Dear Baron Focused Growth Fund Shareholder:

Performance

Baron Focused Growth Fund (the "Fund") increased 4.86% (Institutional Shares) in the third quarter, making it the second-best performing fund in the category according to Morningstar. The Russell 2500 Growth Index (the "Index"), the benchmark against which we compare the performance of the Fund, declined 3.53%, and the S&P 500 Index increased by 0.58% over the same period. The S&P 500 Index measures the performance of large-cap companies. The Fund has outperformed its benchmarks for the 1-, 3-, 5-, and 10-year periods. Since its inception on May 31, 1996, the Fund has increased 14.54% annualized. This compares favorably to the Index, which has increased 9.33%, and the S&P 500 Index, which has increased 9.67%. Among U.S. equity funds, the Fund is ranked 82nd out of 3,474 share classes, which places it in the top 3% since its conversion from a partnership in 2008.*

Table I.
Performance
Annualized for periods ended September 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]	4.78%	4.86%	(3.53)%	0.58%
Nine Months[5]	7.29%	7.52%	4.84%	15.92%
One Year	41.88%	42.30%	31.98%	30.00%
Three Years	40.11%	40.46%	16.01%	15.99%
Five Years	32.19%	32.52%	18.21%	16.90%
Ten Years	21.10%	21.40%	17.20%	16.63%
Fifteen Years	14.75%	14.98%	11.87%	10.37%
Since Inception (May 31, 1996)	14.40%	14.54%	9.33%	9.67%

DAVID BARON
CO-PORTFOLIO MANAGER

RONALD BARON
CEO AND LEAD PORTFOLIO MANAGER

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

Third quarter performance for the Fund was led by companies that began to experience accelerating revenue growth generated by recent investments. These include **Tesla, Inc.**, **BioNTech SE**, **Manchester United plc**, and **FactSet Research Systems, 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, 2032, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit www.BaronFunds.com or call 1-800-99BARON.

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 indexes and the Fund include reinvestment of dividends, net of withholding taxes, which positively impact the performance results. The indexes are unmanaged. Index performance is not Fund performance; one cannot invest directly into an index.

3 The performance data 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.

* **This is a hypothetical ranking created by Baron Capital using Morningstar data and is as of 9/30/2021. Note, the peer group used for this analysis includes all U.S. equity share classes in Morningstar Direct domiciled in the U.S., including obsolete funds, index funds, and ETFs. The individual Morningstar Categories used for this analysis are the Morningstar Large Blend, Large Growth, Large Value, Mid-Cap Blend, Mid-Cap Growth, Mid-Cap Value, Small Blend, Small Growth, and Small Value Categories. There were 3,474 share classes in these nine Morningstar Categories for the period from 6/30/2008 to 9/30/2021.**
The Morningstar Mid-Cap Growth Category consisted of 613, 584, 495, and 386 share classes for the quarter-to-date, 1-, 5-, and 10-year periods. Morningstar ranked Baron Focused Growth Fund in the 1st, 13th, 2nd, 2nd, and 4th percentiles for the quarter-to-date, 1-, 5-, 10-year, and since conversion periods, respectively. The Fund converted into a mutual Fund on 6/30/2008, and the category consisted of 316 share classes. On an absolute basis, Morningstar ranked Baron Focused Growth Fund Institutional Share Class as the 2nd, 39th, 3rd, 7th, and 5th best performing share class in its Category, for the quarter-to-date, 1-, 3-, 5-, and 10-year periods, respectively.
Morningstar calculates the Morningstar Mid-Cap Growth Category average performance and rankings using its Fractional Weighting methodology. Morningstar rankings are based on total returns and do not include sales charges. Total returns do account for management, administrative, and 12b-1 fees and other costs automatically deducted from fund assets.
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Tesla increased 14.1% in the quarter as deliveries and production accelerated sharply. This was despite supply chain issues as the company benefited from having its own cell manufacturing facility and has become a more vertically integrated business. Tesla's share price increase boosted the Fund's performance by 425 basis points in the quarter. Tesla is the Fund's largest holding and at quarter end represented approximately a third of net assets. We believe Tesla sales could increase substantially when additional production capacity is opened in Berlin, Germany in October 2021 and Austin, Texas in early 2022. Demand for Tesla cars remains extremely strong.

