Dear Baron Focused Growth Fund Shareholder:

Performance

Baron Focused Growth Fund (the "Fund") increased 2.42% (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 6.04%, and the S&P 500 Index increased by 8.55%. The S&P 500 Index measures the performance of large-cap companies. Despite the 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 14.48% annualized. This compares favorably to the Index, which has increased 9.59% annualized, and the S&P 500 Index, which has increased 9.74% annualized.

Table I.
Performance
Annualized for periods ended June 30, 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]	2.37%	2.42%	6.04%	8.55%
Six Months[5]	2.40%	2.54%	8.67%	15.25%
One Year	94.48%	95.00%	49.63%	40.79%
Three Years	39.24%	39.58%	20.15%	18.67%
Five Years	31.22%	31.55%	20.68%	17.65%
Ten Years	18.14%	18.44%	14.83%	14.84%
Fifteen Years	14.46%	14.69%	12.04%	10.73%
Since Inception (May 31,1996)	14.34%	14.48%	9.59%	9.74%

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.)

DAVID BARON
CO-PORTFOLIO MANAGER

RONALD BARON
CEO AND LEAD PORTFOLIO MANAGER

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

Second quarter performance for the Fund was led by our **Disruptive Growth** stocks, which increased 6.6% in the quarter and represent over half of the Fund's net assets. These stocks rebounded from first quarter inflation and rising rate concerns, as many now expect the recent surge in prices to be transitory and the eventual rise in interest rates to be gradual. Performance was led by our biotechnology/pharmaceutical companies, as well as a newly purchased IPO in **Figs Inc.**

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. 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.

BioNTech SE more than doubled and helped performance by 176bps in the quarter due to success with its mRNA drugs and programs in engineered cell therapies with a strong pipeline of new targets from oncology to other infectious and rare diseases.

Figs, the only direct-to-consumer health care apparel brand, with its own proprietary fabric technology, increased 66.9% and helped performance by 86bps during the period held in the quarter, as investors found the company's strong growth trajectory in a large global addressable market appealing. We believe Figs should be able to grow its revenues during the next few years at a 30% CAGR and generate steady state margins of between 25% and 30%. Given the asset light nature of the business, this should translate into strong cash flow with a 90% EBITDA to free cash flow conversion. We believe the company is well positioned and its founders well incentivized, as they still own 15% of the company.

We continue to believe the growth prospects of these businesses remain favorable and their continued investments in their businesses should accelerate revenue and EBITDA growth in the years to come.

Our **Real/Irreplaceable Asset** investments experienced weak stock performance, decreasing 5.7% in the quarter due to declines in **Penn National Gaming, Inc.** and **Hyatt Hotels Corp**, which together comprised 10.1% of the Fund. We believe the declines have created attractive valuations for both, and we see significant upside potential in the years ahead.

Penn, a regional domestic operator of casinos, declined over 27% in the quarter. This followed reports that the company had lost sports betting and i-gaming market share in both Michigan and Pennsylvania. While the lost market share is a disappointment, Penn has been able to maintain a double-digit share with no marketing spending. This is due in large part to its Barstool branded sportsbook app and the strong loyalty of those players. We believe the market is attributing little value to Penn's Barstool equity stake as well as its online gaming and sports betting opportunities, including its access fees from other operators. We view the valuation as attractive and expect further upside from M&A as it uses its strong balance sheet to invest in its digital growth opportunity.

Hyatt declined over 6% in the quarter due to investor concerns around a new, more contagious variant of COVID-19 and a forecasted slower-than-expected reopening of Asia and Europe. While the slowed reopening is a disappointment, Hyatt's domestic business and group bookings are beginning to return. We think conditions will normalize next year, at least domestically. The company remains on track with its asset sale program, as the hotel transaction market returns to pre-pandemic valuations. This should ultimately make Hyatt a more valuable, fee-based business.

Declines in **Manchester United plc**, the English Premier League professional soccer team, also hurt performance as shares fell on continued pandemic worries related to its commercial and matchday revenues. Investors were also disappointed by the failed attempt to form a new Super League that would have replaced the Champions League and allowed the team to participate each year as a founding member. Despite these setbacks, we view Manchester United as a unique media company with 1.1 billion fans globally and broad appeal that should compound value. Its share price declined 3.5% in the quarter. The stock represented 2.3% of the Fund's net assets as of the end of the quarter.

