Baron Funds®

Quarterly Report

June 30, 2020

"You say you want a revolution. Well you know…we all want to change the world… Don't you know…it's gonna be… all right…all right…all right." The Beatles. "Revolution." 1968.

In Spring 1968, President Lyndon B. Johnson's voter approval ratings fell precipitously. This was amid massive, student-led, anti-Vietnam War demonstrations. Students then demanded of our government, "Out Now!!!" The President's fall from grace was despite his consequential accomplishments, which included landmark Civil Rights, Voting Rights, Immigration Reform, Medicare, VISTA, and War on Poverty legislation. When, on March 31, 1968, the President acceded to protesters' demands, he first told his family he had "done the best he could," and then announced in a televised speech that he had chosen to neither "seek nor would he accept" his party's nomination for a second full Presidential term.

The student anti-war protests memorialized by the Beatles' song "Revolution" achieved their goal and set the stage for our nation's withdrawal from Vietnam!

But, soon after the President's announcement, the world changed again. So much so that it became necessary for this President, born in the South but who, regardless, had done so much for civil rights, to call upon the National Guard to quell Blacks' protests across the nation. Those demonstrations followed the assassination of Martin Luther King, Jr. on the afternoon of April 4, 1968. They were sort of like the "Say his name," George Floyd, change the world street protests today.

Senator Robert F. Kennedy, a personal hero of mine, was campaigning in Indianapolis that April day to become the 1968 Democratic nominee for President. At dusk, the Senator gave an impromptu and emotional speech from the bed of a pickup truck in front of a Black church. Most who heard the Senator were unaware that Dr. King had just been murdered. That was only two months before Senator Kennedy was also killed… and five years after the Senator's brother, President John F. Kennedy, was assassinated in Dallas.

RONALD BARON
CEO

"I have some very sad news for you'" the Senator began, "and sad news for all of our fellow citizens who love peace…and that is that Martin Luther King was shot and killed tonight in Memphis." Kennedy's announcement was met with wails of disbelief, disappointment, and lost hope for the congregants and their children.

"Martin Luther King," Kennedy continued, "dedicated his life to love and to justice between fellow human beings. He died in the cause of that effort. In this difficult day, in this difficult time for the United States, it's perhaps well to ask what kind of a nation we are. For those of you who are Black…considering the evidence that there were White people who were responsible…you can be filled with bitterness, and with hatred, and a desire for revenge.

"We can move in that direction as a country, in greater polarization…Black people amongst Blacks and White people amongst Whites, filled with hatred toward one another. Or we can make an effort, as Martin Luther King did, to comprehend and replace that violence, that stain of bloodshed that has spread across our land, with an effort to understand, with compassion and love.

"For those of you who are Black and are tempted to be filled with hatred and mistrust of the injustice of such an act, against all White people, I would only say that I can also feel in my heart the same kind of feeling. I had a member of my family killed, but he was also killed by a White man.

"But we have to make an effort in the United States to go beyond these rather difficult times. What we need in the United States is not hatred; what we need in the United States is not violence and lawlessness, but is love, and compassion toward one another and a feeling of justice toward those who still suffer within our country, whether they be White or Black.

"So I ask you to return home, to say a prayer for the family of Martin Luther King but more importantly to say a prayer for our country, which all of us love.

'We can do well in this country. We've had difficult times in the past. We will have difficult times in the future. It is not the end of violence. It is not the end of lawlessness; and it's not the end of disorder. But the vast majority of White people and the vast majority of Black people in this country want to live together, to improve the quality of our lives, and want justice for all human beings that abide in our land.

TABLE OF CONTENTS

Letter from Ron	2
Letter from Linda	7
Baron Funds Performance	15
Baron Asset Fund	22
Baron Growth Fund	26
Baron Small Cap Fund	32
Baron Opportunity Fund	39
Baron Partners Fund	45
Baron Fifth Avenue Growth Fund	52
Baron Focused Growth Fund	57
Baron International Growth Fund	63
Baron Real Estate Fund	68
Baron Emerging Markets Fund	76
Baron Global Advantage Fund	81
Baron Discovery Fund	88
Baron Durable Advantage Fund	93
Baron Real Estate Income Fund	97
Baron WealthBuilder Fund	104
Baron Health Care Fund	112
Baron FinTech Fund	118
Portfolio Holdings	135

BARON FUNDS 1987

Letter from Ron

"Let's dedicate ourselves to what the Greeks wrote so many years ago: to tame the savageness of man and make gentle the life of this world. Let us dedicate ourselves to that."

Despite his audience's inestimable loss, Kennedy's speech was met with applause! Indianapolis was the only one of 100 large cities in the United States that did not experience riots and violence that evening.

We believe today's mass protests seeking equal justice for Blacks have set the stage for reform. We think that is a good thing both because it is the right thing to do, which is what my parents taught me as a child...and because no one in this country should fear horrific treatment when encountering law enforcement officials. Baron also believes that providing opportunity regardless of a person's religious beliefs and family is good for our business. In fact, I love the incredible stories of so many who work at our Firm....about a third of whom are immigrants.

Our Firm is dependent upon hiring, training, and retaining extraordinarily gifted and talented individuals. It doesn't make sense to exclude anyone with obvious intellect and desire because the color of their skin, their sex, or their religion is different than mine. So, like Paul McCartney's song "Blackbird" and John Lennon's "Revolution" in the 1960s, young people really do have the power to "change the world"...whether it is to stop fighting a war they oppose...or to provide opportunity and justice for all regardless of race, religion, or sex.

"Virus Plus Unrest Equals NYC Real Estate Plunge." "Discounted Returns are Low and Risks are High." Published opinions of highly regarded successful investors. June 2020.

It seems that after stock prices have fallen or our country has experienced turmoil, "talking heads" will explain why it is not a good time to invest. Of course, this means that whenever it has been a terrific time to invest, most successful investors explain why you shouldn't. That has been the case for my entire career. I presume that is because it sounds smarter to be skeptical than optimistic. However, there has not been a single instance during my career when it hasn't been a good time to invest and remain invested for the long term. Further, I have never known of anyone with the consistent ability to predict markets based on their ability to predict unpredictable events. That means ANYONE.

Robert Kennedy was prescient on that April night in Indianapolis in 1968 the evening after Martin Luther King was assassinated...both about how "we can do well in this country"...and that "we will have difficult times in the future as we have in the past"... America's GDP in 1968 was $850 billion. Despite wars, 9/11, business and political disruptions, financial panics, protests, civil unrest, and pandemics, 52 years later America's GDP is $21.5 trillion. 25 times greater than it was in 1968. The Dow Jones Industrial Average was 1,000 in 1968. It is now 26,000! 26 times greater than in 1968. Since Baron believes U.S. economic growth will be faster in the next 50 years than during the past 50, we believe turbulent times in our country, as they always have, offer investment opportunity. Low interest rates for the foreseeable future; aggressive fiscal and monetary policies by our government, also for the foreseeable future; available financing for new ventures; and exponential growth of science and technology are among the most important building blocks for that growth.

In 1945, after World War II ended, America was heavily indebted and concerns were widespread that our soldiers returning from Europe would be unable to find jobs. Interest rates were then, like now, extraordinarily low, which reflected those concerns...and provided entrepreneurs with inexpensive capital. This enabled them to take risks and build large businesses that ultimately employed millions. From 1943, the year I was born and 2 years before World War II ended, stock prices during the next 12 years quadrupled! And, a generational strong market was just getting started.

The Interstate Highway System built by President Dwight D. Eisenhower in the 1950s made possible growth businesses in the 1960s just like the internet is enabling fast growing businesses now. Included among the fast growing businesses of the '60s were roadside restaurant chains like McDonald's and Burger King; roadside hotel chains like Holiday Inn, Choice Hotels, and Howard Johnson; theme parks like Disney World; and business meeting facilities.

The introduction of affordable jet travel in the 1960s was further impetus to travel and resort growth businesses like **Vail Resorts, Inc.**; business meeting hotels like **Hyatt Hotels Corp.**; and convention cities like Las Vegas and Orlando, all of which have since flourished.

Larry Tisch and his brother Robert acquired a small kosher hotel in Lakewood, New Jersey in 1946...where I once worked as a waiter during a college spring break. I must have really needed the tips I earned at that hotel. That was since I chose to sleep on an uncomfortable cot in a basement for a week instead of on a Florida beach with my fraternity brothers! But, I digress.

In 1951, the Tischs used their Lakewood hotel as collateral to "reach the big time" by purchasing the Traymore Hotel in Atlantic City. And, just five years later, when Larry realized, like Peter, Paul and Mary who were "leaving on a jet plane," that affordable jet transport would enable vacationing tourists to bypass Atlantic City for destination resorts, they purchased property on the ocean in Bal Harbor, Florida. That was where they built the Americana Hotel, an even more important step to their becoming *really* rich.

Jay Pritzker also recognized early that highways and airlines would change everything. Jay, one of the first businesspeople whom I met early in my career, and whom I still regard as an important influence, was perhaps the first to build hotels focused on business meetings at airports. The Hyatt Regency Hotels, with their iconic and recognizable outdoor architectural glass elevator atriums were so cool they were almost logo advertisements for his properties. Jay and his brothers also became super wealthy. A recent Forbes list of the 400 wealthiest individuals in America included 17 Pritzkers, all due to the fortunes that Jay and his brothers Robert and Donald built.

Just like highways and airlines changed everything 60 years ago, the internet is changing everything today. We believe the COVID-19 pandemic has accelerated that change by years. Companies like **The Charles Schwab Corp.**, **Activision Blizzard, Inc.**, **Tesla, Inc.**, **Amazon.com, Inc.**, **Zillow Group, Inc.**, **CoStar Group, Inc.**, **Shopify Inc.**, **Twilio Inc.**, and **Spotify Technology S.A.** are among the many businesses in which we have invested that have been enabled by the internet and the "Cloud." Virtually all businesses in which we have invested have important internet and technology strategies that will accelerate their growth trajectories.

My friend Mike Milken likes to say "investing is all about the future." We agree and believe investing is about imagining what a business can *become*, not just what it is. It is also about having an ability to evaluate individuals' character, businesses' competitive advantages, and having enough foundational knowledge to ask the right questions to assess whether your judgment is correct.

One more thing. South Korea's President Moon Jae-in has introduced "Untact," what is widely referred to as a "New Deal" for his nation. "Untact" means that humans will have less need for contact with co-workers, business associates, and customers. The idea is to utilize

machine learning, artificial intelligence, and robotics extensively whenever possible. This in order to make individuals more efficient, not to take their jobs. With greater human productivity, corporate profits can be higher and, as a result, employees' wages and taxes paid could be increased without higher corporate and individual tax rates. South Korea now has 774 robots for every 10,000 employees...and that number is steadily increasing. Germany has 338 and the United States 217. This is probably what Elon Musk meant a few years ago when he spoke about investing in "the machine that makes the machine."

"Yanks Bench 2 in Copa Brawl." *New York Daily News*. New York's Picture Newspaper. Friday. May 17, 1957. 5 Cents.

The *New York Times* published an article on June 19, 2020, 63 years after a highly publicized brawl at New York City's Copacabana night club, describing what happened that night. *The Times* reprinted the *New York Daily News* page-one headline, which, remarkably, in 1957 was newsworthy enough to deserve a page one above the fold position. The *Daily News* recounted an argument at the Copa between New York Yankee stars Hank Bauer, Mickey Mantle, and Billy Martin with a nearby table of "bowlers from Queens," one of New York's outer boroughs. The argument led to a fist fight that provided the Yankees with an excuse to trade Billy Martin. The Yankees' management at the time regarded Martin as a troublemaker and bad influence on Mantle, their most important star.

I actually remembered reading that article in 1957. That was because I was then a 14 year old, rabid Brooklyn Dodgers' fan who loved the idea that three ballplayers from the hated Yankees were in trouble.

The *Times* article featured the *Daily News*' pictures of the Copa, its showgirls, notable guests, and performers in the 1950s. The article also featured pictures of the three ball players and an off-duty bouncer who claimed responsibility for the incident. What stood out most was the price of the newspaper. 5 cents!!!! I held it up to show Genna, my son Michael's wife.

"Genna. This is all you need to know about investing," I told her. "The New York Daily News in 1957 cost $0.05! Today it is $1.50!!!! 30 times what it cost then. That means your savings would have lost about 97% of their value over the past 63 years. Investments in stocks or mutual funds are the best hedge against the devaluation of your money."

To show that the dramatic price increase in single edition newspapers over the long term was not an anomaly, I gave Genna another example. In 1966, I was a patent examiner in the United States Patent Office by day and a law student on scholarship in the evenings. My salary as a patent examiner was $7,729....per year. The starting salary for a patent examiner today is about eight times higher! This means the value of your money in terms of paying a patent examiner's salary has fallen *88%* during the last 54 years! Genna got it.

Alan Blinder is a Professor of economics at Princeton and a former Vice Chairman of the Federal Reserve. In a recent Wall Street Journal op-ed titled "Heed the Wisdom of Scarlett O'Hara," he noted that the heroine of "Gone with the Wind" insisted, "I won't think about that now. I'll think about that tomorrow."

Blinder pointed out that after World War II, U.S. public debt topped 100% of GDP. Over the next 28 years, U.S. debt was reduced to 22% of GDP! Blinder made the case that to reduce debt relative to our country's GDP only requires that deficits be small enough after the Coronavirus pandemic passes that debt grows slower than GDP. With interest rates as low as they are, and likely to remain so for an extended period, Blinder concludes that there will be plenty of time to worry about the public debt and money supply "tomorrow." That is another way of saying that, with stimulative monetary and fiscal policies, the value of our currency will continue to fall versus things that can be purchased with it like newspapers and patent examiners' salaries. That also means you should soon expect the rate of inflation to exceed interest rates.

"If you've got it, flaunt it." Broadway Joe Namath. Quarterback. Super Bowl Champion New York Jets. 1969.

The reason that passive investments and ETFs have become so popular, in our opinion, is that they are low cost, perform similarly to market indexes, and few active managers have been able to outperform those indexes. Returns of passive funds, *by definition*, are slightly less than market returns. That is since, although passive funds have low fees, passive indexes have no fees and no transaction costs.

Further, although ETFs' unique structures offer asset allocators convenient trading opportunities and certain tax advantages, ETF asset allocators, in general, have not done as well as market indexes. This is because it is just as unlikely that anyone can consistently predict which asset classes will outperform as it is that they can predict whether markets will advance or decline.

While few investment managers have been able to perform better than the benchmark indexes against which they are measured, that has not been the case for Baron Funds. Most of Baron mutual funds have significantly outperformed their benchmark indexes since inception...both over the long term and over the short term.

Year-to-date through June 30, 2020, all 17 Baron mutual funds have outperformed their primary benchmark indexes, most by significant margins. Since their respective inceptions, 16 of our 17 Baron mutual funds, representing **98.5%** of Baron Funds' AUM, have **outperformed** their benchmark indexes; 12 funds, representing **97.3%** of Baron Funds' AUM, are in the **top 17%** of their respective Morningstar categories; and, 9 Baron mutual funds, representing **65.1%** of Baron Funds' AUM, are in the **top 7%** of their respective Morningstar categories.

A few examples? As of June 30, 2020, **Baron Partners Fund** is the **9th** top performing U.S. equity mutual fund out of **2,325** since its conversion to a mutual fund in 2003.* As of December 31, 2019, **Baron Growth Fund** was the **4th** top performing U.S. equity mutual fund out of **601** for the 25-year period.** **Baron WealthBuilder Fund**, a 30-month old Baron mutual fund of Baron mutual funds, increased in value **10.42%** year-to-date as of June 30; **36.49%** for calendar year 2019; and **14.77**% annualized since its inception on December 29, 2017. Since Baron WealthBuilder Fund's inception, the **S&P 500 Index** has increased **8.23%** per year, annualized and the **MSCI ACWI Index** has gained **2.94%** per year, annualized.

Baron WealthBuilder Fund will remain invested in Baron's equity mutual funds with minimal exposure to fixed income or cash. It does not utilize a glide path, taking funds out of equities and investing more in fixed income securities and cash over time.

Baron WealthBuilder Fund is intended for long-term investors saving for their retirements, or their children's college, wedding, or first home. It is amazing how many people stop me on the street to say, "Thank you, Ron. You have paid for my son's college." "Thank you, Ron. You have paid for my daughter's wedding." "Thank you, Ron. You have paid for my retirement." We hope Baron WealthBuilder Fund will make it easier for even more individuals, pension plans, endowments, and foundations to invest with us and get the same experience.

How have we managed to outperform? We think it's all about process...and the spectacular group of portfolio managers, analysts, marketers,

legal, accounting, IT, trading, assistants, and, OF COURSE, senior executives we have managed to assemble since three of us founded Baron Capital in 1982…when the Dow Jones Industrial Average was less than 1,000… short-term interest rates were more than 15%…and our economy was in a very difficult state. Of course, even the name Baron *Capital* was a joke. We had no capital! OK. Our process.

When I came to New York in 1969 seeking a job as a securities analyst, a good friend worked for Dan McMullen. Dan was the named principal of McMullen and Hard, an investment management business for high net worth families and individuals. I suppose he thought I was an interesting project since he spoke with me often. One lesson he taught me was impossible to forget. "Earnings are what are written at the bottom of a page," he told me. What he meant was that I should not rely on earnings reported by publicly owned businesses every three months. That's because he believed that smart accountants have great flexibility and, when it comes to earnings, they can "make them up." "Ron, you need to focus on revenues and unit growth, not earnings. Companies can't make up sales." One of my biggest successes as a young analyst in the 1970s was recommending Tropicana. After studying that business, I developed what I believed was greater expertise than others. My clients made lots of money investing in that unique unit and revenue growth business. While I got credit for the Tropicana investment idea from my clients, it was Dan's idea. So, thank you, Dan… wherever you are.

We think the reason we outperform is all about process. First, following Dan's advice.. we focus on businesses' long-term unit and sales growth opportunities…not on their earnings in the short term. Then, we study businesses' competitive advantages and their management's talent, character, and their business governance.

While we invest all the time, we often invest much more when businesses are investing in themselves, penalizing their earnings in the short term. That is how we purchase at attractive prices in a short-term earnings driven environment. We buy when others are unwilling to invest because earnings in the near term are less than we expect over the long term. Significantly less, in general.

When we purchase shares in a business, we are speculating how much capital it will likely need to invest; how much those investments could earn; and, what those businesses will be worth when they are operational. At present, with so many businesses closed or partially reopened, we already know how much it cost to build those businesses; how much they earned when they were operating unrestricted; and, how those businesses were then valued. Now, we are only waiting for those businesses to reopen. Many are being priced in stock markets at 30% to 40% discounts to their cost to build. As they rebound to pre-pandemic levels over the next two years, we expect to (but cannot guarantee that we will) make 40% to 50% returns on those investments. Such businesses, including travel and leisure, real estate, and financial services represent perhaps 20% of several of our portfolios. Although we invest principally in fast growing businesses, many of which have actually benefited from digitization strategies in place pre-COVID, we expect investments in businesses that have been negatively impacted will rebound… and likely add to our performance over the next two years.

We continue to believe that recent Federal Reserve monetary programs and Treasury and Congressional fiscal programs are devaluing our dollar. We also continue to expect such programs to provide positive impacts on our economy and stock market. As a result, we think it is likely the returns in the 10 years through 2030 will be similar to the returns we earned in the 10 years from 2009-2019. Mid-to high-teens annualized. Of course, there can be no assurance that will be the case. Although we are not experts, from what we read we assume it likely the introduction of vaccines, anti-virals, antibodies…*something* to end this pandemic…will take place within the next year. That will certainly help…as will be the case if our fellow citizens and government officials begin to act responsibly. Wear your masks!!! Please!!!

We will continue to try to provide you with information about Baron Funds that we would like to have if our roles were reversed. Thank you, again, for your confidence in joining us as investors in Baron mutual funds.

Respectfully,

Ronald Baron
CEO and Portfolio Manager.
July 4, 2020

* **This is a hypothetical ranking created by Baron Capital using Morningstar data and is as of 6/30/2020.** There are **2,325** share classes in these nine Morningstar Categories for the period from 4/30/2003 to 6/30/2020.

** **This is a hypothetical ranking created by Baron Capital using Morningstar data and is as of 12/31/2019.** Baron Growth Fund's Retail Share class was launched on 12/31/1994. There were **601** share classes in these nine Morningstar Categories for the period from 12/31/1994 to 12/31/2019.

Baron Growth Fund – Retail Share Class is among the best performing funds since its inception; the Fund has the **eleventh***** best performance among all U.S. equity funds.

*** **This is a hypothetical ranking created by Baron Capital using Morningstar data and is as of 6/30/2020.** There are **591** share classes in these nine Morningstar Categories for the period from 12/31/1994 to 6/30/2020.

Note, the peer groups used for these analyses include 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 these analyses 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.

Investors should consider the investment objectives, risks, and charges and expenses of the investment carefully before investing. The prospectus and summary prospectuses contain this and other information about the Funds. You may obtain them from the Funds' distributor, Baron Capital, Inc., by calling 1-800-99BARON or visiting www.BaronFunds.com. Please read them carefully before investing.

Baron Funds (Institutional Shares) and Benchmark Performance 6/30/2020

Fund	Primary Benchmark	Annualized Return Since Fund Inception	Annualized Benchmark Return Since Fund Inception	Inception Date	Average Annualized Returns 1-Year	3-Year	5-Year	10-Year	Annual Expense Ratio	Net Assets
SMALL CAP										
Baron Growth Fund	Russell 2000 Growth Index	13.14%	7.83%	12/31/1994	6.85%	13.78%	11.17%	14.24%	1.04%[3]	$6.80 billion
Baron Small Cap Fund	Russell 2000 Growth Index	10.28%	6.06%	9/30/1997	8.61%	12.77%	10.78%	13.71%	1.05%[3]	$3.96 billion
Baron Discovery Fund†	Russell 2000 Growth Index	15.65%	8.46%	9/30/2013	16.74%	15.70%	13.86%	N/A	1.10%[3]	$725.13 million
SMALL/MID CAP										
Baron Focused Growth Fund[1]	Russell 2500 Growth Index	11.97%	8.18%	5/31/1996	34.64%	18.96%	13.24%	14.05%	1.11%/1.10%[4][6]	$326.72 million
MID CAP										
Baron Asset Fund	Russell Midcap Growth Index	11.91%	10.32%[2]	6/12/1987	11.25%	16.26%	13.79%	15.67%	1.05%[3]	$4.79 billion
LARGE CAP										
Baron Fifth Avenue Growth Fund	Russell 1000 Growth Index	10.96%	10.79%	4/30/2004	32.44%	24.20%	18.19%	18.12%	0.80%/0.75%[3][7]	$426.66 million
Baron Durable Advantage Fund	S&P 500 Index	12.54%	8.23%	12/29/2017	16.84%	N/A	N/A	N/A	4.91%/0.70%[3][8]	$12.00 million
ALL CAP										
Baron Partners Fund[1]	Russell Midcap Growth Index	13.82%	10.02%	1/31/1992	37.23%	20.19%	16.47%	18.35%	1.96%[4][5]	$3.30 billion
Baron Opportunity Fund†	Russell 3000 Growth Index	8.99%	5.49%	2/29/2000	42.31%	29.72%	20.41%	17.85%	1.09%[3]	$829.37 million
INTERNATIONAL										
Baron Emerging Markets Fund†	MSCI EM Index	4.09%	0.90%	12/31/2010	0.56%	2.46%	3.61%	N/A	1.09%[4]	$4.83 billion
Baron Global Advantage Fund†	MSCI ACWI Index	18.34%	8.07%	4/30/2012	45.91%	31.02%	21.21%	N/A	1.00%/0.90%[4][9]	$1.23 billion
Baron International Growth Fund†	MSCI ACWI ex USA Index	10.75%	6.41%	12/31/2008	8.78%	7.72%	7.08%	8.93%	1.04%/0.95%[4][10]	$328.21 million
SPECIALTY										
Baron Real Estate Fund	MSCI USA IMI Extended Real Estate Index	13.96%	10.40%	12/31/2009	21.17%	10.01%	7.51%	14.88%	1.08%[4]	$625.84 million
Baron Real Estate Income Fund	MSCI US REIT Index	7.48%	(2.07)%	12/29/2017	11.57%	N/A	N/A	N/A	5.63%/0.80%[4][11]	$5.14 million
Baron Health Care Fund	Russell 3000 Health Care Index	19.08%	13.02%	4/30/2018	25.32%	N/A	N/A	N/A	2.39%/0.85%[4][12]	$25.18 million
Baron FinTech Fund	S&P 500 Index	15.50%*	(3.08)%*	12/31/2019	N/A	N/A	N/A	N/A	1.62%/0.95%[13]	$10.75 million
FUND OF FUNDS										
Baron WealthBuilder Fund	S&P 500 Index	14.77%	8.23%	12/29/2017	19.83%	N/A	N/A	N/A	1.33%/1.23%[4][14]	$145.61 million

(1) Reflects the actual fees and expenses that were charged when the Funds were partnerships. The predecessor partnerships charged a 20% performance fee (Baron Partners Fund) or a 15% performance fee (Baron Focused Growth Fund) after reaching a certain performance benchmark. If the annual returns for the Funds did not reflect the performance fee for the years the predecessor partnerships charged a performance fee, returns would be higher. The Funds' shareholders are not charged a performance fee.

(2) For the period June 30, 1987 to June 30, 2020.

(3) As of 9/30/2019.

(4) As of 12/31/2019.

(5) Comprised of operating expenses of 1.06% and interest expenses of 0.90%.

(6) Annual expense ratio was 1.11%, but the net annual expense ratio was 1.10% (net of Adviser's fee waivers).

(7) Annual expense ratio was 0.80%, but the net annual expense ratio was 0.75% (net of Adviser's fee waivers).

(8) Annual expense ratio was 4.91%, but the net annual expense ratio was 0.70% (net of Adviser's fee waivers).

(9) Annual expense ratio was 1.00%, but the net annual expense ratio was 0.90% (net of Adviser's fee waivers).

(10) Annual expense ratio was 1.04%, but the net annual expense ratio was 0.95% (net of Adviser's fee waivers).

(11) Annual expense ratio was 5.63%, but the net annual expense ratio was 0.80% (net of Adviser's fee waivers).

(12) Annual expense ratio was 2.39%, but the net annual expense ratio was 0.85% (net of Adviser's fee waivers).

(13) Expense ratios are estimated for the current fiscal year.

(14) Annual expense ratio was 1.33%, but the net annual expense ratio was 1.23% (includes acquired fund fees and expenses, net of the Adviser's fee waivers).

* Not annualized.

† The Fund's historical performance was impacted by gains from IPOs and/or secondary offerings. There is no guarantee that these results can be repeated or that the Fund's level of participation in IPOs and secondary offerings will be the same in the future.

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.

Letter from Ron

Ranking information provided is calculated using the Retail Share Class and is as of 6/30/2020.

The number of share classes in each category may vary depending on the date that Baron downloaded information from Morningstar Direct.

Morningstar calculates its category averages 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.

The **Morningstar Mid-Cap Growth Category** consisted of 602, 500, and 381 share classes for the 1-, 5-, and 10-year periods.

Morningstar ranked **Baron Asset Fund** in the 46th, 15th, 18th, and 17th percentiles, respectively, in the category for the 1-year, 5-year, 10-year, and since inception periods. The Fund was incepted 6/12/1987 and the category consisted of 19 share classes for the since inception period.

Morningstar ranked **Baron Growth Fund** in the 60th, 37th, 46th, and 7th percentiles, respectively, in the category for the 1-year, 5-year, 10-year, and since inception periods. The Fund was incepted 12/31/1994 and the category consisted of 56 share classes for the since inception period.

Morningstar ranked **Baron Partners Fund** in the 1st, 4th, 3rd, and 2nd percentiles, respectively, in the category for the 1-year, 5-year, 10-year, and since conversion periods. The Fund was converted into a mutual Fund 4/30/2003 and the category consisted of 231 share classes for the since conversion period.

The **Morningstar Small Growth Category** consisted of 625, 508, and 377 share classes for the 1-, 5-, and 10-year time periods.

Morningstar ranked **Baron Small Cap Fund** in the 34th, 24th, 47th, and 13th percentiles, respectively, in the category for the 1-year, 5-year, 10-year, and since inception periods. The Fund was incepted 9/30/1997 and the category consisted of 99 share classes for the since inception period.

Morningstar ranked **Baron Discovery Fund** in the 12th, 13th, and 3rd percentiles, respectively, in the category for the 1-year, 5-year, and since inception periods. The Fund was incepted 9/30/2013 and the category consisted of 455 share classes for the since inception period.

The **Morningstar Real Estate Category** consisted of 253, 199, and 140 share classes for the 1-year, 5-year, and 10-year time periods.

Morningstar ranked **Baron Real Estate Fund** in the 2nd, 6th, 1st, and 1st percentiles, respectively, in the category for the 1-year, 5-year, 10-year, and since inception periods. The Fund was incepted 12/31/2009 and the category consisted of 132 share classes for the since inception period.

Morningstar ranked **Baron Real Estate Income Fund** in the 3rd and 4th percentiles, respectively, in the category for the 1-year and since inception periods. The Fund was incepted 12/29/2017 and the category consisted of 234 share classes for the since inception period.

The **Morningstar Large Growth Category** consisted of 1,343, 1,084, 809, and 304 share classes for the 1-year, 5-year, 10-year, and since inception (2/29/2000) periods. Morningstar ranked **Baron Opportunity Fund** in the 3rd, 3rd, 15th, and 5th percentiles, respectively, in the category.

The **Morningstar Foreign Large Growth Category** consisted of 477, 344, 246, and 229 share classes for the 1-year, 5-year, 10-year, and since inception (12/31/2008) periods. Morningstar ranked **Baron International Growth Fund** in the 25th, 27th, 23rd, and 12th percentiles, respectively, in the category.

The **Morningstar Diversified Emerging Markets Category** consisted of 815, 595, and 280 share classes for the 1-year, 5-year, and since inception (12/31/2010) periods. Morningstar ranked **Baron Emerging Markets Fund** in the 27th, 33rd, and 4th percentiles, respectively, in the category.

The **Morningstar World Large Stock Category** consisted of 866, 626, and 436 share classes for the 1-year, 5-year, and since inception (4/30/2012) periods. Morningstar ranked **Baron Global Advantage Fund** in the 1st, 1st, and 1st percentiles, respectively, in the category.

The **Morningstar Health Category** consisted of 148 and 140 share classes for the 1-year and since inception (4/30/2018) periods. Morningstar ranked **Baron Health Care Fund** in the 18th and 5th percentiles, respectively, in the category.

© 2020 Morningstar, Inc. All Rights Reserved. The Morningstar information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

Risk: All investments are subject to risk and may lose value.

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

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).

Three months ago, when I was writing my March quarterly letter, the world was engulfed by uncertainty. The rapid global spread of the Coronavirus and the lack of clarity about its impact and potential resolution led to a near-total economic standstill, unprecedented job losses, and huge stock market volatility and declines. The lack of a unified national response arguably exacerbated the crisis.

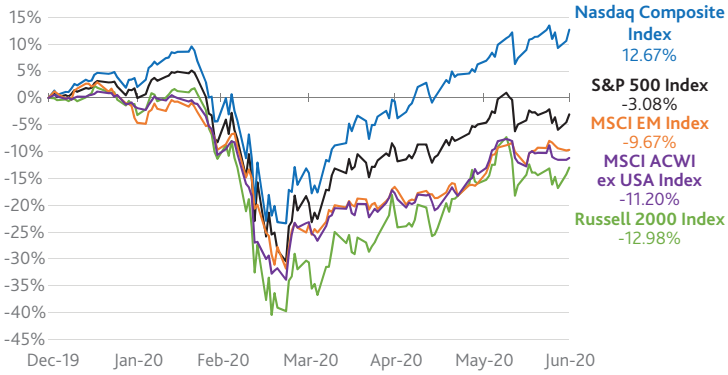
Today, there is still huge uncertainty about the impact of the virus. With the recent resurgence in cases in many states and the lack of a vaccine in sight, the sentiment remains bleak. Although some states have managed to limit the outbreak and reduce the number of new cases, economic progress has been slow and much remains to be done before things normalize. Many businesses remain closed, some permanently. To make a volatile situation even worse, the U.S. has been experiencing heightened social unrest driven by unacceptable inequality issues.

Notwithstanding the economic stress and social unrest, the S&P 500 Index is up nearly 40% from its March bottom, and just had one of the best quarters in its history. The technology-heavy Nasdaq Composite Index recovered its losses even quicker and reached a fresh all-time high in late June. Smaller-cap and international/emerging markets stocks have had a slower recovery but are still significantly higher than their 2020 lows.

The Stock Market Is Significantly Above the March Lows

Index Cumulative Total Returns

12/31/19 – 6/30/20



	2020 Pre-Crisis Peak Date	2020 Trough Date	2020: Peak to Trough Return	2020: Trough to 6/30 Return
S&P 500 Index	2/19/2020	3/23/2020	–33.8%	39.3%
Nasdaq Composite Index	2/19/2020	3/23/2020	–30.0%	47.0%
Russell 2000 Index	1/16/2020	3/18/2020	–41.7%	46.0%
MSCI EM Index	1/17/2020	3/23/2020	–33.7%	32.4%
MSCI ACWI ex. USA Index	1/17/2020	3/23/2020	–34.6%	34.3%

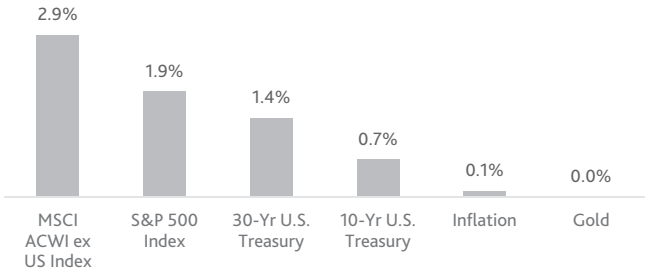
Source: FactSet. An investor cannot invest directly into an index. Past performance is no guarantee of future results. The performance of the indexes listed above includes dividends and is gross of withholding taxes.

LINDA MARTINSON
CHAIRMAN, PRESIDENT AND COO

Given the lack of certainty and poor economic fundamentals, many have been trying to understand the disconnect between the stock market's increase and economic reality. The Fed's unprecedented stimulus program undoubtedly has propped up stock prices. The attractive dividend yield of equities relative to other major asset classes may also have resulted in higher demand.

Equities Have an Attractive Dividend Yield

Dividend Yield as of 6/30/20



Source: FactSet, U.S. Department of The Treasury, U.S. Bureau of Labor Statistics. An investor cannot invest directly into an index. Past performance is no guarantee of future results.

Another, more unusual explanation links the market's strong increase to the temporary suspension of sports. With no games to bet on, some sports gamblers turned to the stock market for thrill and action. According to the New York Times[1], "millions of small-time investors have opened trading accounts in recent months." Robinhood, a popular no-fee, no-minimum trading platform which generates some of its revenue by selling customers' orders data to high-frequency trading firms, alone had opened over three million new accounts in 2020 by early May. However small the individual deposits, analysts believe that in aggregate the new market bets have been significant enough to affect daily trading volumes and stock prices.

[1] https://www.nytimes.com/2020/06/14/business/sports-gamblers-stocks-virus.html

Option contracts have become a favorite among small-time investors for taking high-risk bets. In some cases, however, risk-taking has been pushed beyond rational reason. For example, when Hertz, the car rental company, announced bankruptcy in late May, investors piled into the stock, lifting it from $0.40 to $6.25. We surmise even the folks at Hertz are still scratching their heads about that one.

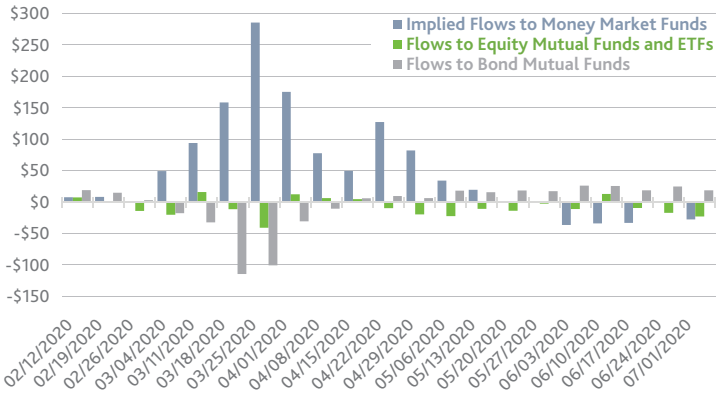
Whatever the reasons may be behind the recent market rebound, rationalizing stock market levels and behavior is a challenging undertaking. While we stay up to date on news and developments, we focus on assessing the long-term implications of the unfolding events on our investments. We do not spend time thinking about short-term stock price fluctuations or overall market levels. Although it has been hard to watch the news during the past few months, our long-term view remains optimistic. We continue to believe that the current uncertainties will resolve, as has happened many times in history. In our view, the case for long-term equity investors is intact and, if anything, the market uncertainty has presented new investment opportunities.

We recognize that for some investors it is hard to remain optimistic and disciplined during difficult and uncertain times and, perhaps, that is why so many investors left equities and bonds and rushed for safe haven to prime money markets during the early stages of the pandemic. As the chart below shows, money market fund assets grew by over a trillion dollars in just three months and, with the current levels of interest rates, it is safe to assume that virtually all of this was a flight to cash rather than appreciation.

Over A Trillion Dollars Was Moved to Safe Haven

Net Flows to Equity, Bond, and Money Market Funds

weekly, in billions



Source: Investment Company Institute
Notes: Weekly fund flows are estimates based on reporting covering more than 98% of mutual funds and ETF assets, while actual monthly mutual fund net new cash flow and ETF net issuance data are collected and reported separately. Past performance is not indicative of future results. Implied Flows to Money Market Funds are calculated as the difference in the total net assets of all money market funds. Past performance is no guarantee of future results.

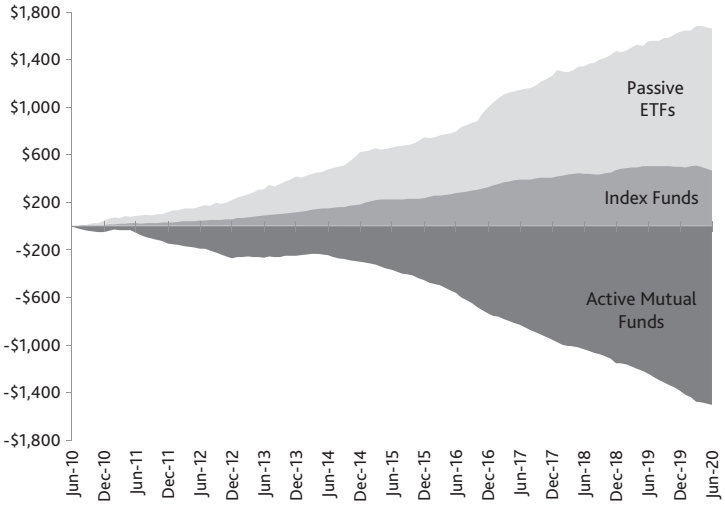
For the investors who moved their money from equities to money markets, this has been costly. While this time around the biggest outflow was in the bond market, equities also experienced negative flows. As a result, hundreds of billions of dollars missed out on the 30% – 50% rebound in equities, had they been invested in a popular market ETF or index fund. And if they had invested with a top-performing active manager, the returns could have been even higher.

The poor performance of most active managers over the past decade has certainly deterred many investors from active products. Low-fee index products, whose purpose is to provide average market performance, have quickly become the preferred alternative. Since June 2010, approximately $1.5 trillion has left active U.S. equity mutual funds and over $1.6 trillion has been invested in passive equity products.

Money Has Been Steadily Flowing to Passive and Out of Active

Cumulative Net Flows in U.S. Equity Products Over the Past Decade

in $ billions, as of 6/30/2020



Source: Morningstar Direct. Data includes obsolete funds. An investor cannot invest directly into an index. Past performance is no guarantee of future results.

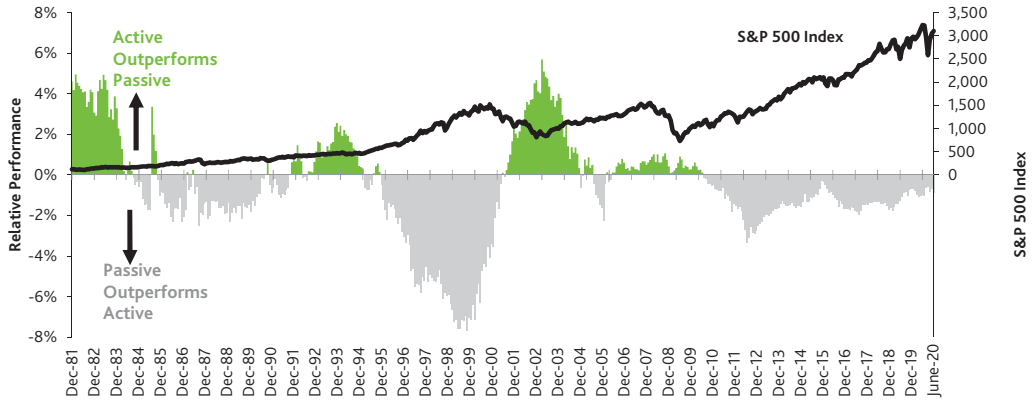
Despite the underperformance of many active managers after the financial crisis, a high proportion outperformed during the recent market decline and rebound (as discussed in detail further below), a result not completely unexpected.

Cyclicality of Active Performance

Historically, the performance of active managers has tended to be cyclical. The next chart shows several distinct periods when large-cap actively managed funds outperformed or underperformed passive products. A closer look at the data shows that active managers tend to fall behind during strong bull markets. The chart also shows that active funds fared better than passive funds, on average, in periods when the market returns were closer to historical averages, or when the market was down or recovering.

The Performance of Active and Passive Managers Has Been Cyclical

Difference in Average 3-Year Performance Between Large-Cap Active and Passive Funds

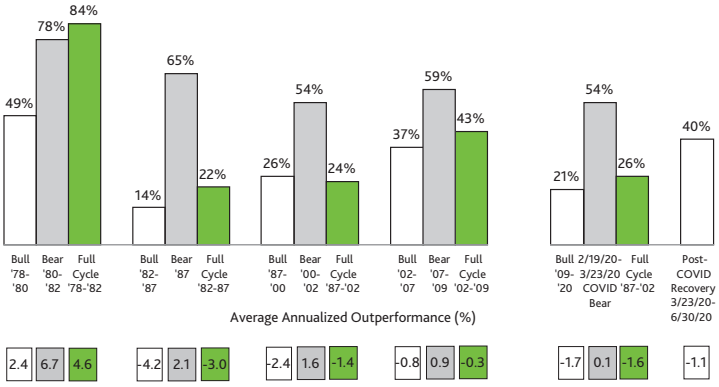


Source: Morningstar Direct, Baron Capital.
The analysis is based on monthly rolling 3-year returns for the period 12/31/1981 to 6/30/2020. The performance of active funds is calculated as the average 3-year performance of all share classes of open-end non-index funds in Morningstar's US Fund Large Growth, US Fund Large Value, and US Fund Large Blend categories. The performance of passive funds is calculated as the average 3-year performance of all share classes of open-end index funds and ETFs in Morningstar's US Fund Large Growth, US Fund Large Value, and US Fund Large Blend categories. Past performance is no guarantee of future results.

Over the past decade, U.S. equities experienced one of the strongest and longest bull markets in history. According to the chart below, only 21% of all large-cap active managers outperformed the Russell 1000 Index during this time. More importantly, the chart shows that there is a distinct relationship between the performance of large-cap active managers and up/down markets. Our analysis focuses on large cap, since it is normally the toughest category to outperform due to the high market efficiencies in this asset class. When we reviewed the performance for small-cap managers, we found similar patterns in performance.

The Majority of Active Managers Have Outperformed in Bear Markets

% Of Active Large-Cap Managers Outperforming the Russell 1000 Index



Source: Morningstar Direct, Baron Capital.
Active large-cap managers include all share classes of non-index open-end funds in Morningstar's US Fund Large Value, US Fund Large Blend, and US Fund Large Growth categories. The analysis includes obsolete funds. Each cycle's statistics are based only on share classes that had available returns during the entire cycle. Bull markets are defined as those with an increase of at least 20% after a trough, and bear markets are those with a decline of at least 20% after a peak. A full market cycle is defined as a bull market followed by a bear market. An investor cannot invest directly into an index. Past performance is no guarantee of future results.

Although the average excess return of large-cap active managers was positive in all bear markets, during the last four full cycles it was not sufficiently strong to offset the lost ground in the preceding up markets. In the case of the 1982-1987 and 2009-2020 market cycles, the bear markets lasted a very short time relative to the preceding bull market, thus likely not allowing enough time to active managers to compensate for the lost ground.

Not All Active Managers Are Equal

While we are strong advocates of active management, we do not live with the illusion that every active manager is a good manager. We believe that it takes tremendous effort, skill, and experience to establish, develop, and maintain a solid alpha-generating investment process that can work for a long period of time. Many active managers lack consistently strong results, and this weighs negatively on the average statistics for all active managers.

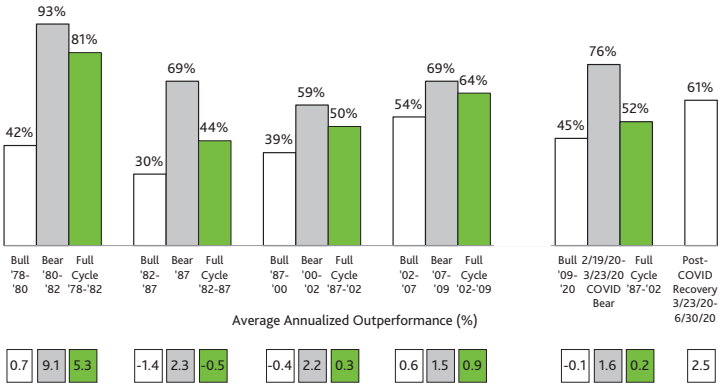
When we weed out the poor active managers, even with a simplistic filter, the results become much more encouraging. In our filter, we track the performance of active managers with consistent and above average past performance, namely, rolling three-year returns ranked in the top half of all managers in their respective peer groups at least 60% of the time over the long term. While following a similar pattern of performance in bull and bear markets as in the chart above, (i) a higher fraction of these active managers tends to outperform; and (ii) they tend to generate, on average, positive excess returns over complete market cycles. The exception is the 1982-1987 cycle, when the bear market lasted just three months and the result was slightly negative (0.5%).

During the recent COVID market downturn, over three-quarters of the top-performing managers beat the index and the average excess return was 1.6%. And, despite the long and strong bull market over the past decade, 52% outperformed during the full cycle – double the rate of all large-cap

active managers previously shown. The results for the top-performing large-cap managers are shown in the chart below.

Top Performing Active Managers Have Delivered Positive Excess Returns Over Full Market Cycles

% Of Top Performing Active Large-Cap Managers Outperforming the Russell 1000 Index



Source: Morningstar Direct, Baron Capital.
Active large-cap managers include all share classes of non-index open-end funds in Morningstar's US Fund Large Value, US Fund Large Blend, and US Fund Large Growth categories. Top performing active managers are defined as the managers who ranked in the top half of all large-cap managers at least 60% of the time, based on 3-year performance rolling monthly from 12/29/1978 until 6/30/2020. The analysis includes obsolete funds. Each cycle's statistics are based only on share classes that had available returns during the entire cycle. An investor cannot invest directly into an index. Past performance is no guarantee of future results.

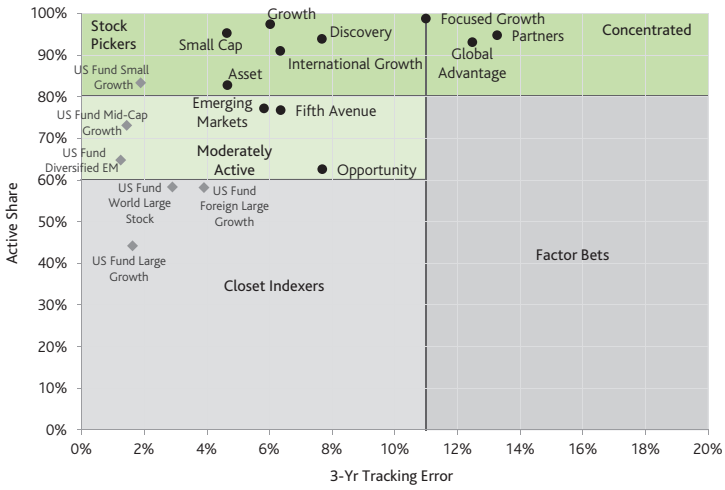
While the filter that we use in the exercise above is simplistic and by no means the only way to separate the best managers from the worst, it shows that within the broad group of active managers, there are sub-groups that tend to do better. Several academic researchers have argued similarly in the past. The inventors of active share, M. Cremers and A. Petajisto, found[2] that, on average, the U.S. managers with the highest active share deliver higher (and positive) excess return to investors than the managers with the lowest active share (a.k.a. closet indexers). In subsequent research[3], Petajisto found that stock pickers, characterized by high active share and moderate tracking error, tend to do best. This was the only group of managers in his research (out of five groups) to outperform the benchmark both before and after fees. Another publication by M. Cremers and A. Pareek[4] showed that the U.S. managers with high active share and long investment holding periods also tend to do best and deliver positive alpha.

All of these findings make sense to us and we believe they apply to international equity investing as well. Taking high-conviction active positions in carefully researched companies and holding for the long term are some of the essential characteristics of our investment approach that make us very different from an index product. As the chart below shows, our Funds have high active shares and the great majority of our Funds have moderate tracking errors versus their primary benchmarks. In addition, the table below shows that a large percentage of our investments have been held for a long time.

Baron Managers Are Stock Pickers

Baron Funds: Active Share and Tracking Error

as of 6/30/2020



Source: Morningstar Direct.
Notes: Only the Baron Funds with at least 3-year track record are included. Baron Sector Funds are excluded. The statistics for the Morningstar US Fund Small Growth, US Fund Mid-Cap Growth, US Fund Large Growth, US Fund Diversified Emerging Markets, US Fund Foreign Large Growth, and US Fund World Large Stock categories are versus the Russell 2000 Growth Index, Russell Midcap Growth Index, Russell 1000 Growth Index, MSCI Emerging Markets Index, MSCI ACWI Ex USA Index, and MSCI ACWI Index, respectively. Chart categories per Petajisto, Active Share and Mutual Fund Performance (January 15, 2013).

Baron Funds Invest for the Long Term

Baron Funds With 3 or More Years of Track Record

as of 6/30/2020

	Inception Date	Fund's Age (Years)	Weighted Average Holding Period (Years)	Holding Period % of Net Assets as of 6/30/2020 > 3 years	1-3 years	< 1 year	Turnover (%)
Older Funds (> 10 years Since Inception)							
Baron Asset Fund	6/12/87	33	11.3	77.3	13.8	7.7	10.1
Baron Partners Fund*	1/31/92	28	8.5	81.0	12.3	6.7	14.5
Baron Growth Fund	12/31/94	25	9.0	96.3	2.3	1.3	2.4
Baron Focused Growth Fund	5/31/96	24	6.9	76.0	15.1	6.3	6.7
Baron Small Cap Fund	9/30/97	23	6.2	58.5	21.9	17.4	17.8
Baron Opportunity Fund	2/29/00	20	5.0	41.9	33.9	19.7	35.2
Baron Fifth Avenue Growth Fund	4/30/04	16	5.8	59.4	24.3	12.1	15.7
Baron International Growth Fund	12/31/08	11	4.8	27.9	39.8	28.1	52.9
Baron Real Estate Fund	12/31/09	10	4.0	38.8	32.1	24.6	59.4
Younger Funds (< 10 years Since Inception)							
Baron Emerging Markets Fund	12/31/10	9	4.2	44.8	27.2	24.2	49.5
Baron Global Advantage Fund	4/30/12	8	4.2	38.2	31.6	20.8	18.1
Baron Discovery Fund	9/30/13	7	2.8	25.1	35.2	33.4	59.6

Source: Baron Capital.
** The Fund's Holding Period breakdowns are expressed as a percentage of the Fund's long positions. These percentages may change over time.*
Note: Turnover percentages for all Funds are based on the averages of the last 3 years ended June 30, 2020.

[2] Cremers, Martijn and Petajisto, Antti, How Active is Your Fund Manager? A New Measure That Predicts Performance (March 31, 2009) Original working paper circulated in 2006.
[3] Petajisto, Antti, Active Share and Mutual Fund Performance (January 15, 2013). Original working paper circulated in 2010.
[4] Cremers, Martijn and Pareek, Ankur, Patient Capital Outperformance: The Investment Skill of High Active Share Managers Who Trade Infrequently (December 2015). Original working paper circulated in 2013.

As growth managers, we believe that having a long-term investment horizon is of key importance for achieving above-average performance. Few successful companies grow their business steadily over time, and few investors can correctly assess the growth potential early on. Companies that are still developing their products/services and are penalizing profitability by reinvesting in their businesses may stay undervalued by the market for an extensive period before their stock prices rise. We believe that it is a better investment process to identify and assess the growth opportunity and potential of a company than to guess when its stock will go up. As we have high confidence in our long-term investment process, we feel comfortable holding temporarily underperforming stocks until they take off. While we do have our share of mistakes, over time we have generated significantly more gains than losses following this investment approach.

The table below shows the 15 largest investments across the Baron Funds as of 6/30/2020. All of these investments have been held for an extensive period of time and have generated significant gains for our investors. Since we invested in these stocks, all of them have experienced at least one extended period during which they underperformed the market. During these tough periods, we did not see deteriorating long-term fundamentals or growth prospects for these stocks, and we continue to hold. For example, our investment in CoStar Group, Inc., which we initiated in 2001, underperformed the market by over 12% annualized for a three-year period between 2006-2009. Our deep familiarity in CoStar's business gave us sufficient conviction to continue holding the stock, and we have been rewarded with significant gains for this. As of 6/30/2020, the total gains from our investment in CoStar amounted to $1.35 billion, and the Funds' investments in the top 15 securities shown below have generated in aggregate nearly $10 billion.

Some of the holdings listed below experienced their worst three years of underperformance just recently due to the COVID panic. In our view, this is temporary as we see no impairment to their long-term prospects. We continue to hold these investments, and we strongly believe we will be similarly rewarded for these decisions, although there is no guarantee that this will happen.

Baron's Top Holdings Have Generated Significant Gains Despite Temporary Periods of Underperformance

Top 15 Holdings Across the Baron Mutual Funds

as of 6/30/2020

	Aggregate Baron Funds Investment Value as of 6/30/20 (millions)	Date of First Purchase	Years Held	Worst 3-Yr Excess Return Period vs. Russell 3000 Growth Index since Date of Purchase	Worst Annualized 3-Yr Excess Return vs. Russell 3000 Growth Index since Date of Purchase	Annualized Excess Return vs. Russell 3000 Growth Index since Date of Purchase	Baron Funds Net Realized & Unrealized Gains since Date of Purchase (millions)
Tesla, Inc.	$1,331.1	2/6/2014	6.4	5/22/2016 – 5/22/2019	–21.72%	17.34%	$1,068.8
CoStar Group, Inc.	$1,283.0	10/30/2001	18.7	7/23/2006 – 7/23/2009	–12.13%	12.64%	$1,353.2
IDEXX Laboratories, Inc.	$986.4	2/8/2005	15.4	7/2/2012 – 7/2/2015	–9.84%	11.72%	$1,389.1
FactSet Research Systems, Inc.	$790.2	11/2/2006	13.7	6/3/2011 – 6/3/2014	–14.70%	4.63%	$758.9
Vail Resorts, Inc.	$678.6	2/3/1997	23.4	3/3/1997 – 3/3/2000	–42.10%	1.86%	$591.8
MSCI, Inc.	$646.7	11/14/2007	12.6	11/6/2009 – 11/6/2012	–20.16%	12.30%	$650.6
Gartner, Inc.	$618.0	4/13/2007	13.2	6/24/2017 – 6/24/2020	–19.25%	1.48%	$733.8
ANSYS, Inc.	$615.2	1/9/2009	11.5	8/2/2013 – 8/2/2016	–11.63%	6.45%	$623.4
Arch Capital Group Ltd.	$546.2	4/2/2002	18.2	5/17/2017 – 5/17/2020	–25.58%	4.21%	$677.5
Guidewire Software, Inc.	$543.4	5/10/2012	8.1	3/4/2014 – 3/4/2017	–9.99%	5.28%	$362.0
Alibaba Group Holding Ltd.	$399.5	9/18/2014	5.8	6/30/2017 – 6/30/2020	–2.96%	0.95%	$185.6
Wix.com Ltd.	$388.4	12/9/2016	3.6	4/5/2017 – 4/5/2020	–1.65%	42.16%	$313.3
Bio-Techne Corp.	$336.3	2/4/2009	11.4	4/28/2009 – 4/28/2012	–16.72%	–1.22%	$252.2
Mettler-Toledo International, Inc.	$310.1	12/5/2008	11.6	6/22/2017 – 6/22/2020	–8.16%	5.79%	$648.3
Choice Hotels International, Inc.	$292.8	11/1/1996	23.7	10/15/1997 – 10/15/2000	–35.22%	5.48%	$263.9
Top 15 Total	**$9,765.9**						**$9,872.4**

Source: Baron Capital, FactSet.

Note: The returns for Choice Hotels International, Inc. are since the company became public on 10/10/1997, while the net realized and unrealized gains are since the Date of First Purchase. The performance data quoted represents past performance. Past performance is no guarantee of future results.

Letter from Linda

The long-term holding period has certainly been a key driver of Baron's strong absolute and relative results. But we do not believe that holding for the long term alone is sufficient to achieve such results. In our view, long-term investing works best when combined with strong stock selection, driven by thorough, continuous research. We put enormous efforts and emphasis on our research process, and we believe that this is what has separated us from the competition, active and passive. The table below is a testament to our success and clearly shows that our excess returns have been largely driven by positive stock selection.

Baron's Performance Had Been Driven by Stock Selection

Absolute and Relative Results of the Baron Funds

as of 6/30/2020 (institutional shares)

	YTD			1 Year			3 Years (annualized)			5 Years (annualized)			10 Years or Since Inception (annualized)*			Since Inception (annualized)*	
	Fund Return	Excess Return	Stock Selection Effect	Fund Return	Excess Return	Stock Selection Effect	Fund Return	Excess Return	Stock Selection Effect	Fund Return	Excess Return	Stock Selection Effect	Fund Return	Excess Return	Stock Selection Effect	Fund Return	Excess Return
Baron Growth Fund	–0.97%	2.09%	**5.28%**	6.85%	3.37%	**8.44%**	13.78%	5.92%	**6.53%**	11.17%	4.31%	**4.35%**	14.24%	1.32%	**1.40%**	13.14%	5.31%
Baron Small Cap Fund	4.09%	7.15%	**8.11%**	8.61%	5.13%	**7.06%**	12.77%	4.91%	**4.38%**	10.78%	3.92%	**4.00%**	13.71%	0.79%	**1.38%**	10.28%	4.22%
Baron Discovery Fund	11.36%	14.42%	**13.44%**	16.74%	13.26%	**11.92%**	15.70%	7.84%	**6.18%**	13.86%	7.00%	**6.84%**	15.65%	7.19%	**6.85%**	15.65%	7.19%
Baron Asset Fund	6.73%	2.57%	**2.30%**	11.25%	–0.66%	–0.40%	16.26%	1.50%	**1.48%**	13.79%	2.19%	**2.32%**	15.67%	0.58%	**0.59%**	11.91%	1.59%
Baron Focused Growth Fund	17.13%	15.11%	**22.10%**	34.64%	25.43%	**33.80%**	18.96%	6.86%	**8.81%**	13.24%	3.67%	**4.84%**	14.05%	–0.40%	**0.48%**	11.97%	3.79%
Baron Partners Fund	18.53%	14.37%	**18.03%**	37.23%	25.32%	**27.31%**	20.19%	5.43%	**3.00%**	16.47%	4.87%	**3.08%**	18.35%	3.25%	**0.16%**	13.82%	3.80%
Baron Opportunity Fund	30.49%	21.51%	**20.09%**	42.31%	20.37%	**16.95%**	29.72%	11.51%	**8.16%**	20.41%	5.18%	**2.93%**	17.85%	0.93%	**0.66%**	8.99%	3.50%
Baron Fifth Avenue Growth Fund	24.83%	15.02%	**12.77%**	32.44%	9.16%	**6.64%**	24.20%	5.21%	**4.29%**	18.19%	2.30%	**1.85%**	18.12%	0.89%	**0.81%**	10.96%	0.17%
Baron Durable Advantage Fund	2.68%	5.76%	**7.26%**	16.84%	9.33%	**9.37%**	–	–	–	–	–	–	12.54%	4.31%	**3.79%**	12.54%	4.31%
Baron Emerging Markets Fund	–5.02%	4.76%	**0.89%**	0.56%	3.95%	–0.23%	2.46%	0.56%	**0.31%**	3.61%	0.75%	**0.88%**	4.09%	3.19%	**1.74%**	4.09%	3.19%
Baron International Growth Fund	0.76%	11.76%	**8.24%**	8.78%	13.58%	**7.83%**	7.72%	6.59%	**4.91%**	7.08%	4.82%	**4.35%**	8.93%	3.96%	**3.26%**	10.75%	4.34%
Baron Global Advantage Fund	35.23%	41.48%	**33.11%**	45.91%	43.80%	**29.03%**	31.02%	24.88%	**18.88%**	21.21%	14.75%	**10.23%**	18.34%	10.27%	**7.10%**	18.34%	10.27%
Baron Real Estate Fund	4.12%	17.42%	**8.12%**	21.17%	27.02%	**15.59%**	10.01%	7.07%	**3.52%**	7.51%	1.67%	–0.69%	14.88%	3.95%	**1.73%**	13.96%	3.56%
Baron Real Estate Income Fund	–1.41%	17.54%	**12.88%**	11.57%	25.49%	**17.44%**	–	–	–	–	–	–	7.48%	9.55%	**8.89%**	7.48%	9.55%
Baron Health Care Fund	13.00%	11.18%	**12.46%**	25.32%	12.53%	**13.50%**	–	–	–	–	–	–	19.08%	6.06%	**7.90%**	19.08%	6.06%
Baron FinTech Fund	15.50%	18.58%	**12.80%**	–	–	–	–	–	–	–	–	–	15.50%	18.58%	**12.80%**	15.50%	18.58%
Baron WealthBuilder Fund	10.42%	13.50%	n/a	19.83%	12.33%	n/a	–	–	–	–	–	–	14.77%	6.54%	n/a	14.77%	6.54%

Source: FactSet PA, Baron Capital.

** Since inception for the Baron Funds younger than 10 years. Not annualized for Baron FinTech Fund since the Fund does not have a full year of performance.*

Notes: Excess Returns are calculated versus each Fund's primary benchmark. Stock Selection Effect was calculated using the Brinson performance attribution method and is a combination of selection and interaction effects. Brinson attribution is a form of relative performance attribution and was introduced to the investment industry in 1985, known as Brinson, Hood, Beebower (BHB). The BHB framework evaluates excess performance based on the manager's decision making process. A portfolio manager that has discretion as to which sectors to invest in and which assets within those sectors to buy can be evaluated as to how well he or she executes those decisions. Which sectors to invest in are known as allocation decisions. Which assets to buy are known as selection decisions. For additional information, please see last page.

Fund Primary Benchmarks: *for Baron Growth Fund, Baron Small Cap Fund, and Baron Discovery Fund – Russell 2000 Growth Index; Baron Focused Growth Fund – Russell 2500 Growth Index; Baron Partners Fund and Baron Asset Fund – Russell Midcap Growth Index; Baron Opportunity Fund – Russell 3000 Growth Index; Baron Fifth Avenue Growth Fund – Russell 1000 Growth Index; Baron Durable Advantage Fund, Baron WealthBuilder Fund, and Baron FinTech Fund – S&P 500 Index; Baron Emerging Markets Fund – MSCI EM Index; Baron International Growth Fund – MSCI ACWI ex USA Index; Baron Global Advantage Fund – MSCI ACWI Index; Baron Real Estate Fund – MSCI USA IMI Extended Real Estate Index; Baron Real Estate Income Fund – MSCI US REIT Index; Baron Health Care Fund – Russell 3000 Health Care Index.*

Fund Inception Dates: *Baron Growth Fund – 12/31/1994; Baron Small Cap Fund – 9/30/1997; Baron Discovery Fund – 9/30/2013; Baron Asset Fund – 6/12/1987; Baron Focused Growth Fund – 5/31/1996; Baron Partners Fund – 1/31/1992; Baron Opportunity Fund – 2/29/2000; Baron Fifth Avenue Growth Fund – 4/30/2004; Baron Durable Advantage Fund – 12/29/2017; Baron Emerging Markets Fund – 12/31/2010; Baron International Growth Fund – 12/31/2008; Baron Global Advantage Fund – 4/30/2012; Baron Real Estate Fund – 12/31/2009; Baron Real Estate Income Fund – 12/29/2017; Baron Health Care Fund – 4/30/2018; Baron FinTech Fund – 12/31/2019, Baron WealthBuilder Fund – 12/29/2017.*

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.

Annual expense Ratios for Inst. shares as of 9/30/2019: Baron Asset Fund, 1.05%, Baron Growth Fund, 1.04%, Baron Small Cap Fund, 1.05%, Baron Opportunity Fund, 1.09%, Baron Fifth Avenue Growth Fund, 0.80%, but the net annual expense ratio was 0.75% (net of the Adviser's fee waivers), Baron Discovery Fund, 1.10%, Baron Durable Advantage Fund, 4.91% but the net annual expense ratio was 0.70% (net of the Adviser's fee waivers). Annual expense Ratios for Inst. shares as of 12/31/2019: Baron Partners Fund, 1.96% (comprised of operating expense of 1.06% and interest expense of 0.90%), Baron Focused Growth Fund, 1.11%, but the net annual expense ratio was 1.10% (net of the Adviser's fee waivers), Baron International Growth Fund, 1.04%, but the net annual expense ratio was 0.95% (net of the Adviser's fee waivers), Baron Real Estate Fund, 1.08%, Baron Emerging Markets Fund, 1.09%, Baron Global Advantage Fund, 1.00%, but the net annual expense ratio was 0.90% (net of the Adviser's fee waivers), Baron Real Estate Income Fund, 5.63%, but the net annual expense ratio was 0.80% (net of the Adviser's fee waivers), Baron Health Care Fund, 2.39%, but the net annual expense ratio was 0.85% (net of the Adviser's fee waivers), Baron FinTech Fund, 1.62%, but the net annual expense ratio was 0.95% (estimated for the current fiscal year, net of the Adviser's fee waivers), and Baron WealthBuilder Fund, 1.33%, but the net annual expense ratio was 1.23% (net of the Adviser's fee waivers).

We are proud of our efforts and results, and we will strive to do even better in the future. Of course, as an active manager, we understand we will not outperform all of the time. However, we have outperformed more often than not, which we believe has been driven by closely adhering to our investment approach, philosophy, and process during all types of markets. As the table below shows, the majority of our Funds have consistently ranked in the top half or better of their respective categories and have on average delivered significant positive excess returns over three-, five-, and 10-year periods. With respect to Baron Fifth Avenue Growth Fund, we replaced the manager in November 2011; and since the new manager came on board, the Fund has been in the top half of the category 91% of the time based on three-year returns and 100% of the time based on five-year returns.

The Baron Funds "Score Board" vs. Passive

Baron Funds (Active Investing) vs. Indexes (Passive)
Batting Averages, Rankings, and Excess Returns as of 6/30/2020[1]

		Annualized Performance				10-Year Returns			5-Year Returns			3-Year Returns		
	Name	1-Year	5-Year	10-Year	Since Inception[2]	% Outperforming[3]	% Time In Top Half[4]	Average Excess Return[3]	% Outperforming[3]	% Time In Top Half[4]	Average Excess Return[3]	% Outperforming[3]	% Time In Top Half[4]	Average Excess Return[3]
BARON FUNDS	Baron Discovery Fund	16.74%	13.86%	–	15.65%	–	–	–	100%	100%	4.73%	93%	100%	6.06%
	Baron Small Cap Fund	8.61%	10.78%	13.71%	10.28%	66%	100%	1.83%	59%	100%	2.55%	61%	60%	3.00%
	Baron Growth Fund *in Baron Adj. Small Growth Category*	6.85%	11.17%	14.24%	13.14%	79%	100%	3.51%	66%	75%	4.05%	65%	76%	4.23%
	Baron Growth Fund	6.85%	11.17%	14.24%	13.14%	79%	100%	3.51%	66%	86%	4.05%	65%	78%	4.23%
	Baron Focused Growth Fund	34.64%	13.24%	14.05%	11.97%	61%	36%	2.15%	55%	14%	1.80%	52%	35%	2.12%
	Baron Asset Fund	11.25%	13.79%	15.67%	11.91%	61%	100%	0.44%	51%	100%	0.53%	58%	91%	0.28%
	Baron Partners Fund	37.23%	16.47%	18.35%	13.82%	84%	100%	2.47%	69%	100%	2.49%	70%	96%	2.80%
	Baron Opportunity Fund	42.31%	20.41%	17.85%	8.99%	65%	100%	2.44%	66%	36%	2.70%	66%	49%	3.68%
	Baron Fifth Avenue Growth Fund	32.44%	18.19%	18.12%	10.96%	5%	100%	–1.21%	26%	96%	–1.13%	38%	81%	–0.77%
	Baron Fifth Avenue Growth Fund *with the new manager since Nov '11*	32.44%	18.19%	–	18.44%	–	–	–	73%	100%	0.51%	64%	91%	0.84%
	Baron International Growth Fund	8.78%	7.08%	8.93%	10.75%	100%	100%	3.45%	100%	68%	3.35%	100%	58%	3.30%
	Baron Emerging Markets Fund	0.56%	3.61%	–	4.09%	–	–	–	87%	96%	2.95%	70%	84%	3.01%
	Baron Global Advantage Fund	45.91%	21.21%	–	18.34%	–	–	–	100%	100%	6.58%	94%	97%	6.95%
	Baron Real Estate Fund	21.17%	7.51%	14.88%	13.96%	100%	100%	2.83%	63%	76%	0.48%	56%	70%	1.72%
PASSIVE	*Russell 2000 Growth Index*	*3.48%*	*6.86%*	*12.92%*	–	*0%*	–	–	*0%*	–	–	*0%*	–	–
	Russell 2500 Growth Index	*9.21%*	*9.57%*	*14.45%*	–	*0%*	–	–	*0%*	–	–	*0%*	–	–
	Russell Midcap Growth Index	*11.91%*	*11.60%*	*15.09%*	–	*0%*	–	–	*0%*	–	–	*0%*	–	–
	Russell 1000 Growth Index	*23.28%*	*15.89%*	*17.23%*	–	*0%*	–	–	*0%*	–	–	*0%*	–	–
	Russell 3000 Growth Index	*21.94%*	*15.23%*	*16.92%*	–	*0%*	–	–	*0%*	–	–	*0%*	–	–
	MSCI ACWI ex USA Index	*–4.80%*	*2.26%*	*4.97%*	–	*0%*	–	–	*0%*	–	–	*0%*	–	–
	MSCI EM Index	*–3.39%*	*2.86%*	*3.27%*	–	*0%*	–	–	*0%*	–	–	*0%*	–	–
	MSCI ACWI Index	*2.11%*	*6.46%*	*9.16%*	–	*0%*	–	–	*0%*	–	–	*0%*	–	–
	MSCI USA IMI Extended Real Estate Index	*–5.85%*	*5.84%*	*10.93%*	–	*0%*	–	–	*0%*	–	–	*0%*	–	–

Source: Morningstar Direct, Baron Capital.

** The indexes are unmanaged. The index performance is not fund performance. An investor cannot invest directly into an index. Past performance is no guarantee of future results. Unless otherwise noted, all performance and performance related calculations are based on the Institutional Shares. Rankings information is based on the performance of the Institutional Shares without extended performance.*

(1) Statistics are based on monthly rolling Morningstar Performance.

(2) Fund Inception Dates: Baron Growth Fund – 12/31/94; Baron Small Cap Fund – 9/30/97; Baron Discovery Fund – 9/30/13; Baron Asset Fund – 6/12/87; Baron Focused Growth Fund – 5/31/96; Baron Partners Fund – 1/31/92; Baron Opportunity Fund – 2/29/00; Baron Fifth Avenue Growth Fund – 4/30/04; Baron Emerging Markets Fund – 12/31/10; Baron International Growth Fund – 12/31/08; Baron Global Advantage Fund – 4/30/12; Baron Real Estate Fund – 12/31/09.

(3) The Average Excess Return is the simple average of the excess returns for each of the rolling periods. The excess returns are calculated for each 3-, 5- and 10-year period on a monthly basis since the inception of the institutional share class for each Fund, and then the excess returns for the 3-, 5- and 10-year rolling periods are averaged. Each Fund's excess return is calculated versus its primary benchmark, as follows: for Baron Growth Fund, Baron Small Cap Fund, and Baron Discovery Fund – Russell 2000 Growth Index; Baron Focused Growth Fund – Russell 2500 Growth Index; Baron Partners Fund and Baron Asset Fund – Russell Midcap Growth Index; Baron Opportunity Fund – Russell 3000 Growth Index; Baron Fifth Avenue Growth Fund – Russell 1000 Growth Index; Baron Emerging Markets Fund – MSCI EM Index; Baron International Growth Fund – MSCI ACWI ex USA Index; Baron Global Advantage Fund – MSCI ACWI Index; Baron Real Estate Fund – MSCI USA IMI Extended Real Estate Index.

(4) % Time In Top Half measures the fraction of time a fund ranked in the 50th percentile or better in its respective category based on total returns for the respective period. Baron Discovery Fund and Baron Small Cap Fund – Morningstar US Fund Small Growth; Baron Growth Fund – Baron Adj. Small Growth Category and Morningstar US Fund Mid-Cap Growth; Baron Focused Growth Fund, Baron Asset Fund, Baron Partners Fund, – Morningstar US Fund Mid-Cap Growth; Baron Opportunity Fund , Baron Fifth Avenue Growth Fund – Morningstar US Fund Large Growth; Baron International Growth Fund – Morningstar US Fund Foreign Large Growth; Baron Emerging Markets Fund – Morningstar US Fund Diversified Emerging Mkts; Baron Global Advantage Fund – Morningstar US Fund World Stock; Baron Real Estate Fund – Morningstar US Fund Real Estate.

Letter from Linda

We have watched money pour into passive products and zero-yielding money market funds and, as an active manager, we see lost opportunities for investors. As more active managers added value in recent months, we hope that more passive investors will reconsider their choice and reassess the merits of active management. We believe that actively building a portfolio stock by stock, evaluating the long-term growth opportunities, and patiently holding those stocks is the best way to achieve strong results over time.

Sincerely,

Linda S. Martinson
Chairman, President, and COO

Disclosures:

Investors should consider the investment objectives, risks, and charges and expenses of the investment carefully before investing. The prospectus and summary prospectuses contain this and other information about the Funds. You may obtain them from the Funds' distributor, Baron Capital, Inc., by calling 1-800-99BARON or visiting www.BaronFunds.com. Please read them carefully before investing.

Performance for the Institutional Shares prior to 5/29/2009 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 5/29/2009 did not reflect this fee, the returns would be higher.

Baron Partners Fund performance reflects the actual fees and expenses that were charged when the Fund was a partnership. The predecessor partnership charged a 20% performance fee after reaching a certain performance benchmark. If the annual returns for the Fund did not reflect the performance fees the returns would be higher. The Fund's shareholders will not be charged a performance fee. The predecessor partnership's performance is only for periods before the Fund's registration statement was effective, which was April 30, 2003. 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.

Global Advantage Fund's 3 and 5-year, **Emerging Markets Fund's** 1-year, **Discovery Fund's** 1, 3 and 5-year, **International Growth Fund's** 3 and 10-year, and **Opportunity Fund's** 5 and 10-year historical performance were impacted by gains from IPOs and/or secondary offerings, and there is no guarantee that these results can be repeated or that the Funds' level of participation in IPOs and secondary offerings will be the same in the future.

Risks: All investments are subject to risk and may lose value.

The discussion of market trends is not intended as advice to any person regarding the advisability of investing in any particular security. The views expressed in this document reflect those of the respective writer. Some of our comments are based on management expectations and are considered "forward-looking statements." Actual future results, however, may prove to be different from our expectations. Our views are a reflection of our best judgment at the time and are subject to change at any time based on market and other conditions and Baron has no obligation to update them.

© Morningstar 2020. All rights reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied, adapted or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information, except where such damages or losses cannot be limited or excluded by law in your jurisdiction. Past financial performance is no guarantee of future results.