BioNTech increased 18.8% in the quarter and helped performance by 181 basis points due to continued success of its mRNA COVID vaccine. The FDA's recent approval of its COVID boosters in adults aged 12 and older will also help. We continue to believe BioNTech has a strong program in engineered cell therapies. The company has the potential to disrupt the biopharmaceutical space with a large pipeline of new opportunities from oncology to influenza and other infectious and rare diseases.

Manchester United increased 28.2% in the quarter and helped performance by 65 basis points. We attribute this to Manchester United's successful recruiting of Cristiano Ronaldo to its team under a two-year contract. Fan engagement has increased as has interest in additional sponsorship and merchandise sales. This benefit combined with the reopening of its Old Trafford stadium at higher ticket prices should result in additional EBITDA in the coming years. With the stadium back to full capacity and Cristiano on the roster, we believe the company's position as a unique media brand with over 1.1 billion fans is even stronger and that its broad global appeal should compound value.

FactSet increased 17.9% in the quarter and helped performance by 65 basis points. The company experienced an acceleration in revenue growth due to the introduction of new tools, which the company has begun to sell to both new and existing clients.. This has led to increased pricing power and new use cases. We expect further revenue and earnings growth as well as improved cash flow, which the company can use for additional acquisitions and share repurchases. We retain conviction in FactSet due to its large addressable market, consistent execution on both new product development and financial results, and robust free cash flow generation.

The strong performance from our investments in companies where growth accelerated was slightly offset by modest declines in growth companies seemingly negatively impacted by the reopening of the economy as pandemic restrictions were lifted. Also negatively impacting our portfolio was uncertainty in China with the potential for increased government scrutiny and further regulations and supply chain concerns leading to worries about higher input and transportation costs. **Spotify Technology S.A.**, **GDS Holdings Limited**, and **Figs Inc.** were among those companies.

Spotify declined by 18.6% in the quarter as engagement modestly declined while economies reopened and pandemic restrictions were lifted. Spotify hurt performance in the period by 66 basis points. We continue to view Spotify as a long-term beneficiary in music streaming and podcasts. We believe it has potential to increase subscribers by 50% over the next three years, driven by its scalable core music product as well as its growing library of spoken-word content.

GDS, a Chinese data center company, declined 28.6% in the quarter and hurt performance by 62 basis points. This was due to concerns about possible increased government regulation from China. Regardless, we believe GDS's interests are aligned with the government, and GDS should help grow the Chinese economy through the digitization of many companies. We think the company has a strong competitive advantage given its vast land bank and the scarcity of land. Further, approvals required to develop new centers are usually difficult to obtain. GDS is generating strong returns on its new centers. Since we believe China is in the early innings of cloud adoption, the company should experience significant demand growth for many years.

Figs is a leading direct-to-consumer brand specializing in uniforms, apparel, and accessories for health care professionals. Its stock price declined 25.9% in the quarter and penalized the Fund's performance by 62 basis points. Figs' share price weakness was due to slowing growth in the second half of this year due to supply chain issues. That has resulted in increased transportation costs as well as higher input costs. However, we believe these issues to be transitory and should not impact long-term growth prospects that we believe remain attractive. Figs has a large addressable market and strong, unaided brand awareness and should grow its margins and cash flow as it scales. Co-CEOs own over 18% of Figs stock.

In terms of our categories of investments, performance was led by our **Disruptive Growth** investments, rapid, early-stage growth businesses that are disruptive to their industries. These stocks increased 6.9% in the quarter and represent more than half of the Fund. The strength was led by our investments in BioNTech and Tesla, offset somewhat by declines in Spotify and Figs, as mentioned above.

Our **Real/Irreplaceable Assets**, which are those companies with assets that generally have strong pricing power and are hedges against inflation, increased 3.9% in the quarter and represent a quarter of the Fund. This increase was led by our investment in Manchester United as noted above, as well as **Red Rock Resorts, Inc.**, which together comprised 4.6% of the Fund at quarter end.