However, **Red Rock Resorts, Inc.** continued its strong stock performance in the quarter and increased another 30% on reported EBITDA 20% above pre-pandemic levels on a complete recovery in revenue. Management indicated it believes the margin expansion is sustainable given current revenue and a reimagined cost structure. This robust cash generation combined with the $650 million sale of its Palms casino, which is slated to close by the end of 2021, should help significantly improve the company's balance sheet. While Delta variant concerns are a negative, we believe this to be short lived and will have little impact on casino visitation. In our opinion, state governments will not return to statewide lockdowns given lower infections, hospitalization rates, and increased vaccine penetration levels.

The operating efficiencies of our travel and leisure businesses, which represent 22.4% of net assets at the end of the quarter, 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 at the latest. 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 or have completed 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. We continue to see further upside in these stocks as the economy continues to recover and COVID restrictions ease.

The Fund's **Core Growth** investments increased 3.0% in the quarter, underperforming the Index which increased 6.04%, mainly due to a 3.4% decline in **GDS Holdings Limited**, the largest data center provider in China. This was amid a broader technical sell-off in U.S.-listed Chinese internet businesses, as the Chinese government tries to restrict U.S. listings of Chinese companies and adds regulations to have more control over them. We added to our position in the quarter as the company continues to grow three to four times as fast as peers and yet trades at a significant discount to them. We believe this discount should narrow as GDS continues to invest in its data center businesses and generates strong returns on investment as it continues to experience robust demand for space. The company has significant land holdings and power commitments that are difficult to attain.

FactSet Research Systems, Inc., a provider of financial intelligence to the investment community, represented 3.7% of the average portfolio weight. Its stock price increased 9.0% in the quarter as speculation surfaced the company was in discussions to be acquired. The company continues to make investments in new products and services, which is reducing its 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. FactSet is a prime example of a business penalizing its current earnings by investing in new products to become a significantly larger company.

Table II.
Total returns by category for the quarter ended June 30, 2021

	% of Net Assets (as of 6/30/2021)	Total Return (%)	Contribution to Return (%)
Disruptive Growth	**52.3**	**6.62**	**3.59**
BioNTech SE	3.6	102.85	1.76
Figs Inc.	2.1	66.85	0.86
Denali Therapeutics Inc.	1.5	36.49	0.43
Stitch Fix, Inc.	1.1	19.29	0.19
Guidewire Software, Inc.	1.7	10.91	0.18
Spotify Technology S.A.	3.4	2.16	0.26
Tesla, Inc.	31.6	1.76	0.38
Schrodinger, Inc.	1.3	–1.46	0.05
Iridium Communications Inc.	2.3	–3.05	–0.05
Space Exploration Technologies Corp.	3.7	–5.17	–0.20
Tripadvisor, Inc.	–	–12.07	–0.26
Russell 2500 Growth Index		**6.04**	
Core Growth	**18.5**	**3.05**	**0.57**
Adyen N.V.	2.1	9.90	0.19
FactSet Research Systems, Inc.	3.6	9.03	0.29
Arch Capital Group Ltd.	3.4	1.49	0.04
CoStar Group, Inc.	7.4	0.77	0.12
GDS Holdings Limited	2.0	–3.37	–0.07
Real/Irreplaceable Assets	**24.4**	**–5.73**	**–1.48**
Red Rock Resorts, Inc.	1.2	30.41	0.31
American Homes 4 Rent	1.3	16.82	0.19
Choice Hotels International, Inc.	2.7	11.00	0.29
Vail Resorts, Inc.	6.2	8.52	0.50
Americold Realty Trust	0.6	–1.05	–0.01
Manchester United plc	2.3	–3.49	–0.11
Hyatt Hotels Corp.	3.8	–6.12	–0.24
Penn National Gaming, Inc.	6.3	–27.21	–2.41
Cash	**4.8**	**0.47**	**0.02**
Fees	**–**	**–0.28**	**–0.28**
Total	**100.0**	**2.42***	**2.42***

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 June 30, 2021, the Fund's 14.48% annualized performance has exceeded that of its Index by 489 bps per year. This means that a hypothetical $10,000 investment in Baron Focused Growth Fund over 25 years ago would now be worth approximately $297,000! If an investor had instead hypothetically invested $10,000 in a fund designed to track the Index, it would be worth approximately $99,400. (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 6.76% 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 6/30/2021		Millennium Internet Bubble to Present 12/31/1999 to 6/30/2021		Inception 5/31/1996 to 6/30/2021	
	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%	$96,686	19.90%	$123,101	12.39%	$297,048	14.48%
Russell 2500 Growth Index	$ 6,931	–3.99%	$80,242	18.13%	$ 55,615	8.31%	$ 99,429	9.59%
S&P 500 Index	$ 7,188	–3.60%	$61,548	15.65%	$ 44,240	7.16%	$102,945	9.74%

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

We did not make much money from December 31, 1999 through December 31, 2008 (amid the highs of the Internet Bubble and the lows of the Financial Crisis). But…we did make something…which gave investors a much better outcome than if they had hypothetically 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 power 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 $297,048 on June 30, 2021. That is almost three times the value of a hypothetical investment of the same amount in funds designed to track the S&P 500 and Russell 2500 Growth Indexes. (Please see Table IV.)

