral to their operations. We think these businesses cannot be easily duplicated, which enhances their potential for superior earnings growth and returns over time.

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

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Tesla, Inc.	2014	$31.2	$641.1	$214.4	32.0%
Penn National Gaming, Inc.	2019	2.5	16.4	62.9	9.4
CoStar Group, Inc.	2014	6.2	32.4	51.0	7.6
Vail Resorts, Inc.	2013	2.3	11.7	39.1	5.8
Hyatt Hotels Corp.	2009	4.2	8.4	28.1	4.2
Space Exploration Technologies Corp.	2017	–	–	26.9	4.0
FactSet Research Systems, Inc.	2008	2.5	11.7	23.1	3.4
Arch Capital Group Ltd.	2003	0.9	15.5	23.0	3.4
Choice Hotels International, Inc.	2010	1.9	6.0	16.6	2.5
Iridium Communications Inc.	2019	3.1	5.5	16.6	2.5

Thank you for investing in Baron Focused Growth Fund. We continue to work hard to justify your confidence and trust in our stewardship of your family's hard-earned savings. We also continue to try to provide you with information we would like to have if our roles were reversed. This is so you can make an informed judgment about whether Baron Focused Growth Fund remains an appropriate investment for your family.

Respectfully,

Ronald Baron
CEO and Lead Portfolio Manager

David Baron
Co-Portfolio Manager

Investors should consider the investment objectives, risks, and charges and expenses of the investment carefully before investing. The prospectus and summary prospectus contain 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: The Fund is non-diversified which means, in addition to increased volatility of the Fund's returns, it will likely have a greater percentage of its assets in a single issuer or a small number of issuers, including in a particular industry than a diversified fund. Single issuer risk is the possibility that factors specific to an issuer to which the Fund is exposed will affect the market prices of the issuer's securities and therefore the net asset value of the Fund. As of the date of the latest prospectus supplement, about 40% of the Fund's assets are invested in Tesla stock. Therefore, the Fund is exposed to the risk that were Tesla stock to lose significant value, which could happen rapidly, the Fund's performance would be adversely affected. Specific risks associated with investing in small and medium-sized companies include that the securities may be thinly traded and more difficult to sell during market downturns. The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future holdings are subject to risk.

The discussions of the companies herein are not intended as advice to any person regarding the advisability of investing in any particular security. The views expressed in this report reflect those of the respective portfolio managers only through the end of the period stated in this report. The portfolio manager's views are not intended as recommendations or investment advice to any person reading this report and are subject to change at any time based on market and other conditions and Baron has no obligation to update them.

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

Beta: measures a fund's sensitivity to market movements. The beta of the market (Russell 2500 Growth Index) is 1.00 by definition. **Alpha:** measures the difference between a fund's actual returns and its expected performance, given its level of risk as measured by beta. **Upside Capture** explains how well a fund performs in time periods where the benchmark's returns are greater than zero. **Downside Capture** measures how well a fund performs in time periods where the benchmark's returns are less than zero.

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