Red Rock, a Las Vegas locals casino company, increased 20.6% in the quarter and contributed 31 basis points to the Fund's performance. Red Rock's earnings growth across its properties accelerated. The company achieved EBITDA significantly above pre-COVID-19 levels. The Las Vegas locals market is benefiting from a new higher-income customer base, which is staying longer and spending more. The closure of some non-gaming amenities, a reduction in the work force, and more targeted marketing has also helped increase margins and cash flow. This, combined with the expected sale of the Palms, which should close by the end of the year, will help improve the company's balance sheet and increase its cash flow.

The Fund's **Core Growth** investments, which are those companies that continue to grow revenue and earnings steadily while returning excess cash flow to investors through dividends and share repurchases, increased 3.3% in the quarter. Those investments represent 18.0% of the Fund. This increase was led by our investment in FactSet, which represented 4.0% of the Fund at quarter end, offset slightly by declines in GDS, which represented 1.5% of the Fund at quarter end as noted above.

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

	% of Net Assets (as of 9/30/2021)	Total Return (%)	Contribution to Return (%)
Disruptive Growth	**53.5**	**6.91**	**3.64**
BioNTech SE	2.5	18.75	1.81
Tesla, Inc.	33.4	14.09	4.25
SmartRent, Inc.	1.8	8.33	0.13
Space Exploration Technologies Corp.	3.6	4.24	0.14
Guidewire Software, Inc.	2.9	2.31	0.02
Iridium Communications Inc.	2.1	–0.35	0.03
Spotify Technology S.A.	3.9	–18.63	–0.66
Figs Inc.	1.5	–25.87	–0.62
Schrodinger, Inc.	0.6	–27.63	–0.37
Stitch Fix, Inc.	0.5	–35.49	–0.53
Denali Therapeutics Inc.	0.7	–35.54	–0.57
Real/Irreplaceable Assets	**25.0**	**3.94**	**0.90**
Manchester United plc	2.9	28.20	0.65
Red Rock Resorts, Inc.	1.7	20.60	0.31
Choice Hotels International, Inc.	2.6	6.50	0.15
Vail Resorts, Inc.	6.0	5.54	0.25
Hyatt Hotels Corp.	4.7	–0.32	0.01
American Homes 4 Rent	1.2	–1.64	–0.00
Penn National Gaming, Inc.	5.5	–5.27	–0.34
Americold Realty Trust	0.4	–22.68	–0.13
Core Growth	**18.0**	**3.29**	**0.67**
FactSet Research Systems, Inc.	4.0	17.89	0.65
Adyen N.V.	2.2	13.99	0.36
CoStar Group, Inc.	7.2	3.91	0.32
Arch Capital Group Ltd.	3.1	–1.95	–0.05
GDS Holdings Limited	1.5	–28.56	–0.62
Russell 2500 Growth Index		**–3.53**	
Cash	**3.5**	**–0.60**	**–0.03**
Fees	**–**	**–0.29**	**–0.30**
Total	**100.0**	**4.84***	**4.84***

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 September 30, 2021, the Fund's 14.54% annualized performance has exceeded that of its Index by 521 basis points per year. **This means that a hypothetical $10,000 investment in Baron Focused Growth Fund over 25 years ago would now be worth approximately $311,500! If an investor had instead hypothetically invested $10,000 in a fund designed to track the Index, it would be worth approximately $95,900. (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 7.03% 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 9/30/2021		Millennium Internet Bubble to Present 12/31/1999 to 9/30/2021		Inception 5/31/1996 to 9/30/2021	
	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%	$101,386	19.92%	$129,084	12.48%	$311,485	14.54%
Russell 2500 Growth Index	$ 6,931	–3.99%	$ 77,408	17.41%	$ 53,651	8.03%	$ 95,917	9.33%
S&P 500 Index	$ 7,188	–3.60%	$ 61,906	15.37%	$ 44,498	7.10%	$103,544	9.67%

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 outperforming 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 $311,485 on September 30, 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 Growth Indexes. (Please see Table IV.)

