DEAR BARON FOCUSED GROWTH FUND SHAREHOLDER:

PERFORMANCE

It has been a volatile first half to the year. Baron Focused Growth Fund's (the "Fund") investments fell in the first quarter due to concerns about the Coronavirus and its impact on these businesses. Those investments then experienced dramatic rebounds in the second quarter as the U.S. economy reopened, business returned, and many companies had improved balance sheets with capital raises to be certain they would survive the economy's shutdown. The Fund increased 40.67% (Institutional Shares) in the second quarter. The Russell 2500 Growth Index (the "Index"), the benchmark against which we compare the performance of the Fund, increased 32.87% and the S&P 500 Index increased by 20.54% during the period. The S&P 500 Index measures the performance of large-cap U.S. companies.

Table I.
Performance
Annualized for periods ended June 30, 2020

	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]	40.62%	40.67%	32.87%	20.54%
Six Months[5]	17.00%	17.13%	2.02%	(3.08)%
One Year	34.37%	34.64%	9.21%	7.51%
Three Years	18.66%	18.96%	12.10%	10.73%
Five Years	12.96%	13.24%	9.57%	10.73%
Ten Years	13.77%	14.05%	14.45%	13.99%
Fifteen Years	10.75%	10.96%	10.07%	8.83%
Since Inception (May 31, 1996)	11.85%	11.97%	8.18%	8.61%

The Fund's outperformance this quarter was driven by the Fund's **Disruptive Growth** investments, which now represent over 40% of the portfolio. Disruptive investments include the Fund's largest position, **Tesla, Inc.** This company continues to generate strong deliveries of its cars despite worries about the COVID-19 pandemic, which halted production of its cars in the U.S. for almost half the quarter. Tesla, which represented 29.7% of the

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

Fund's net assets, continued to take share in the electric vehicle market as the company ramped production at its new factory in Shanghai where it should reach full capacity in July. Continued construction of a new factory in Berlin as well as a soon-to-be-announced new U.S. factory should allow Tesla's production to grow while improving distribution. Tesla's stock increased 106.07% in the second quarter, contributing over half of the Fund's quarterly performance gain.

Our **Real/Irreplaceable Assets** companies, which represent a little less than 25% of the portfolio, had strong gains from their March lows but still slightly underperformed the Index due to ongoing virus concerns. This category was led by **Penn National Gaming, Inc.**, which accounted for 5.6% of the Fund's net assets at quarter end. Shares of Penn, a U.S. regional casino company, increased 142.67% in the quarter as the company completed an equity and convertible offering to ensure enough liquidity to survive the pandemic disruption. The company has also seen a quick

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, 2019 was 1.39% and 1.11%, but the net annual expense ratio was 1.35% and 1.10% (net of the Adviser's fee waivers). The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser reimburses certain Baron Fund expenses pursuant to a contract expiring on August 29, 2030, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit www.BaronFunds.com or call 1-800-99BARON.

1 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 indexes are unmanaged. The index performance is not Fund performance; one cannot invest directly into an index. 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. The indexes and the Fund are with dividends, which positively impact the performance results. 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.

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.

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rebound in revenues at recently opened properties and its margins are improving as revenue builds. Penn has been successful in reducing costs by keeping its labor and marketing cost below pre-COVID-19 levels. Penn's online sports betting and i-gaming opportunity with Barstool should be an additional positive over time.

Hyatt Hotels Corp. increased 4.99% in the second quarter, lower than the Index's gain of 32.87%. This occurred as investors were concerned with the company's owned hotel portfolio, which is 40% of its business. Skepticism about how quickly profits would rebound was widespread given Hyatt's significant exposure to business and group travel. Hyatt management has forecast that the company should fully recover from the COVID-19 shutdown over the next two years. This assumes a vaccine or effective therapeutic is developed and business travel and group meetings, which represent 75% of its business, return. We agree with that assessment. While travelers continue to postpone trips slated for the second half of 2020, Hyatt has not yet seen significant cancellations for 2021. The company has an extraordinarily strong balance sheet and liquidity profile with a $1.5 billion undrawn credit facility and $900 million of cash. We continue to find Hyatt's valuation attractive and believe the company's owned assets are trading at a significant discount to what they could be worth in private market transactions when business returns to normal.

The Fund's **Core Growth** investments also generated strong returns from their March lows although they still underperformed our benchmark. These businesses continued to grow their earnings and cash flow while maintain strong balance sheets. Real estate information and marketing services company **CoStar Group, Inc.**, which represented 13.5% of the Fund's net assets, continued to increase its sales of new products while also benefiting from recent acquisitions, where revenue increased more than expected. We continue to believe the company should be able to grow its revenue organically at a mid- to high-teens rate. CoStar's organic growth, when combined with recent acquisitions, should result in annual revenue growth of 20% and higher annual EBITDA growth over the long term. CoStar's stock increased 21.02% in the quarter, less than the 32.87% increase in the Index given macro commercial real estate concerns resulting from the pandemic.