S&P 500 Index measures the performance of 500 widely held large-cap U.S. companies. Chicago Board Options Exchange (CBOE) Volatility Index shows the market's expectation of 30-day volatility. It is widely used to measure market risk, often referred to as the "investor fear gauge." It is constructed using the implied volatilities of a wide range of S&P 500 index options. **MSCI ACWI Index** measures the equity market performance of large and midcap securities across developed and emerging markets, including the United States. The **MSCI ACWI ex USA Index** captures large and mid cap representation across 22 of 23 Developed Markets countries (excluding the US) and 26 Emerging Markets countries. **MSCI Emerging Markets Index** is an unmanaged float-adjusted market capitalization index designed to measure equity market performance of large and mid cap securities in the emerging markets. **MSCI US REIT Index** is an unmanaged free float-adjusted market capitalization index that measures the performance of all equity REITs in the US equity market, except for specialty equity REITs that do not generate a majority of their revenue and income from real estate rental and leasing operations. **MSCI USA IMI Extended Real Estate Net Index** is an unmanaged custom index calculated by MSCI for, and as requested by, BAMCO, Inc. The index includes real estate and real estate-related GICS classified securities. The **Nasdaq Composite Index** is the market capitalization-weighted index of approximately 3,000 common equities listed on the Nasdaq stock exchange. **Russell 1000® Growth Index** measures the performance of large-sized U.S. companies that are classified as growth. **Russell 2000® Growth Index** measures the performance of small-sized U.S. companies that are classified as growth. **Russell 2500® Growth Index** measures the performance of small to medium-sized U.S. companies that are classified as growth. **Russell 3000® Index** measures the performance of the broad segment of the U.S. equity universe comprised of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market. **Russell 3000® Health Care Index** is an unmanaged index representative of companies involved in medical services or health care in the Russell 3000 Index, which is comprised of the 3,000 largest U.S. companies as determined by total market capitalization. **Russell Midcap® Growth Index** measures the performance of medium-sized U.S. companies that are classified as growth. 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 are unmanaged. The index performance is not fund performance; one cannot invest directly into an index.

Alpha measures the difference between a fund's actual returns and its expected performance, given its level of risk as measured by beta. **Active Share** a term used to describe the share of a portfolio's holdings that differ from that portfolio's benchmark index. It is calculated by comparing the weight of each holding in the Fund to that holding's weight in the benchmark. Positions with either a positive or negative weighting versus the benchmark have Active Share. An Active Share of 100% implies zero overlap with the benchmark. Active Share was introduced in 2006 in a study by Yale academics, M. Cremers and A. Petajisto, as a measure of active portfolio management.

The **stock selection effect** appearing in the table on page 6 measures the aggregate result of the portfolio manager's ability to select securities within each of the GICS sectors relative to their benchmarks. The over or underperformance of the portfolio within each sectors is weighted by the benchmark sector weight, therefore, selection is not affected by the manager's allocation to the sector. The weight of the sector in the benchmark determines the size of the effect – the larger the sector, the larger the effect is, positive or negative. Selection effect is calculated as follows: [(benchmark weight)] * [(portfolio return) – (benchmark return)].

For a full description of the **Brinson attribution** method, please refer to Brinson, Gary P., L. Randolph Hood, and Gilbert L. Beebower, "Determinants of Portfolio Performance," Financial Analysts Journal, July-August 1986, pp. 39-44.

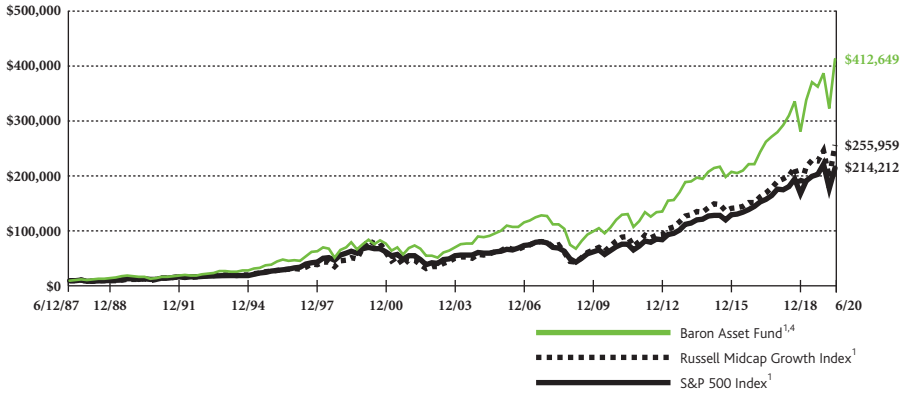
BAMCO, Inc. is an investment adviser registered with the U.S. Securities and Exchange Commission (SEC). Baron Capital, Inc. is a limited purpose broker-dealer registered with the SEC and member of the Financial Industry Regulatory Authority, Inc. (FINRA).

Portfolio holdings as a percentage of net assets as of June 30, 2020 for securities mentioned are as follows: **FactSet Research Systems, Inc.** – Baron Asset Fund (2.6%), Baron Growth Fund (6.0%), Baron Partners Fund (5.7%*), Baron Focused Growth Fund (7.5%); **Gartner, Inc.** – Baron Asset Fund (4.0%), Baron Growth Fund (3.1%), Baron Small Cap Fund (3.1%), Baron Opportunity Fund (1.4%), Baron Partners Fund (2.1%*); **Tesla, Inc.** – Baron Opportunity Fund (5.6%), Baron Partners Fund (29.4%*), Baron Focused Growth Fund (29.7%); **CoStar Group, Inc.** – Baron Asset Fund (3.2%), Baron Growth Fund (7.7%), Baron Opportunity Fund (1.5%), Baron Partners Fund (13.2%*), Baron Focused Growth Fund (13.5%), Baron Real Estate Fund (2.8%), Baron FinTech Fund (1.7%); **IDEXX Laboratories, Inc.** – Baron Asset Fund (6.4%), Baron Growth Fund (4.8%), Baron Small Cap Fund (2.1%), Baron Partners Fund (6.7%*), Baron Health Care Fund (1.5%); **MSCI, Inc.** – Baron Asset Fund (0.2%), Baron Growth Fund (8.7%), Baron Partners Fund (1.0%*), Baron Durable Advantage Fund (2.4%), Baron FinTech Fund (4.0%); **ANSYS, Inc.** – Baron Asset Fund (3.6%), Baron Growth Fund (6.4%), Baron Opportunity Fund (0.6%); **Bio-Techne Corporation** – Baron Asset Fund (2.3%), Baron Growth Fund (3.3%), Baron Health Care Fund (1.5%); **Mettler-Toledo International, Inc.** – Baron Asset Fund (3.6%), Baron Growth Fund (1.2%), Baron Small Cap Fund (1.4%), Baron Durable Advantage Fund (1.3%), Baron Health Care Fund (1.9%); **Choice Hotels International, Inc.** – Baron Asset Fund (0.9%), Baron Growth Fund (3.5%), Baron Focused Growth Fund (3.7%); **Vail Resorts, Inc.** – Baron Asset Fund (2.4%), Baron Growth Fund (5.5%), Baron Partners Fund (4.2%*), Baron Focused Growth Fund (7.5%); **Arch Capital Group Ltd.** – Baron Asset Fund (1.4%), Baron Growth Fund (4.0%), Baron Partners Fund (4.7%*), Baron Focused Growth Fund (2.6%), Baron International Growth Fund (1.4%); **Alibaba Group Holding Limited** – Baron Opportunity Fund (2.0%), Baron Fifth Avenue Growth Fund (4.7%), Baron International Growth Fund (1.5%), Baron Emerging Markets Fund (5.8%), Baron Global Advantage Fund (6.3%), Baron FinTech Fund (3.0%); **Wix.com Ltd.** – Baron Asset Fund (2.7%), Baron Growth Fund (1.1%), Baron Small Cap Fund (2.7%), Baron Opportunity Fund (2.1%), Baron Fifth Avenue Growth Fund (2.9%), Baron International Growth Fund (1.8%), Baron Global Advantage Fund (3.2%); **Guidewire Software, Inc.** – Baron Asset Fund (3.3%), Baron Growth Fund (1.7%), Baron Small Cap Fund (3.4%), Baron Opportunity Fund (2.1%), Baron Partners Fund (2.5%*), Baron Focused Growth Fund (3.5%), Baron FinTech Fund (1.7%).

* % of Long Positions.
Portfolio holdings may change over time.

Baron Asset Fund

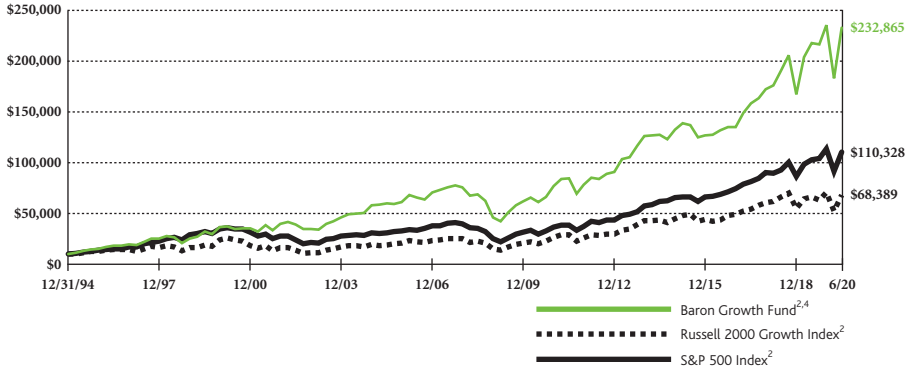
Comparison of the change in value of $10,000 investment in Baron Asset Fund (Institutional Shares)† in relation to the Russell Midcap Growth Index and the S&P 500 Index



Baron Asset Fund's annualized returns as of June 30, 2020: Three months, 28.02%; 1-year, 11.25%; 3-year, 16.26%; 5-year, 13.79%; 10-year, 15.67%; and Since Inception, 11.91%.

Baron Growth Fund

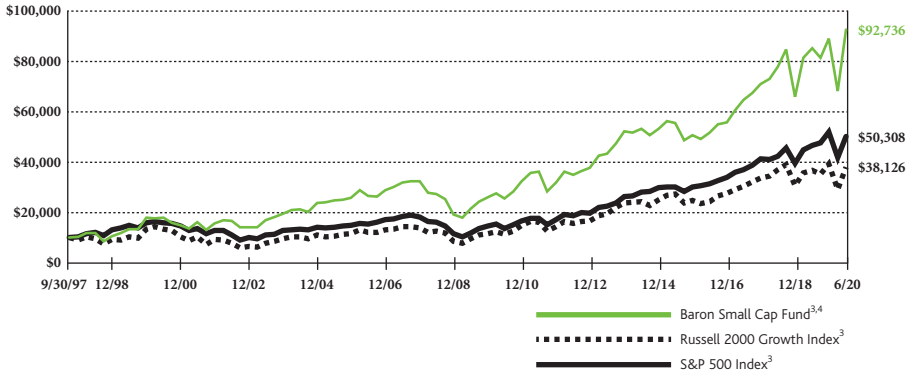
Comparison of the change in value of $10,000 investment in Baron Growth Fund (Institutional Shares)† in relation to the Russell 2000 Growth Index and the S&P 500 Index



Baron Growth Fund's annualized returns as of June 30, 2020: Three months, 27.46%; 1-year, 6.85%; 3-year, 13.78%; 5-year, 11.17%; 10-year, 14.24%; and Since Inception, 13.14%.

Baron Small Cap Fund

Comparison of the change in value of $10,000 investment in Baron Small Cap Fund (Institutional Shares)† in relation to the Russell 2000 Growth Index and the S&P 500 Index



Baron Small Cap Fund's annualized returns as of June 30, 2020: Three months, 35.77%; 1-year, 8.61%; 3-year, 12.77%; 5-year, 10.78%; 10-year, 13.71%; and Since Inception, 10.28%.

1 The indexes are unmanaged. The Russell Midcap® Growth Index measures the performance of medium-sized U.S. companies that are classified as growth and the S&P 500 Index of 500 widely held large cap U.S. companies. The indexes and Baron Asset Fund are with dividends, which positively impact the performance results.

2 The indexes are unmanaged. The Russell 2000® Growth Index measures the performance of small-sized U.S. companies that are classified as growth and the S&P 500 Index of 500 widely held large cap U.S. companies. The indexes and Baron Growth Fund are with dividends, which positively impact the performance results.

3 The indexes are unmanaged. The Russell 2000® Growth Index measures the performance of small-sized U.S. companies that are classified as growth and the S&P 500 Index of 500 widely held large cap U.S. companies. The indexes and Baron Small Cap Fund are with dividends, which positively impact the performance results.

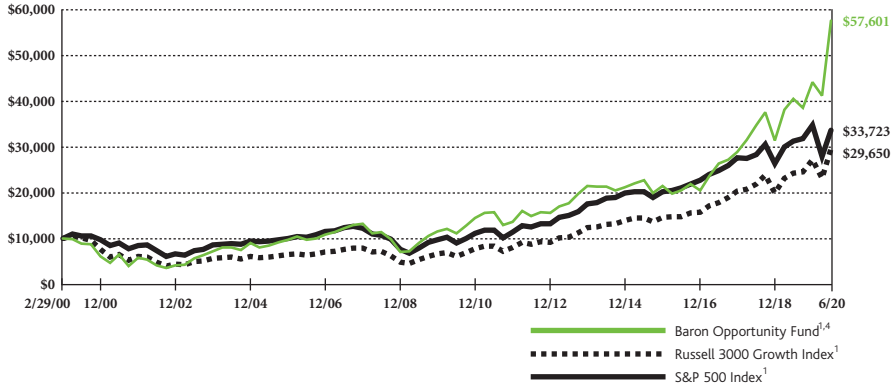
4 Past performance is not predictive of future performance. The performance data does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemptions of Fund shares.

† 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.

Baron Funds Performance

Baron Opportunity Fund

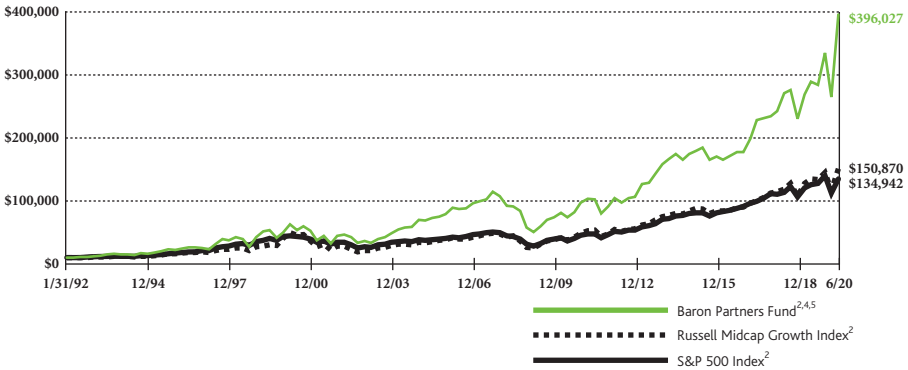
Comparison of the change in value of $10,000 investment in Baron Opportunity Fund (Institutional Shares)† in relation to the Russell 3000 Growth Index and the S&P 500 Index



Baron Opportunity Fund's annualized returns as of June 30, 2020: Three months, 39.78%; 1-year, 42.31%; 3-year, 29.72%; 5-year, 20.41%; 10-year, 17.85%; and Since Inception, 8.99%.

Baron Partners Fund

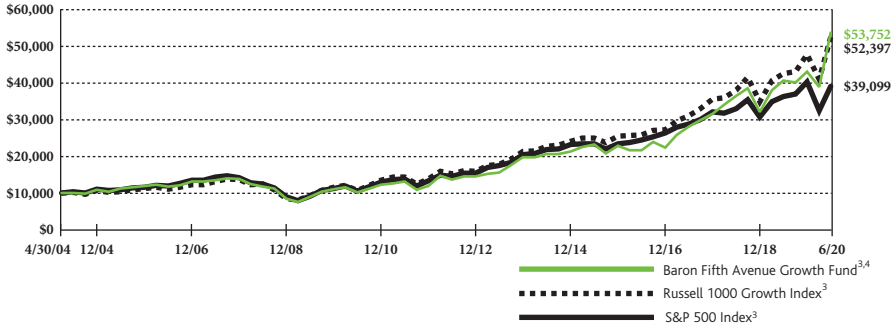
Comparison of the change in value of $10,000 investment in Baron Partners Fund (Institutional Shares)† in relation to the Russell Midcap Growth Index and the S&P 500 Index



Baron Partners Fund's annualized returns as of June 30, 2020: Three months, 49.47%; 1-year, 37.23%; 3-year, 20.19%; 5-year, 16.47%; 10-year, 18.35%; and Since Inception, 13.82%.

Baron Fifth Avenue Growth Fund

Comparison of the change in value of $10,000 investment in Baron Fifth Avenue Growth Fund (Institutional Shares)† in relation to the Russell 1000 Growth Index and the S&P 500 Index



Baron Fifth Avenue Growth Fund's annualized returns as of June 30, 2020: Three months, 37.91%; 1-year, 32.44%; 3-year, 24.20%; 5-year, 18.19%; 10-year, 18.12%; and Since Inception, 10.96%.

1 The indexes are unmanaged. The Russell 3000® Growth Index measures the performance of those companies classified as growth among the largest 3,000 U.S. companies and the S&P 500 Index of 500 widely held large cap U.S. companies. The indexes and Baron Opportunity Fund are with dividends, which positively impact the performance results. The Fund's 5 and 10-year historical performance was impacted by gains from IPOs and/or secondary offerings, and there is no guarantee that these results can be repeated or that the Fund's level of participation in IPOs and secondary offerings will be the same in the future.

2 The indexes are unmanaged. The Russell Midcap® Growth Index measures the performance of medium-sized U.S. companies that are classified as growth and the S&P 500 Index of 500 widely held large cap U.S. companies. The indexes and Baron Partners Fund are with dividends, which positively impact the performance results.

3 The indexes are unmanaged. The Russell 1000® Growth Index measures the performance of large-sized U.S. companies that are classified as growth and the S&P 500 Index of 500 widely held large cap U.S. companies. The indexes and Baron Fifth Avenue Growth Fund are with dividends, which positively impact the performance results.

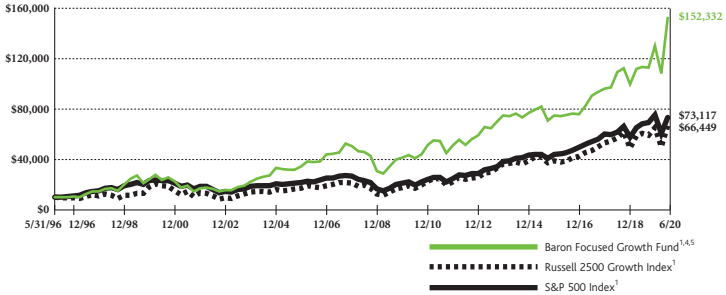
4 Past performance is not predictive of future performance. The performance data does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

5 Reflects the actual fees and expenses that were charged when the Fund was a partnership. The predecessor partnership charged a 20% performance fee 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, returns would be higher. The Fund's shareholders will not be charged a performance fee. The predecessor partnership's performance is only for periods before the Fund's registration statement was effective, which was April 30, 2003. 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.

† 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.

Baron Focused Growth Fund

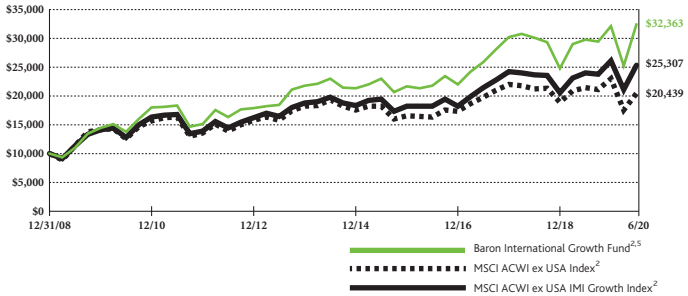
Comparison of the change in value of $10,000 investment in Baron Focused Growth Fund (Institutional Shares)† in relation to the Russell 2500 Growth Index and the S&P 500 Index



Baron Focused Growth Fund's annualized returns as of June 30, 2020: Three months, 40.67%; 1-year, 34.64%; 3-year, 18.96%; 5-year, 13.24%; 10-year, 14.05%; and Since Inception, 11.97%.

Baron International Growth Fund

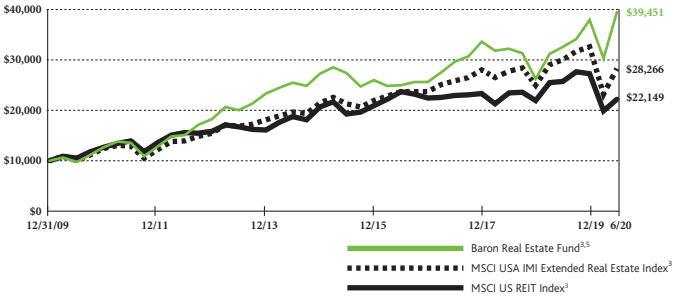
Comparison of the change in value of $10,000 investment in Baron International Growth Fund (Institutional Shares)† in relation to the MSCI ACWI ex USA Index and the MSCI ACWI ex USA IMI Growth Index



Baron International Growth Fund's annualized returns as of June 30, 2020: Three months, 28.37%; 1-year, 8.78%; 3-year, 7.72%; 5-year, 7.08%; 10-year, 8.93%; and Since Inception, 10.75%.

Baron Real Estate Fund

Comparison of the change in value of $10,000 investment in Baron Real Estate Fund (Institutional Shares) in relation to the MSCI USA IMI Extended Real Estate Index and MSCI US REIT Index



Baron Real Estate Fund's annualized returns as of June 30, 2020: Three months, 29.93%; 1-year, 21.17%; 3-year, 10.01%; 5-year, 7.51%; 10-year, 14.88%; and Since Inception, 13.96%.

1 The indexes are unmanaged. The Russell 2500™ Growth Index measures the performance of small to medium-sized U.S. companies that are classified as growth and the S&P 500 Index of 500 widely held large cap U.S. companies. The indexes and Baron Focused Growth Fund are with dividends, which positively impact the performance results.

2 The MSCI ACWI ex USA Index Net USD is an unmanaged, free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of large- and mid-cap securities across developed and emerging markets, excluding the United States. The MSCI ACWI ex USA IMI Growth Index Net USD is an unmanaged, free float-adjusted market capitalization weighted index that is designed to measure the performance of large-, mid-, and small-cap growth securities across developed and emerging markets, excluding the United States. The indexes and Baron International Growth Fund include reinvestment of dividends, net of foreign withholding taxes, which positively impact the performance results. The Fund's 3 and 10-year historical performance was impacted by gains from IPOs and/or secondary offerings, and there is no guarantee that these results can be repeated or that the Fund's level of participation in IPOs and secondary offerings will be the same in the future.

3 The MSCI USA IMI Extended Real Estate Index is a custom index calculated by MSCI for, and as requested by, BAMCO, Inc. The index includes real estate and real estate-related GICS classification securities. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indexes or any securities or financial products. This report is not approved, reviewed or produced by MSCI. The MSCI US REIT Index is a free float-adjusted market capitalization index that measures the performance of all equity REITs in the US equity market, except for specialty equity REITs that do not generate a majority of their revenue and income from real estate rental and leasing operations. The indexes and Baron Real Estate Fund are with dividends, which positively impact performance results.

4 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 predecessor partnership's 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.

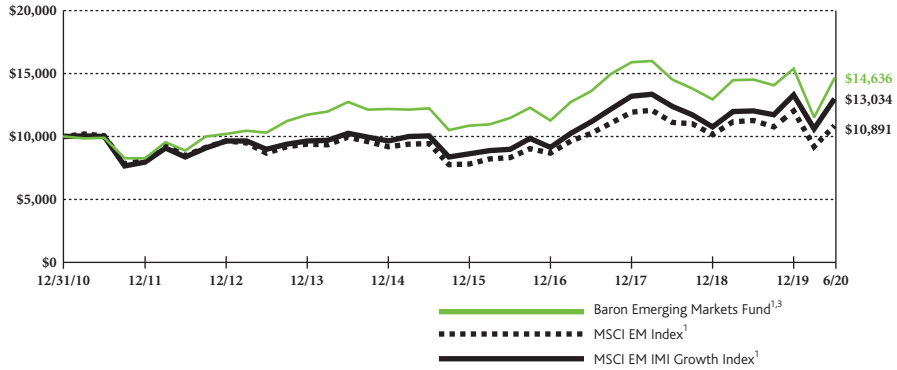
5 Past performance is not predictive of future performance. The performance data does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

† 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.

Baron Funds Performance

Baron Emerging Markets Fund

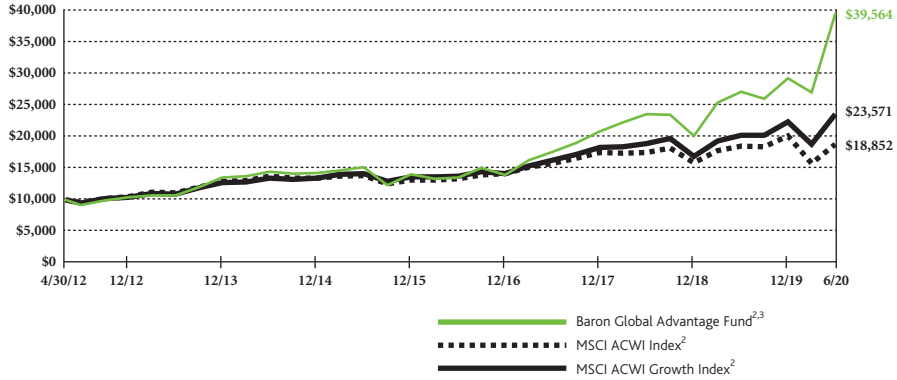
Comparison of the change in value of $10,000 investment in Baron Emerging Markets Fund (Institutional Shares) in relation to the MSCI EM Index and the MSCI EM IMI Growth Index



Baron Emerging Markets Fund's annualized returns as of June 30, 2020: Three months, 26.67%; 1-year, 0.56%; 3-year, 2.46%; 5-year, 3.61%; and Since Inception, 4.09%.

Baron Global Advantage Fund

Comparison of the change in value of $10,000 investment in Baron Global Advantage Fund (Institutional Shares) in relation to the MSCI ACWI Index and the MSCI ACWI Growth Index



Baron Global Advantage Fund's annualized returns as of June 30, 2020: Three months, 46.39%; 1-year, 45.91%; 3-year, 31.02%; 5-year, 21.21%; and Since Inception, 18.34%.

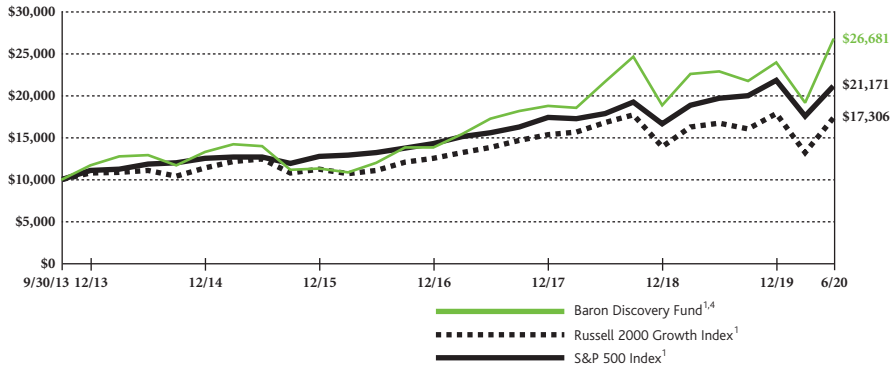
1 The MSCI EM (Emerging Markets) Index and the MSCI EM (Emerging Markets) IMI Growth Index are unmanaged, free float-adjusted market capitalization weighted indexes. The MSCI EM (Emerging Markets) Index Net USD and the MSCI EM (Emerging Markets) IMI Growth Index Net USD are designed to measure the equity market performance of large-, mid-, and small-cap securities in the emerging markets. The MSCI EM (Emerging Markets) IMI Growth Index Net USD screens for growth-style securities. The indexes and Baron Emerging Markets Fund include reinvestment of dividends, net of withholding taxes, which positively impact the performance results. The Fund's 1-year historical performance was impacted by gains from IPOs and/or secondary offerings, and there is no guarantee that these results can be repeated or that the Fund's level of participation in IPOs and secondary offerings will be the same in the future.

2 The MSCI ACWI Index and the MSCI ACWI Growth Index are unmanaged, free float-adjusted market capitalization weighted indexes. The MSCI ACWI Index Net USD and the MSCI ACWI Growth Index Net USD are designed to measure the equity market performance of large- and mid-cap securities across developed and emerging markets, including the United States. The MSCI ACWI Growth Index Net USD screens for growth-style securities. The indexes and Baron Global Advantage Fund include reinvestment of dividends, net of foreign withholding taxes, which positively impact the performance results. The Fund's 3 and 5-year historical performance was impacted by gains from IPOs and/or secondary offerings, and there is no guarantee that these results can be repeated or that the Fund's level of participation in IPOs and secondary offerings will be the same in the future.

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

Baron Discovery Fund

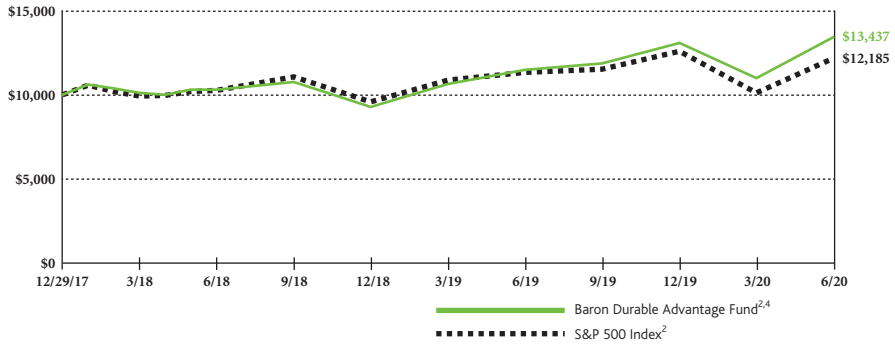
Comparison of the change in value of $10,000 investment in Baron Discovery Fund (Institutional Shares) in relation to the Russell 2000 Growth Index and the S&P 500 Index



Baron Discovery Fund's annualized returns as of June 30, 2020: Three months, 39.12%; 1-year, 16.74%; 3-year, 15.70%; 5-year, 13.86%; and Since Inception, 15.65%.

Baron Durable Advantage Fund

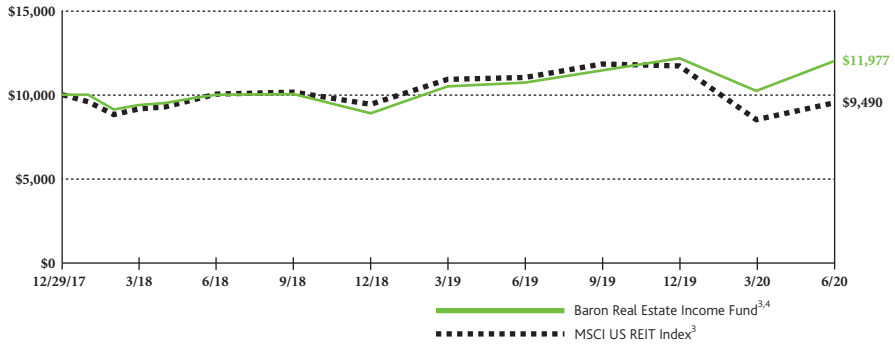
Comparison of the change in value of $10,000 investment in Baron Durable Advantage Fund (Institutional Shares) in relation to the S&P 500 Index



Baron Durable Advantage Fund's annualized returns as of June 30, 2020: Three months, 22.17%; 1-year, 16.84%; and Since Inception, 12.54%.

Baron Real Estate Income Fund

Comparison of the change in value of $10,000 investment in Baron Real Estate Income Fund (Institutional Shares) in relation to the MSCI US REIT Index



Baron Real Estate Income Fund's annualized returns as of June 30, 2020: Three months, 17.02%; 1-year, 11.57%; and Since Inception, 7.48%.

1 The indexes are unmanaged. The Russell 2000® Growth Index measures the performance of small-sized U.S. companies that are classified as growth and the S&P 500 Index of 500 widely held large cap U.S. companies. The indexes and Baron Discovery Fund are with dividends, which positively impact the performance results. The Fund's 1, 3 and 5-year historical performance was impacted by gains from IPOs and/or secondary offerings, and there is no guarantee that these results can be repeated or that the Fund's level of participation in IPOs and secondary offerings will be the same in the future.

2 The index is unmanaged. The S&P 500 Index measures the performance of 500 widely held large cap U.S. companies. The index and Baron Durable Advantage Fund are with dividends, which positively impact the performance results.

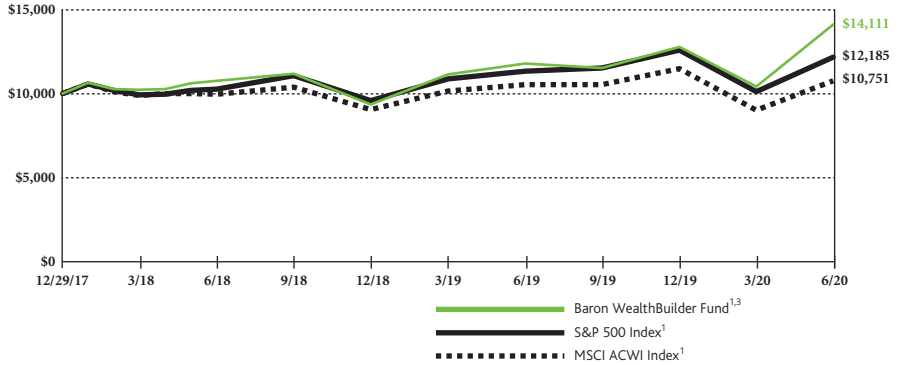
3 The index is unmanaged. The MSCI US REIT Index is a free float-adjusted market capitalization index that measures the performance of all equity REITs in the US equity market, except for specialty equity REITs that do not generate a majority of their revenue and income from real estate rental and leasing operations. The index and Baron Real Estate Income Fund are with dividends, which positively impact the performance results.

4 Past performance is not predictive of future performance. The performance data does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

Baron Funds Performance

Baron WealthBuilder Fund

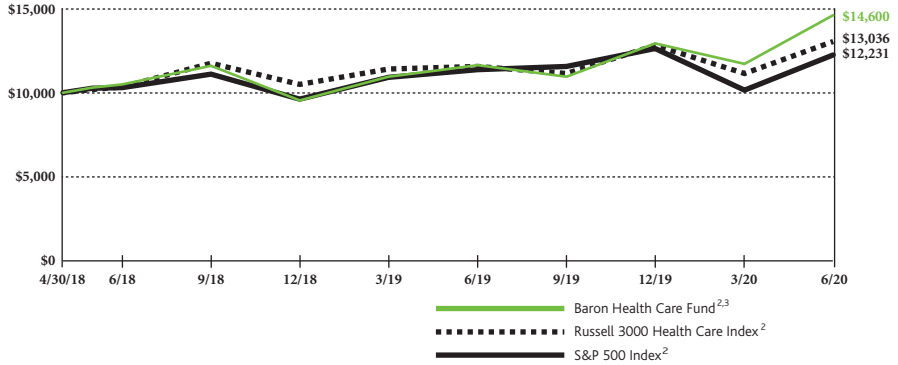
Comparison of the change in value of $10,000 investment in Baron WealthBuilder Fund (Institutional Shares) in relation to the S&P 500 Index and the MSCI ACWI Index



Baron WealthBuilder Fund's annualized returns as of June 30, 2020: Three months, 35.46%; 1-year, 19.83%; and Since Inception, 14.77%.

Baron Health Care Fund

Comparison of the change in value of $10,000 investment in Baron Health Care Fund (Institutional Shares) in relation to the Russell 3000 Health Care Index and the S&P 500 Index



Baron Health Care Fund's annualized returns as of June 30, 2020: Three months, 24.68%; 1-year, 25.32%; and Since Inception, 19.08%.

---

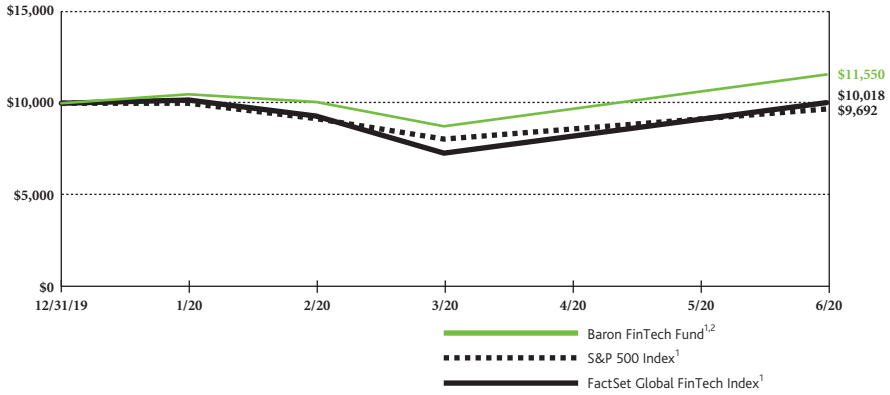
1 The indexes are unmanaged. The S&P 500 Index measures the performance of 500 widely held large cap U.S. companies. The MSCI ACWI Index is an unmanaged, free float-adjusted market capitalization weighted index reflected in US dollars that measures the equity market performance of large and mid cap securities across developed and emerging markets. The indexes and Baron WealthBuilder Fund are with dividends, which positively impact the performance results.

2 The indexes are unmanaged. The Russell 3000® Health Care Index is an unmanaged index representative of companies involved in medical services or health care in the Russell 3000 Index, which is comprised of the 3,000 largest U.S. companies as determined by total market capitalization. The S&P 500 Index measures the performance of 500 widely held large cap U.S. companies. The indexes and Baron Health Care Fund are with dividends, which positively impact the performance results.

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

Baron FinTech Fund

Comparison of the change in value of $10,000 investment in Baron FinTech Fund (Institutional Shares) in relation to the S&P 500 Index and the FactSet Global FinTech Index



Baron FinTech Fund's returns as of June 30, 2020: Three months, 32.00%; and Since Inception, 15.50%.

1 The indexes are unmanaged. The S&P 500 Index measures the performance of 500 widely held large cap U.S. companies. The FactSet Global Fintech Index is an unmanaged and equal-weighted index that measures the equity market performance of companies engaged in Financial Technologies, primarily in the areas of software and consulting, data and analytics, digital payment processing, money transfer, and payment transaction-related hardware, across 30 developed and emerging markets. The Fund and the indexes include reinvestment of dividends.

2 Past performance is not predictive of future performance. The performance data does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

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.

Three month returns for all funds and Since Inception return for Baron FinTech Fund are not annualized.

Investors should consider the investment objectives, risks, and charges and expenses of the investment carefully before investing. The prospectus and summary prospectuses contain this and other information about the Funds. You may obtain them from the Funds' distributor, Baron Capital, Inc., by calling 1-800-99BARON or visiting www.BaronFunds.com. Please read them carefully before investing.

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 with an 11-year term terminating on August 29, 2030, 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

Risks: The Funds invest primarily in equity securities, which are subject to price fluctuations in the stock market. Non-U.S. investments may involve additional risks to those inherent in U.S. investments, including exchange-rate fluctuations, political or economic instability, the imposition of exchange controls, expropriation, limited disclosure and illiquid markets. This may result in greater share price volatility. Investments in developing countries may have increased risks due to a greater possibility of: settlement delays; currency and capital controls; interest rate sensitivity; corruption and crime; exchange rate volatility; and inflation or deflation. Investments in health care companies are subject to a number of risks, including the adverse impact of legislative actions and government regulations. Securities issued by small and medium sized companies may be thinly traded and may be more difficult to sell during market downturns. Companies propelled by innovation, including technology advances and new business models, may present the risk of rapid change and product obsolescence, and their success may be difficult to predict for the long term. In addition to general market conditions, the value of the real estate and real estate related investments will be affected by the strength of the real estate markets as well as by interest rate fluctuations, credit risk, environmental issues and economic conditions. Even though the Funds are diversified, they may establish significant positions where the Adviser has the greatest conviction. This could increase volatility of the Funds' returns.

The index performance is not fund performance; one cannot invest directly into an index.

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).

Baron Asset Fund

Dear Baron Asset Fund Shareholder:

Performance

After falling sharply on COVID-19 fears during the first quarter, U.S. equity markets staged their largest quarterly gain since the fourth quarter of 1999. The market rally was likely driven by a confluence of factors, including accommodative Federal Reserve policies, stepped up efforts to reopen the economy, optimism about a COVID-19 treatment, renewed speculation about large government infrastructure stimulus, and various economic data (such as unemployment figures) that were not as bad as feared. Growth stocks generally outperformed, and companies that were perceived to benefit from societal changes stemming from the pandemic did especially well.

Against this backdrop, Baron Asset Fund (the "Fund") gained 28.02% (Institutional Shares), while the Russell Midcap Growth Index (the "Index") gained 30.26%, and the S&P 500 Index gained 20.54%.

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

	Baron Asset Fund Retail Shares[1,2]	Baron Asset Fund Institutional Shares[1,2,3]	Russell Midcap Growth Index[1]	S&P 500 Index[1]
Three Months[5]	27.95%	28.02%	30.26%	20.54%
Six Months[5]	6.60%	6.73%	4.16%	(3.08)%
One Year	10.97%	11.25%	11.91%	7.51%
Three Years	15.96%	16.26%	14.76%	10.73%
Five Years	13.49%	13.79%	11.60%	10.73%
Ten Years	15.36%	15.67%	15.09%	13.99%
Fifteen Years	10.37%	10.59%	10.32%	8.83%
Since Inception (June 12, 1987)	11.81%	11.91%	10.32%[4]	9.72%

After meaningfully outperforming the Index during the market's precipitous decline during the first quarter of 2020, Baron Asset Fund (Institutional Shares) trailed the Index during the market's dramatic second quarter recovery. The Fund's performance was negatively impacted by its relative sector weights and its cash exposure, albeit modest, in a rising market. Style biases also hampered the Fund's relative results. Consistent with its longstanding approach, the Fund remained underexposed to the residual volatility factor, which performed well in the rapidly rising market. The Fund also remained overexposed to the earnings quality factor, which trailed during the market's rise.

ANDREW PECK
PORTFOLIO MANAGER

Retail Shares: BARAX
Institutional Shares: BARIX
R6 Shares: BARUX

Outperformance of the Fund's investments in Communication Services, Health Care, and Information Technology (IT), and its lack of exposure to the lagging Consumer Staples and Materials sectors added the most value. Strength in Communication Services came from marketing solutions provider **ZoomInfo Technologies Inc.** and real estate and rental marketplace **Zillow Group, Inc.** ZoomInfo's stock price doubled following the company's successful IPO in early June, while Zillow's shares reacted positively to strong quarterly results in its core Premier Agent segment and its resumption of home purchases in its Offers segment. Several Health Care holdings outperformed in the quarter, led by health care supplies company **West Pharmaceutical Services, Inc.** and veterinary diagnostics leader **IDEXX Laboratories, Inc.** West's share price rose sharply after the company's earnings results and outlook confirmed the company is not experiencing a material disruption from the COVID-19 crisis. IDEXX was the largest absolute contributor on signs that the veterinary industry would make a strong recovery from the COVID-19 crisis. Favorable stock selection in IT, partly related to the strong performance of web software firm **Wix.com Ltd.**, was partly offset by lower exposure to this outperforming sector.

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of September 30, 2019 was 1.30% and 1.05%, 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 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 The indexes are unmanaged. The index performance is not Fund performance; one cannot invest directly into an index. The Russell Midcap® Growth Index measures the performance of medium-sized U.S. companies that are classified as growth and the S&P 500 Index of 500 widely 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.

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

3 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.

4 For the period June 30, 1987 to June 30, 2020.

5 Not annualized.

BARON FUNDS 1987

Aside from its cash balance, the Fund's investments in Consumer Discretionary, Financials, and Industrials and its higher exposure to the underperforming Real Estate sector weighed the most on relative results. Within Consumer Discretionary, lower exposure to this high performing sector and underperformance of global hotelier **Hyatt Hotels Corp.** and ski resort operator **Vail Resorts, Inc.** hurt relative results. Both companies suffered from meaningful near-term disruption in their businesses stemming from reduced travel caused by the pandemic. Weakness in Financials was partly due to the underperformance of insurer **Arch Capital Group Ltd.** and brokerage platform **The Charles Schwab Corp.** Arch was the largest detractor stemming from concerns that an economic downturn would impair its residential mortgage insurance business. Schwab was negatively impacted by the sharp reduction in interest rates during the quarter. Most of the Fund's Industrials holdings failed to keep pace with the broader market after meaningfully outperforming last quarter. These included research & consulting services businesses **Verisk Analytics, Inc.**, **Clarivate Plc**, and **CoStar Group, Inc.**

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

	Year Acquired	Percent Impact
IDEXX Laboratories, Inc.	2006	2.17%
Wix.com Ltd.	2018	1.96
MarketAxess Holdings Inc.	2016	1.33
West Pharmaceutical Services, Inc.	2014	1.22
Guidewire Software, Inc.	2013	1.14

Shares of **IDEXX Laboratories, Inc.**, a veterinary diagnostic company, gained after reporting excellent quarterly results that exceeded expectations, despite the headwinds caused by the pandemic. Organic growth in IDEXX's core companion animals group finished the quarter up double digits, and the company repurchased almost $200 million of stock in the quarter, its highest level in many years. Although visits to veterinary clinics fell approximately 30% during the peak of lockdowns, management indicated that trends "meaningfully improved" during the second quarter. To be prudent, management committed to reduce corporate expenses by $100 million, increased its cash position, and temporarily suspended future share repurchases. We believe the results demonstrated that IDEXX is a unique, competitively advantaged business that is likely to bounce back quickly and outperform across economic cycles.

Wix.com Ltd. provides small businesses with software that enables them to build and maintain their websites. The company is a leader in its market, with more than 170 million registered users and nearly 5 million premium users. Wix's shares rose significantly during the quarter as its business benefited from the accelerating pace of small businesses creating and upgrading their websites, partly driven by the widespread business disruptions caused by the COVID-19 pandemic. We remain optimistic about our investment, as Wix continues to expand its platform to target professional website builders and agencies in addition to its core do-it-yourself customers. We believe these efforts, along with new products being contemplated, will meaningfully expand Wix's addressable market.

MarketAxess Holdings Inc. operates the leading electronic platform for trading corporate bonds. Its shares outperformed as ongoing market volatility coupled with the company's continued market share gains drove 44% growth in credit trading volume during its most recent quarter. This figure was more than double the market's 19% growth rate. We believe that recent market disruptions have led traders increasingly to turn to MarketAxess's platform for liquidity and price improvement, further cementing the company's network effects. We believe the company will be the prime beneficiary of the ongoing secular shift to electronic trading in the corporate bond market.

West Pharmaceutical Services, Inc. has dominant market share among manufacturers that supply components and systems to pharmaceutical and biotechnology companies to package and deliver injectable drugs. Its stock increased after West reported strong quarterly financial results and issued optimistic forward guidance, in stark contrast to the weak results and/or guidance reported by many other companies due to COVID-19-related business disruptions. In addition, we believe West's significant market share and its leading manufacturing capabilities make it a likely partner for any company that eventually offers a COVID-19 vaccine. We believe this provides significant upside opportunity for this business.

Guidewire Software, Inc. provides core operating systems to property and casualty ("P&C") insurers. Its shares gained as its reported earnings and revenue exceeded most analysts' expectations. In addition, Guidewire continued to make progress in signing deals for cloud-based implementation of its software. We believe this is noteworthy because widespread adoption of its cloud-based solutions should result in significant expansion of its addressable market opportunity, as well as a higher valuation for the company's shares. Guidewire retains leading market share and its win rate for new clients remains unchanged. In addition, we believe that the pandemic is likely to accelerate the pace of digital transformation in the P&C industry, which should benefit Guidewire.

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

	Year Acquired	Percent Impact
Arch Capital Group Ltd.	2003	–0.06%
Guardant Health, Inc.	2020	–0.04
Alexander's, Inc.	1992	–0.01

Arch Capital Group Ltd. is a Bermuda-based specialty insurance company, with large operations in both the P&C and mortgage insurance markets. While conditions in the P&C market continued to improve, economic-related headwinds in the mortgage market caused the shares to underperform. Lender forbearance and rising unemployment caused higher mortgage delinquencies. This pressured Arch's earnings because accounting standards require the company to provision for credit losses even though delinquencies may not result in cash losses. We are optimistic that the investors are overly pessimistic about the amount of cash losses that Arch will ultimately bear.

Guardant Health, Inc. is a leading player in liquid biopsy with a blood-based test for advanced cancer therapy selection. The stock trades at a lofty near-term valuation, and coupled with a significant sale by large investor Softbank, some short-term price weakness was not unexpected, in our view. We continue to believe Guardant is in the early stages of penetrating the market for cancer therapy selection and has significant growth opportunities in recurrence monitoring and early cancer detection.

Alexander's, Inc. is a REIT that owns commercial real estate properties in the New York City metropolitan area. Shares declined due to the COVID-19 pandemic's negative impact on Alexander's business as a portion of its retail tenants withheld rent payments during the quarter. The company has also indicated that it may lower its dividend payments for a period of time. In light of these developments, we significantly reduced our position in Alexander's.

Portfolio Structure

At June 30, 2020, Baron Asset Fund held 59 positions. The Fund's 10 largest holdings represented 36.8% of assets, and the 20 largest represented 61.7% of assets. The Fund's largest weighting was in the IT sector at 29.6% of assets. This sector includes software companies, IT consulting firms, internet services companies, and data processing firms. The Fund held 24.7% of its assets in the Health Care sector, which includes investments in life sciences companies, and health care equipment, supplies, and technology companies. The Fund held 17.2% of its assets in the Industrials sector, which includes investments in research and consulting companies, industrial conglomerates, and machinery companies. The Fund also had significant weightings in Financials at 11.4% of assets and Real Estate at 6.4% of assets.

Table IV.
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
IDEXX Laboratories, Inc.	2006	$2.5	$28.0	$304.3	6.4%
Verisk Analytics, Inc.	2009	4.0	27.6	201.0	4.2
Gartner, Inc.	2007	2.9	10.8	192.2	4.0
ANSYS, Inc.	2009	2.3	25.0	174.1	3.6
Mettler-Toledo International, Inc.	2008	2.4	19.3	172.5	3.6
Guidewire Software, Inc.	2013	2.8	9.2	157.6	3.3
CoStar Group, Inc.	2016	5.0	28.0	153.1	3.2
SBA Communications Corp.	2007	3.8	33.3	138.5	2.9
Verisign, Inc.	2013	7.1	23.9	136.3	2.9
West Pharmaceutical Services, Inc.	2014	2.9	16.7	135.9	2.8

Recent Activity

During the past quarter, the Fund established 3 new positions and added to 6 others. The Fund reduced its holdings in 17 positions.

Table V.
Top net purchases for the quarter ended June 30, 2020

	Quarter End Market Cap (billions)	Amount Purchased (millions)
ZoomInfo Technologies Inc.	$19.9	$44.2
Guardant Health, Inc.	8.0	26.4
Bright Horizons Family Solutions, Inc.	7.1	22.9
Zillow Group, Inc.	12.8	12.9
GDS Holdings Limited	12.1	8.9

The Fund established a meaningful position in **ZoomInfo Technologies Inc.**, which completed its IPO during the quarter. ZoomInfo operates a cloud-based information platform used primarily by sales professionals to identify and target their highest-value potential sales targets. We believe that ZoomInfo's customers find the platform effective in uncovering new sales leads, shortening their sales cycles, and increasing their win rates. The company currently has more than 200,000 paying users across 15,000 customer companies. We believe this represents a mere 2% penetration rate of an approximately $24 billion global addressable market for the company's current products.

ZoomInfo obtains the bulk of its data from a contributory network of user data, which the company aggregates and analyzes for its clients. We believe this approach has enabled ZoomInfo to create an unrivaled database that includes the most accurate collection of corporate emails and phone numbers spanning approximately 14 million companies and 120 million professionals. More importantly, the database also includes unique technographic data (for example, all companies with benefits plans expiring within the next six months) and advanced attributes, such as time series growth, granular department and location information, employee trends, organizational charts, news and events, hierarchy information, and funding details. In addition to employing a research team of more than 400 analysts, the company uses machine learning to score and validate its data, which it supplements with unstructured public information extracted through patented technologies.

We are optimistic that the company has a long runway for profitable growth, driven by its large addressable market, its strong competitive position, and secular trends favoring data-driven marketing. In addition, the company has the potential to introduce new products targeting areas beyond sales, such as recruiting, market research, and investing. Its revenues are virtually all subscription-based, and it has an attractive sales model resulting in exceptionally high returns on its customer acquisition expenditures. We expect the company should be able to continue growing its revenues at approximately 40% while also maintaining free cash flow margins of approximately 40%.

Table VI.
Top net sales for the quarter ended June 30, 2020

	Amount Sold (millions)
Verisk Analytics, Inc.	$16.0
CBRE Group, Inc.	13.4
Willis Towers Watson Public Limited Company	11.4
Alexander's, Inc.	10.3
IDEXX Laboratories, Inc.	9.1

We modestly reduced our stakes in several successful longtime holdings to raise capital to allocate elsewhere in the Fund. These included **Verisk Analytics, Inc.**, **CBRE Group, Inc.**, **Willis Towers Watson Public Limited Company**, and **IDEXX Laboratories, Inc.** We also significantly reduced our position in New York City-focused REIT **Alexander's, Inc.** on concerns that the pandemic will have a long-lasting negative impact on the value of its retail and commercial assets.

Outlook

After the market fell double digits last quarter, and most commentators were predicting tumultuous times ahead, I wrote that we never make investments based on the belief that we can create value by understanding remarkably complex and inherently uncertain macroeconomic events better than others. The experience of the past three months has further validated that belief. Frankly, neither I nor anyone else I spoke with or read about was predicting the stock market's strongest quarter in 20 years!

Baron Asset Fund continues to be a long-term investor in businesses that we believe will benefit from long-lived secular growth trends, with sustainable competitive advantages, led by exceptional management teams. We believe that we have created value for our investors throughout uncertain times by understanding and analyzing businesses better than many others.

We believe that the unprecedented social, political, and economic effects stemming from the COVID-19 pandemic, coupled with unrelenting advances in technology, will result in long-lasting benefits for certain businesses and challenges for others. We continue to adhere to our traditional investment methodology, while working hard to identify these long-term corporate beneficiaries. We are optimistic that this approach will continue to lead to strong performance for our portfolio, no matter the economic climate.

Sincerely,

Andrew Peck
Portfolio Manager
July 4, 2020

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 mid-sized companies, but there also may be more risk. Specific risks associated with investing in mid-sized companies include that the securities may be thinly traded and they may be more difficult to sell during market downturns. Even though the Fund is diversified, it may establish significant positions where the Adviser has the greatest conviction. This could increase volatility of the Fund's returns. The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

The discussions of the companies herein are not intended as advice to any person regarding the advisability of investing in any particular security. The views expressed in this report reflect those of the respective portfolio 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 Asset Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

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).

Baron Growth Fund

Dear Baron Growth Fund Shareholder:

Performance

Baron Growth Fund (the "Fund") returned 27.46% (Institutional Shares) during the quarter ended June 30, 2020. Markets soared during the period, boosted by unprecedented fiscal and monetary policy, early indications that global economic activity is improving, and optimism regarding the timing and availability of COVID-19 vaccines. On a year-to-date basis, the Fund declined just 0.97%. This compares favorably to the Fund's primary benchmark, the Russell 2000 Growth Index (the "Benchmark"), which declined 3.06%. The S&P 500 Index, which measures the performance of publicly traded large-cap U.S. companies, declined 3.08%.

The Fund's year-to-date outperformance continues to be driven by favorable stock selection. This is the goal of our fundamentally driven investment strategy, and where we devote the preponderance of our time and attention. As we detail below, the stringent investment criteria that we apply has helped us create a portfolio of businesses that is proving to be resilient in the face of extraordinary uncertainty.

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

	Baron Growth Fund Retail Shares[1,2]	Baron Growth Fund Institutional Shares[1,2,3]	Russell 2000 Growth Index[1]	S&P 500 Index[1]
Three Months[4]	27.39%	27.46%	30.58%	20.54%
Six Months[4]	(1.09)%	(0.97)%	(3.06)%	(3.08)%
One Year	6.59%	6.85%	3.48%	7.51%
Three Years	13.49%	13.78%	7.86%	10.73%
Five Years	10.89%	11.17%	6.86%	10.73%
Ten Years	13.94%	14.24%	12.92%	13.99%
Fifteen Years	9.26%	9.47%	8.85%	8.83%
Since Inception (December 31, 1994)	13.01%	13.14%	7.83%	9.87%

Stocks soared during the quarter, with the Fund returning 27.46%, its Benchmark gaining 30.58%, and the S&P 500 Index rising 20.54%. Aggressive actions by the Federal Reserve ensured normal functioning of financial markets, reduced borrowing costs to near zero, and incentivized risk-taking by investors. Unprecedented fiscal and monetary policy has helped to cushion the short-term financial impact to many individuals and companies. Investors have concluded that the governments and central banks are fully committed to helping to bridge the global economy until a recovery begins. This has given markets confidence to look past the current environment and focus on an eventual return to normalcy, boosting asset prices.

NEAL ROSENBERG
CO-PORTFOLIO MANAGER

RONALD BARON
CEO AND LEAD PORTFOLIO MANAGER

Retail Shares: BGRFX
Institutional Shares: BGRIX
R6 Shares: BGRUX

COVID-19 continues to circle the globe, causing countries to implement an array of social distancing measures to minimize the human impact of the virus. While case growth has slowed across much of Asia, Europe, and the Northeastern U.S., it continues to accelerate across Latin America and many U.S. Sunbelt states. We do not have any proprietary insight into how the situation will develop over the short term, but we remain optimistic about the long term. We are confident that human ingenuity will prevail, and that ultimately medical science will identify the right combination of diagnostics, therapeutics, and vaccines to allow daily life to restart safely and efficiently. We expect this to occur in a staccato-like manner. With discount rates low and global economic growth slower than before, we think secular growth businesses like those that we own in the Fund will attract incremental investment capital. We are excited about the long-term return prospects for growth stocks in general, and for the Fund in particular.

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail shares and Institutional shares as of September 30, 2019 was 1.29% and 1.04%, 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 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 The indexes are unmanaged. The index performance is not Fund performance; one cannot invest directly into an index. The Russell 2000® Growth Index measures the performance of small-sized U.S. companies that are classified as growth and the S&P 500 Index of 500 widely 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.

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

3 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.

4 Not annualized.

BARON FUNDS 1987

Since our last letter we have had the opportunity to review the first set of COVID-impacted quarterly results, speak with management teams several more times, and conduct additional primary due diligence. At a high level, most business activity came to a sudden stop in mid-to-late March, consistent with a series of state lockdown orders. Trends remained depressed for several weeks before starting to climb off the bottom in mid-to-late April. By the end of June, companies that we spoke with reported that trends were improving day over day, and week over week, which is encouraging.

Trends do vary by industry and sector. In Financials, the Fund has large investments in market data and analytics vendors such as **MSCI, Inc.**, **FactSet Research Systems, Inc.**, and **Morningstar, Inc.** Revenue and booking trends for this group has remained largely intact, with FactSet successfully accelerating its growth. We have observed consistent demand for data and analytical tools and ESG products, and only very modest delays in some of the largest ticket items. Margins remain high, variable costs are being well controlled, cash flow generation remains robust, and balance sheets are appropriately scaled.

In Information Technology ("IT"), the Fund primarily invests in software and internet businesses. Generally, these businesses are thriving. **Wix.com Ltd.**, a leading provider of website design and hosting services, has seen an acceleration in its business. It has been less expensive to acquire new customers, easier to convert registered users to paying customers, and so far, easier to retain customers. At businesses selling larger dollar value deals, we have observed some slowdown in the pace of business. Those deals are not lost for good but are just being pushed out to later in the year. We think those deal closure rates will start to pick up shortly. Many of our IT investments are focused on facilitating digital transformation. We think that pre-COVID, digital transformation was in its early adoption phase. Post-COVID, we think that all businesses will be forced to adopt a digital-first strategy or risk becoming obsolete. We think this bodes well for demand for all our IT investments.

In Health Care, our companies are seeing consistent underlying demand since they provide critical supplies and devices to essential businesses. A few are benefiting from the global search for a COVID vaccine. For example, **West Pharmaceutical Services, Inc.**, the world's leading provider of drug delivery devices, was seeing accelerating growth pre-COVID from long-term secular drivers. Now, we expect West to be a critical supplier to many pharmaceutical companies pursuing a COVID vaccine, which could add millions or billions of units annually. Similarly, software from **Schrodinger, Inc.** is being used by the 20 largest pharmaceutical companies to help predict the binding affinity of drug molecules. Customers are using Schrodinger software to help search for COVID therapeutics and will inevitably use it more intensively as we emerge from the crisis.

In Industrials, we have a significant investment in **CoStar Group, Inc.**, which has seen a significant acceleration in its digital marketplace businesses. Customers are using more technology to advertise properties, conduct virtual tours, analyze pricing, and execute sales and leases. This has been partially offset by slower trends in its commercial real estate data licensing businesses. We think that the company's revenue streams are extremely well diversified, its contracts are extremely sticky, and its competitors are sub-scale, under-managed, and under-capitalized.

Consumer Discretionary stocks are the most acutely impacted in the short term, as stay-at-home orders brought travel and entertainment trends to a virtual halt. Over the long term, we think that most activities will recover to pre-pandemic levels. We believe there is significant pent-up demand for travel and entertainment. We are already seeing anecdotal evidence of this emerging, such as enhanced airline schedules, rising airline load factors, improving occupancy at hotels, and lines out the door at regional casinos as they reopen. We believe that all of our Consumer Discretionary investments boast sustainable competitive advantages, such as **Vail Resorts, Inc.**'s unique network of best-in-class ski resorts, **Penn National Gaming, Inc.**'s possession of regional gaming licenses, and **Marriott Vacations Worldwide Corp.**'s proprietary customer database and exclusive relationship with Marriott Hotels. We believe that many are benefiting from idiosyncratic or secular trends, such as Penn's recent acquisition of Barstool Sports and its enhanced exposure to legalized sports betting. We believe that all are run by best-in-class management teams, are appropriately capitalized to endure slow and uncertain recoveries, and can generate earnings equal to or greater than their pre-COVID peaks. Ultimately, we believe that these stocks are trading at compelling valuations relative to their earnings potential and will produce some of the best returns for the Fund over time.

Table II.

Performance Based Characteristics as of June 30, 2020

	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	Millennium Internet Bubble to Present 12/31/1999 to 6/30/2020	Inception 12/31/1994 to 6/30/2020
Alpha (%)	5.05	3.98	5.38	7.08
Beta	0.58	0.78	0.68	0.70

Baron Growth Fund

Table III.
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 12/31/1994 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 Growth Fund (Institutional Shares)	$12,448	2.46%	$51,065	15.98%	$9,903	–0.97%	$62,952	9.39%	$232,865	13.14%
Russell 2000 Growth Index	$ 6,476	–4.71%	$45,672	14.81%	$9,694	–3.06%	$28,670	5.27%	$ 68,389	7.83%
S&P 500 Index	$ 7,188	–3.60%	$45,104	14.68%	$9,692	–3.08%	$31,422	5.74%	$110,329	9.87%

An investor cannot invest directly in an index.

The Fund has meaningfully outperformed its Benchmark over the long term. This is principally the result of not losing money during the nine years ending December 2008, when most others did…as well as outstanding performance of our growth stock investments. A hypothetical investment of $10,000 in the Fund at its inception on December 31, 1994 would be worth $232,865 at June 30, 2020, or over 3.4 times greater than the value of the same hypothetical investment made in the Fund's Benchmark. Hypothetically, our returns were achieved with approximately 30% less volatility than the Benchmark, as represented by its beta. (Please see Tables II and III.)

While the Fund didn't make much money from the peak of the Internet Bubble on December 31, 1999 through the trough of the Financial Panic on December 31, 2008, it did generate a positive annualized return of 2.46%. Conversely, a hypothetical investment in the Fund's Benchmark would have declined 4.71% on an annualized basis, in value over the same time, while a hypothetical investment in the large-cap S&P 500 Index would have declined 3.60% annualized. (Please see Table III–Millennium Internet Bubble to Financial Panic.)

The effects of compounding over the long term illustrate the difference between making money and losing it. A hypothetical investment of $10,000 in the Fund on December 31, 1999 was worth $62,952 on June 30, 2020. That is more than double a hypothetical investment in the Benchmark (Please see Table III–Millennium Internet Bubble to Present). We have observed similar performance in the early days of the COVID-19 pandemic. The Fund has declined just 0.97% through June 30, which is 2.09% better than the Benchmark and 2.11% better than the S&P 500 Index. We are pleased that our long-term investments in what we believe are competitively advantaged growth companies with exceptional management teams have generated attractive returns in good markets and have helped to protect capital during more challenging ones.

Table IV.
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
Penn National Gaming, Inc.	2008	$2.5	$ 4.2	141.33%	1.90%
MSCI, Inc.	2007	1.8	27.9	15.76	1.73
ANSYS, Inc.	2009	2.3	25.0	25.49	1.69
IDEXX Laboratories, Inc.	2005	1.9	28.0	36.29	1.63
CoStar Group, Inc.	2004	0.7	28.0	21.03	1.60

Shares of **Penn National Gaming, Inc.,** a U.S. regional casino company, increased as the company enhanced its liquidity position by selling equity and convertible debt. Penn has seen a quick rebound at recently opened properties, and margins are improving as revenue builds while costs remain low. 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 **MSCI, Inc.**, a leading provider of investment decision support tools, contributed to performance. The company reported solid first quarter earnings. In addition, management has taken a very proactive stance towards cost management in light of COVID-19. We retain long-term conviction as the company owns strong, "all weather" franchises and remains well positioned to benefit from multiple tailwinds in the investment community.

ANSYS, Inc. is a leading provider of physics-based simulation software to evaluate how products will perform under various environments. Shares rose on solid financial results supported by overall strength in software stocks. Despite COVID-19's short-term negative impact on the company, management noted a growing usage of simulation software as physical testing is halted, which we believe should accelerate the secular shift towards simulation. We view ANSYS's growth to be sustainable, supported by secular trends, strong branding, and expanding product lines and partnerships.

Table V.

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

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap or Market Cap When Sold (billions)	Total Return	Percent Impact
Arch Capital Group Ltd.	2002	$0.4	$11.6	0.67%	–0.19%
LendingTree, Inc.	2017	3.9	1.6	–19.78	–0.05
Douglas Emmett, Inc.	2009	1.0	5.4	1.43	–0.03
Alexander's, Inc.	1999	0.4	1.2	–10.34	–0.02
BRP Group, Inc.	2019	1.0	0.2	–3.05	–0.01

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.

LendingTree, Inc. operates an online marketplace that connects consumers with financial institutions to compare insurance, mortgages, credit cards, personal loans, and other financial products. Shares detracted from performance in the quarter due to headwinds from the COVID-19 pandemic and related macroeconomic pressure. Management expects a significant revenue decline in the near term due to lower demand from both lenders and consumers and less available capital for lending. We exited the position.

Douglas Emmett, Inc. is a REIT that owns and manages office buildings and apartment communities in West Los Angeles, the San Fernando Valley, and Honolulu. COVID-19 has negatively impacted short-term business performance as a portion of office and multi-family tenants have elected to defer rental payments and could ultimately reduce tenant demand and market rents. We retain conviction based on Douglas Emmett's irreplaceable portfolio, attractive markets, and trusted management.

Recent Purchases

This quarter, the Fund doubled its position in **Dechra Pharmaceuticals PLC** when the company issued stock to fund a strategic acquisition**.** Dechra is a U.K.-based company that develops, manufactures, and sells specialty veterinary pharmaceuticals. We are enamored with the global animal health market and have successfully invested in the space for over a decade. We estimate that the global market for animal health pharmaceuticals is approximately $33 billion. We expect the market to grow at a 5% to 6% annual CAGR, driven by powerful secular trends, including the humanization of pets and persistent increases in demand for animal protein and other animal by-products. Increases in global veterinary R&D derivative benefits from human pharmaceutical R&D will also drive market expansion.

The veterinary health care market is structurally superior to the human health care market. Unlike human health care, there are no government payors and few third-party commercial insurers. Pet owners pay for products and services using cash rather than insurance, which helps eliminate reimbursement risk, and enables the industry to pass through modest annual price increases. Additionally, industry regulations tend to be promulgated by the USDA rather than the FDA and are far less stringent than in the human space.

Dechra is one of the 10 largest animal pharmaceutical companies in the world but has just low single-digit global market share. The company targets diseases that are underserved by larger pharmaceutical competitors and is often the dominant provider in its individual therapeutic niches. Today, the company's primary areas of focus are endocrinology, dermatology, ophthalmology, analgesics, and equine. Over time, we expect the company to broaden its portfolio, particularly into the food animal market. We estimate that Dechra's current pipeline of new products could double its business, including blockbuster opportunities for pain management and diabetes.

We also expect growth to benefit from geographic expansion. Dechra's roots are in the U.K., and the company also has a strong and growing presence in the EU. Dechra first entered the U.S. market in 2016, and it can compound in that geography at double-digit rates. Over time, we expect the company to enter or enhance scale in other emerging markets, particularly those with large production animal populations like Brazil, Argentina, and Australia.

We expect the combination of end-market growth, share gains, R&D, and geographic expansion to generate organic revenue growth around 10% annually. We expect Dechra to supplement this organic growth with acquisitions. The company has successfully completed 16 acquisitions since 2010, which help expand its product set and geographic coverage. Most recently, Dechra acquired Osurnia from Elanco for £110 million, or approximately four times sales. Osurnia gives Dechra a second modality for treating outer ear inflammation in dogs, which is the second most common reason for canine veterinary visits. We expect the transaction to be 5% to 6% accretive to 2021 earnings, and to help Dechra continue to penetrate underserved clients.

Over the past five years, large human health care companies have spun off their animal health businesses, creating large pure play entities such as Zoetis Inc. and Elanco Animal Health Inc. These large, independent players are aggressively deploying capital in pursuit of growth, recently highlighted by the merger of Elanco and Bayer Animal Health. We expect this trend around consolidation to continue. We view Dechra as a direct beneficiary of M&A as antitrust authorities mandate divestitures of niche products to approve deals, as in the case of Osurnia. We also view Dechra as an attractive target for larger animal health vendors given its unique portfolio of niche products and minimal overlap with these competitors.

Portfolio Structure and Investment Strategy

The Fund seeks to invest in businesses that we believe have attractive and sustainable fundamental characteristics. We search for businesses that are investing to grow and enhance their competitive advantages. We favor business models that have high levels of recurring revenue, generate attractive incremental margins, are cash generative, and are not dependent on third-party financing. We exclusively invest with management teams that we consider exceptional.

Baron Growth Fund

The Fund holds investments for the long term. As of June 30, 2020, 32 of the Fund's investments, representing 91.4% of the portfolio's net assets, had been held for more than 5 years, and 18 investments, representing 8.4% of the portfolio's net assets, had been held for less than 5 years. This is dramatically longer than most other small-cap growth funds, which, according to Morningstar, turn over about 70% of their portfolios annually.

We view this long-term perspective as a source of our competitive advantage. Most investors focus on short-term results. By concentrating on long-term results, we are researching a less efficient area of the market, which enables us to uncover high-quality businesses that can compound at faster rates for far longer. We believe that this allows us to act opportunistically. When companies miss quarterly earnings estimates, or announce investment programs, stocks go down indiscriminately. We can evaluate these situations dispassionately and assess the fundamentals of the opportunity or the expected return of an investment program. Ideally this allows us to buy a best-in-class business at a more attractive valuation.

We believe the merits of our long-term approach are evident in the data. As of June 30, the portfolio's 10 largest positions have been owned for an average of 15.1 years. As a group, they have returned 18.8% annually based on weighted average assets since their initial purchase and have exceeded the Benchmark by 9.6% annualized.

Table VI.
Top performing stocks owned more than five years

	Year of First Purchase	Cumulative Total Return Since First Date of Purchase
IDEXX Laboratories, Inc.	2005	2,194.0%
CoStar Group, Inc.	2004	1,674.9
Choice Hotels International, Inc.	1996	1,545.4
MSCI, Inc.	2007	1,333.4
ANSYS, Inc.	2009	1,022.5
Mettler-Toledo International, Inc.	2008	1,016.6
Vail Resorts, Inc.	1997	1,009.8
Cohen & Steers, Inc.	2004	1,008.0

The cohort of investments that have been held for more than 5 years includes 32 positions representing 91.4% of assets. This cohort has earned an annualized rate of return of 18.5% based on weighted average assets since they were first purchased, which exceeds the performance of the Fund's Benchmark by 8.5% per year annualized. Eight of these investments have achieved annualized returns that exceed their Benchmark by more than 10% per year and two have achieved annualized returns that exceed their Benchmark by more than 20% per year.

Table VII.
Top performing stocks owned less than five years

	Year of First Purchase	Cumulative Total Return Since First Date of Purchase
Schrodinger, Inc.	2018	748.5%
Kinsale Capital Group, Inc.	2016	480.9
Wix.com Ltd.	2016	446.3

Baron Growth Fund seeks to invest in small-cap companies that we believe could double in value within five or six years. Investments held for less than 5 years include 18 stocks that account for 8.4% of the Fund's net assets. As a group, they have returned 69.7% annually based on weighted average assets since their initial purchase and exceeded the Benchmark by 61.3% annualized. Our investment in **Schrodinger, Inc.**, which we highlighted in last quarter's letter, has increased nearly 750% since our initial purchase (please see Table VII). Excluding Schrodinger, the cohort of investments held for less than five years has compounded at 35.7% annually, which has exceeded the Benchmark by 26.7% annualized.

Portfolio Holdings

As of June 30, 2020, Baron Growth Fund held 51 investments. The top 10 holdings represented 53.2% of the Fund's net assets. All top 10 investments have grown dramatically since they were purchased. All were small-cap businesses at their time of purchase. We believe they all continue to offer significant further appreciation potential, although we cannot guarantee that will be the case. We believe the Fund's diversified portfolio offers investors potentially better-than-market returns with less risk than the market. Note that diversification cannot guarantee a profit or protect against loss.

Baron Growth Fund only purchases small-cap companies. Since the Fund holds its investments for the long term, the Fund has a significant percentage of assets invested in securities that have appreciated beyond their market capitalizations at the time of the Fund's investment. Baron Growth Fund's median market cap is $4.4 billion and its weighted average market cap is $13.4 billion. The Morningstar U.S. market breakpoints for small- and mid-cap funds were $3.9 billion and $23.8 billion, respectively, as of June 30, 2020.

Table VIII.
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
MSCI, Inc.	2007	$1.8	$27.9	$594.2	8.7%
CoStar Group, Inc.	2004	0.7	28.0	522.3	7.7
ANSYS, Inc.	2009	2.3	25.0	436.1	6.4
FactSet Research Systems, Inc.	2006	2.5	12.4	410.6	6.0
Vail Resorts, Inc.	1997	0.2	7.3	371.6	5.5
IDEXX Laboratories, Inc.	2005	1.9	28.0	330.2	4.8
Arch Capital Group Ltd.	2002	0.4	11.6	274.2	4.0
Choice Hotels International, Inc.	1996	0.4	4.4	236.7	3.5
Iridium Communications Inc.	2014	0.6	3.4	225.5	3.3
Bio-Techne Corporation	2009	2.1	10.1	224.5	3.3

Thank you for joining us as fellow shareholders in Baron Growth Fund. We are appreciative of the confidence you have shown in us. We will continue to work hard to justify your confidence.

Respectfully,

Ronald Baron
CEO and Lead Portfolio Manager
July 4, 2020

Neal Rosenberg
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 smaller companies, but there also may be more risk. Specific risks associated with investing in smaller companies include that the securities 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 portfolio holdings are subject to risk.

The discussions of the companies herein are not intended as advice to any person regarding the advisability of investing in any particular security. The views expressed in this report reflect those of the respective portfolio 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 Growth Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

The portfolio manager defines "**Best-in-class**" as well-managed, competitively advantaged, faster growing companies with higher margins and returns on invested capital and lower leverage that are leaders in their respective markets. Note that this statement represents the manager's opinion and is not based on a third-party ranking.

Alpha: measures the difference between a fund's actual returns and its expected performance, given its level of risk as measured by beta.

Beta: measures a fund's sensitivity to market movements. The beta of the market (Russell 2000 Growth Index) is 1.00 by definition.

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).

Baron Small Cap Fund

Dear Baron Small Cap Fund Shareholder:

Performance

Baron Small Cap Fund (the "Fund") appreciated 35.77% (Institutional Shares) in the second quarter of 2020. For the first six months of 2020, the Fund was up 4.09%. We meaningfully outperformed the Russell 2000 Growth Index (the "Index") and the S&P 500 Index, which were up 30.58% and 20.54% in the quarter, and are down 3.06% and 3.08% year-to-date, respectively.

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

	Baron Small Cap Fund Retail Shares[1,2]	Baron Small Cap Fund Institutional Shares[1,2,3]	Russell 2000 Growth Index[1]	S&P 500 Index[1]
Three Months[4]	35.64%	35.77%	30.58%	20.54%
Six Months[4]	3.95%	4.09%	(3.06)%	(3.08)%
One Year	8.32%	8.61%	3.48%	7.51%
Three Years	12.46%	12.77%	7.86%	10.73%
Five Years	10.48%	10.78%	6.86%	10.73%
Ten Years	13.41%	13.71%	12.92%	13.99%
Fifteen Years	8.97%	9.18%	8.85%	8.83%
Since Inception (September 30, 1997)	10.15%	10.28%	6.06%	7.36%

After a quarter in which stocks plummeted from the effects of Coronavirus, the market roared back, and stocks recovered with their best quarter in percentage terms in more than 20 years. Small stocks had fallen by 40% in just six weeks in the first quarter but rebounded almost as briskly in the second. What a year!