Table V.
Top contributors to performance for the quarter ended June 30, 2021

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
BioNTech SE	2020	$24.1	$ 54.1	102.85%	1.76%
Figs Inc.	2021	4.8	8.0	66.85	0.86
Vail Resorts, Inc.	2013	2.3	12.7	8.52	0.50
Denali Therapeutics Inc.	2020	8.4	9.5	36.49	0.43
Tesla, Inc.	2014	31.2	654.8	1.76	0.38

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 continued, 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 potential to disrupt the biopharmaceutical space with a pipeline spanning oncology, infectious diseases, and rare diseases.

Figs Inc. operates the largest direct-to-consumer platform in health care apparel. The stock rose following its May IPO. We remain bullish on Figs' long-term growth opportunity to disrupt the medical apparel market both domestically and overseas and see plenty of space to grow its customer base. We like the company's financial operating model and mid-20's EBITDA margins in 2020, which we believe are sustainable over the long term due to factors that include low markdown/fashion risk and declining customer acquisition costs.

Vail Resorts, Inc., a global owner and operator of ski resorts, contributed during the quarter on reports of season pass sales that were 33% above 2019 levels despite a 20% price cut. Season pass sales are a key component of growth as pass holders are the most frequent visitors to the resorts and the most likely to return the following season. Given the strong sales figures, we believe next year's EBITDA should be significantly above pre-pandemic levels, generating robust cash flow for the reinstallation of Vail's dividend and additional M&A.

Shares of **Denali Therapeutics Inc.** increased as the broader space recovered from a slow start in 2021. We expect more impactful news flow in the second half of the year as we get updates across key pipeline assets that utilize Denali's blood brain barrier carrier technology to treat a rare genetic disease called Hunter syndrome. We retain conviction in Denali as a leader in the neurodegeneration space.

Tesla, Inc. designs, manufactures, and sells fully electric vehicles, solar products, energy storage solutions and battery cells. Shares increased following strong execution in a complex supply chain environment and generally improving execution in China despite recent negative headlines in the local market. Demand remained robust, the refreshed Model S received positive reviews, and new production facilities are expected to support more profitable growth. We expect supply chain headwinds to be resolved and remain optimistic about existing and new product programs.

Table VI.
Top detractors from performance for the quarter ended June 30, 2021

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
Penn National Gaming, Inc.	2019	$2.5	$12.0	–27.21%	–2.41%
Tripadvisor, Inc.	2021	6.0	6.5	–12.07	–0.26
Hyatt Hotels Corp.	2009	4.2	7.9	–6.12	–0.24
Space Exploration Technologies Corp.	2017	–	–	–5.17	–0.20
Manchester United plc	2012	2.3	2.5	–3.49	–0.11

Penn National Gaming, Inc., a regional U.S. casino operator, detracted on news that the company had lost sports betting and i-gaming market share in both Michigan and Pennsylvania. While the lost market share is a disappointment, Penn has been able to maintain a double-digit share with no marketing. We believe the market is attributing little value to Penn's Barstool equity stake as well as its online gaming and sports betting opportunities including its access fees from other operators. We view the valuation as attractive.

Tripadvisor, Inc. is an online travel company where users can browse reviews and plan trips. Shares fell on concerns that new COVID-19 variants would delay the recovery of the travel industry. In addition, investors appeared concerned that Tripadvisor's new Tripadvisor Plus subscription offering, which launched in June, would face competitive pressures. We do not believe traditional loyalty programs will be materially competitive with the upfront savings offered by Tripadvisor Plus. We also think Tripadvisor is well positioned to benefit from pent-up consumer demand for travel.

Hyatt Hotels Corp., a global hotelier, detracted over investor concerns around a new, more contagious variant of COVID-19 and a forecasted slower-than-expected reopening of Asia and Europe. While the slowed reopening is a disappointment, Hyatt's domestic business and group bookings are starting to return and we think conditions will normalize by 2022, at least domestically. The company remains on track with its asset sale program as the hotel transaction market returns to pre-pandemic valuations, which should make Hyatt a more valuable, fee-based business.