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

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
Tesla, Inc.	2014	$31.2	$776.9	14.09%	4.25%
BioNTech SE	2020	24.1	66.2	18.75	1.81
Manchester United plc	2012	2.3	3.2	28.20	0.65
FactSet Research Systems, Inc.	2008	2.5	14.9	17.89	0.65
Adyen N.V.	2020	29.1	85.4	13.99	0.36

Tesla, Inc. designs, manufactures, and sells fully electric vehicles, solar products, energy storage solutions, and battery cells. The stock contributed as Tesla continued to present strong deliveries growth and a meaningful improvement in profitability despite a complex supply-chain environment. Demand remains robust, new localized manufacturing capacity is expected to support more efficient growth, and the autonomous program is accelerating. We expect Tesla's growing vehicle offering, battery technology, and energy businesses to drive meaningful growth opportunities.

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 with the addition of a booster shot, 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.

Manchester United plc is the best known team in the English Premier League and generates revenue from broadcasting, sponsorship, and licensing. Shares increased as the iconic Old Trafford Stadium re-opened to fans. The club also announced the signing of Cristiano Ronaldo, one of the greatest players in the world. With the stadium back to full capacity and Cristiano on the roster, we view the company as a unique media brand with over 1.1 billion fans and broad global appeal that should compound value.

Shares of **FactSet Research Systems, Inc.**, a leading provider of investment management tools, contributed to performance. FactSet reported strong earnings and provided encouraging guidance as technology and content investments the company has been making over the past few years started to pay off with stronger growth. We retain conviction in FactSet due to the large addressable market, consistent execution on both new product development and financial results, and robust free cash flow generation.

Adyen N.V. provides technology that enables merchants to accept electronic payments. The stock increased after the company reported strong results for the first half of the year, with 46% revenue growth and 65% EBITDA growth. Processed volume growth rose to 67% due to resilient e-commerce demand, easier comparisons, and the onboarding of eBay. Margins also expanded despite rapid hiring and significant growth investments.

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

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
Spotify Technology S.A.	2020	$45.4	$43.0	–18.63%	–0.66%
GDS Holdings Limited	2020	9.3	10.6	–28.56	–0.62
Figs Inc.	2021	4.8	6.1	–25.87	–0.62
Denali Therapeutics Inc.	2020	8.4	6.1	–35.54	–0.57
Stitch Fix, Inc.	2021	10.0	4.3	–35.49	–0.53

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 were down as engagement declined while economies re-opened and pandemic restrictions were lifted. We continue to view Spotify as a long-term winner in music streaming with potential to go from 158 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.

GDS Holdings Limited is a leading Chinese data center operator within Tier 1 cities. Shares fell in concert with a general sell-off in Chinese technology-related companies in response to tightening regulations and unknown future government actions against businesses that may not be perceived as aligned with the government's goals. We retain conviction in GDS given durable secular tailwinds in cloud adoption (early innings in China), increased visibility of growth, ample capital, and its status as a provider of choice to China's leading technology companies.

Figs Inc. is the leading direct-to-consumer brand specializing in uniforms, apparel, and accessories for health care professionals. The share price fell during the quarter on likely profit taking following a positive reaction to its May IPO. Despite the near-term weakness, we remain bullish on Figs' long-term opportunity to disrupt the medical apparel market both domestically and overseas. We like the company's financial operating model and see a path to $1 billion in revenue at attractive EBITDA margins.

Denali Therapeutics Inc. is a biotechnology company developing drugs to treat neurological disorders. Shares fell after an interim update reporting mixed results from its Phase 1/2 study of a program in treating Hunter syndrome. We remain convicted in Denali for its suite of approaches toward targeting the brain.

Stitch Fix, Inc., an online apparel retailer, detracted due to the company's poorly communicated changes to its stylist employment program. Mostly part-time workers who help clients style outfits, stylists were abruptly notified that they must choose between a full-time work schedule or a severance package. Despite the optics of the announcement, we retain conviction in Stitch Fix's expansion from a business model that is heavily reliant on personal stylists to an online retailer that creates personalization with a data-driven approach and proprietary algorithms.

INVESTMENT STRATEGY & PORTFOLIO STRUCTURE

Despite current market volatility and investor angst, we have continued to manage the Fund the same way we have historically–looking for companies with large addressable market opportunities that have the potential to disrupt industries and take market share given strong competitive advantages inherent in their businesses.