The market rallied because the economic outlook improved with businesses reopening and because of growing confidence about potential scientific breakthroughs in both vaccines and therapeutics. Policymakers have responded to the crisis with extraordinarily aggressive monetary and fiscal measures. Interest rates have been dramatically reduced, liquidity was restored to the market, enabling companies to fund their capital needs at favorable terms, and the government has supported small businesses with badly needed forgivable loans and greatly enhanced unemployment benefits for those who unfortunately lost their jobs. Economic statistics consistently show fresh signs of improvement, most evident in the jobs reports for May and June, with the jobless rate dropping from nearly 18% at peak to 11% at last reading. It is kind of hard to fathom, after the disaster that the global economy suffered, but it seems like a self-reinforcing economic recovery is taking hold.

CLIFF GREENBERG
PORTFOLIO MANAGER

Retail Shares: BSCFX
Institutional Shares: BSFIX
R6 Shares: BSCUX

There is optimism on the health care front as well. There are dozens of promising vaccines in development, and-frequent reports of positive results in their trials. Lots of progress is being made on therapeutics too.

It is rational to believe that there will be effective vaccines available within a year. This is enabling investors to look through to the other side of this crisis. Even with the resurgence of COVID-19 cases in June, the market was resilient, as there is an overriding belief that the Coronavirus crisis will pass in time.

The Fund had a very strong quarter, our best quarter ever. Gains were broad based, including both stocks that bounced back from big losses in the first quarter, and those that rose as they continued to show strong operational results. We had 19 stocks that were up over 50% in the quarter, which is pretty amazing. We had only 5 stocks that fell in the quarter, and they were all miniscule positions. Our Information Technology (lead by **Wix.com Ltd.**, **The Trade Desk**, and **Repay Holdings Corporation**), Industrials (headed by **ASGN Incorporated**, **Vertiv Holdings LLC**, and **SiteOne Landscape Supply, Inc.**) and Consumer Discretionary (lead by **Floor & Decor Holdings, Inc.**, **Installed Building Products, Inc.**, and **Ollie's Bargain Outlet Holdings, Inc.**) stocks rose over 50% in the quarter. We also had strong absolute performance and contribution from our Financials holdings.

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of September 30, 2019 was 1.31% and 1.05%, 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 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 The indexes are unmanaged. The index performance is not Fund performance; one cannot invest directly into an index. The Russell 2000® Growth Index measures the performance of small-sized U.S. companies that are classified as growth and the S&P 500 Index of 500 widely 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.

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

3 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.

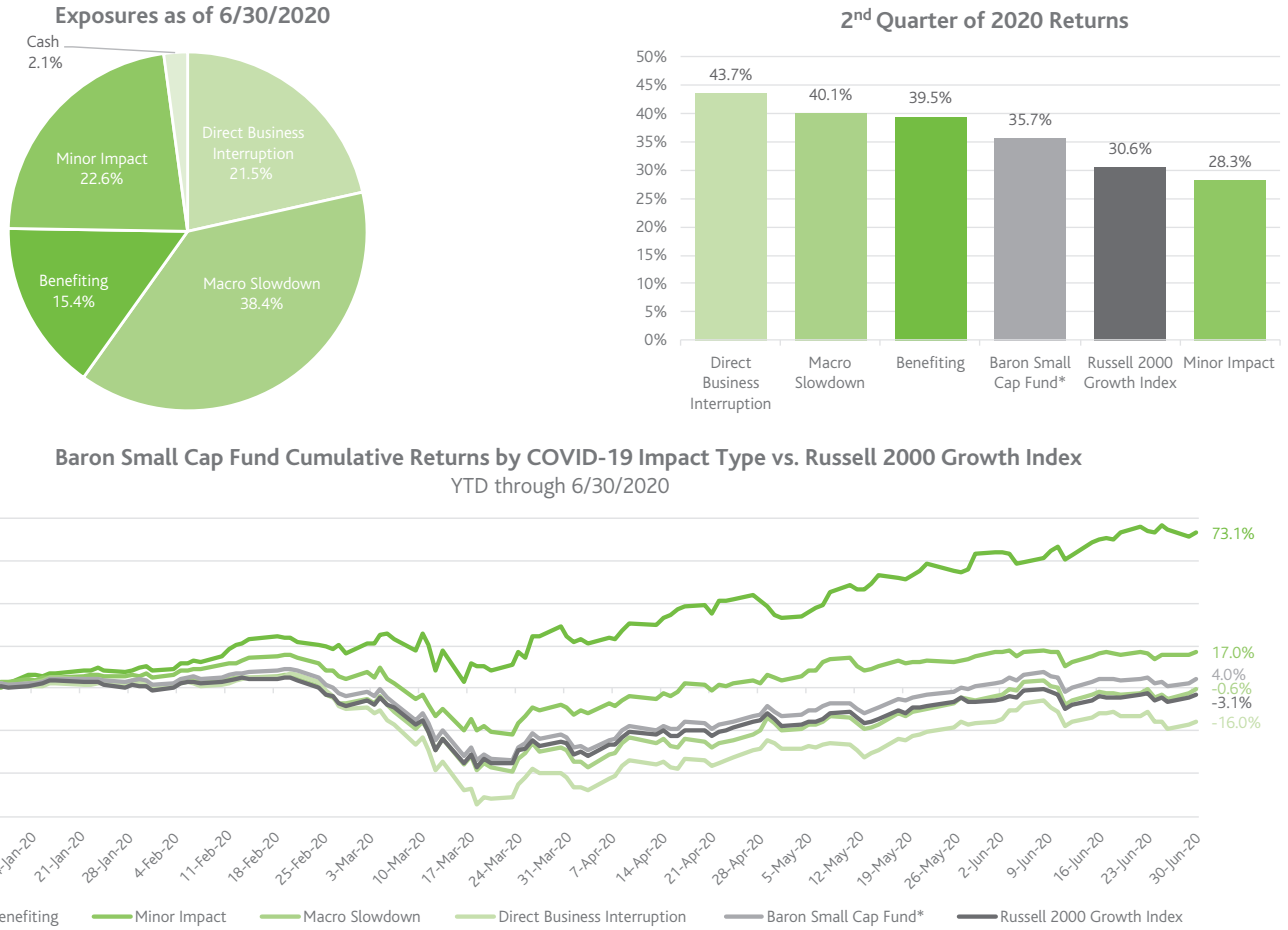
4 Not annualized.

BARON FUNDS 1987

On a relative basis, the Fund primarily outperformed the Russell 2000 Growth Index because of favorable stock selection. This overshadowed the adverse effect of certain style biases. The Fund favors high-quality, low-beta companies, but this quarter stocks that are more volatile and have lower quality earnings outperformed. Also, the market cap of the Fund skews higher than its Index because of our long-term holding period and desire to stick with our winners, but, this quarter, the smaller, more speculative stocks did better. And, as always, the Fund is significantly underweight in biotechnology stocks, as those companies are typically not established enough for our taste, and biotechnology stocks were one of the strongest sub-industries in the Russell 2000 Growth Index this quarter. Still, we were able to overcome these negatives and outperform that Index by over 500 basis points in the quarter.

Table II.

Exposures and Returns by COVID-19 Impact Type



Sources: BAMCO, FactSet PA, and Russell, Inc. An investor cannot invest directly into an index.

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

Like the first quarter, it is best to discuss the performance of our Fund based on our characterization of how the pandemic is affecting the businesses of our investments. During this unusual time, it is our view that, for the most part these classifications have mattered more to how stocks acted than micro developments at the companies themselves. In this context, the second quarter was the flip side of the first. As the economy started to reopen, and there was some light at the end of the tunnel, the companies left for dead in the first quarter bounced back to lead the market higher in the period.

Our best performers this quarter were those that suffered direct business interruption because of the pandemic. As a group, they were up 43.7% in the second quarter, after declining 41.5% in the first quarter, when these were by far the worst performing segment. This group made up about 21% of the assets of the Fund in the second quarter. The second-best performing group this quarter were companies that were hurt by the slowing macro economy. This group was up 40.1% this quarter, after declining 29.1% in the first quarter. This group makes up 38% of our Fund, so is more significant to our overall returns. The stocks of our holdings that benefit in the present circumstance continued to act well and were up 39.5% for the quarter. These stocks gained 24.0% in the first quarter, and they make up 15% of the Fund. Stocks of companies that were only impacted to a minor degree gained 28.3% this quarter, after declining 8.8% in the first quarter. They comprised 22.8% of the Fund.

As shown in the graph, year-to-date our best stocks were those benefiting from the environment, as they are up 73%. The stocks of companies that are suffering direct business impact are down 16% for the year, even after the big gains this quarter. This all makes sense since the economic environment has changed so much since the spring and is a tailwind to some businesses and a headwind (sometimes a major headwind) to others.

In the "Direct Business Interruption" group, retailers **Floor & Decor Holdings, Inc.** and **Ollie's Bargain Outlet Holdings, Inc.** were very strong performers. Floor & Decor, the leading retailer of hard surface flooring, had reopened all its stores by early June. Housing is strong, driven by lower interest rates and rising home values. Consumer demand is buoyed since homeowners are staying at home and more desirous of improving their surroundings. The professional channel is very busy. All of these are trends that point to strong expected results. Ollie's, a leading close-out retailer of general merchandise, announced a material acceleration in sales trends, starting in the second quarter. Earnings estimates have been increased. The company's focus on selling essentials at value prices is spot on for this moment in time. And Ollie's will benefit from the retail disruption and troubles of other retailers, as more desirable merchandise is becoming available for them to purchase cheaply and add to its offerings. Not only are these companies performing, but we believe both are defined leaders in their niches, are exceptionally well managed, and have a long runway of growth ahead of them. Floor & Decor now operates 125 stores, and we believe they will grow their store count at 20% per year on the way to a 400 plus store base. Ollie's operates 360 stores and we believe it will grow at a mid-double-digit pace to over 1,000 in time.

We own gaming companies (**DraftKings, Inc.**, **Penn National Gaming, Inc.**, and **Red Rock Resorts, Inc.**) whose businesses were basically shut in the first quarter but started to reopen in the second quarter. The stocks of DraftKings and Penn soared this quarter as investors are gripped by the potential for online sports betting. We agree and believe there is a massive opportunity in sports betting and "i-gaming" (online casino games). DraftKings is the premier brand in the space and is creating a vertically integrated powerhouse that will offer differentiated in-game betting options. Seven states have presently approved sports betting, but we think many more states will follow suit in an expedited fashion as a way to generate much needed tax revenues. Penn acquired Barstool Sports this spring. We are positive that the Barstool brand and ecosystem will translate well to Penn's online gaming efforts, and this new business can be an important contributor to Penn's future cash flow. We repurchased shares in Penn this quarter to participate in the upside we expect this to generate.

The stocks of medical products holdings **Inspire Medical Systems, Inc.** and **Silk Road Medical, Inc.** significantly rebounded this quarter, as hospitals returned to offering elective surgeries. Each company has unique products and the potential to become the standard of care in its niche. The shares of our holdings in other consumer sectors–restaurant operator **The Cheesecake Factory, Inc.**, gym operator **Planet Fitness, Inc.**, day care center operator **Bright Horizons Family Solutions, Inc.**, and casino operator **Red Rock Resorts, Inc.**–were all strong for most of the quarter but sold off in the back half of June when Coronavirus cases started to rise and states took or considered actions to moderate the pace of reopening indoor venues.

We had three terrific performers in the "Macro Slowdown" category among many good stocks. **The Trade Desk** is the leading independent technology platform for digital ad buyers. Business softened early in the year, as advertising budgets were slashed since economic conditions deteriorated and ad spending (a variable expenditure) could easily be cut back. Advertising inflected positively in June. Trade Desk benefits from increased viewership and advertising on connected TV (Netflix, YouTube…), and we expect COVID-19-related disruptions to linear TV advertising spending to accelerate. Trade Desk is gaining share in programmatic advertising, and we expect the programmatic pie to grow significantly over time.

ASGN Incorporated, a leading staffing firm focused on the IT and government services end markets, rose sharply after reporting strong first quarter results with a big beat on earnings and after explaining that the impact on COVID-19 on future results would be modest. In the first quarter, organic growth in the main technology staffing division was up 4%, and up 19% in its ECS unit, which serves the government. It is a testament to the quality of the company's operations and their importance to their customers that sales are expected to hang in even in the face of exploding unemployment. We believe the company will benefit from the trend of reshoring employees and that they will continue to grow their "sow" line of business, in which they take on entire tasks for clients and do not just provide tech employees. The balance sheet is now underleveraged, so we anticipate the company to return to its acquisitive ways, which has proven over time to be highly strategic and accretive to both near-term earnings and long-term positioning. Also, in the human capital management business, we own **Ceridian HCM Holding Inc.,** which does digital payrolls. That stock snapped back as well this quarter.

Installed Building Products, Inc. ("IBP"), the leading installer of insulation and complementary building products for residential and commercial construction markets, reported strong results and an upbeat long-term outlook. Revenues grew double digits in the first quarter and incremental margins were strong. Orders for new homes dried up in March and April, which will likely cause a softening of installation business for a quarter, however housing trends have since turned positive, and we expect the slowdown for IBP to be short lived. The commercial business is now performing very well and offers great opportunity to create a second leg of growth over time. Management put a temporary pause on its acquisition program to take stock of the situation, but we suspect they are probably now more favorably inclined. The pipeline is healthy, and acquisitions are super accretive as it can buy small tuck-ins at sub-five times EBITDA, improve the profitability, and grow the acquired businesses. It's stock trades at twice that multiple.

Other strong stocks in the category that gained over 50% in the quarter include, **Trex Company, Inc.**, **Vertiv Holdings, LLC**, and **SiteOne Landscape Supply, Inc.** Each reported solid results, improving trends, and seemed to be back on track to continue their historic growth.

Helios Technologies, Inc., **Ingevity Corporation**, and **Raven Industries Inc.** each reported weak results and outlooks. There were CEO changes at Helios and Ingevity. We sold our stakes in each as we deemed them to be too cyclical, and we were less comfortable with the management teams.

Our top contributor this quarter was **Wix.com Ltd.**, which provides software to small businesses to help them build and maintain websites. This company is squarely in our "Benefiting" bucket, as the pandemic is accelerating the pace of digitization. April results showed a significant acceleration in the pace of business, with collections increasing 76% and premium subscriber additions rising 207%. Wix has rolled out e-commerce business plans for their website customers that enable small businesses to operate online, which greatly increases its scope and revenue opportunity. Also, the company sells tools to professionals and agencies who help businesses digitize, and these offerings are now getting traction. This would also be a new significant line of business, extending the company from its core DIY channel.

Repay Holdings Corporation was another holding in this category that was up lots. Repay provides payment software for auto and small business loans. As these channels move online, the company is thriving. They also have proven to be keen acquirers of complementary products that have successfully been integrated to the base offerings.

In the "Minor Impact" category, we had success with a couple of Financials, **BRP Group, Inc.** and **Kinsale Capital Group, Inc.** BRP is an insurance broker that came public last year, and we added to our position this quarter. We like the company's entrepreneurial culture and its differentiated go-to-market approach, which has led to above industry organic growth. We believe the company is executing a smart acquisition strategy to add high-quality smaller brokers to its platform, to increase its product expertise and market reach. We are particularly enamored with its MGA of the Future offering, which sells renters insurance online, as it has a great business model and growth prospects. Kinsale is a specialty insurance company that focuses exclusively on the excess and surplus lines market, a less commoditized segment for risks that cannot be placed in the standard market. The company reported excellent first quarter results and beat estimates on both its top and bottom lines. Management expects minimal impact from the COVID-19 pandemic on premium growth and earnings.

On the negative side, **Whole Earth Brands, Inc.**, a new investment in a natural foods space, fell after going public through merger into a SPAC. We like the business, management, and opportunity, and believe the stock is down because it is not yet understood. **Grid Dynamics Holdings, Inc.** is a neat company that provides digitization services, which is a hot space. However, Grid's primary customers are large retailers, some of whom are suffering in the pandemic and greatly reducing their use of Grid's services. We believe the company is doing a good job in transitioning its clientele and will revert to growth soon enough, but this year's results are much lower than we had hoped.

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

	Percent Impact
Wix.com Ltd.	2.43%
The Trade Desk	2.01
ASGN Incorporated	1.77
Floor & Decor Holdings, Inc.	1.61
Installed Building Products, Inc.	1.53

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

	Percent Impact
Helios Technologies, Inc.	–0.18%
Whole Earth Brands, Inc.	–0.08
LiveRamp Holdings, Inc.	–0.04
Grid Dynamics Holdings, Inc.	–0.04

Portfolio Structure & Recent Activity

As of June 30, 2020, the Fund had $4.0 billion under management. The top 10 holdings made up 29.8% of the Fund's assets. We owned 67 stocks plus some warrants.

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

	Year Acquired	Quarter End Investment Value (millions)	Percent of Net Assets
Guidewire Software, Inc.	2012	$135.8	3.4%
Teladoc Health, Inc.	2017	124.0	3.1
Gartner, Inc.	2007	121.3	3.1
SBA Communications Corp.	2004	119.2	3.0
Floor & Decor Holdings, Inc.	2017	115.3	2.9
Installed Building Products, Inc.	2017	115.2	2.9
SiteOne Landscape Supply, Inc.	2016	114.0	2.9
ASGN Incorporated	2012	113.4	2.9
The Trade Desk	2017	111.8	2.8
ICON Plc	2013	109.5	2.8

As in the past, the Fund has its highest concentrations in Information Technology ("IT") (24.1% of net assets), Industrials (21.0%), Health Care (19.5%), and Consumer Discretionary (14.8%). Compared to the Russell 2000 Growth Index, we are overweight in IT, Industrials, and Consumer Discretionary; and underweight in Health Care. Our overweight in IT is smaller than in the past and larger in Industrials at the end of the quarter because of the annual rebalancing of the Russell 2000 Growth Index and the performance of the sectors. The underweight in Health Care has increased, as biotechnology stocks were extra strong this quarter and now make up nearly 18% of the Index, and we are not invested in that sub-industry.

In some of our smaller allocations, our Real Estate holdings (5.7% of net assets) and Communications Services (4.3%), we are overweight versus the Index. We are underweight in Financials, Consumer Staples, Energy, and Utilities. Our cash position was 3.5% on average during the quarter and ended the period at 2.1%. We ran at a somewhat higher cash balance in the first quarter, but now cash levels are normalizing as the market settles down, and we are finding new opportunities to put cash to work.

We remain true to our tenet to be long-term investors in growth business and to hold onto our winners to participate in their success. At the end of June, 40% of our assets were in stocks that we have held 5 years or more (and 17% we have held over 10 years). These long-term holdings have stellar annualized returns of 24.3% per year. The Fund is also laden with "big winners." About 32% of our Fund's net assets are invested in securities that have increased five-fold or more since their initial purchase, and another 34% of the Fund's net assets are invested in securities that have more than doubled since their initial purchase. So, two-thirds of our holdings have already been great stocks, and we believe there is much more to come and that they will continue to perform well going forward.

We added eight new names to the Fund this quarter, which is higher than last quarter, as we suspected. Of the new names, four were stocks that we either had owned or were following/held in other Baron Funds. Two of the new positions were IPOs and two were SPAC transactions. The weighted average market cap at purchase was $1.6 billion. This is in keeping with our historical market value on entry of between $1.5 billion and $2.0 billion. We exited nine positions in the quarter.

The weighted average market cap of all stocks added (including both new positions and stocks where we added to our positions) was $1.9 billion. This contrasts with $10.5 billion, the weighted average market cap of our sales.

This is consistent with our practice of selling higher market caps and redeploying that capital into small-cap stocks.

Table VI.
Top net purchases for the quarter ended June 30, 2020

	Year Acquired	Quarter End Market Cap (billions)	Amount Purchased (millions)
Collier Creek Holdings	2020	$0.8	$38.9
Axonics Modulation Technologies, Inc.	2020	1.4	33.3
Kratos Defense & Security Solutions, Inc.	2020	1.9	30.0
AZEK Co Inc.	2020	4.8	25.1
Penn National Gaming, Inc.	2020	4.2	21.4

We initiated a position in SPAC **Collier Creek Holdings** on the announcement of its acquisition of Utz Brands, a salty-snack company founded in 1921 that owns and sells well-known brands *Utz, Zapp's, Good Health, Golden Flake*, among others. Through the SPAC merger, Utz is entering the public markets backed by exceptional leadership on the Board, which we think will enhance its growth prospects and profitability. Collier Creek management, led by former Pinnacle Foods Chairman Roger Deromedi, seeks to replicate his proven operating playbook. Utz, the #4 national player in the category, has demonstrated 43 years of consecutive sales growth and a 4% CAGR over the past five years on back of its prominent brands, competitively advantaged manufacturing, and distribution network. We see that organic growth is accelerating near term, benefiting from eat-at-home trends (first quarter 12% year-over-year growth), and longer term, via targeted brand investment and capturing white space opportunities across channels and geographies. We expect M&A to drive shareholder returns as well given the fragmented market and accretion from layering single brands into Utz's manufacturing facilities (69% utilization) and direct-to-store delivery model. Over the past decade, Utz management has been successful in this regard, making 11 acquisitions with a post-synergy multiple of 7.4 times. With a tighter focus on operations, we think Utz margins should rise from 12.4% to 'mid-teens' over time. $50 million of costs have already been identified to cull over the next three years. We believe this business can be a long-term compounder with EBITDA growth of around 10%, and trade at a nice premium to our about 12 times EBITDA entry point.

Axonics Modulation Technologies, Inc., designs, manufactures, and sells implanted medical devices that improve bladder and bowel dysfunction. Sacral Neuromodulation ("SNM") therapy treats overactive bladder (40 million U.S. adults) and fecal incontinence (18 million), mostly impacting older females, by stimulating the sacral nerve, much like a pacemaker. There were only 45,000 implants in 2019, or 1% of the estimated 4 million patients that are eligible candidates for SNM therapy as a result of having failed or not being satisfied with results of drug therapy or Botox injections into the bladder. Our diligence confirms a huge growth opportunity for Axonics to increase customer awareness, as well as take a chunk of the market with better technology. Medtronic is the incumbent player with approximately $700 million of sales but hasn't innovated or educated the market on the benefits of SNM. Axonics launched the first rechargeable SNM system (one hour each month) that is superior to Medtronic's legacy device. This system is designed to last 15 years versus Medtronic's device that requires a surgical replacement every 5 years. The SNM system is 60% smaller than Medtronic's and full body MRI compatible. We believe the market is vastly underpenetrated, and our diligence indicates that, after the Axonics launch, patients and physicians are more interested in SNM as a solution. The clinical data shows 90% efficacy for Axonics' patients after one year. The company has already signed over 350 unique accounts (hospitals and ambulatory surgery centers) in the U.S. and is gaining momentum. Aging demographics, and an innovative technology should drive further SNM adoption, driving management's $150 million revenue target for 2021 to serve as a guidepost on a path to several hundred million dollars of sales, and a nicely profitable business (20% EBITDA margins) over time.

Kratos Defense & Security Solutions, Inc. designs and supplies low cost, high performance defense solutions to meet the growing strategic priorities of the U.S. Defense Department and its allies. The company focuses on unmanned aerial drones, satellite command, control, and communications systems, microwave electronics for electronic warfare, radar and missile systems, ballistic missile defense systems, small jet engines for munitions and drones, and training systems. Founded in 1995, Kratos owns all key IP in its high-growth businesses with a goal of winning sole source contracts and "designed in" positions on defense programs with multi-decade life spans. Kratos' core differentiation is its demonstrated ability to develop and field high technology solutions at an affordable cost–meeting the need for military mobility to do more while spending less. For example, three Kratos drones might cost 10% to 20% as much as a comparable fighter jet, all while delivering the same payload and without risking human life. These "loyal wingman" or autonomous fighter/bomber/reconnaissance drones that are already flying today could quickly drive drone revenues from $200 million this year to potentially over $1 billion by 2025. Other business lines driving Kratos' $7.7 billion proposal pipeline (versus $740 million of guided revenue this year) include ground command and control systems for satellites, sub-systems for key missile defense technologies, and small jet engines for a range of standard munitions and new drones. With a clear value proposition, strong IP, and clear alignment with fast growing areas of the defense budget, we see potential for EBITDA to be two to three times this year's $75 million.

We acquired shares in **AZEK Co Inc.** as part of the company's IPO. AZEK was formed in 2012 when AZEK, a leader in PVC based outdoor products, merged with Timbertech, a branded composite decking company. Today, it is a leading manufacturer of branded, non-wood outdoor living products (including decking, railing, and trim) primarily servicing the U.S. residential housing industry. The company generates over 20% EBITDA margins and attractive ROIC with leadership positions across its product categories, including the #2 position in composite decking and railing (behind Trex, another Fund holding), the #1 position in PVC decking, and the #1 position in PVC trim. Demand for AZEK's non-wood decking products is expected to continue growing at a healthy clip, as consumers increasingly opt to replace their wood decks with composite or PVC materials, which offer similar aesthetics but are less costly to maintain. Wood still represents 80% of the decking market, 67% of the rail market, and 42% of the trim market presenting a long-term conversion story. AZEK's leadership positions, recognized brands, broad product offering, and exclusive distribution relationships serve as competitive advantages that position the company well to benefit from these secular trends and limit new competition. The business has benefited near term from COVID-19 related shelter-in-place trends, boosting spending on outdoor living renovations. While deleveraging will be a priority in the near term, strategic acquisitions, in which this management team has proven acumen, are another potential avenue of growth in the coming years. The company is in the process of building out

its recycling capability, which is expected to lower the company's cost structure and improve margins meaningfully over time. We like AZEK for the long term as a double-digit EBITDA compounder with a great financial and ESG profile.

Table VII.
Top net sales for the quarter ended June 30, 2020

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap or Market Cap When Sold (billions)	Amount Sold (millions)
Teladoc Health, Inc.	2017	$1.8	$14.2	$33.2
Guidewire Software, Inc.	2012	1.4	9.2	28.8
IDEXX Laboratories, Inc.	2008	2.0	28.0	23.3
SBA Communications Corp.	2004	0.2	33.3	22.4
Ingevity Corporation	2018	3.6	2.0	21.8

During the quarter, we trimmed many of our larger positions, all of which had acted well. The largest sales were **Teladoc Health, Inc.**, **Guidewire Software, Inc.**, **IDEXX Laboratories, Inc.**, and **SBA Communications Corp.** We remain shareholders in each and are excited about their prospects, but we wanted to take advantage of price increases, reduce the Fund's average market cap, and have the capital available to put into new small-cap ideas.

We exited four industrial companies, each for different reasons. The common thread was that we are less certain these companies will bounce back to prior earnings levels, even as their stocks had rebounded. We sold out of two retail stocks, concerned about their balance sheets and economic headwinds. We sold two IT holdings that we had less confidence in than our other holdings. And we sold one Health Care stock that we believed was fully valued and offered less upside than other names.

Outlook

As of this writing, the market has recovered significantly, and the NASDAQ Composite is trading at an all-time high. It's hard for many to come to grips with this when large swaths of the economy have suffered terrible blows, so many businesses are teetering, and people have lost their jobs.

How can this be?

Well, first, many businesses in technology, digital, internet, and medical research are thriving in the present environment. As disruptive trends have been accelerated, many companies are doing better now than they would have and their long-term growth prospects have also improved. This makes up a significant part of the market, and these companies are the mainstay of the NASDAQ, so it makes sense their stocks should be higher.

Second, the market is forward looking. It is reasonable to believe that the Coronavirus will pass through scientific breakthroughs, hopefully sooner rather than later. Longer-term investors, like ourselves, are looking to the other side of this crisis (not without empathy and compassion for the businesses and the people who work for them that have been hurt the worst by the pandemic), as we invest and value our investments based on how companies will perform for years to come. How they do for the next six months or so matters less to our thinking about long-term opportunity, performance, and value creation.

Third, the massive stimulus that the Federal Reserve and Federal government have instituted, the success of the efforts so far, and the commitment to continue to do what it takes, makes us feel that the economy will heal and catastrophe will be avoided.

Fourth, interest rates are close to zero, which is good for business and equity valuations. There is no inflation. And investor sentiment is cautious with much skepticism about market levels.... all of these contribute to a favorable investing environment.

Against this are some legitimate concerns.

First, Coronavirus cases are on the rise, which could derail the economy.

Second, there should be negative consequences from the government spending needed to bridge the economy. Deficits are risings significantly and tax revenues are flagging, creating imbalances that will need to be tended to.

Third, there are elections in November and now the Democrats are in the lead. If it plays that way, one could expect higher taxes and less business-friendly policies.

And fourth, stocks have risen, some significantly, and there are legitimate concerns that equities are ahead of themselves and are overvalued. We are intently focused on this point and study the valuations of our holdings very carefully. It will be harder to earn good returns from these levels in the nearer term.

I am heartened to report that our Firm is functioning well even as we work remotely and apart from each other. I commend our research department for its great work now and over the years for identifying some wonderful companies in which to invest. While I miss seeing many of my colleagues, I am confident we can keep up the good work and provide our investors with good returns.

I appreciate your investment in the Fund and your continuing confidence in us, and I wish you good health in these unusual times.

Cliff Greenberg
Portfolio Manager
July 4, 2020

Baron Small Cap Fund

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 smaller companies, but there also may be more risk. Specific risks associated with investing in smaller companies include that the securities 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 portfolio holdings are subject to risk.

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

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

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).

Dear Baron Opportunity Fund Shareholder:

Performance

In a surprising "bounce-back" second quarter, marked by the fourth best S&P 500 Index quarterly return since 1950, Baron Opportunity Fund (the "Fund") delivered robust returns, advancing 39.78% (Institutional Shares), outperforming both the Russell 3000 Growth Index, which rose 27.99%, and the S&P 500 Index, which climbed 20.54%. Year-to-date, the Fund is up 30.49%, significantly ahead of both indexes, which have increased 8.98% and declined 3.08%, respectively.

As of this writing (July 6), while no guarantee of future returns, the Fund has continued to perform well and is up 36.97% year-to-date.

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

	Baron Opportunity Fund Retail Shares[1,2]	Baron Opportunity Fund Institutional Shares[1,2,3]	Russell 3000 Growth Index[1]	S&P 500 Index[1]
Three Months[4]	39.66%	39.78%	27.99%	20.54%
Six Months[4]	30.26%	30.49%	8.98%	(3.08)%
One Year	41.91%	42.31%	21.94%	7.51%
Three Years	29.36%	29.72%	18.21%	10.73%
Five Years	20.09%	20.41%	15.23%	10.73%
Ten Years	17.53%	17.85%	16.92%	13.99%
Fifteen Years	13.33%	13.56%	11.15%	8.83%
Since Inception (February 29, 2000)	8.83%	8.99%	5.49%	6.16%

MICHAEL A. LIPPERT
PORTFOLIO MANAGER

Retail Shares: BIOPX
Institutional Shares: BIOIX
R6 Shares: BIOUX

Review & Outlook

The Fund had quite a robust second quarter, bouncing back even further than the historic performance of the market itself. The market backdrop during the period was unprecedented. The stock market rally was fueled, first and foremost, by an accommodative – to put it mildly – Federal Reserve ("the Fed"). The Fed backstop instilled confidence in the market and seemed to repel every pullback. On top of that, investors focused on stepped up reopening efforts; positive economic momentum off the depths reached in March; COVID-19 treatment and vaccine optimism; lower case fatality rates, even as COVID cases rose in June; and positive earnings and corporate commentary highlighting sequential improvements in consumer demand and business trends. The S&P 500 Index appreciated nearly 40% from its March lows and is close to turning positive for the year, while the technology-heavy NASDAQ Composite achieved new all-time highs during the quarter after surging 47% off the bottom. The Russell 3000 Growth Index experienced its best quarter ever, surpassing gains achieved during the Dot-com bubble.

Even with the market's stunning recovery, as I acknowledged last quarter, there is still a great deal of uncertainty about the COVID pandemic, including the recent rise in cases, what the fall and back-to-school will bring, and the timing of any vaccines and/or advanced treatments; the next stage of the U.S. and global economic recovery; the 2020 elections; relations with

---

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of September 30, 2019 was 1.34% and 1.09%, 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 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.*

The Fund's 5- and 10-year historical performance was impacted by gains from IPOs and/or secondary offerings, and there is no guarantee that these results can be repeated or that the Fund's level of participation in IPOs and secondary offerings will be the same in the future.

1 The indexes are unmanaged. The index performance is not Fund performance; one cannot invest directly into an index. The Russell 3000® Index measures the performance of the broad segment of the U.S. equity universe comprised of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market. The Russell 3000® Growth Index measures the performance of those companies classified as growth among the largest 3,000 U.S. companies and the S&P 500 Index of 500 widely 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.

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

3 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.

4 Not annualized.

BARON FUNDS 1987

China; what the Fed and/or Congress will do next; and the market's future direction. However, I will reiterate what I've expressed in the past: we don't have to answer the unanswerable to deliver outstanding investment returns for our shareholders. As we have always done, we continue to focus our research, analysis, and investment decisions on identifying the indisputable, powerful, durable secular growth trends that will drive economic growth going forward, regardless of short-term economic cycles or stock market gyrations, and the individual companies that are leading or riding those trends and possess sustainable competitive advantages, profitable business models, and long-term oriented managers. The Fund's recent and longer-term performance is due to our steadfast commitment to this approach.

We are convinced that our investments and themes, many of which thrived and proved vital during this period, will be even stronger when the post-COVID world emerges. As highlighted last quarter, a major disruptive trend underlying many of our secular themes and investments is known by the phrase "digital transformation:" the process of using digital technologies to create new or modify existing products and services to deliver better customer, user, and employee experiences to meet changing and evolving business and market requirements and needs. Digital transformation captures changes in commerce/retail, cloud computing, cybersecurity, big data and artificial intelligence, mobile, digital media and advertising, electronic payments, and other digital trends. As shown below, it is even impacting health care and real estate businesses. In our view, consumer and business responses to the crisis have only accelerated these changes. We share the following commentary from the CEO's of several of our investments:

- Amazon, Jeff Bezos, CEO, April 30, 2020 Earnings Release: "From online shopping to AWS to Prime Video and Fire TV, the current crisis is demonstrating the adaptability and durability of Amazon's business as never before … The service we provide has never been more critical … Providing for customers and protecting employees as this crisis continues for more months is going to take skill, humility, invention, and money. If you're a shareowner in Amazon, you may want to take a seat, because we're not thinking small."

- Microsoft, Satya Nadella, CEO, April 29, 2020 Earnings Call: "As COVID-19 impacts every aspect of our work and life, we have seen two years' worth of digital transformation in two months. From remote teamwork and learning, to sales and customer service, to critical cloud infrastructure and security, we are working alongside customers every day to help them stay open for business in a world of remote everything … There is both immediate surge demand, and systemic, structural changes across all of our solution areas that will define the way we live and work going forward."

- Alibaba, Daniel Zhang, CEO, May 22, 2020 Earnings Call: "Digital adoption and transformation in retail are accelerating due to the COVID-19 pandemic, reshaping consumer behavior and enterprise operations … On the consumer side, shopping online has become a habit for more people and in more product categories. On the retail side, online sales [are] no longer an option, but a necessity for the brick-and-mortars. We believe there is a new normal that will … stay even after the pandemic is over … We believe the consumer habit of buying fresh food and groceries online will continue after the pandemic and online and offline integration will drive the new retail model to the next stage of development … During the pandemic, our public cloud business grew rapidly, driven by increased consumption of video content as well as wide adoption of remote working and learning … We believe the pandemic will further accelerate digital transformation of enterprises. All industries, including public sectors, will choose to move their technology infrastructure to the cloud … Despite the uncertainties in the macroeconomic and the geopolitical environment there is one thing we can ascertain, the world is moving towards digital-first and the digital everything."

- CrowdStrike, George Kurtz, CEO, June 2, 2020 Earnings Call: "[W]e believe work from home and digital transformation are sustainable trends for our business. It is mission-critical to protect workloads irrespective of where they are located on or off the corporate network. We believe these trends have helped increase our leadership in the security cloud category that we pioneered … Now, more than ever, it is important that we step up, fight the good fight with our customers and stay ahead of the adversaries. The COVID-19 pandemic has created a breeding ground for cybercrime. The past couple of months have represented one of the most active threat environments we have ever seen … We enable our customers to stay ahead of these threats, whether they are at home, in the office or in the cloud … [W]e believe that the rapid move to a remote or hybrid workforce is contributing to the already strong secular trend among companies to transition to cloud platforms. Cybersecurity is a basic need for organizations, and from our vantage point, investments by customers have remained strong … And what we've seen directly just over the last couple of months, it's just digital transformation being accelerated, which means more people working outside of their corporate environment, and it also means more cloud workloads, right … And this digital transformation which encompasses work from home is really a longer-term trend …."

- RingCentral, Vlad Shmunis, CEO, May 6, 2020 Earnings Call: "As the leader in Unified Communications-as-a-Service, we believe we have a responsibility to help our communities maintain business continuity … We're providing our cloud communications and collaboration solutions to organizations that are working globally and tirelessly to mitigate the impact of this crisis … COVID-19 has put an additional spotlight on the limitations of legacy on-premise communication systems. Longer term, we believe that work from anywhere and, in particular, work from home will continue to be a key requirement for businesses worldwide. Business communication solutions that enable work from anywhere are now more critical than ever … And so, at this point, I see way more tailwind than headwinds. The most obvious tailwind being that on-prem traditional infrastructure is not going to hold up in work from home, work from anywhere. So once people realize that, which we think more and more realized now and working the numbers to prove it then we will go to the cloud."

- Twilio, Jeff Lawson, CEO, May 6, 2020 Earnings Call: "While we wouldn't have wished it this way, in many ways Twilio was built for this. Our platform provides three things the world needs, digital engagement, software agility, and cloud scale. Technologies such as messaging, e-mail, voice and video have enabled many parts of the economy to continue working, while keeping its participants safe … We know that circumstances like these often bring opportunities. And based on the numerous new use cases and unprecedented digital acceleration, that's happened over the last month. I believe that this time has actually created even more long-term opportunities for us to address … I think what we see going on right now is Twilio is becoming even more relevant to businesses in light of COVID and takes many

shapes based on the type of company that it is, for the industry that they're in, or where they're at in their digital transformation. But I think one thing is kind of clear that for companies who are engaged in a digital transformation that oftentimes these projects were slated for quarters or years that we're going to take to undertake, many of these got done in weeks. And so, this is going to be seen as a great digital acceleration."

- The Trade Desk, Jeff Green, CEO, May 7, 2020 Earnings Call: "While these are very challenging times for everyone, I think there is a shift in media that started about nine weeks ago that is accelerating the move to data-driven advertising. Nowhere is this more apparent than in connected TV [CTV] ... and even though it is too early to predict exactly when the economy will start firing on all cylinders again, we do have a sense of the role advertising will play in that ... It will present a major land-grab opportunity ... Spend will migrate to what works best. Today it's connected TV and digital audio. Advertisers will apply data-driven advertising more aggressively than they did before this. They will place more value on those ad impressions that are measurable and comparable. Nowhere will this be more apparent than in TV advertising. We've talked about the CTV opportunity many times before. We've talked about the consumer shift to streaming services. We've talked about how broadcasters are moving to streaming platforms. We've talked about how advertisers are eager to apply data to their massive TV ad campaigns for the first time ... We thought this CTV revolution would play out across the next two years. But the last 8 to 10 weeks have changed all of that. I believe that the media landscape has changed forever starting in the middle of March. Every channel and every participant is in a different position today versus a few months ago, because of one dramatic shift ... viewers have moved en masse to CTV. The biggest loser in all this is traditional linear TV, and CTV is without a doubt the biggest winner."

- 10X Genomics, Serge Saxonov, CEO, May 11, 2020 Earnings Call: "While we have not seen a pandemic like this in our lifetime, we have also never seen the global scientific community focused with so much intensity on a single goal ... As soon as the pandemic started spreading around the world, we moved quickly to place instruments and provide reagents to our customers working on COVID-19 research ... Our products are being used in multiple ways to accelerate the fight against the pandemic. Fundamentally, they enable researchers to see biology at very high resolution and scale. And because of that, they allow our customers to make discoveries to understand the virus and the underlying biology of the disease, and to help develop therapies and vaccines ... There have already been dozens of reference[s] from scientists and clinicians around the world using 10X for COVID-19 research ... Large-scale single cell analysis [has] allowed our customers to establish which cells and tissues get infected by the virus, when and where ... Many of our customers are intensely focused on understanding the immune system's response to the infection or vaccine. Here, our immune profiling solution has been particularly powerful because it provides a detailed and comprehensive view for what is happening with different immune cells, clones, and genes during different stages of the infection ... Technology and scientific discovery is ultimately how this crisis will be solved ... [T]here's very little doubt about the need to understand the master biology in the post-COVID world. This pandemic is showing in a particularly striking way the limitations of our current knowledge of biology and the frightening consequences of those limitations ... We expect that these digital investments and capabilities will now serve as the foundation that will be particularly valuable in the future. A more general effect of the pandemic is that it's causing a lot of changes throughout the world."

- Rexford Industrial Realty, Michael Frankel, Co-CEO, May 5, 2020 Earnings Call: "While many businesses are facing challenges, we continue to see substantial incremental demand driven by e-commerce and other distribution-oriented tenants, such as Amazon among others ... With regard to tenant demand, we also continue to see an acceleration in e-commerce adoption by consumers of all ages as well as by businesses adjusting to new post-COVID dynamics. This acceleration is also forcing an expansion of the range and types of goods distributed through e-commerce, which is increasing the importance of our last-mile distribution facility."

Below is a partial list of the secular megatrends we focus on. These themes will be the key drivers of revenue, earnings, and cash flow growth – and stock performance – for the companies in which we are invested:

- Cloud computing
- Software-as-a-service (SaaS)
- Artificial Intelligence ("AI") and big data
- Mobile
- Digital communications
- Digital media/entertainment
- Targeted, people-based digital advertising
- e-commerce
- Genomics
- Genetic medicine
- Minimally invasive surgical procedures
- Cybersecurity
- Electric-drive vehicles/autonomous driving
- Electronic payments

By investing in businesses capitalizing on these potent trends, we have been able to build portfolios that have revenue growth rates that are multiples of the general economy, as reflected in broad market indexes. Below we compare the revenue growth rates of our Fund and three indexes for the trailing four quarters for which we have reliable data:

Comparison of Revenue Growth (based on quarter-end holdings)

	Actual Q1 2020	Actual Q4 2019	Actual Q3 2019	Actual Q2 2019
Baron Opportunity Fund	18.3%	19.7%	20.2%	21.0%
S&P 500 Index	–1.7%	6.2%	4.6%	5.8%
Russell 3000 Index	–1.1%	5.9%	4.8%	6.0%
Russell 3000 Growth Index	8.8%	9.6%	10.0%	9.6%

An investor cannot invest directly into an index.

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

	Percent Impact
Tesla, Inc.	4.60%
Amazon.com, Inc.	2.69
Microsoft Corporation	2.20
Wix.com Ltd.	1.93
ZoomInfo Technologies Inc.	1.47

Tesla, Inc. designs, manufactures, and sells fully electric vehicles, solar products, and energy storage solutions. The company reported robust first quarter and second quarter vehicle deliveries, solidly ahead of market expectations, despite the impact of the COVID pandemic and plant closures. Indeed, in the first quarter, Tesla delivered over 88,000 total vehicles – with strong unit level economics of 25.5% GAAP automotive gross profit margins – and it just recently announced almost 91,000 total vehicle deliveries for the second quarter. Despite global COVID-19 disruptions, our long-term expectations remain high due to Tesla's differentiated products and healthy unit economics. We believe Tesla's China Gigafactory – which has reopened and is scaling up Model 3 production and deliveries – will provide an important growth driver in both the short and long term. Finally, Tesla's newly released Model Y is its best car ever – according to management and many reviewers – and we believe should continue to support a fast recovery as the current crisis wanes. (Ishay Levin)

Amazon.com, Inc. is the world's largest retailer and cloud services provider. Shares were up on strong first quarter revenue metrics – with paid unit growth accelerating to over 30% for the first time in years – as Amazon benefited from investments in logistics and distribution to meet increased COVID-19-related demand, due to its unique ability to deliver all the necessities of life safely to your doorstep, including groceries. While e-commerce penetration is rising rapidly and Amazon continues to grow its addressable market by entering new verticals, we continue to view Amazon Web Services as the more material driver of the company given its leadership in the vast and growing cloud infrastructure market and potential to compete in application software in the years to come. (Ashim Mehra)

Microsoft Corporation is a software mega cap that has successfully pivoted from the client-server and PC era to today's world of digital transformation and cloud. Microsoft sits among the cloud leaders with its Azure infrastructure and platform-as-a-service offerings, and by porting its dominant Office suite of desktop solutions to the cloud, with its SaaS products, Microsoft 365, Office 365 and Dynamics 365 and Teams. Shares appreciated in the quarter as the company continued to perform well, with total company revenues accelerating even further to up 16% year-over-year. Drilling down, Microsoft's commercial cloud business grew 40%, and Azure sustained a growth rate of over 60%. Microsoft's ability to accelerate total company revenue growth to double-digit levels at its scale is a case study in business transformation on the back of digital transformation. We continue to believe that Microsoft stands to benefit from cloud growth for many years to come, as well as an acceleration of digital transformation trends driven by the COVID pandemic. (Guy Tartakovsky)

Wix.com Ltd. provides software to help micro-businesses build and maintain websites and operate their businesses. Wix has over 170 million registered users and 4.5 million premium users. Shares rose during the second quarter as Wix's business benefited from the accelerating pace of digitization due to COVID-19. We retain conviction as Wix expands its platform to target professional website builders and agencies in addition to its core do-it-yourself customers, increasing its total addressable market multi-fold while continuing to rapidly introduce new features and products. (Guy Tartakovsky)

ZoomInfo Technologies Inc. was a successful IPO in the quarter. ZoomInfo operates a cloud-based business-to-business intelligence platform that provides sales and marketing teams with comprehensive data and analytics on 14 million companies and 120 million professionals, enabling sales professionals to identify and target prospects, shorten sales cycles, and increase win rates. Shares were strong after the company's IPO in early June. We believe ZoomInfo has a meaningful runway for growth supported by secular trends favoring data-driven marketing and the company's best-in-class go-to-market strategy, where the company "drinks its own Kool-Aid" by utilizing its own platform. (Ashim Mehra)

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

	Percent Impact
Applied Therapeutics, Inc.	–0.08%
Kratos Defense & Security Solutions, Inc.	–0.04

Applied Therapeutics, Inc. is a biotechnology company developing a class of drugs called aldose reductase inhibitors for the treatment of an orphan disorder called Galactosemia. Shares fell in the second quarter as the market debated the clinical meaningfulness of the company's Phase 2 test results reported in April. We retain conviction based on the unmet need in the disease and the potential expansion opportunity for the drug into rare neuropathies and diabetes complications. (Josh Riegelhaupt)

Defense company **Kratos Defense & Security Solutions, Inc.** detracted from performance due to market volatility as we built our position in late June. We believe Kratos should be able to grow its revenues substantially, as it pioneers low-cost, force-multiplying, autonomous jet drones that could replace a significant number of manned missions. Kratos is also growing rapidly in additional markets like small jet engines, space, secure communications, hypersonics, and missile defense. We believe these technologies should drive Kratos' revenue growth in any government defense budget environment. (Alexander Mahylis)

Portfolio Structure

The Fund invests in secular growth and innovative businesses across all market capitalizations. As of the end of the second quarter, the largest market cap holding in the Fund was $1.5 trillion and the smallest was $800 million.

The median market cap of the Fund was $23.3 billion.

The Fund had $829.4 million of assets under management. The Fund had investments in 68 securities. The Fund's top 10 positions accounted for 39.2% of net assets.

As I mentioned last quarter, Fund inflows have accelerated since the beginning of the year and, as of this writing, continue to be solidly positive.

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

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Total Investments
Microsoft Corporation	$1,543.3	$79.1	9.5%
Amazon.com, Inc.	1,376.0	62.3	7.5
Tesla, Inc.	200.3	46.1	5.6
Alphabet Inc.	966.4	25.4	3.1
ZoomInfo Technologies Inc.	19.9	22.6	2.7
Facebook, Inc.	647.5	21.0	2.5
Guidewire Software, Inc.	9.2	17.4	2.1
argenx SE	10.6	17.4	2.1
Wix.com Ltd.	13.3	17.2	2.1
Alibaba Group Holding Limited	578.7	16.6	2.0

Recent Activity

Table V.

Top net purchases for the quarter ended June 30, 2020

	Quarter End Market Cap (billions)	Amount Purchased (millions)
Microsoft Corporation	$1,543.3	$33.1
Amazon.com, Inc.	1,376.0	18.3
ZoomInfo Technologies Inc.	19.9	12.5
Facebook, Inc.	647.5	12.4
Kratos Defense & Security Solutions, Inc.	1.9	8.4

Considering solid Fund inflows, we added to long-term holdings **Microsoft Corporation** and **Amazon.com, Inc.** to maintain their weightings in the portfolio. Microsoft and Amazon remain the Fund's two largest positions.

As discussed in the "top contributors" section above, we participated in the **ZoomInfo Technologies Inc.** IPO during the quarter and purchased additional shares in after-market trading.

Facebook, Inc. is the world's largest social networking company and operates Facebook, Instagram, Messenger, WhatsApp, and Oculus. We continued building our position in Facebook as the company saw stronger-than-expected recovery in advertising revenue growth following March troughs, underscoring Facebook's unique value proposition to advertisers in terms of audience reach and auction density. Additionally, we see optionality beyond the core business, including payments and e-commerce, particularly considering its investment in Reliance Jio in April and launch of Facebook Shops in May, as well as longer-term investments in virtual and augmented reality. In our view, Facebook continues to utilize its leadership position in mobile to provide global advertisers targeted marketing capabilities at scale, with substantial monetization opportunities ahead across its various assets, including WhatsApp, Facebook Watch, and Instagram TV.

Kratos Defense & Security Solutions, Inc. designs and supplies low-cost, high-performance defense solutions to the U.S. Defense Department and its allies. The company has significant IP in areas of the defense budget that will grow faster than the overall budget for several years. One significant growth area comes from Kratos' unmanned systems division, which designs and manufactures autonomous drones for training and tactical purposes. We believe there is significant market potential for these drones given three Kratos drones could perform the same mission as a single fighter jet at about 10% to 20% of the cost and without risking human life. Other exciting growth areas include small jet tactical engines and space communications.

Table VI.

Top net sales for the quarter ended June 30, 2020

	Quarter End Market cap or Market Cap When Sold (billions)	Amount Sold (millions)
Mellanox Technologies Ltd.	$ 7.0	$12.5
Yext, Inc.	1.9	6.5
Proofpoint, Inc.	6.1	3.7
SBA Communications Corp.	32.1	2.3
Datadog, Inc.	26.0	1.4

Mellanox Technologies Ltd. was acquired for cash by NVIDIA, another Fund holding.

Yext, Inc. and **Proofpoint, Inc.** were sold to fund investments in other software companies, as described above.

SBA Communications Corp. was sold to fund investments in other real estate-related companies, including **Rexford Industrial Realty, Inc.**, **Zillow Group, Inc.**, **Installed Building Products, Inc.**, and **NEXTDC Limited**.

Datadog, Inc. was simply a valuation trim. We have high conviction in the company and its management team, but the stock has climbed 135% this year and its valuation has approached our longer-term price targets.

To conclude, I believe wholeheartedly in the strategy of the Fund: growth based on powerful, long-term, innovation-driven secular growth trends. In the highly uncertain world we live in – both during this crisis and in the "new normal" when it ends – we believe non-cyclical, sustainable, and resilient growth should be part of investors' portfolios.

Sincerely,

Michael A. Lippert
Portfolio Manager
July 4, 2020

Baron Opportunity Fund

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 securities of high growth businesses benefiting from innovation through development of pioneering, transformative or technologically advanced products or services, but there also is more risk. Companies propelled by innovation, including technological advances and new business models, may present the risk of rapid change and product obsolescence and their successes may be difficult to predict for the long term. Securities issued by small and medium sized companies may be thinly traded and may be more difficult to sell during market downturns. Even though the Fund is diversified, it may establish significant positions where the Adviser has the greatest conviction. This could increase volatility of the Fund's returns. The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

The discussions of the companies herein are not intended as advice to any person regarding the advisability of investing in any particular security. The views expressed in this report reflect those of the respective portfolio 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 Opportunity Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

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).

Dear Baron Partners Fund Shareholder:

Performance

Baron Partners Fund (the "Fund") advanced substantially in the second quarter of 2020 and meaningfully exceeded its comparable benchmarks. The Fund gained 49.47% (Institutional Shares) in the quarter. The Russell Midcap Growth Index (the "Index") gained 30.26%. The Morningstar Mid-Cap Growth Category average and the S&P 500 Index increased 30.27% and 20.54%, respectively.

The Fund's gains in the quarter have more than offset the sudden and rapid declines in the first quarter as COVID-19 began to impact America and halt many global economies. The Fund has now advanced 18.53% since the start of the year. This result compares favorably to its benchmarks. The Index gained 4.16% in the first six months of 2020. The Morningstar Mid-Cap Growth Category average has increased 3.60% and the S&P 500 Index declined 3.08%.

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

	Baron Partners Fund Retail Shares[1,2,3]	Baron Partners Fund Institutional Shares[1,2,3,4]	Russell Midcap Growth Index[2]	S&P 500 Index[2]
Three Months[5]	49.36%	49.47%	30.26%	20.54%
Six Months[5]	18.36%	18.53%	4.16%	(3.08)%
One Year	36.84%	37.23%	11.91%	7.51%
Three Years	19.88%	20.19%	14.76%	10.73%
Five Years	16.17%	16.47%	11.60%	10.73%
Ten Years	18.03%	18.35%	15.09%	13.99%
Since Conversion (April 30, 2003)	14.84%	15.03%	11.86%	9.57%
Twenty Years	10.35%	10.51%	6.21%	5.91%
Since Inception (January 31, 1992)	13.70%	13.82%	10.02%	9.59%

MICHAEL BARON
CO-PORTFOLIO MANAGER

RON BARON
CEO AND LEAD PORTFOLIO MANAGER

Retail Shares: BPTRX
Institutional Shares: BPTIX
R6 Shares: BPTUX

While COVID-19 remains a threat to world health, governments have met this pandemic with an unprecedented level of financial stimulus to prevent the health crisis from becoming a liquidity and financial crisis. Stay at home measures have had a severe impact on many individuals' ability to earn and spend. However, investors have looked past the depressed results and valued businesses on their potential growth and anticipated future profits.

Economic events and cycles do not neatly line up with quarters or even years. The COVID-19 pandemic did not begin precisely on January 1 and we highly doubt its conclusion (as measured by the development of widely available therapeutics or a vaccine) will exactly coincide with the final day of a month or year. Therefore, we find it more insightful and helpful to understand how the Fund has performed thus far through the COVID-19 cycle rather than only the previous three-month period.

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares as of December 31, 2019 was 2.22% (comprised of operating expenses of 1.32% and interest expense of 0.90%) and Institutional Shares was 1.96% (comprised of operating expenses of 1.06% and interest expense of 0.90%). 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 20% performance fee after reaching a certain performance benchmark. If the annual returns for the Fund did not reflect the performance fees the returns would be higher. The Fund's shareholders will not be charged a performance fee. The predecessor partnership's performance is only for periods before the Fund's registration statement was effective, which was April 30, 2003. 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 Midcap® Growth Index measures the performance of medium-sized U.S. companies that are classified as growth and the S&P 500 Index of 500 widely held large cap U.S. companies. The Russell Midcap Growth Index, the S&P 500 Index 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 in the table does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

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

5 Not annualized.

BARON FUNDS 1987

2020 can be divided into three segments: pre-COVID-19, the COVID-19 panic, and COVID-19 temporary normal. We have also segmented the Fund's concentrated portfolio into four busines categories: **Core Growth**, **Disruptive Growth**, **Financials**, and **Real/Irreplaceable Assets**. Each category has performed differently in these various periods and that diversity has contributed to the strong relative and absolute returns exhibited so far in the year.

Pre-COVID-19: December 31, 2019 – February 19, 2020

The Fund performed very well during the pre-COVID-19 environment, December 31 through the Index's peak on February 19. This period was a continuation of the 2019 economic conditions. Disruptive Growth companies that exhibited revenue growth and operational efficiencies were rewarded as the likelihood of their long-term success increased. This category appreciated 65.9% in less than two months. It was driven by advances in **Tesla, Inc.**, which demonstrated its new China factory could produce vehicles at lower costs than at older facilities. It has also manufactured at higher volumes than predicted to meet unprecedented foreign demand. Companies like **Iridium Communications Inc.** and **Zillow Group, Inc.** also rose due to wide acceptance of new products and services.

Core Growth and Financials holdings also appreciated meaningfully at the start of the year. The strong initial economic backdrop resulted in continued success for these companies. Growth businesses' market sizes were expanding, and customers were consolidating their corporate spending with companies like **CoStar Group, Inc.** and **IDEXX Laboratories, Inc.** Financial companies, like **Brookfield Asset Management, Inc.** and **Arch Capital Group Ltd.**, were leveraged to the healthy economic environment of sizable job growth, high consumer confidence, and improving housing starts in the beginning of the year. Only the Fund's Real/Irreplaceable Assets failed to exceed the Index's return as these traditional growth at reasonable price ("GARP") business models were not as prized during the healthy economic expansion.

The COVID-19 Panic: February 19 – March 23, 2020

However, things suddenly and drastically changed in late February. Over about a month's time, the Index fell 35.7% until bottoming on March 23. COVID-19 cases grew exponentially, and governments took drastic steps to "flatten the curve," which were often at the expense of economic activity. Economies around the globe came to a standstill. Investors reacted with panic selling during these unprecedented times. Individuals and corporations around the world reigned in spending. Businesses that curtailed operations were discarded by investors. Limited refuge was found in "essential" Consumer Staples and Health Care sectors, two categories the Fund has generally avoided due to reservations about their long-term sustainable competitive advantages.

The operations of what we call Real/Irreplaceable Assets were significantly impacted by many governments' shelter orders. Guests at hotels were non-existent as travel was largely prohibitive. Both the near-term financial viability and the longer-term business models were questioned if the pandemic persisted. The Fund's holdings in Real/Irreplaceable Assets, with important long-term concentration in travel and leisure, fell 49.5% during this period.

Disruptive Growth companies' stock prices also fell sharply. This portion of the Fund declined 45.2% during the COVID-19 panic. Investors focused on short-term results instead of long-term business opportunities. They sold businesses with high valuations. Disruptive businesses often penalize near-term earnings by investing in future products and operations. They often hire staff, build facilities that are operating subscale, and launch products that do not yet have a sufficient scale to produce strong profits. These actions depress current earnings and artificially inflate commonly used valuation metrics.

Financials businesses fell 44.3% as the market dislocation, declining rates, and skyrocketing unemployment resulted in devaluation of their assets and net interest income.

Only the Fund's Core Growth businesses slightly exceeded the Index but still declined 32.0%. These businesses were considered to be able to maintain growth, albeit at a slower pace, through the pandemic.

The COVID-19 Temporary Normal: March 23 – June 30, 2020

We believe the market and economy are currently amid a COVID-19 temporary normal, which began at the market's bottom as of March 23. The Fund's performance over this time has been exceptional, increasing 83.9%. The Disruptive Growth category again led the performance, but other segments have also performed very well. We believe the COVID-19 pandemic has not created a "new normal" where people will be permanently isolated, and global commerce is hampered. Instead, COVID-19 has accelerated changes in the economy that we had previously believed would eventually occur. Investors now realize that these Disruptive Growth businesses are often advantaged in this forthcoming economy. These businesses had often digitalized platforms, operated more efficiently with the lower density footprint, and were providing the infrastructure for changes in commerce.

Tesla, Inc. produces its cars with more automation than competitors. Its cars are connected through the cloud and continuously improve with software updates after they have been purchased. Tesla sales occur without physical dealership locations. **Zillow Group, Inc.** facilitates home transactions without interested buyers present at the property. It allows for increased research and transactions. **Shopify Inc.** enables brands to reach consumers without the burdensome expense and lack of brand control at online marketplaces or brick and mortar locations. We believe these changes of convenience and efficiency in the economy would have occurred regardless of COVID-19, but the current pandemic has quickened the rate of conversion.

Core Growth businesses also have done well in this period, increasing 50.4%. Many of these businesses have continued to operate throughout the entire year and their returns across the various periods have been steadier.

Financials and Real/Irreplaceable Assets businesses continued to lag the Index's return during this COVID-19 temporary normal but still gained 37.0% and 29.5%, respectively. The financial service data and analytics providers, **MSCI, Inc.** and **FactSet Research Systems, Inc.**, have continued to do exceptionally well. Their products have been incrementally more valuable as clients have dispersed from corporate offices. Both companies' data and analytics are vital to enable their customers' smooth operations. However, the valuations of **The Charles Schwab Corp.**, **Arch Capital Group Ltd.**, and **Brookfield Asset Management, Inc.** remain depressed based upon fears that the income generated from their assets has been permanently impaired. We strongly disagree with that assessment. We still view these businesses as able to grow organically, consolidate competitors at favorable valuations to improve services and operational efficiency, and will earn higher future returns on a larger asset base. We continue to think we will earn three to four times on these three investments in the next 10 years and more than 50% in the next 2 years.

Investors have closely examined balance sheets and assessed that the Fund's Real/Irreplaceable Assets businesses can sustain during the pandemic and their properties will ultimately be utilized. We believe competitors' reduction in capital expenditures has tightened future supply and increased the value of existing assets. Business and leisure customers are expected to return. Convention business in 2021 has remained steady for **Hyatt Hotels Corp.**, while skiers at **Vail Resorts, Inc.** continue to purchase advance season passes. However, June's increase in COVID-19 cases and slowing economic reopening plans in many states have caused the group to not increase as rapidly as others.

The first half of 2020 has undisputedly been quite volatile. The Fund does not attempt to chase the segments that are in favor. There have not been major alterations to the portfolio during the sudden panic and subsequent temporary normal. However, the volatility has provided opportunities to invest in businesses we believe in their long-term success while they trade at attractive prices. During the pre-COVID-19 period, the Fund initiated or added to positions in Core Growth businesses like e-commerce payment facilitator **Adyen N.V.** and Chinese data center operator **GDS Holdings Limited**. When the COVID-19 panic occurred, we initiated a new position in Disruptive Growth company **Shopify Inc.**, which was trading significantly less than its long-term potential. Additionally, we reduced leverage and realized losses to shelter future taxable gains. We also found opportunities to increase positions in high-quality Real/Irreplaceable Assets and Financials companies like **Hyatt Hotels Corp.** and **MSCI, Inc.** During the current COVID-19 temporary normal period, we utilized higher trading volume to increase the Fund's stake in companies that remained at depressed values even though their fundamentals are intact.

We do not attempt to predict the unpredictable, and the various economic turning points of COVID-19 are such unpredictable events. We do not assert to have accurately forecasted how long the investor panic would last nor claim to know when developed therapeutics or a vaccine will end the health crisis (although we are confident that such developments will occur.) There may be an economic rebound when the Fund trails its benchmark for a short period. Government intervention or a scientific discovery could temporarily revitalize highly levered or weaker operational businesses not held by the Fund. While some Real/Irreplaceable Assets and Financials investments should also benefit, other categories may trail as some businesses rebound from their lows.

However, we remain confident that the Fund's holdings will sustain themselves during this difficult time. We also believe in many of these businesses' ability to emerge from the COVID-19 pandemic with an enhanced competitive position and lead change in the new economy. We anticipate the Fund performing well on both an absolute and relative basis over the course of the entire cycle.

Baron Partners Fund

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

	% of Net Assets (as of 6/30/2020)	Pre-COVID-19 12/31/2019 to Peak (2/19/2020) Total Return (%)	COVID-19 Panic Peak to Trough (3/23/2020) Total Return (%)	COVID-19 Temporary Normal Trough to 6/30/2020 Total Return (%)	YTD Total Return (%)
Disruptive Growth	**52.6**	**65.85**	**–45.21**	**104.65**	**86.31**
Tesla, Inc.	36.0	119.31	–52.66	148.64	158.12
Spotify Technology S.A.	0.7	–4.14	–18.08	95.46	53.50
Virgin Galactic Holdings Inc	0.1	223.38	–65.27	25.98	41.47
Zillow Group, Inc.	4.8	19.90	–45.19	91.33	25.74
Space Exploration Technologies Corp.	4.8	8.74	–7.63	12.69	13.19
Shopify Inc.	1.9	–	–9.51	19.84	8.44
Iridium Communications Inc.	1.2	26.30	–35.92	27.65	3.30
Guidewire Software, Inc.	3.1	11.69	–38.55	45.65	–0.04
Zoom Video Communications, Inc.	–	–	–	–0.23	–0.23
Benefitfocus, Inc.	–	–22.01	–5.62	–	–26.40
Core Growth	**33.6**	**16.31**	**–32.01**	**50.40**	**18.73**
Adyen N.V.	2.6	6.71	–21.29	89.81	59.42
GDS Holdings Limited	1.7	15.87	–16.86	58.84	53.01
Activision Blizzard, Inc.	1.8	8.33	–12.27	34.32	27.66
IDEXX Laboratories, Inc.	8.1	11.43	–37.40	80.52	25.91
CoStar Group, Inc.	16.1	23.32	–29.57	35.79	17.94
HEICO Corporation	0.7	14.77	–45.64	42.49	–11.11
Gartner, Inc.	2.6	–0.27	–44.89	43.08	–21.36
Financials	**19.1**	**10.90**	**–44.30**	**36.96**	**–15.41**
MSCI, Inc.	1.3	28.64	–28.39	44.46	33.07
FactSet Research Systems, Inc.	7.0	15.04	–34.12	60.99	22.01
Windy City Investments Holdings, L.L.C.	0.0	0.39	–	0.78	1.18
Brookfield Asset Management, Inc.	1.2	17.49	–51.13	48.53	–14.72
The Charles Schwab Corp.	3.9	0.12	–39.92	18.74	–28.58
Arch Capital Group Ltd.	5.8	12.33	–51.81	23.17	–33.32
Air Lease Corp.	–	–7.93	–78.98	–	–80.65
Real/Irreplaceable Assets	**16.9**	**1.39**	**–49.50**	**29.46**	**–33.71**
Gaming and Leisure Properties, Inc.	1.9	13.64	–59.94	78.76	–18.63
Manchester United plc	2.4	–4.06	–29.91	18.84	–20.08
Vail Resorts, Inc.	5.1	2.36	–42.24	30.07	–23.10
Douglas Emmett, Inc.	0.9	1.18	–44.71	27.18	–28.85
Marriott Vacations Worldwide Corp.	2.0	–1.77	–65.81	87.52	–37.02
Hyatt Hotels Corp.	4.4	0.26	–47.07	5.82	–43.84
Red Rock Resorts, Inc.	0.2	11.57	–78.23	48.23	–64.00
Norwegian Cruise Line Holdings, Ltd.	–	–10.94	–64.96	–	–68.80
MGM Growth Properties LLC	–	8.91	–90.86	–	–90.04
[Cash]	**–22.2**	**–0.00**	**–0.01**	**–0.02**	**–0.03**
[Fees]	**–**	**–0.24**	**–0.16**	**–0.41**	**–0.81**
Baron Partners Fund	**100.00**	**30.85***	**–50.76***	**83.86***	**18.45***
Russell Midcap Growth Index		**6.97**	**–35.71**	**51.45**	**4.16**

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

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

The peak and trough dates are based on the Russell Midcap Growth Index.

Table III.
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	$21.9	$200.3	106.07%	26.30%
CoStar Group, Inc.	2005	0.7	28.0	21.02	4.08
IDEXX Laboratories, Inc.	2013	4.7	28.0	36.29	3.36
Zillow Group, Inc.	2015	4.3	12.8	69.31	3.10
FactSet Research Systems, Inc.	2007	2.7	12.4	26.33	2.12

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 **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 veterinary diagnostics leader **IDEXX Laboratories, Inc.** contributed to performance as markets rallied and veterinary visits exhibited a "v" shaped recovery. IDEXX's competitive trends are outstanding, and we expect new proprietary innovations and field sales force expansion to be meaningful contributors to growth. Margins are moving significantly higher, and we believe that margins can approach 30% over the next several years.

Zillow Group, Inc. operates leading U.S. real estate sites, a mortgage marketplace, and the Zillow Offers home-buying business. Shares were up on strong first quarter results in core Premier Agent, resumed home-buying in Offers, and robust re-acceleration in top- and middle-funnel metrics. In our view, Zillow is well positioned to penetrate the large opportunity in online real estate advertising with substantial upside from Offers, which can grow Zillow's addressable market not only in houses to be bought/sold but also in leads that Offers can provide to Premier Agents.

FactSet Research Systems, Inc., a leading provider of investment management tools, contributed on solid fiscal third quarter 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 IV.
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.	2002	$0.6	$11.6	0.67%	–0.19%

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 and Portfolio Structure

Baron Partners Fund seeks to invest in businesses that we believe could double in value within five or six years. Our strategy to accomplish this goal is to invest for the long term in a focused portfolio of appropriately capitalized, well-managed growth businesses at attractive prices across market capitalizations. We attempt to create a portfolio of approximately 30 securities diversified by GICS sectors, but with the top 10 positions representing a significant portion of net assets. The Fund uses leverage to enhance returns, although this does increase the volatility of the returns. These businesses are identified by our analysts using our Firm's proprietary research approach. We think these well-managed businesses have sustainable competitive advantages and strong, long-term growth opportunities.

As of June 30, 2020, Baron Partners Fund held 28 investments. The median market capitalization of these growth companies was $12.0 billion. The top 10 positions represented 96.0% of net assets. Leverage was 22.2%.

The long-term absolute and relative performance of the Fund has been very good. The Fund has returned 13.82% annualized since inception on January 31, 1992, besting its comparable index, the Russell Midcap Growth Index, by 3.80% per year. Additionally, the Fund's performance has exceeded its comparable benchmark over the prior 1-, 3-, 5- and 10-year periods.

In addition to viewing the Fund's returns over various trailing periods, we believe it is helpful to understand how the Fund has performed in various economic cycles. (Please see Table V.) The Fund had performed very well during the economic expansion that followed the Financial Panic. This 11-year period has seen steady financial growth and stock market appreciation. Had you hypothetically invested $10,000 in the Fund on 12/31/2008, it would be worth $58,586 at the end of the bull run on 12/31/2019. Had you only tried to mimic benchmark returns, that $10,000 hypothetical investment would be worth $55,380 if you invested in a fund designed to track the Russell Midcap Growth Index or $45,104 if you invested in a fund designed to track the S&P 500 Index.

We believe it is equally important to look at the Fund during more challenging economic times. The nine-year period from the Internet Bubble collapse through the Financial Panic (12/31/1999–12/31/2008) saw lower

returns for the Fund. It had gained 1.54% annualized. $10,000 hypothetically invested at the start of this period would be worth $11,479 after the nine years. The Fund preserved (and slightly grew) capital during this challenged economic time because of its investments in high-quality growth businesses that were able to weather the environment while its competition retrenched. The indexes performed considerably worse. The Russell Midcap Growth Index and S&P 500 Index fell 4.69% annualized and 3.60% annualized, respectively. A $10,000 hypothetical investment would be worth only $6,488 and $7,188 in each of those indexes, respectively.

Additionally, the current COVID-19 period has again led to strong absolute and relative results. While we do not know how long the current period will last, thus far the Fund has returned 18.53% while the Russell Midcap Growth Index gained 4.16% and the S&P 500 Index fell 3.08%.

The preservation (and mild growth) during difficult times is what we believe sets the Fund apart and makes its long-term returns exceptional. A $10,000 hypothetical investment at the inception of the Fund in 1992 would be worth $396,027 today. That same $10,000 hypothetical investment would be worth less than 40% that amount had you invested in funds designed to track either the Russell Midcap Growth Index or the S&P 500 Index. Those investments would be worth only $150,870 and $134,942, respectively.

The Fund is consistently investing in businesses based on their future earnings potential and are often penalizing near-term results in favor of future results. The current global health pandemic is unlike other economic downturns the Fund has successfully weathered in the past. This current crisis has halted many sectors of the economy. However, with constant reassessment of the portfolio and individual investments, we are assured that the high-quality growth businesses in which we are invested should yield attractive long-term returns from these levels. We believe the portfolio should once again successfully weather a difficult economic period like it has done before. It is during these tumultuous times that the Fund's relative performance tends to exceed its primary index and positions it for the long-term performance that resulted in the Fund's 2nd percentile rank since its conversion to a mutual fund.*

Table V.
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 1/31/1992 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 Partners Fund (Institutional Shares)	$11,479	1.54%	$58,586	17.44%	$11,853	18.53%	$79,707	10.66%	$396,027	13.82%
Russell Midcap Growth Index	$ 6,488	(4.69)%	$55,380	16.84%	$10,416	4.16%	$37,422	6.65%	$150,870	10.02%
S&P 500 Index	$ 7,188	(3.60)%	$45,104	14.68%	$ 9,692	(3.08)%	$31,422	5.74%	$134,942	9.59%

An investor cannot invest directly in an index.

* **Morningstar calculates the Morningstar US Fund Mid-Cap Growth Category Average 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.**

As of 6/30/2020, the Category consisted of 602, 500, 381, and 231 share classes for the 1-, 5-, 10-year, and since conversion (4/30/2003) periods. Morningstar ranked Baron Partners Fund Retail Share Class in the 1st, 4th, 2nd, and 2nd percentiles, respectively. © Morningstar 2020. All rights reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied, adapted or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information, except where such damages or losses cannot be limited or excluded by law in your jurisdiction. Past financial performance is no guarantee of future results.

Portfolio Holdings

Table VI.
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 Total Investments
Tesla, Inc.	2014	$21.9	$200.3	$1,187.8	29.4%
CoStar Group, Inc.	2005	0.7	28.0	533.0	13.2
IDEXX Laboratories, Inc.	2013	4.7	28.0	269.1	6.7
FactSet Research Systems, Inc.	2007	2.7	12.4	229.9	5.7
Arch Capital Group Ltd.	2002	0.6	11.6	192.0	4.7
Vail Resorts, Inc.	2008	1.6	7.3	168.5	4.2
Space Exploration Technologies Corp.	2017	–	–	159.1	4.0
Zillow Group, Inc.	2015	4.3	12.8	158.1	3.9
Hyatt Hotels Corp.	2009	4.2	5.1	145.8	3.6
The Charles Schwab Corp.	1992	1.0	43.4	128.2	3.2

Thank you for joining us as fellow shareholders in Baron Partners Fund. We continue to work hard to justify your confidence and trust in our stewardship of your hard-earned savings. We remain dedicated to continuing to provide you with the information we would like to have if our roles were reversed. We hope this letter enables you to make an informed decision about whether this Fund remains an appropriate investment.

Respectfully,

Ronald Baron
CEO and Lead Portfolio Manager
July 4, 2020

Michael 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 using non-diversification and leverage, but there also is more risk. Specific risks associated with non-diversification and leverage include increased volatility of the Fund's returns and exposure of the Fund to greater loss in any given period. The Fund invests in companies of all sizes, including small and medium sized companies whose securities may be thinly traded and made difficult to sell during market downturns. Leverage is the degree to which an investor or business is utilizing borrowed money. The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

The discussions of the companies herein are not intended as advice to any person regarding the advisability of investing in any particular security. The views expressed in this report reflect those of the respective portfolio 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 Partners Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

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).

Baron Fifth Avenue Growth Fund

Dear Baron Fifth Avenue Growth Fund Shareholder:

Performance

We had another strong quarter and a good first half of the year.

Baron Fifth Avenue Growth Fund (the "Fund") appreciated 37.9% (Institutional Shares) during the second quarter, which compared favorably to the 27.8% and 20.5% gains for the Russell 1000 Growth Index ("R1KG") and the S&P 500 Index ("SPX"), the Fund's benchmarks, respectively.

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

	Baron Fifth Avenue Growth Fund Retail Shares[1,2]	Baron Fifth Avenue Growth Fund Institutional Shares[1,2,3]	Russell 1000 Growth Index[1]	S&P 500 Index[1]
Three Months[4]	37.82%	37.91%	27.84%	20.54%
Six Months[4]	24.66%	24.83%	9.81%	(3.08)%
One Year	32.11%	32.44%	23.28%	7.51%
Three Years	23.88%	24.20%	18.99%	10.73%
Five Years	17.88%	18.19%	15.89%	10.73%
Ten Years	17.82%	18.12%	17.23%	13.99%
Fifteen Years	10.82%	11.03%	11.32%	8.83%
Since Inception (April 30, 2004)	10.77%	10.96%	10.79%	8.80%

The second quarter saw one of the strongest stock market recoveries in history with the R1KG rising 27.8% and 46.6% from the trough on March 23, while the SPX gained 20.5% in the quarter and 39.3% from the trough. The Fund did even better, gaining 37.9% during the quarter, outperforming the benchmarks by 10.1% and 17.4%, respectively. The Fund is up 24.8% year-to-date compared to a gain of 9.8% and a loss of 3.1% for the Fund's benchmarks, respectively. The Fund outperformed by 2.8% on the way down, from the market peak on February 19 to the trough of March 23, and by 9.6% on the way up, from the trough to the end of second quarter. While we are pleased with our short-term results, we would encourage investors not to put too much stock in that. We manage the Fund for the long term and believe results should be measured over longer periods of time, and ideally, over full market cycles.