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.

Manchester United plc is the best known team in the English Premier League, generating revenue primarily from broadcasting, sponsorship, and licensing. Shares fell on continued pandemic-related impact to commercial and matchday revenues. Investors were also disappointed by the failed attempt to form a new Super League that would have replaced the Champions League and allowed Manchester United to participate each year as a founding member. Despite these setbacks, we view Manchester United as a unique media company with 1.1 billion fans globally and broad appeal that should compound value.

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 second quarter, we initiated a small position in the only direct-to-consumer health care apparel service company **Figs Inc.** and added to our position in **Spotify Technology S.A.** Both companies have large addressable markets with strong brands that should allow them to take significant market share over time. They are both appropriately financed and generate significant cash to continue investing in their businesses for further growth. 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, well-managed, small- and mid-cap growth businesses at attractive prices. We attempt to create a portfolio of between 20 and 25 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 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 June 30, 2021, the Fund held 23 investments. The Fund's average portfolio turnover for the past three years was 9.66%. This means the Fund has an average holding period for its investments of almost 10.4 years. This contrasts sharply with the average mid-cap growth mutual fund, which typically turns over its portfolio every 16 months. From a quality standpoint, the Fund's investments have stronger sales and EPS growth than the holdings in the Index, higher EBITDA and operating margins, stronger returns on invested capital, and 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 52.9% of its net assets in this sector versus 15.6% for the Index. While the Fund has historically not invested in pharmaceuticals and biotechnology, it has added two biotechnology investments over the past year and now has 5.1% 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 June 30, 2021

	Percent of Net Assets	Year Acquired	Cumulative Return Since Initial Purchase
Tesla, Inc.	31.6%	2014	1,257.17%
Space Exploration Technologies Corp.	3.7	2017	188.00
BioNTech SE	3.6	2020	123.75
Spotify Technology S.A.	3.4	2020	15.17
Iridium Communications Inc.	2.3	2019	47.84
Figs Inc.	2.1	2021	66.89
Guidewire Software, Inc.	1.7	2013	143.88
Denali Therapeutics Inc.	1.5	2020	12.15
Schrodinger, Inc.	1.3	2020	43.50
Stitch Fix, Inc.	1.1	2021	–36.89

Disruptive Growth firms accounted for 52.3% 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 June 30, 2021

	Percent of Net Assets	Year Acquired	Cumulative Return Since Initial Purchase
Penn National Gaming, Inc.	6.3%	2019	264.41%
Vail Resorts, Inc.	6.2	2013	489.39
Hyatt Hotels Corp.	3.8	2009	183.01
Choice Hotels International, Inc.	2.7	2010	480.16
Manchester United plc	2.3	2012	16.92
American Homes 4 Rent	1.3	2018	91.26
Red Rock Resorts, Inc.	1.2	2017	101.86
Americold Realty Trust	0.6	2020	13.67

Companies that own what we believe are **Real/Irreplaceable Assets** represented 24.4% 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 i-casino gaming offer large opportunities for future growth for the company.

Table IX.
Core Growth Investments: Growth, Dividends, and Share Repurchases as of June 30, 2021

	Percent of Net Assets	Year Acquired	Cumulative Return Since Initial Purchase
CoStar Group, Inc.	7.4%	2014	287.01%
FactSet Research Systems, Inc.	3.6	2008	657.12
Arch Capital Group Ltd.	3.4	2003	969.45
Adyen N.V.	2.1	2020	154.33
GDS Holdings Limited	2.0	2020	27.67

Core Growth investments, steady growers that continually return excess free cash flow to shareholders, represented 18.5% 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 June 30, 2021, the Fund's top 10 holdings represented 73.0% 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.**, **CoStar Group, Inc.**, **Penn National Gaming, 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 June 30, 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	$654.8	$218.2	31.6%
CoStar Group, Inc.	2014	6.2	32.7	51.3	7.4
Penn National Gaming, Inc.	2019	2.5	12.0	43.4	6.3
Vail Resorts, Inc.	2013	2.3	12.7	42.4	6.2
Hyatt Hotels Corp.	2009	4.2	7.9	26.4	3.8
Space Exploration Technologies Corp.	2017	–	–	25.5	3.7
FactSet Research Systems, Inc.	2008	2.5	12.7	25.2	3.6
BioNTech SE	2020	24.1	54.1	24.6	3.6
Spotify Technology S.A.	2020	45.4	52.6	23.4	3.4
Arch Capital Group Ltd.	2003	0.9	15.7	23.4	3.4

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 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).