In the third quarter, we initiated a small position in **SmartRent, Inc.**, a category-leading software company providing a fully integrated solution to the real estate industry. The core product is built around smart access or keyless entry as well as community Wi-Fi, leak detection, and temperature control management. The product offering leads to lower costs, which save customers on utilities, leasing costs, risk mitigation, and leads to increased rents for multi-family property owners. In exchange, SmartRent charges a low recurring base monthly fee to apartment owners and continuously improves its software application. SmartRent has over 200,000 units deployed today with over 450,000 total users, experienced zero churn to date and developed strategic partnerships with 15 of the top 20 institutional apartment owners. In addition, the company has a pipeline of 600,000 committed units and a 3.5 million unit opportunity within its existing customer base.

We also added to our positions in **Spotify Technology S.A.** and **Guidewire Software, Inc.** Both companies have large addressable markets with strong brands that should allow them to take significant market share over time. We believe they are both appropriately financed and should 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 78% of the downside when the market declines. Businesses in which the Fund invests are identified by our analysts and portfolio managers using our proprietary research and time-tested investment approach.

As of September 30, 2021, we held 24 investments. The Fund's average portfolio turnover for the past three years was 12%. This means the Fund has an average holding period for its investments of approximately 8.3 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 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 focused 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 54.5% of its net assets in this sector versus 15.4% 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 3.2% of net assets 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 give us upside potential should either 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 September 30, 2021

	Percent of Net Assets	Year Acquired	Cumulative Return Since Initial Purchase
Tesla, Inc.	33.4%	2014	1,448.42%
Spotify Technology S.A.	3.9	2020	–5.83
Space Exploration Technologies Corp.	3.6	2017	200.22
Guidewire Software, Inc.	2.9	2013	157.18
BioNTech SE	2.5	2020	172.83
Iridium Communications Inc.	2.1	2019	47.32
SmartRent, Inc.	1.8	2021	5.43
Figs Inc.	1.5	2021	23.72
Denali Therapeutics Inc.	0.7	2020	–27.87
Schrodinger, Inc.	0.6	2020	3.78
Stitch Fix, Inc.	0.5	2021	–58.19

Disruptive Growth firms accounted for 53.5% 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 September 30, 2021

	Percent of Net Assets	Year Acquired	Cumulative Return Since Initial Purchase
Vail Resorts, Inc.	6.0%	2013	522.03%
Penn National Gaming, Inc.	5.5	2019	245.21
Hyatt Hotels Corp.	4.7	2009	181.04
Manchester United plc	2.9	2012	49.99
Choice Hotels International, Inc.	2.6	2010	517.91
Red Rock Resorts, Inc.	1.7	2017	143.28
American Homes 4 Rent	1.2	2018	88.13
Americold Realty Trust	0.4	2020	–12.10

Companies that own what we believe are **Real/Irreplaceable Assets** represented 25.0% 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 i-casino gaming offer large opportunities for future growth for the company.

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

	Percent of Net Assets	Year Acquired	Cumulative Return Since Initial Purchase
CoStar Group, Inc.	7.2%	2014	302.15%
FactSet Research Systems, Inc.	4.0	2008	792.53
Arch Capital Group Ltd.	3.1	2003	948.58
Adyen N.V.	2.2	2020	191.31
GDS Holdings Limited	1.5	2020	–7.92

Core Growth investments, steady growers that continually return excess free cash flow to shareholders, represented 18.0% 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 September 30, 2021, the Fund's top 10 holdings represented 74.3% 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.**, **Vail Resorts, Inc.**, **Penn National Gaming, 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 September 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	$776.9	$248.9	33.4%
CoStar Group, Inc.	2014	6.2	34.0	53.4	7.2
Vail Resorts, Inc.	2013	2.3	13.5	44.8	6.0
Penn National Gaming, Inc.	2019	2.5	11.4	41.1	5.5
Hyatt Hotels Corp.	2009	4.2	8.5	34.7	4.7
FactSet Research Systems, Inc.	2008	2.5	14.9	29.6	4.0
Spotify Technology S.A.	2020	45.4	43.0	29.4	3.9
Space Exploration Technologies Corp.	2017	–	–	26.6	3.6
Arch Capital Group Ltd.	2003	0.9	15.1	22.9	3.1
Guidewire Software, Inc.	2013	2.7	9.9	21.6	2.9

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. 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).