ALEX UMANSKY
PORTFOLIO MANAGER

Retail Shares: BFTHX
Institutional Shares: BFTIX
R6 Shares: BFTUX

As is typically the case, the outperformance in the quarter was driven largely by stock selection, which contributed 845bps out of our 1,007bps of excess return relative to the R1KG.

Quarterly outperformance was driven by our four largest sectors (representing 87.8% of net assets) with investments in Information Technology gaining 50.5%, Communication Services up 43.4%, Consumer Discretionary up 37.2%, and Health Care up 31.8%. The outperformance was driven by accelerating disruptive change trends that benefited many of our companies. Our relative returns were also helped by not investing in Utilities, Consumer Staples, and Industrials, which were among the lowest returning sectors in the second quarter, as investors gravitated to companies perceived to be best positioned to navigate the COVID-19 crisis.

Our performance was also strong across market caps, although our non-mega caps performed best with a weighted average return of 45.2% outperforming the R1KG by nearly 20% (while our allocation to non-mega caps was also much higher than the benchmark at about 55% of the Fund versus 41% for the R1KG).

Performance listed in the table above is net of annual operating expenses. Annual expense ratio for the Retail and Institutional Shares as of September 30, 2019 was 1.06% and 0.80%, but the net annual expense ratio was 1.00% and 0.75% (net of the Adviser's fee waivers, restated to reflect current 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 The indexes are unmanaged. The index performance is not Fund performance; one cannot invest directly into an index. The Russell 1000® Growth Index measures the performance of large-sized U.S. companies that are classified as growth and the S&P 500 Index of 500 widely 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.

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

3 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.

4 Not annualized.

BARON FUNDS 1987

Looking under the hood, we had 18 investments that were up over 30% during the quarter, 8 of which were up 55% or more: **Datadog**, **Wix**, **Twilio**, **MercadoLibre**, **ZoomInfo**, **CrowdStrike**, **Adyen**, and **Splunk**. There were no stocks that detracted from performance in the quarter.

According to Morningstar, for the period ended June 30, 2020, the Fund ranked in the top 7% for its 1-year return, top 6% for its 3-year return, top 7% for its 5-year return, and top 5% since the Fund's restructuring at the end of 2011.* Since that time, it has returned 347.1% cumulatively, outperforming the R1KG by 69.1%, the SPX by 152.9%, and the Morningstar Large Growth Category Average by 126.0%* The Fund has been awarded a 5-star Morningstar rating for its 3-year, 5-year, and overall performance.

Morningstar rankings are based on total returns and do not include sales charges. As of 6/30/2020, the Morningstar US Fund Large Growth Category consisted of 1,343, 1,237, 1,084, 809 and 1,217 share classes for the 1-, 3-, 5-, 10-year, and overall periods.

Despite the strong market recovery from the bottom on March 23 (R1KG is up 46.6% since then), the moves in prices of stocks were far from uniform. At the one extreme, areas that were hit the hardest by the COVID-19 shutdowns are still down big for the year. Hotels, resorts & cruise lines are down 42%, aerospace & defense companies are down 27%, Energy stocks are down 34%, and investment banks and brokerage stocks are down 25%. At the other side, companies with resilient business models that are considered to be beneficiaries from the work from home theme are up in the triple-digits. For example, the now well-known video conferencing software provider, Zoom Video Communications, which we don't own, was up 273%. Everyone else is somewhere in between.

Companies that we own in this Fund have been mostly on the right side of this dichotomy, largely due to the strength in their current business fundamentals, which in some cases, have actually accelerated:

- **Wix** – April collections accelerated to a 76% growth rate with 207% growth in new subscribers.
- **Twilio** – Accelerated revenue growth by 56%. Jeff Lawson, Twilio's CEO, commented during the earning conference call: *"These (digital transformation) projects were slated for quarters or years… many of these got done in weeks. And so, this is going to be seen as* ***a great digital acceleration.****"*
- According to Adobe[1], e-commerce spending was up 78% year-over-year in May after being up 49% in April. This benefits our e-commerce-related businesses: **Amazon, Alibaba, MercadoLibre,** and **Wix**.
- **MercadoLibre** – Accelerated e-commerce penetration due to COVID-19 is driving faster GMV (Gross Merchandise Value) growth, which accelerated in April to over 76% year-over-year versus over 34% in the first quarter.

The commentary around the acceleration of digitization during earnings calls was remarkably similar in many of our businesses, irrespective of their geographic location, market cap, or GICS sector classification.

- **Alibaba**: *"The pandemic has fundamentally altered consumer behavior and enterprise operations, making digital adoption and transformation a necessity."*
- **Alphabet:** *"Long term acceleration of movement from businesses to digital services… These changes will be significant and lasting… cloud is an obvious area. If you have data centers, these are fixed costs…"*
- **Splunk**: *"One thing is clear to us: data matters more than ever in this digital world, and every organization is on a journey to bring data to everything."*
- **Mastercard**: *"there's a few things that are pretty obvious, pretty clear, and are coming through in the number[s] already… And the first is this push to e-commerce and digital… People are getting used to consuming via delivery service, where they might have gone outside before… behavior patterns moving towards digital."*

While many of these disruptive changes have been going on for years, we think it is now clear that COVID-19 has accelerated their pace, which will benefit many of our holdings:

- 7,000 – 8,000 retail doors closed annually pre-COVID-19 => CoreSite predicts 25,000 retail store closures in 2020.

Morningstar calculates the Morningstar US Fund Large Growth Category average using the Morningstar Fractional Weighting methodology. Total returns do account for management, administrative, and 12b-1 fees and other costs automatically deducted from fund assets.

Morningstar has awarded Baron Fifth Avenue Growth Fund Institutional Share Class 5 stars, 5 stars, 4 stars, and 5 stars for its 3-year, 5-year, 10-year, and overall performance, respectively.

The Morningstar Rating™ for funds, or "star rating," is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods.

© Morningstar 2020. All rights reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied, adapted or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information, except where such damages or losses cannot be limited or excluded by law in your jurisdiction. Past financial performance is no guarantee of future results.

* Mr. Umansky became the portfolio manager of the Fund on November 1, 2011. Since that date, the Fund has returned 333.45% cumulatively, which compares to 276.73% for the Russell 1000 Growth Index and 196.56% for the S&P 500 Index, outperforming the Morningstar US Fund Large Growth Category average by 67.30% over the 8+ year period. As of 6/30/2020, the annualized returns of the Morningstar US Fund Large Growth Category average were (3.72)%, 8.65%, 7.64%, and 10.99% for the 1-, 3-, 5, and 10-year periods, respectively.

[1] https://www.adobe.com/content/dam/www/us/en/experience-cloud/digital-insights/pdfs/adobe_analytics-digital-economy-index-2020.pdf

- e-commerce penetration increasing by 70bps to 80bps a year with e-commerce growing 12% to 14% per year, while e-commerce growth rates over the last three months have been in the 50% to 80% range.
- Computing workloads are migrating to the cloud faster.
- Companies are investing rapidly in digitization across their operations.

The acceleration in these tailwinds when combined with the Fed's overwhelming response to COVID-19, which has led to a reduction in long-term interest rates and equity risk premiums, has driven up the intrinsic value of many of the businesses we own (cash flows will grow faster for longer and are discounted to present values at lower discount rates). In a post-COVID-19 world, digitization will become crucial for survival. COVID-19 has proven that companies that are either digitally native or that have already digitally adapted and transformed will thrive, while the rest may be left behind.

While the level of economic and market uncertainty remains elevated, we believe that the increased pace of disruptive change will benefit many of our businesses, expand their competitive moats and accelerate the growth of their intrinsic values. Our experience in uncovering great ones and our willingness to hold them for the long term should enable us to continue to generate opportunities to outperform over the long term.

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

	Quarter End Market Cap (billions)	Percent Impact
Amazon.com, Inc.	$1,376.0	4.91%
Twilio Inc.	30.7	3.13
Veeva Systems Inc.	35.2	2.55
Wix.com Ltd.	13.3	2.41
Datadog, Inc.	26.0	2.21

Amazon.com, Inc. is the world's largest retailer and cloud services provider. Shares rose 40% during the second quarter on strong first quarter results as Amazon benefited from its prior investments in logistics and distribution to meet the increased COVID-19-related demand. Additionally, the stock performance was driven by investors' expectations that Amazon will benefit from the accelerating pace of digitization trends following COVID-19 such as e-commerce penetration and the migration of IT workloads to the cloud. Amazon remains early in disrupting multiple large markets including e-commerce with around 15% penetration, advertising at 1% to 2%, logistics, health care, and more. We also think AWS (Amazon Web Services) still has a long runway for growth with cloud penetration of around 6% in 2019 out of the $3.7 trillion global spending on Information Technology (according to Gartner).

Twilio Inc. is a leading Communications-Platform-as-a-Service (CPaaS) company offering a set of application programming interfaces that help developers embed communications into their software through its cloud platform. Shares were up 126% during the quarter as Twilio's business accelerated due to increasing digitization trends as a result of COVID-19, driving 57% revenue growth in the first quarter with strengthening trends into the second quarter. We believe the accelerating pace of digitization is driving businesses to increasingly embed communications into their software, creating a potential multi-billion dollar market opportunity for Twilio.

Veeva Systems Inc. offers customer relationship management, content, collaboration, and data management solutions tailored mostly to life sciences. Veeva's stock was up 48% on investor expectations that businesses serving the life sciences industry will be less impacted by the COVID-19 disruption in the short term while digitization of health care will benefit Veeva's positioning in the long term. Furthermore, Veeva's rapid pace of innovation with several new product announcements, demonstrated its ability to support the industry as digital transformation accelerates. Our long-term conviction in Veeva is rooted in the ongoing evolution of its platform, the growth of its Vault solution, and the ability to deliver significant value to customers over long periods of time, resulting in an impressive growth and margin profile.

Wix.com Ltd. provides software to help micro-businesses build and maintain websites and operate their businesses. Wix has over 170 million registered users and 4.5 million premium users. Shares were up 145% in the second quarter as Wix's business benefited from the accelerating pace of digitization due to COVID-19 driving a 76% year-over-year growth in the April cohort collections, a 63% growth in new user registrations and a 580% growth in new Wix Stores subscriptions. We retain conviction in Wix as it deepens its offering while expanding its platform to target professional website builders and agencies in addition to its core do-it-yourself customers, increasing its total addressable market multi-fold while continuing to rapidly introduce new features and products.

Datadog, Inc. provides customers with better visibility into the IT environment by leveraging its infrastructure, application performance monitoring, logs, security, and UX product line. The stock outperformed and was up 150% during the quarter on strong financial results driven by an expanding product line, while the company experienced limited headwinds from COVID-19. Over the coming years, we believe that Datadog should benefit from an acceleration in the pace of cloud adoption, a consolidation in spend on the best vendors, and an increased pace of digital transformation initiatives. As more companies transition to the cloud, and the complexity of their infrastructure grows due to increasing technology diversity, scale, and agility, the value of Datadog's real-time monitoring platform increases, which we believe, will enable Datadog to reinvest back in the business at high rates of return for a very long period of time.

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

	Quarter End Market Cap (billions)	Percent Impact
None!		

Portfolio Structure

The Fund's portfolio is constructed on a bottom-up basis with the quality of ideas and conviction level determining the size of each investment. Sector weights are an outcome of the portfolio construction process and are not meant to indicate a positive or a negative "view." As of June 30, the top 10 positions represented 48.7% of the Fund, the top 20 were 78.6%, and we exited the quarter with 29 investments. Information Technology, Consumer Discretionary, Health Care, Communication Services, and Financials made up 92.6% of the Fund. The remaining 7.4% was made up of Equinix, Inc., which is a REIT classified under Real Estate, as well as cash.

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

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Amazon.com, Inc.	$1,376.0	$48.9	11.5%
Veeva Systems Inc.	35.2	23.5	5.5
Alibaba Group Holding Limited	578.7	20.0	4.7
Mastercard Incorporated	296.8	19.8	4.6
Alphabet Inc.	966.4	17.3	4.0
Illumina, Inc.	54.4	16.6	3.9
Visa, Inc.	375.4	16.5	3.9
Twilio Inc.	30.7	16.2	3.8
Facebook, Inc.	647.5	14.7	3.4
ASML Holding N.V.	156.7	14.4	3.4

Recent Activity

During the second quarter, we initiated two new positions – **AstraZeneca PLC** and **ZoomInfo Technologies Inc.** We also added to four existing investments: **10X Genomics, Inc.**, **S&P Global Inc.**, **Slack Technologies Inc.**, and **ServiceNow, Inc.** We eliminated the two Brazilian payment companies as the elevated risk associated with COVID-19 and an emerging market economy/currency made them less attractive for this Fund.

Table V.
Top net purchases for the quarter ended June 30, 2020

	Quarter End Market Cap (billions)	Amount Purchased (millions)
AstraZeneca PLC	$138.8	$6.4
ZoomInfo Technologies Inc.	19.9	5.2
10X Genomics, Inc.	8.8	2.4
S&P Global Inc.	79.4	1.3
Slack Technologies Inc.	17.5	0.6

During the second quarter, we initiated a new position in **AstraZeneca PLC**, a global biopharmaceutical company focusing on pipeline-driven transformation around three main therapy areas: oncology, cardiovascular and metabolic diseases, and respiratory illnesses. We believe that AstraZeneca's focused strategy will produce a best-in-class growth profile for a pharmaceutical company. The company is a leader in economically attractive markets, particularly oncology, and has an opportunity to participate in emerging transformative markets, such as Alzheimer's. After a trough in revenue and earnings caused by patent expirations of its blockbuster drugs in 2016, AstraZeneca has experienced strong growth. We expect continued strong performance as AstraZeneca emerges from its earnings trough, and we see growth of 15% to 20% per year for several years ahead.

We also initiated an investment in **ZoomInfo Technologies Inc.** ZoomInfo operates a cloud-based, business-to-business intelligence platform, that provides sales & marketing teams with comprehensive data and analytics on 14 million companies and 120 million professionals, enabling sales professionals to identify and target prospects, shorten sales cycles, and increase win rates. The company currently has over 200,000 paying users across 15,000 customer companies, reflecting an approximately 2% penetration rate of a $24 billion global addressable market that benefits from secular trends favoring data-driven marketing. We believe ZoomInfo is well positioned to capitalize on the opportunity ahead given the company's unique contributory network for data collection and validation, patented data extraction technologies, and highly efficient go-to-market strategy that drives a best-in-class LTV / CAC ratio of over 10 times. ZoomInfo's moat is rooted not only in the quality and breadth of its product, but also in the platform and resultant network effect it has built over time through its "contributory network" (contacts from customers are continuously being updated into the network, benefiting ZoomInfo's other customers and increasing the quality and breadth of the data for the entire network). Moreover, we believe that Henry Schuck, ZoomInfo's Co-founder and CEO, has built a culture that will drive the company to become very successful over time. The following two paragraphs stood out to us when we read Henry's shareholder letter:

"I am humbled by the depth and breadth of our growing customer base. From our earliest customers – who, over a decade ago, recognized the value of our product and put their trust in a 23-year-old's idea – to our newest customers who continue to sophisticate their go-to-market motions with our platform.

"I am so proud to stand in front of this organization. I am proud of the culture we have built that constantly asks, 'How can I perform better? How can we make this better? How can we do more good?'"

ZoomInfo's focus on continuously learning and improving is one of the most important characteristics of successful companies in our experience, and a key to sustaining its leadership position into the future.

Lastly, ZoomInfo provides a good example to a question we are often asked: Where do ideas come from and why is the process repeatable? We got to know ZoomInfo as a private company a while ago, and before they went public, management reached out to us and invited us for several meetings including a visit to their headquarters at which we met several layers of management, including sales and R&D leaders, and were able to learn the business at a much deeper level. Baron's 38-year reputation as long-term investors in high-quality businesses is what led them to invite us in, providing us with the opportunity to learn their business and make an informed investment decision.

We feel lucky to be in a position where great companies seek us out and believe this is one of our structural and sustainable competitive advantages.

Lastly, we took advantage of inflows to continue building some of our newer positions such as **Slack Technologies Inc.** and **10X Genomics, Inc.**

Table VI.
Top net sales for the quarter ended June 30, 2020

	Market Cap When Sold (billions)	Amount Sold (millions)
PagSeguro Digital Ltd.	$8.3	$3.3
StoneCo Ltd.	7.3	2.9

As mentioned earlier, we sold Brazilian payment processors **PagSeguro Digital Ltd.** and **StoneCo Ltd.**, and we re-allocated the proceeds elsewhere.

Outlook

What a difference three months make…

If that looks familiar, it is because this is how we started this section of the letter last time. It almost feels like we've lived through a full market cycle in six months. From the market participants' vast optimism in early January to extreme pessimism in March, when futures were limit down practically every morning, and back to one of the biggest rallies in history during the last three months. Ironically, we believe that through it all, *what we don't know > what we do know* remains to be true. We are still in the early stages of understanding of long-term implications of COVID-19.

"The World Just Doesn't End That Often" said Brian Rogers, the Chairman and Chief Investment Officer of T. Rowe Price during the Financial Crisis in 2008. We tend to agree. The market has clearly concluded that we will get through this, but we think it is also signaling that life and business may be very different.

Upon reflecting on the last six months, we made several observations:

- The heightened level of uncertainty will likely significantly increase the range of possible outcomes.
- Market participants appear to be even more short-term focused than usual.
- The performance of stocks has been largely bimodal. If the company is perceived as a beneficiary of COVID-19 or even just a clear survivor, its valuation seems to be less important.

The first two observations play into what we believe are our structural competitive advantages: our focus on long-term ownership and our investment process in which we think of everything probabilistically. We believe that understanding the range of outcomes and their respective probabilities AND consequences is more important than knowing the best possible outcome or the worst possible outcome or trying to predict the most likely outcome. (Thank you, Michael Mauboussin!) We can't always anticipate every possible outcome, but it is our job to be as prepared as possible. While most investors are focused on figuring out the exact growth rate over the next one to two quarters, we are instead busy estimating the approximate growth rate over the next decade. The third and last observation, however, raises the probability that there will be a period in which we will underperform. Sooner or later, there will be a vaccine and herd immunity, and people will start to travel again. There will be a period of time in which airlines, casinos, hotels, energy companies, and banks will rally hard. It is also likely that the valuation disparity between these businesses and the digital transformation companies prevalent in the Fund will be large enough that the companies we own will be used as sources of funds. This exact scenario unfolded in the last quarter of 2016 after the unexpected outcome of the U.S. elections, closely followed by Brexit. As the markets digested the news, stocks that were expected to benefit from the upcoming tax reform and the potential infrastructure bill rallied, while growth equities sold off. We had no exposure to the former and pretty much are the latter. During that quarter, the Fund underperformed the R1KG Index by 733bps and the SPX by 1,014bps and ranked in the 97th percentile of our Morningstar peer group category. Despite the underperformance, we made only few incremental changes to the portfolio, and ended up recovering well in the next quarter, outperforming the benchmarks by 627bps and 911bps, respectively. We ended 2017 outperforming by 10.8% and 19.1%, respectively.

Every day we live and invest in a world full of uncertainty. Well-known conditions and widely anticipated events, such as Federal Reserve rate changes (up and down), ongoing trade disputes, government shutdowns, and the unpredictable behavior of important politicians the world over, are shrugged off by the financial markets one day and seem to drive them up or down the next. We often find it difficult to know why the market participants do what they do over the short term. The constant challenges we face are real and serious, with clearly uncertain outcomes. History would suggest that most will prove passing or manageable. The business of capital allocation (or investing) is the business of taking risk, managing the uncertainty, and taking advantage of the long-term opportunities that those risks and uncertainties create. We are confident that our process is the right one, and we believe that it will enable us to make good investment decisions over time.

Our goal remains to maximize long-term returns without taking significant risks of a permanent loss of capital. We are optimistic about the long-term prospects of the companies in which we are invested and continue to search for new ideas and investment opportunities while remaining patient and investing only when we believe the target companies are trading significantly below their intrinsic values.

Sincerely,

Alex Umansky
Portfolio Manager
July 4, 2020

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 invests primarily in large cap equity securities which are subject to price fluctuations in the stock market. The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk. There is no guarantee that these objectives will be met.

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 Fifth Avenue Growth Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

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).

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

DAVID BARON
CO-PORTFOLIO MANAGER

RONALD BARON
CEO AND LEAD PORTFOLIO MANAGER

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.

BARON FUNDS 1987

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
July 4, 2020

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.

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).

Dear Baron International Growth Fund Shareholder:

Performance

Baron International Growth Fund (the "Fund") gained 28.37% (Institutional Shares) for the second quarter of 2020, while its principal benchmark index, the MSCI ACWI ex USA Index, appreciated 16.12%. The MSCI ACWI ex USA IMI Growth Index gained 20.09% for the second quarter. The Fund handily outperformed its principal benchmark index for the quarter, during what proved to be a reversal of conditions from a first quarter marked by COVID-19-related disruption. In our first quarter letter, we suggested that markets should at a minimum stabilize as greater clarity emerges regarding a peak in case counts, availability of testing, therapeutic options, and progress towards a vaccine. We noted evidence that the unprecedented and global policy response was achieving its desired effect, and could act as a bridge to the restart of economies and the normalization of corporate earnings. After lagging early in the quarter, we were encouraged that international and emerging market ("EM") equities finished quite strong and largely kept pace with U.S. and global equity benchmarks for the period. Looking forward, we continue to believe that COVID-19 will be the catalyst that likely confirms a policy shift through the portal of Modern Monetary Theory, or what we call populist quantitative easing ("QE"), which we expect will lead to a shift in relative performance in favor of non-U.S. equities, as well as a U.S. dollar bear market. We also believe the COVID crisis may prove the watershed event to catalyze Europe to pursue debt mutualization, which, in our view, would materially improve confidence in the Euro and narrow the significant discount on Euro area equities. We have taken advantage of recent market events to further concentrate our portfolio in attractive long-term themes and companies that are well positioned to prosper from significant catalysts, reforms, and trends that we believe will remain in place for many years. Also, we believe the evolving and complex relationship between the U.S. and China represents a tectonic shift in geopolitics that is by no means a reason to disfavor investing in non-U.S. equities, rather it is creating exciting long-term investment opportunities for forward looking and bottom-up investors such as ourselves.

MICHAEL KASS
PORTFOLIO MANAGER

Retail Shares: BIGFX
Institutional Shares: BINIX
R6 Shares: BIGUX

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

	Baron International Growth Fund Retail Shares[1,2]	Baron International Growth Fund Institutional Shares[1,2,3]	MSCI ACWI ex USA Index[1]	MSCI ACWI ex USA IMI Growth Index[1]
Three Months[4]	28.24%	28.37%	16.12%	20.09%
Six Months[4]	0.65%	0.76%	(11.00)%	(3.06)%
One Year	8.54%	8.78%	(4.80)%	5.47%
Three Years	7.46%	7.72%	1.13%	5.69%
Five Years	6.82%	7.08%	2.26%	5.45%
Ten Years	8.65%	8.93%	4.97%	7.05%
Since Inception (December 31, 2008)	10.48%	10.75%	6.41%	8.41%

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 1.31% and 1.04%, but the net annual expense ratio was 1.20% and 0.95% (net of the Adviser's fee waivers), respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser reimburses certain 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.

The Fund's 3- and 10-year historical performance was impacted by gains from IPOs and/or secondary offerings, and there is no guarantee that these results can be repeated or that the Fund's level of participation in IPOs and secondary offerings will be the same in the future.

1 The index performance is not Fund performance; one cannot invest directly into an index. The MSCI ACWI ex USA indexes cited are unmanaged, free float-adjusted market capitalization weighted indexes. The MSCI ACWI ex USA Index Net USD measures the equity market performance of large- and mid-cap securities across developed and emerging markets, excluding the United States. The MSCI ACWI ex USA IMI Growth Index Net USD measures the equity market performance of large-, mid- and small-cap growth securities across developed and emerging markets, excluding the United States. The indexes and Baron International Growth Fund include reinvestment of dividends, net of foreign withholding taxes, which positively impact the performance results.

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

3 Performance for the Institutional Shares prior to 5/29/2009 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 5/29/2009 did not reflect this fee, the returns would be higher.

4 Not annualized.

BARON FUNDS 1987

Baron International Growth Fund

For the second quarter of 2020, we comfortably outperformed our primary benchmark, the MSCI ACWI ex USA Index, as well as the all-cap International growth proxy, and remain well ahead of both benchmarks for the year-to-date period. From a broad market perspective, second quarter performance was largely a reversal of the first quarter performance. Under the surface, however, the second quarter was marked by broad swings in relative performance between groups we define as COVID beneficiaries, COVID-impacted, and COVID-impaired businesses, countries and currencies. Early in the quarter, COVID beneficiaries staged impressive rallies, while the impacted and impaired businesses began to catch up late in the quarter. We were pleased to deliver a strong quarter of absolute and relative performance with broad-based participation across several themes, and we initiated, or added to, several high-quality positions even though the COVID disruption impacted them in the short term. In addition, we sold some COVID-impaired investments, such as travel-related businesses, late in the quarter on strength, thereby upgrading the overall portfolio quality in a post-COVID context. While we had solid performance and stock selection across the portfolio, from a sector perspective our Information Technology investments, led by our mobile e-commerce, digital transformation and cloud/SaaS software themes (**Wix.com Ltd.**, **Kingdee International Software Group Co. Ltd.**, **Endava plc**, **TeamViewer AG**, and **Glodon Company Limited**) contributed the most. In addition, strong stock selection in the Health Care sector, led by our biotechnology holdings (**argenx SE** and **Zai Lab Limited**) as well as in the Communications Services sector, led by our recent addition of **Spotify Technology S.A.**, also contributed meaningfully. From a country perspective, strong stock selection in the U.K. (**S4 Capital plc** and **B&M European Value Retail S.A.**) and China, driven by our China value-added/localization theme (**Hua Hong Semiconductor Limited**, **China Tourism Group Duty Free Corporation Limited**, **Midea Group Co., Ltd.**, and **GDS Holdings Limited**), contributed the most. Adverse stock selection in the Materials sector and our cash position in a strong market detracted from relative performance.

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

	Percent Impact
argenx SE	1.68%
Wix.com Ltd.	1.48
Spotify Technology S.A.	1.35
Zai Lab Limited	1.18
S4 Capital plc	0.71

argenx SE contributed to performance after reporting positive results from its Phase 3 trial in Myasthenia Gravis, a long-term neuromuscular disease. These results helped de-risk the investment as it was argenx's first successful Phase 3 trial ever and the data quality all but ensures regulatory approval and commercial launch over next 12 months. Given this important inflection point, shares were once again rewarded, and we maintain strong conviction in argenx.

Wix.com Ltd. provides software to help micro-businesses build and maintain websites and operate their businesses. Wix has over 170 million registered users and 4.5 million premium users. Shares were up in the second quarter as Wix's business benefited from the accelerating pace of digitization due to COVID-19. We remain investors as Wix expands its platform to target professional website builders and agencies in addition to its core do-it-yourself customers, increasing its total addressable market multi-fold while continuing to rapidly introduce new features and products.

Spotify Technology S.A. is a leading digital music service available in 79 international markets, offering on-demand audio streaming through paid premium subscriptions as well as a free ad-supported model. Shares were up on robust user growth across all regions and recovering engagement in areas impacted by the pandemic. We view Spotify as a long-term winner in music streaming with potential to go from 130 million paying subscribers today to over 250 million in four years driven by its scalable core music product and its growing library of spoken-word content.

Zai Lab Limited is a Chinese biotechnology company in-licensing drugs from developed countries to introduce to the Chinese health care market. Shares increased given a favorable reception to its recent in-licensing deal with Regeneron. The deal continues to cement Zai as a partner of choice for Western medicines in the China market. Recent commercial launches of two drugs for cancer treatment by Zai and a strong China health care market broadly should also help drive positive sentiment toward the company, in our view.

S4 Capital plc is a global marketing services business founded by Sir Martin Sorrell, the founder and ex-CEO of the world's largest ad agency WPP Group. S4 has two primary businesses: MediaMonks, a creative production firm; and MightyHive, a consultancy focused on media buying technologies and data and analytics. Shares of S4 were up in the quarter on recovering global ad spend and continued M&A in the data and analytics practice. We believe S4 has a meaningful runway for growth ahead as secular tailwinds drive digital transformation across industries and geographies.

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

	Percent Impact
Golar LNG Ltd.	–0.09%
UniCredit S.p.A.	–0.09
Haitong Securities Co., Ltd.	–0.07
MercadoLibre, Inc.	–0.07
Titan Company Limited	–0.04

Golar LNG Ltd. is engaged in transportation and regasification of liquefied natural gas. Golar also operates floating liquefaction unit Hilli ("FLNG"). Shares fell due to continued weakness in the shipping market. We retain conviction. Golar has announced plans to spin off its shipping business, and we expect Golar to convert more vessels into FLNG units at attractive returns. We believe Golar is trading below its asset value and can create significant equity value going forward.

UniCredit S.p.A. is a Pan-European, full-service banking institution headquartered in Italy. Shares of UniCredit declined on concerns about the long-term economic impacts of COVID-19 and uncertainty about the European Council's policy response to the pandemic. We decided to exit our position, as we saw a more challenging outlook for financial institutions in Europe underpinned by lower growth forecasts, lower-for-longer interest rates, and tighter capital regulation.

Haitong Securities Co., Ltd. is a securities firm in China primarily focused on brokerage, asset management, and investment banking. Shares declined due to a weaker outlook for brokerage and investment income as suggested by interim operating figures. The announced removal of Haitong from the Hang Seng China Enterprises Index also weighed on shares. We exited our position, as the benefits of China's capital markets reform are taking longer than we anticipated, and company earnings remain tied to market volatility and cyclical factors.

We sold **MercadoLibre, Inc.**, a leading e-commerce and digital payments platform in Latin America, early in the quarter given the company's exposure to highly discretionary e-commerce categories during an economic recession and offline payments during COVID-19 lockdowns. We were also concerned about currency devaluations.

Shares of **Titan Company Limited**, India's largest organized jewelry retailer, declined in the quarter due to the COVID-19 pandemic's negative impact on business operations and temporary store closures. We exited our position.

Portfolio Structure

Table IV.
Top 10 holdings as of June 30, 2020 – Developed Countries

	Percent of Net Assets
argenx SE	3.2%
AstraZeneca PLC	2.1
Keyence Corporation	2.0
Telefonaktiebolaget LM Ericsson	2.0
TeamViewer AG	1.9
NEXTDC Limited	1.8
Wix.com Ltd.	1.8
Constellation Software, Inc.	1.7
Takeda Pharmaceutical Company Limited	1.7
Experian plc	1.7

Table V.
Top five holdings as of June 30, 2020 – Emerging Countries

	Percent of Net Assets
Zai Lab Limited	2.2%
Tencent Holdings Limited	1.6
Alibaba Group Holding Limited	1.5
Reliance Industries Limited	1.3
Afya Limited	1.3

Table VI.
Percentage of securities in Developed Markets as of June 30, 2020

	Percent of Net Assets
United Kingdom	15.6%
Japan	15.0
France	5.3
Netherlands	4.7
Switzerland	4.2
United States	3.8
Sweden	3.6
Germany	3.2
Canada	3.0
Israel	3.0
Australia	2.6
Hong Kong	1.3
Spain	0.9
Norway	0.6

Table VII.
Percentage of securities in Emerging Markets as of June 30, 2020

	Percent of Net Assets
China	14.1%
India	5.7
Brazil	4.2
Russia	2.5
Mexico	1.3
Korea	0.7
United Arab Emirates	0.5

Exposure by Market Cap: The Fund may invest in companies of any market capitalization, and we strive to maintain broad diversification by market cap. At the end of the second quarter of 2020, the Fund's median market cap was $11.7 billion, and we were invested 58.6% in large- and giant-cap companies, 26.2% in mid-cap companies, and 11.0% in small- and micro-cap companies, as defined by Morningstar, with the remainder in cash.

Recent Activity

During a quarter of continued market volatility, we increased exposure to several themes and high-conviction investments. Given the economic uncertainty related to COVID-19, we opportunistically exited positions whose earnings potential we deemed impaired for an unquantifiable time owing to disruption in global travel and other related services. We continue our endeavor to modestly reduce the number of positions in the portfolio.

As part of our China value-added/technology localization theme, we initiated positions in **Tokyo Electron Limited** and **Advantest Corporation**, both Japan-based advanced semiconductor equipment/test providers. While these companies are not domiciled in China, we believe that, in addition to rising U.S./China geopolitical tension in general, the recent move by the U.S. government to restrict U.S. technology content from China's efforts to develop their own semiconductor design and production will likely result in substantial opportunities for non-U.S. suppliers such as Tokyo Electron and Advantest. Tokyo Electron is a market leader in photoresist coating, developer, and etching equipment serving the global logic and memory makers, and we believe the company's growth is poised to accelerate in the next several years, independent of emerging opportunities in China, driven by the rising complexity of semiconductor manufacturing, which requires increasingly sophisticated, high-end tooling. Advantest is a leading global provider of semiconductor testing equipment and services with almost a 50% market share. As customized chips are increasingly adopted to drive performance in high-end System-on-Chip in logic, memory, high performance computing, and 5G-related applications, demand for system-level testing will accelerate and directly benefit Advantest. Advantest is also poised to capture incremental growth from China's production ramp up in memory, while gaining share from U.S.-based Teradyne, its chief global competitor.

Early in the quarter, we initiated a position in **GRUMA, S.A.B. de C.V.**, a Mexico-domiciled global manufacturer and distributor of tortillas and associated corn flour serving retail and food service customers across Central America, the U.S., and Europe. GRUMA's dominant #1 positions in the Mexican corn flour market (serving tortilla bakeries) and in the U.S. finished tortilla market has driven persistent growth and attractive 20% plus returns on equity over time. The shares sold off during the first quarter as Coronavirus infections accelerated in the U.S. and Mexico, and that sell-off was exacerbated in U.S. dollar terms by the roughly 25% devaluation of the Mexican peso at the peak of the COVID-crisis. While the shares were declining, GRUMA's business was in fact accelerating due to rising eat-at-home consumption while operating margins were expanding due to a revenue mix shift from lower-margin food service to higher-margin retail demand. The stock price and consensus earnings estimates also failed to reflect that some two-thirds of earnings are generated in U.S. dollars, which had substantially appreciated in local terms as a result of peso depreciation. We established a position as GRUMA entered the quarter trading at one of the lowest valuations against real earnings power in recent memory, and at a material discount to North American packaged food peers, which we viewed as an attractive entry point for a growing, quality, conservatively capitalized business that also returns all of its free cash flow to shareholders in dividends and share repurchases.

We also initiated a position during the quarter in **Hong Kong Exchanges and Clearing Limited** ("HKEX"), which operates the only stock exchange, futures exchange, and related clearinghouses in Hong Kong. In our view, and again largely due to rising geopolitical tension between the U.S. and China, HKEX will gain relative attractiveness versus U.S. peers as a primary listing destination for major Chinese ADRs and primary offerings. U.S.-listed China ADRs currently account for a significant percentage of daily trading value on U.S. exchanges, and the migration of such liquidity to HKEX would drive a material enhancement to its earnings power. We see this trend likely accelerating given the recent passing of the Holding Foreign Companies Accountable Act in the U.S., which places new requirements on foreign ADRs and is directed at China. In addition, new product opportunities such as the listing of MSCI Index futures and potential inclusion of A-share derivatives will drive higher volumes and revenue growth at HKEX, beyond base case market expectations.

During the quarter, we also added to several existing positions. Most notably, we increased our stake in **Telefonaktiebolaget LM Ericsson**, as it plays into our 5G theme and because of the global campaign waged by the U.S. to impair Huawei's market access. We see **Credit Suisse Group AG** and **BNP Paribas S.A.** as beneficiaries of potential debt mutualization in Europe in response to the COVID crisis, so we added to these holdings. Opportunistically, we added to longtime, quality growth compounders **Nestle S.A.**, **Arch Capital Group Ltd.**, and **Eurofins Scientific SE**.

During the quarter, we opportunistically exited several positions, including **Aena SME, S.A.**, **Copa Holdings, S.A.**, and **Azul S.A.** We believe the COVID-19-related impact to global airlines and travel-related companies has impaired their earnings trajectories indefinitely, and we do not have visibility into traffic and revenue normalization trends. In our endeavor to increase the weighting of holdings in which we have highest conviction in quality and return potential, while simultaneously eliminating lower conviction or smaller holdings over time, we also exited positions in **Danone SA**, **Glenveagh Properties PLC**, **UniCredit S.p.A.**, **The Stars Group Inc.**, and **Haitong Securities Co., Ltd.**

Outlook

In our first quarter letter, we suggested that as COVID-related liquidity strains were likely abating, equities should, at a minimum, stabilize, and that as COVID cases peaked, testing capacity increased, and focus shifted to potential therapies, vaccines, and economic reopening, the policy stimulus in the pipeline would likely shift from defense to offense. We suggested at the time that the lack of confidence in the ability of international or EM countries to manage the COVID crisis likely led to a market mispricing, and speculated that investors were overlooking several positives such as creative policy measures and credit moratoriums in lieu of fiscal stimulus, younger populations, and a history of balancing health, mortality, and economic risks. In addition, we noted that China, a very large non-U.S. index weight, was one of the best-placed countries to return to economic normalcy. While much of the above came to pass and international and EM equities recovered strongly, the second quarter remained volatile and bifurcated during much of the period.

During the peak of the global market crisis in March, global equity correlations neared 1.0, with most equities rapidly moving towards distressed levels given uncertainties regarding employment, consumer spending, corporate and personal bankruptcies, real estate occupancy, and bank solvency. However, as the U.S. Federal Reserve (the "Fed"), Congress, and a chorus of global policymakers moved in unison to construct a fiscal and liquidity bridge to economic reopening, a hierarchy of performance in the recovery began to take hold. As policymakers effectively underwrote the largest insurance policy we have ever seen, capital began to flee towards the explicitly underwritten assets. This included various credit markets and assets targeted directly by the Fed, which had effectively countered the forced deleveraging and asset deflation that was well underway in mid-March. Countries with room for fiscal expansion, or with current account and FX reserve surpluses, and industries or companies with strong credit quality, were also early beneficiaries. By mid-April, it was becoming clear to us that investors were discerning between certain industries and companies as perceived beneficiaries of COVID-disruption such as those associated with e-commerce/logistics, remote access/working from home, digitization beneficiaries (internet data centers, online education, and cloud software providers) essential consumption, home improvement, and health care/pharmaceuticals/diagnostics; COVID-survivors (other industries and companies that were adversely impacted but likely to remain going concerns); and a third group considered COVID-impaired, which maintained an extraordinarily high risk premium given liquidity and solvency risks such as businesses associated with airline/travel, physical real estate, retail/restaurants, and banks. Like most equity managers, our portfolio had exposure to each category, and our strategy was to hold our COVID-impaired investments given what we viewed as steep and overly punitive discounts, with a goal of exiting should they return to our assessment of fair value or higher on enthusiasm over reopening or vaccine/therapy developments (the viability of which currently remain unpredictable, in our view). During the quarter, we assessed opportunities to add to COVID-impacted investments, given our view that they would eventually return to normal conditions with earnings power intact, and also analyzed COVID-beneficiaries on a case-by-case basis, to determine whether we perceived the benefit as being long term, permanent, or transitory. Similarly, markets also assigned a hierarchy of performance by country, depending on perceived ability to manage the health care, economic, and liquidity crises, with certain countries, largely EM-related, at the short end of the stick. In

our communications during the quarter, we suggested that selling COVID-impacted or COVID-impaired EM equities, particularly those with long-term appeal, such as those domiciled in India or Brazil, would turn out to be poor decisions. Given that capital markets and currencies had *already been repriced*, capital chasing those assets carrying the greatest insurance premium had created an attractive arbitrage opportunity for investing in the perceived riskier securities and businesses. To us, either the insurance policy would perform, providing a bridge to vaccinations/therapies and economic normalization, in which case buying/holding more steeply discounted COVID-impacted companies, countries, and currencies would lead to attractive returns, or the insurance policy would fail as fiscal resources became exhausted, and the underwritten assets would likely have more downside in such a scenario than those already trading at discounted or distressed levels.

As the second quarter progressed, global economies increasingly pursued reopening and businesses and world health agencies announced progress towards various potential vaccines and the lagging COVID-impacted and impaired equities and currencies began to outperform. Capital finally began to migrate from the consensus underwritten and beneficiary assets. This drove high volatility and significant mean reversion in performance within the capital markets. Strong performance by our COVID-beneficiaries throughout the quarter, combined with the subsequent significant recovery across the rest of our portfolio, led to a strong quarter of performance for our strategy, while allowing us to opportunistically upgrade the quality of our holdings as appropriate in a post-COVID environment.

Looking forward, we cannot predict the duration of COVID-related impact on economic activity. However, we believe we have taken advantage of recent market events to further concentrate our portfolio in attractive long-term themes and companies that are well positioned to prosper from significant catalysts, reforms, and trends that we believe will remain in place for many years. Examples include mobile e-commerce, artificial intelligence, digitization and cloud migration, fintech disruption, debt mutualization and fiscal union in Europe, wage-inflation targeting in Japan, China's shift in emphasis to value-added economic activity, and wealth management and consumer finance in India, to name a few. We believe the evolving and complex relationship between the U.S. and China represents a tectonic shift in geopolitics that is creating significant long-term investment opportunities across many of the markets in which we invest. The scaling back of globalization and the localization of supply chains, technology standards, and capabilities are not reasons to avoid investing in China/EM or international markets; rather they are catalysts for potentially enormous value creation. Our research team has been focused on these evolving themes and we have already made several related investments. Finally, we remain optimistic that the COVID crisis will prove to be the event that pushes the world's policymakers through the portal of Modern Monetary Theory, or fiscal expansion funded by printing money and central banks expanding their balance sheets. This populist QE should prove to be a very different type of stimulus, one that we believe will provoke a dollar bear market, which typically would suggest an extended period of international and EM equity outperformance.

Thank you for investing in the Baron International Growth Fund.

Sincerely,

Michael Kass
Portfolio Manager
July 4, 2020

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: Non-U.S. investments may involve additional risks to those inherent in U.S. investments, including exchange-rate fluctuations, political or economic instability, the imposition of exchange controls, expropriation, limited disclosure and illiquid markets. This may result in greater share price volatility. Securities of small and medium-sized companies may be thinly traded and more difficult to sell. Even though the Fund is diversified, it may establish significant positions where the Adviser has the greatest conviction. This could increase volatility of the Fund's returns. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

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

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

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).

Baron Real Estate Fund

Dear Baron Real Estate Fund Shareholder:

The Baron Real Estate Fund (the "Fund") generated strong performance for the most recent quarter ended June 30, 2020.

During this period, the Fund gained 29.93% (Institutional Shares), exceeding its primary benchmark index, the MSCI USA IMI Extended Real Estate Index (the "MSCI Real Estate Index"), which rose 21.76%. The Fund's 29.93% three-month gain significantly outperformed the performance of the MSCI US REIT Index, which appreciated 11.39%.

For the sixth-month period ended June 30, 2020, the Fund generated a positive 4.12% return, significantly outperforming the MSCI Real Estate Index, which generated a negative 13.30% return and the MSCI US REIT Index, which generated a negative 18.95% return.

We are also pleased to report that as of June 30, 2020, the Fund earned special recognition as it was awarded **Morningstar's** highest 5-star overall performance rating.

The Fund also earned special recognition from Morningstar as follows:

- **10-year performance:** Ranked as the #1 real estate fund out of 140
- **5-year performance:** Ranked in the top 4% of all real estate funds
- **3-year performance:** Ranked in the top 2% of all real estate funds
- **1-year performance:** Ranked in the top 1% of all real estate funds

JEFFREY KOLITCH
PORTFOLIO MANAGER

Retail Shares: BREFX
Institutional Shares: BREIX
R6 Shares: BREUX

Morningstar has awarded Baron Real Estate Fund Institutional Share Class 5 stars, 4 stars, 5 stars, and 5 stars for its 3-year, 5-year, 10-year, and overall performance, respectively.

As of 6/30/2020, the Morningstar Real Estate Category consisted of 225, 199, 140, and 225 share classes for the 3-, 5-, 10-year and overall rating periods, respectively.

As of 6/30/2020, the Morningstar Real Estate Category consisted of 253, 225, 199, 140, and 132 share classes for the 1-, 3-, 5-, 10-year, and since inception periods. Morningstar ranked Baron Real Estate Fund Institutional Share Class in the 1st, 2nd, 4th, 1st, and 1st percentiles, respectively. Morningstar ranked Baron Real Estate Fund Institutional Share Class as the 3rd, 5th, 12th, 1st and 1st best performing share class in its category, respectively.

Morningstar calculates the Morningstar US Fund Real Estate Category Average 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.

The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods.

© Morningstar 2020, Inc. All rights reserved. The Morningstar information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied, adapted or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information, except where such damages or losses cannot be limited or excluded by law in your jurisdiction. Past financial performance is no guarantee of future results.

BARON FUNDS 1987

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

	Baron Real Estate Fund Retail Shares[1,2]	Baron Real Estate Fund Institutional Shares[1,2]	MSCI USA IMI Extended Real Estate Index[1]	MSCI US REIT Index[1]
Three Months[3]	29.82%	29.93%	21.76%	11.39%
Six Months[3]	3.93%	4.12%	(13.30)%	(18.95)%
One Year	20.81%	21.17%	(5.85)%	(13.92)%
Three Years	9.70%	10.01%	2.94%	(1.19)%
Five Years	7.23%	7.51%	5.84%	2.74%
Ten Years	14.59%	14.88%	10.93%	7.74%
Since Inception (December 31, 2009) (Annualized)	13.67%	13.96%	10.40%	7.87%
Since Inception (December 31, 2009) (Cumulative)[3]	284.13%	294.51%	182.66%	121.49%

Like our first quarter shareholder letter, we have chosen to modify our typical format for this shareholder letter. We will, instead, prioritize and address your "top of mind" questions.

We will address the following topics in this letter:

1. A review of the Fund's differentiated approach to investing in real estate
2. An explanation of why we believe the Fund's investment approach may shine even brighter in the years ahead
3. A chronicle of our key year-to-date actions managing the Fund
4. Portfolio construction and key investment themes
5. Our outlook for the real estate market and the Baron Real Estate Fund (*preview*: we remain bullish)

A REVIEW OF THE FUND'S DIFFERENTIATED APPROACH TO INVESTING IN REAL ESTATE

What distinguishes the Baron Real Estate Fund from most other real estate mutual funds?

More than 10 years ago, we launched the Baron Real Estate Fund with a long-term strategy of structuring and maintaining a more expansive and unique real estate fund – one that contains REITs, but also invests in various non-REIT companies that operate within or provide services or products to the real estate industry.

The main real estate categories in which we invest include:

- REITs
- Residential-related real estate companies
  - Homebuilders & land developers
  - Building products/services
  - Home centers
- Technology-related real estate companies
  - Data centers
  - Wireless tower companies
  - Real estate data analytics companies
- Hospitality-related real estate companies
  - Casinos & gaming companies
  - Hotels & leisure
- Real estate service companies
- Real estate operating companies

While the portfolio weights of these real estate categories will vary according to our ongoing research of industry and company-specific factors, these are the main categories on which we focus.

We apply Baron's research-intensive, fundamental, bottom-up approach to find and invest for the long term in real estate and real estate-related companies that we believe benefit from sustainable competitive advantages, well-located and well-positioned assets, excellent management, and strong long-term growth opportunities, at an attractive valuation.

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 1.33% and 1.08%, 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, 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.

The Fund's 10-year historical performance was impacted by gains from IPOs and/or secondary offerings, and there is no guarantee that these results can be repeated or that the Fund's level of participation in IPOs and secondary offerings will be the same in the future.

1 The indexes are unmanaged. The index performance is not Fund performance; one cannot invest directly into an index. The MSCI USA IMI Extended Real Estate Index is a custom index calculated by MSCI for, and as requested by, BAMCO, Inc. The index includes real estate and real estate-related GICS classification securities. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indexes or any securities or financial products. This report is not approved, reviewed or produced by MSCI. The MSCI US REIT Index is a free float-adjusted market capitalization index that measures the performance of all equity REITs in the US equity market, except for specialty equity REITs that do not generate a majority of their revenue and income from real estate rental and leasing operations. The indexes and the Fund include reinvestment of interest, capital gains and dividends, which positively impact the performance results.

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

3 Not annualized.

Why did we structure a more diversified real estate-related fund rather than a REIT-only fund?

At the inception of the Fund, our thesis was that the Baron Real Estate Fund would be highly complementary to traditional REIT funds (and eventually to our Baron Real Estate Income Fund, which we launched 2½ years ago) and that it would have the potential to produce strong long-term returns.

We believed that the Fund would generate higher returns over the long term than more traditional REIT funds because it is more "equity like" in nature, growth oriented, and invests in a broader range of real estate-related categories.

We are pleased to report that according to **Morningstar**, the Baron Real Estate Fund is the #1 ranked real estate fund out of 132 funds for its cumulative performance since the Fund's inception on December 31, 2009. Through this 10½-year period, the Fund has generated a total return (net of fees) of 294.51%, which compares favorably to the MSCI US REIT Index's total return of 121.49% and Morningstar's Real Estate Category Average total return of 139.96%.

AN EXPLANATION OF WHY WE BELIEVE THE FUND'S INVESTMENT APPROACH MAY SHINE EVEN BRIGHTER IN THE YEARS AHEAD

In the years ahead, we believe the benefits of the Fund's broader approach and flexibility may become even more apparent. Why?

When we launched the Baron Real Estate Fund on December 31, 2009, most REIT categories offered compelling multi-year prospects for occupancy, rent, and cash flow growth. The major REIT categories included retail malls, shopping centers, office buildings, apartments, health care properties, industrial warehouses, self-storage facilities, and hotels.

In the years prior to the Coronavirus, however, challenges had emerged for some segments of commercial real estate. Malls and shopping centers faced the shift to e-commerce shopping, and their need for new capital expenditures to reconfigure their malls and shopping centers into alternative uses. Health care REITs that had acquired and developed large portfolios of senior housing real estate facilities experienced occupancy and rent pressure due to an excess supply of senior housing inventory.

More recently, the Coronavirus has not only accelerated existing trends that had already been pressuring some segments of commercial real estate, but may also have given rise to new headwinds that could pressure additional segments of commercial real estate in the years ahead.

For example, we anticipate that the growth in online shopping will accelerate the challenges for retail real estate (malls and shopping centers) and fast-track the pace and number of retail store closings.

This year's necessity to work from home may cause a more permanent shift in how and where people live and work. Recent work from home experiences have been largely positive and embraced by many companies. Demand prospects for office landlords may suffer if more businesses decide that a portion or all their workforce may work remotely. Reduced in-office work will likely lead to a decline in office demand, partially offset by the requirement of more office space per person.

Apartment landlords who have assembled large multi-family urban real estate portfolios may suffer in a post-Coronavirus environment from a migration to the suburbs if renters seek more space and have the flexibility to work remotely.

Secular headwinds could emerge for hotel operators if business travel remains depressed due to the rise and efficacy of video teleconferencing (e.g., Zoom).

Of course, the news is not all bad for REITs. We believe the multi-year business prospects for several commercial real estate segments are still promising.

The growth in online sales as businesses and consumers relentlessly seek faster delivery bodes well for industrial warehouse REITs.

The rapid transition to home-based consumer and commercial activity (online shopping, video streaming, working from home with computer screen meetings and conferencing) should benefit data center and wireless tower companies due to the need to store a greater library of data in order to conduct and support these virtual online meetings and the need for a greater number of antennae rental space on towers.

Strong demand for affordable housing should benefit manufactured housing REITs. A desire by households to rent homes in suburbs rather than rent apartments in cities or purchase homes should benefit single-family rental REITs. The acceleration in "e-grocery" penetration should benefit cold storage warehouse real estate, and an increase in funding for health care drug development bodes well for life science office real estate.

The headwinds that had been emerging for certain segments of real estate prior to the Coronavirus and the challenges that have surfaced due to the Coronavirus may lead to a narrower set of compelling traditional real estate investment opportunities. If we are correct in this prognostication, the merits of the Baron Real Estate Fund's broader approach and flexibility may become even more apparent in the years ahead.

The Baron Real Estate Fund, unlike most REIT funds, has a greater ability to pivot away from real estate categories that are likely to face long-term occupancy, rent, and cash flow pressures due to the Fund's more expansive approach.

In our opinion, the Fund's flexibility is a critical competitive advantage:

First, we are open-minded with regards to a company's corporate structure, and therefore invest not only in REITs, but also in real estate C-corps and real estate operating companies. If REITs broadly or certain REIT categories have poor medium- to long-term prospects, the Fund can de-emphasize REITs or certain REIT categories.

Second, unlike most of our peers who prioritize commercial real estate, the Baron Real Estate Fund invests in a broader universe of commercial and residential real estate-related companies. In the first six months of 2020, the relative appeal of residential real estate (homebuilders, residential building products/services companies, and home centers) has benefited the Fund.

Third, while the Fund invests primarily in equity securities, it may invest up to 20% of total assets in real estate debt securities. If we determine that the Fund is likely to generate superior returns and mitigate risk by investing in real estate debt securities, we may include real estate debt as a component of the Fund's portfolio.

Fourth, though U.S. domiciled real estate companies have been the primary focus in the last 10 years, the Fund may invest up to 25% of its total assets in international companies. Currently, the Fund's largest investment is in **GDS Holdings Limited**, the leading developer and operator of data centers in China. We believe GDS' multi-year growth prospects are even better than those of U.S. data centers.

Fifth, we invest in companies of all market capitalizations (small, mid, and large).

A CHRONICLE OF OUR KEY YEAR-TO-DATE ACTIONS MANAGING THE FUND

In the first six months of 2020, we have been active and opportunistic managing the Fund related to:

- Baron Real Estate Fund's investments in hospitality-related real estate companies (hotels, casinos & gaming, timeshare, etc.)
- Emerging headwinds and tailwinds for certain segments of real estate
- The unprecedented nature of the economic lockdown
- The extreme stock market volatility

Our decision to implement a more active and aggressive portfolio management playbook (first we played defense, then we played offense) than our more typical Baron lower turnover approach has yielded solid short-term results. Looking ahead, we believe we have positioned the Fund for strong returns in the next few years.

Key portfolio adjustments in the first six months of 2020 have included the following:

- **Sold a significant portion of the Fund's travel-related holdings at favorable prices and raised cash for possible other deployment**

  When news of the virus first broke, it became apparent that this outbreak might evolve into a global pandemic. We quickly recognized that the Fund's exposure to travel-related businesses, which had been about 25% of the portfolio, was too large given the probability of a significant slowdown in worldwide and domestic travel. We consequently decided to exit a significant portion of our travel-related holdings – hotel, casinos & gaming, cruise line, and timeshare companies – early in the first quarter at favorable prices.

- **Reinvested most of the Fund's cash in March and early April with so many stocks having corrected sharply**

  As a result of our decision to exit or trim many of the Fund's travel-related real estate holdings, we maintained a cash position of 15% to 19% of the Fund's net assets for a portion of the first quarter, representing the only instance of maintaining a large cash position since the Fund's inception more than 10 years ago.

  Following the sharp correction in so many stocks by mid-March, we reinvested the bulk of the cash. By the end of the first quarter, cash represented only 4.2% of net assets. We have maintained a low cash position during the second quarter. On June 30, 2020, cash represented 4.5% of the Fund's net assets.

- **Purchased "best-in-class" companies that were "on sale"**

  We added to positions in several "best-in-class" companies.

  In our judgment, characteristics of a "best-in-class" real estate company are:

  – Owns unique and well-located real estate assets in markets with high barriers to entry combined with attractive long-term demand demographics
  – Enjoys strong long-term growth prospects together with a leading competitive position
  – Maintains a conservative and liquid balance sheet
  – Employs an intelligent and motivated management team whose interests are aligned with shareholders

  Examples of "best-in-class" real estate companies that we have been adding to in the first sixth months of 2020 include:

  – Housing-related: **Home Depot, Inc.**, **The Sherwin-Williams Company**, **D.R. Horton, Inc.**, and **Lennar Corporation**
  – Commercial real estate services companies: **CBRE Group, Inc.**
  – Real estate operating companies: **Brookfield Asset Management, Inc.**
  – REITs: **Prologis, Inc.** and **American Tower Corp.**

- **Bought cyclical stocks that declined sharply in the downturn and have the potential to appreciate significantly in the next few years**

  We have also been upgrading the Fund's portfolio by prioritizing companies that have corrected the most in 2020. When economic activity resumes, we anticipate that the shares of many beaten down cyclical companies, such as travel and hospitality-related real estate companies and certain REITs, may lead the market higher. More on this topic in the "Portfolio construction and key investment themes" section below.

- **Increased the Fund's exposure to housing-related companies that are benefiting from structural tailwinds and the pandemic**

  For our thoughts on the U.S. housing market, please see the "Portfolio construction and key investment themes" section below.

PORTFOLIO CONSTRUCTION AND KEY INVESTMENT THEMES

The Baron Real Estate Fund currently has investments in REITs, plus seven additional real estate-related categories. Our percentage allocations to these categories vary, and they are based on our research and assessment of opportunities in each category (See Table II below).

Table II.
Fund investments in real estate-related categories as of June 30, 2020

	Percent of Net Assets
REITs	28.9%
Building Products/Services	16.7
Homebuilders & Land Developers	13.2
Casinos & Gaming Operators	12.7
Data Centers[1]	9.1
Real Estate Service Companies	8.6
Real Estate Operating Companies	3.6
Hotels & Leisure	2.7
Cash and Cash Equivalents	4.5
Total	100.0%

[1] Total would be 15.2% if included data center REITs Equinix, Inc. and Digital Realty Trust, Inc.

We are presently prioritizing three investment themes. Each theme is comprised of both REITs and non-REIT real estate-related companies.

1. **The ongoing recovery of the U.S. housing market – with an additional boost by the pandemic**

   Prior to the Coronavirus, we were bullish on the prospects for the U.S. housing market:

   - Household formation had picked up with solid job growth and wage growth as catalysts

- Home ownership levels were rebounding
- There was pent-up demand to buy homes
- Homebuilders were building reasonably priced homes
- The 30-year fixed mortgage rate stood at only 3.7% versus its long-term average closer to 8%

While job loss from the pandemic could certainly dampen home buying activity, we remain bullish on the prospects for U.S. housing. We expect structural tailwinds such as cyclically depressed levels of construction activity, low inventory levels, pent-up demand, and historically low mortgage rates to continue to benefit the U.S. housing market. The current situation is nothing like what occurred during the global Financial Crisis when our country was significantly oversupplied relative to the demographic and demand needs.

There are some early signs that housing demand is bottoming sooner and shallower than initially feared. For example, **Lennar Corporation** recently reported 20% new home order growth in the first two weeks of June. Real estate brokers have also reported that home-buying demand is moving up at an encouraging rate.

In assessing COVID-19's possible long-term impacts on real estate, it appears that the U.S. housing market may benefit from several trends:

- Suburban may become the new urban: With the pandemic largely located around major cities, we anticipate a portion of homeowners to move out of urban areas to more suburban towns. Given the sense of safety that comes with owning a single-family home rather than living in an apartment building (no elevators, no shared spaces, more space, less density), we expect demand for single-family homes to increase meaningfully.

The Fund currently has investments in four homebuilders: **Lennar Corporation**, **DR Horton, Inc.**, **Toll Brothers, Inc.**, and **Taylor Morrison Home Corporation**. Each company has recently reported an acceleration in new home orders, perhaps signaling a behavioral shift of renters seeking out more space and less density.

The Fund also has investments in REITs that would benefit from a move out of urban areas to suburbs. We expect single-family rental REIT **Invitation Homes, Inc.** to benefit as more people opt for single-family home rentals rather than apartment rentals. In the aftermath of the economic impact from the Coronavirus, we expect demand for affordable housing to benefit manufactured housing REIT **Equity Lifestyle Properties, Inc.**

- Work from home or anywhere: Should work from home arrangements become more prevalent, people will have more flexibility to relocate away from urban centers. This should lead to an increase in new home sales and single-family rentals.
- More time at home may lead to more investment in the home: Homeowners are likely to spend more time at home than ever before as more employees work from home and people prioritize social distancing. This trend should contribute to homeowners spending more on home repair and remodel activity (home office, outdoor decks and living spaces, pools, kitchens, and refreshing paint jobs). The Fund currently has investments in several companies that should benefit from this trend including: **Home Depot, Inc.**, **Lowe's Companies, Inc.**, **The Sherwin-Williams Company**, **Installed Building Products, Inc.**, **Pool Corporation**, **Fortune Brands Home & Security, Inc.**, **Trex Company, Inc.**, and **AZEK Co Inc.**

The Fund's ability to invest in non-REIT residential-related real estate companies such as homebuilders, land developers, building products/services companies, and home centers is one of the important differentiators that affords the Fund the ability to distinguish itself versus REIT funds.

On June 30, 2020, residential-related real estate companies represented 33.6% of the Fund's net assets.

Table III.

Residential-related real estate companies as of June 30, 2020

Homebuilders & Land Developers	10.2
Building Products/Services	14.3
Home Centers	5.4
REITs	
Manufactured Housing	1.5
Single-Family Rental	2.2
Total	33.6

2. The intersection of technology and real estate

The impact of technology on real estate is undeniable. The growth in cloud computing, the internet, mobile data and cellphones, and wireless infrastructure are powerful secular drivers that should continue unabated for years and are impacting real estate, along with many other industries. Real estate-related companies that embrace and adopt the latest technological advances and innovations are an important focus for us. Key beneficiaries of the technology revolution include data center companies, wireless tower companies, industrial REITs, and real estate data analytics companies.

If anything, the pandemic will accelerate these secular trends as more people conduct business, leisure, residential, and commerce activities online. Examples of companies we believe are poised to benefit from accelerating digitization include China-based data center **GDS Holdings Limited**, data center REITs **Equinix, Inc.** and **Digital Realty Trust, Inc.**, wireless tower REITs **American Tower Corp.** and **SBA Communications Corp.**, and industrial logistics REITs **Prologis, Inc.** and **Rexford Industrial Realty, Inc.**

Real estate data analytics company **CoStar Group, Inc.** has built a proprietary database over a 20-year period to provide marketing, analytics, and information services to the commercial real estate industry, creating a dominant market position and high barrier to entry.

Zillow Group, Inc. is the leader in online residential real estate with approximately 200 million monthly users of its leading residential real estate websites. Consumers are seeking streamlined, tech-enabled shopping experiences and Zillow is now developing a simpler real estate transaction that will enable consumers to buy, sell, rent, and finance residential real estate and save consumers time, money, and stress through technology, service and integration.

On June 30, 2020, technology-related real estate companies represented 26.3% of the Fund's net assets.

Table IV.

Technology-related real estate companies as of June 30, 2020

Data Centers	9.1
Real Estate Data Analytics Companies	5.9
REITs	
Data Center REITs	6.1
Wireless Tower Companies	5.2
Total	26.3

3. The "epicenter" companies

The Fund's third investment theme is the "epicenter" companies. They include hospitality-related real estate companies such as hotels, casinos & gaming companies, timeshare operators, amusement parks, ski resorts, and cruise lines. This group of companies was the hardest hit segment of the real estate industry in the pandemic as they were forced to shut down operations almost without exception. We believe many of these companies are likely to experience a major rebound in their share prices – potentially 50% gains in a relatively short period – when a medical breakthrough for COVID-19 emerges and economic activity rebounds.

We exited a substantial portion of our positions in hospitality-related real estate companies early in 2020 at favorable prices. Since then, we have been selectively reinvesting at extremely compelling valuations. We believe these businesses are cyclically depressed – not secularly challenged – and are likely to generate strong share price gains and lead the market higher when a medical breakthrough for COVID-19 emerges and economic activity rebounds. The companies we are invested in have strong balance sheets and ample liquidity to survive without any revenue for at least a year, if not two.

Many hotels and gaming companies have started the process of reopening operations in select regions across the world. In addition, regional gaming operators such as **Penn National Gaming, Inc.** and **Boyd Gaming Corporation** do not have to contend with air flight restrictions as most of their business is local. Many of the hospitality-related real estate companies have already regained a percentage of their value since hitting their 2020 bottom. Still, we think they have a way to go and believe several hospitality-related real estate companies remain heavily discounted to their likely two- to three-year prospective values. Examples include hotel companies (**Hilton Worldwide Holdings, Inc.**), casinos & gaming companies (**Wynn Resorts Ltd.**, **Penn**, **Red Rock Resorts, Inc.**, and **Boyd Gaming**), vacation timeshare companies (**Marriot Vacations Worldwide Corp.**), ski resorts, and certain amusement parks.

Hilton Worldwide Holdings, Inc. is an example of a leading company that we believe has the potential for a sharp rebound in the next few years. Hilton has an incredible franchise with premier hotel brands and a strong balance sheet. Recently, management bolstered its balance sheet by raising $2 billion of cash. Now, the company has ample liquidity to operate for the next two years with its current cost structure even if its hotels are closed for that entire two-year period!

We exited the Fund's holding in Hilton early in the first quarter. Its share price corrected from a high of $115 per share to $44 per share. We began re-acquiring shares in the $55 - $60 range. On June 30, Hilton's share price had already rebounded to $73 per share.

Wynn Resorts Ltd. is a leading casino company that generates approximately 70% of its cash flow in Macau. Management maintains a strong balance sheet with more than $3.5 billion dollars in liquidity.

Wynn owns 72% of Wynn Macau Ltd., its publicly traded Macau business. Wynn's ownership stake in Wynn Macau is $6.4 billion. Wynn's market cap, however, on June 30th was valued at only $8.0 billion, which means the company's U.S. operations are valued in the public market at only $1.6 billion of equity value or $14 per share! That makes no sense to us.

In our opinion, a conservative estimate of the replacement cost of Wynn's U.S. real estate is approximately $32 per share – implying that its current share price reflects a 56% discount to its U.S. replacement cost!

After its share price plunged from a high of $150 per share earlier in 2020, we began reacquiring Wynn shares at approximately $50. On June 30, the shares had increased approximately 50% to $74.49 per share, and we remain bullish about the prospects for further share price appreciation.

An additional example of a beaten down "epicenter" purchase in the first six months of 2020 is **Penn National Gaming, Inc.** The company is a best-in-class operator of 41 regional casinos across 19 states, and is led by a terrific CEO, Jay Snowden. In the first quarter, following a 88% decline in its share price from $38 per share, we acquired Penn shares at an average price of $8.89 per share. On June 30, the shares had increased to $30.54 per share.

We remain optimistic about Penn's multi-year growth prospects and believe the company's shares will appreciate significantly in the years ahead.

In January, Penn made a strategic investment in Barstool Sports, a well-known sports and lifestyle media brand. This key investment will be the platform for Penn's exciting transformation into an online casino gaming company that offers sports betting and i-gaming. Management believes its sports betting and i-gaming businesses may result in 100% growth of its cash flow in the next four to five years.

We are also identifying compelling value in several "epicenter" REITs and commercial real estate services companies. The share prices of these companies declined in the first six months of 2020 due, in part, to concerns that many tenants would not pay their rent obligations, the stress in the credit markets in February and March caused by plunging oil prices and the abrupt slowdown of the economy, and the fear of a prolonged slowdown in commercial real estate business fundamentals.

The shares of West Coast office REIT **Douglas Emmett, Inc.** have declined 29% year-to-date. The company owns premier office and apartment buildings in supply-constrained West Los Angeles submarkets. It is led by a terrific CEO, Jordan Kaplan. Based on transactions in its markets in the last year or so, we believe Douglas Emmett's office buildings are worth at least $1,000 per square foot. Yet, the company's office assets are currently valued in the public market at a highly discounted price of only $440 per square foot.

Casino gaming REIT **MGM Growth Properties** recently announced an increase in its dividend to $1.95 per share. The company has a strong tenant, a liquid balance sheet, and offers a compelling 7.2% dividend yield, which is more than 10 times the 0.66% dividend yield of U.S. 10-year Treasuries! At its recent price of only $27, we believe the shares could appreciate by 50% in the next two years.

CBRE Group, Inc., the largest and leading commercial real estate services firm in the world, has unmatched scale, product breadth, and leadership positions across its diversified real estate business segments. The company continues to pull away from the pack, gaining market share in each of its businesses. It is the "go to" commercial real estate services firm for clients, other real estate brokers, and employees. The management maintains a liquid and well-capitalized balance sheet.

We believe CBRE is an example of a true best-in-class company that is "on sale." In the first six months of 2020, CBRE's shares declined 26% due to concerns about a temporary slowdown in its leasing and investment sales businesses. We believe these businesses will rebound as economic activity recovers. At $45 per share as June 30th, we believe CBRE's current value is depressed relative to our view of the company's normalized earnings potential.

Table V.
"Epicenter" companies as of June 30, 2020

Hospitality-related real estate (hotels, casino & gaming, timeshare)	15.3
REITs	4.2
Real Estate Operating Companies	3.6
Commercial Real Estate Services	2.7
Total	25.9

OUR OUTLOOK FOR THE REAL ESTATE MARKET AND THE BARON REAL ESTATE FUND

We are mindful of the economic and real estate uncertainty generated by the Coronavirus pandemic. Yet, **we continue to believe there is a strong rationale and compelling case for optimism regarding the prospects for the stock market, real estate equities, and the Fund**.

First quarter letter – what we said then

In our first quarter letter, we stated that despite the unprecedented market uncertainty and insecurity surrounding the Coronavirus pandemic, we felt there was strong justification and valid reasons for optimism. We were bullish. At the time, we said:

- The double barrel of unlimited monetary stimulus and massive fiscal stimulus would bolster the economy and stock market.
- Following the sharp correction in share prices, equity valuations were attractive. In fact, we believed that the flight from the market had produced some extraordinary and rare investment opportunities.
- Residential and commercial real estate would rebound as economic activity resumes.
- There were additional reasons to be optimistic including historically low interest rates, inflation, and gasoline prices, and, in most cases, strong corporate balance sheets.
- The prospects for the Baron Real Estate Fund were strong due to the quality of the Fund's holdings, the majority of which were "on sale" at exceptionally attractive prices.

The stock market and the Fund rebounded sharply in the second quarter. In fact, the Fund's almost 30% return in the last three months is the strongest quarterly return since the launch of the Fund on December 31, 2009. Admittedly, the magnitude of the recovery in many stock prices occurred in a shorter time than we expected.

Our current outlook for the real estate market and the Fund

As we peer into the second half of 2020 and the next few years, **we continue to believe that the prospects for the equity market, real estate, and the Baron Real Estate Fund remain attractive.**

We remain optimistic and bullish.

Our optimism stems from the following considerations:

- We continue to believe that the economic effects of this pandemic crisis will be largely mitigated. We believe public health systems are better prepared if a second wave of virus infections occurs in the months ahead. Further, expanded testing and tracing, re-emphasizing the need for face coverings, renewed social distancing, and selective economic lockdowns should limit virus outbreaks and sustain the global economic recovery. Though new Coronavirus cases are increasing, the average age for those being newly diagnosed is lower at 35 years old, mortality rates are decreasing, and there has been a much smaller increase in the use of intensive care units (ICUs) and hospitalizations. These trends are less concerning than what we experienced in March and April.
- Medical experts continue to anticipate modern medical advances and a vaccine that would be broadly available by the summer of 2021 or sooner.
- The start of a new economic cycle. Recent economic and company business results indicate that the global economy bottomed in April and the economic recovery may gather further momentum in the months ahead.
- Unprecedented and massive monetary and fiscal stimulus. Policy support has been decisive, significant in scale, and coordinated. We expect the Fed to maintain an accommodative "do whatever it takes" policy stance to provide liquidity, solvency, and low interest rates and anticipate further fiscal support given elevated unemployment rates. In June, the Federal Reserve set an expectation that interest rates would remain near zero percent through 2022. In the months ahead, we believe monetary and fiscal stimulus will not only limit the downside in the stock market, but will also bolster consumer and business spending and aid the economic recovery.

  We continue to believe the double barrel of unlimited monetary stimulus and massive fiscal stimulus will bolster the economy and stock market.
- Several segments of residential and commercial real estate have begun to rebound. As economic activity has begun to resume, home sales have accelerated. We expect structural tailwinds such as cyclically depressed levels of construction activity, low inventory levels, pent-up demand, and historically low mortgage rates to continue to benefit the U.S. housing market. In commercial real estate, occupancy and rents have begun to increase for several real estate segments. We expect these trends to persist if economic activity continues to improve.
- Additional reasons to be optimistic. Historically low interest rates are unequivocally bullish for stocks and real estate. Inflation concerns seem well off the radar. Current low gasoline prices should be a boon to U.S. consumers. The U.S. banking system has improved dramatically and is maintaining strong capital ratios. With large U.S. cash positions, many corporate balance sheets are well-positioned for "defense" (a slow economic recovery) and "offense" (merger & acquisition activity, capital expenditures, employment growth, stock buybacks, and dividend increases). Substantial private capital is in pursuit of real estate and remains supported by widely available debt capital at low interest rates. Estimates of approximately $5 trillion in money market funds could lend support as additional buying power for the stock market.

Baron Real Estate Fund Outlook

We are optimistic about the prospects for the Baron Real Estate Fund.

In addition to the reasons cited above, we are also enthusiastic about the prospects for the Fund because:

- We believe the quality of the Fund's holdings is as strong as it has ever been. The businesses that we continue to emphasize are well-managed, have market-leading positions, possess quality balance sheets, own well-located real estate, and grow cash flow at a faster rate than most of their peers.
- We believe the Fund is structured to capitalize on compelling investment themes.
  - The ongoing recovery of the U.S. housing market with an additional boost beyond the pandemic (*homebuilders, building products/services companies, land developers, construction material companies, and home centers*)
  - The intersection of technology and real estate (*data center, wireless tower, industrial REIT, and real estate data analytics companies*)
  - The "epicenter" stocks (hospitality-related real estate companies such as hotels, *casinos & gaming, and vacation travel companies, certain REITs, and commercial real estate service companies)*

  Additionally, we anticipate that the continuing search for yield in a low interest rate environment should aid REITs, other dividend-yielding real estate companies, and real estate companies broadly.
- Valuations for several segments of real estate remain compelling. The valuations of a significant portion of the Fund's real estate companies – such as certain REITs, real estate service companies, homebuilders, casinos & gaming companies, and many other commercial and residential-related real estate companies – remain "on sale" at highly appealing prices.

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

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
GDS Holdings Limited	$ 12.1	$43.6	7.0%
Equinix, Inc.	62.2	28.2	4.5
Penn National Gaming, Inc.	4.2	26.0	4.1
Lennar Corporation	18.7	23.0	3.7
Brookfield Asset Management, Inc.	51.8	22.6	3.6
American Tower Corp.	114.6	22.1	3.5
Wynn Resorts Ltd.	8.0	21.1	3.4
Zillow Group, Inc.	12.8	19.7	3.1
Prologis, Inc.	68.9	19.2	3.1
Installed Building Products, Inc.	2.0	19.0	3.0

For the aforementioned reasons, we believe the prospects for the Fund in the next few years are attractive.

To our current shareholders, thank you for your past and continuing support. I remain a major shareholder of the Baron Real Estate Fund, alongside you.

Sincerely,

Jeffrey Kolitch
Portfolio Manager
July 4, 2020

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: In addition to general market conditions, the value of the Fund will be affected by the strength of the real estate markets. Factors that could affect the value of the Fund's holdings include the following: overbuilding and increased competition; increases in property taxes and operating expenses; declines in the value of real estate; lack of availability of equity and debt financing to refinance maturing debt; vacancies due to economic conditions and tenant bankruptcies; losses due to costs resulting from environmental contamination and its related cleanup; changes in interest rates; changes in zoning laws, casualty or condemnation losses; variations in rental income; changes in neighborhood values; and functional obsolescence and appeal of properties to tenants. The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

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 Real Estate Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such an offer or solicitation.

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).

Baron Emerging Markets Fund

Dear Baron Emerging Markets Fund Shareholder:

Performance

Baron Emerging Markets Fund (the "Fund") gained 26.67% (Institutional Shares) for the second quarter of 2020, while its principal benchmark index, the MSCI EM Index, appreciated 18.08%. The MSCI EM IMI Growth Index gained 22.76% for the quarter. The Fund handily outperformed its principal benchmark index, as well as the all-cap growth proxy, for the quarter as markets recovered strongly after substantial COVID-19-related declines during the first quarter. In our first quarter letter, we suggested that markets should at a minimum stabilize as greater clarity emerges regarding a peak in case counts, availability of testing, therapeutic options, and progress towards a vaccine. We also noted evidence that the unprecedented and global policy response was achieving its desired effect, and could act as a bridge to the restart of economies and the normalization of corporate earnings. After lagging early in the quarter, we were encouraged that emerging market ("EM") equities finished quite strong and largely kept pace with U.S. and global equity benchmarks for the period. Looking forward, we continue to believe that COVID-19 will be the catalyst that likely confirms a policy shift through the portal of Modern Monetary Theory, or what we call populist quantitative easing ("QE"), which we expect will lead to a shift in relative performance in favor of non-U.S. equities, as well as a U.S. dollar bear market. We have taken advantage of recent market events to further concentrate our portfolio in attractive long-term themes and companies that are well positioned to prosper from significant catalysts, reforms, and trends that we believe will remain in place for many years. Also, we believe the evolving and complex relationship between the U.S. and China represents a tectonic shift in geopolitics that is by no means a reason to disfavor investing in China or EM more broadly, rather it is creating exciting long-term investment opportunities for forward looking and bottom-up investors such as ourselves.