Choice Hotels International, Inc. is a global franchisor of economy and upscale hotels. Its share price increased 29.29% in the quarter. We believe Choice will be one of the first hotel companies to recover from the downturn due to its strong balance sheet and high leisure exposure, which represents two-thirds of its business. Industry experts forecast that the leisure segment will pick up first as travel resumes post-pandemic. We believe Choice's exposure to drive-to markets and its lower-end chain will also contribute to its recovery. This is because its drive-to hotel markets should recover quickly. The company's balance sheet remains strong with the financial flexibility to withstand a downturn. However, the stock still underperformed the Index given macro concerns about the lodging industry.

We believe the travel and leisure segment in our portfolio will rebound rapidly when a vaccine and anti-viral drugs are discovered and available. Over the next two years we expect this segment of the portfolio to outperform less cyclical growth stocks.

FactSet Research Systems, Inc., a provider of financial intelligence to the investment community, currently represents 7.5% of the portfolio. It increased 26.33% in the quarter as it continues to grow organically at a mid-single-digit rate and continues to invest in new products and services that should accelerate revenue growth once completed. We continue to believe these investments will generate approximately 50% returns on capital.

Table II.
Total returns by category for the quarter ended June 30, 2020

	% of Net Assets (as of 6/30/2020)	Total Return (%)	Contribution to Return (%)
Disruptive Growth	**40.2**	**70.62**	**23.05**
Tesla, Inc.	29.7	106.07	21.10
Guidewire Software, Inc.	3.5	39.77	1.41
Iridium Communications Inc.	3.1	13.93	0.48
Space Exploration Technologies Corp.	3.8	–1.28	0.06
Russell 2500 Growth Index		**32.87**	
Real/Irreplaceable Assets	**24.8**	**29.29**	**8.82**
Penn National Gaming, Inc.	5.6	142.67	4.40
Red Rock Resorts, Inc.	0.7	28.85	0.67
Vail Resorts, Inc.	7.5	23.32	2.35
American Homes 4 Rent	1.9	16.17	0.34
Americold Realty Trust	1.3	7.45	0.10
Manchester United plc	2.7	5.76	0.21
Hyatt Hotels Corp.	5.2	4.99	0.75
Core Growth	**32.5**	**25.59**	**9.07**
Adyen N.V.	2.6	68.35	1.39
GDS Holdings Limited	2.4	34.30	0.65
Choice Hotels International, Inc.	3.7	29.29	1.54
FactSet Research Systems, Inc.	7.5	26.33	2.20
CoStar Group, Inc.	13.5	21.02	3.35
Arch Capital Group Ltd.	2.6	0.67	–0.06
Cash	**2.6**	**0.03**	**0.00**
Fees	**0.0**	**–0.29**	**–0.33**
Total	**100.0**	**40.61***	**40.61***

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%

An investor cannot invest directly into an index.

From 2014 through 2016, the Fund invested in several businesses whose stocks underperformed when they were investing in their businesses. **CoStar Group, Inc.** and **Tesla, Inc.** are among those businesses. Their stocks outperformed in 2019 and the first half of 2020 as investments they made began to generate returns. While the Fund's 10-year performance still slightly lags the Index, most of this underperformance was driven by portfolio company performance between 2014 and 2016.

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 the period while the Index declined. (Please see Tables III and IV.)

Similar 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 now trading as if they are value stocks despite having strong liquidity and balance sheets.

Since its inception on May 31, 1996, the Fund's 11.97% annualized performance has exceeded that of its benchmark by an average of 379 bps per year. This means that a hypothetical $10,000 investment in Baron Focused Growth Fund over 24 years ago would now be worth more than $152,000! If an investor had instead hypothetically invested $10,000 in the Russell 2500 Growth Index, it would be worth approximately $66,500. (Please see Tables I and IV.)

Baron Focused Growth Fund's beta has averaged 0.79 since inception. This means the Fund has been 79% as volatile as the Index. As a result of the Fund's strong absolute and relative returns and lower risk, the Fund has achieved 5.57% annual alpha, a measure of risk-adjusted performance since inception.

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 COVID-19 Pandemic 12/31/2008 to 12/31/2019		COVID-19 Pandemic to Present 12/31/2019 to 6/30/2020		Millennium Internet Bubble to Present 12/31/1999 to 6/30/2020		Inception 5/31/1996 to 6/30/2020	
	Value $10,000	Annualized	Value $10,000	Annualized	Value $10,000	Cumulative	Value $10,000	Annualized	Value $10,000	Annualized
Baron Focused Growth Fund (Institutional Shares)	$12,732	2.72%	$42,333	14.02%	$11,713	17.13%	$63,129	9.40%	$152,332	11.97%
Russell 2500 Growth Index	$ 6,931	–3.99%	$52,565	16.28%	$10,202	2.02%	$37,168	6.61%	$ 66,449	8.18%
S&P 500 Index	$ 7,188	–3.60%	$45,104	14.68%	$ 9,692	–3.08%	$31,422	5.74%	$ 73,117	8.61%

* An investor cannot invest directly in an index.