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

	Baron Emerging Markets Fund Retail Shares[1,2]	Baron Emerging Markets Fund Institutional Shares[1,2]	MSCI EM Index[1]	MSCI EM IMI Growth Index[1]
Three Months[3]	26.56%	26.67%	18.08%	22.76%
Six Months[3]	(5.16)%	(5.02)%	(9.78)%	(2.21)%
One Year	0.21%	0.56%	(3.39)%	8.32%
Three Years	2.19%	2.46%	1.90%	5.30%
Five Years	3.33%	3.61%	2.86%	5.28%
Since Inception (December 31, 2010)	3.83%	4.09%	0.90%	2.83%

MICHAEL KASS
PORTFOLIO MANAGER

Retail Shares: BEXFX
Institutional Shares: BEXIX
R6 Shares: BEXUX

For the second quarter of 2020, we comfortably outperformed our primary benchmark, the MSCI EM Index, as well as the all-cap EM growth proxy, and we have now outperformed our primary benchmark for the year-to-date period. From a broad market perspective, second quarter performance was largely a reversal of first quarter performance. Under the surface, however, second quarter performance was marked by broad swings in relative performance between groups we define as COVID beneficiaries, COVID-impacted, and COVID-impaired businesses, countries, and currencies. Early in the quarter COVID beneficiaries staged impressive rallies, while the impacted and impaired businesses began to catch up late in the quarter. We were pleased to deliver a strong quarter of absolute and relative performance with broad-based participation across several themes, and we added to several high-quality positions even though COVID disruption impacted them in the short term. In addition, we sold some COVID-impaired investments, such as airlines, late in the quarter on strength, thereby upgrading the overall portfolio quality in a post-COVID context. While we had solid performance and stock selection across the portfolio, from a sector perspective our Information Technology investments, led by our mobile e-commerce and cloud/SaaS software themes (**Glodon Company Limited**, **Kingdee International Software Group Co. Ltd.**, and **Kingsoft Corporation Ltd.**) and Brazilian fintech (**PagSeguro Digital Ltd.**

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 1.35% and 1.09%, 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, 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.

The Fund's 1-year historical performance was impacted by gains from IPOs and/or secondary offerings. There is no guarantee that these results can be repeated or that the Fund's level of participation in IPOs and secondary offerings will be the same in the future.

1 The indexes are unmanaged. The index performance is not Fund performance; one cannot invest directly into an index. The MSCI EM (Emerging Markets) Index Net USD is designed to measure equity market performance of large and mid-cap securities across 23 Emerging Markets countries. The MSCI EM (Emerging Markets) IMI Growth Index Net USD is a free float-adjusted market capitalization index designed to measure equity market performance of large, mid and small-cap securities exhibiting overall growth characteristics across 23 Emerging Markets countries. The indexes and the Fund include reinvestment of dividends, net of withholding taxes, which positively impact the performance results.

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

3 Not annualized.

BARON FUNDS 1987

and **StoneCo Ltd.**) contributed the most. In addition, strong stock selection in the Financial sector, led by our India wealth management and consumer finance theme (**Max Financial Services Limited**, **Bajaj Finance Limited**, and **Edelweiss Financial Services Limited**), as well as our capital markets-related investments in Brazil (**B3 S.A. – Brasil, Bolsa, Balcao** and **XP Inc.**), contributed to strong relative performance. From a country perspective, strong stock selection in China, driven by our China value-added/localization theme (**Zai Lab Limited**, **China Tourism Group Duty Free Corporation Limited**, **Hua Hong Semiconductor Limited**, **Sino Biopharmaceutical Ltd.**, and **GDS Holdings Limited**), as well as in India and Brazil, our two largest overweight countries, contributed the most. Our underweight position in the Materials sector and our modest cash position in a strong market detracted from relative performance.

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

	Percent Impact
Tencent Holdings Limited	1.38%
Zai Lab Limited	1.30
Reliance Industries Limited	1.18
China Tourism Group Duty Free Corporation Limited	0.99
PagSeguro Digital Ltd.	0.96

Tencent Holdings Limited operates the leading social network and messaging platforms in China (QQ, WeChat), the largest online entertainment and media business in China, and the largest online PC and mobile gaming business in China. Shares of Tencent were up on strong first quarter results as the pandemic drove increased time spent on Tencent platforms and strong performance in smartphone gaming. Long term, we believe Tencent can grow each of its large business segments for years to come given its track record of execution, scale, and unique and diversified online assets.

Zai Lab Limited is a Chinese biotechnology company in-licensing drugs from developed countries to introduce to the Chinese health care market. Shares increased given a favorable reception to its recent in-licensing deal with Regeneron. The deal continues to cement Zai as a partner of choice for Western medicines in the China market. Recent commercial launches of two drugs for cancer treatment by Zai and a strong China health care market broadly should also help drive positive sentiment toward the company, in our view.

Reliance Industries Limited is India's leading conglomerate, with business interests that include oil refining, petrochemicals, media, telecommunications, and retail. Shares increased after the company sold a 25% stake in Jio Platforms for more than $15 billion to a number of strategic and financial investors including Facebook, KKR, and Silver Lake. This is a very large capital raise for an Indian company, and we see it as a vote of confidence by outside investors in Reliance's e-commerce growth opportunity in India. We believe earnings can grow 15%-18% CAGR over the next five years.

China Tourism Group Duty Free Corporation Limited, the largest operator of duty-free shops in China, contributed to performance in the quarter on reports of new policies that support the province of Hainan in becoming a free trade center and easing duty-free purchasing restrictions. As the market leader in the duty-free sector, China Tourism Group is poised to capture significant incremental growth, underpinned by domestic travel and consumption upgrade, in our view.

PagSeguro Digital Ltd. is a merchant acquirer and digital payments solution provider in Brazil catering primarily to the micro-merchant segment. Shares increased as the company experienced a rebound in payment volumes within its core segment that exceeded investor expectations, demonstrating that the company's clients were more resilient to COVID-19-related business interruptions. We retain conviction in PagSeguro as a leading player in the growing market for electronic payments in Brazil.

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

	Percent Impact
Guangzhou Automobile Group Company Limited	–0.24%
Haitong Securities Co., Ltd.	–0.09
Infraestructura Energetica Nova S.A.B. de C.V.	–0.05
China Conch Venture Holdings Ltd.	–0.05
Golar LNG Ltd.	–0.05

Guangzhou Automobile Group Company Limited detracted from performance due to the COVID-19 pandemic's negative impact on auto sales and industry profitability in China. Although Guangzhou remains one of the top automakers in China with a strong brand portfolio, we believe increasing competition and a potentially long recovery path will continue to weigh on the stock sentiment. We decided to exit the position.

Haitong Securities Co., Ltd. is a securities firm in China primarily focused on brokerage, asset management, and investment banking. Shares declined due to a weaker outlook for brokerage and investment income as suggested by interim operating figures. The announced removal of Haitong from the Hang Seng China Enterprises Index also weighed on shares. We exited our position, as the benefits of China's capital markets reform are taking longer than we anticipated, and company earnings remain tied to market volatility and cyclical factors.

Infraestructura Energetica Nova S.A.B. de C.V. is a Mexico-based energy infrastructure firm. It owns natural gas pipelines, an LNG storage and regasification terminal, a gas distribution utility, an electricity generation plant, and renewable energy assets. Shares came under pressure after a regulatory decision to significantly curtail the use and development of renewable electricity generation. We decided to exit our investment due to regulatory uncertainty, which in our view negatively impacts broader business development for both utilities and LNG exports in Mexico.

China Conch Venture Holdings Ltd. is an emerging leader in hazardous/solid waste treatment through its cement co-processing and waste-to-energy projects in China. Shares fell due to weakness in cement prices and a decline in the value of its stake in Anhui Conch Cement. We retain conviction. We think these issues are transitory and related to record heavy rains impacting construction activity in China. We expect the core business, cement co-processing, to grow at a over 20% CAGR and triple in value by 2025, becoming bigger than the company's stake in Anhui Conch.

Golar LNG Ltd. is engaged in transportation and regasification of liquefied natural gas. Golar also operates floating liquefaction unit Hilli (FLNG). Shares fell due to continued weakness in the shipping market. We retain conviction. Golar has announced plans to spin off its shipping business, and we expect Golar to convert more vessels into FLNG units at attractive returns. We believe Golar is trading below its asset value and can create significant equity value going forward.

Baron Emerging Markets Fund

Portfolio Structure

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

	Percent of Net Assets
Alibaba Group Holding Limited	5.8%
Tencent Holdings Limited	5.0
Samsung Electronics Co., Ltd.	3.4
Taiwan Semiconductor Manufacturing Company Ltd.	3.0
Reliance Industries Limited	2.7
Zai Lab Limited	2.4
GDS Holdings Limited	1.7
Techtronic Industries Co. Ltd.	1.6
PagSeguro Digital Ltd.	1.6
China Conch Venture Holdings Ltd.	1.6

Exposure by Country

Table V.
Percentage of securities by country as of June 30, 2020

	Percent of Net Assets
China	43.4%
India	20.0
Brazil	7.9
Taiwan	4.6
Korea	4.6
Russia	3.5
Mexico	3.2
Hong Kong	2.0
Philippines	1.5
South Africa	1.3
Japan	1.0
Indonesia	0.9
Thailand	0.7
United Arab Emirates	0.6
Argentina	0.4
Norway	0.4
Hungary	0.2

Exposure by Market Cap: The Fund may invest in companies of any market capitalization, and we have generally been broadly diversified across large-, mid-, and small-cap companies, as we believe developing world companies of all sizes can exhibit attractive growth potential. At the end of the second quarter of 2020, the Fund's median market cap was $12.0 billion, and we were invested 46.3% in giant-cap companies, 40.7% in large-cap companies, 7.0% in mid-cap companies, and 2.0% in small- and micro-cap companies as defined by Morningstar, with the remainder in cash and private securities.

Recent Activity

During a quarter of continued market volatility, we added several new ideas toward existing themes while also increasing portfolio concentration in favor of our highest-conviction investments. Given the economic uncertainty related to COVID-19, we opportunistically exited positions whose earnings potential we deemed impaired for an unquantifiable time owing to disruption in global travel and other related services. We continue our endeavor to modestly reduce the number of positions in the portfolio.

As part of our China value-added theme, we initiated positions in **ZTO Express (Cayman) Inc.**, **S. F. Holding Co., Ltd.**, **Venustech Group Inc**., and **Beijing Oriental Yuhong Waterproof Technology Co., Ltd.** These companies add to our exposure to China software/e-commerce-related investments and broadly to businesses that are innovating and transforming into local champions. ZTO is the largest express delivery company in China (by parcel volume) and is part of the Alibaba Cainiao logistics ecosystem. In our opinion, secular growth in e-commerce and new retail formats will support robust parcel demand over the next decade. ZTO's superior scale, automation, and routing efficiency will also lead to market share gains in a fragmented industry and deliver 20% to 30% earnings growth over the next three years. S. F. Holding is the leading white glove, next-day business express delivery company in China. We believe structural growth in the Chinese services industry will underpin sustained demand for high-quality, time-sensitive parcel delivery services. S. F. Holding's new e-commerce segment, leveraging its best-in-class service, brand, and operating efficiency will drive 20% incremental earnings growth annually in the next three years. Venustech is a leading software services provider focusing on cybersecurity in China. In our opinion, China is in the early stage of a decade-long growth trend in Software-as-a-Service, currently only 10% of the equivalent market penetration versus the U.S. Specifically, cybersecurity is a focus area in China's initiative to localize and be self-sufficient in software development. We believe Venustech, a market leader in providing intrusion detection, firewall, and real-time monitoring solutions, will benefit from favorable government policies and upgrade requirements under the MLPS 2.0 standard and achieve 20% to 30% annual growth over the next five years. Beijing Oriental Yuhong is China's leading producer of waterproofing and other advanced building materials, catering to the real estate and infrastructure sectors. The company has been rapidly gaining market share in a fragmented industry and is now bigger than the next 10 competitors combined. We expect structural growth in the waterproofing industry to accelerate as China pushes for higher-quality standards and increased regulations for building and construction-related activities. Beijing Oriental Yuhong, the industry pioneer, has by far the best product quality, track record, and pricing power among competitors. We believe the company is well positioned to sustain 30% earnings growth and double its market share to 20% in three to four years.

We also initiated a position during the quarter in **Hong Kong Exchanges and Clearing Limited** ("HKEX"), which operates the only stock exchange, futures exchange, and related clearinghouses in Hong Kong. In our view, and largely due to rising geopolitical tension between the U.S. and China, HKEX will gain relative attractiveness versus U.S. peers as a primary listing destination for major Chinese ADRs and primary offerings. U.S.-listed China ADRs currently account for a significant percentage of daily trading value on U.S. exchanges, and the migration of such liquidity to HKEX would drive a material enhancement to its earnings power. We see this trend likely accelerating given the recent passing of the Holding Foreign Companies Accountable Act in the U.S., which places new requirements on foreign ADRs and is directed at China. In addition, new product opportunities such as the listing of MSCI Index futures and potential inclusion of A-share derivatives will drive higher volumes and revenue growth at HKEX, beyond base case market expectations.

Related to our India consumer finance theme, we initiated a position in **Muthoot Finance Ltd.**, which is the largest gold-based non-bank financial company in India. Muthoot primarily serves under-banked borrowers in semi-urban/rural areas, which resonates with our keen interest to invest in businesses that support financial inclusion. The company is witnessing a surge in demand for gold loans owing to increased risk aversion by banks and other lenders in the aftermath of the IL&FS credit crisis and more recently due to COVID-19-related disruption/liquidity squeeze. We believe Muthoot is well positioned to generate 20% to 25% earnings growth over the next several years and will also benefit from rising gold prices that will support higher loan growth and operating leverage and lower credit costs.

We also established a position in **Localiza Rent a Car S.A.**, which is the largest car and fleet rental operator in Brazil. The company has pioneered an integrated business model from car purchase, to car and fleet rental, to used car sales. Localiza enjoys competitive advantages in buying and selling vehicles, while retaining the highest residual value. The company has been a key beneficiary of ongoing industry consolidation and should continue to gain market share due to its scale and cost structure. After a COVID-19-related disruption, we believe demand for car rentals and ride sharing will recover faster than other forms of transportation such as buses, rail, and air travel. We also expect further traction in fleet outsourcing among Brazilian corporates driven by a growing preference among younger employees to use rental and rideshare alternatives versus public transportation.

During the quarter, we opportunistically exited several positions, most notably **Azul S.A.** and **Copa Holdings, S.A.** We believe the COVID-19-related impact to global airlines and travel-related companies has impaired their earnings trajectories indefinitely, and we do not have visibility into traffic and revenue normalization trends. In our endeavor to increase the weightings of holdings in which we have highest conviction in quality and return potential while simultaneously eliminating lower conviction or smaller holdings over time, we also exited positions in **Cogna Educacao SA**, **Guangzhou Automobile Group Company Limited**, **Haitong Securities Co., Ltd.**, **Lenovo Group Limited**, and **Sinopharm Group Co. Ltd.**

Outlook

In our first quarter letter, we suggested that as COVID-related liquidity strains were likely abating, equities should, at a minimum, stabilize, and that as COVID cases peaked, testing capacity increased, and focus shifted to potential therapies, vaccines, and economic reopening, the policy stimulus in the pipeline would likely shift from defense to offense. We suggested at the time that the lack of confidence in the ability of EM countries to manage the COVID crisis likely led to a market mispricing, and speculated that investors were overlooking several positives such as younger populations and a history of balancing health, mortality, and economic risks, while noting that China, an EM barometer, was one of the best-placed countries to return to economic normalcy. While much of the above came to pass and EM equities recovered strongly, the second quarter remained volatile and bifurcated during much of the period.

During the peak of the global market crisis in March, global equity correlations neared 1.0, with most equities rapidly moving towards distressed levels given uncertainties regarding employment, consumer spending, corporate and personal bankruptcies, real estate occupancy, and bank solvency. However, as the U.S. Federal Reserve ("Fed"), Congress, and a chorus of global policymakers moved in unison to construct a fiscal and liquidity bridge to economic reopening, a hierarchy of performance in the recovery began to take hold. As policymakers effectively underwrote the largest insurance policy we have ever seen, capital began to flee towards the explicitly underwritten assets. This included various credit markets and assets targeted directly by the Fed, which had effectively countered the forced deleveraging and asset deflation that was well underway in mid-March. Countries with room for fiscal expansion, or with current account and FX reserve surpluses, and industries or companies with strong credit quality, were also early beneficiaries. By mid-April, it was becoming clear to us that investors were discerning between certain industries and companies as perceived beneficiaries of COVID-disruption such as those associated with *e-commerce/logistics, remote access/working from home, digitization beneficiaries (internet data centers, online education, and cloud software providers), essential consumption, home improvement, health care/pharmaceuticals/diagnostics*; COVID-survivors (industries and companies that were adversely impacted but likely to remain going concerns); and a third group was considered COVID-impaired, which maintained an extraordinarily high risk premium given liquidity and solvency risks such as businesses associated with *airline/travel, physical real estate, retail/restaurants, and banks*. Like most equity managers, our portfolio had exposure to each category, and our strategy was to hold our COVID-impaired investments given what we viewed as steep and overly-punitive discounts, with a goal of exiting should they return to our assessment of fair value or higher on enthusiasm over reopening or vaccine/therapy developments (the viability of which currently remain unpredictable, in our view). During the quarter, we assessed opportunities to add to COVID-impacted investments, given our view that they would eventually return to normal conditions with earnings power intact, and analyzed COVID-beneficiaries on a case-by-case basis, to determine whether we perceived the benefit as being long-term, permanent, or transitory. Similarly, markets also assigned a hierarchy of performance by country, depending on perceived ability to manage the health care, economic, and liquidity crises, with certain EM countries at the short end of the stick. In our communications during the quarter, we suggested that selling COVID-impacted or COVID-impaired EM equities, particularly those with long-term appeal, such as those domiciled in India or Brazil, would turn out to be poor decisions. Given that capital markets and currencies had *already been repriced*, capital chasing assets carrying the greatest insurance premium had created an attractive arbitrage opportunity for investing in the perceived riskier securities and businesses. To us, either the insurance policy would perform, providing a bridge to vaccinations/therapies and economic normalization, in which case buying/holding more steeply discounted COVID-impacted companies, countries, and currencies would lead to very attractive returns, or the insurance policy would fail as fiscal resources became exhausted, and the underwritten assets would likely have more downside in such a scenario than those already trading at discounted or distressed levels.

As the second quarter progressed global economies increasingly pursued reopening, businesses and world health agencies announced progress towards various potential vaccines, and the lagging COVID-impacted and impaired equities and currencies began to outperform. Capital finally began to migrate from the consensus underwritten and beneficiary assets. This drove high volatility and significant mean reversion in performance within the capital markets. Strong performance by our COVID beneficiaries throughout the quarter, combined with the subsequent significant recovery across the rest of our portfolio, led to a strong quarter of performance for our strategy, while also allowing us to opportunistically upgrade the quality of our holdings as appropriate in a post-COVID environment.

Looking forward, we cannot predict the duration of COVID-related impact on economic activity. However, we believe we have taken advantage of recent market events to further concentrate our portfolio in attractive long-term themes and companies that are well positioned to prosper from significant catalysts, reforms, and trends that we believe will remain in place for many years. Examples include mobile e-commerce, artificial intelligence, digitization and cloud migration, fintech disruption, China's shift in emphasis to value-added economic activity, wealth management and consumer finance in India, and attractive productivity-enhancing reforms in Brazil and India, to name a few. We believe the evolving and complex relationship between the U.S. and China represents a tectonic shift in geopolitics that is creating significant long-term investment opportunities across many of the markets in which we invest. The scaling back of globalization and the localization of supply chains, technology standards, and capabilities are not reasons to avoid investing in China and the emerging markets; rather they are catalysts for potentially enormous value creation. Our research team has been focused on these evolving themes and we have already made several related investments. Finally, we remain optimistic that the COVID crisis will prove to be the event that pushes the world's policymakers through the portal of Modern Monetary Theory, or fiscal expansion funded by printing money and central banks expanding their balance sheets. This populist QE should prove to be a very different type of stimulus, one that we believe will likely provoke a dollar bear market, which typically would suggest an extended period of EM equity outperformance.

Thank you for investing in the Baron Emerging Markets Fund.

Sincerely,

Michael Kass
Portfolio Manager
July 4, 2020

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: In addition to the general stock market risk that securities may fluctuate in value, investments in developing countries may have increased risks due to a greater possibility of: settlement delays; currency and capital controls; interest rate sensitivity; corruption and crime; exchange rate volatility; and inflation or deflation. The Fund invests in companies of all sizes, including small and medium sized companies whose securities may be thinly traded and more difficult to sell during market downturns. The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

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

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

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).

Dear Baron Global Advantage Fund Shareholder:

Performance

We had a good quarter.

Baron Global Advantage Fund (the "Fund") gained 46.4% (Institutional Shares) during the second quarter, which compared favorably to the 19.2% and 25.1% returns for the MSCI ACWI and MSCI ACWI Growth Indexes, respectively, the Fund's benchmarks.

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

	Baron Global Advantage Fund Retail Shares[1,2]	Baron Global Advantage Fund Institutional Shares[1,2]	MSCI ACWI Index[1]	MSCI ACWI Growth Index[1]
Three Months[3]	46.30%	46.39%	19.22%	25.14%
Six Months[3]	35.08%	35.23%	(6.25)%	5.48%
One Year	45.53%	45.91%	2.11%	16.58%
Three Years	30.68%	31.02%	6.14%	13.18%
Five Years	20.94%	21.21%	6.46%	10.83%
Since Inception (April 30, 2012)	18.09%	18.34%	8.07%	11.07%

After a quarter like this, we think it is particularly important to remind shareholders not to focus too much or draw far-reaching conclusions from short-term performance results. While undoubtedly pleasing to the eye, today it is unclear how much of this result was due to luck and circumstance (right time, right place) and how much was due to good decision making. Time will tell. More on that later in the letter.

Over the last three months, we experienced one of the fastest and strongest stock market recoveries in history with the MSCI ACWI Index rising 19.2% and up 37.5% from the trough of March 23 and the MSCI ACWI Growth Index gaining 25.1% during the quarter, and 43.3% from the same trough. The Fund performed even better, gaining 46.4%, and outperforming the benchmarks by 27.2% and 21.3%, respectively. The Fund has gained 35.2% year-to-date, compared to a loss of 6.3% and a gain of 5.5% for the Fund's benchmarks, respectively. Compared to our primary benchmark, the Fund had outperformed by 9.9% from the beginning of 2020 until the market peak on February 12, by 8.2% on the way down from February 12 through March 23, and by 23.6% since the recovery started until the end of the second quarter, rising 61.1% from the trough. Pleasing to the eye, indeed.

ALEX UMANSKY
PORTFOLIO MANAGER

Retail Shares: BGAFX
Institutional Shares: BGAIX
R6 Shares: BGLUX

As is typically the case, the outperformance in the quarter came mostly from stock selection, which contributed 22.3% out of our 27.2% excess return. The outperformance was broad across all the sectors in which we invested, and by wide margins ranging from 21.2% outperformance in Consumer Discretionary to 36.5% outperformance in Information Technology. This unusual level of outperformance was driven by accelerating disruptive change trends that benefited many of our investments. The Fund's relative returns were also helped by not investing in Utilities, Consumer Staples, Real Estate and Financials, the worst performing sectors in our benchmarks during the quarter. We also showed well in both the developed and the emerging markets (outperforming by 39.3% and 27.3%, respectively) and in nearly all geographies with five countries (representing approximately two-thirds of average net assets) returning over 50% in the U.S., Canada, Israel, Argentina, and the Netherlands; with Israel and Argentina leading the way with returns of 133.8% and 94.7%,

Performance listed in the table above is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2019 was 1.25% and 1.00%, respectively, but the net annual expense ratio is 1.15% and 0.90% (net of the Adviser's fee waivers), respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser reimburses certain 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.

† The Fund's 3 & 5 year historical performance was impacted by gains from IPOs and/or secondary offerings. There is no guarantee that these results can be repeated or that the Fund's level of participation in IPOs and secondary offerings will be the same in the future.

1 The indexes are unmanaged. The index performance is not fund performance; one cannot invest directly into an index. The MSCI ACWI indexes cited are unmanaged, free float-adjusted market capitalization weighted indexes reflected in US dollars. Effective 1/31/2019, the Fund has changed its primary benchmark to the MSCI ACWI Index. The MSCI ACWI Growth Index Net USD measures the equity market performance of large- and mid-cap growth securities across developed and emerging markets. The MSCI ACWI Index Net USD measures the equity market performance of large- and mid-cap securities across developed and emerging markets. The indexes and the Baron Global Advantage Fund include reinvestment of dividends, net of foreign withholding taxes, which positively impact the performance results.

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

3 Not annualized.

respectively. The Fund's performance was also strong across all market caps, although our smaller- and medium-capitalized holdings performed best with returns of 67.3% and 61.2%, each outperforming the primary benchmark by over 35%. Our allocations to small and mid caps (about 37%) were much higher than the benchmark's (15%), and this also added value.

Looking under the hood, we had *25 investments* that were *up over 50%* during the quarter, 14 of which were up 80% or more, of which 10 at least doubled. As is typical for us, it was a mix of high-conviction, longer-term, better-known investments and lesser-known newcomers: **Wix**, **Twilio**, **MercadoLibre**, **Fiverr International**, **Shopify**, **Schrodinger**, **Datadog**, **Bill.com**, **Pinduoduo**, and **Agora**. While not doubling in price, **Amazon**, **argenx**, **Veeva Systems**, **CrowdStrike**, and **Facebook** were the other top 10 contributors to absolute returns. Only two of our holdings were up less than 10%, **Acceleron Pharma** (which was up 70% in the first quarter) and **Mellanox Technologies** (whose all-cash acquisition by NVIDIA closed during the quarter). The Fund had but a single detractor, **Arco Platform**, a Brazilian education company, that cost us...a single basis point of performance.

According to Morningstar, as of June 30, 2020, Baron Global Advantage Fund ranked in the top 1% for its 1-year, 3-year, and 5-year returns. The Fund is also ranked in the top 1% since its inception on 4/30/2012. The Fund has been awarded a 5-star Morningstar rating for its 3-year, 5-year, and overall performance.*

Morningstar rankings are based on total returns and do not include sales charges. As of 6/30/2020, the Morningstar World Large Stock Category consisted of 866, 761, 626, 436 and 761 share classes for the 1-, 3-, 5-year, since inception (4/30/2012) and overall periods.

Since its inception, Baron Global Advantage Fund has returned 295.6% (Institutional Shares) cumulatively, compared to 88.5% for the MSCI ACWI Index, and 135.7% for the MSCI ACWI Growth Index, the Fund's benchmarks. Over that same period of time, the Fund has outperformed the Morningstar World Large Stock Category average, by 210.7%, cumulatively. On an annualized basis, the Fund has generated excess returns of 10.3% and 7.3%, over its benchmarks, respectively, and 10.5% over its peer group average.**

I was very fortunate to have good mentors, especially early in my investing career. Many years ago, in my former shop, one of them suggested that participating in fantasy football could be a useful exercise. At the time, the idea of grown men spending a considerable amount of time "fantasizing" about owning and managing a football team, "drafting" and trading players, and betting money on how these particular players will perform in real life, seemed plainly bizarre. But my mentor quickly explained that players can be viewed like stocks and their average draft position ("ADP") was akin to a market price. Players with proven track records or blue-chip credentials who played in powerful offenses were expected to produce a lot of passing, rushing or receiving yards and score touchdowns were your "growth" stocks and were trading at very high ADPs. Aging players or players with mediocre track records could be acquired or "invested" in at much lower ADPs and were essentially your value stocks. And then, there were players coming off injuries, or moving teams or coaches, and finding themselves with larger or smaller opportunity sets. These were your turnaround situations. Just like with stocks, some players will significantly outperform their price/ADP and others will underperform. The trick was to construct a portfolio of these players whose combined production/results will outperform the portfolios constructed by the other team owners. It seemed gimmicky and I was skeptical. "How do you predict which one of them will get hurt? Which one will misbehave and get suspended or benched? Won't the weather affect the stats? *How do you get comfortable with all that uncertainty???*" My mentor smiled. "Well...do you know what the Fed is going to do? What about the price of oil? GDP growth? **Investing is all about getting comfortable with uncertainty**..."

Beginner's luck gifted me a 3rd drafting slot in my first fantasy football adventure, which is generally considered advantageous, because it meant that I would ostensibly have a chance to select the third most valuable player. I spent countless hours preparing and researching and even built algorithms designed to forecast players' future performance based on their historical production, adjusted for any changing circumstances, such as comp incentives, and yes, with an adjustable variable for the changing weather (the algorithm proved to be wildly inaccurate). I kept peppering my mentor with questions. Do I take Marshall Faulk or Kurt Warner with my first pick? It was fairly obvious that the quarterback ("QB") position was the most important one in real football, but the fantasy football owners seemed to value the running back ("RB") position more. I deduced that because running backs generally had much higher ADPs (i.e., market price) and all proven "starters" would typically be gone in the early rounds where as a starting QB could easily be had in the 6th through 10th round of the draft (once again, bearing no resemblance to real football drafts). Still, Kurt Warner had Torry Holt and Isaac Bruce, AND he also had Marshall Faulk

* **Morningstar calculates the Morningstar World Large Stock Category average using the Morningstar Fractional Weighting methodology. Total returns do account for management, administrative, and 12b-1 fees and other costs automatically deducted from fund assets.**

Morningstar ranked Baron Global Advantage Fund Institutional Share Class in the 1st,1st, 1st, and 1st percentiles, respectively.

Morningstar has awarded Baron Global Advantage Fund Institutional Share Class 5 stars, 5 stars, and 5 stars for its 3-year, 5-year, and overall performance, respectively.

The Morningstar Rating™ for funds, or "star rating," is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods.

** As of 6/30/2020, the annualized returns of the Morningstar World Large Stock Category Average were 1.83%, 5.55%, 6.04%, and 7.82% for the 1-, 3-, 5-year, and since inception (4/30/2012) periods. The cumulative returns of the Morningstar World Large Stock Category Average were 1.83%, 17.68%, 33.58%, and 84.90%, respectively.

© Morningstar 2020, Inc. All rights reserved. The Morningstar information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied, adapted or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information, except where such damages or losses cannot be limited or excluded by law in your jurisdiction. Past financial performance is no guarantee of future results.

(who as one of the best receiving RBs of his day would co-create value/ points for his quarterback) and he had the genius Mike Martz who invented "The Greatest Show on Turf." My mentor told me not to worry about Marshall Faulk, who was certain to be taken before my turn and pointed out that Kurt Warner's ADP was in the middle of the 2nd round (meaning that there were over a dozen players that I could own with my 3rd overall pick that had a higher price–i.e., significantly higher expected value). The problem was that at Kurt's ADP he was unlikely to be there when my turn to pick came again and, in my view, the market's price for Kurt was way too low. "Please, help me reconcile this" I pleaded with my mentor. "The first-round pick is the biggest investment I'm going to make, and I understand the uncertainty about the outcome. I just want to do the 'right' thing, you know, *make the 'right' decision*." "Ha!"–he replied–"*How do we know what the right decision is*? That will not be revealed until after the season, and even then…how would we know whether we made a good decision or just got lucky? Investors learn to get comfortable with the uncertainty of outcomes because it is fairly intuitive. **How do we get comfortable with the uncertainty about the 'right' thing to do? How DO we make good decisions???**"

Long story short, he never gave me any answers, even for the simplest of queries. Every question resulted in more questions. I ended up taking Kurt Warner with the 3rd overall pick, and my fantasy team was one of the first ones to be eliminated from playoff contention, despite the fact that Kurt Warner won the Most Valuable Player award in the NFL that year. I had to learn the hard way why experienced fantasy players would never spend a first round pick in a standard scoring fantasy football league on a QB (it is because only the top 12 QBs get to "start" and accrue points for fantasy purposes, compared to 24 RBs, and 36 wide receivers ("WRs"). The difference between the best starting QB and the average QB (#6 or #7 overall) or the worst starting QB (#12 overall) tends to be significantly *smaller* than the difference between the #1 RB and the average starting RB (#12 or #13 RB) or the worst starting RB (#24), AND the same is true between the top, average, and worst WRs as well).

It was a pattern with this guy. He would never explain to me why he would purchase this stock instead of that one, promote this analyst but not the other, trust this management team, but not that one. I learned to live with that ambiguity, but I did not forgive him for not stopping me from taking Kurt Warner with the first pick. While there could be a lucky outcome, there was no way it would prove to be the "right" thing to do. There was no way it was going to be the right decision. It took me many years to realize that he wasn't giving me answers just to be mean, but because those answers would come at the expense of my developing ability to make good decisions. I had to learn to think through everything for myself, on my own. All he could do was give me the tools. Teach me to ask the right questions. I'm the one who had to find the way through. And then, perhaps, one day, I could get comfortable with uncertainty. Not only with the uncertainty of outcome but with the uncertainty of the decision making itself. We believe there is no finish line and that investment decisions can only be judged over really long periods of time. We also believe that making good investment decisions is a skill that can be learned and improved upon continuously over time. We think that's what it's all about.

Back to our second quarter. Despite the incredibly strong overall market recovery, the price moves were far from uniform. At the one extreme, areas that were hit the hardest by the COVID-19 shutdowns are still down big for the year. Hotels, resorts & cruise lines are down 50%, airlines are down 48%, Energy stocks are down 34%, and Financials are down 24%. At the other extreme, companies deemed to be clear beneficiaries from the work from home theme are up in the triple digits. For example, the now well-known video conferencing software provider, Zoom Video Communications, was up 273%. Everyone else is somewhere in between. Secular and structural changes are occurring in a compressed timeframe, which likely accelerates digital transformations that have dominated our portfolio over the last few years. Global economies are digitizing and transforming themselves!

When we look at our investments, many of our companies have been on the right side of this disruption, exhibiting real strength in their business fundamentals, and in many cases, significantly accelerated growth:

- **Wix** – April collections accelerated to a 76% growth with a 207% growth in new subscribers.
- **Twilio** – Revenue growth accelerated to 56%. Jeff Lawson, Twilio's CEO, commented during the earning conference call: *"These (digital transformation) projects were slated for quarters or years…many of these got done in weeks. And so, this is going to be seen as **a great digital acceleration.**"*
- According to Adobe[1], e-commerce spending was up 78% year-over-year in May after being up 49% in April. This benefits our e-commerce-related businesses: Amazon, Shopify, Alibaba, MercadoLibre, Wix, and Fiverr.
- **Shopify** saw new store creation on their platform increase by 62% through April. Tobi Lutke, its CEO, commented during earnings that *"when it comes to the retail industry, we've just jumped a lot of years in the future."*
- **Fiverr** saw its business accelerate every week in April.

The commentary around the acceleration of digitization during earnings calls was remarkably similar in many of our businesses, irrespective of their geographical location, market cap, or GICS sector.

- **Alibaba**: *"The pandemic has fundamentally altered consumer behavior and enterprise operations, making digital adoption and transformation a necessity."*
- **Google:** *"Long-term acceleration of movement from businesses to digital services…These changes will be significant and lasting…cloud is an obvious area. If you have data centers, these are fixed costs…"*
- **Splunk**: *"One thing is clear to us: data matters more than ever in this digital world, and every organization is on a journey to bring data to everything."*
- **Schrodinger**: *"the crisis only makes clearer the need for efficiency and speed in drug and materials design and the benefits of our technology."*

While many of these disruptive forces have been going on for years, we think it is now clear that the Coronavirus pandemic has accelerated their pace:

- 7,000 – 8,000 retail doors closed annually pre-COVID-19 => CoreSite predicts 25,000 retail store closures in 2020.

[1] https://www.adobe.com/content/dam/www/us/en/experience-cloud/digital-insights/pdfs/adobe_analytics-digital-economy-index-2020.pdf

- e-commerce penetration increasing by 70 bps to 80 bps a year and e-commerce growing 12% to 14% per year while e-commerce growth rates over the last three months have been in the 50% to 80% range.
- Computing workloads are migrating to the cloud faster.
- Companies are investing rapidly in digitization across their operations.

The acceleration in these tailwinds combined with the Fed's response to COVID-19, which has led to a reduction in long-term interest rates and equity risk premiums, has driven up the intrinsic value of the businesses we own (cash flows will grow faster for longer and are discounted to present values at lower discount rates). In a post-COVID-19 world, digitization has become crucial for survival. COVID-19 has proven that companies that are either digitally native or who have already digitally transformed will thrive, while the rest will be left behind. Though we are only just starting to understand the many implications of this pandemic, we think it is worth repeating what we wrote in the last quarterly letter:

The economy will NOT be the same as it was before the COVID-19 crisis.

We have a lot of experience analyzing disruptive change, and a process that helps us identify businesses that are well-positioned to benefit from it. We always think about the quality of the business and its competitive advantage first. Why that competitive advantage is durable, and how it will enable the business to compound its intrinsic value over long periods of time are the two most critical questions that we must answer prior to making any investment. Many of these companies are unique and emerge from downturns in a stronger competitive position than they were in when they went into it because they sell a critical product or service that is vital to their customers.

While the level of uncertainty remains extreme, we believe that the increased pace of disruptive change will benefit our businesses, expand and strengthen their competitive advantages, and accelerate the growth of their intrinsic values. Our experience in uncovering the special ones (or "big ideas") and our willingness to hold them for the long term should help us continue to generate excess returns over the long term.

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

	Quarter End Market Cap (billions)	Percent Impact
Wix.com Ltd.	$ 13.3	3.20%
Twilio Inc.	30.7	2.76
MercadoLibre, Inc.	49.0	2.72
Fiverr International Ltd.	2.5	2.63
Amazon.com, Inc.	1,376.0	2.54

Wix.com Ltd. provides software to help micro-businesses build and maintain websites and operate their businesses. Wix has over 170 million registered users and 4.5 million premium users. Shares were up 154% in the second quarter as Wix's business benefited from the accelerating pace of digitization due to COVID-19 driving 76% year-over-year growth in the April cohort collections, 63% growth in new user registrations and 580% growth in new Wix Stores subscriptions. We retain conviction as Wix deepens its offering while expanding its platform to target professional website builders and agencies in addition to its core do-it-yourself customers, increasing its total addressable market multi-fold while continuing to rapidly introduce new features and products.

Twilio Inc. is a leading Communications-Platform-as-a-Service (CPaaS) company offering a set of application programming interfaces that help developers embed communications into their software through its cloud platform. Shares appreciated 145% during the quarter as Twilio's business accelerated due to increasing digitization trends as a result of COVID-19, driving 57% revenue growth in the most recent quarter with strengthening trends into the next quarter. We believe the accelerating pace of digitization is driving businesses to increasingly embed communications into their software, creating a potential multi-billion dollar market opportunity for Twilio.

MercadoLibre, Inc., the leading e-commerce and digital payments platform in Latin America, contributed during the quarter as its stock was up 103%. The company reported earnings results and trading trends that exceeded investor forecasts as growth in gross merchandise value sharply accelerated in April driven by the shift of consumers to online shopping during the lockdowns while off-platform total payment volume growth also accelerated in April. We believe the opportunity ahead for MercadoLibre remains significant as it benefits from the rise in e-commerce penetration from a still modest 3% rate and the growth of digital payments since Latin America is still predominantly a cash-based economy.

Fiverr International Ltd. is a leading two-sided online marketplace for freelance services that helps connect businesses with freelancers. Fiverr's stock was up 193% during the second quarter after the company reported 44% revenue growth due to the increased pace of digitization as a result of COVID-19. We believe that Fiverr remains early in its growth curve since freelance work is a secularly growing part of the global economy (with a multi-billion dollar total addressable market) as millennials and gen-z-ers become a larger part of the population and as organizations realize they can benefit from reducing inefficiencies associated with searching for, contracting, and collaborating with freelance employees. Finally, we believe that the company's early-mover and scale advantages and well-known brand lead to a virtuous cycle that reinforces its competitive moat.

Amazon.com, Inc. is the world's largest retailer and cloud services provider. Shares rose 41% during the quarter on strong first quarter results as Amazon benefited from its prior investments in logistics and distribution to meet the increased COVID-19-related demand. Additionally, stock performance was driven by investors' expectations that Amazon will benefit from the accelerating pace of digitization trends following COVID-19 such as e-commerce penetration and the migration of IT workloads to the cloud. Amazon remains early in disrupting multiple large markets including e-commerce with around 15% penetration, advertising at 1% to 2%, logistics, health care, and more. We also think AWS (Amazon Web Services) still has a long runway for growth with cloud penetration of around 6% in 2019 out of the $3.7 trillion global spending on information technology (according to Gartner).

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

	Quarter End Market Cap (billions)	Percent Impact
Arco Platform Limited	$2.6	–0.01%

Arco Platform Limited is a Brazilian education technology company providing educational content and software solutions to K-12 private schools. Its solution is a one-stop shop for schools replacing several publishing and system vendors. In an embarrassment to our timing decision

shares of Arco detracted from performance *despite the stock being up 10%* during the quarter since we added to our position at higher prices during the quarter and as the Brazilian Real depreciated following our purchase. We maintain conviction in Arco as it is in the early stages of disrupting a legacy industry with a modern learning platform, enabling better results for students and schools.

Portfolio Structure

The portfolio is constructed on a bottom-up basis with the quality of ideas and conviction level having the most significant roles in determining the size of each individual investment. Sector or country weights are an outcome of the portfolio construction process and are not meant to indicate a positive or a negative "view." The top 10 positions represented 36.1% of the Fund, and the top 20 represented 58.1%. Our investments in the Information Technology, Consumer Discretionary, Health Care, and Communication Services, as classified by GICS, represented 90.5% of the Fund's net assets. Our investments in companies domiciled outside the U.S. represented 41.4% of net assets and our investments in emerging markets totaled 26.7% of net assets. During the second quarter, the Fund crossed the $1 billion net assets milestone.

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

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Alibaba Group Holding Limited	$ 578.7	$77.3	6.3%
Amazon.com, Inc.	1,376.0	73.6	6.0
Facebook, Inc.	647.5	48.4	4.0
Wix.com Ltd.	13.3	39.1	3.2
MercadoLibre, Inc.	49.0	36.6	3.0
TAL Education Group	41.1	35.6	2.9
GDS Holdings Limited	12.1	34.2	2.8
Splunk, Inc.	31.6	33.5	2.7
Twilio Inc.	30.7	31.6	2.6
Veeva Systems Inc.	35.2	31.5	2.6

Exposure By Country

Table V.
Percentage of securities by country as of June 30, 2020

	Percent of Net Assets
United States	49.1%
China	16.6
Brazil	5.4
Israel	5.2
Netherlands	4.9
Argentina	3.9
Canada	2.6
United Kingdom	2.0
United Arab Emirates	0.8

Recent Activity

During the second quarter, we initiated 3 new investments and added to 38 existing positions as we continued to put the Fund's inflows to work. For the first time since the Fund's inception, we made NO SALES during the quarter. We exited the month of June with 47 investments.

Table VI.
Top net purchases for the quarter ended June 30, 2020

	Quarter End Market Cap (billions)	Amount Purchased (millions)
Alibaba Group Holding Limited	$ 578.7	$43.6
Amazon.com, Inc.	1,376.0	28.5
Facebook, Inc.	647.5	28.3
GDS Holdings Limited	12.1	18.8
ZoomInfo Technologies Inc.	19.9	16.6

We initiated a small investment in **Slack Technologies Inc.** early in the second quarter. Slack is a cloud-based collaboration platform, enabling customers to communicate, share information, and collaborate on projects. Slack is used by over 12 million users daily, has over 110,000 customers, and it is growing rapidly (revenues grew 57% in fiscal year 2020 driven both by the addition of new customers and by the expansion of existing ones). Slack has seen a significant acceleration in its business due to COVID-19 adding 90,000 new customers in the first quarter, which is more than it added in all of 2019.

Since the early days of the internet, email has been the main way people communicated in their personal lives and at work. Slack seeks to disrupt that. This is how the company explains its mission: *"Our mission is to make people's working lives simpler, more pleasant and more productive."* And this is how they intend to disrupt email: *"The most helpful explanation of Slack is often that it replaces the use of email inside the organization. Like email (or the internet or electricity), Slack has very general and broad applicability. It is not aimed at any one specific purpose, but nearly anything that people do together at work. Unlike email, however, most of this activity happens in team-based channels, rather than in individual inboxes. Channels offer a persistent record of the conversations, data, documents, and application workflows relevant to a project or a topic. Membership of a channel can change over time as people join or leave a project or organization, and users benefit from the accumulated historical information in a way an employee never could when starting with an empty e-mail inbox. Depending on the size of the organization, this might provide tens, hundreds or even thousands of times more access to information than is available to individuals working in environments where email is the primary means of communication."*

As organizations digitally transform and become more agile, the technologies they use and their organizational structures must adapt as well. These technologies need to mirror the collaborative, customer-centric workflows rather than act as a constraint on them. Slack's platform was purpose-built for that world, while email is more relevant for the siloed linear organizations of the past, in our view. Slack also benefits from strong competitive advantages including its integration with dozens of other enterprise tools such as Google Docs, Salesforce, and others, as well as the ever-growing data Slack customers generate and then tap into, which creates stickiness. Slack's shared channels also benefit from Metcalfe's Law

(the value of a shared channel grows with the amount of collaboration) as well as from word-of-mouth adoption (the more users are in Slack, the more attractive the platform becomes for other users within the organization). This explains Slack's best-in-class net-dollar-retention rates of 130%. We believe Slack has a large opportunity ahead to disrupt email usage, with hundreds of millions of information workers still using emails daily as their main collaboration tool.

During the quarter, we also bought **ZoomInfo Technologies Inc.** ZoomInfo operates a cloud-based business-to-business intelligence platform that provides sales & marketing teams with comprehensive data and analytics on 14 million companies and 120 million professionals, enabling sales professionals to identify and target prospects, shorten sales cycles, and increase win rates. The company currently has over 200,000 paying users across 15,000 customer companies, reflecting only about 2% penetration of a $24 billion global addressable market that benefits from secular trends favoring data-driven marketing. We believe ZoomInfo is well positioned to capitalize on the opportunity ahead given the company's unique contributory network for data collection and validation, patented data extraction technologies, and highly efficient go-to-market strategy that drives a best-in-class LTV / CAC ratio of over 10 times. ZoomInfo's moat is rooted not only in the quality and breadth of its product, but also in the platform and resultant network effect it has built over time through its "contributory network" (contacts from customers are continuously being updated into the network, benefiting ZoomInfo's other customers and increasing the quality and breadth of the data for the entire network). Moreover, we believe that Henry Schuck, ZoomInfo's Co-founder and CEO, has built a culture that will drive the company to become more successful over time. The following two paragraphs stood out to us when we read Henry's shareholder letter:

"I am humbled by the depth and breadth of our growing customer base. From our earliest customers–who, over a decade ago, recognized the value of our product and put their trust in a 23-year-old's idea–to our newest customers who continue to sophisticate their go-to-market motions with our platform.

"I am so proud to stand in front of this organization. I am proud of the culture we have built that constantly asks, 'How can I perform better? How can we make this better? How can we do more good?'"

As we mentioned in the fourth quarter 2019 letter, one of the keys to success is continuously learning and improving:

"The best investors we know do not measure success in percentage gains, or dollars and cents. Neither do the best CEOs. They measure success in lessons learned. Intellectual curiosity, willingness to fail, resiliency, and the insatiable appetite to learn and improve are what separates these people from the rest. A flexible mindset is required."

We believe that ZoomInfo's culture is aligned with that view.

Lastly, ZoomInfo provides a good example to a question we are often asked: Where do ideas come from and why is the process repeatable? We got to know ZoomInfo as a private company a while ago, and before it went public, management reached out to us and invited us to several meetings including a visit to their headquarters at which we met several layers of management including sales and R&D leaders, and we were able to learn the business at a much deeper level. Baron's 38-year reputation as long-term investors in high-quality businesses is what led them to invite us in, providing us with the opportunity to learn their business and make an informed investment decision.

We feel lucky to be in a position where great companies seek us out and believe this is one of our structural and sustainable competitive advantages.

Table VII.
Top net sales for the quarter ended June 30, 2020

	Market Cap When Sold (billions)	Amount Sold (millions)
Mellanox Technologies Ltd.	$7.0	$22.2

As mentioned earlier in the letter, the acquisition of **Mellanox Technologies Ltd.** by NVIDIA closed during the quarter, and we received cash in exchange for our shares.

Outlook

What a difference three months make…

If that looks familiar, it is because this is how we started this section of the letter last time. It almost feels like we've lived through a full market cycle in six months. From market participants' vast optimism in early January to extreme pessimism in March, when futures were limit down practically every morning, and back to one of the biggest rallies in history during the last three months. Ironically, we believe that through it all, *what we don't know > what we do know* remains to be true. We are still in the early stages of understanding the long-term implications of COVID-19.

"The World Just Doesn't End That Often" said Brian Rogers, the Chairman and Chief Investment Officer of T. Rowe Price during the Financial Crisis in 2008. We tend to agree. The market has clearly concluded that we will get through this, but we think it is also signaling that life and business may be very different.

Upon reflecting on the last six months, we made several observations:

- The heightened level of uncertainty will likely significantly increase the range of possible outcomes.
- Market participants appear to be even more short-term focused than usual.
- The performance of stocks has been largely bimodal. If the company is perceived as a beneficiary of COVID-19 or even just a clear survivor, its valuation seems to be less important.

The first two observations play into what we believe are our structural competitive advantages: our focus on long-term ownership and our investment process in which we think of everything probabilistically. We believe that understanding the range of outcomes and their respective probabilities AND consequences is more important than knowing the best possible outcome or the worst possible outcome or trying to predict the most likely outcome. (Thank you, Michael Mauboussin!) We can't always anticipate every possible outcome, but it is our job to be as prepared as possible. While most investors are focused on figuring out the exact growth rate over the next one to two quarters, we are instead busy estimating the approximate growth rate over the next decade. The third and last observation, however, raises the probability that there will be a period in which we will underperform. Sooner or later, there will be a vaccine and herd immunity, and people will start to travel again. There will be a period of time in which airlines, casinos, hotels, energy companies, and banks will rally hard. It is also likely that the valuation disparity between these businesses

and the digital transformation companies prevalent in the Fund will be large enough that the companies we own will be used as sources of funds. This exact scenario unfolded in the last quarter of 2016 after the unexpected outcome of the U.S. elections, closely followed by Brexit. The incoming Trump administration campaigned on the platform of trade tariffs and standing up to China, and tax reforms, and infrastructure spending. We have always been overweight emerging markets and China, in particular, and fast-growing companies tend to overinvest and underearn, which means they won't be benefiting from corporate tax cuts. So, our Chinese (and emerging markets) investments sold off hard as did our fast-growing digital transformation companies, while the Energy sector, banks, real-estate companies, and "old economy" businesses in general, rallied hard. The Fund underperformed its benchmark by almost 900 basis points over 10 weeks and finished the quarter trailing 96% of its peers. We think it is important for our shareholders to understand who we are and who we are not. We do not "rotate" sectors or eschew big ideas for the holders of value, and there will inevitably come a time when our investment style will be out of favor. We are ok with that. As it happened in 2016, the period of underperformance was brief. Though we made very few changes, the Fund outperformed by 1,011 basis points in the first quarter of 2017 and by 25.8% over that full year.

Every day we live and invest in a world full of uncertainty. Well-known conditions and widely anticipated events, such as Federal Reserve rate changes (up and down), ongoing trade disputes, government shutdowns, and the unpredictable behavior of important politicians the world over, are shrugged off by the financial markets one day and seem to drive them up or down the next. We often find it difficult to know why the market participants do what they do over the short term. The constant challenges we face are real and serious, with clearly uncertain outcomes. History would suggest that most will prove passing or manageable. The business of capital allocation (or investing) is the business of taking risk, managing the uncertainty, and taking advantage of the long-term opportunities that those risks and uncertainties create. We are confident that our process is the right one, and we believe that it will enable us to make good investment decisions over time.

Our goal remains to maximize long-term returns without taking significant risks of a permanent loss of capital. We are optimistic about the long-term prospects of the companies in which we are invested and continue to search for new ideas and investment opportunities while remaining patient and investing only when we believe the target companies are trading significantly below their intrinsic values.

Sincerely,

Alex Umansky
Portfolio Manager
July 4, 2020

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: Growth stocks can react differently to issuer, political, market and economic developments than the market as a whole. Non-U.S. investments may involve additional risks to those inherent in U.S. investments, including exchange-rate fluctuations, political or economic instability, the imposition of exchange controls, expropriation, limited disclosure and illiquid markets, resulting in greater share price volatility. Securities of small and medium-sized companies may be thinly traded and more difficult to sell. The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

The discussions of the companies herein are not intended as advice to any person regarding the advisability of investing in any particular security. The views expressed in this report reflect those of the respective portfolio 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 Global Advantage Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

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).

Baron Discovery Fund

Dear Baron Discovery Fund Shareholder:

Performance

We are incredibly proud of the performance of Baron Discovery Fund (the "Fund") in the second quarter of 2020. The Fund was up 39.1% (Institutional Shares) in the quarter, net of fees, exceeding the Russell 2000 Growth Index (the "Index") by 8.5%. Our annualized performance since inception, net of fees, has been nearly 15.7%, which is 7.2% per year better than the Index after fees.

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

	Baron Discovery Fund Retail Shares[1,2]	Baron Discovery Fund Institutional Shares[1,2]	Russell 2000 Growth Index[1]	S&P 500 Index[1]
Three Months[3]	39.02%	39.12%	30.58%	20.54%
Six Months[3]	11.25%	11.36%	(3.06)%	(3.08)%
One Year	16.42%	16.74%	3.48%	7.51%
Three Years	15.41%	15.70%	7.86%	10.73%
Five Years	13.57%	13.86%	6.86%	10.73%
Since Inception (September 30, 2013) (Annualized)	15.37%	15.65%	8.46%	11.75%
Since Inception (September 30, 2013) (Cumulative)[3]	162.43%	166.81%	73.06%	111.71%

While there is still a lot more to understand about the current COVID-19 pandemic, it is clear that the country has made some major strides forward. The road ahead will continue to be bumpy with progress and setbacks, but the U.S. economy is incredibly resilient, and will find its way back to some sense of normalcy over the next few quarters. Our view is that the first quarter of 2020 was about the shock of COVID-19 and the second quarter has been about the expectation of recovery. This has played out in the broader market movements (the Russell 2000 Growth Index was down 25.8% in the first quarter and was up 30.6% in the second quarter), as well as the characteristics of the types of companies that have performed well or poorly in the respective quarters. We have also seen significant capital markets activity including IPOs and secondary offerings (nine of our existing holdings raised over $1 billion in primary funds during the quarter due to better market conditions). This is incredibly healthy, in our opinion, as it indicates demand from investors who can envision a future economy that has found a way to move beyond the most damaging effects of the pandemic. We do not "trade around" positions based on how we think markets will react to various conditions. Rather, we invest for the long term in what we believe are the best growth companies in a broad array of industries. In addition, we risk manage the portfolio based on long-term valuations, position sizing, and portfolio balance. It is our process to be disciplined, objective, and consistent in each of these aspects, regardless of the macro environment. We believe that our significant outperformance this year is due to both our superior stock picking and our relentless focus on process.

RANDY GWIRTZMAN AND LAIRD BIEGER
PORTFOLIO MANAGERS

Retail Shares: BDFFX
Institutional Shares: BDFIX
R6 Shares: BDFUX

In particular, we believe that the diversity of holdings in the portfolio has helped us to outperform in this incredibly volatile atmosphere. As always, we try to balance between high growth companies, some of which are growing revenue by 50% or more; normal growth companies, which grow perhaps 10% to 15%, but can expand margins to attain cash flow growth of 15% or more; and other types of holdings such as REITs, which can potentially achieve our return targets through a combination of acquisitions, dividends, and organic growth or "fallen angels," which are high-quality growth companies that might have stumbled, but should ultimately return to form. During the current pandemic crisis, we have also been thinking about our companies in a new "COVID overlay" context. Some companies do well because of exposure to COVID-19 issues. Some do well despite the presence of the virus. And some will do well as the economy recovers from the pandemic. This view fit in nicely with our risk management process, as some our companies that did well because of the pandemic got to extreme valuation levels and we trimmed them to add to companies that we thought would do well in the recovery phase. We have been stressing this process overlay to our investors since the full brunt of the pandemic hit the economy in March 2020. It served us extremely well in the second quarter.

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares as of September 30, 2019 was 1.36%, but the net annual expense ratio was 1.35% (net of the Adviser's fee waivers) and Institutional Shares was 1.10%. 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.

† The Fund's 1-, 3-, and 5-year historical performance was impacted by gains from IPOs and/or secondary offerings. There is no guarantee that these results can be repeated or that the Fund's level of participation in IPOs and secondary offerings will be the same.

1 The indexes are unmanaged. The index performance is not Fund performance; one cannot invest directly into an index. The Russell 2000® Growth Index measures the performance of small-sized U.S. companies that are classified as growth and the S&P 500 Index of 500 widely 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.

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

3 Not annualized.

BARON FUNDS 1987

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

	Percent Impact
Penn National Gaming, Inc.	1.96%
Kinsale Capital Group, Inc.	1.90
Floor & Decor Holdings, Inc.	1.87
Emergent BioSolutions Inc.	1.75
DraftKings, Inc.	1.56

Much of our outperformance in the second quarter was due to gains in the valuations of companies that are poised to do well during the pandemic recovery. In other words, the market is currently discounting the ultimate triumph of science and our economy over COVID-19. The anticipation of the return of sports (and betting on sports) helped **Penn National Gaming, Inc.** and **DraftKings, Inc.** The lifting of state restrictions on construction and home remodeling work along with the increased degree of consumer comfort in having contractors, handymen, and other workers return to their homes has helped **Floor & Decor Holdings, Inc.** and **Trex Company, Inc.**

Many stocks did well because of the pandemic, particularly companies with exposure to vaccine development and production like **Emergent BioSolutions Inc.**, but also companies that have serviced the needs of customers like **Teladoc Health, Inc.** (telemedicine), **Cerus Corporation** (purification of donated blood to prevent viral and bacterial transmission), and **Everbridge, Inc.** (emergency response software that helps public and private entities keep their constituents safe).

We also had companies that did well despite the pandemic, as their business models were largely unaffected by the presence of the virus, and are executing well on their fundamental growth opportunities. These include specialty insurer **Kinsale Capital Group, Inc.**, cybersecurity companies like **Qualys, Inc.** and **Varonis Systems, Inc.**, network optimization players such as **Dynatrace Holdings LLC** and defense companies such as **Mercury Systems, Inc.**

Shares of **Penn National Gaming, Inc.**, a U.S. regional casino company, increased as the company raised $600 million through a common equity and convertible offering. Investors were relieved as this offering significantly increased the company's liquidity and therefore its ability to survive through the COVID crisis. We remain positive on Penn's long-term prospects and early signs are that the company has seen a quick rebound in revenues at recently opened properties and, impressively, margins are improving as the company focuses on keeping costs low by closely managing its ramp of labor and marketing expenses. We also remain excited by Penn's online sports betting deal with Barstool Sports, which is launching its new betting application in time for the NFL season. We think Barstool, like DraftKings, will benefit from the approvals of many U.S. states for online sports betting.

Specialty insurer **Kinsale Capital Group, Inc.** outperformed after reporting excellent quarterly results with 47% premium growth and strong margins. Market conditions remain favorable as competitors reduce capacity and increase premium rates after years of underpricing risk. Management expects minimal impact from the COVID-19 pandemic on the company's premium growth and insured losses. We continue to own the stock because we believe Kinsale has a long runway for growth in an attractive segment of the insurance market.

Floor & Decor Holdings Inc., a hard-surface flooring retailer, outperformed during the quarter when it reported better-than-feared earnings and investor sentiment improved with regard to the retail sector. Floor & Decor made significant progress in its COVID-19 recovery efforts. All of Floor & Decor's stores were open by early June and its professional customers were busy again with backlogs that were starting to rebuild. We are excited about Floor & Decor's long-term opportunity. We expect the company to emerge from the pandemic stronger and in a better competitive position as a result of many competitors going out of business. It is our belief that the company will pick up significant market share over the next few years. Lastly, Floor & Decor is still early in its store growth (it has 123 stores today versus a 450 store opportunity), so we still believe there is a long runway of growth ahead of us.

Emergent BioSolutions Inc. is a pharmaceutical company that provides vaccines and post-exposure treatments for extreme pathogens, including anthrax and smallpox. Emergent has a solid recurring revenue stream supplying the U.S. with its stockpile of anthrax and smallpox vaccines. It is one of the very few companies in the world qualified to produce these drugs. Over the past couple of years, management has done a good job of focusing the company by spinning off its cancer therapeutics division and adding additional pathogen-related assets through acquisition (including traveler vaccines and opioid overdose recovery products). But, the "stealth" project for the company that has really started to pay off has been its investment in contract development and manufacturing operations ("CDMO"). The company's CDMO capacity is unique in that it has qualified facilities that can handle extremely dangerous pathogens such as COVID-19. During the quarter, Emergent was awarded numerous contracts from drug companies (Johnson & Jonson, Novavax, Vaxart, and AstraZeneca) and the U.S. Government (BARDA for Operation Warp Speed candidates), to help develop, and then ultimately provide, volume production of COVID-19 vaccines. We believe that Emergent will benefit for years from COVID-19 programs, and will grow other CDMO and product revenues as well. We are still excited about the company's long-term prospects.

DraftKings, Inc., an online platform provider for i-gaming and online sports betting, benefited from investor enthusiasm for companies with exposure to online sports betting. In the quarter, the stock increased as investors rewarded the company for its strong market share in legalized states as well as the amount of cash on its balance sheet post its recent equity raise. We believe the company will use its cash proactively to take further share through increased marketing in newly opened states and the acquisition of new content that the company believes will make customers more loyal to the platform. The pandemic has also benefited DraftKings as it has increased many state budget deficits which is forcing them to look for new ways to generate tax revenue, including legalizing sports betting.

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

	Percent Impact
Inogen, Inc.	–0.94%
AxoGen, Inc.	–0.26
Helios Technologies, Inc.	–0.24
ViewRay Incorporated	–0.16
Rexford Industrial Realty, Inc.	–0.04

It is not surprising that the worst performers in the portfolio were all negatively impacted by COVID-19. Some of our health care holdings were impacted by lower surgery volumes and fewer doctor visits (leading to lower prescriptions for their products). The lowered degree of economic activity impacted Industrials. And it shouldn't be surprising that restaurant-oriented stocks were hurt due to pandemic related shutdowns. We haven't lost our conviction on any of these investments however, and we believe that they will come back stronger than ever as the effects of the pandemic subside.

Inogen, Inc. manufactures and sells portable oxygen concentrators ("POCs") to patients with severe breathing disorders such as emphysema. While Inogen beat estimates for the first quarter (announced in the second quarter), it withdrew fiscal year 2020 guidance due to uncertainty related to COVID-19. The severity of the price drop in the quarter was partly due to the expectation that Inogen's product might actually benefit from the COVID-19 pandemic, while the opposite unfolded. The pandemic is causing lower volumes of patient visits to pulmonologists, and therefore fewer prescriptions are being written for the company's POCs. Additionally, CEO Scott Wilkinson announced his intention to retire by year end 2021. It has certainly been a challenging year, but the fundamental business remains strong, as does the company's competitive positioning. The launch of Inogen's new G5 POC (smaller, lighter, and quieter than the competition) is going well, and Inogen has resolved its prior component supply issues. Currently, shares are cheap and we believe that this will be a good recovery story.

AxoGen, Inc. is a provider of specialized nerve grafts created from cadaver nerves. We are confident that the company's array of products is unmatched in the industry, and that it will benefit from new uses such as breast reconstruction neurotization which enables nerve sensation after surgery. In all, AxoGen has over $2 billion in addressable market opportunity, and we believe that the company has significant competitive advantages in clinical data and intellectual property versus its competitors. Shares were down in the quarter due to COVID-19. There were simply fewer emergency nerve repair procedures in the quarter (people that are sheltering in place have fewer traumatic injuries than normal). We believe that this is a solid recovery story as well. After quarter end, the company announced preliminary revenues for the second quarter that were much higher than consensus estimates and a $75 million credit line agreement that will alleviate concerns that the company would need to do a dilutive equity raise. Shares have rallied post quarter end due to these factors.

Helios Technologies, Inc., a manufacturer of hydraulic and electronic control products, underperformed in the quarter as both its production facilities (located in Italy, U.S., and China) and its end markets were affected by COVID-19. We believe the slowdown in the company's business is transitory and that its business will begin to recover in the second half of the year.

The COVID-19 pandemic has hurt capital equipment providers to the health care space, and **ViewRay Incorporated** has been no exception. Hospital budgets are coming under pressure as lower procedure volume has squeezed profitability. As such, institutions have pushed out capital budget decisions until the situation becomes more clear. On May 1, the company withdrew guidance for 2020, but maintained that it will have enough cash to avoid capital raises through 2021. We are confident that ViewRay's MRI guided radiation therapy is best-in-class and provides better patient outcomes, fewer treatments, and high ROIC's to hospitals. This is a relatively small position for the Fund given the current uncertainties in the market, but we believe that this could ultimately be a positive game changer in the treatment of cancer.

Portfolio Structure

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

	Year Acquired	Quarter End Investment Value (millions)	Percent of Net Assets
Kinsale Capital Group, Inc.	2016	$28.7	4.0%
Floor & Decor Holdings, Inc.	2019	21.6	3.0
SiteOne Landscape Supply, Inc.	2016	21.3	2.9
Endava plc	2018	21.0	2.9
CareDx, Inc.	2018	19.6	2.7
Emergent BioSolutions Inc.	2017	18.6	2.6
Qualys, Inc.	2013	18.2	2.5
Mercury Systems, Inc.	2015	18.1	2.5
Americold Realty Trust	2018	17.1	2.3
TPI Composites, Inc.	2016	16.5	2.3

Recent Activity

Table V.
Top net purchases for the quarter ended June 30, 2020

	Year Acquired	Quarter End Market Cap (billions)	Amount Purchased (millions)
Collier Creek Holdings	2020	$0.8	$14.3
American Assets Trust, Inc.	2020	1.7	8.1
The Cheesecake Factory, Inc.	2020	1.0	7.0
Advanced Energy Industries, Inc.	2019	2.6	6.4
Shift4 Payments, Inc.	2020	1.6	5.3

During the quarter, we purchased shares of **Collier Creek Holdings**, a special purpose acquisition corporation that is purchasing Utz Brands, a manufacturer and distributor of salty snack foods. Utz has a portfolio of well recognized brands (given the company has been in business for 99 years!) and we believe the Collier team, led by Roger Deromedi (formerly of Pinnacle Foods), will help Utz improve both marketing and operations, which we believe will lead to accelerating sales growth and improved margins. Even more exciting is that we expect Utz to execute the Pinnacle Foods playbook on acquisitions and therefore expect the company to use its new public currency to acquire other regional brands and distribution routes at accretive acquisition prices. Longer term we believe Utz would make a perfect bolt on acquisition for a larger food company.

During the quarter, we invested in **American Assets Trust, Inc.**, a past holding in the Fund, after the stock price had been cut in half amid concerns relating to the COVID-19 pandemic. American Assets Trust is a REIT that owns an irreplaceable portfolio of office, retail, multi-family, and hotel properties, concentrated in high barrier to entry markets with favorable supply and demand characteristics in California, Oregon, Hawaii, Washington, and Texas. The company is led by founder Ernest Rady, who owns approximately one-third of the company, and whom we have known and respected for a decade. Entering 2020, management outlined a plan to grow cash flow by over 25% over the next three years, driven by long-term leases already under commitment and redevelopment projects underway. Although the COVID-19 pandemic has adversely impacted near-term cash flow (in the form of lower rent collections), we believe most of this impact will prove transitory and that the company's multi-year growth targets are still achievable. Our $27 per share re-entry price is nearly 50% below management's prior estimate of the portfolio's net asset value ($50 per share). As such, we see significant upside potential over the next several years from both growth and multiple expansion.

During the quarter, we initiated a position in **The Cheesecake Factory, Inc.**, an operator of casual dining restaurants. Beginning in March, the company became severely impacted by COVID-19 as all of its restaurant dining rooms were forced to close due to the lockdowns. The company quickly pivoted it operations to focus on takeout and delivery (also known as off-premise) where it was able to do almost 40% of normal restaurant sales even with zero revenue from its dining rooms (prior to COVID-19, only about 15% of unit volumes were from off-premise sales). The stock, which peaked at over $65 three years ago, fell to the mid-teens in March, and we felt this more than reflected the negative impact to its business from dining room closures. Our investment in Cheesecake Factory will likely require patience as we do not believe the company can get back to prior volumes until there are approved therapies or vaccines for COVID-19. That said, we believe that once volumes can return to 2019 levels, the earnings power of the company is over $2 per share and that the stock can almost double from these levels.

Advanced Energy Industries, Inc. is a pure play power conversion company that manufactures equipment used to transform, refine, and modify electrical power from a utility into controllable, usable power for semiconductor, industrial, health care, data center, and telecommunications infrastructure applications. The company recently completed a transformational acquisition to further diversify into non-semiconductor end markets, providing significant earnings growth potential through both cost synergies and revenue cross-selling opportunities. It will also be a meaningful beneficiary as the world continues building out the data economy, given its exposure to industrial "internet of things," data center investments, and 5G cellular base station rollouts. We believe the company has a long runway for growth and is undervalued relative to its longer-term earnings potential as a combined entity. We therefore took advantage of opportunities in the quarter to add to our existing position.

Shift4 Payments, Inc. provides payment processing and technology solutions that enable merchants to accept card-based payments. The company serves over 200,000 merchants of all sizes with particular expertise in the restaurant and hospitality verticals. Customers include all of the major ski resorts in the U.S. and half of the hotels on the Vegas Strip. Shift4's payment processing services are integrated with the business management software that merchants use to run their businesses. The company markets and sells its solutions through partnerships with over 7,000 independent software vendors and value-added resellers. CEO Jared Isaacman founded the company in 1999 when he was only 16 years old. Like most payment processing companies, Shift4 benefits from the ongoing shift from cash to electronic payments and enjoys an attractive recurring revenue business model with healthy margins and low capital intensity. The company has an idiosyncratic growth opportunity by migrating its gateway-only merchants (which collectively represent almost 90% of total payment volume) to a full end-to-end payments offering, resulting in a 4 times increase in gross profit and higher retention rates. Shift4 participates in the growth of its existing merchant base and should add new merchants through its diversified network of software partners. The company also has a successful track record of M&A, which we believe will continue, particularly given its lower financial leverage profile since the IPO. While the COVID-19 pandemic will slow the business this year, management targets 12% to 15% revenue growth and EBITDA margin expansion to over 40% over the long term. We are encouraged by founder/CEO Jared Isaacman's long tenure and his continued vote of confidence in the business through his personal investment of $100 million in the IPO.

CryoPort, Inc. provides cryogenic shipping solutions, or transport at extremely low temperatures below 150 degrees Celsius, to preserve high value biological samples like cell and gene therapies. The company supports 465 clinical trials in total with 62 of these in Phase 3, and we believe the company will see continued growth as more products become commercialized from the trial pipeline. On top of the robust packaging and tracking technology and a proprietary cloud-based portal for condition monitoring, CryoPort enjoys a competitive advantage by being embedded into the clinical trial protocols and regulatory filings of its biopharmaceutical customers. This makes using CryoPort's solutions sticky during existing trials and for commercial products. For new trials or when transitioning into commercialization, we believe biopharmaceutical companies are less inclined to find a new provider if they already have a validated process and the cost of CryoPort's services is only a small fraction of the drug price. In summary, we think CryoPort's first mover advantage in achieving rigorous, validated quality control of shipment conditions, coupled with biopharmaceutical risk aversion and the high value/cost ratio for CryoPort's services, should continue to protect CryoPort's competitive moat. We see a potential market opportunity of $870 million (versus a 2019 base of $34 million) for commercial shipment revenues just from current drug trials in progress globally in regenerative medicine, which we believe will support significant growth for CryoPort for the next three to five years.

Inari Medical, Inc. offers catheter-based devices to remove clots caused by venous thromboembolism ("VTE"). VTE is a disease state that manifests as deep vein thrombosis, in which a clot cuts off blood flow in a deep vein (usually in the leg), and as pulmonary embolism, when the clot in the leg breaks off and circulates to lodge in the blood vessels that supply the lungs. VTE is the third most common vascular condition in the U.S. after heart attacks and strokes, and if left untreated, can be fatal. Inari's devices are differentiated in that they are specially tailored to venous biology and effectively remove clots without the side effects of alternatives like thrombolytic drugs (blood thinners), which can cause severe bleeding. The company also has a unique and efficient salesforce structure with no clinical specialists, which we think should drive best-in-class annual productivity. The addressable market opportunity for Inari is around $3.6 billion-$3.7 billion and is still significantly underpenetrated. Of this addressable opportunity, about $3 billion can come from patients who currently are conservatively managed with just anticoagulants–these drugs can prevent further blood clots but do not effectively break down existing clots. The VTE treatment space is still in the very early days of converting to device-based interventional measures, and we believe Inari is well positioned to benefit from this secular trend.

Table VI.
Top net sales for the quarter ended June 30, 2020

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap or Market Cap When Sold (billions)	Amount Sold (millions)
Red Rock Resorts, Inc.	2016	$2.6	$ 1.1	$5.5
Emergent BioSolutions Inc.	2017	1.9	4.1	4.7
DraftKings, Inc.	2020	0.5	11.7	4.0
Penn National Gaming, Inc.	2020	3.6	4.2	3.8
Everbridge, Inc.	2020	3.0	4.8	2.7

We sold our position in **Red Rock Resorts, Inc.** as we wanted to reallocate that capital towards gaming investments that can benefit from online sports betting (which are not as impacted by COVID-19) as opposed to gaming investments that owned only land-based casinos.

We trimmed some of our position in **Emergent BioSolutions Inc.** (at over $90 per share) after shares rallied in the second quarter on COVID-19 vaccine contract news. Subsequently, shares dropped to the high $60's after a trial court ruling found that a competitor could launch a non-infringing generic version of Emergent's opioid rescue medication. This is still on appeal, and we thought the sell-off was overdone. Shares have subsequently rallied back to over $80, and we still like the long-term prospects from these levels given our current position size.

We also sold a portion of our **DraftKings, Inc.** position when that company's market cap had grown to $13.6 billion where we typically begin to sell investments in order to reallocate capital to smaller market cap companies. Nevertheless, we are still positive on the future potential for DraftKings and on the U.S. sports-betting market generally.

We trimmed our position in **Penn National Gaming, Inc.** as the stock had achieved our short-term price target. We still remain big believers in Penn's long-term opportunity and continue to maintain a smaller-sized position in the company.

We sold a small amount of our position in **Everbridge, Inc.** when it briefly reached our near-term price target.

Outlook

As always, we are on the lookout for terrific new ideas for the portfolio. We've been finding many interesting new ideas that we will describe next quarter. And our analysts have been very busy pulling us into video meetings with management teams relating to our current holdings as well as potential new investments. The world has been knocked down by COVID-19, but it has not been knocked out. And the U.S. economy feels like it is making a valiant return. We will strive as always to invest in the most exciting, highest quality small-cap growth companies out there. We are grateful that you have chosen to join us on our journey.

Randy Gwirtzman & Laird Bieger
Portfolio Managers
July 4, 2020

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 smaller companies, but there also may be more risk. Specific risks associated with investing in smaller companies include that the securities 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 portfolio holdings are subject to risk.

The discussions of the companies herein are not intended as advice to any person regarding the advisability of investing in any particular security. The views expressed in this report reflect those of the respective portfolio manager only through the end of the period stated in this report. The portfolio managers' 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 Discovery Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

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).

Dear Baron Durable Advantage Fund Shareholder:

Performance

We were pleased with the second quarter results.

Baron Durable Advantage Fund (the "Fund") gained 22.2% (Institutional Shares) during the second quarter, which was better than the 20.5% gain for the S&P 500 Index (the "SPX"), the Fund's benchmark. The Fund outperformed nicely on the way up in 2019 (41.1% vs. 31.5%), declined 3.7% less during the first quarter on the way down, and now gained 1.6% more during the second quarter on the way back up.

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

	Baron Durable Advantage Fund Retail Shares[1,2]	Baron Durable Advantage Fund Institutional Shares[1,2]	S&P 500 Index[1]
Three Months[3]	22.11%	22.17%	20.54%
Six Months[3]	2.54%	2.68%	(3.08)%
One Year	16.55%	16.84%	7.51%
Since Inception (December 29, 2017)	12.27%	12.54%	8.23%

The second quarter saw one of the strongest stock market recoveries in history with the SPX up 20.5% in the quarter and up 39.3% from the trough reached on March 23. The Fund is now up 2.7% year-to-date ("YTD"), 576bps ahead of the 3.1% decline for the SPX. As is typically the case, the outperformance in the quarter was due to stock selection, which was responsible for 442bps of our 163bps of excess returns (as sector allocation and cash caused a 284bps headwind).

The quarterly results were driven by good gains across the portfolio. We outperformed in most sectors, led by a 12.7% excess return in Financials, which contributed 148bps to our outperformance, followed by a 10.1% excess return in Health Care, contributing 157bps to our outperformance. We also outperformed by 9.7% in Industrials, 8.7% in Consumer Staples, and 4.5% in Communication Services, which contributed 169bps to our outperformance combined. Our relative returns were also helped by not investing in Utilities, while not owning Energy and Consumer Discretionary hurt us since these sectors were among the three top performing sectors of the SPX in the second quarter. Our returns were also strong across market caps, led by a 6.1% excess return in large caps, which were responsible for 214bps of our outperformance, followed by a 3.7% excess return in giant caps (responsible for 144bps of our outperformance).

ALEX UMANSKY
PORTFOLIO MANAGER

Retail Shares: BDAFX
Institutional Shares: BDAIX
R6 Shares: BDAUX

Looking under the hood, we had 16 investments that were up at least 25% during the quarter, 8 of which were up 30% or more: **ASML**, **Adobe**, **Fair Isaac**, **Facebook**, **S&P Global**, **Accenture**, **Iqvia**, and **TE Connectivity**. We had a very consistent quarter with no big outliers on either side and just one decliner, **CME Group**, which was down modestly due to headwinds caused by the reduced levels of market volatility.

Despite the strong market recovery from the bottom on March 23, (SPX is up 39.3% since then), the moves in prices of stocks were far from uniform. At one extreme, areas that were hit the hardest by the COVID-19 shutdowns are still down meaningfully for the year. Hotels, resorts & cruise lines are down 51% YTD, aerospace & defense companies are down 25%, Energy stocks are down 35% and Financials are down 24%. On the other side, companies with resilient business models that are considered to be beneficiaries from accelerating digital transformation trends, are up significantly. For example, companies in the application software space are up 25% YTD.

Companies that we own in this Fund, have been mostly on the right side of this dichotomy, largely due to the strength in their business fundamentals, which have proven to be more resilient in the near term, with a potential for acceleration as we come out of COVID-19.

Performance listed in the table above is net of annual operating expenses. Annual expense ratio for the Retail and Institutional Shares as of September 30, 2019 was 6.22% and 4.91%, respectively, but the net annual expense ratio was 0.95% and 0.70% (net of the Adviser's fee waivers), respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser reimburses certain 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 The index is unmanaged. The index performance is not Fund performance; one cannot invest directly into an index. The S&P 500 Index measures the performance of 500 widely held large cap U.S. companies. The index and the Fund are with dividends, which positively impact the performance results.

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

3 Not annualized.

BARON FUNDS 1987

- **Alphabet:** *"Long term acceleration of movement from businesses to digital services… These changes will be significant and lasting… cloud is an obvious area. If you have data centers, these are fixed costs…"*
- **Mastercard**: *"[T]here's a few things that are pretty obvious, pretty clear, and are coming through in the number[s] already… And the first is this push to e-commerce and digital… People are getting used to consuming via delivery service, where they might have gone outside before… behavior patterns moving towards digital"*.
- **Microsoft** saw its Azure cloud business grow revenues 61% year-over-year in the first quarter, while its CEO, Satya Nadella, suggested potential acceleration due to COVID-19: *"**Two years' worth of digital transformations in two months**…COVID-19 is a tailwind to Azure over 2-3 years for sure… there's no question that moving to the public cloud, even in a time like this, is just capital efficient… for any business… one of the smartest things that anyone can do… is to transition to the efficient frontier as quickly as possible so that they can have more agility, more elasticity, and better unit economics coming out of this or even while you're in this crisis. **So, I think the migration to the cloud is absolutely a secular shift**."*
- **Adobe** reported that one of its most important KPIs, Digital Media annualized-recurring-revenue was up 23% year-over-year as it also benefited from the accelerating pace of digital transformations. Its CEO, Shantanu Narayen, said during the conference call: *"New normal is going to be people working in remote locations, engaging more digitally, making sure that digitization continues to be a really important phenomenon… the Document business… **It just accelerated and we think that that's a trend that will be durable**."*

The acceleration in these tailwinds, when combined with the Fed's overwhelming response to COVID-19, which has led to a reduction in long-term interest rates and equity risk premiums, has driven up the intrinsic value of many of the businesses we own. Cash flows will grow faster for longer and are discounted to present value at lower discount rates. In a post-COVID-19 world, digitization will become crucial for survival. COVID-19 has proven that companies that are either digitally native or that have already digitally adapted and transformed will thrive, while the rest may be left behind.

While the level of economic and market uncertainty remains elevated, we believe that the increased pace of disruptive change will benefit many of our businesses, expand their competitive moats, and accelerate the growth in their intrinsic values. Our experience in uncovering the best ones and our willingness to hold them for the long term should enable us to continue to generate opportunities to outperform over the long term.

Table II.

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

	Quarter End Market Cap (billions)	Percent Impact
S&P Global Inc.	$ 79.4	1.65%
Adobe Inc.	208.8	1.64
Microsoft Corporation	1,543.3	1.56
Moody's Corporation	51.5	1.50
Accenture plc	136.8	1.16

S&P Global Inc. provides credit ratings, indexes, data, and analytics to the financial and commodities markets. Shares of S&P Global increased 34.8% in the second quarter as falling interest rates and stimulus measures from the Federal Reserve drove a strong corporate bond issuance market. Non-financial investment grade issuance hit a quarterly record by a wide margin after more than doubling, and high yield issuance was also meaningfully higher. Equity market appreciation provided a boost to the Indexes segment as well. We continue to own the stock due to S&P Global's long runway for growth as it benefits from the secular trends of increasing bond issuance, growth in passive investing, and demand for data and analytics, while enjoying meaningful and durable competitive advantages.

Adobe Inc. is a leading software company that offers creative and document cloud solutions for the digital media market; and marketing, advertising, and analytics cloud solutions for the digital experience market. Shares appreciated 36.7% during the quarter as the company's business model is proving resilient to COVID-19 market disruptions. We believe that Adobe's robust growth is driven by some of the strongest technological shifts of our generation, including digitization of content, the growing adoption of online advertising, the transition to mobile, and the widespread adoption of video. We believe that the opportunity ahead of Adobe is large and expanding with a total addressable market ("TAM") estimated at over $100 billion, and we view Adobe as the best positioned company to attack that TAM as it benefits from its leadership position.

Microsoft Corporation is a software mega cap that has successfully pivoted from the client server and PC era to today's world of digital transformation and cloud. Microsoft is a cloud leader through its Azure, Office 365, Dynamics 365, and Teams offerings, among others. Shares increased 29.4% during the second quarter as Microsoft's transition to cloud-based subscriptions has made its business more durable in downturns, with 90% of its commercial revenue base paid on an annuity basis, while also standing to benefit from the acceleration of digital transformation trends driven by the pandemic. We also believe that Microsoft's competitive advantages are strong and durable as it benefits from the long reach of its sales channel, its differentiated hybrid cloud offering, and its large installed base of enterprise customers.

Moody's Corporation provides credit ratings, financial intelligence, and analytical tools to assist businesses in making decisions. After declining in the first quarter, shares rebounded 30.0% during the second quarter as falling interest rates and stimulus measures from the Federal Reserve drove a strong corporate bond issuance market. Non-financial investment grade issuance hit a quarterly record by a wide margin after more than doubling, while high-yield issuance was also meaningfully higher. We continue to own the stock based on our belief that the company benefits from numerous secular growth trends, such as bonds taking share in the credit pie, growth in passive investing, and demand for data and analytics. Moody's operates in attractive oligopoly markets where it enjoys meaningful competitive advantages and pricing power.

Accenture plc provides consulting and technology services to corporate clients around the world. The shares rebounded 32.2% during the second quarter from their decline in the prior quarter as the pandemic-related impact wasn't as bad as feared by investors. Quarterly revenue and earnings growth slowed but exceeded expectations, and management was optimistic about longer-term growth prospects driven by the acceleration in digital transformation projects. We believe Accenture is well equipped to help its clients adapt to the changing economic environment and will continue gaining share in a large global market.

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

	Quarter End Market Cap (billions)	Percent Impact
CME Group, Inc.	$58.3	–0.02%

CME Group, Inc. is the world's largest and most diversified derivatives marketplace. Following a very strong first quarter, trading volume slowed significantly in the second quarter, causing the shares to underperform, declining 5.6% in the second quarter. Lower market volatility and a growing expectation that interest rates will remain "lower for longer" reduced the need to hedge with CME's futures and options, leading to a 16% drop in trading volume. We continue to own the stock because CME should benefit from episodic volatility spikes and increasing adoption of exchange-traded futures. We also believe that CME operates a strong business with a wide structural moat driven by the network effects between buyers and sellers on its marketplaces (the value of a marketplace is a function of its liquidity, which rises with the number of participants), its capital-light requirements, and its experienced management team that allocates capital well.

Portfolio Structure

The Fund's portfolio is constructed on a bottom-up basis with the quality of ideas and conviction level (rather than benchmark weights) determining the size of each individual investment. Sector weights tend to be an outcome of the portfolio construction process and are not meant to indicate a positive or a negative "view."

The top 10 positions represented 46.4% of the Fund, the top 20 were 74.9%, and we exited the quarter with 35 investments. Information Technology and Health Care, our biggest exposures, represented 53.8% of the Fund. Financials, Communication Services, Industrials, Real Estate, and Consumer Staples represented another 40.3% of the Fund with cash and a new addition classified under Materials, as the remaining 5.9%.

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

	Quarter End Market Cap (billions)	Quarter End Investment Value (thousands)	Percent of Net Assets
Microsoft Corporation	$1,543.3	$673.6	5.6%
Adobe Inc.	208.8	647.7	5.4
S&P Global Inc.	79.4	603.6	5.0
Moody's Corporation	51.5	592.9	4.9
AstraZeneca PLC	138.8	589.8	4.9
Danaher Corporation	125.2	552.4	4.6
Facebook, Inc.	647.5	507.0	4.2
Accenture plc	136.8	498.6	4.2
Thermo Fisher Scientific Inc.	143.1	468.5	3.9
Mastercard Incorporated	296.8	441.8	3.7

Recent Activity

We initiated two new investments during the quarter: **Ecolab Inc.** and **Fair Isaac Corporation**. We also took advantage of flows into the Fund and added to 18 existing holdings. As mentioned in our first quarter letter, we continued using **Apple, Inc.** as a source of cash, finally exiting our position during the quarter as we saw better opportunities in other, higher conviction ideas.

Table V.
Top net purchases for the quarter ended June 30, 2020

	Quarter End Market Cap (billions)	Amount Purchased (thousands)
AstraZeneca PLC	$138.8	$306.8
Facebook, Inc.	647.5	225.7
MSCI, Inc.	27.9	150.4
Charter Communications, Inc.	121.5	128.9
Ecolab Inc.	57.5	120.5

We initiated a position in **Ecolab Inc.** during the quarter. Ecolab is a global leader in cleaning, sanitizing, and water treatment. The company delivers programs, products, and services to promote safe food, maintain clean environments, optimize water and energy use, and develop and improve efficiencies for customers in food, health care, energy, hospitality, and industrial markets in more than 170 countries around the world. We think that Ecolab will benefit from an increase in "hygiene awareness" as customers ranging from hotels to restaurants, office buildings and manufacturing facilities implement additional cleaning and sanitation protocols in response to COVID-19. Ecolab is a technology leader that sells solutions based upon its strong value proposition to the customer where they lower total operating cost through reducing the usage of water, energy, or labor. The company's differentiated sales and service approach ensures that customers get the best results from its products as well as establishes relationships to sell additional products. We think that the company has substantial opportunity to grow organically, with only 10% share of its estimated $13 billion addressable market. Despite near-term weakness from certain end markets due to COVID-19, we believe Ecolab's long-term growth trajectory is durable as the company is set to emerge stronger, maintaining its key role in the creation of hygiene solutions in a post-pandemic world.

During the quarter, we also initiated a position in **Fair Isaac Corporation** ("FICO"). FICO is a data and analytics company focused on predicting consumer behavior to help businesses manage and optimize their decision-making processes. FICO delivers its products and services through three operating segments. Scores (36% of 2019 revenue) offers a collection of sophisticated algorithms that provide a consistent measure of an individual's credit risk and is used by most major U.S. financial institutions to make consumer credit decisions; Applications (52% of 2019 revenue) provides pre-configured software modules targeting different business problems (largely for financial services companies), including fraud, marketing, customer management, collections, and account origination; and Decision Management Software (12% of 2019 revenue) enables clients to create their own custom decision management applications.

We believe that FICO has an attractive business model. The Scores business is the de-facto standard in the market, being used for around 90% of U.S. consumer credit lending decisions and more than 98% of total dollars for U.S. securitizations. As a result, the Scores segment has attractive economics with over 80% operating margins, extremely high incremental margins, limited capital needs, and strong free cash flow generation. The Software business (Applications and Decision Management Software) contains a number of strong franchises, but is currently under earning due to meaningful investment in re-platforming the business and transitioning to the cloud. Once completed, we believe that Software margins can materially expand. In addition, we are impressed by CEO Will Lansing and believe that he has done a great job of leading FICO since taking over as CEO in 2012.

Despite the remarkable performance over the last eight years, we believe that FICO has the potential to continue driving a durable mid-to-high single-digit revenue growth rate. Scores volume growth will fluctuate somewhat with the consumer credit cycle, but overall Scores growth will be driven by pricing optimization. After renegotiating contracts that had not allowed FICO to raise its price on FICO scores for decades, the company has spent the past few years implementing special price increases, and we believe that there is still a lot of room left to further increase pricing. Combining Scores led revenue growth, improved Software growth and margins once the cloud transition is complete, and management's shareholder friendly capital allocation approach, we believe that FICO will be a steady earnings compounder, which should drive solid returns for the stock over a multi-year period.

Table VI.
Top net sales for the quarter ended June 30, 2020

	Market Cap When Sold (billions)	Amount Sold (thousands)
Apple, Inc.	$1,226.0	$109.6

We decided to reallocate capital from **Apple, Inc.** to other, higher conviction ideas that we believe offer a better risk-reward profile. After the exceptional year Apple's stock had in 2019, rising 86% (while revenues declined 2%, EBITDA declined 6.5%, and EPS were flat), the stock price has risen above our estimate of Apple's intrinsic value, leading us to an earlier-than-anticipated exit.

Outlook

It almost feels like we have lived through a full market cycle during the last six months. From the market participants' vast optimism in early January to extreme pessimism in March, when futures were limit down practically every morning, and back to one of the biggest rallies in history during the last three months. Ironically, we believe that through it all, *what we don't know > what we do know* remains to be true. We are still in the very early stages of understanding of long-term implications of COVID-19.

"The World Just Doesn't End That Often" said Brian Rogers, the Chairman and Chief Investment Officer of T. Rowe Price during the Financial Crisis in 2008. We tend to agree. The market has clearly concluded that we will get through this, but we think it is also signaling that life and business may be very different.

Upon reflecting on the last six months, we made several observations:

- The heightened level of uncertainty will likely significantly increase the range of possible outcomes.
- Market participants appear to be even more short-term focused than usual.
- The performance of stocks has been largely bimodal. If the company is perceived as a beneficiary of COVID-19 or even just a clear survivor, its valuation seems to be less important.

The first two observations play into what we believe are our structural competitive advantages. Our focus on long-term ownership and our investment process in which we think of everything probabilistically. We believe that understanding the range of outcomes and their respective probabilities AND consequences is more important than knowing the best possible outcome or the worst possible outcome or trying to predict the most likely outcome. (Thank you, Michael Mauboussin!) We can't always anticipate every possible outcome, but it is our job to be as prepared as possible. While most investors are focused on figuring out the exact growth rate over the next one to two quarters, we are instead busy estimating the approximate growth rate over the next decade. The third and last observation, however, raises the probability that there will be a period, in which we will underperform. Sooner or later, there will be a vaccine and herd immunity, and people will start traveling again. Airlines, casinos, hotels, energy companies, and banks will rally, causing us to underperform during that period. We are okay with that. Note that unlike many investors, we don't view volatility as risk; we define as the probability of permanent loss of capital. As we look across our portfolio today and compare it to six months ago, we believe the intrinsic values of our holdings have risen, on average, more than the approximate 2.5% increase in their stock prices, increasing the probability that our portfolio will outperform over the long term.

It is our belief that investing in great businesses at attractive valuations will enable us to earn excess risk-adjusted returns for our shareholders over the long term. We do so by buying businesses with strong and durable competitive advantages, proven track records of successful capital allocation, high returns on invested capital, and free cash flow generation, a significant portion of which is regularly returned to shareholders in the form of dividends or share repurchases. We hope to maximize long-term returns without taking significant risks of permanent loss of capital. We are optimistic about the prospects of the companies in which we are invested while continuing to search for new ideas and opportunities.

Sincerely,

Alex Umansky
Portfolio Manager
July 4, 2020

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 invests primarily in large cap equity securities which are subject to price fluctuations in the stock market. The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

The discussions of the companies herein are not intended as advice to any person regarding the advisability of investing in any particular security. The views expressed in this report reflect those of the respective portfolio 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 Fifth Avenue Growth Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

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).

Dear Baron Real Estate Income Fund Shareholder:

The Baron Real Estate Income Fund (the "Fund") generated strong performance for the most recent quarter ended June 30, 2020.

During this period, the Fund gained 17.02% (Institutional Shares), exceeding its primary benchmark index, the MSCI US REIT Index (the "REIT Index"), which rose 11.39%.

For the six-month period ended June 30, 2020, the Fund modestly declined 1.41%, yet significantly outperformed the REIT Index, which declined 18.95%.

According to **Morningstar**, the Fund was ranked in the top 3% among 258 for its trailing one-year performance through June 30, 2020. Morningstar rankings are based on total returns and do not include sales charges. As of 6/30/2020, the Morningstar US Fund Real Estate Category consisted of 258 and 334 share classes for the 1-year and since inception (12/29/2017) periods.

Like our first quarter shareholder letter, we have chosen to modify our typical format for this shareholder letter. We will, instead, prioritize and address your "top of mind" questions.

We will address the following topics in this letter:

1. An explanation of why the share prices of many REITs performed poorly in the first six months of 2020
2. Thoughts regarding the outlook for REITs (*preview*: we believe many REITs are a current bargain)
3. A review of the Baron Real Estate Income Fund's differentiated approach to investing in REITs and other income-oriented real estate companies
4. Portfolio construction and key investment themes
5. Our outlook for the broader real estate market and the Baron Real Estate Income Fund (*preview:* we are bullish)

Baron Real Estate Income Fund Performance

Table I.
Performance
For periods ended June 30, 2020

	Baron Real Estate Income Fund Retail Shares[1,2]	Baron Real Estate Income Fund Institutional Shares[1,2]	MSCI US REIT Index[1]
Three Months[3]	17.09%	17.02%	11.39%
Six Months[3]	(1.50)%	(1.41)%	(18.95)%
One Year	11.62%	11.57%	(13.92)%
Since Inception (December 29, 2017) (Annualized)	7.34%	7.48%	(2.07)%
Since Inception (December 29, 2017) (Cumulative)[3]	19.37%	19.77%	(5.10)%

JEFFREY KOLITCH
PORTFOLIO MANAGER

Retail Shares: BRIFX
Institutional Shares: BRIIX
R6 Shares: BRIUX

AN EXPLANATION OF WHY THE SHARE PRICES OF MANY REITS PERFORMED POORLY IN THE FIRST SIX MONTHS OF 2020

REITs have lagged the broader market by a wide margin in 2020. In the first six months of this year, the REIT Index has declined 18.95% versus the S&P 500 Index's decline of 3.08%.

Year-to-date, income seeking investors have shied away from dividend-yielding REITs despite the plummet in interest rates to historically low levels. Further, traditional REIT attributes – attractive dividends, contracted cash flows, and largely domestic portfolios – have not provided adequate shelter during the Coronavirus pandemic.

Morningstar calculates the Morningstar US Fund Real Estate Category Average using its Fractional Weighting methodology. Total returns do account for management, administrative, and 12b-1 fees and other costs automatically deducted from fund assets.
Morningstar ranked Baron Real Estate Income Fund Institutional Share Class in the 3rd and 4th percentiles, respectively.
© Morningstar 2020. All rights reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied, adapted or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information, except where such damages or losses cannot be limited or excluded by law in your jurisdiction. Past financial performance is no guarantee of future results.

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 6.87% and 5.63%, respectively, but the net annual expense ratio was 1.05% and 0.80% (net of the Adviser's fee waivers), respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost The Adviser reimburses certain 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 The index is unmanaged. The index performance is not Fund performance; one cannot invest directly into an index. The MSCI US REIT Index is a free float-adjusted market capitalization index that measures the performance of all equity REITs in the US equity market, except for specialty equity REITs that do not generate a majority of their revenue and income from real estate rental and leasing operations. The index and the Fund include reinvestment of interest, capital gains and dividends, which positively impact the performance results.
2 The performance data in the table does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.
3 Not annualized.

BARON FUNDS 1987

So, why have many REITs lagged in the first six months of 2020?

In the first quarter of 2020, concerns regarding tenant rent payments, credit market turbulence, highly levered balance sheets, and the possibility of a prolonged economic downturn weighed on the performance of REITs. Specifically:

1. **Concerns that many tenants may not pay their rent obligations**

   REITs are the landlord to the overall economy. They provide physical real estate to many businesses and individuals in the form of office buildings, apartment buildings, retail malls and shopping centers, industrial warehouses, self-storage facilities, hotels, senior housing facilities, data centers, and other niche real estate categories.

   Early in the year, there was fear that some REITs may face the stark reality that many of their tenants may not be able to pay rent due to the shutdown of the economy and the possibility of a slow economic recovery.

   Although some commercial real estate segments – most notably retail malls and shopping centers – are experiencing a high percentage of their tenants not paying rent, we believe the fear of a major abandonment of rental payments by most commercial real estate categories is unwarranted.

   Rent collections for most commercial real estate categories have been encouraging. In June, we anticipate that most commercial real estate categories – apartments, office, industrial warehouse, single-family rental homes, manufactured housing, data centers, wireless towers – will collect, on average, 90% to 95% of rent obligations. We expect rental payments to continue to improve as the economy recovers and more people return to work.

2. **Credit market turbulence**

   In the first quarter of 2020, a plunge in oil prices and the abrupt slowdown in the economy led to stresses in the credit market and more expensive financing costs for many companies.

   Earlier in 2020, the prospect of more stringent credit conditions weighed disproportionately on REITs given their dependence on accessing the debt markets.

   Encouragingly, the Federal Reserve and U.S. Treasury acted powerfully with a "do whatever it takes" approach to provide liquidity, keep interest rates low, and make loans to small- and mid-sized businesses and state and local governments. They are also proving support by buying debt.

   In early April, Fed Chairman Powell summarized the Federal Reserve's resolve and intention to provide unlimited monetary stimulus by stating:

   > *"We will continue to use these powers forcefully, proactively, and aggressively until we are confident that we are solidly on the road to recovery."*

   In June, the Federal Reserve set an expectation that interest rates would remain near zero percent through 2022.

3. **Balance sheet concerns**

   Most REITs maintain higher leverage levels than more traditional companies. This is due, in part, to the requirement that REITs must pay at least 90% of their taxable income as dividends.

   Unwarranted concerns about REIT debt levels has likely contributed to the share price weakness of many REITs.

   In our opinion, REIT balance sheets are stronger than ever, and concerns are overblown.

   For example, REITs, on average, currently maintain debt levels of only 5.4 times net debt to cash flow (EBITDA). These levels compare favorably to the 8 times net debt to cash flow levels that were maintained during the Global Financial Crisis of 2007-2008 (the Great Recession).

   Most REITs have refinanced debt at extremely favorable interest rates over the last few years and extended and staggered future debt maturities.

4. **The fear of a prolonged slowdown in commercial real estate business fundamentals**

   In our opinion, concerns that the pandemic may result in a prolonged economic shutdown resulting in a lengthy slowdown in demand for commercial real estate pressured REITs in the first quarter of 2020.

   More recently, as the long-term implications of the Coronavirus have been contemplated and debated, additional concerns have pressured certain REIT categories. For example:

   a. Retail malls and shopping centers

   In the years prior to the Coronavirus, malls and shopping centers faced the shift to e-commerce shopping, and their need for new capital expenditures to reconfigure their malls and shopping centers into alternative uses. The growth in online shopping during the pandemic will likely accelerate the challenges for retail real estate and fast track the pace and number of retail store closings.

   b. Office buildings

   This year's necessity to work from home may cause a more permanent shift in how and where people live and work. Recent work from home experiences have been largely positive and embraced by many companies. Demand prospects for office landlords may suffer if more businesses decide that all or a portion of their workforce may work remotely. Reduced in-office work will likely lead to a decline in office demand, partially offset by the requirement of more office space per person.

   c. Apartment buildings

   Apartment landlords who have assembled large multi-family urban real estate portfolios may suffer in a post-COVID-19 environment from a migration to the suburbs if renters seek more space and have the flexibility to work remotely.

   d. Hotels

   Secular headwinds could emerge for hotel operators if business travel remains depressed due to the rise and efficacy of video teleconferencing (e.g., Zoom).

WHAT IS THE OUTLOOK FOR REITS?

We believe the prospects for several REIT categories are compelling.

1. **Unusual tactical buying opportunity**

   The REIT Index has corrected 23.9% from its February 22, 2020 high due to this true black swan event – the Coronavirus pandemic. The pandemic led to a temporary shutdown of the economy and disruption in the credit markets.

   We expect the dislocation in the share prices of REITs to reverse in the months ahead as economic activity resumes and credit spreads narrow.

2. **Many REITs are cheap**

   We believe many REITs are cheap versus stocks and bonds.

   The REIT Index is currently priced at a discounted valuation multiple relative to the S&P 500 Index for the first time since 2009!

   In our opinion, REITs are also very attractively valued relative to the U.S. 10-year Treasury yield and other corporate bond alternatives.

3. **We believe the multi-year business prospects for several REIT categories are quite promising**

   The growth in online sales as businesses and consumers relentlessly seek faster delivery bodes well for industrial warehouse REITs.

   The rapid transition to home-based consumer and commercial activity (online shopping, video streaming, working from home with computer screen meetings and conferencing) should benefit data center and wireless tower REITS due to the need to store a greater library of data in order to conduct and support these virtual online meetings and the need for a greater number of antennae rental space on towers.

   Strong demand for affordable housing should benefit manufactured housing REITs. A desire by households to rent homes in suburbs rather than rent apartments in cities or purchase homes should benefit single-family rental REITs. The acceleration in "e-grocery" penetration should benefit cold storage warehouse REITs, and an increase in funding for health care drug development bodes well for life science office real estate.

4. **Strong Investor appetite for yield**

   As interest rates and bond yields have fallen to near historically low levels, we believe the search for income-producing securities will eventually stoke strong investment interest in dividend-focused securities like REITs and income funds like REIT funds.

   The 4.0% dividend yield of the REIT Index far exceeds the 0.66% yield of the U.S. 10-year Treasury, the 1.9% yield of the S&P 500 Index, and numerous other income alternatives.

5. **Diversification benefits**

   According to FactSet, over the last 20 years (through 12/31/2019), REITs have provided diversification benefits due to their low correlation relative to stocks (0.60 versus S&P 500 Index) and bonds (0.20 versus Bloomberg Barclays U.S. Aggregate Index).

6. **Significant private equity capital targeted for real estate provides a valuation floor**

   It is estimated that approximately $300 billion of capital has now been raised by private equity sources to invest in real estate, which equates to approximately $1 trillion of total real estate purchasing capacity, assuming 70% financing.

   Private equity firms, such as Blackstone and Brookfield Asset Management have begun to capitalize on opportunities to purchase public real estate securities at depressed prices. For example, Blackstone, the world's largest commercial real estate investor, purchased approximately $1 billion of REITs in the first quarter of 2020. The company made investments in hotel, office, apartment, and industrial warehouse REITs. We anticipate additional private equity purchases to be announced in the months ahead. This embedded put scenario may limit downside valuations.

7. **Partial inflation hedge**

   Well-located real estate in supply-constrained geographies is often able to provide investors with a partial hedge against inflation and a good store of value (i.e., ability to raise rents to offset higher operating costs). The price of a property can be measured in relation to the current cost of land, materials, and labor that would be required to build a replacement. Since replacement costs tend to rise with inflation, real estate is often viewed as an effective hedge against inflation.

8. **Additional favorable REIT considerations**

   a. *Contracted cash flows* – Relative to many non-REITs, most REITs provide greater visibility into earnings due to the documented nature of cash flows that are under contract or lease.

   b. *High-quality real estate portfolios* – Over the last decade, REITs have generally acquired higher-quality real estate assets and culled out lower-quality assets.

   c. *Stronger balance sheets versus a decade ago* – Most REITs maintain suitable levels of debt, have high levels of liquidity, and limited debt maturities in the next few years.

   d. *Historically low financing costs* – Interest rates are likely to remain at historically low levels which is unequivocally bullish for real estate. Low borrowing costs should enhance accretion on reinvestment opportunities and REIT dividends.

   e. *New construction activity remains at reasonable levels* – New construction activity has moderated due to high construction and labor costs. This serves to buttress real estate values.

A REVIEW OF THE BARON REAL ESTATE INCOME FUND'S DIFFERENTIATED APPROACH TO INVESTING IN REITS

Given the cross currents that have emerged in the economy and in several real estate segments, we believe traditional approaches to investing in REITs – emphasizing the largest REIT categories such as malls, shopping centers, apartment buildings, office buildings, and health care facilities or tracking the REIT index by buying a REIT ETF – may face challenges.

Alternatively, **we pursue a more open-ended and flexible approach to investing in income-producing real estate.**

Baron Real Estate Income Fund

What distinguishes the Baron Real Estate Income Fund from most other real estate mutual funds?

Baron Real Estate Income Fund is differentiated from typical REIT funds as follows:

1. **Most REIT funds are 100% invested in REITs**

   In addition to investing in REITs, the Baron Real Estate Income Fund is also structured to capture other income-producing stocks. The Fund maintains a major portion of its investments in REITs (typically 75% to 80% or more) but also invests in other real estate income-producing securities.

2. **We pursue a more expansive approach to investing within the REIT universe**

   Many REIT funds limit their REIT investments to companies that are only included in their comparative REIT benchmark. Our key focus is identifying compelling REITs and other real estate-income companies with attractive share price appreciation potential – regardless of whether the company is part of the REIT benchmark.

   Examples of current Fund REIT holdings that are not in the REIT benchmark include wireless tower REITs such as **American Tower Corp.**, **SBA Communications Corp.**, and **Crown Castle International Corp.**

   Additional REITs that are not in the REIT benchmark and may be considered for investment include timber REITs, such as Weyerhaeuser Company and Rayonier Inc.

3. **The Fund may invest in real estate debt and preferred securities**

   The Fund invests primarily in real estate equity income securities, but it may also include other real estate income vehicles such as real estate debt and preferred securities.

   If we determine that the Fund is likely to generate superior returns and mitigate risk by investing in real estate debt securities, we may include real estate debt as a component of the Fund's portfolio.

4. **The Fund may invest in international companies**

   U.S. companies are our primary focus, but the Fund may also invest in international real estate companies.

5. **Other**

   Our investments include companies of all market capitalizations, seeking businesses that we believe have sustainable competitive advantages, exceptional management, and good opportunities for long-term and sustainable growth, with attractive dividend yields and valuations.

With these elements and attributes, we believe we offer a differentiated and compelling real estate income fund.

More so than ever, we believe the REIT Funds that embrace flexibility and adaptability in their investment approach will be the long-term winners.

PORTFOLIO CONSTRUCTION AND KEY INVESTMENT THEMES

We see opportunity in several REITs and other income-producing real estate securities, some of which might not be apparent to those who view real estate investment through a narrower, more traditional lens.

The Fund currently has 73.4% of its net assets invested across 11 REIT categories, 23.3% invested in other non-REIT real estate categories, and the balance is in cash (see Table II below).

Table II.
Fund investments in REIT categories as of June 30, 2020

	Percent of Net Assets
Non-REIT Real Estate Companies	23.3%
Industrial REITs	13.4
Data Center REITs	11.5
Wireless Tower REITs	10.7
Single-Family Rental REITs	8.2
Other REITs	7.4
Triple Net REITs	7.0
Manufactured Housing REITs	5.1
Multi-Family REITs	3.0
Self-Storage REITs	2.6
Hotel REITs	2.4
Office REITs	2.2
Cash and Cash Equivalents	3.3
Total	100.0%

The businesses that we continue to emphasize are well managed, have market-leading positions, possess quality balance sheets, own well-located real estate, and grow cash flow at a faster rate than most of their peers.

Further, the businesses that we tend to emphasize have unique competitive advantages that limit competition, deliver compelling acquisition and development returns, and operate relatively capital efficient business models.

REIT categories that we FAVOR include:

Industrial REITs:

Although leasing and rent growth could temporarily moderate due to the current economic disruption, we expect business conditions for the Fund's industrial REIT holdings (**Prologis, Inc.**, **Rexford Industrial Realty, Inc.**, **Terreno Realty Corporation**, and **Duke Realty Corporation**) to quickly rebound and remain strong for several years.

Each of these companies is expected to continue to benefit from robust warehouse demand and increased rents. This is due, in part, to broader e-commerce needs resulting from the accelerated growth of online sales as businesses and consumers relentlessly seek faster delivery.

Data Center REITs:

Our data center REITs (**Equinix, Inc.**, **Digital Realty Trust, Inc.**, **QTS Realty Trust, Inc.**, and **CoreSite Realty Corporation**) are benefiting from the meteoric growth in the outsourcing of information technology, increased cloud computing adoption, and the growth in U.S. mobile data and internet traffic.

The rapid transition to a world of "computer screen meetings and conferencing" should also benefit data centers due to the need to store a greater library of data to conduct and support these virtual online meetings.

Wireless Tower REITs:

Our tower REITs (**American Tower Corp., SBA Communications Corp.,** and **Crown Castle International Corp.**) are, in our view, positioned to grow for several years as the demand for data intensive devices accelerates, and new wireless technologies continue to emerge and improve.

New technological innovations and greater data demand require a greater number of antennae rental space that will continue to benefit tower companies. Like data centers, we expect wireless towers to continue to benefit from increased home-based consumer and commercial activity (online shopping, video streaming, and working from home).

Niche REIT Categories:

(i) Manufactured Housing REITs:

We expect our two premier manufactured housing companies in this niche REIT category (**Equity Lifestyle Properties, Inc.** and **Sun Communities, Inc.**) to continue to benefit from favorable demand/supply dynamics.

These companies are the prime beneficiaries of strong demand from budget-conscious home buyers such as retirees and millennials, and negligible new inventory due to high development barriers. Both companies have superior prospects for long-term cash flow growth, plus lower capital expenditure needs than most other REIT categories.

In the aftermath of the economic impact from the Coronavirus, we expect demand for both affordable housing and recreational vehicles to accelerate.

(ii) Life Science REITs:

Alexandria Real Estate Equities, Inc. is the leading owner, operator, and developer of collaborative life science office real estate campuses. We anticipate that additional life science office space may be required as more funding is directed towards drug development and pharmaceutical and biotechnology companies increase their budgets for research and development.

(iii) Cold Storage REITs:

Americold Realty Trust is a leading owner, operator, and developer of temperature-controlled warehouses. The company owns the largest portfolio of temperature-controlled warehouses globally. We believe the company is well positioned to deliver superior growth versus most REITs given opportunities to improve occupancy and rents in its current portfolio, complete its real estate development pipeline, and acquire additional temperature-controlled warehouses.

Americold is poised to benefit from an acceleration in "e-grocery" penetration as grocery stores recognize the need for more automated cold storage facilities to streamline inventory replenishment, largely resulting from increased consumer food delivery.

(iv) Single-Family Rental REITs:

We are bullish on the prospects for our investment in the single-family rental REIT category (**Invitation Homes, Inc.** and **American Homes 4 Rent**) because we believe the demand outlook for single-family home rentals should continue to outstrip supply, thereby creating a favorable backdrop for strong rent and cash flow growth.

We expect this niche REIT category to continue to benefit from constrained home ownership affordability, high student debt burdens, the preference for flexibility with renting, and the possibility that, in the aftermath of the Coronavirus, more people may opt for single-family rentals rather than multi-family dwellings.

(v) Triple Net REITs:

Our gaming REITs (**MGM Growth Properties LLC** and **Gaming and Leisure Properties, Inc.**) own quality casino and gaming real estate properties. Both have attractive and well-covered dividends, accretive acquisition growth opportunities, and are, in our opinion, compelling investments.

Presently, we are prioritizing the following investment themes:

1. **REITS that specialize in providing technology facilities and services**

REITs that embrace and provide real estate facilities to support the latest technological advances and innovations are an important focus for the Fund. Cloud computing, the internet, artificial intelligence, autonomous vehicles, mobile data and cellphones, and wireless infrastructure are powerful secular growth opportunities that should continue for years. At Baron, we refer to these types of enduring developments as "megatrends."

REITs that we expect to directly benefit from long-term technology growth currently represent approximately 36% of the Fund's net assets across three real estate categories. They include industrial REITs (*13.4% of the Fund*), data center REITs (*11.5% of the Fund*), and wireless tower REITs (*10.7% of the Fund*).

2. **Niche REITs**

We see opportunities for non-traditional or niche REITs to grow faster than several traditional REITs (i.e., malls, shopping centers, offices, apartments, self-storage).

We believe some niche REITs will benefit from their outsized exposure to secular demand trends and/or reduced exposure to cyclical weaknesses (i.e., elevated construction activity and excess supply) witnessed in some of the traditional REIT peers.

Niche REITs currently represent approximately 26% of the Fund's net assets. They include single-family rental REITs **Invitation Homes, Inc.** and **American Home 4 Rent** (*8.2% of the Fund*), gaming REITs **MGM Growth Properties LLC** and **Gaming Leisure Properties, Inc.** (*5.4% of the Fund*), manufactured housing REITs **Sun Communities, Inc.** and **Equity Lifestyle Properties, Inc.** (*5.1% of the Fund*), cold storage REIT **Americold Realty Trust** (*4.0% of the Fund*), and life sciences REIT **Alexandria Real Estate Equities, Inc.** (*3.4% of the Fund*).

3. **Investments in non-REIT real estate companies**

The Fund has the flexibility to invest in non-REIT real estate companies. At times, some of these companies may present superior growth and share price appreciation potential than many REITs.

We are bullish about the prospects for the Fund's non-REIT real estate investments. They currently represent 23.3% of the Fund and include the following companies: **GDS Holdings Limited**, **Penn National Gaming, Inc.**, **Las Vegas Sands Corporation**, **Brookfield Infrastructure Partners L.P.**, **Wynn Resorts Ltd.**, **Red Rock Resorts, Inc.**, **Extended Stay America, Inc.**, **Brookfield Property Partners L.P.**, and **MGM Resorts International.**

4. **The "epicenter" companies**

The Fund's fourth investment theme is the "epicenter" companies. Many of these companies were the hardest hit segments of the real estate industry in the pandemic – office, apartment, hotel, and other REITs and non-REIT real estate companies.

The share prices of these companies declined in the first six months of 2020 due, in part, to concerns that many tenants would not pay their rent obligations, the stress in the credit markets in February and March caused by plunging oil prices and the abrupt slowdown of the economy, and the fear of a prolonged slowdown in commercial real estate business fundamentals.

Additional pandemic-related developments that have weighed on segments of commercial real estate include the necessity to work from home and the possible negative long-term ramifications for office and urban apartment demand, and the rise of video teleconferencing which could lead to a decline in business travel.

We believe the concerns are largely reflected in the share prices of the "epicenter" companies. In fact, we believe there is an unusual and attractive opportunity to purchase several REITs that are "on sale" at attractive valuations.

A few examples of Fund holdings that we would classify as attractively valued and "on sale" include:

Douglas Emmett, Inc. owns premier office and apartment buildings in supply-constrained West Los Angeles submarkets and is led by a terrific CEO, Jordan Kaplan. The company's shares have declined 29% year-to-date. Based on transactions in its markets in the last year or so, we believe Douglas Emmett's office buildings are worth at least $1,000 per square foot. Yet, the company's office assets are currently valued in the public market at a highly discounted price of only $440 per square foot.

SL Green Realty Corp. is the largest New York City office landlord. Concerns regarding leasing volume and uncertainty over future rent growth have weighed on the company's shares. At its current price, however, we believe the shares have overshot to the downside and offer compelling value. At a recent price of $49 per share, the company is valued at a more than 50% discount to its liquidation or net asset value. This valuation is lower than where the shares traded during the Global Financial Crisis. Further, the company's implied value for its New York office assets is only $400 to $450 per square foot versus an estimated replacement cost value of $800 to $1,000 per square foot.

Equity Residential is the largest U.S. apartment REIT. The company owns and operates a portfolio of high-quality apartment buildings focused primarily on gateway markets. The shares, which have declined 26% year-to-date, currently offer a 4.0% dividend yield, and we believe the company's shares are "on sale" as they are currently valued at an implied cap rate of 5.5% and close to a 20% discount to its net asset value.

Host Hotels & Resorts, Inc. is the largest hotel REIT with a portfolio of upper upscale and luxury hotel properties. We believe the shares are currently valued at a significant discount to the company's estimated replacement cost. In the last few months, Blackstone, the largest commercial real estate owner in the world with a tremendous investment track record, purchased $350 million of shares in Host Hotels.

We believe these companies are likely to experience a major rebound in their share prices when a medical breakthrough for COVID-19 emerges and/or when economic activity rebounds.

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

	Quarter End Market Cap (billions)	Quarter End Investment Value (thousands)	Percent of Net Assets
GDS Holdings Limited	$ 12.1	$371.3	7.2%
American Tower Corp.	114.6	345.4	6.7
Prologis, Inc.	68.9	345.3	6.7
Equinix, Inc.	62.2	291.5	5.7
Invitation Homes, Inc.	15.4	267.9	5.2
Americold Realty Trust	7.3	203.7	4.0
Rexford Industrial Realty, Inc.	5.1	201.2	3.9
Penn National Gaming, Inc.	4.2	189.5	3.7
Alexandria Real Estate Equities, Inc.	20.5	176.7	3.4
MGM Growth Properties LLC	8.9	159.2	3.1

OUR OUTLOOK FOR THE BROADER REAL ESTATE MARKET AND THE BARON REAL ESTATE INCOME FUND

As we peer into the second half of 2020 and the next few years, **we continue to believe that the prospects for the equity market, real estate, and the Baron Real Estate Income Fund remain attractive.**

We remain optimistic and bullish.

Our optimism stems from the following considerations:

- We continue to believe that the economic effects of this pandemic crisis will be largely mitigated. We believe public health systems are better prepared if a second wave of virus infections occurs in the months ahead. Further, expanded testing and tracing, re-emphasizing the need for face coverings, renewed social distancing, and selective economic lockdowns should limit virus outbreaks and sustain the global economic recovery. Though new Coronavirus cases are increasing, the average age for those being newly diagnosed is lower at 35 years old, mortality rates are decreasing, and there has been a much smaller increase in the use of intensive care units (ICUs) and hospitalizations. These trends are less concerning than what we experienced in March and April.
- Medical experts continue to anticipate modern medical advances and a vaccine that would be broadly available by the summer of 2021 or sooner.
- The start of a new economic cycle. Recent economic and company business results indicate that the global economy bottomed in April and the economic recovery may gather further momentum in the months ahead.
- Unprecedented and massive monetary and fiscal stimuli. Policy support has been decisive, significant in scale, and coordinated. We expect the Fed to maintain an accommodative "do whatever it takes" policy stance to provide liquidity and keep interest rates low. We also anticipate further fiscal support given elevated unemployment rates. In June, the Federal Reserve set an expectation that interest rates would remain near zero percent through 2022. In the months ahead, we believe monetary and fiscal stimuli will limit the downside in the stock market, bolster consumer and business spending, and aid the economic recovery.

We continue to believe the double barrel of unlimited monetary stimulus and massive fiscal stimulus will bolster the economy and stock market.

- Several segments of commercial real estate have begun to rebound. As economic activity has begun to resume, occupancy and rents have begun to increase for several commercial real estate segments. We expect these trends to persist if economic activity continues to improve.
- Additional reasons to be optimistic. Historically low interest rates are unequivocally bullish for stocks and real estate. Inflation concerns seem well off the radar. Current low gasoline prices should be a boon to U.S. consumers. The U.S. banking system has improved dramatically and is maintaining strong capital ratios. With large U.S. cash positions, many corporate balance sheets are well positioned for "defense" (a slow economic recovery) and "offense" (merger & acquisition activity, capital expenditures, employment growth, stock buybacks, and dividend increases). Substantial private capital is in pursuit of real estate and remains supported by widely available debt capital at low interest rates. Estimates of approximately $5 trillion in money market funds could lend support as additional buying power for the stock market.

Baron Real Estate Income Fund Outlook

We are optimistic about the prospects for the Baron Real Estate Income Fund.

In addition to the reasons cited above, we are also enthusiastic about the prospects for the Fund because:

- We believe the quality of the Fund's holdings is as strong as it has ever been.

  We have carefully and meticulously assembled a portfolio of REITs and non-REIT real estate companies that we believe should provide strong risk-adjusted returns.

  The businesses that we continue to emphasize are well-managed, have market-leading positions, possess quality balance sheets, own well-located real estate, and grow cash flow at a faster rate than most of their peers.

  The businesses that we tend to emphasize also have unique competitive advantages, deliver compelling acquisition and development returns, and operate relatively capital efficient business models.

- We believe the Fund is structured to capitalize on compelling investment themes.
  - REITs that specialize in providing technology facilities and services (*data center, wireless tower, and industrial REITs*)
  - Niche REITs (*Single-family rental, manufactured housing, cold storage, life science, and gaming REITs*)
  - Investments in non-REIT real estate companies
  - The "epicenter" companies (*select office, apartment, and hotel REITs*)
- Valuations for several REITs and non-REIT real estate segments are compelling. The valuations of a significant portion of the Fund's real estate companies remain "on sale" at highly appealing prices.
- Classic REIT attributes such as yield will remain in demand. We expect investors to continue to search for yield in a low interest rate environment, and this should aid REITs, other dividend-yielding real estate companies, and real estate companies broadly.

I would like to thank you, our current shareholders, for your past and continuing support.

I remain a major shareholder of the Baron Real Estate Income Fund, alongside you.

Sincerely,

Jeffrey Kolitch
Portfolio Manager
July 4, 2020

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: In addition to general market conditions, the value of the Fund will be affected by the strength of the real estate markets as well as by interest rate fluctuations, credit risk, environmental issues and economic conditions. The Fund invests in companies of all sizes, including small and medium sized companies whose securities may be thinly traded and more difficult to sell during market downturns. Prices of equity securities may decline significantly over short or extended period. Debt or fixed income securities such as those held by the Fund, are also subject to derivatives risk, liquidity risk, and income risk. As interest rates rise, bond prices fall. The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

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 Real Estate Income Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such an offer or solicitation.

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).

Baron WealthBuilder Fund

Dear Baron WealthBuilder Fund Shareholder:

Performance

Baron WealthBuilder Fund (the "Fund") advanced considerably in the second quarter of 2020 and meaningfully exceeded its comparable benchmarks. The Fund gained 35.46% (Institutional Shares) in the quarter. The S&P 500 Index (the "Index") gained 20.54%. The MSCI ACWI Index, which measures global markets, increased 19.22%.

The Fund's gains in the quarter have more than offset the sudden and rapid declines in the first quarter as COVID-19 began to impact America and halt many global economies. The Fund has now advanced 10.42% since the start of the year. This result compares favorably to its benchmarks. The Index has fallen 3.08% in the first six months of 2020. The MSCI ACWI Index has declined 6.25%.

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

	Baron Wealth Builder Fund Retail Shares[1,2]	Baron Wealth Builder Fund Institutional Shares[1,2]	Baron Wealth Builder Fund TA Shares[1,2]	S&P 500 Index[1]	MSCI ACWI Index[1]
Three Months[3]	35.31%	35.46%	35.43%	20.54%	19.22%
Six Months[3]	10.30%	10.42%	10.50%	(3.08)%	(6.25)%
One Year	19.53%	19.83%	19.91%	7.51%	2.11%
Since Inception (December 29, 2017)	14.53%	14.77%	14.80%	8.23%	2.94%

While COVID-19 remains a threat to world health, governments have met this pandemic with an unprecedented level of financial stimulus to prevent the health crisis from becoming a liquidity and financial crisis. Stay at home measures have had a severe impact on many individuals' ability to earn and spend. However, investors have looked past their depressed results and valued businesses on their potential growth and anticipated future profits.

Economic events and cycles do not neatly line up with quarters or even years. The COVID-19 pandemic did not begin precisely on January 1 and we doubt its conclusion (as measured by the development of widely available therapeutics or a vaccine) will exactly coincide with the final day of a month or year. Therefore, we find it more insightful and helpful to understand how the Fund has performed thus far through the COVID-19 cycle rather than only the previous three-month period.

MICHAEL BARON
ASSISTANT PORTFOLIO MANAGER

RONALD BARON
CEO AND PORTFOLIO MANAGER

Retail Shares: BWBFX
Institutional Shares: BWBIX
TA Shares: BWBTX

2020 can be divided into three segments: pre-COVID-19, the COVID-19 panic, and the COVID-19 temporary normal. The underlying funds' investments vary across market caps, sectors, geographies, and growth rates. These categories have performed differently in these various periods. That diversity has contributed to the strong relative and absolute returns exhibited so far in the year.

Pre-COVID-19: December 31, 2019 – February 19, 2020

The Fund performed very well during the pre-COVID-19 environment, December 31 through the Index's peak on February 19. This period was a continuation of the 2019 economic conditions. Disruptive and high-growth companies that exhibited revenue expansion and operational efficiencies were rewarded as the likelihood of their long-term success increased. Underlying funds with investments in disruptive companies, like the concentrated Baron Focused Growth and Partners Funds, led the performance. High-growth diversified portfolios, like Baron Opportunity and Global Advantage Funds, also did well. Several funds' performance was helped by advances in **Tesla, Inc.** That company demonstrated that its new

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares, Institutional Shares, and TA Shares as of December 31, 2019 was 1.57%, 1.33%, and 1.33%, respectively, but the net annual expense ratio was 1.48%, 1.23%, and 1.23% (includes acquired fund fees, net of the Adviser's fee waivers), respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. BAMCO, Inc. ('BAMCO" or the "Adviser") has agreed that, pursuant to a contract expiring on August 29, 2030, unless renewed for another 11-year term, it will reimburse certain expenses of the Fund, limiting net annual operating expenses (portfolio transaction costs, interest, dividend, acquired fund fees and expenses and extraordinary expenses are not subject to the operating expense limitation) to 0.30% of average daily nest assets of Retail Shares, 0.05% of average daily net assets of Institutional Shares and 0.05% of average daily net assets of TA Shares, 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 The indexes are unmanaged. The index performance is not Fund performance; one cannot invest directly into an index. The S&P 500 Index measures the performance of 500 widely held large cap U.S. companies. The MSCI ACWI Index is an unmanaged, free float-adjusted market capitalization weighted index reflected in US dollars that measures the equity market performance of large- and mid-cap securities across developed and emerging markets. The indexes and the Fund are with dividends, which positively impact the performance results.

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

3 Not annualized.

BARON FUNDS 1987

China factory could produce vehicles at lower costs than at older facilities. It has also manufactured at higher volumes than predicted to meet unprecedented foreign demand. Companies like **CoStar Group, Inc.**, **Twilio Inc.**, and **GDS Holdings Limited** also rose due to wide acceptance of new products and services and consolidation of their markets. Smaller positions in Baron International Growth and Emerging Markets Funds lagged because COVID-19 impacted those markets before the pandemic reached America.

The COVID-19 Panic: February 19 – March 23, 2020

Things suddenly and drastically changed in late February. Over about a month's time, the Index fell 33.8% until bottoming on March 23. COVID-19 cases grew exponentially, and governments took drastic steps to "flatten the curve," which were often at the expense of economic activity. Economies around the globe came to a standstill. Investors reacted with panic selling during these unprecedented times. Individuals and corporations around the world reined in spending. Businesses that curtailed operations were discarded by investors. Limited refuge was found in "essential" Consumer Staples, a category Baron Funds has generally avoided due to less favorable growth prospects and reservations about their long-term sustainable competitive advantages.

Larger companies were considered able to sustain operations and exhibit some growth, albeit at a slower pace, despite the economic shutdown. They declined less rapidly than the Index and were held in funds like Baron Opportunity and Fifth Avenue Growth Funds. Baron Health Care Fund was populated with businesses that could assist in the discovery of disease treatments and would benefit from the anticipated increase in government and private funding. The stock prices of these businesses also declined less than the overall market.

But those were the exceptions. This short period saw stock prices rapidly deteriorate for travel and leisure businesses held in Baron Growth Fund. Guests at hotels were non-existent as travel was largely prohibitive. Both the near-term financial viability and the longer-term business models were questioned if the pandemic persisted.

Disruptive businesses, owned by Baron Partners and Focused Growth Funds, also saw their stock fall sharply. In our opinion, investors were not properly assessing business opportunities, but rather exited highly valued companies at alarming rates. Disruptive businesses fit that criteria. Investors focused on short-term results instead of long-term business opportunities. They sold businesses with high valuations. Disruptive businesses often penalize near-term earnings by investing in future products and operations. They often hire staff, build facilities that are operating subscale, and launch products that do not yet have a sufficient scale to produce strong profits. These actions depress current earnings and artificially inflate commonly used valuation metrics.

The COVID-19 Temporary Normal: March 23 – June 30, 2020

We believe the market and economy are currently amid a "COVID-19 temporary normal," which began at the market's bottom on March 23. The Fund's performance since has been exceptional, increasing 57.7%. Underlying funds that held businesses with disruptive business models and large addressable market opportunities led the performance: Baron Discovery Fund's holdings in small technology businesses; Global Advantage Fund's fast-growing globally competitive businesses; and Partners Fund's concentrated portfolio dominated by companies with potential to disrupt large segments of the economy all did well. We believe the COVID-19 pandemic has not created a "new normal" where people will be permanently isolated, and global commerce is hampered. Instead, COVID-19 has accelerated changes in the economy that we had previously believed would eventually occur. Investors now realize that these disruptive businesses are often advantaged in this forthcoming economy. These businesses had often digitalized platforms, operated more efficiently with the lower density footprint, and were providing the infrastructure for changes in commerce.

Tesla, Inc. produces its cars with more automation than competitors. Its cars are connected through the cloud and continuously improve with software updates after they have been purchased. Tesla sales occur without physical dealership locations. **Zillow Group, Inc.** facilitates home transactions without interested buyers present at the property. It allows for increased research and transactions. **Wix.com Ltd.** enables companies to build online brands, reach customers, and more efficiently manage their business. We believe these changes of convenience and efficiency in the economy would have occurred regardless of COVID-19, but the current pandemic has accelerated the rate of conversion.

Investors have closely examined balance sheets and assessed that the Fund's businesses with irreplaceable assets can sustain during the pandemic and their properties will ultimately be utilized. Baron Real Estate Fund's holdings in hotels and housing did well. We believe competitors' reduction in capital expenditures has tightened future supply and increased the value of existing assets. Business and leisure customers are expected to return. Convention business in 2021 has remained steady for **Hyatt Hotels Corp.**, while skiers at **Vail Resorts, Inc.** continue to purchase advance season passes. However, June's increase in COVID-19 cases and slowing economic reopening plans in many states tempered the returns.

The only mild constraints on overall Fund returns during this COVID-19 temporary normal period have been mid-sized businesses found in Baron Growth and Asset Funds. They hold many businesses that have continued to operate throughout the entire year and their returns across the various periods have been steadier. Additionally, their holdings in financial businesses have not increased as rapidly during this period. The financial service data and analytics providers, **MSCI, Inc.** and **FactSet Research Systems, Inc.**, have continued to do exceptionally well. Their products have been incrementally more valuable as clients have dispersed from corporate offices. Both companies' data and analytics is vital to enable their customers' smooth operations. However, the valuations of **Primerica, Inc.**, **Arch Capital Group Ltd.**, and **The Charles Schwab Corp.** remain based upon fears that the income generated from their assets has been permanently impaired. We strongly disagree with that assessment. We still view these businesses as able to grow organically, consolidate competitors at favorable valuations to improve services and operational efficiency, and earn higher future returns on a larger asset base. We continue to think we will earn 3 to 4 times on these three investments in the next 10 years and more than 50% in the next 2 years.

We do not attempt to predict the unpredictable, and the various economic turning points of COVID-19 are such unpredictable events. We do not assert to have accurately forecasted how long the investor panic would last nor claim to know when developed therapeutics or a vaccine will end the health crisis (although we are confident that such developments will occur). There may be an economic rebound when the Fund trails its benchmark for a short period. Government intervention or a scientific discovery could temporarily revitalize highly levered or weaker operational businesses not held in the underlying funds. While some real estate and financial investments should also benefit, other categories may trail as some other businesses rebound from their lows.

However, we remain confident in the Fund's underlying holdings to sustain themselves during this difficult time. We also believe in many of these businesses' ability to emerge from the COVID-19 pandemic with an enhanced competitive position and lead change in the new economy. We anticipate the Fund performing well on both an absolute and relative basis over the course of the entire cycle.

We encourage you to read the various quarterly letters found in this report for a deeper understanding of the funds that make up Baron WealthBuilder Fund.

Table II.

Performance by COVID-19 periods

	Pre-COVID-19 12/31/2019 to Peak (2/19/2020)†	COVID-19 Panic Peak to Trough (3/23/2020)†	COVID-19 Temporary Normal Trough to 6/30/2020†	YTD through 6/30/2020†
Small Cap				
Baron Discovery Fund	10.62%	–37.33%	60.63%	11.36%
Baron Growth Fund	11.65%	–41.12%	50.65%	–0.97%
Baron Small Cap Fund	9.19%	–39.42%	57.36%	4.09%
Small/Mid Cap				
Baron Focused Growth Fund	25.88%	–41.89%	60.12%	17.13%
Mid Cap				
Baron Asset Fund	8.13%	–34.10%	49.77%	6.73%
Large Cap				
Baron Fifth Avenue Growth Fund	12.11%	–28.71%	56.19%	24.83%
Baron Durable Advantage Fund	8.05%	–33.57%	43.06%	2.68%
All Cap				
Baron Opportunity Fund	17.11%	–28.68%	56.23%	30.49%
Baron Partners Fund	30.87%	–50.76%	83.92%	18.53%
International				
Baron Emerging Markets Fund	2.03%	–33.62%	40.24%	–5.02%
Baron Global Advantage Fund	15.52%	–27.32%	61.06%	35.23%
Baron International Growth Fund	2.17%	–32.06%	45.17%	0.76%
Specialty				
Baron Real Estate Fund	7.05%	–37.85%	56.51%	4.12%
Baron Health Care Fund	7.97%	–28.32%	46.00%	13.00%
Baron FinTech Fund	13.00%	–34.34%	55.66%	15.50%
Baron WealthBuilder Fund	**13.84%**	**–38.48%**	**57.67%**	**10.42%**
S&P 500 Index	**5.08%**	**–33.79%**	**39.31%**	**–3.08%**
MSCI ACWI Index	**2.74%**	**–33.64%**	**37.50%**	**–6.25%**

† Not annualized.

The peak and trough dates are based on the S&P 500 Index.

An investor cannot invest directly in an index.

Table III.
Baron Funds Performance
As of June 30, 2020

Institutional Share Class Data

% of Net Assets of Fund		Second Quarter of 2020*	Annualized 12/29/17 to 6/30/20	Primary Benchmark	Second Quarter of 2020*	Annualized 12/29/17 to 6/30/20
29.5%	**Small Cap**					
4.1%	Baron Discovery Fund	**39.12%**	**15.11%**	Russell 2000 Growth Index	**30.58%**	**4.99%**
12.5%	Baron Growth Fund	**27.46%**	**12.90%**			
12.9%	Baron Small Cap Fund	**35.77%**	**11.19%**			
4.1%	**Small/Mid Cap**					
4.1%	Baron Focused Growth Fund	**40.67%**	**20.34%**	Russell 2500 Growth Index	**32.87%**	**9.42%**
15.0%	**Mid Cap**					
15.0%	Baron Asset Fund	**28.02%**	**16.80%**	Russell Midcap Growth Index	**30.26%**	**12.55%**
8.4%	**Large Cap**					
6.8%	Baron Fifth Avenue Growth Fund	**37.91%**	**23.62%**	Russell 1000 Growth Index	**27.84%**	**16.82%**
1.6%	Baron Durable Advantage Fund	**22.17%**	**10.73%†**	S&P 500 Index	**20.54%**	**7.21%†**
24.1%	**All Cap**					
7.5%	Baron Opportunity Fund	**39.78%**	**31.63%**	Russell 3000 Growth Index	**27.99%**	**16.00%**
16.6%	Baron Partners Fund	**49.47%**	**23.44%**	Russell Midcap Growth Index	**30.26%**	**12.55%**
12.0%	**International**					
3.9%	Baron Emerging Markets Fund	**26.67%**	**(3.27)%**	MSCI EM Index	**18.08%**	**(3.59)%**
5.5%	Baron Global Advantage Fund	**46.39%**	**27.07%†**	MSCI ACWI Index	**19.22%**	**1.77%†**
2.6%	Baron International Growth Fund	**28.37%**	**2.87%**	MSCI ACWI ex USA Index	**16.12%**	**(2.95)%**
6.9%	**Specialty**					
4.3%	Baron Real Estate Fund	**29.93%**	**6.57%**	MSCI USA IMI Extended Real Estate Index	**21.76%**	**0.32%**
1.4%	Baron Health Care Fund	**24.68%**	**19.91%†**	Russell 3000 Health Care Index	**16.88%**	**8.64%†**
1.2%	Baron FinTech Fund	**32.00%**	**14.58%*†**	S&P 500 Index	**20.54%**	**4.80%*†**

* Not annualized.

† Performance is calculated from the time the Fund was added to Baron WealthBuilder Fund: Baron Durable Advantage Fund – 3/13/2018; Baron Global Advantage Fund – 1/9/2018; Baron Health Care Fund – 10/18/2018; and Baron FinTech Fund – 2/27/2020. An investor cannot invest directly in an index.

Fund of Funds Structure and Investment Strategy

Baron WealthBuilder Fund closely mimics the way we would incrementally invest across our various funds and strategies. Baron WealthBuilder Fund allows investors to diversify across several Baron Funds' products, gain exposure to various market caps, sectors, and geographies in a single structure, and have us rebalance the allocations in a tax efficient manner. The portfolio managers of each underlying fund abide by the same core investment process and philosophy, focused on proprietary research to discover competitively advantaged businesses with immense opportunities led by smart and honorable executives. Baron Funds has had broad historical success. Our investment approach and process have yielded outstanding results since the Firm's founding in 1982. As of 6/30/2020, 16 of 17 Baron Funds, representing 98.5% of Baron Funds' assets under management ("AUM"), have outperformed their respective passive benchmark since their inceptions. Twelve of those funds, representing 97.3% of Baron Funds' AUM, rank in the top 17% of their respective Morningstar categories; and nine funds, representing 65.1% of AUM, rank in the top 7%. Since their inclusion in Baron WealthBuilder, all underlying funds have exceeded their respective benchmarks. We have always strived to provide top performance in various asset categories. Baron WealthBuilder Fund allows individuals to gain access to a variety of these strategies in a single fund. We are very pleased with the composition and results.

The makeup of the underlying investments looks very different than the indexes, and therefore, the Fund has a high active share when measured against its benchmarks. We feel the diversity in regions and sectors should dampen risk while still providing strong absolute returns. While holding nearly the same number of securities as the its benchmark (421 in the Fund vs. 502 in the S&P 500 Index), the similarities end there. The holdings in the Fund have a lower dividend yield (0.4% vs. 1.9% for the S&P 500 Index), with companies electing to reinvest earnings back in their businesses for growth. And the approach is working; the projected earnings per share growth rate over the next three to five years is 24.4% for the Fund's holdings vs. 10.2% for the S&P 500 Index (or 139.2% higher growth). We think that many of our investments can exceed those stated projections. These businesses have grown at nearly double the Index's growth rate over the preceding five years (the Fund's five-year historical earnings per share growth rate for the Fund is 20.4% vs. the S&P 500 Index's 12.4%). Yet these companies are only 40.0% more expensive than the S&P 500 Index's holdings (the Fund's trailing price-to-earnings ratio is 30.1 times versus 21.5 times for the S&P 500 Index). We feel that this valuation metric is misleading for the Fund's holdings as many have depressed margins as they sacrifice current profitability for more sustainable and higher long-term growth rates. The significantly higher growth for a modest premium in price should, we believe, reward long-term investors.

Baron WealthBuilder Fund

The portfolio is also distinct in its sector weightings. The S&P 500 Index has a higher share of Consumer Staples, Energy, Materials, and Utilities businesses than our Fund. These sectors typically consist of defensive companies that have been traditionally important but have limited unique traits, future growth prospects, and are heavily reliant on unpredictable commodity prices. Those sectors are 15.4% of the S&P 500 Index, yet account for only 1.6% for the Fund. Instead, the Fund favors Consumer Discretionary, Industrials, and Real Estate and segments of Information Technology companies where the competitive advantage is more apparent and the growth projections more robust. Those sectors account for 63.4% of the Fund, yet only 49.1% of the Index.

Finally, the Fund has exposure to international companies unlike the S&P 500 Index, which only has investments in domestic businesses. We anticipate the diversity to provide benefits with lower volatility over time. The Fund is also differentiated from the global coverage of the MSCI ACWI Index. North America is 60.1% of MSCI ACWI Index compared to 85.2% for the Fund. The greater international exposure for the MSCI ACWI Index is heavily skewed towards slow growth developed markets, whereas the Fund seeks faster growth in emerging economies. Of the Fund's international investments, 38.6% are in Asia/Pacific ex-Japan. This number is only 30.0% for the MSCI ACWI Index. However, the MSCI ACWI Index has 58.1% of its international investments in slower growth European and Japanese companies while these regions only constitute 34.5% of the Fund.

Table IV.

Sector exposures as of June 30, 2020

	Percent of Net Assets	S&P 500 Index	MSCI ACWI Index
Information Technology	23.7%	27.5%	20.7%
Consumer Discretionary	21.5	10.8	11.8
Health Care	16.1	14.6	12.9
Industrials	12.9	8.0	9.4
Financials	11.7	10.1	13.4
Communication Services	7.0	10.8	9.4
Real Estate	5.3	2.8	2.9
Materials	0.8	2.5	4.6
Consumer Staples	0.6	7.0	8.1
Energy	0.2	2.8	3.6
Unclassified	0.2	–	–
Utilities		3.1	3.2

Table V.

Country exposures as of June 30, 2020

	Percent of Net Assets	S&P 500 Index	MSCI ACWI Index
United States	84.2%	100.0%	57.5%
China	4.4		5.0
United Kingdom	2.1		3.9
Israel	1.7		0.2
Netherlands	1.7		1.2
Canada	1.0		2.8
India	0.9		1.0
Brazil	0.8		0.6
Argentina	0.5		0.1
Japan	0.4		7.0
Other	2.4		20.8

Table VI.

Fund of fund holdings as of June 30, 2020

	Percent of Net Assets
Baron Partners Fund	16.6%
Baron Asset Fund	15.0
Baron Small Cap Fund	12.9
Baron Growth Fund	12.5
Baron Opportunity Fund	7.5
Baron Fifth Avenue Growth Fund	6.8
Baron Global Advantage Fund	5.5
Baron Real Estate Fund	4.3
Baron Discovery Fund	4.1
Baron Focused Growth Fund	4.1
Baron Emerging Markets Fund	3.9
Baron International Growth Fund	2.6
Baron Durable Advantage Fund	1.6
Baron Health Care Fund	1.4
Baron FinTech Fund	1.2

Thank you for joining us as fellow shareholders in Baron WealthBuilder Fund. We continue to work hard to justify your confidence and trust in our stewardship of your hard-earned savings. We will also remain dedicated to continuing to provide you with the information we would like to have if our roles were reversed. We hope this letter enables you to make an informed decision about whether this Fund remains an appropriate investment.

Respectfully,

Ronald Baron
CEO and Portfolio Manager
July 4, 2020

Michael Baron
Assistant 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 a non-diversified fund because it invests, at any given time, in the securities of a select number of Baron mutual funds (the "Underlying Funds"), representing specific investment strategies. The Fund can invest in funds holding U.S. and international stocks; small-cap, small to mid-cap, large-cap, all-cap stocks; and specialty stocks. Each of the Underlying Funds has its own investment risks, and those risks can affect the value of the Fund's investments and therefore the value of the Fund's shares. To the extent that the Fund invests more of its assets in one Underlying Fund than in another, it will have greater exposure to the risks of that Underlying Fund. For further information regarding the investment risks of the Underlying Funds, please refer to the Underlying Funds' prospectus.

The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

Active Share: a term used to describe the share of a portfolio's holdings that differ from that portfolio's benchmark index. It is calculated by comparing the weight of each holding in the Fund to that holding's weight in the benchmark. Positions with either a positive or negative weighting versus the benchmark have Active Share. An Active Share of 100% implies zero overlap with the benchmark. Active Share was introduced in 2006 in a study by Yale academics, M. Cremers and A. Petajisto, as a measure of active portfolio management. **EPS Growth Rate** (3-5-year forecast**)** indicates the long-term forecasted EPS growth of the companies in the portfolio, calculated using the weighted average of the available 3-to-5 year forecasted growth rates for each of the stocks in the portfolio provided by FactSet Estimates. The EPS Growth rate does not forecast the Fund's performance. **Price/Earnings Ratio (trailing 12-months)**: is a valuation ratio of a company's current share price compared to its actual earnings per share over the last twelve months. If a company's actual EPS is negative, it is excluded from the portfolio-level calculation.

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 WealthBuilder Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

*** Ranking information provided is calculated using the Retail Share Class and is as of June 30, 2020.**

The number of share classes in each category may vary depending on the date that Baron downloaded information from Morningstar Direct.

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.

The **Morningstar Mid-Cap Growth Category** consisted of 602, 500, and 381 share classes for the 1-, 5-, and 10-year periods.

Morningstar ranked **Baron Asset Fund** in the 46th, 15th, 18th, and 17th percentiles, respectively, in the category for the 1-year, 5-year, 10-year, and since inception periods. The Fund was incepted 6/12/1987 and the category consisted of 19 share classes for the since inception period.

Morningstar ranked **Baron Growth Fund** in the 60th, 37th, 46th, and 7th percentiles, respectively, in the category for the 1-year, 5-year, 10-year, and since inception periods. The Fund was incepted 12/31/1994 and the category consisted of 56 share classes for the since inception period.

Morningstar ranked **Baron Partners Fund** in the 1st, 4th, 3rd, and 2nd percentiles, respectively, in the category for the 1-year, 5-year, 10-year, and since conversion periods. The Fund was converted into a mutual Fund 4/30/2003 and the category consisted of 231 share classes for the since conversion period.

The **Morningstar Small Growth Category** consisted of 625, 508, and 377 share classes for the 1-, 5-, and 10-year time periods.

Morningstar ranked **Baron Small Cap Fund** in the 34th, 24th, 47th, and 13th percentiles, respectively, in the category for the 1-year, 5-year, 10-year, and since inception periods. The Fund was incepted 9/30/1997 and the category consisted of 99 share classes for the since inception period.

Morningstar ranked **Baron Discovery Fund** in the 12th, 13th, and 3rd percentiles, respectively, in the category for the 1-year, 5-year, and since inception periods. The Fund was incepted 9/30/2013 and the category consisted of 455 share classes for the since inception period.

The **Morningstar Real Estate Category** consisted of 253, 199, and 140 share classes for the 1-year, 5-year, and 10-year time periods.

Morningstar ranked **Baron Real Estate Fund** in the 2nd, 6th, 1st, and 1st percentiles, respectively, in the category for the 1-year, 5-year, 10-year, and since inception periods. The Fund was incepted 12/31/2009 and the category consisted of 132 share classes for the since inception period.

Morningstar ranked **Baron Real Estate Income Fund** in the 3rd and 4th percentiles, respectively, in the category for the 1-year and since inception periods. The Fund was incepted 12/29/2017 and the category consisted of 234 share classes for the since inception period.

The **Morningstar Large Growth Category** consisted of 1,343, 1,084, 809, and 304 share classes for the 1-year, 5-year, 10-year, and since inception (2/29/2000) periods. Morningstar ranked **Baron Opportunity Fund** in the 3rd, 3rd, 15th, and 5th percentiles, respectively, in the category.

The **Morningstar Foreign Large Growth Category** consisted of 477, 344, 246, and 229 share classes for the 1-year, 5-year, 10-year, and since inception (12/31/2008) periods. Morningstar ranked **Baron International Growth Fund** in the 25th, 27th, 23rd, and 12th percentiles, respectively, in the category.

The **Morningstar Diversified Emerging Markets Category** consisted of 815, 595, and 280 share classes for the 1-year, 5-year, and since inception (12/31/2010) periods. Morningstar ranked **Baron Emerging Markets Fund** in the 27th, 33rd, and 4th percentiles, respectively, in the category.

The **Morningstar World Large Stock Category** consisted of 866, 626, and 436 share classes for the 1-year, 5-year, and since inception (4/30/2012) periods. Morningstar ranked **Baron Global Advantage Fund** in the 1st, 1st, and 1st percentiles, respectively, in the category.

The **Morningstar Health Category** consisted of 148 and 140 share classes for the 1-year and since inception (4/30/2018) periods. Morningstar ranked **Baron Health Care Fund** in the 18th and 5th percentiles, respectively, in the category.

Baron WealthBuilder Fund

© 2020 Morningstar, Inc. All Rights Reserved. The Morningstar information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

Risk: All investments are subject to risk and may lose value.

Baron Funds (Institutional Shares) and Benchmark Performance 6/30/2020

Fund	Primary Benchmark	Annualized Return Since Fund Inception	Annualized Benchmark Return Since Fund Inception	Inception Date	Average Annualized Returns 1-Year	3-Year	5-Year	10-Year	Annual Expense Ratio	Net Assets
SMALL CAP										
Baron Growth Fund	Russell 2000 Growth Index	13.14%	7.83%	12/31/1994	6.85%	13.78%	11.17%	14.24%	1.04%[3]	$6.80 billion
Baron Small Cap Fund	Russell 2000 Growth Index	10.28%	6.06%	9/30/1997	8.61%	12.77%	10.78%	13.71%	1.05%[3]	$3.96 billion
Baron Discovery Fund†	Russell 2000 Growth Index	15.65%	8.46%	9/30/2013	16.74%	15.70%	13.86%	N/A	1.10%[3]	$725.12 million
SMALL/MID CAP										
Baron Focused Growth Fund[1]	Russell 2500 Growth Index	11.97%	8.18%	5/31/1996	34.64%	18.96%	13.24%	14.05%	1.11%/1.10%[4]	$326.72 million
MID CAP										
Baron Asset Fund	Russell Midcap Growth Index	11.91%	10.32%[2]	6/12/1987	11.25%	16.26%	13.79%	15.67%	1.05%[3]	$4.79 billion
LARGE CAP										
Baron Fifth Avenue Growth Fund†	Russell 1000 Growth Index	10.96%	10.79%	4/30/2004	32.44%	24.20%	18.19%	18.12%	0.80%/0.75%[3][6]	$426.66 million
Baron Durable Advantage Fund	S&P 500 Index	12.54%	8.23%	12/29/2017	16.84%	N/A	N/A	N/A	4.91%/0.70%[3][7]	$12.00 million
ALL CAP										
Baron Partners Fund[1]	Russell Midcap Growth Index	13.82%	10.02%	1/31/1992	37.23%	20.19%	16.47%	18.35%	1.96%[4][5]	$3.30 billion
Baron Opportunity Fund†	Russell 3000 Growth Index	8.99%	5.49%	2/29/2000	42.31%	29.72%	20.41%	17.85%	1.11%[3]	$829.37 million
INTERNATIONAL										
Baron Emerging Markets Fund	MSCI EM Index	4.09%	0.90%	12/31/2010	0.56%	2.46%	3.61%	N/A	1.09%[4]	$4.83 billion
Baron Global Advantage Fund†	MSCI ACWI Index	18.34%	8.07%	4/30/2012	45.91%	31.02%	21.21%	N/A	1.00%/0.90%[4][8]	$1.23 billion
Baron International Growth Fund†	MSCI ACWI ex USA Index	10.75%	6.41%	12/31/2008	8.78%	7.72%	7.08%	8.93%	1.04%/0.95%[4][9]	$328.36 million
SPECIALTY										
Baron Real Estate Fund†	MSCI USA IMI Extended Real Estate Index	13.96%	10.40%	12/31/2009	21.17%	10.01%	7.51%	14.88%	1.08%[4]	$625.84 million
Baron Real Estate Income Fund	MSCI US REIT Index	7.48%	(2.07)%	12/29/2017	11.57%	N/A	N/A	N/A	5.63%/0.80%[4][10]	$5.14 million
Baron Health Care Fund†	Russell 3000 Health Care Index	19.08%	13.02%	4/30/2018	25.32%	N/A	N/A	N/A	2.39%/0.85%[4][11]	$25.18 million
Baron FinTech Fund	S&P 500 Index	15.50%*	(3.08)%*	12/31/2019	N/A	N/A	N/A	N/A	1.62%/0.95%[12]	$10.75 million
FUND OF FUNDS										
Baron WealthBuilder Fund	S&P 500 Index	14.77%	8.23%	12/29/2017	19.83%	N/A	N/A	N/A	1.33%/1.23%[4][13]	$145.61 million

[1] Reflects the actual fees and expenses that were charged when the Funds were partnerships. The predecessor partnerships charged a 20% performance fee (Baron Partners Fund) or a 15% performance fee (Baron Focused Growth Fund) after reaching a certain performance benchmark. If the annual returns for the Funds did not reflect the performance fee for the years the predecessor partnerships charged a performance fee, returns would be higher. The Funds' shareholders are not charged a performance fee.