Baron Focused Growth Fund didn't 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 you a much better outcome than if you 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 the COVID-19 Pandemic, $10,000 hypothetically invested in Baron Focused Growth Fund at the Fund's inception on May 31, 1996 was worth $152,332 on June 30, 2020. That is more than twice the value of a hypothetical investment of the same amount in the S&P 500 and Russell 2500 indexes. (Please see Table IV.)

Table V.
Top contributors to performance for the quarter ended June 30, 2020

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
Tesla, Inc.	2014	$31.2	$200.3	106.07%	21.10%
Penn National Gaming, Inc.	2019	2.5	4.2	141.68	4.40
CoStar Group, Inc.	2014	6.2	28.0	21.02	3.35
Vail Resorts, Inc.	2013	2.3	7.3	23.32	2.35
FactSet Research Systems, Inc.	2008	2.5	12.4	26.33	2.20

Tesla, Inc. designs, manufactures and sells electric vehicles, solar products and energy storage solutions. Despite significant operational COVID-19-related disruptions, the stock rose on strong first quarter delivery numbers, unit economics of mature and new vehicle programs that beat Street estimates, and significant growth in production from its new factory in Shanghai. With reduced business model risks, the stock is benefiting from Tesla's investments in growth as evidenced by its opportunities around Model Y and CyberTruck and its localization of manufacturing in China and Europe.

Shares of **Penn National Gaming, Inc.**, a U.S. regional casino company, increased as the company completed an equity and convertible offering deal and increased its liquidity. Penn has seen a quick rebound in revenues at recently opened properties and its margins are improving as revenue builds while keeping costs low by delaying its ramp of labor and marketing to pre-COVID-19 levels. Penn anticipates it will generate 2019 EBITDA levels at 95% of 2019 revenue. Its online sports betting deal with Barstool should be an additional positive over time.

Shares of **CoStar Group, Inc.**, a real estate information and marketing services company, contributed to performance as markets rallied and financial results were better than investors feared. CoStar has seen an acceleration in its digital marketplace businesses as traditionally offline activities are increasingly shifting online. This growth was partially offset by slower trends in its commercial real estate data licensing businesses. We believe CoStar's revenue streams are well diversified, its contracts are sticky, and its competitors are under-managed and under-capitalized.

Shares of **Vail Resorts, Inc.**, a global operator of ski resorts, increased in the quarter on reports of pent-up demand after it offered an extension and credit on season pass sales for the 2020-2021 ski season. To preserve cash and liquidity, the company has cut back on capital expenditures this year and has suspended its dividend and buyback program for the third and fourth quarters. Vail has maintained a strong balance sheet and has been able to raise debt at attractive rates to further improve its liquidity.

FactSet Research Systems, Inc., a leading provider of investment management tools, contributed on solid fiscal third quarter of 2020 earnings results with annual subscription value reacceleration, meaningful margin outperformance, and a guidance raise for fiscal year 2020. These results illustrate the resilient nature of the FactSet business model, as they were achieved in the midst of the COVID-19 pandemic. We remain invested in FactSet due to the large addressable market, consistent execution on both new product development and financial results, and robust free cash flow generation.

Table VI.
Top detractors from performance for the quarter ended June 30, 2020

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
Arch Capital Group Ltd.	2003	$0.9	$11.6	0.67%	–0.06%

Arch Capital Group Ltd. is a specialty insurance company based in Bermuda. While the property & casualty insurance segments are improving, economic-related headwinds in the mortgage business caused the shares to detract. Lender forbearance and rising unemployment are causing higher mortgage delinquencies, which pressured earnings due to Arch's provision for credit losses even if these delinquencies don't ultimately result in cash losses. However, we continue to own the stock due to Arch's strong management team and underwriting discipline.