[2] For the period June 30, 1987 to June 30, 2020.

[3] As of 9/30/2019.

[4] As of 12/31/2019.

[5] Comprised of operating expenses of 1.06% and interest expenses of 0.90%.

[6] Annual expense ratio was 0.80%, but the net annual expense ratio was 0.75% (net of Adviser's fee waivers).

[7] Annual expense ratio was 4.91%, but the net annual expense ratio was 0.70% (net of Adviser's fee waivers).

[8] Annual expense ratio was 1.00%, but the net annual expense ratio was 0.90% (net of Adviser's fee waivers).

[9] Annual expense ratio was 1.04%, but the net annual expense ratio was 0.95% (net of Adviser's fee waivers).

[10] Annual expense ratio was 5.63%, but the net annual expense ratio was 0.80% (net of Adviser's fee waivers).

[11] Annual expense ratio was 2.39%, but the net annual expense ratio was 0.85% (net of Adviser's fee waivers).

[12] Expense ratios are estimated for the current fiscal year.

(13) Annual expense ratio was 1.31%, but the net annual expense ratio was 1.21% (includes acquired fund fees and expenses, net of the Adviser's fee waivers).

* Not annualized.

† The Fund's historical performance was impacted by gains from IPOs and/or secondary offerings. There is no guarantee that these results can be repeated or that the Fund's level of participation in IPOs and secondary offerings will be the same in the future.

Baron Health Care Fund

Dear Baron Health Care Fund Shareholder:

Performance

In the quarter ended June 30, 2020, Baron Health Care Fund (the "Fund") advanced 24.68% (Institutional Shares), compared with the 16.88% gain for the Russell 3000 Health Care Index (the "Benchmark") and the 20.54% gain for the S&P 500 Index. Year-to-date, the Fund increased 13.00% (Institutional Shares) compared with the 1.82% increase for the Benchmark and the 3.08% decline for the S&P 500 Index. Since inception (April 30, 2018), the Fund increased 19.08% (Institutional Shares) on an annualized basis compared with the 13.02% gain for the Benchmark and the 9.74% gain for the S&P 500 Index.

Table I.
Performance
For periods ended June 30, 2020

	Baron Health Care Fund Retail Shares[1,2]	Baron Health Care Fund Institutional Shares[1,2]	Russell 3000 Health Care Index[1]	S&P 500 Index[1]
Three Months[3]	24.64%	24.68%	16.88%	20.54%
Six Months[3]	12.91%	13.00%	1.82%	(3.08)%
One Year	24.96%	25.32%	12.79%	7.51%
Since Inception (April 30, 2018)[3]	18.78%	19.08%	13.02%	9.74%

The Fund meaningfully outperformed the Benchmark in the quarter by 780 basis points due to favorable stock selection and, to a lesser extent, relative sub-industry weights. Investments in health care equipment, pharmaceuticals, health care technology, and biotechnology and higher exposure to strong performing life sciences tools & services stocks added the most value. The Fund's largest position in the health care technology sub-industry, **Schrodinger, Inc.,** bolstered relative results. Schrodinger was the top contributor on an absolute basis as investors increasingly recognized it as a unique and competitively advantaged business. Strength in health care equipment was broad-based, led by **DexCom, Inc.**, which sells a continuous glucose monitoring device for people with diabetes, and **Inspire Medical Systems, Inc.**, which sells an implantable neurostimulation device to treat obstructive sleep apnea. DexCom's shares rose sharply after first quarter sales exceeded Street expectations due to continued strong demand for the company's device, which is also being used to remotely monitor

NEAL KAUFMAN
PORTFOLIO MANAGER

Retail Shares: BHCFX
Institutional Shares: BHCHX
R6 Shares: BHCUX

critically ill patients in the hospital setting during the COVID-19 pandemic. Inspire Medical's shares outperformed due to continued progress securing insurance coverage for its sleep apnea therapy. **Inari Medical, Inc.** also added value after the company's shares surged more than 150% following its successful IPO. Favorable stock selection in pharmaceuticals was largely due to the outperformance of **Sanofi** and **Dechra Pharmaceuticals PLC**. Sanofi's share price benefited from investor enthusiasm surrounding the company's new CEO and the potential to improve the pipeline, turnaround the R&D engine, and make accretive acquisitions. Dechra's stock outperformed as investors anticipated a sharp recovery in veterinary visits. Significantly lower exposure to poor performing large-cap pharmaceutical stocks such as Merck & Co., Inc. and Pfizer Inc. also added value as these companies weighed on the sub-industry after suffering company-specific setbacks and investors rotated out of safer, more defensive stocks. Biotechnology holdings outperformed after appreciating more than 35% as a group, with **argenx SE**, **Biohaven Pharmaceutical Holding Company Ltd.**, and **Zai Lab Limited** leading the way.

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 2.80% and 2.39%, respectively, but the net annual expense ratio was 1.10% and 0.85% (net of the Adviser's fee waivers), respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser reimburses certain 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 The indexes are unmanaged. The index performance is not Fund performance; one cannot invest directly into an index. The Russell 3000® Health Care Index is an unmanaged index representative of companies involved in medical services or health care in the Russell 3000 Index, which is comprised of the 3,000 largest U.S. companies as determined by total market capitalization. The S&P 500 Index measures the performance of 500 widely 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.

2 The performance data in the table does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemptions of Fund shares.

3 Not annualized.

Cash exposure in an up market and underperformance of **The Cooper Companies, Inc.** in health care supplies, detracted the most from relative results. Shares of Cooper, a leading provider of contact lenses and women's health products, underperformed after the company's business was negatively impacted by COVID-19 related disruptions.

We continue to closely monitor the effects of the COVID-19 pandemic on our portfolio holdings. We are particularly focused on making sure the companies in the Fund have sufficient financial flexibility and balance sheet strength to weather challenging economic conditions. We sold HCA Healthcare, Inc. because of our concerns about the severe financial impact of the pandemic on hospitals. On the positive side, several companies in the portfolio are benefiting from providing solutions for the pandemic. For example, **Abbott Laboratories**, **Roche Holding AG**, and **Thermo Fisher Scientific Inc.** offer COVID-19 diagnostics and antibody testing; **Sanofi** and **AstraZeneca PLC** are developing COVID-19 vaccines; **West Pharmaceuticals, Inc.**'s stoppers, seals, and vials will likely be used to package many of the COVID-19 vaccines; **CryoPort, Inc.** is supporting multiple clinical trials of therapeutics and vaccines for COVID-19 with its cryogenic shipping solutions; **DexCom, Inc.**'s G6 device is being used to monitor the blood glucose levels of patients with COVID-19 in hospitals; **Bio-Techne Corporation**'s products are being used to support COVID-19 research and therapeutic development, and the company partnered with Mount Sinai Health System in New York to manufacture and distribute antibody test kits; **Adaptive Biotechnologies Corporation** is using its data on the immune system to help Amgen, Inc. develop neutralizing antibodies to prevent or treat COVID-19; and **Masimo Corporation** is seeing increased demand for its market-leading pulse oximetry and other patient monitoring technologies.

Our strategy is to identify competitively advantaged growth companies that we can own for years. Similar to the other Baron Funds, we remain focused on finding businesses that we believe have open-ended secular growth opportunities, durable competitive advantages, and strong management teams. We conduct independent research and take a long-term perspective. We are particularly focused on businesses that solve problems in health care, whether by reducing costs, enhancing efficiency and/or improving patient outcomes.

We continue to think the Health Care sector will offer attractive investment opportunities over the next decade and beyond. Health Care is one of the largest and most complex sectors in the U.S. economy, accounting for approximately 18% of GDP and encompassing a diverse array of sub-industries. Health Care is also a dynamic industry undergoing changes driven by legislation, regulation, and advances in science and technology. We think navigating these changes requires investment experience and sector expertise, which makes the Health Care sector particularly well suited for active management.

Table II.

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

	Percent Impact
Schrodinger, Inc.	2.21%
argenx SE	1.65
UnitedHealth Group Incorporated	1.16
Abbott Laboratories	1.04
AstraZeneca PLC	1.03

Schrodinger, Inc. has a recurring software revenue business married to its drug development efforts. The company benefits from the widely held belief that it is bringing next generation computers into the biotechnology space. After its successful IPO earlier this year, shares continued to climb given broad excitement relating to its ability to design better drugs. The COVID-19 pandemic reinforced the obvious advantage computer design has over in-lab drug screening given social distancing. We expect strong growth for years to come driven by both sides of its business.

argenx SE contributed to performance after reporting positive results from its Phase 3 trial in Myasthenia Gravis, a long-term neuromuscular disease. These results helped de-risk the investment as it was argenx's first successful phase 3 trial ever and the data quality all but ensures regulatory approval and commercial launch over next 12 months. Given this important inflection point, shares were once again rewarded, and we maintain strong conviction in argenx.

UnitedHealth Group Incorporated is the largest insurer and leading provider of health care services, IT/analytics, and pharmacy benefit manager services in the U.S. Shares rose on a first quarter beat as a sharp decline in elective procedures during the pandemic reduced insurance payouts. We believe UnitedHealth's uniquely diversified and complementary set of skills, services, and expertise allow it to deliver higher-quality, lower-cost health care to its members and customers and view it as a core holding allowing us to participate in the strong secular growth of health care.

Abbott Laboratories contributed to performance in the quarter. Abbott is a global manufacturer and provider of health care products and medical devices. Shares appreciated on increased utilization of the company's diagnostics products for COVID-19 testing and antibody detection. We believe Abbott is well positioned to generate solid growth driven by its diabetes, structural heart, and diagnostics businesses.

AstraZeneca PLC is a multi-national pharmaceutical company developing drugs in oncology, respiratory, and metabolic disorders. Shares increased on solid financial results. The COVID-19 pandemic has also driven up share prices as large-cap health care stocks are viewed as a safe haven in the broader market. In addition, the company is collaborating with Oxford University on its adenovirus vaccine approach. We expect continued growth driven by AstraZeneca's strong underlying business fundamentals.

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

	Percent Impact
NextCure, Inc.	–0.03%

NextCure, Inc. is a biotechnology company developing a novel immune checkpoint inhibitor for cancer treatment. Shares fell after a major surge last fall as additional data disclosures have been lacking and investor attention moved to other ideas in the biotechnology space. Most recently, we received an incremental update at the ASCO conference that changed little about the risk/reward of NextCure's investment. We exited the position.

Portfolio Structure

We build the portfolio from the bottom up, one stock at a time, using the Baron investment approach. We do not try to mimic an index, and we expect the Fund to look very different from the Benchmark. The Fund may invest in stocks of any market capitalization and may hold both domestic and international stocks. As of June 30, 2020, the Fund held 49 positions. This compares with 576 positions in the Benchmark. International stocks represented 22.2% of the Fund's net assets. The Fund's 10 largest holdings represented 42.4% of net assets. Compared with the Benchmark, the Fund was overweight in life sciences tools & services and health care technology, and underweight in pharmaceuticals and health care services. The Fund includes a mix of stocks ranging from large, stable growth companies to small, pre-commercial biotechnology companies. The market cap range of the investments in the Fund was $669 million to $299 billion with a weighted average market cap of $74.7 billion. This compared with the Benchmark's weighted average market cap of $118.6 billion.

We discuss below some examples of investment themes in which we are investing. We do not intend this list to be exhaustive. We also own stocks in the portfolio that do not fit neatly into the themes below. We evaluate each stock on its own merits.

- **Genomics:** We have an investment in **Illumina, Inc.**, the market leader in DNA sequencing technology. As the cost and time to sequence a human genome have declined to less than $1,000 in under a day, the applications for DNA sequencing are expanding, most notably in cancer diagnosis and treatment, as well as in rare and undiagnosed genetic diseases, non-invasive pre-natal testing, population genomics, and consumer genomics. We have investments in companies using Illumina's DNA sequencing technology and other genomic technology for diagnostics and research applications, including: **Guardant Health, Inc.**, which offers a blood test for cancer therapy selection and is developing blood tests for cancer recurrence monitoring and early detection of cancer; **Adaptive Biotechnologies Corporation**, which offers ClonoSeq for detection and monitoring of minimal residual disease in blood cancers and is developing early disease detection tests and other products based on its immune system sequencing platform; and **10X Genomics, Inc.**, whose technology enables life sciences researchers to conduct high throughput single cell and spatial genomic analysis using Illumina sequencers.

- **Innovative New Drugs:** We have investments in companies developing innovative new drugs. **argenx SE** is using its unique antibody engineering platform based on the Llama immune system to develop drugs for severe autoimmune diseases and cancer. **Acceleron Pharma Inc.** is developing a novel new drug for pulmonary arterial hypertension, which showed promising results in a Phase 2 clinical trial. **Vertex Pharmaceuticals Incorporated**, the leader in the treatment of cystic fibrosis, recently launched a new drug that will expand the number of patients with cystic fibrosis who can be treated and has a promising new product pipeline for other diseases. **Arrowhead Pharmaceuticals, Inc.** is developing drugs that silence disease-causing genes and has a rich pipeline of drug targets for rare diseases, cardiometabolic disease, cancer, and hepatitis B.

- **Software, Data, and Analytics to Speed Drug Development:** We have investments in companies that use computational platforms, software, data, and analytics to help speed drug development and make it more efficient. Examples include **Schrodinger, Inc.**, which offers a physics-based computational platform for drug discovery, enabling scientists to discover high-quality, novel molecules more rapidly, at lower cost and with a higher likelihood of success compared with traditional drug discovery methods; and **Veeva Systems Inc.**, which provides cloud-based software for the life sciences industry that helps clients bring drugs to market faster and more efficiently.

- **Minimally Invasive Surgery:** Less invasive surgery is less traumatic for the patient, enabling a faster recovery and in many cases resulting in cost savings to the system. We have investments in: **Intuitive Surgical, Inc.**, the pioneer in robotic surgery; **Edwards Lifesciences Corp.**, a leader in transcatheter heart valve replacement; Abbott Laboratories, a leader in transcatheter mitral valve repair; **Teleflex Incorporated**, which offers a new minimally invasive treatment for benign prostatic hyperplasia, also known as enlarged prostate; and **Silk Road Medical, Inc.**, which offers a new minimally invasive approach for the treatment of carotid artery disease.

- **Diabetes Management:** Approximately 34 million Americans have diabetes and another 88 million have prediabetes. Diabetes was the seventh leading cause of death in the U.S. in 2017, and according to the American Diabetes Association, the direct medical costs and indirect expenditures attributable to diabetes in the U.S. were an estimated $327 billion in 2017. Worldwide, the prevalence of diabetes is staggering: over 400 million people globally have diabetes and The International Diabetes Federation estimates that by 2045, this number could reach 629 million people. We have investments in innovative medical technology companies which help patients better manage their diabetes: **DexCom, Inc.**, which offers a continuous glucose monitoring system that eliminates the need for fingersticks; **Insulet Corp.**, which offers a unique tubeless, disposable insulin pump; and **Abbott Laboratories**, which sells the FreeStyle Libre flash glucose monitoring system.

- **Tools Providers to Life Sciences Companies:** We believe several companies that provide products and services to life sciences companies are attractive because they can benefit from the growth in life sciences without the risk inherent in drug development. Our investments in the life sciences tools providers include **Thermo Fisher Scientific Inc.**, **Bio-Techne Corporation**, **West Pharmaceutical Services, Inc.**, and **Mettler-Toledo International, Inc.**, among others.

- **Integration Between Payors and Providers:** Efforts to control health care costs are driving a shift towards value-based health care, which rewards health care providers for the quality of care they provide rather than the quantity of care. As a result, the lines between health care payors and providers are blurring as providers assume more insurance risk and payors acquire providers to control health care costs. We have investments in **UnitedHealth Group Incorporated**, a leading managed care organization that is the largest employer of physicians in the U.S., and **Humana Inc.**, a leading managed care organization that is the largest hospice operator in the U.S. Both of these companies are well positioned to potentially benefit from enrollment growth in Medicare Advantage, the value-based Medicare program that is growing more rapidly than traditional Medicare because of its more attractive value proposition to enrollees.
- **Animal Health:** We believe the animal health industry is attractive based on the trends toward greater pet ownership, increased spending on pets, increased consumption of animal protein, and increased focus on food safety. Further, compared with drug development for humans, the animal health industry is characterized by lower regulatory barriers, shorter and less costly R&D, less generic competition, and lower third-party reimbursement risks. We have investments in **Dechra Pharmaceuticals PLC** and **Zoetis Inc.**, both of which develop and sell medicines for pets and food producing animals; and **IDEXX Laboratories, Inc.**, the leading provider of diagnostic instruments and assays used for pet care in veterinarian offices.

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

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Quarter End Investment Value (thousands)	Percent of Net Assets
UnitedHealth Group Incorporated	2018	$227.2	$279.7	$1,583.9	6.3%
Sanofi	2020	102.5	128.2	1,258.1	5.0
Roche Holding AG	2020	273.1	298.7	1,239.4	4.9
AstraZeneca PLC	2018	90.0	138.8	1,141.8	4.5
Abbott Laboratories	2018	124.6	161.7	1,136.6	4.5
Schrodinger, Inc.	2020	0.3	5.8	990.7	3.9
Vertex Pharmaceuticals Incorporated	2018	39.0	75.3	884.0	3.5
Thermo Fisher Scientific Inc.	2019	117.4	143.1	837.7	3.3
argenx SE	2018	2.8	10.6	821.4	3.3
Humana Inc.	2019	35.0	51.3	808.5	3.2

Table V.
Fund investments in GICS sub-industries as of June 30, 2020

	Percent of Net Assets
Health Care Equipment	22.4%
Biotechnology	22.2
Pharmaceuticals	16.7
Life Sciences Tools & Services	13.4
Managed Health Care	10.5
Health Care Technology	5.0
Health Care Supplies	3.0
Specialized REITs	2.0
Cash and Cash Equivalents	4.8
	100.0%

Recent Activity

Table VI.
Top net purchases for the quarter ended June 30, 2020

	Quarter End Market Cap (billions)	Amount Purchased (thousands)
Sanofi	$128.2	$915.6
UnitedHealth Group Incorporated	279.7	452.4
Roche Holding AG	298.7	412.5
Applied Therapeutics, Inc.	0.8	318.6
ShockWave Medical, Inc.	1.6	251.6

During the June quarter, we established six new positions, including **Shockwave Medical, Inc.**, **Immunomedics, Inc.**, and **CryoPort, Inc.**, which we discuss below, and added to, among others, **Sanofi**, **UnitedHealth Group Incorporated**, **Roche Holding AG**, and **Applied Therapeutics, Inc.**, which we have discussed in prior quarterly letters. We eliminated three positions.

ShockWave provides a medical device for the minimally invasive treatment of atherosclerosis, or plaque buildup and narrowing of the arteries. The ShockWave device uses sonic pressure waves delivered through a balloon catheter to crack the calcium in this artery plaque, allowing for arteries to expand and blood flow to be restored. This is a competitively advantaged approach that minimizes risk of damage to the artery walls and is considered one of the safest tools in the physician's tool kit. ShockWave devices are also able to address calcium buried deep in the blood vessel which is a significant unmet need today. There are several major catalysts for growth, including the potential approval of its device for coronary arteries in the U.S., the ongoing re-launch of their S4 catheter for the challenging arteries below the knee, and a steady path towards improved reimbursement. With 2019 revenues only around 1% of the market opportunity of $4 billion for calcified artery procedures, we believe ShockWave has a long growth runway.

While not a top net purchase, we initiated a position in Immunomedics, a biotechnology company with a commercially approved antibody-drug conjugate (a chemotherapeutic warhead attached via linker to an antibody for more targeted efficacy) called Trodelvy for a subset of aggressive breast cancer called triple negative breast cancer ("TNBC"). Given the high unmet need for these patients, we expect a rapid launch over the next 24 months combined with a steady flow of clinical updates regarding expansion of Trodelvy into earlier lines of TNBC and adjacent cancer indications like hormone positive breast cancer, endometrial cancer, urothelial cancer, and lung cancer. We view the company's growth prospects favorably as an independent biotechnology company. We also view it as an attractive acquisition target for a large-cap biotechnology or pharmaceutical company looking to secure an asset with a long terminal value given low risk of genericization for this type of drug because it is very difficult to replicate and show equivalence.

We also initiated a position in CryoPort, which provides cryogenic shipping solutions, or transport at extremely low temperatures below 150 degrees Celsius, to preserve high value biological samples like cell and gene therapies. The company supports 465 clinical trials in total with 62 in Phase 3, and we believe it can see an inflection ingrowth as more products become commercialized from the trial pipeline. On top of the robust packaging and tracking technology and a proprietary cloud-based portal for condition monitoring, CryoPort enjoys a competitive advantage from being embedded into the clinical trial protocols and regulatory filings of biopharmaceutical companies. This makes it sticky and difficult to switch providers during existing trials and for commercial products. For new trials or when transitioning into commercialization, we believe biopharmaceutical companies are less inclined to find a new provider if they already have a validated process and the cost of CryoPort's services is only a small fraction of the drug price. We think CryoPort's first mover advantage in achieving rigorous, validated quality control of shipment conditions, coupled with biopharmaceutical risk aversion and the high value/cost ratio for CryoPort's services, should continue to protect CryoPort's competitive moat. We see a potential revenue opportunity of $870 million for commercial shipment revenues just from the current trials in progress globally in regenerative medicine, which we believe will support significant growth for CryoPort for the next three to five years off of a 2019 revenue base of $34 million.

Table VII.
Top net sales for the quarter ended June 30, 2020

	Amount Sold (thousands)
HCA Healthcare, Inc.	$198.8
Minerva Neurosciences, Inc.	26.0
NextCure, Inc.	22.6

We sold **HCA Healthcare, Inc**. because of our concerns about the severe financial impact of the pandemic on hospitals. We exited **Minerva Neurosciences, Inc**. because the company's Phase 3 clinical trial of its drug for treatment of negative symptoms in schizophrenia failed to meet the key endpoints. We sold **NextCure, Inc**. to manage risk as we await additional clinical data to support the investment thesis.

Outlook

The number of COVID-19 cases in certain states (such as Texas, Florida, Arizona, and California) has been trending higher. Although the current trends are concerning and we don't know with certainty how the coming weeks and months will play out, we do not think the country is headed for another period of total shutdowns with the extraordinary negative impact on businesses that occurred in March and April. We know much more today about the primary way the virus spreads and how to prevent transmission. Doctors are much better at treating COVID-19 patients today. We know that COVID-19 often causes blood clots, which helps guide treatment decisions. We know certain drugs that were studied in clinical trials do not work, while other drugs have shown moderate efficacy in severe patients, giving doctors some preliminary options for treatment. Hospitals are better prepared today with increased testing capacity, critical care equipment, and personal protective equipment for hospital staff. We think suspension of elective medical procedures will be more limited this time and will likely occur primarily in hospitals in hot spot regions rather than broad-based shutdowns including all medical procedures in outpatient and physician office settings.

Over the coming weeks and months, we expect to see clinical data on potentially promising treatment options, including antibodies and antibody cocktails, as well as vaccines. We cannot predict which or when these treatment options or vaccines will be successful and available, but we are confident that ultimately the scientific community will prevail and this pandemic will come to an end.

Despite significant near-term uncertainty, we continue to think the outlook for the Health Care sector is positive.

- Health care spending is growing faster than GDP and the Center for Medicare and Medicaid Services projects health care spending to reach 20% of GDP in 2028, up from 18% in 2018.
- The COVID-19 pandemic will likely lead to increased investment in life sciences research, pandemic preparedness, and health care infrastructure. There is bipartisan support for annual increases in NIH funding.
- We believe the political risk of a transformational change to the health care system that materially impairs health care company profitability has diminished and remains very low. A Biden Presidency would likely result in the strengthening of the Affordable Care Act and expansion of Medicare and Medicaid, which would be positive for many companies in the sector. A Democratic sweep of the Presidency, Senate, and House could lead to higher taxes, a public option for health insurance, and drug pricing reform, but we think these incremental changes are unlikely to derail the positive long-term outlook for the sector.
- The regulatory environment is favorable. The FDA continues to work with the industry to speed drug approvals. The number of new drug approvals has been at record levels the past few years.
- The current financing environment is robust. Biotechnology companies raised $75 billion in the first half of 2020, an increase of approximately 80% vs. the first half of 2019, putting 2020 on track to be the highest ever financing year for the biotechnology industry. This trend is also positive for life sciences tools companies that sell products to biotechnology companies.
- Companies are increasingly using software, data, and analytics for drug discovery, which is leading to higher success rates and faster drug development timelines.
- We believe innovation and scientific advances will lead to cures to diseases and major breakthroughs over the next decade.

Although we expect near-term earnings to be volatile, we are optimistic about the long-term growth prospects for our holdings. We believe the companies in which the Fund invests are unique, competitively advantaged, well-managed growth companies.

I would like to acknowledge and thank my colleague Josh Riegelhaupt, Assistant Portfolio Manager of Baron Health Care Fund, for his indispensable contributions to the Fund.

Thank you for investing in Baron Health Care Fund. I remain an investor in the Fund, alongside you.

Sincerely,

Neal Kaufman
Portfolio Manager
July 4, 2020

Investors should consider the investment objectives, risks, and charges and expenses of the investment carefully before investing. The prospectus and summary prospectus contains this and other information about the Funds. You may obtain them from its distributor, Baron Capital, Inc., by calling 1-800-99BARON or visiting www.BaronFunds.com. Please read them carefully before investing.

Risks: In addition to general market conditions, the value of the Fund will be affected by investments in health care companies which are subject to a number of risks, including the adverse impact of legislative actions and government regulations. The Fund is non-diversified, which means it may have a greater percentage of its assets in a single issuer than a diversified fund. The Fund invests in small and medium sized companies whose securities may be thinly traded and more difficult to sell during market downturns. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

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

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

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).

Baron FinTech Fund

Dear Baron FinTech Fund Shareholder:

Performance

In the quarter ended June 30, 2020, Baron FinTech Fund (the "Fund") advanced 32.00% (Institutional Shares) compared with a 20.54% gain for the S&P 500 Index (the "Benchmark") and a 37.94% gain for the FactSet Global FinTech Index. Year-to-date and since inception (December 31, 2019), the Fund increased 15.50% (Institutional Shares) compared with a 3.08% loss for the Benchmark and a 0.18% gain for the FactSet Global FinTech Index.

Table I.
Performance
For period ended June 30, 2020

	Baron FinTech Fund Retail Shares[1,2]	Baron FinTech Fund Institutional Shares[1,2]	S&P 500 Index[1]	FactSet Global FinTech Index[1]
Three Months[3]	31.89%	32.00%	20.54%	37.94%
Six Months and Since Inception (December 31, 2019)[3]	15.40%	15.50%	(3.08)%	0.18%

JOSH SALTMAN
PORTFOLIO MANAGER

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

Following a sharp decline in the first quarter with the onset of the COVID-19 pandemic, equity markets strongly rebounded this quarter. The market rally was supported by an accommodative Federal Reserve, stepped up reopening efforts, reported progress on the development of a vaccine, and expectations for an economic recovery next year.

During the quarter, the Fund meaningfully outperformed the Benchmark by 11.46% due to favorable stock selection and, to a lesser extent, relative sector weights. The Fund's investments in Information Technology and Financials contributed the most to relative results. Almost every position delivered positive performance during the quarter.

Six of the Fund's seven investment themes outperformed the Benchmark, including E-commerce, Digitally-Enabled Financials, Digital IT Services, Information Services, Electronic Payments, and Enterprise Software, while Capital Markets slightly underperformed. Strength in E-commerce was driven by the Fund's two largest holdings, **PayPal Holdings, Inc.** and **Adyen N.V.**, as the COVID-19 pandemic forced stores to close and consumers to increasingly shift to online purchases. Specialty insurer **Kinsale Capital Group, Inc.** drove performance in Digitally-Enabled Financials after reporting excellent quarterly results with 47% premium growth and strong margins. Conditions in the specialty insurance market remain favorable as competitors reduce capacity and increase premium rates after years of underpricing risk. The Fund's Digital IT Services holdings outperformed in the quarter, led by **Endava plc** and **EPAM Systems, Inc.** Despite the pandemic causing some temporary project delays, both companies expect increasing demand for digital transformation, which should drive sustained growth over time. Within Information Services, the rating agencies **S&P Global Inc.** and **Moody's Corporation** benefited as falling interest rates and stimulus measures from the Federal Reserve drove strong corporate bond issuance. Several Electronic Payments holdings outperformed, including **Repay Holdings Corporation**, which benefited from resilient payment volumes and accelerating demand for electronic payment capabilities. Other holdings that appreciated more than 50% during the quarter but contributed less to Fund performance due to smaller position sizes included **Bill.com Holdings, Inc.**, **ZoomInfo Technologies Inc.**, **i3 Verticals, Inc.**, **Shift4 Payments, Inc.**, **Ceridian HCM Holding Inc.**, and **MarketAxess Holdings Inc.**

Capital Markets holdings slightly underperformed the Benchmark led by **CME Group, Inc.**, the Fund's sole declining position this quarter, as volatility moderated from unusually high levels in the first quarter.

Almost as important as what we own is what we don't own. During the quarter, German payments company Wirecard AG filed for insolvency and

Performance listed in the above table is net of annual operating expenses. Annual estimated expense ratio for the Retail Shares and Institutional Shares is 1.87% and 1.62%, respectively, but the net annual estimated expense ratio is 1.20% and 0.95% (net of the Adviser's fee waivers), respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser reimburses certain 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 The indexes are unmanaged. The index performance is not Fund performance; one cannot invest directly into an index. S&P 500 Index measures the performance of 500 widely held large cap U.S. companies. The indexes and the Fund are with dividends, which positively impact the performance results. The FactSet Global FinTech Index℠ is an unmanaged and equal-weighted index that measures the equity market performance of companies engaged in Financial Technologies, primarily in the areas of software and consulting, data, and analytics, digital payment processing, money transfer, and payment transactional-related hardware across 30 developed and emerging markets.

2 The performance data in the table does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemptions of Fund shares.

3 Not annualized.

BARON FUNDS 1987

its share price collapsed after revealing that almost 2 billion euros of cash on its balance sheet had gone missing. Before this revelation, Wirecard had grown rapidly into one of Europe's largest fintech companies by processing online payments for businesses around the world. We had been monitoring Wirecard for years and long admired the company's over 30% reported growth rates. As part of our research process, we met with senior management in our office to learn more about the company's competitive differentiation and growth prospects. However, we never invested in the stock due to concerns about the company's strategy, earnings quality, and industry reputation. Conducting independent research, sticking to our disciplined process, and investing only in exceptional and trustworthy managers kept us away from Wirecard. This is one of many examples where we believe active investment management can add significant value.

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

	Percent Impact
PayPal Holdings, Inc.	3.56%
Adyen N.V.	2.84
Repay Holdings Corporation	1.89
S&P Global Inc.	1.78
Endava plc	1.76

PayPal Holdings, Inc. enables digital payments for consumers and merchants worldwide. Shares rose sharply on investor expectations of increased online purchasing by consumers due to the COVID-19 pandemic. E-commerce growth has remained elevated even after stay-at-home orders have eased, suggesting that shopping behaviors may have permanently changed. Accelerating revenue and user growth in April likely persisted for the rest of the quarter, suggesting upside to management's outlook. We continue to own the stock because we believe PayPal is a prime beneficiary of the secular growth of e-commerce.

Adyen N.V. provides technology that enables merchants to accept electronic payments. Shares appreciated on strong quarterly reports of 34% revenue growth and news of significant investments in headcount and marketing campaigns to sustain its high growth rate. Investors also expect COVID-19 disruptions to have relatively less impact on the stock due to Ayden's customer base of mostly online merchants. We believe Adyen will be a prime beneficiary of the secular growth of e-commerce over the long term.

Shares of payment processor **Repay Holdings Corporation** increased on strong quarterly results with 20% organic gross profit growth and 53% EBITDA growth. Demand for digital payments is accelerating due to the COVID-19 pandemic, and the company's payment volumes have been resilient due to the recurring nature of loan repayments. During the quarter, the company raised capital to support growth and was added to the Russell 2000 Index. We continue to own the stock because Repay benefits from increasing adoption of electronic payments and should generate additional growth through M&A.

S&P Global Inc. provides credit ratings, indexes, data, and analytics to the financial and commodities markets. Shares increased as falling interest rates and stimulus measures from the Federal Reserve drove strong corporate bond issuance. Non-financial investment grade issuance hit a quarterly record by a wide margin after more than doubling, while high yield issuance was also meaningfully higher. Equity market appreciation provided a boost to the Indices segment as well. We continue to own the stock due to S&P Global's long runway for growth and significant competitive advantages.

Endava plc provides outsourced software development to business customers. Shares increased after the company reported strong quarterly financial results with 26% revenue growth and 37% earnings per share growth. The pandemic is causing some project delays; however, most projects are continuing as planned and client demand for Endava's digital transformation capabilities remains strong. We believe Endava will continue gaining share in a large global market for IT services.

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

	Percent Impact
CME Group, Inc.	–0.03%

CME Group, Inc. is the world's largest and most diversified derivatives marketplace. Shares detracted in the second quarter due to a significant decline in trading volume as less severe market volatility and a growing expectation that interest rates will remain low for an extended period reduced the need to hedge with CME's futures and options. We continue to hold the stock because we believe CME should benefit from episodic volatility spikes and increasing adoption of exchange-traded futures.

Portfolio Structure

The Fund invests in fintech companies across all market capitalizations and geographies. Fintech companies include: (i) technology companies providing software or services that facilitate financial transactions and (ii) financial services companies using technology in a significant way. The quality of the ideas and level of conviction determine the position size of each investment. We do not try to mimic an index, and we expect the Fund to look very different from the Benchmark.

As of June 30, 2020, the Fund held 35 positions. International stocks represented 14.7% of the Fund's net assets. The Fund's 10 largest holdings represented 47.6% of net assets, and the 20 largest holdings represented 77.5% of net assets. The market capitalization range of the investments in the Fund was $830 million to $579 billion with a weighted average market capitalization of $96.4 billion.

We segment the Fund holdings into seven investment themes. Some companies have characteristics that span more than one theme, but we classify each company by a single theme that we believe is most representative.

1. **Electronic Payments:** We have several investments that benefit from the secular shift to electronic payments. The world is increasingly going cashless, but $17 trillion of consumer payments each year are still made with cash or check, so we believe there is a long runway for growth. **Visa, Inc.** and **Mastercard Incorporated** operate the leading global networks that facilitate electronic payments for consumers, merchants, and banks. We own several merchant acquirers and processors that provide technology that enables merchants to accept electronic payments, including **Repay Holdings Corporation**, **Global Payments Inc.**, **Shift4 Payments, Inc.**, and **Bill.com Holdings, Inc.**
2. **E-commerce:** We have several investments that benefit from the secular growth of e-commerce. Online sales are growing much faster

than in-store retail sales, but e-commerce penetration is still low at only around 15% of total retail sales in the U.S. As payment processors for mostly online merchants, **PayPal Holdings, Inc.** and **Adyen N.V.** benefit from the rapid growth of e-commerce around the world. These companies overlap with the Electronic Payments theme but are primarily driven by e-commerce spending, which is why they are categorized here. **Alibaba Group Holding Limited** operates the largest online shopping platforms in China and owns a stake in Ant Financial, China's dominant payments platform.

3. **Enterprise Software:** We have several investments in software companies that help businesses manage their financial processes and operations. **Fidelity National Information Services, Inc.** and **Jack Henry & Associates, Inc.** provide core processing software that enable banks to manage account and transaction data. **Intuit Inc.** provides accounting and payroll solutions for small businesses as well as tax software for consumers and tax professionals. **Guidewire Software, Inc.** is a leading provider of core systems software to the global P&C insurance industry.

4. **Information Services:** Financial institutions increasingly rely on information and insights to improve loan pricing, insurance underwriting, marketing efficiency, and investment returns. We have several investments in companies that provide critical data to help financial institutions optimize performance and fulfill regulatory requirements. These companies typically have proprietary data and analytical tools that become part of users' daily workflows, leading to high customer retention, recurring revenue, and pricing power. Rating agencies **S&P Global Inc.** and **Moody's Corporation** provide credit ratings that are deeply embedded into the financial ecosystem. **TransUnion** provides the data and **Fair Isaac Corporation** provides the rating methodology used by lenders and other businesses for consumer credit decisions. The insurance industry relies on **Verisk Analytics, Inc.** for underwriting data, and the commercial real estate industry relies on **CoStar Group, Inc.** for property data.

5. **Digital IT Services:** Many banks, insurers, and other businesses have decades-old technology that is difficult to maintain and improve. Disruption from new tech-enabled entrants is forcing incumbents to either upgrade their legacy systems or risk losing customers. **EPAM Systems, Inc.**, **Endava plc**, and **Accenture plc** provide consulting and outsourced software development for business customers to help them modernize their systems and navigate complex digital transformations.

6. **Capital Markets:** Investing decisions and trade execution increasingly rely on digital solutions to improve efficiency and reduce costs. **MarketAxess Holdings Inc.** and **Tradeweb Markets Inc.** operate the leading electronic trading platforms for fixed income markets and benefit from the secular shift from voice-based trading to electronic trading. **CME Group, Inc.** is the world's largest and most diversified derivatives marketplace whose electronic exchanges are used by traders around the world to manage risk.

7. **Digitally-Enabled Financials:** Certain financial institutions are using technology in particularly innovative ways to better serve their customers and operate more efficiently. **Kinsale Capital Group, Inc.** is a specialty insurance company that uses a proprietary technology platform that enables faster customer turnaround times and creates a meaningful cost advantage over the competition.

As of June 30, 2020, Information Services represented 28.6% of net assets, Electronic Payments represented 19.8%, E-commerce represented 14.2%, Enterprise Software represented 13.1%, Digital IT Services represented 11.8%, Capital Markets represented 5.3%, and Digitally-Enabled Financials represented 2.3%.

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

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Quarter End Investment Value (thousands)	Percent of Net Assets
PayPal Holdings, Inc.	2020	$130.0	$204.6	$618.5	5.8%
Adyen N.V.	2020	24.9	44.2	582.2	5.4
Visa, Inc.	2020	376.2	375.4	554.4	5.2
Mastercard Incorporated	2020	306.1	296.8	553.0	5.1
Fidelity National Information Services, Inc.	2020	86.0	82.8	523.0	4.9
S&P Global Inc.	2020	67.9	79.4	487.6	4.5
EPAM Systems, Inc.	2020	11.9	14.0	478.8	4.5
Endava plc	2020	2.6	2.6	478.2	4.4
MSCI, Inc.	2020	22.5	27.9	434.0	4.0
Moody's Corporation	2020	45.6	51.5	412.1	3.8

Table V.
Fund investments in GICS sub-industries as of June 30, 2020

	Percent of Net Assets
Data Processing & Outsourced Services	37.2%
Financial Exchanges & Data	16.9
IT Consulting & Other Services	11.8
Application Software	10.4
Research & Consulting Services	10.2
Internet & Direct Marketing Retail	3.0
Interactive Media & Services	2.5
Property & Casualty Insurance	2.3
Investment Banking & Brokerage	0.8
Cash and Cash Equivalents	4.9
	100.0%

Recent Activity

Table VI.
Top net purchases for the quarter ended June 30, 2020

	Quarter End Market Cap (billions)	Amount Purchased (thousands)
ZoomInfo Technologies Inc.	$ 19.9	$157.4
Intuit Inc.	77.2	148.0
Alibaba Group Holding Limited	578.7	121.1
Accenture plc	136.8	88.3
Shift4 Payments, Inc.	1.6	87.2

We established two new positions, **ZoomInfo Technologies Inc.** and **Shift4 Payments, Inc.**, both of which are founder-led businesses that went public during the quarter. We added to several other positions with the largest contributions to **Intuit Inc.**, **Alibaba Group Holding Limited**, and **Accenture plc**.

The Fund initiated a position in ZoomInfo, which completed its IPO during the quarter. ZoomInfo provides information on organizations and professionals that is used primarily by sales professionals to identify and target sales prospects. The company's cloud-based platform helps customers uncover new sales leads, shorten sales cycles, and increase win rates. ZoomInfo has over 200,000 paying users across more than 15,000 customer companies. We believe this represents only a 2% share of a $24 billion global addressable market.

ZoomInfo employs a research team of over 400 analysts and leverages machine learning to continuously collect and verify data from millions of public and proprietary sources. Much of this data comes from a contributory network that captures contact data from ZoomInfo users, which is fed back into the database to increase the quality and breadth of the data for all users. We believe this approach has enabled ZoomInfo to create the most accurate and comprehensive database of corporate emails and phone numbers spanning 14 million companies and over 120 million professionals.

We believe the company has a long runway for growth due to its large addressable market, strong competitive position, and secular trends favoring data-driven marketing. In addition, the company has the potential to introduce new products targeting areas beyond sales, such as recruiting, market research, and investing. Its revenues are virtually all subscription-based, and it has an attractive sales model resulting in exceptionally high returns on its customer acquisition costs. We expect the company to continue growing revenues at approximately 40% while maintaining free cash flow margins of approximately 40%.

The Fund also initiated a position in Shift4, which completed its IPO this quarter. Shift4 provides payment processing and technology solutions that enable merchants to accept card-based payments. The company serves over 200,000 merchants of all sizes, including all the major ski resorts in the U.S. and half of the hotels on the Vegas Strip. Shift4's payment processing services are integrated with the business management software that merchants use to run their operations. The company markets and sells its solutions through partnerships with over 7,000 independent software vendors and value-added resellers. CEO Jared Isaacman founded the company in 1999 when he was only 16 years old.

Like most payment processing companies, Shift4 benefits from the ongoing shift from cash to electronic payments and enjoys a mostly recurring revenue business model with healthy margins and low capital intensity. The company has an idiosyncratic growth opportunity to migrate its gateway-only merchants (which collectively represent almost 90% of total payment volume) to a full end-to-end payments offering, resulting in a 400% gross profit increase and higher retention. Shift4 participates in the growth of its existing merchant base and should add new merchants through its diversified network of software partners. The company also has a successful track record of M&A, which we believe will continue, particularly given its modest financial leverage profile after the IPO.

While the COVID-19 pandemic will slow the business this year, Shift4 management targets 12% to 15% revenue growth and EBITDA margin expansion to 40% plus over the long term. We are encouraged by founder/CEO Jared Isaacman's long tenure and his vote of confidence in the business through his personal investment of $100 million in the IPO.

Table VII.
Top net sales for the quarter ended June 30, 2020

	Amount Sold (thousands)
Grid Dynamics Holdings, Inc.	$98.5
Mastercard Incorporated	38.6
Houlihan Lokey, Inc.	11.3

We exited a small position in **Grid Dynamics Holdings, Inc.** due to concerns about the company's exposure to retailers, which have been hit hard by the COVID-19 pandemic. We modestly trimmed **Mastercard Incorporated** and **Houlihan Lokey, Inc.** following recent share price strength to raise capital to allocate elsewhere in the Fund.

Outlook

The economic outlook remains as cloudy as ever. The COVID-19 health crisis continues with daily cases and deaths rising nationwide. While down from the April peak, the national unemployment rate remains troublingly high at 11%. U.S. elections later this year could have significant impacts on tax policy, fiscal spending, and regulatory priorities.

While being mindful of the economic environment, we focus on understanding the prospects for individual businesses rather than the broader economy. Effects from the pandemic and economic downturn will likely help certain companies and harm others. Our independent research is focused on identifying fintech companies with long runways for growth, sustainable competitive advantages, exceptional management teams, and attractive valuations. We believe the fintech universe is a fruitful area to find such companies, and we are optimistic that our approach will lead to strong performance for our portfolio.

Thank you for investing in Baron FinTech Fund. We are diligently working to identify good investment ideas that we expect will generate attractive returns. I am an investor in the Fund, alongside you.

Sincerely,

Josh Saltman
Portfolio Manager
July 4, 2020

Baron FinTech Fund

Investors should consider the investment objectives, risks, and charges and expenses of the investment carefully before investing. The prospectus and summary prospectus contains this and other information about the Funds. You may obtain them from its distributor, Baron Capital, Inc., by calling 1-800-99BARON or visiting www.BaronFunds.com. Please read them carefully before investing.

Risks: In addition to general market conditions, the value of the Fund will be affected by investments in fin tech companies which are subject to a number of risks, including the adverse impact of legislative actions and government regulations. The Fund is non-diversified, which means it may have a greater percentage of its assets in a single issuer than a diversified fund. The Fund invests in small and medium sized companies whose securities may be thinly traded and more difficult to sell during market downturns. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

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

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

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).

Portfolio Market Capitalization (Unaudited)

Baron Asset Fund

Baron Asset Fund invests in mid-sized growth companies with market capitalizations above $2.5 billion or the smallest market cap stock in the Russell Midcap Growth Index at reconstitution, whichever is larger, and below the largest market cap stock in the Russell Midcap Growth Index at reconstitution.

Company	Equity Market Cap (in millions)	% of Net Assets
Fidelity National Information Services, Inc.	$82,845	2.0%
Booking Holdings, Inc.	65,176	0.7
Equinix, Inc.	62,164	1.9
Illumina, Inc.	54,442	2.3
The Charles Schwab Corp.	43,437	1.3
Roper Technologies Inc.	40,533	2.3
DexCom, Inc.	37,437	1.5
Veeva Systems Inc.	35,197	2.2
SBA Communications Corp.	33,255	2.9
Amphenol Corporation	28,350	0.9
T. Rowe Price Group, Inc.	28,102	0.7
IDEXX Laboratories, Inc.	28,042	6.4
CoStar Group, Inc.	27,972	3.2
MSCI, Inc.	27,906	0.2
Verisk Analytics, Inc.	27,617	4.2
Willis Towers Watson Public Limited Company	25,355	1.4
RingCentral, Inc.	25,053	1.0
ANSYS, Inc.	24,971	3.6
Verisign, Inc.	23,897	2.8
Liberty Broadband Corporation	22,505	1.1
FleetCor Technologies, Inc.	21,079	1.1
Alexandria Real Estate Equities, Inc.	20,475	0.7
ZoomInfo Technologies Inc.	19,865	1.9
Mettler-Toledo International, Inc.	19,259	3.6
MarketAxess Holdings Inc.	18,990	2.7
The Trade Desk	18,723	0.7
First Republic Bank	18,155	0.7
Teleflex Incorporated	16,898	1.5
West Pharmaceutical Services, Inc.	16,720	2.8
CDW Corporation	16,535	1.0
TransUnion	$16,520	2.7%
CBRE Group, Inc.	15,156	0.9
The Cooper Companies, Inc.	15,127	1.3
SS&C Technologies Holdings, Inc.	14,493	1.1
Rollins, Inc.	13,894	1.0
Wix.com Ltd.	13,345	2.7
Tradeweb Markets Inc.	13,133	0.4
Zillow Group, Inc.	12,765	1.5
FactSet Research Systems, Inc.	12,440	2.6
Fair Isaac Corporation	12,125	0.8
GDS Holdings Limited	12,113	1.0
IDEX Corporation	11,915	1.4
Arch Capital Group Ltd.	11,622	1.4
Ceridian HCM Holding Inc.	11,496	2.7
Gartner, Inc.	10,820	4.0
Bio-Techne Corporation	10,094	2.3
Guidewire Software, Inc.	9,221	3.3
10X Genomics, Inc.	8,785	0.2
Clarivate Plc	8,649	1.0
Guardant Health, Inc.	8,017	0.5
Vail Resorts, Inc.	7,308	2.4
The Toro Company	7,110	0.7
Bright Horizons Family Solutions, Inc.	7,069	0.5
Aspen Technology, Inc.	7,004	0.9
BWX Technologies, Inc.	5,394	0.7
Hyatt Hotels Corp.	5,083	0.6
Choice Hotels International, Inc.	4,368	0.9
Alexander's, Inc.	1,230	0.0
		98.8%

Baron Funds

Baron Growth Fund

Baron Growth Fund invests in small-sized growth companies with market capitalizations up to the largest market cap stock in the Russell 2000 Growth Index at reconstitution, or companies with market capitalizations up to $2.5 billion, whichever is larger.

Company	Equity Market Cap (in millions)	% of Total Investments
IDEXX Laboratories, Inc.	$28,042	4.8%
CoStar Group, Inc.	27,972	7.7
MSCI, Inc.	27,906	8.7
ANSYS, Inc.	24,971	6.4
Alexandria Real Estate Equities, Inc.	20,475	1.8
Mettler-Toledo International, Inc.	19,259	1.2
West Pharmaceutical Services, Inc.	16,720	1.8
SS&C Technologies Holdings, Inc.	14,493	2.7
Wix.com Ltd.	13,345	1.1
FactSet Research Systems, Inc.	12,440	6.0
Arch Capital Group Ltd.	11,622	4.0
Gartner, Inc.	10,820	3.1
Bio-Techne Corporation	10,094	3.3
The Carlyle Group Inc.	9,719	1.0
Guidewire Software, Inc.	9,221	1.7
Pegasystems, Inc.	8,103	1.5
Trex Company, Inc.	7,525	2.5
Gaming and Leisure Properties, Inc.	7,443	2.8
Vail Resorts, Inc.	7,308	5.5
Bright Horizons Family Solutions, Inc.	7,069	2.4
Adaptive Biotechnologies Corporation	6,139	0.3
Morningstar, Inc.	6,033	2.3
Schrodinger, Inc.	5,796	1.2
Douglas Emmett, Inc.	5,377	1.7
Primerica, Inc.	4,755	3.1
Choice Hotels International, Inc.	4,368	3.5
Penn National Gaming, Inc.	$4,152	2.8%
Littelfuse, Inc.	4,142	0.4
Neogen Corp.	4,106	0.7
Essent Group Ltd.	4,078	0.3
Marel hf.	3,959	0.3
Performance Food Group Company	3,861	0.2
Dechra Pharmaceuticals PLC	3,809	0.3
Houlihan Lokey, Inc.	3,801	0.4
Kinsale Capital Group, Inc.	3,454	2.3
Marriott Vacations Worldwide Corp.	3,375	1.6
Iridium Communications Inc.	3,364	3.3
Cohen & Steers, Inc.	3,251	2.0
Altair Engineering Inc.	2,897	0.4
Manchester United plc	2,605	1.1
Denali Therapeutics Inc.	2,554	0.2
Boyd Gaming Corporation	2,325	0.2
Moelis & Company	2,125	0.4
Alector, Inc.	1,932	0.1
American Assets Trust, Inc.	1,672	0.2
Red Rock Resorts, Inc.	1,280	0.3
Alexander's, Inc.	1,230	0.0
BrightView Holdings, Inc.	1,175	0.2
Forestar Group Inc.	724	0.1
OneSpa World Holdings Limited	292	0.0
		99.9%

Baron Small Cap Fund

Baron Small Cap Fund invests 80% of its net assets in small-sized growth companies with market capitalizations up to the largest market cap stock in the Russell 2000 Growth Index at reconstitution, or companies with market capitalizations up to $2.5 billion, whichever is larger.

Company	Equity Market Cap (in millions)	% of Net Assets
DexCom, Inc.	$37,437	2.8%
SBA Communications Corp.	33,255	3.0
IDEXX Laboratories, Inc.	28,042	2.1
Waste Connections, Inc.	24,657	2.0
TransDigm Group, Inc.	23,903	1.4
Liberty Broadband Corporation	22,505	1.2
Mettler-Toledo International, Inc.	19,259	1.4
The Trade Desk	18,723	2.8
Teladoc Health, Inc.	14,209	3.1
Wix.com Ltd.	13,345	2.7
DraftKings, Inc.	11,735	0.8
Ceridian HCM Holding Inc.	11,496	1.7
Liberty SiriusXM Group	11,862	0.9
Gartner, Inc.	10,820	3.1
Cognex Corporation	10,253	1.8
Guidewire Software, Inc.	9,221	3.4
ICON Plc	8,846	2.8
Clarivate Plc	8,649	2.3
Guardant Health, Inc.	8,017	0.5
Trex Company, Inc.	7,525	1.3
Gaming and Leisure Properties, Inc.	7,443	0.2
Liberty Media Corporation – Liberty Formula One	7,278	1.0
Americold Realty Trust	7,270	2.6
WEX Inc.	7,180	1.6
Bright Horizons Family Solutions, Inc.	7,069	2.1
Aspen Technology, Inc.	7,004	2.1
Ollie's Bargain Outlet Holdings, Inc.	6,421	1.7
PRA Health Sciences, Inc.	6,200	1.5
Floor & Decor Holdings, Inc.	5,911	2.9
Berry Global Group, Inc.	5,872	0.9
Planet Fitness, Inc.	5,236	1.2
SiteOne Landscape Supply, Inc.	4,773	2.9
AZEK Co Inc.	4,750	0.9
Vertiv Holdings, LLC	$4,453	2.4%
Mercury Systems, Inc.	4,373	2.0
HealthEquity, Inc.	4,189	1.5
Penn National Gaming, Inc.	4,152	0.9
Dechra Pharmaceuticals PLC	3,809	0.9
Houlihan Lokey, Inc.	3,801	0.9
Madison Square Garden Sports Corp.	3,524	0.8
ASGN Incorporated	3,501	2.9
Kinsale Capital Group, Inc.	3,454	1.3
RBC Bearings Incorporated	3,357	0.7
Quaker Chemical Corporation	3,297	0.5
Altair Engineering Inc.	2,897	0.9
John Bean Technologies Corporation	2,728	1.6
Endava plc	2,629	0.8
Fiverr International Ltd.	2,548	0.5
PolyOne Corporation	2,397	1.2
Inspire Medical Systems, Inc.	2,321	0.7
Moelis & Company	2,125	0.6
Installed Building Products, Inc.	2,049	2.9
Kratos Defense & Security Solutions, Inc.	1,883	0.8
Summit Materials, Inc.	1,882	0.5
Cantel Medical Corp.	1,865	0.2
Repay Holdings Corporation	1,825	2.3
Madison Square Garden Entertainment Corp.	1,802	0.4
Shift4 Payments, Inc.	1,562	0.4
Silk Road Medical, Inc.	1,433	1.2
Axonics Modulation Technologies, Inc.	1,373	0.8
BRP Group, Inc.	1,337	1.1
Red Rock Resorts, Inc.	1,280	0.5
The Cheesecake Factory, Inc.	1,042	0.8
Collier Creek Holdings	766	1.1
Grid Dynamics Holdings, Inc.	351	0.4
OneSpa World Holdings Limited	292	0.3
		97.5%

Baron Funds

Baron Opportunity Fund

Baron Opportunity Fund invests in high growth businesses of any market capitalization selected for their capital appreciation potential.

Company	Equity Market Cap (in millions)	% of Net Assets
Microsoft Corporation	$1,543,306	9.5%
Amazon.com, Inc.	1,376,033	7.5
Alphabet Inc.	966,394	3.1
Facebook, Inc.	647,453	2.5
Alibaba Group Holding Limited	578,663	2.0
Visa, Inc.	375,426	1.2
Mastercard Incorporated	296,806	1.2
NVIDIA Corporation	233,645	1.4
Adobe Inc.	208,803	1.6
PayPal Holdings, Inc.	204,574	1.4
Tesla, Inc.	200,317	5.6
Netflix, Inc.	200,128	1.3
salesforce.com, inc.	168,784	1.0
ServiceNow, Inc.	77,247	1.2
Vertex Pharmaceuticals Incorporated	75,271	1.2
Zoom Video Communications, Inc.	71,524	0.5
Intuitive Surgical, Inc.	66,452	0.9
Equinix, Inc.	62,164	1.2
Illumina, Inc.	54,442	1.0
Brookfield Asset Management, Inc.	51,775	0.8
MercadoLibre, Inc.	49,003	1.0
Adyen N.V.	44,217	0.5
Edwards Lifesciences Corp.	42,825	0.6
Electronic Arts Inc.	38,125	1.2
Veeva Systems Inc.	35,197	0.5
Snap Inc.	33,953	1.6
Splunk, Inc.	31,567	1.7
Twilio Inc.	30,730	1.0
CoStar Group, Inc.	27,972	1.5
Verisk Analytics, Inc.	27,617	0.5
Datadog, Inc.	26,031	1.0
RingCentral, Inc.	25,053	1.9
ANSYS, Inc.	24,971	0.6
Okta, Inc.	24,951	0.2
CrowdStrike, Inc.	21,613	1.0
Alexandria Real Estate Equities, Inc.	$20,475	0.6%
ZoomInfo Technologies Inc.	19,865	2.7
MarketAxess Holdings Inc.	18,990	0.6
The Trade Desk	18,723	1.0
Coupa Software Inc.	18,582	0.5
Take-Two Interactive Software, Inc.	15,903	1.0
Wix.com Ltd.	13,345	2.1
Zillow Group, Inc.	12,765	1.0
GDS Holdings Limited	12,113	1.7
Ceridian HCM Holding Inc.	11,496	1.0
Neurocrine Biosciences, Inc.	11,330	0.6
Gartner, Inc.	10,820	1.4
argenx SE	10,586	2.1
Avalara, Inc.	10,437	0.7
Guidewire Software, Inc.	9,221	2.1
10X Genomics, Inc.	8,785	0.5
Guardant Health, Inc.	8,017	0.5
Americold Realty Trust	7,270	0.8
Vroom, Inc.	6,175	1.9
Schrodinger, Inc.	5,796	1.2
Acceleron Pharma Inc.	5,128	1.2
Rexford Industrial Realty, Inc.	5,122	1.0
Arrowhead Pharmaceuticals, Inc.	4,396	1.1
NEXTDC Limited	3,360	0.4
PTC Therapeutics	3,233	0.9
Arco Platform Limited	2,631	0.7
Endava plc	2,629	1.1
Manchester United plc	2,605	0.2
Trainline Plc	2,587	0.9
Installed Building Products, Inc.	2,049	0.6
Kratos Defense & Security Solutions, Inc.	1,883	1.0
CareDx, Inc.	1,683	1.0
Applied Therapeutics, Inc.	800	0.5
		95.5%

Baron Partners Fund

Baron Partners Fund is a non-diversified fund that invests primarily in U.S. companies of any size with significant growth potential.

Company	Equity Market Cap (in millions)	% of Total Investments
Tesla, Inc.	$200,317	29.4%
Shopify Inc.	113,438	1.6
Activision Blizzard, Inc.	58,480	1.5
Brookfield Asset Management, Inc.	51,775	1.0
Spotify Technology S.A.	47,965	0.6
Adyen N.V.	44,217	2.1
The Charles Schwab Corp.	43,437	3.2
IDEXX Laboratories, Inc.	28,042	6.7
CoStar Group, Inc.	27,972	13.2
MSCI, Inc.	27,906	1.0
Zillow Group, Inc.	12,765	3.9
FactSet Research Systems, Inc.	12,440	5.7
GDS Holdings Limited	12,113	1.4
HEICO Corporation	11,945	0.5
Arch Capital Group Ltd.	$11,622	4.7%
Gartner, Inc.	10,820	2.1
Guidewire Software, Inc.	9,221	2.5
Gaming and Leisure Properties, Inc.	7,443	1.5
Vail Resorts, Inc.	7,308	4.2
Douglas Emmett, Inc.	5,377	0.7
Hyatt Hotels Corp.	5,083	3.6
Virgin Galactic Holdings, Inc.	3,481	0.1
Marriott Vacations Worldwide Corp.	3,375	1.6
Iridium Communications Inc.	3,364	1.0
Manchester United plc	2,605	2.0
Red Rock Resorts, Inc.	1,280	0.2
		96.0%

Baron Fifth Avenue Growth Fund

Baron Fifth Avenue Growth Fund invests in large-sized growth companies with market capitalizations no smaller than the top 85th percentile by total market capitalization of the Russell 1000 Growth Index at June 30, or companies with market capitalizations above $10 billion, whichever is smaller.

Company	Equity Market Cap (in millions)	% of Net Assets
Amazon.com, Inc.	$1,376,033	11.5%
Alphabet Inc.	966,394	4.0
Facebook, Inc.	647,453	3.4
Alibaba Group Holding Limited	578,663	4.7
Visa, Inc.	375,426	3.9
Mastercard Incorporated	296,806	4.6
ASML Holding N.V.	156,656	3.4
AstraZeneca PLC	138,811	1.5
Fidelity National Information Services, Inc.	82,845	2.8
S&P Global Inc.	79,372	2.8
ServiceNow, Inc.	77,247	3.1
Vertex Pharmaceuticals Incorporated	75,271	2.6
Intuitive Surgical, Inc.	66,452	3.3
Equinix, Inc.	62,164	3.2
CME Group, Inc.	58,285	2.1
Illumina, Inc.	$54,442	3.9%
MercadoLibre, Inc.	49,003	2.4
Adyen N.V.	44,217	2.1
Veeva Systems Inc.	35,197	5.5
Splunk, Inc.	31,567	3.3
Twilio Inc.	30,730	3.8
Datadog, Inc.	26,031	2.9
RingCentral, Inc.	25,053	2.6
CrowdStrike, Inc.	21,613	1.9
ZoomInfo Technologies Inc.	19,865	2.2
Slack Technologies Inc.	17,525	1.5
EPAM Systems, Inc.	14,022	3.0
Wix.com Ltd.	13,345	2.9
10X Genomics, Inc.	8,785	0.9
		95.8%

Baron Focused Growth Fund

Baron Focused Growth Fund is a non-diversified fund that invests in small and mid-sized growth companies with market capitalizations up to the largest market cap stock in the Russell Midcap Growth Index at reconstitution.

Company	Equity Market Cap (in millions)	% of Net Assets
Tesla, Inc.	$200,317	29.7%
Adyen N.V.	44,217	2.6
CoStar Group, Inc.	27,972	13.5
FactSet Research Systems, Inc.	12,440	7.5
GDS Holdings Limited	12,113	2.4
Arch Capital Group Ltd.	11,622	2.6
Guidewire Software, Inc.	9,221	3.5
American Homes 4 Rent	8,101	1.9
Vail Resorts, Inc.	7,308	7.5
Americold Realty Trust	$7,270	1.3%
Hyatt Hotels Corp.	5,083	5.2
Choice Hotels International, Inc.	4,368	3.7
Penn National Gaming, Inc.	4,152	5.6
Iridium Communications Inc.	3,364	3.1
Manchester United plc	2,605	2.7
Red Rock Resorts, Inc.	1,280	0.7
		93.5%

Baron Funds

Baron International Growth Fund

Baron International Growth Fund is a diversified fund that invests in non-U.S companies with significant growth potential. Investments may be made across all market capitalizations. The Fund invests principally in companies of developed countries and may invest up to 35% in companies of developing countries.

Company	Equity Market Cap (in millions)	% of Net Assets
Tencent Holdings Limited	$614,599	1.6%
Alibaba Group Holding Limited	578,663	1.5
Nestle S.A.	328,995	1.5
LVMH Moet Hennessy Louis Vuitton SE	221,569	1.5
Reliance Industries Limited	147,541	1.3
AstraZeneca PLC	138,811	2.1
Linde plc	111,784	1.5
Keyence Corporation	101,698	2.0
Sony Corporation	87,177	0.9
Fidelity National Information Services, Inc.	82,845	1.1
Industria de Diseno Textil, S.A.	82,532	0.9
HDFC Bank Limited	77,504	0.5
Sberbank of Russia PJSC	61,415	0.8
Midea Group Co., Ltd.	59,221	0.7
Recruit Holdings Co., Ltd.	57,540	1.4
Takeda Pharmaceutical Company Limited	55,668	1.7
Hong Kong Exchanges and Clearing Limited	53,982	0.4
Shenzhen Mindray Bio-Medical Electronics Co., Ltd.	52,535	0.7
Brookfield Asset Management, Inc.	51,775	0.4
BNP Paribas S.A.	49,665	1.3
Spotify Technology S.A.	47,965	1.6
Novatek PJSC	44,406	0.6
China Tourism Group Duty Free Corporation Limited	42,513	0.7
Hangzhou Hikvision Digital Technology Co., Ltd.	40,093	0.5
Tokyo Electron Limited	39,894	0.7
FANUC Corp.	35,980	1.5
Kotak Mahindra Bank Ltd.	35,655	0.5
Experian plc	32,012	1.7
Telefonaktiebolaget LM Ericsson	31,175	2.0
Vivendi SA	30,421	0.9
Galaxy Entertainment Group Limited	29,508	0.6
Agilent Technologies, Inc.	27,287	1.3
Credit Suisse Group AG	26,433	0.9
Koninklijke DSM N.V.	25,112	1.0
Constellation Software, Inc.	23,928	1.7
XP Inc.	23,181	0.7
Bajaj Finance Limited	22,561	0.7
NEXON Co., Ltd.	20,330	1.1
Grupo Mexico, S.A.B. de C.V.	18,097	0.7
Techtronic Industries Co. Ltd.	17,909	0.9
Symrise AG	15,816	1.2
Wix.com Ltd.	13,345	1.8
WH Group Limited	12,618	0.4
GDS Holdings Limited	12,113	0.8
Eurofins Scientific SE	11,864	1.6
Rentokil Initial plc	$11,709	1.3%
Glodon Company Limited	11,669	0.8
Arch Capital Group Ltd.	11,622	1.4
PagSeguro Digital Ltd.	11,590	0.9
Advantest Corporation	11,552	0.6
TeamViewer AG	10,815	1.9
argenx SE	10,586	3.2
MonotaRO Co., Ltd.	10,190	1.6
Julius Baer Group Ltd.	9,366	0.5
Kingdee International Software Group Co. Ltd.	7,743	1.0
China Conch Venture Holdings Ltd.	7,614	0.8
Notre Dame Intermedica Participacoes S.A.	7,550	0.6
KOSE Corporation	7,290	0.4
Koninklijke Vopak N.V.	6,762	0.5
Clariant AG	6,520	1.3
Kingsoft Corporation Ltd.	6,385	0.8
Square Enix Holdings Co., Ltd.	6,230	0.9
Zai Lab Limited	6,084	2.2
Treasury Wine Estates Limited	5,253	0.8
Korea Shipbuilding & Offshore Engineering Co., Ltd.	5,195	0.7
B&M European Value Retail S.A.	4,928	1.6
Hua Hong Semiconductor Limited	4,481	1.0
GRUMA, S.A.B. de C.V.	4,338	0.6
Cae Inc	4,309	0.9
Dechra Pharmaceuticals PLC	3,809	0.9
Agora, Inc.	3,658	0.0
NEXTDC Limited	3,360	1.8
Godrej Properties Limited	2,894	0.5
Network International Holdings Ltd.	2,732	0.5
Arco Platform Limited	2,631	0.9
Endava plc	2,629	1.5
Trainline Plc	2,587	0.9
Nippon Life India Asset Management Limited	2,548	0.5
Afya Limited	2,180	1.3
TechnoPro Holdings, Inc.	2,042	0.5
Tower Semiconductor Ltd.	2,040	1.2
SMS CO., LTD.	1,959	0.7
Max Financial Services Limited	1,935	1.1
S4 Capital plc	1,640	1.5
Future plc	1,550	1.5
Detsky Mir PJSC	1,045	1.1
JM Financial Limited	883	0.5
Okamoto Industries, Inc.	720	1.0
Golar LNG Ltd.	708	0.6
WANdisco plc	396	0.8
Horizon Discovery Group plc	190	0.3
		95.8%

Baron Real Estate Fund

Baron Real Estate Fund is a diversified fund that invests 80% of its net assets in equity securities of U.S. and non-U.S. real estate and real estate-related companies of any size. The Fund's investment in non-U.S. companies will not exceed 25%.

Company	Equity Market Cap (in millions)	% of Net Assets
Home Depot, Inc.	$269,429	2.5%
American Tower Corp.	114,613	3.5
Lowe's Companies, Inc.	102,016	2.8
Prologis, Inc.	68,932	3.1
Equinix, Inc.	62,164	4.5
The Sherwin-Williams Company	52,469	1.6
Brookfield Asset Management, Inc.	51,775	3.6
Digital Realty Trust, Inc.	39,334	1.6
SBA Communications Corp.	33,255	1.7
CoStar Group, Inc.	27,972	2.8
Alexandria Real Estate Equities, Inc.	20,475	2.3
Hilton Worldwide Holdings, Inc.	20,365	1.0
D.R. Horton, Inc.	20,158	2.8
Lennar Corporation	18,656	3.7
Invitation Homes, Inc.	15,431	2.2
Vulcan Materials Company	15,343	1.7
CBRE Group, Inc.	15,156	2.6
Zillow Group, Inc.	12,765	3.1
GDS Holdings Limited	12,113	7.0
Equity Lifestyle Properties, Inc.	11,381	1.5
Pool Corporation	10,857	1.6
MGM Growth Properties LLC	8,886	2.1
Fortune Brands Home & Security, Inc.	$8,819	1.1%
MGM Resorts International	8,286	0.7
Wynn Resorts Ltd.	8,035	3.4
Trex Company, Inc.	7,525	1.0
Gaming and Leisure Properties, Inc.	7,443	1.6
Americold Realty Trust	7,270	2.2
Douglas Emmett, Inc.	5,377	0.5
Jones Lang LaSalle Incorporated	5,342	0.1
Rexford Industrial Realty, Inc.	5,122	2.2
SiteOne Landscape Supply, Inc.	4,773	1.9
AZEK Co Inc.	4,750	2.0
Penn National Gaming, Inc.	4,152	4.1
Toll Brothers, Inc.	4,094	1.5
Armstrong World Industries, Inc.	3,729	0.4
Marriott Vacations Worldwide Corp.	3,375	1.7
NEXTDC Limited	3,360	2.1
The Howard Hughes Corporation	2,854	0.9
Taylor Morrison Home Corporation	2,500	1.4
Boyd Gaming Corporation	2,325	2.4
Installed Building Products, Inc.	2,049	3.0
Red Rock Resorts, Inc.	1,280	2.0
		95.5%

Baron Funds

Baron Emerging Markets Fund

Baron Emerging Markets Fund is a diversified fund that invests 80% of its net assets in non-U.S. companies of all sizes domiciled, headquartered or whose primary business activities or principal trading markets are in developing countries. The Fund may invest up to 20% in companies in developed market countries and in Frontier Countries.

Company	Equity Market Cap (in millions)	% of Net Assets
Tencent Holdings Limited	$614,599	5.0%
Alibaba Group Holding Limited	578,663	5.8
Taiwan Semiconductor Manufacturing Company Ltd.	294,414	3.0
Samsung Electronics Co., Ltd.	264,033	3.4
Ping An Insurance (Group) Company of China, Ltd.	183,943	1.4
Reliance Industries Limited	147,541	2.7
Meituan Dianping	129,828	1.2
Keyence Corporation	101,698	1.0
HDFC Bank Limited	77,504	1.0
Hindustan Unilever Limited	67,788	0.9
Sberbank of Russia PJSC	61,415	1.5
Midea Group Co., Ltd.	59,221	1.4
Hong Kong Exchanges and Clearing Limited	53,982	0.4
Shenzhen Mindray Bio-Medical Electronics Co., Ltd.	52,535	1.1
MercadoLibre, Inc.	49,003	0.2
Novatek PJSC	44,406	1.0
China Tourism Group Duty Free Corporation Limited	42,513	1.4
Wal-Mart de Mexico, S.A.B. de C.V.	41,898	0.8
Bharti Airtel Limited	40,452	0.9
Housing Development Finance Corporation Limited	40,311	1.0
Hangzhou Hikvision Digital Technology Co., Ltd.	40,093	1.1
Xiaomi Corporation	39,885	1.1
Kotak Mahindra Bank Ltd.	35,655	1.0
S. F. Holding Co., Ltd.	34,176	1.0
Galaxy Entertainment Group Limited	29,508	0.7
ZTO Express (Cayman) Inc.	28,777	0.6
Sino Biopharmaceutical Ltd.	23,701	1.4
XP Inc.	23,181	0.8
Tencent Music Entertainment Group	22,580	0.6
Bajaj Finance Limited	22,561	1.2
Fomento Economico Mexicano, S.A.B. de C.V.	22,211	0.7
Asian Paints Limited	21,437	0.6
PT Telkom Indonesia (Persero) Tbk	21,151	0.5
B3 S.A. - Brasil, Bolsa, Balcao	20,860	0.9
New Oriental Education & Technology Group Inc.	20,632	1.0
CP All Plc.	19,691	0.7
Shenzhou International Group Holdings Ltd.	18,115	1.0
Grupo Mexico, S.A.B. de C.V.	18,097	0.8
Techtronic Industries Co. Ltd.	17,909	1.6
Sunny Optical Technology Group	17,549	0.3
Yandex N.V.	17,464	1.0
Yunnan Baiyao Group Co., Ltd.	16,940	1.2
China Mengniu Dairy Co. Ltd.	15,032	1.1
Delta Electronics, Inc.	14,747	1.3
WH Group Limited	12,618	0.7
GDS Holdings Limited	$12,113	1.7%
KB Financial Group, Inc.	11,978	0.1
Glodon Company Limited	11,669	1.4
PagSeguro Digital Ltd.	11,590	1.6
Britannia Industries Limited	11,482	0.9
Titan Company Limited	11,169	0.4
KIA Motors Corporation	10,919	0.1
Hangzhou Tigermed Consulting Co., Ltd.	10,794	0.7
StoneCo Ltd.	10,738	1.0
SBI Life Insurance Company Limited	10,681	1.0
Ayala Land, Inc.	9,983	0.8
Beijing Oriental Yuhong Waterproof Technology Co., Ltd.	9,016	0.5
Dr. Reddy's Laboratories Ltd.	8,684	1.4
BDO Unibank, Inc.	8,622	0.7
Divi's Laboratories Ltd.	8,013	1.1
Kingdee International Software Group Co. Ltd.	7,743	1.3
ICICI Lombard General Insurance Company Limited	7,624	0.7
China Conch Venture Holdings Ltd.	7,614	1.6
Notre Dame Intermedica Participacoes S.A.	7,550	1.3
China Literature Limited	6,841	0.4
Rumo S.A.	6,448	0.8
Kingsoft Corporation Ltd.	6,385	1.2
Zai Lab Limited	6,084	2.4
Globant, S.A.	5,928	0.2
Muthoot Finance Ltd.	5,769	0.6
Localiza Rent a Car S.A.	5,706	0.8
Venustech Group Inc.	5,552	0.7
Bid Corporation Ltd.	5,480	0.7
Korea Shipbuilding & Offshore Engineering Co., Ltd.	5,195	0.9
Tata Consumer Products Limited	4,701	0.8
Hua Hong Semiconductor Limited	4,481	1.1
GRUMA, S.A.B. de C.V.	4,338	0.9
Wizz Air Holdings Plc	4,250	0.2
Shanghai Henlius Biotech, Inc.	3,639	0.5
Eclat Textile Co., Ltd.	3,180	0.0
Bidvest Group Ltd.	2,785	0.5
Network International Holdings Ltd.	2,732	0.6
Nippon Life India Asset Management Limited	2,548	0.8
Tata Communications Limited	2,309	0.7
Afya Limited	2,180	0.7
Max Financial Services Limited	1,935	1.3
LexinFintech Holdings Ltd.	1,924	0.5
PT Tower Bersama Infrastructure, Tbk.	1,753	0.4
New Frontier Health Corporation	1,088	0.4
JM Financial Limited	883	0.7
Edelweiss Financial Services Limited	777	0.3
Golar LNG Ltd.	708	0.4
Ginko International Co., Ltd.	459	0.2
		96.0%

Baron Global Advantage Fund

Baron Global Advantage Fund is a diversified fund that invests primarily in established and emerging markets companies located throughout the world with capitalization within the range of companies included in the MSCI ACWI Index Net.

Company	Equity Market Cap (in millions)	% of Net Assets
Amazon.com, Inc.	$1,376,033	6.0%
Alphabet Inc.	966,394	2.1
Facebook, Inc.	647,453	4.0
Alibaba Group Holding Limited	578,663	6.3
ASML Holding N.V.	156,656	1.1
Meituan Dianping	129,828	1.9
Shopify Inc.	113,438	1.9
Pinduoduo Inc.	102,804	1.0
Fidelity National Information Services, Inc.	82,845	1.1
Illumina, Inc.	54,442	2.4
MercadoLibre, Inc.	49,003	3.0
Adyen N.V.	44,217	1.5
TAL Education Group	41,144	2.9
Veeva Systems Inc.	35,197	2.6
Splunk, Inc.	31,567	2.7
Twilio Inc.	30,730	2.6
Datadog, Inc.	26,031	1.1
RingCentral, Inc.	25,053	2.2
Okta, Inc.	24,951	0.8
Constellation Software, Inc.	23,928	0.8
CrowdStrike, Inc.	21,613	1.5
ZoomInfo Technologies Inc.	19,865	2.3
Slack Technologies Inc.	17,525	1.3
Zscaler, Inc.	14,292	0.9
EPAM Systems, Inc.	$14,022	2.3%
Wix.com Ltd.	13,345	3.2
GDS Holdings Limited	12,113	2.8
PagSeguro Digital Ltd.	11,590	1.0
Dynatrace Holdings LLC	11,403	0.9
Neurocrine Biosciences, Inc.	11,330	1.1
Cloudflare, Inc.	10,917	1.0
StoneCo Ltd.	10,738	1.4
argenx SE	10,586	2.3
10X Genomics, Inc.	8,785	1.5
Guardant Health, Inc.	8,017	1.8
Bill.com Holdings, Inc.	6,996	1.0
Zai Lab Limited	6,084	1.7
Globant, S.A.	5,928	0.9
Schrodinger, Inc.	5,796	1.6
Acceleron Pharma Inc.	5,128	2.4
Agora, Inc.	3,658	0.0
PTC Therapeutics	3,233	1.8
Network International Holdings Ltd.	2,732	0.8
Arco Platform Limited	2,631	1.0
Endava plc	2,629	2.0
Fiverr International Ltd.	2,548	2.0
Afya Limited	2,180	2.0
		90.5%

Baron Funds

Baron Discovery Fund

Baron Discovery Fund invests in small-sized growth companies with market capitalizations up to the largest market cap stock in the Russell 2000 Growth Index at June 30, or companies with market capitalizations up to $2.5 billion, whichever is larger, so long as the purchase of those securities would not cause the Fund's weighted average market capitalization to exceed that of the Russell 2000 Growth Index. If at any time, the Fund's weighted average market capitalization exceeds that of the Russell 2000 Growth Index, the Fund may only purchase securities with market capitalizations up to the weighted average market capitalization of the Russell 2000 Growth Index.