Investment Strategy & Portfolio Structure

Despite the current market volatility and investor angst, we have continued to manage the Fund the same way we have historically and have used the market volatility to upgrade the portfolio. In the quarter, we increased our position in **Penn National Gaming, Inc.** in its equity offering given the expected improvement to its core gaming business over the next few years combined with its large sports betting and online gaming opportunity. While we have made 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, well-managed, small- and mid-cap growth businesses at attractive prices. We attempt to create a portfolio of less than 20 securities diversified by GICS sectors that will be approximately 80% as volatile (as measured by beta) as the market. Since inception, the Fund has generated 93% of the upside when the market rises but just 78% 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 June 30, 2020, the Fund held 17 investments. The Fund's average portfolio turnover for the past three years was 6.7%. This means the Fund has an average holding period for its investments of nearly 15 years. This contrasts sharply with the average mid-cap growth mutual fund, which typically turns over its portfolio every 21 months. From a quality standpoint, the Fund's investments have higher earnings and sales growth than the holdings in the benchmark, higher normalized margins when they are not making investments, stronger returns on invested capital and comparable betas. 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 52.5% of its portfolio in this sector versus just 11.4% for the Index. Further, the Fund has no biotechnology or pharmaceutical equity investments. This is due to the volatility of those stocks, which we believe make them inappropriate for this focused Fund. 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 June 30, 2020

	Percent of Net Assets	Year Acquired	Cumulative Return Since Initial Purchase
Tesla, Inc.	29.7%	2014	331.2%
Space Exploration Technologies Corp.	3.8	2017	68.2
Guidewire Software, Inc.	3.5	2013	139.8
Iridium Communications Inc.	3.1	2019	–6.0

Disruptive Growth firms accounted for 40.2% of the Fund's net assets. On current metrics, these businesses, during some periods, may appear expensive; however, we think they will continue to grow and, if we are correct, 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 which address very large markets relative to the current size of those competitively advantaged businesses.

Table VIII.
Investments with Real/Irreplaceable Assets as of June 30, 2020

	Percent of Net Assets	Year Acquired	Cumulative Return Since Initial Purchase
Vail Resorts, Inc.	7.5%	2013	239.2%
Penn National Gaming, Inc.	5.6	2019	45.5
Hyatt Hotels Corp.	5.2	2009	83.3
Manchester United plc	2.7	2012	21.2
American Homes 4 Rent	1.9	2018	31.2
Americold Realty Trust	1.3	2020	6.5
Red Rock Resorts, Inc.	0.7	2017	–48.2

Companies that own what we believe are **Real/Irreplaceable Assets** represented 24.8% 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 licensors provide important protection from competitors. Online sports betting and casino gaming offer large opportunities.

Table IX.
Core Growth Investments: Growth, Dividends, and Share Repurchases as of June 30, 2020

	Percent of Net Assets	Year Acquired	Cumulative Return Since Initial Purchase
CoStar Group, Inc.	13.5%	2014	232.1%
FactSet Research Systems, Inc.	7.5	2008	633.9
Choice Hotels International, Inc.	3.7	2010	284.4
Arch Capital Group Ltd.	2.6	2003	686.8
Adyen N.V.	2.6	2020	51.4
GDS Holdings Limited	2.4	2020	29.6

Core Growth investments, steady growers that continually return excess free cash flow to shareholders, represented 32.5% of net assets. Examples of these companies include commercial real estate data supplier **CoStar Group, Inc.** and **Choice Hotels International, Inc.** Choice employs a capital-light franchise model for its economy and upscale hotel brands. Historically, this model has allowed the company to return cash to shareholders through buybacks and dividends while still achieving strong revenue and earnings growth. This would be the case regardless of where we are in the lodging cycle. As one of the leading financial intelligence systems for the asset management industry, **FactSet Research Systems, Inc.** continues to grow into new areas via fixed income, risk management, and, most recently, wealth management. 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 June 30, 2020, the Fund's top 10 holdings represented 83.2% of net assets. A number of these investments have been successful and were purchased when they were 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.**, **CoStar Group, Inc.**, **FactSet Research Systems, Inc.**, **Vail Resorts, Inc.**, and **Penn National Gaming, Inc.** 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.

Baron Focused Growth Fund

Table X.
Top 10 holdings as of June 30, 2020

	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	$200.3	$97.2	29.7%
CoStar Group, Inc.	2014	6.2	28.0	44.1	13.5
FactSet Research Systems, Inc.	2008	2.5	12.4	24.6	7.5
Vail Resorts, Inc.	2013	2.3	7.3	24.4	7.5
Penn National Gaming, Inc.	2019	2.5	4.2	18.3	5.6
Hyatt Hotels Corp.	2009	4.2	5.1	17.1	5.2
Space Exploration Technologies Corp.	2017	–	–	12.6	3.9
Choice Hotels International, Inc.	2010	1.9	4.4	12.2	3.7
Guidewire Software, Inc.	2013	2.7	9.2	11.3	3.5
Iridium Communications Inc.	2019	3.1	3.4	10.2	3.1

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 Adviser believes that there is more potential for capital appreciation in small and medium-sized companies and using non-diversification, but there also may be more risk. Specific risks associated with non-diversification include increased volatility of the Fund's returns and exposure of the Fund to greater risk of loss in any given period. Securities of small and medium-sized companies may be thinly traded and they may be 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.

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