Company	Equity Market Cap (in millions)	% of Net Assets
Teladoc Health, Inc.	$14,209	0.8%
DraftKings, Inc.	11,735	0.8
Dynatrace Holdings LLC	11,403	1.9
Trex Company, Inc.	7,525	2.0
Liberty Media Corporation – Liberty Formula One	7,278	0.7
Americold Realty Trust	7,270	2.3
Bill.com Holdings, Inc.	6,996	0.4
Ollie's Bargain Outlet Holdings, Inc.	6,421	1.8
Floor & Decor Holdings, Inc.	5,911	3.0
Rexford Industrial Realty, Inc.	5,122	1.7
SiteOne Landscape Supply, Inc.	4,773	2.9
Everbridge, Inc.	4,754	2.0
Mercury Systems, Inc.	4,373	2.5
Biohaven Pharmaceutical Holding Company Ltd.	4,279	1.5
Penn National Gaming, Inc.	4,152	1.5
Emergent BioSolutions Inc.	4,146	2.6
Wingstop Inc.	4,111	0.2
Qualys, Inc.	4,053	2.5
Novanta Inc.	3,750	0.2
Medallia Inc.	3,562	0.9
Kinsale Capital Group, Inc.	3,454	4.0
Varonis Systems, Inc.	2,784	1.8
Endava plc	2,629	2.9
Advanced Energy Industries, Inc.	2,594	1.8
Ping Identity Corporation	2,570	2.1
Inari Medical, Inc.	2,334	0.6
Inspire Medical Systems, Inc.	2,321	0.6
ESCO Technologies, Inc.	2,201	1.0
Progyny, Inc.	2,198	1.4
Kornit Digital Ltd.	2,178	1.7
Yext, Inc.	1,955	0.8
Kratos Defense & Security Solutions, Inc.	1,883	1.9
Repay Holdings Corporation	$1,825	1.7%
CareDx, Inc.	1,683	2.7
American Assets Trust, Inc.	1,672	1.1
S4 Capital plc	1,640	1.4
Shift4 Payments, Inc.	1,562	1.0
Future plc	1,550	1.1
Silk Road Medical, Inc.	1,433	2.1
Esperion Therapeutics, Inc.	1,417	2.0
Revance Therapeutics, Inc.	1,396	2.0
Axonics Modulation Technologies, Inc.	1,373	1.4
Nova Measuring Instruments Ltd.	1,350	1.5
BRP Group, Inc.	1,337	1.2
Veracyte, Inc.	1,296	1.9
Helios Technologies, Inc.	1,195	1.2
CryoPort, Inc.	1,153	0.8
The RealReal, Inc.	1,111	0.4
Cerus Corporation	1,082	1.4
The Cheesecake Factory, Inc.	1,042	1.0
Accelerate Diagnostics, Inc.	838	0.3
TPI Composites, Inc.	824	2.3
Applied Therapeutics, Inc.	800	0.6
Tactile Systems Technology, Inc.	797	1.2
Inogen, Inc.	783	1.8
Raven Industries Inc.	771	0.5
Collier Creek Holdings	766	2.2
Ichor Holdings, Ltd.	606	1.2
PAR Technology Corporation	546	2.0
AxoGen, Inc.	367	0.6
TherapeuticsMD, Inc.	340	0.7
ViewRay Incorporated	330	0.6
Sientra, Inc.	194	1.0
Barfresh Food Group, Inc.	50	0.0
		93.7%

Baron Durable Advantage Fund

Baron Durable Advantage Fund invests primarily in large-sized companies with market capitalizations no smaller than the top 90th percentile by market capitalization of the S&P 500 Index at June 30, or companies with market capitalizations above $10 billion, whichever is smaller.

Company	Equity Market Cap (in millions)	% of Net Assets
Microsoft Corporation	$1,543,306	5.6%
Alphabet Inc.	966,394	3.5
Facebook, Inc.	647,453	4.2
Visa, Inc.	375,426	1.8
Mastercard Incorporated	296,806	3.7
UnitedHealth Group Incorporated	279,725	3.1
Adobe Inc.	208,803	5.4
ASML Holding N.V.	156,656	1.6
Thermo Fisher Scientific Inc.	143,107	3.9
AstraZeneca PLC	138,811	4.9
Accenture plc	136,810	4.2
Costco Wholesale Corporation	133,874	1.4
Danaher Corporation	125,186	4.6
Charter Communications, Inc.	121,450	2.4
Texas Instruments Incorporated	116,530	1.4
BlackRock Inc.	83,464	1.5
Fidelity National Information Services, Inc.	82,845	3.7
S&P Global Inc.	79,372	5.0
The Estee Lauder Companies Inc.	$67,925	1.1%
Equinix, Inc.	62,164	2.8
CME Group, Inc.	58,285	1.1
Ecolab Inc.	57,542	1.0
Brookfield Asset Management, Inc.	51,775	0.7
Moody's Corporation	51,512	4.9
Constellation Brands, Inc.	33,604	2.0
IHS Markit Ltd.	29,959	3.4
MSCI, Inc.	27,906	2.4
Agilent Technologies, Inc.	27,287	1.1
Iqvia Holdings Inc.	27,094	3.0
TE Connectivity Ltd.	26,899	1.3
Alexandria Real Estate Equities, Inc.	20,475	2.0
Mettler-Toledo International, Inc.	19,259	1.3
SS&C Technologies Holdings, Inc.	14,493	2.2
Fair Isaac Corporation	12,125	1.1
HEICO Corporation	11,945	1.8
		95.1%

Baron Real Estate Income Fund

Baron Real Estate Income Fund is a non-diversified fund that under normal circumstances, invests at least 80% of its net assets in real estate income-producing securities and other real estate securities of any market capitalization, including common stocks and equity securities, debt and preferred securities, non-U.S. real estate income-producing securities, and any other real estate-related yield securities.

Company	Equity Market Cap (in millions)	% of Net Assets
American Tower Corp.	$114,613	6.7%
Crown Castle International Corp.	69,743	1.7
Prologis, Inc.	68,932	6.7
Equinix, Inc.	62,164	5.7
Digital Realty Trust, Inc.	39,334	2.4
Las Vegas Sands Corporation	34,780	2.9
SBA Communications Corp.	33,255	2.2
Equity Residential	21,888	1.0
AvalonBay Communities, Inc.	21,763	1.1
Alexandria Real Estate Equities, Inc.	20,475	3.4
Brookfield Infrastructure Partners L.P.	17,080	2.5
Invitation Homes, Inc.	15,431	5.2
Essex Property Trust, Inc.	14,992	0.9
Sun Communities, Inc.	13,333	2.6
Duke Realty Corporation	13,037	1.7
GDS Holdings Limited	12,113	7.2
Equity Lifestyle Properties, Inc.	11,381	2.6
Brookfield Property Partners L.P.	9,310	0.9
MGM Growth Properties LLC	8,886	3.1
MGM Resorts International	8,286	0.2
American Homes 4 Rent	$8,101	3.0%
Wynn Resorts Ltd.	8,035	2.5
Host Hotels & Resorts, Inc.	7,607	1.1
Gaming and Leisure Properties, Inc.	7,443	2.2
Americold Realty Trust	7,270	4.0
Kilroy Realty Corporation	6,755	0.9
CoreSite Realty Corporation	5,893	1.2
STORE Capital Corporation	5,822	1.7
Douglas Emmett, Inc.	5,377	0.2
Rexford Industrial Realty, Inc.	5,122	3.9
QTS Realty Trust, Inc.	4,153	2.2
Penn National Gaming, Inc.	4,152	3.7
SL Green Realty Corp.	3,823	1.1
Terreno Realty Corporation	3,564	1.1
Park Hotels & Resorts Inc.	2,330	0.5
Extended Stay America, Inc.	1,986	1.3
Pebblebrook Hotel Trust	1,786	0.8
Red Rock Resorts, Inc.	1,280	2.0
Jernigan Capital, Inc.	318	2.6
		96.7%

Baron Funds

Baron Health Care Fund

Baron Health Care Fund is a non-diversified fund that under normal circumstances, invests at least 80% of its net assets in equity securities in the form of common stock of companies engaged in the research, development, production, sale, delivery or distribution of products and services related to the health care industry.

Company	Equity Market Cap (in millions)	% of Net Assets
Roche Holding AG	$298,697	4.9%
UnitedHealth Group Incorporated	279,725	6.3
Abbott Laboratories	161,726	4.5
Thermo Fisher Scientific Inc.	143,107	3.3
AstraZeneca PLC	138,811	4.5
Sanofi	128,248	5.0
Vertex Pharmaceuticals Incorporated	75,271	3.5
Intuitive Surgical, Inc.	66,452	2.5
Zoetis Inc.	65,086	1.1
Illumina, Inc.	54,442	1.2
Humana Inc.	51,263	3.2
Edwards Lifesciences Corp.	42,825	2.0
DexCom, Inc.	37,437	2.0
Veeva Systems Inc.	35,197	1.1
IDEXX Laboratories, Inc.	28,042	1.5
Iqvia Holdings Inc.	27,094	1.5
Moderna, Inc.	24,966	0.3
Alexandria Real Estate Equities, Inc.	20,475	2.0
Mettler-Toledo International, Inc.	19,259	1.9
Teleflex Incorporated	16,898	2.2
West Pharmaceutical Services, Inc.	16,720	1.6
The Cooper Companies, Inc.	15,127	1.4
Insulet Corp.	12,715	1.3
Masimo Corporation	12,338	0.8
Neurocrine Biosciences, Inc.	11,330	1.2
argenx SE	10,586	3.3
Bio-Techne Corporation	$10,094	1.5%
ICON Plc	8,846	1.1
10X Genomics, Inc.	8,785	1.0
Immunomedics, Inc.	8,183	1.0
Guardant Health, Inc.	8,017	1.5
Adaptive Biotechnologies Corporation	6,139	0.4
Zai Lab Limited	6,084	2.0
Schrodinger, Inc.	5,796	3.9
Acceleron Pharma Inc.	5,128	2.2
Arrowhead Pharmaceuticals, Inc.	4,396	1.6
Biohaven Pharmaceutical Holding Company Ltd.	4,279	1.6
HealthEquity, Inc.	4,189	0.9
Dechra Pharmaceuticals PLC	3,809	1.2
PTC Therapeutics	3,233	2.0
Inari Medical, Inc.	2,334	0.4
Inspire Medical Systems, Inc.	2,321	1.4
Alector, Inc.	1,932	0.9
Dicerna Pharmaceuticals, Inc.	1,878	0.6
ShockWave Medical, Inc.	1,600	1.0
Silk Road Medical, Inc.	1,433	1.8
CryoPort, Inc.	1,153	1.0
Applied Therapeutics, Inc.	800	1.9
Trillium Therapeutics Inc.	669	0.2
		95.2%

Baron FinTech Fund

Baron FinTech Fund is a non-diversified fund that, under normal circumstances, invests at least 80% of its net assets in securities of companies that develop, use, or rely on innovative technologies or services, in a significant way, for banking, lending, capital markets, financial data analytics, insurance, payments, asset management, or wealth management. The Fund may purchase securities of companies of any market capitalization and may invest in foreign stocks, including emerging market securities.

Company	Equity Market Cap (in millions)	% of Net Assets
Alibaba Group Holding Limited	$578,663	3.0%
Visa, Inc.	375,426	5.2
Mastercard Incorporated	296,806	5.1
PayPal Holdings, Inc.	204,574	5.8
Accenture plc	136,810	2.9
Fidelity National Information Services, Inc.	82,845	4.9
S&P Global Inc.	79,372	4.5
Intuit Inc.	77,238	3.5
CME Group, Inc.	58,285	1.3
Moody's Corporation	51,512	3.8
Global Payments Inc.	50,734	2.8
Adyen N.V.	44,217	5.4
London Stock Exchange Group PLC	36,397	1.1
IHS Markit Ltd.	29,959	3.3
CoStar Group, Inc.	27,972	1.7
MSCI, Inc.	27,906	4.0
Verisk Analytics, Inc.	27,617	2.4
FleetCor Technologies, Inc.	21,079	0.5
ZoomInfo Technologies Inc.	$19,865	2.5%
MarketAxess Holdings Inc.	18,990	2.0
TransUnion	16,520	2.7
Jack Henry & Associates, Inc.	14,100	2.1
EPAM Systems, Inc.	14,022	4.5
Tradeweb Markets Inc.	13,133	0.2
Fair Isaac Corporation	12,125	3.5
Ceridian HCM Holding Inc.	11,496	1.0
Guidewire Software, Inc.	9,221	1.7
Bill.com Holdings, Inc.	6,996	0.7
Houlihan Lokey, Inc.	3,801	0.8
Kinsale Capital Group, Inc.	3,454	2.3
Network International Holdings Ltd.	2,732	0.8
Endava plc	2,629	4.4
Repay Holdings Corporation	1,825	3.3
Shift4 Payments, Inc.	1,562	1.2
i3 Verticals, Inc.	830	0.2
		95.1%

Baron Asset Fund — PORTFOLIO HOLDINGS

June 30, 2020 (Unaudited)

Shares		Cost	Value
Common Stocks (98.78%)			
Communication Services (4.51%)			
	Cable & Satellite (1.10%)		
425,000	Liberty Broadband Corporation, Cl C[1]	$ 32,000,689	$ 52,683,000
	Interactive Media & Services (3.41%)		
1,287,965	Zillow Group, Inc., Cl C[1]	44,039,787	74,199,664
1,745,709	ZoomInfo Technologies Inc., Cl A[1]	44,249,671	89,083,530
		88,289,458	163,283,194
Total Communication Services		120,290,147	215,966,194
Consumer Discretionary (5.02%)			
	Education Services (0.49%)		
200,000	Bright Horizons Family Solutions, Inc.[1]	22,917,264	23,440,000
	Hotels, Resorts & Cruise Lines (1.49%)		
556,442	Choice Hotels International, Inc.	5,979,508	43,903,274
543,233	Hyatt Hotels Corp., Cl A	16,817,762	27,319,187
		22,797,270	71,222,461
	Internet & Direct Marketing Retail (0.66%)		
19,759	Booking Holdings, Inc.[1]	3,141,065	31,463,046
	Leisure Facilities (2.38%)		
626,538	Vail Resorts, Inc.	12,134,164	114,123,897
Total Consumer Discretionary		60,989,763	240,249,404
Financials (11.42%)			
	Asset Management & Custody Banks (0.74%)		
287,514	T. Rowe Price Group, Inc.	9,128,544	35,507,979
	Financial Exchanges & Data (5.91%)		
380,725	FactSet Research Systems, Inc.	20,463,713	125,056,741
257,267	MarketAxess Holdings, Inc.	31,487,484	128,870,186
30,000	MSCI, Inc.	7,783,774	10,014,600
326,189	Tradeweb Markets, Inc., Cl A	11,978,713	18,964,628
		71,713,684	282,906,155
	Insurance Brokers (1.37%)		
332,421	Willis Towers Watson plc[2]	40,916,250	65,470,316
	Investment Banking & Brokerage (1.29%)		
1,825,936	The Charles Schwab Corp.	1,609,714	61,607,081
	Property & Casualty Insurance (1.40%)		
2,333,444	Arch Capital Group Ltd.[1,2]	8,407,045	66,853,170
	Regional Banks (0.71%)		
320,421	First Republic Bank	8,284,701	33,961,422
Total Financials		140,059,938	546,306,123
Health Care (24.68%)			
	Health Care Equipment (9.34%)		
178,000	DexCom, Inc.[1]	26,639,704	72,161,200
921,630	IDEXX Laboratories, Inc.[1]	17,101,351	304,285,361
194,644	Teleflex, Inc.	38,818,945	70,846,523
		82,560,000	447,293,084

Shares		Cost	Value
Common Stocks (continued)			
Health Care (continued)			
	Health Care Supplies (4.12%)		
215,418	The Cooper Companies, Inc.	$ 36,713,299	$ 61,101,161
598,404	West Pharmaceutical Services, Inc.	26,107,583	135,939,437
		62,820,882	197,040,598
	Health Care Technology (2.25%)		
459,386	Veeva Systems, Inc., Cl A[1]	27,115,596	107,689,266
	Life Sciences Tools & Services (8.97%)		
100,682	10X Genomics, Inc., Cl A[1]	3,926,598	8,991,910
421,986	Bio-Techne Corporation	43,944,008	111,433,843
301,000	Guardant Health, Inc.[1,4]	26,438,708	24,420,130
302,552	Illumina, Inc.[1]	13,002,071	112,050,133
214,117	Mettler-Toledo International, Inc.[1]	13,037,000	172,481,949
		100,348,385	429,377,965
Total Health Care		272,844,863	1,181,400,913
Industrials (17.16%)			
	Aerospace & Defense (0.70%)		
588,082	BWX Technologies, Inc.	29,416,776	33,308,965
	Agricultural & Farm Machinery (0.67%)		
480,045	The Toro Co.	29,431,502	31,846,185
	Environmental & Facilities Services (0.97%)		
1,095,612	Rollins, Inc.	24,597,483	46,442,993
	Industrial Conglomerates (2.29%)		
282,192	Roper Technologies, Inc.	34,625,205	109,563,866
	Industrial Machinery (1.42%)		
430,760	IDEX Corporation	31,722,938	68,077,310
	Research & Consulting Services (11.11%)		
2,230,474	Clarivative Plc (formerly, Clarivate Analytics Plc)[1,2]	35,903,681	49,806,485
215,493	CoStar Group, Inc.[1]	42,162,593	153,144,410
1,468,500	TransUnion	79,691,638	127,818,240
1,181,206	Verisk Analytics, Inc.	30,057,617	201,041,261
		187,815,529	531,810,396
Total Industrials		337,609,433	821,049,715
Information Technology (29.63%)			
	Application Software (14.07%)		
596,856	ANSYS, Inc.[1]	25,747,537	174,120,801
395,300	Aspen Technology, Inc.[1]	40,628,908	40,957,033
1,636,093	Ceridian HCM Holding, Inc.[1]	64,026,866	129,693,092
88,000	Fair Isaac Corp.[1]	33,912,009	36,787,520
1,421,809	Guidewire Software, Inc.[1]	77,473,157	157,607,528
160,000	RingCentral, Inc., Cl A[1]	31,688,085	45,601,600
971,076	SS&C Technologies Holdings, Inc.	28,222,659	54,846,372
83,000	The Trade Desk, Inc., Cl A[1]	16,471,978	33,739,500
		318,171,199	673,353,446
	Data Processing & Outsourced Services (3.11%)		
704,217	Fidelity National Information Services, Inc.	41,816,259	94,428,458
217,448	FleetCor Technologies, Inc.[1]	12,816,767	54,694,695
		54,633,026	149,123,153

Baron Asset Fund — PORTFOLIO HOLDINGS (Continued)

June 30, 2020 (Unaudited)

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (continued)			
	Electronic Components (0.90%)		
450,000	Amphenol Corp., Cl A	$ 42,881,684	$ 43,114,500
	Internet Services & Infrastructure (6.54%)		
607,986	GDS Holdings Limited, ADR[1,2]	34,713,998	48,432,165
659,103	Verisign, Inc.[1]	34,840,782	136,322,273
500,000	Wix.com Ltd.[1,2]	46,031,912	128,110,000
		115,586,692	312,864,438
	IT Consulting & Other Services (4.02%)		
1,584,323	Gartner, Inc.[1]	39,586,888	192,225,910
	Technology Distributors (0.99%)		
407,363	CDW Corp.	27,215,415	47,327,433
Total Information Technology		598,074,904	1,418,008,880
Real Estate (6.36%)			
	Office REITs (0.01%)		
1,701	Alexander's, Inc.[4]	63,762	409,771
	Real Estate Services (0.88%)		
929,323	CBRE Group, Inc., Cl A[1]	10,491,289	42,023,986
	Specialized REITs (5.47%)		
210,000	Alexandria Real Estate Equities, Inc.[4]	31,844,735	34,072,500
127,416	Equinix, Inc.	10,066,062	89,484,257
464,856	SBA Communications Corp.	13,260,001	138,489,899
		55,170,798	262,046,656
Total Real Estate		65,725,849	304,480,413
TOTAL COMMON STOCKS		**1,595,594,897**	**4,727,461,642**
Private Partnerships (0.00%)			
Financials (0.00%)			
	Asset Management & Custody Banks (0.00%)		
7,056,223	Windy City Investments Holdings, L.L.C.[1,3,4]	**0**	**182,051**

Principal Amount		Cost	Value
Short Term Investments (0.69%)			
$33,079,184	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/30/2020, 0.00% due 7/1/2020; Proceeds at maturity - $33,079,184; (Fully collateralized by $31,119,300 U.S. Treasury Note, 2.125% due 11/30/2024; Market value - $33,740,846)	**$ 33,079,184**	**$ 33,079,184**
TOTAL INVESTMENTS (99.47%)		**$1,628,674,081**	4,760,722,877
CASH AND OTHER ASSETS LESS LIABILITIES (0.53%)			25,476,063
NET ASSETS			$4,786,198,940
RETAIL SHARES (Equivalent to $91.96 per share based on 25,498,820 shares outstanding)			$2,344,805,913
INSTITUTIONAL SHARES (Equivalent to $95.99 per share based on 24,006,872 shares outstanding)			$2,304,477,380
R6 SHARES (Equivalent to $95.98 per share based on 1,426,557 shares outstanding)			$ 136,915,647

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 At June 30, 2020, the market value of restricted and fair valued securities amounted to $182,051 or 0.00% of net assets. This security is not deemed liquid.
4 The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI (unaudited).
ADR American Depositary Receipt.

Baron Growth Fund — PORTFOLIO HOLDINGS

June 30, 2020 (Unaudited)

Shares		Cost	Value
Common Stocks (99.30%)			
Communication Services (4.37%)			
	Alternative Carriers (3.31%)		
8,862,608	Iridium Communications, Inc.[1,4]	$ 55,774,685	$ 225,464,748
	Movies & Entertainment (1.06%)		
4,540,000	Manchester United plc, Cl A[2]	63,362,022	71,868,200
Total Communication Services		119,136,707	297,332,948
Consumer Discretionary (16.32%)			
	Casinos & Gaming (3.34%)		
700,000	Boyd Gaming Corporation	17,813,229	14,630,000
6,250,000	Penn National Gaming, Inc.[1]	87,682,608	190,875,000
2,000,000	Red Rock Resorts, Inc., Cl A	39,092,179	21,820,000
		144,588,016	227,325,000
	Education Services (2.41%)		
1,400,000	Bright Horizons Family Solutions, Inc.[1]	44,395,570	164,080,000
	Hotels, Resorts & Cruise Lines (5.11%)		
3,000,000	Choice Hotels International, Inc.[4]	72,782,127	236,700,000
1,350,000	Marriott Vacations Worldwide Corp.	72,507,873	110,983,500
		145,290,000	347,683,500
	Leisure Facilities (5.46%)		
2,040,000	Vail Resorts, Inc.[4]	58,372,047	371,586,000
Total Consumer Discretionary		392,645,633	1,110,674,500
Consumer Staples (0.17%)			
	Food Distributors (0.17%)		
400,000	Performance Food Group Co.[1]	7,600,000	11,656,000
Financials (30.47%)			
	Asset Management & Custody Banks (2.99%)		
2,400,000	The Carlyle Group, Inc.	50,219,527	66,960,000
2,000,000	Cohen & Steers, Inc.	48,597,830	136,100,000
		98,817,357	203,060,000
	Financial Exchanges & Data (17.06%)		
1,250,000	FactSet Research Systems, Inc.	62,536,096	410,587,500
1,105,000	Morningstar, Inc.	23,563,709	155,771,850
1,780,000	MSCI, Inc.	33,806,110	594,199,600
		119,905,915	1,160,558,950
	Investment Banking & Brokerage (0.72%)		
450,000	Houlihan Lokey, Inc.	19,625,873	25,038,000
775,000	Moelis & Co., Cl A	19,151,133	24,149,000
		38,777,006	49,187,000
	Life & Health Insurance (3.10%)		
1,810,000	Primerica, Inc.	38,542,740	211,046,000
	Property & Casualty Insurance (6.32%)		
9,570,000	Arch Capital Group Ltd.[1,2]	30,090,395	274,180,500
1,003,449	Kinsale Capital Group, Inc.	35,154,566	155,745,319
		65,244,961	429,925,819
	Thrifts & Mortgage Finance (0.28%)		
530,000	Essent Group Ltd.[2]	14,737,154	19,223,100
Total Financials		376,025,133	2,073,000,869

Shares		Cost	Value
Common Stocks (continued)			
Health Care (13.37%)			
	Biotechnology (0.36%)		
330,000	Alector, Inc.[1]	$ 7,092,149	$ 8,065,200
678,051	Denali Therapeutics, Inc.[1]	12,825,338	16,395,273
		19,917,487	24,460,473
	Health Care Equipment (4.85%)		
1,000,000	IDEXX Laboratories, Inc.[1]	14,678,113	330,160,000
	Health Care Supplies (2.41%)		
573,717	Neogen Corp.[1]	13,141,411	44,520,439
525,000	West Pharmaceutical Services, Inc.	17,892,374	119,264,250
		31,033,785	163,784,689
	Health Care Technology (0.65%)		
483,399	Schrödinger, Inc.[1]	8,870,881	44,264,847
	Life Sciences Tools & Services (4.79%)		
432,655	Adaptive Biotechnologies Corporation[1]	14,268,834	20,931,849
850,000	Bio-Techne Corporation	44,923,357	224,459,500
100,000	Mettler-Toledo International, Inc.[1]	4,577,488	80,555,000
		63,769,679	325,946,349
	Pharmaceuticals (0.31%)		
598,076	Dechra Pharmaceuticals PLC (United Kingdom)[2]	18,422,044	21,065,870
Total Health Care		156,691,989	909,682,228
Industrials (10.71%)			
	Building Products (2.50%)		
1,310,000	Trex Company, Inc.[1]	23,788,932	170,391,700
	Environmental & Facilities Services (0.20%)		
1,220,102	BrightView Holdings, Inc.[1]	15,117,285	13,665,142
	Industrial Machinery (0.33%)		
4,275,000	Marel hf (Netherlands)[2]	18,281,670	22,112,130
	Research & Consulting Services (7.68%)		
735,000	CoStar Group, Inc.[1]	31,079,477	522,342,450
Total Industrials		88,267,364	728,511,422
Information Technology (17.33%)			
	Application Software (12.76%)		
725,000	Altair Engineering, Inc., Cl A[1]	11,330,019	28,818,750
1,495,000	ANSYS, Inc.[1]	35,236,625	436,136,350
1,070,000	Guidewire Software, Inc.[1]	33,498,890	118,609,500
1,000,000	Pegasystems, Inc.	13,997,009	101,170,000
3,250,000	SS&C Technologies Holdings, Inc.	25,406,156	183,560,000
		119,468,699	868,294,600
	Electronic Components (0.38%)		
150,000	Littelfuse, Inc.	16,372,049	25,594,500
	Internet Services & Infrastructure (1.13%)		
300,000	Wix.com Ltd.[1,2]	18,156,068	76,866,000
	IT Consulting & Other Services (3.06%)		
1,715,000	Gartner, Inc.[1]	24,489,498	208,080,950
Total Information Technology		178,486,314	1,178,836,050

Baron Growth Fund — PORTFOLIO HOLDINGS (Continued)

June 30, 2020 (Unaudited)

Shares		Cost	Value
Common Stocks (continued)			
Real Estate (6.56%)			
	Diversified REITs (0.18%)		
450,000	American Assets Trust, Inc.	$ 8,290,248	$ 12,528,000
	Office REITs (1.71%)		
4,799	Alexander's, Inc.[5]	340,700	1,156,079
3,750,000	Douglas Emmett, Inc.	43,603,704	114,975,000
		43,944,404	116,131,079
	Real Estate Development (0.10%)		
450,000	Forestar Group, Inc.[1]	7,875,000	6,786,000
	Specialized REITs (4.57%)		
750,000	Alexandria Real Estate Equities, Inc.[5]	26,438,288	121,687,500
5,467,739	Gaming and Leisure Properties, Inc.	119,719,090	189,183,769
		146,157,378	310,871,269
Total Real Estate		206,267,030	446,316,348
TOTAL COMMON STOCKS		**1,525,120,170**	**6,756,010,365**
Private Preferred Stocks (0.58%)			
Health Care (0.58%)			
	Health Care Technology (0.58%)		
448,722	Schrödinger, Inc., Series E[1,3]	**4,999,999**	**39,572,793**
Private Partnerships (0.00%)			
Financials (0.00%)			
	Asset Management & Custody Banks (0.00%)		
2,375,173	Windy City Investments Holdings, L.L.C.[1,3,5]	**0**	**61,280**
Warrants (0.01%)			
Consumer Discretionary (0.01%)			
	Hotels, Resorts & Cruise Lines (0.01%)		
96,515	OneSpaWorld Holdings Ltd. Warrants, Exp 3/19/2024[1,2,5]	**$ 0**	**$ 201,716**
TOTAL INVESTMENTS (99.89%)		**$1,530,120,169**	6,795,846,154
CASH AND OTHER ASSETS LESS LIABILITIES (0.11%)			7,618,819
NET ASSETS			$6,803,464,973
RETAIL SHARES (Equivalent to $81.76 per share based on 29,035,897 shares outstanding)			$2,373,902,121
INSTITUTIONAL SHARES (Equivalent to $84.86 per share based on 50,355,653 shares outstanding)			$4,273,407,667
R6 SHARES (Equivalent to $84.87 per share based on 1,839,826 shares outstanding)			$ 156,155,185

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 At June 30, 2020, the market value of restricted and fair valued securities amounted to $39,634,073 or 0.58% of net assets. These securities are not deemed liquid.
4 An "Affiliated" investment may include any company in which the Fund owns 5% or more of its outstanding shares.
5 The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI (unaudited).

Baron Small Cap Fund — PORTFOLIO HOLDINGS

June 30, 2020 (Unaudited)

Shares		Cost	Value
Common Stocks (97.52%)			
Communication Services (4.30%)			
	Cable & Satellite (2.04%)		
100,000	Liberty Broadband Corporation, Cl A[1]	$ 404,823	$ 12,219,000
275,000	Liberty Broadband Corporation, Cl C[1]	1,079,681	34,089,000
1,000,000	Liberty Media Corp.-Liberty SiriusXM, Cl C[1]	2,168,308	34,450,000
		3,652,812	80,758,000
	Movies & Entertainment (2.26%)		
1,250,000	Liberty Media Corporation-Liberty Formula One, Cl C[1]	22,521,105	39,637,500
225,000	Madison Square Garden Entertainment Corp.[1]	3,552,159	16,875,000
225,000	Madison Square Garden Sports Corp. Cl A[1]	8,416,556	33,050,250
		34,489,820	89,562,750
Total Communication Services		38,142,632	170,320,750
Consumer Discretionary (14.74%)			
	Casinos & Gaming (2.25%)		
1,000,000	DraftKings, Inc., Cl A[1]	12,833,717	33,260,000
1,200,000	Penn National Gaming, Inc.[1]	21,405,754	36,648,000
1,750,000	Red Rock Resorts, Inc., Cl A	34,600,258	19,092,500
		68,839,729	89,000,500
	Education Services (2.15%)		
725,000	Bright Horizons Family Solutions, Inc.[1]	22,479,147	84,970,000
	General Merchandise Stores (1.73%)		
700,000	Ollie's Bargain Outlet Holdings, Inc.[1]	40,727,801	68,355,000
	Home Improvement Retail (2.91%)		
2,000,000	Floor & Decor Holdings, Inc., Cl A[1]	78,500,578	115,300,000
	Homebuilding (2.91%)		
1,675,000	Installed Building Products, Inc.[1,4]	95,608,118	115,206,500
	Hotels, Resorts & Cruise Lines (0.27%)		
2,250,000	OneSpaWorld Holdings Ltd.[1,2,5]	24,000,000	10,732,500
	Internet & Direct Marketing Retail (0.51%)		
275,000	Fiverr International Ltd.[1,2]	16,711,071	20,300,500
	Leisure Facilities (1.23%)		
800,000	Planet Fitness, Inc., Cl A[1]	28,416,505	48,456,000
	Restaurants (0.78%)		
1,350,000	The Cheesecake Factory, Inc.	32,577,367	30,942,000
Total Consumer Discretionary		407,860,316	583,263,000
Consumer Staples (0.39%)			
	Packaged Foods & Meats (0.39%)		
2,000,000	Whole Earth Brands, Inc.[1,3,4,5]	20,000,000	15,320,000

Shares		Cost	Value
Common Stocks (continued)			
Financials (3.89%)			
	Insurance Brokers (1.15%)		
2,625,000	BRP Group, Inc., Cl A[1]	$ 35,198,545	$ 45,333,750
	Investment Banking & Brokerage (1.47%)		
625,000	Houlihan Lokey, Inc.	28,909,333	34,775,000
750,000	Moelis & Co., Cl A	15,297,251	23,370,000
		44,206,584	58,145,000
	Property & Casualty Insurance (1.27%)		
325,000	Kinsale Capital Group, Inc.	31,454,769	50,443,250
Total Financials		110,859,898	153,922,000
Health Care (19.44%)			
	Health Care Equipment (7.76%)		
950,000	Axonics Modulation Technologies, Inc.[1]	33,317,821	33,354,500
175,000	Cantel Medical Corp.	7,131,669	7,740,250
270,000	DexCom, Inc.[1]	3,583,873	109,458,000
250,000	IDEXX Laboratories, Inc.[1]	3,653,050	82,540,000
320,000	Inspire Medical Systems, Inc.[1,5]	16,558,160	27,846,400
1,100,000	Silk Road Medical, Inc.[1,5]	42,181,256	46,079,000
		106,425,829	307,018,150
	Health Care Technology (3.13%)		
650,000	Teladoc Health, Inc.[1]	20,217,617	124,046,000
	Life Sciences Tools & Services (6.18%)		
250,000	Guardant Health, Inc.[1,5]	4,953,266	20,282,500
650,000	ICON plc[1,2]	18,432,361	109,499,000
70,000	Mettler-Toledo International, Inc.[1]	3,418,551	56,388,500
600,000	PRA Health Sciences, Inc.[1]	10,800,000	58,374,000
		37,604,178	244,544,000
	Managed Health Care (1.48%)		
1,000,000	HealthEquity, Inc.[1]	23,274,521	58,670,000
	Pharmaceuticals (0.89%)		
1,000,000	Dechra Pharmaceuticals PLC (United Kingdom)[2]	28,027,985	35,222,731
Total Health Care		215,550,130	769,500,881
Industrials (21.03%)			
	Aerospace & Defense (4.17%)		
2,000,000	Kratos Defense & Security Solutions, Inc.[1]	29,986,016	31,260,000
1,000,000	Mercury Systems, Inc.[1]	25,872,953	78,660,000
125,000	TransDigm Group, Inc.[1]	0	55,256,250
		55,858,969	165,176,250
	Building Products (2.19%)		
1,090,609	AZEK Co., Inc.[1]	25,084,007	34,746,803
400,000	Trex Company, Inc.[1]	30,505,504	52,028,000
		55,589,511	86,774,803
	Electrical Components & Equipment (2.40%)		
7,000,000	Vertiv Holdings LLC[1]	69,871,612	94,920,000
	Environmental & Facilities Services (2.02%)		
850,000	Waste Connections, Inc.[2]	37,116,667	79,721,500

Baron Small Cap Fund — PORTFOLIO HOLDINGS (Continued)

June 30, 2020 (Unaudited)

Shares		Cost	Value
Common Stocks (continued)			
Industrials (continued)			
	Human Resource & Employment Services (2.86%)		
1,700,000	ASGN, Inc.[1]	$ 42,057,952	$ 113,356,000
	Industrial Machinery (2.25%)		
725,000	John Bean Technologies Corp.	62,999,777	62,364,500
200,000	RBC Bearings, Incorporated[1]	12,713,721	26,808,000
		75,713,498	89,172,500
	Research & Consulting Services (2.26%)		
4,000,000	Clarivative Plc (formerly, Clarivate Analytics Plc)[1,2]	44,078,833	89,320,000
	Trading Companies & Distributors (2.88%)		
1,000,000	SiteOne Landscape Supply, Inc.[1]	26,904,431	113,970,000
Total Industrials		407,191,473	832,411,053
Information Technology (23.84%)			
	Application Software (11.01%)		
950,000	Altair Engineering, Inc., Cl A[1]	15,372,487	37,762,500
800,000	Aspen Technology, Inc.[1]	29,983,938	82,888,000
850,000	Ceridian HCM Holding, Inc.[1]	23,711,721	67,379,500
1,225,000	Guidewire Software, Inc.[1]	31,269,358	135,791,250
275,000	The Trade Desk, Inc., Cl A[1]	9,762,500	111,787,500
		110,100,004	435,608,750
	Data Processing & Outsourced Services (3.98%)		
3,300,000	Repay Holdings Corporation, Cl A[1,4]	33,000,000	81,279,000
405,170	Shift4 Payments, Inc., Cl A[1]	9,677,975	14,383,535
375,000	WEX, Inc.[1]	15,715,808	61,878,750
		58,393,783	157,541,285
	Electronic Equipment & Instruments (1.81%)		
1,200,000	Cognex Corp.	9,420,069	71,664,000
	Internet Services & Infrastructure (2.75%)		
425,000	Wix.com Ltd.[1,2]	22,664,357	108,893,500
	IT Consulting & Other Services (4.29%)		
700,000	Endava plc, ADR[1,2]	20,546,460	33,810,000
1,000,000	Gartner, Inc.[1]	14,988,362	121,330,000
2,100,000	Grid Dynamics Holdings, Inc.[1]	21,637,915	14,490,000
		57,172,737	169,630,000
Total Information Technology		257,750,950	943,337,535
Materials (3.07%)			
	Construction Materials (0.51%)		
1,250,000	Summit Materials, Inc., Cl A[1]	21,875,405	20,100,000
	Metal & Glass Containers (0.90%)		
800,000	Berry Global Group, Inc.[1]	12,652,147	35,456,000
	Specialty Chemicals (1.66%)		
1,800,000	PolyOne Corp.	57,479,445	47,214,000
100,000	Quaker Chemical Corp.	15,148,385	18,565,000
		72,627,830	65,779,000
Total Materials		107,155,382	121,335,000
Real Estate (5.73%)			
	Specialized REITs (5.73%)		
2,800,000	Americold Realty Trust[5]	63,604,265	101,640,000
178,136	Gaming and Leisure Properties, Inc.	1,757,610	6,163,505
400,000	SBA Communications Corp.	1,611,440	119,168,000
Total Real Estate		66,973,315	226,971,505

Shares		Cost	Value
Common Stocks (continued)			
Unclassified (1.09%)			
	Unclassified (1.09%)		
3,150,000	Collier Creek Holdings, Cl A[1,2,4]	$ 38,880,913	$ 43,155,000
TOTAL COMMON STOCKS		**1,670,365,009**	**3,859,536,724**
Warrants (0.34%)			
Consumer Discretionary (0.01%)			
	Hotels, Resorts & Cruise Lines (0.01%)		
260,850	OneSpaWorld Holdings Ltd. Warrants, Exp 3/19/2024[1,2,5]	0	545,177
Consumer Staples (0.04%)			
	Packaged Foods & Meats (0.04%)		
1,403,600	Whole Earth Brands, Inc., Exp 6/25/2025[1,3,4,5]	0	1,515,888
Information Technology (0.29%)			
	Data Processing & Outsourced Services (0.29%)		
3,500,000	Repay Holdings Corporation Warrants Exp 7/11/2024[1,4]	0	11,445,000
TOTAL WARRANTS		**0**	**13,506,065**
Principal Amount			
Short Term Investments (2.31%)			
$91,547,847	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/30/2020, 0.00% due 7/1/2020; Proceeds at maturity - $91,547,847; (Fully collateralized by $88,371,200 U.S. Treasury Note, 1.50% due 10/31/2024; Market value - $93,378,879)	**91,547,847**	**91,547,847**
TOTAL INVESTMENTS (100.17%)		**$1,761,912,856**	**3,964,590,636**
LIABILITIES LESS CASH AND OTHER ASSETS (-0.17%)			**(6,922,655)**
NET ASSETS			**$3,957,667,981**
RETAIL SHARES (Equivalent to $30.52 per share based on 44,820,883 shares outstanding)			**$1,368,025,048**
INSTITUTIONAL SHARES (Equivalent to $32.07 per share based on 75,064,480 shares outstanding)			**$2,407,048,579**
R6 SHARES (Equivalent to $32.06 per share based on 5,695,926 shares outstanding)			**$ 182,594,354**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 At June 30, 2020, the market value of restricted and fair valued securities amounted to $16,835,888 or 0.43% of net assets. These securities are not deemed liquid.
4 An "Affiliated" investment may include any company in which the Fund owns 5% or more of its outstanding shares.
5 The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI (unaudited).
ADR American Depositary Receipt.

Baron Opportunity Fund — PORTFOLIO HOLDINGS

June 30, 2020 (Unaudited)

Shares		Cost	Value
Common Stocks (95.49%)			
Communication Services (14.65%)			
	Interactive Home Entertainment (2.24%)		
78,000	Electronic Arts, Inc.[1]	$ 7,977,654	$ 10,299,900
59,000	Take-Two Interactive Software, Inc.[1]	6,730,439	8,234,630
		14,708,093	18,534,530
	Interactive Media & Services (10.84%)		
17,950	Alphabet, Inc., Cl C[1]	14,928,787	25,374,299
92,700	Facebook, Inc., Cl A[1]	19,752,664	21,049,389
548,000	Snap, Inc., Cl A[1]	8,507,738	12,872,520
139,803	Zillow Group, Inc., Cl C[1]	6,696,982	8,054,051
442,369	ZoomInfo Technologies Inc., Cl A[1]	12,491,610	22,574,090
		62,377,781	89,924,349
	Movies & Entertainment (1.57%)		
122,614	Manchester United plc, Cl A[2]	1,867,992	1,940,980
24,425	Netflix, Inc.[1]	3,966,732	11,114,352
		5,834,724	13,055,332
Total Communication Services		82,920,598	121,514,211
Consumer Discretionary (20.12%)			
	Automobile Manufacturers (5.56%)		
42,700	Tesla, Inc.[1]	9,302,003	46,107,887
	Automotive Retail (1.87%)		
298,416	Vroom, Inc.[1]	6,565,152	15,559,410
	Education Services (0.65%)		
123,236	Arco Platform Limited, Cl A[1,2]	3,501,531	5,358,301
	Homebuilding (0.61%)		
74,000	Installed Building Products, Inc.[1]	3,805,225	5,089,720
	Internet & Direct Marketing Retail (11.43%)		
77,000	Alibaba Group Holding Limited, ADR[1,2]	10,901,219	16,608,900
22,575	Amazon.com, Inc.[1]	24,454,980	62,280,362
8,529	MercadoLibre, Inc.[1]	4,838,488	8,407,632
1,389,126	Trainline Plc, 144A (United Kingdom)[1,2]	6,196,057	7,486,581
		46,390,744	94,783,475
Total Consumer Discretionary		69,564,655	166,898,793
Financials (1.40%)			
	Asset Management & Custody Banks (0.76%)		
192,250	Brookfield Asset Management, Inc., Cl A[2]	7,001,856	6,325,025
	Financial Exchanges & Data (0.64%)		
10,600	MarketAxess Holdings, Inc.	1,129,414	5,309,752
Total Financials		8,131,270	11,634,777
Health Care (13.76%)			
	Biotechnology (7.61%)		
101,300	Acceleron Pharma, Inc.[1]	3,848,518	9,650,851
113,400	Applied Therapeutics, Inc.[1]	4,776,131	4,099,410
77,202	argenx SE, ADR[1,2]	3,349,836	17,388,206
207,600	Arrowhead Pharmaceuticals, Inc.[1]	5,250,683	8,966,244
43,700	Neurocrine Biosciences, Inc.[1]	3,891,557	5,331,400
152,917	PTC Therapeutics, Inc.[1]	7,597,277	7,759,009
34,300	Vertex Pharmaceuticals Incorporated[1]	5,744,506	9,957,633
		34,458,508	63,152,753

Shares		Cost	Value
Common Stocks (continued)			
Health Care (continued)			
	Health Care Equipment (1.48%)		
71,100	Edwards Lifesciences Corp.[1]	$ 2,388,654	$ 4,913,721
12,935	Intuitive Surgical, Inc.[1]	4,035,830	7,370,751
		6,424,484	12,284,472
	Health Care Technology (1.68%)		
106,374	Schrödinger, Inc.[1]	1,808,358	9,740,667
17,800	Veeva Systems, Inc., Cl A[1]	2,595,016	4,172,676
		4,403,374	13,913,343
	Life Sciences Tools & Services (2.99%)		
50,419	10X Genomics, Inc., Cl A[1]	3,006,785	4,502,921
222,500	CareDx, Inc.[1,3]	7,071,684	7,883,175
53,837	Guardant Health, Inc.[1,3]	3,834,191	4,367,796
21,715	Illumina, Inc.[1]	2,606,193	8,042,150
		16,518,853	24,796,042
Total Health Care		61,805,219	114,146,610
Industrials (3.04%)			
	Aerospace & Defense (0.98%)		
517,969	Kratos Defense & Security Solutions, Inc.[1]	8,426,902	8,095,856
	Research & Consulting Services (2.06%)		
17,933	CoStar Group, Inc.[1]	606,009	12,744,445
25,390	Verisk Analytics, Inc.	1,183,699	4,321,378
		1,789,708	17,065,823
Total Industrials		10,216,610	25,161,679
Information Technology (38.96%)			
	Application Software (13.82%)		
29,900	Adobe, Inc.[1]	5,847,190	13,015,769
16,975	ANSYS, Inc.[1]	1,416,670	4,952,117
44,500	Avalara, Inc.[1]	5,804,336	5,922,505
105,170	Ceridian HCM Holding, Inc.[1]	3,363,213	8,336,826
14,800	Coupa Software, Inc.[1]	2,259,094	4,100,192
157,100	Guidewire Software, Inc.[1]	3,949,773	17,414,535
55,500	RingCentral, Inc., Cl A[1]	6,537,106	15,818,055
45,480	salesforce.com, Inc.[1]	4,888,666	8,519,768
24,300	ServiceNow, Inc.[1,3]	2,036,994	9,842,958
72,600	Splunk, Inc.[1]	8,104,192	14,425,620
19,500	The Trade Desk, Inc., Cl A[1]	646,518	7,926,750
17,207	Zoom Video Communications, Inc., Cl A[1]	1,087,315	4,362,663
		45,941,067	114,637,758
	Data Processing & Outsourced Services (4.31%)		
3,000	Adyen N.V., 144A (Netherlands)[1,2]	2,422,754	4,366,481
33,100	MasterCard Incorporated, Cl A	2,713,455	9,787,670
67,000	PayPal Holdings, Inc.[1]	7,166,223	11,673,410
51,300	Visa, Inc., Cl A	4,019,237	9,909,621
		16,321,669	35,737,182
	Internet Services & Infrastructure (4.16%)		
172,677	GDS Holdings Limited, ADR[1,2]	6,992,993	13,755,450
525,000	NEXTDC Ltd. (Australia)[1,2]	2,455,362	3,611,071
67,043	Wix.com Ltd.[1,2]	3,803,923	17,177,757
		13,252,278	34,544,278
	IT Consulting & Other Services (2.50%)		
192,368	Endava plc, ADR[1,2]	6,273,962	9,291,374
94,187	Gartner, Inc.[1]	1,517,861	11,427,709
		7,791,823	20,719,083

Baron Opportunity Fund — PORTFOLIO HOLDINGS (Continued)

June 30, 2020 (Unaudited)

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (continued)			
	Semiconductors (1.37%)		
29,800	NVIDIA Corp.	$ 6,014,158	$ 11,321,318
	Systems Software (12.80%)		
85,723	Crowdstrike Holdings, Inc., Cl A[1]	4,145,057	8,597,160
91,020	Datadog, Inc., Cl A[1,3]	2,806,058	7,914,189
388,800	Microsoft Corp.	54,115,132	79,124,688
10,000	Okta, Inc.[1,3]	1,209,730	2,002,300
38,741	Twilio, Inc., Cl A[1,3]	4,836,911	8,500,550
		67,112,888	106,138,887
Total Information Technology		156,433,883	323,098,506
Real Estate (3.56%)			
	Industrial REITs (0.96%)		
191,985	Rexford Industrial Realty, Inc.	7,666,134	7,953,939
	Specialized REITs (2.60%)		
32,000	Alexandria Real Estate Equities, Inc.[3]	4,494,838	5,192,000
175,500	Americold Realty Trust[3]	5,390,812	6,370,650
14,225	Equinix, Inc.	2,122,124	9,990,217
		12,007,774	21,552,867
Total Real Estate		19,673,908	29,506,806
TOTAL COMMON STOCKS		**408,746,143**	**791,961,382**
Principal Amount			
Short Term Investments (5.96%)			
$49,440,412	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/30/2020, 0.00% due 7/1/2020; Proceeds at maturity - $49,440,412; (Fully collateralized by $47,724,900 U.S. Treasury Note, 1.50% due 10/31/2024; Market value - $50,429,299)	**49,440,412**	**49,440,412**
TOTAL INVESTMENTS (101.45%)		**$458,186,555**	**841,401,794**
LIABILITIES LESS CASH AND OTHER ASSETS (-1.45%)			**(12,035,239)**
NET ASSETS			**$829,366,555**
RETAIL SHARES (Equivalent to $29.80 per share based on 16,995,734 shares outstanding)			**$506,405,267**
INSTITUTIONAL SHARES (Equivalent to $31.20 per share based on 9,654,749 shares outstanding)			**$301,233,066**
R6 SHARES (Equivalent to $31.23 per share based on 695,703 shares outstanding)			**$ 21,728,222**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI (unaudited).
ADR American Depositary Receipt.
144A Security is exempt from registration pursuant to Rule 144A under the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. At June 30, 2020, the market value of Rule 144A securities amounted to $11,853,062 or 1.43% of net assets.

Baron Partners Fund — PORTFOLIO HOLDINGS

June 30, 2020 (Unaudited)

Shares		Cost	Value
Common Stocks (117.38%)			
Communication Services (10.88%)			
	Alternative Carriers (1.20%)		
1,560,000	Iridium Communications, Inc.[1]	$ 36,290,321	$ 39,686,400
	Interactive Home Entertainment (1.79%)		
780,000	Activision Blizzard, Inc.	45,293,524	59,202,000
	Interactive Media & Services (4.79%)		
2,750,000	Zillow Group, Inc., Cl A[1]	107,616,334	158,070,000
	Movies & Entertainment (3.10%)		
5,000,000	Manchester United plc, Cl A[2]	85,441,638	79,150,000
90,000	Spotify Technology SA[1,2]	17,973,997	23,237,100
		103,415,635	102,387,100
Total Communication Services		292,615,814	359,345,500
Consumer Discretionary (47.69%)			
	Automobile Manufacturers (35.95%)		
1,100,000	Tesla, Inc.[1]	235,289,421	1,187,791,000
	Casinos & Gaming (0.23%)		
700,000	Red Rock Resorts, Inc., Cl A	16,550,119	7,637,000
	Hotels, Resorts & Cruise Lines (6.41%)		
2,900,000	Hyatt Hotels Corp., Cl A	84,480,627	145,841,000
800,000	Marriott Vacations Worldwide Corp.	90,536,838	65,768,000
		175,017,465	211,609,000
	Leisure Facilities (5.10%)		
925,000	Vail Resorts, Inc.	27,786,371	168,488,750
Total Consumer Discretionary		454,643,376	1,575,525,750
Financials (19.11%)			
	Asset Management & Custody Banks (1.20%)		
1,200,000	Brookfield Asset Management, Inc., Cl A[2]	43,003,361	39,480,000
	Financial Exchanges & Data (8.22%)		
700,000	FactSet Research Systems, Inc.	46,576,636	229,929,000
125,000	MSCI, Inc.	26,834,524	41,727,500
		73,411,160	271,656,500
	Investment Banking & Brokerage (3.88%)		
3,800,000	The Charles Schwab Corp.	82,735,789	128,212,000
	Property & Casualty Insurance (5.81%)		
6,700,000	Arch Capital Group Ltd.[1,2]	30,603,795	191,955,000
Total Financials		229,754,105	631,303,500
Common Stocks (continued)			
Health Care (8.15%)			
	Health Care Equipment (8.15%)		
815,000	IDEXX Laboratories, Inc.[1]	$ 35,695,399	$ 269,080,400
Industrials (16.87%)			
	Aerospace & Defense (0.74%)		
125,625	HEICO Corp.	9,632,520	12,518,531
116,875	HEICO Corp., Cl A	7,586,429	9,494,925
150,000	Virgin Galactic Holdings, Inc.[1]	1,560,000	2,451,000
		18,778,949	24,464,456
	Research & Consulting Services (16.13%)		
750,000	CoStar Group, Inc.[1]	99,556,853	533,002,500
Total Industrials		118,335,802	557,466,956
Information Technology (11.91%)			
	Application Software (3.10%)		
925,000	Guidewire Software, Inc.[1]	74,997,711	102,536,250
	Data Processing & Outsourced Services (2.61%)		
59,246	Adyen N.V., 144A (Netherlands)[1,2]	53,544,382	86,232,179
	Internet Services & Infrastructure (1.69%)		
700,000	GDS Holdings Limited, ADR[1,2]	37,434,005	55,762,000
	Internet Software & Services (1.94%)		
67,500	Shopify, Inc., Cl A[1,2]	48,766,450	64,071,000
	IT Consulting & Other Services (2.57%)		
700,000	Gartner, Inc.[1]	83,980,674	84,931,000
Total Information Technology		298,723,222	393,532,429
Real Estate (2.77%)			
	Office REITs (0.91%)		
985,000	Douglas Emmett, Inc.	27,057,206	30,200,100
	Specialized REITs (1.86%)		
1,771,952	Gaming and Leisure Properties, Inc.	55,738,392	61,309,539
Total Real Estate		82,795,598	91,509,639
TOTAL COMMON STOCKS		**1,512,563,316**	**3,877,764,174**
Private Common Stocks (1.74%)			
Industrials (1.74%)			
	Aerospace & Defense (1.74%)		
221,631	Space Exploration Technologies Corp., Cl A[1,3,4]	29,920,185	50,753,499
30,221	Space Exploration Technologies Corp., Cl C[1,3,4]	4,079,835	6,920,609
TOTAL PRIVATE COMMON STOCKS		**34,000,020**	**57,674,108**

Baron Partners Fund — PORTFOLIO HOLDINGS (Continued)

June 30, 2020 (Unaudited)

Shares		Cost	Value
Private Preferred Stocks (3.07%)			
Industrials (3.07%)			
	Aerospace & Defense (3.07%)		
311,111	Space Exploration Technologies Corp., Cl H[1,3,4]	$ 41,999,985	$ 71,244,419
131,657	Space Exploration Technologies Corp., Cl I[1,3,4]	22,250,032	30,149,453
TOTAL PRIVATE PREFERRED STOCKS		**64,250,017**	**101,393,872**
Private Partnerships (0.01%)			
Financials (0.01%)			
	Asset Management & Custody Banks (0.01%)		
7,579,130	Windy City Investments Holdings, L.L.C.[1,3,4]	**0**	**195,542**
Principal Amount			
Short Term Investments (0.01%)			
$188,737	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/30/2020, 0.00% due 7/1/2020; Proceeds at maturity -$188,737; (Fully collateralized by $177,600 U.S. Treasury Note, 2.125% due 11/30/2024; Market value - $192,561)	**$ 188,737**	**$ 188,737**
TOTAL INVESTMENTS (122.21%)		**$1,611,002,090**	**4,037,216,433**
LIABILITIES LESS CASH AND OTHER ASSETS (-22.21%)			**(733,678,574)**
NET ASSETS			**$3,303,537,859**
RETAIL SHARES (Equivalent to $81.73 per share based on 19,365,062 shares outstanding)			**$1,582,769,538**
INSTITUTIONAL SHARES (Equivalent to $83.94 per share based on 17,861,804 shares outstanding)			**$1,499,338,867**
R6 SHARES (Equivalent to $83.94 per share based on 2,637,980 shares outstanding)			**$ 221,429,454**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 At June 30, 2020, the market value of restricted and fair valued securities amounted to $159,263,522 or 4.82% of net assets. These securities are not deemed liquid.
4 The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI (unaudited).
ADR American Depositary Receipt.
144A Security is exempt from registration pursuant to Rule 144A under the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. At June 30, 2020, the market value of Rule 144A securities amounted to $86,232,179 or 2.61% of net assets.

Baron Fifth Avenue Growth Fund — PORTFOLIO HOLDINGS

June 30, 2020 (Unaudited)

Shares		Cost	Value
Common Stocks (95.81%)			
Communication Services (9.73%)			
	Interactive Media & Services (9.73%)		
1,948	Alphabet, Inc., Cl A[1]	$ 280,365	$ 2,762,361
10,283	Alphabet, Inc., Cl C[1]	4,420,382	14,536,152
64,665	Facebook, Inc., Cl A[1]	2,342,792	14,683,482
186,473	ZoomInfo Technologies Inc., Cl A[1]	5,197,135	9,515,717
Total Communication Services		12,240,674	41,497,712
Consumer Discretionary (18.53%)			
	Internet & Direct Marketing Retail (18.53%)		
92,830	Alibaba Group Holding Limited, ADR[1,2]	7,959,441	20,023,431
17,716	Amazon.com, Inc.[1]	3,748,327	48,875,255
10,320	MercadoLibre, Inc.[1]	5,390,091	10,173,146
Total Consumer Discretionary		17,097,859	79,071,832
Financials (4.82%)			
	Financial Exchanges & Data (4.82%)		
54,208	CME Group, Inc.	5,248,889	8,810,968
35,745	S&P Global, Inc.	7,625,094	11,777,263
Total Financials		12,873,983	20,588,231
Health Care (17.66%)			
	Biotechnology (2.58%)		
37,971	Vertex Pharmaceuticals Incorporated[1]	5,909,493	11,023,361
	Health Care Equipment (3.26%)		
24,371	Intuitive Surgical, Inc.[1]	8,390,754	13,887,327
	Health Care Technology (5.52%)		
100,453	Veeva Systems, Inc., Cl A[1]	7,493,348	23,548,192
	Life Sciences Tools & Services (4.80%)		
43,390	10X Genomics, Inc., Cl A[1]	3,168,601	3,875,161
44,814	Illumina, Inc.[1]	5,436,614	16,596,865
		8,605,215	20,472,026
	Pharmaceuticals (1.50%)		
121,021	AstraZeneca PLC, ADR[2]	6,375,865	6,400,801
Total Health Care		36,774,675	75,331,707
Information Technology (41.85%)			
	Application Software (10.55%)		
39,609	RingCentral, Inc., Cl A[1]	4,042,926	11,288,961
32,207	ServiceNow, Inc.[1,3]	9,303,984	13,045,767
208,327	Slack Technologies, Inc., Cl A[1]	4,742,654	6,476,887
71,388	Splunk, Inc.[1]	8,677,083	14,184,796
		26,766,647	44,996,411
	Data Processing & Outsourced Services (13.43%)		
6,218	Adyen N.V., 144A (Netherlands)[1,2]	4,711,862	9,050,260
89,358	Fidelity National Information Services, Inc.	7,601,621	11,982,014
66,851	MasterCard Incorporated, Cl A	3,750,511	19,767,840
85,434	Visa, Inc., Cl A	2,870,563	16,503,286
		18,934,557	57,303,400
	Internet Services & Infrastructure (2.91%)		
48,522	Wix.com Ltd.[1,2]	4,233,004	12,432,307
Information Technology (continued)			
	IT Consulting & Other Services (3.02%)		
51,126	EPAM Systems, Inc.[1]	$ 4,736,195	$ 12,884,263
	Semiconductor Equipment (3.38%)		
39,157	ASML Holding N.V.[2]	4,042,937	14,410,951
	Systems Software (8.56%)		
81,184	Crowdstrike Holdings, Inc., Cl A[1]	3,934,559	8,141,943
140,287	Datadog, Inc., Cl A[1,3]	3,787,749	12,197,955
73,862	Twilio Inc., Cl A[1,3]	8,837,984	16,206,800
		16,560,292	36,546,698
Total Information Technology		**75,273,632**	**178,574,030**
Real Estate (3.22%)			
	Specialized REITs (3.22%)		
19,555	Equinix, Inc.	3,178,515	13,733,476
TOTAL COMMON STOCKS		**157,439,338**	**408,796,988**
Principal Amount			
Short Term Investments (4.32%)			
$18,417,847	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/30/2020, 0.00% due 7/1/2020; Proceeds at maturity - $18,417,847; (Fully collateralized by $17,326,600 U.S. Treasury Note, 2.125% due 11/30/2024; Market value - $18,786,224)	**18,417,847**	**18,417,847**
TOTAL INVESTMENTS (100.13%)		**$ 175,857,185**	**427,214,835**
LIABILITIES LESS CASH AND OTHER ASSETS (-0.13%)			**(551,283)**
NET ASSETS			**$ 426,663,552**
RETAIL SHARES (Equivalent to $41.76 per share based on 3,592,394 shares outstanding)			**$ 150,035,194**
INSTITUTIONAL SHARES (Equivalent to $42.78 per share based on 5,774,431 shares outstanding)			**$ 247,051,063**
R6 SHARES (Equivalent to $42.80 per share based on 691,077 shares outstanding)			**$ 29,577,295**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI (unaudited).
ADR American Depositary Receipt.
144A Security is exempt from registration pursuant to Rule 144A under the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. At June 30, 2020, the market value of Rule 144A securities amounted to $9,050,260 or 2.12% of net assets.

Baron Focused Growth Fund — PORTFOLIO HOLDINGS

June 30, 2020 (Unaudited)

Shares		Cost	Value
Common Stocks (93.56%)			
Communication Services (5.79%)			
	Alternative Carriers (3.13%)		
401,472	Iridium Communications, Inc.[1]	$ 2,949,375	$ 10,213,448
	Movies & Entertainment (2.66%)		
550,000	Manchester United plc, Cl A[2]	8,719,507	8,706,500
Total Communication Services		11,668,882	18,919,948
Consumer Discretionary (52.47%)			
	Automobile Manufacturers (29.74%)		
90,000	Tesla, Inc.[1]	20,342,221	97,182,900
	Casinos & Gaming (6.28%)		
600,000	Penn National Gaming, Inc.[1]	11,565,191	18,324,000
201,100	Red Rock Resorts, Inc., Cl A	1,154,579	2,194,001
		12,719,770	20,518,001
	Hotels, Resorts & Cruise Lines (8.98%)		
155,000	Choice Hotels International, Inc.	5,375,923	12,229,500
340,000	Hyatt Hotels Corp., Cl A	12,201,302	17,098,600
		17,577,225	29,328,100
	Leisure Facilities (7.47%)		
134,000	Vail Resorts, Inc.	8,130,896	24,408,100
Total Consumer Discretionary		58,770,112	171,437,101
Financials (10.17%)			
	Financial Exchanges & Data (7.54%)		
75,000	FactSet Research Systems, Inc.	5,828,282	24,635,250
	Property & Casualty Insurance (2.63%)		
300,000	Arch Capital Group Ltd.[1,2]	1,800,056	8,595,000
Total Financials		7,628,338	33,230,250
Industrials (13.49%)			
	Research & Consulting Services (13.49%)		
62,000	CoStar Group, Inc.[1]	11,035,717	44,061,540
Information Technology (8.51%)			
	Application Software (3.45%)		
101,870	Guidewire Software, Inc.[1]	4,816,691	11,292,289
	Data Processing & Outsourced Services (2.61%)		
5,854	Adyen N.V. (Netherlands), 144A[1,2]	5,352,874	8,520,460
	Internet Services & Infrastructure (2.45%)		
100,400	GDS Holdings Limited, ADR[1,2]	6,001,342	7,997,864
Total Information Technology		16,170,907	27,810,613
Real Estate (3.13%)			
	Residential REITs (1.85%)		
225,000	American Homes 4 Rent, Cl A	4,700,804	6,052,500
	Specialized REITs (1.28%)		
115,000	Americold Realty Trust[4]	3,907,872	4,174,500
Total Real Estate		8,608,676	10,227,000
TOTAL COMMON STOCKS		**113,882,632**	**305,686,452**

Shares		Cost	Value
Private Common Stocks (1.66%)			
Industrials (1.66%)			
	Aerospace & Defense (1.66%)		
20,859	Space Exploration Technologies Corp., Cl A[1,3,4]	$ 2,815,965	$ 4,776,711
2,844	Space Exploration Technologies Corp., Cl C[1,3,4]	383,940	651,276
TOTAL PRIVATE COMMON STOCKS		**3,199,905**	**5,427,987**
Private Preferred Stocks (2.18%)			
Industrials (2.18%)			
	Aerospace & Defense (2.18%)		
29,630	Space Exploration Technologies Corp., Cl H[1,3,4]	4,000,050	6,785,270
1,479	Space Exploration Technologies Corp., Cl I[1,3,4]	249,951	338,691
TOTAL PRIVATE PREFERRED STOCKS		**4,250,001**	**7,123,961**
Principal Amount			
Short Term Investments (2.60%)			
$8,480,477	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/30/2020, 0.00% due 7/1/2020; Proceeds at maturity - $8,480,477; (Fully collateralized by $7,978,100 U.S. Treasury Note, 2.125% due 11/30/2024; Market value - $8,650,190)	**8,480,477**	**8,480,477**
Total Investments (100.00%)		**$ 129,813,015**	**326,718,877**
CASH AND OTHER ASSETS LESS LIABILITIES (0.00%)			**5,030**
NET ASSETS			**$ 326,723,907**
RETAIL SHARES (Equivalent to $23.61 per share based on 2,824,639 shares outstanding)			**$ 66,683,382**
INSTITUTIONAL SHARES (Equivalent to $24.21 per share based on 4,838,779 shares outstanding)			**$ 117,142,377**
R6 SHARES (Equivalent to $24.22 per share based on 5,899,519 shares outstanding)			**$ 142,898,148**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 At June 30, 2020, the market value of restricted and fair valued securities amounted to $12,551,948 or 3.84% of net assets. These securities are not deemed liquid.
4 The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI (unaudited).
ADR American Depositary Receipt.
144A Security is exempt from registration pursuant to Rule 144A under the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. At June 30, 2020, the market value of Rule 144A securities amounted to $8,520,460 or 2.61% of net assets.

Baron International Growth Fund — PORTFOLIO HOLDINGS

June 30, 2020 (Unaudited)

Shares		Cost	Value
Common Stocks (95.80%)			
Australia (2.57%)			
865,608	NEXTDC Limited[1]	$ 4,393,801	$ 5,953,851
342,513	Treasury Wine Estates Ltd.	3,323,461	2,492,082
Total Australia		7,717,262	8,445,933
Brazil (4.26%)			
175,207	Afya Ltd., Cl A[1]	3,328,933	4,106,852
66,966	Arco Platform Limited, Cl A[1]	1,927,905	2,911,682
152,071	Notre Dame Intermedica Participacoes S.A.	1,617,594	1,901,831
78,867	PagSeguro Digital Ltd., Cl A[1]	1,884,198	2,787,160
53,853	XP, Inc., Cl A[1]	1,685,943	2,262,364
Total Brazil		10,444,573	13,969,889
Canada (3.01%)			
44,187	Brookfield Asset Management, Inc., Cl A	1,404,965	1,453,752
176,822	CAE, Inc.	2,229,397	2,868,018
4,925	Constellation Software, Inc.	614,355	5,560,904
Total Canada		4,248,717	9,882,674
China (14.08%)			
530	Agora, Inc., ADR[1]	10,600	23,410
23,404	Alibaba Group Holding Limited, ADR[1]	3,334,968	5,048,243
585,171	China Conch Venture Holdings Ltd.	2,435,724	2,483,691
103,310	China Tourism Group Duty Free Corporation Limited (formerly, China International Travel Service Limited), Cl A	1,175,680	2,264,173
309,309	Galaxy Entertainment Group Ltd.[1]	2,274,451	2,121,781
31,996	GDS Holdings Limited, ADR[1]	1,431,520	2,548,801
262,278	Glodon Co. Ltd., Cl A	1,331,253	2,596,154
385,112	Hangzhou Hikvision Digital Technology Co. Ltd., Cl A	1,887,160	1,663,950
926,835	Hua Hong Semiconductor Limited, 144A[1]	1,925,646	3,249,178
1,463,374	Kingdee International Software Group Co. Ltd.	1,062,976	3,424,122
536,932	Kingsoft Corp. Ltd.	1,880,592	2,515,013
263,756	Midea Group Co. Ltd., Cl A	1,893,533	2,236,025
52,272	Shenzhen Mindray Bio-Medical Electronics Co. Ltd., Cl A	1,348,925	2,259,048
64,237	Tencent Holdings Limited	1,766,134	4,116,170
16,051	Tencent Holdings Limited, ADR	729,171	1,027,264
1,666,273	WH Group Limited, 144A	1,299,457	1,439,983
87,473	Zai Lab Limited, ADR[1]	1,928,984	7,184,158
Total China		27,716,774	46,201,164
France (5.28%)			
107,988	BNP Paribas S.A.[1]	5,393,077	4,314,552
8,080	Eurofins Scientific SE	1,476,848	5,096,333
11,215	LVMH Moët Hennessy Louis Vuitton SE	3,246,049	4,951,366
114,582	Vivendi SA	2,829,250	2,960,763
Total France		12,945,224	17,323,014
Germany (3.17%)			
34,919	Symrise AG	2,055,016	4,080,168
116,000	TeamViewer AG, 144A[1]	3,942,003	6,333,841
Total Germany		5,997,019	10,414,009

Shares		Cost	Value
Common Stocks (continued)			
Hong Kong (1.34%)			
32,271	Hong Kong Exchanges & Clearing Ltd.	$ 1,330,468	$ 1,374,476
306,500	Techtronic Industries Co. Ltd.	1,985,999	3,032,679
Total Hong Kong		3,316,467	4,407,155
India (5.69%)			
59,702	Bajaj Finance Ltd.	2,513,618	2,247,072
152,665	Godrej Properties Ltd.[1]	1,862,809	1,757,399
122,844	HDFC Bank Ltd.	1,809,226	1,726,636
1,668,609	JM Financial Limited	2,009,839	1,538,967
94,447	Kotak Mahindra Bank Ltd.	1,634,339	1,704,769
495,834	Max Financial Services Limited[1]	3,465,414	3,568,290
404,066	Nippon Life Asset Management Ltd., 144A	1,347,702	1,684,565
189,406	Reliance Industries Ltd.	3,741,182	4,308,308
12,627	Reliance Industries Ltd. PP	52,525	133,388
Total India		18,436,654	18,669,394
Israel (3.00%)			
211,500	Tower Semiconductor Ltd.[1]	4,700,710	4,037,535
22,731	Wix.com Ltd.[1]	1,052,666	5,824,137
Total Israel		5,753,376	9,861,672
Japan (15.05%)			
36,134	Advantest Corporation	2,023,135	2,062,185
28,200	FANUC Corp.	4,633,004	5,055,411
15,348	Keyence Corporation	4,164,729	6,431,757
10,600	KOSÉ Corporation	1,359,228	1,283,099
128,400	MonotaRO Co, Ltd.	2,106,987	5,158,909
161,462	Nexon Co, Ltd.	2,462,306	3,642,006
89,000	Okamoto Industries, Inc.	4,171,894	3,282,812
134,400	Recruit Holdings Co, Ltd.	2,673,770	4,622,039
100,500	SMS Co. Ltd.	2,500,772	2,261,603
44,569	Sony Corporation, ADR	1,866,730	3,081,055
61,000	Square Enix Holdings Co, Ltd.	1,973,504	3,090,511
151,400	Takeda Pharmaceutical Company Limited	6,622,617	5,439,489
31,000	TechnoPro Holdings, Inc.	2,146,501	1,789,617
8,922	Tokyo Electron Limited	1,983,254	2,201,448
Total Japan		40,688,431	49,401,941
Korea, Republic of (0.70%)			
31,018	Korea Shipbuilding & Offshore Engineering Co. Ltd.[1]	2,834,669	2,283,319
Mexico (1.26%)			
176,972	GRUMA, S.A.B. de C.V., Cl B	1,426,298	1,918,284
953,827	Grupo Mexico S.A.B. de C.V., Series B	2,597,430	2,216,031
Total Mexico		4,023,728	4,134,315
Netherlands (4.68%)			
46,405	argenx SE, ADR[1]	1,576,101	10,451,798
23,947	Koninklijke DSM NV	2,592,696	3,324,273
30,214	Koninklijke Vopak N.V.	1,513,448	1,598,150
Total Netherlands		5,682,245	15,374,221
Norway (0.57%)			
258,027	Golar LNG Ltd.	4,777,163	1,868,115

Baron International Growth Fund — PORTFOLIO HOLDINGS (Continued)

June 30, 2020 (Unaudited)

Shares		Cost	Value
Common Stocks (continued)			
Russia (2.47%)			
2,506,735	Detsky Mir PJSC, 144A	$ 3,761,518	$ 3,553,318
14,799	Novatek PJSC, GDR	1,737,561	2,104,418
215,606	Sberbank of Russia PJSC, ADR[1,2]	2,671,224	2,450,953
Total Russia		8,170,303	8,108,689
Spain (0.94%)			
115,745	Industria de Diseno Textil, S.A.	3,432,565	3,071,114
Sweden (3.59%)			
20,810	Spotify Technology SA[1]	2,873,959	5,372,934
687,534	Telefonaktiebolaget LM Ericsson, ADR	6,129,313	6,394,066
Total Sweden		9,003,272	11,767,000
Switzerland (4.21%)			
221,362	Clariant AG[1]	4,623,269	4,356,598
280,782	Credit Suisse Group AG	2,751,947	2,921,499
39,485	Julius Baer Group Ltd.	1,398,659	1,658,274
44,028	Nestle S.A.	4,190,549	4,881,412
Total Switzerland		12,964,424	13,817,783
United Arab Emirates (0.51%)			
304,067	Network International Holdings plc, 144A[1]	1,974,987	1,664,558
United Kingdom (15.60%)			
130,732	AstraZeneca PLC, ADR	4,675,301	6,914,416
1,034,000	B&M European Value Retail S.A.	4,787,142	5,089,767
84,283	Dechra Pharmaceuticals PLC	2,730,743	2,968,677
103,051	Endava plc, ADR[1]	2,440,377	4,977,363
154,158	Experian plc	2,944,074	5,410,769
318,076	Future PLC	4,729,803	5,020,395
855,549	Horizon Discovery Group plc[1]	1,957,355	1,037,782
23,510	Linde Public Limited Company	3,453,532	4,979,288
650,000	Rentokil Initial plc	2,766,778	4,110,060
1,479,945	S4 Capital PLC[1]	3,641,489	4,950,295
557,348	Trainline Plc, 144A[1]	2,431,754	3,003,782
353,638	WANdisco plc[1]	3,237,730	2,735,135
Total United Kingdom		39,796,078	51,197,729
United States (3.82%)			
49,103	Agilent Technologies, Inc.	2,176,535	4,339,232
160,854	Arch Capital Group Ltd.[1]	3,180,720	4,608,467
26,793	Fidelity National Information Services, Inc.	2,394,396	3,592,674
Total United States		7,751,651	12,540,373
TOTAL COMMON STOCKS		**237,675,582**	**314,404,061**

Principal Amount		Cost	Value
Short Term Investments (3.85%)			
$12,644,314	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/30/2020, 0.00% due 7/1/2020; Proceeds at maturity - $12,644,314; (Fully collateralized by $11,895,200 U.S. Treasury Note, 2.125% due 11/30/2024; Market value - $12,897,273)	**$ 12,644,314**	**$ 12,644,314**
TOTAL INVESTMENTS (99.65%)		**$ 250,319,896**	327,048,375
CASH AND OTHER ASSETS LESS LIABILITIES (0.35%)			1,163,300
NET ASSETS			$ 328,211,675
RETAIL SHARES (Equivalent to $24.66 per share based on 2,342,830 shares outstanding)			$ 57,778,522
INSTITUTIONAL SHARES (Equivalent to $25.07 per share based on 10,102,182 shares outstanding)			$ 253,280,508
R6 SHARES (Equivalent to $25.07 per share based on 684,112 shares outstanding)			$ 17,152,645

% Represents percentage of net assets.
1 Non-income producing securities.
ADR American Depositary Receipt.
GDR Global Depositary Receipt.
144A Security is exempt from registration pursuant to Rule 144A under the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. At June 30, 2020, the market value of Rule 144A securities amounted to $20,929,225 or 6.38% of net assets.

Summary of Investments by Sector as of June 30, 2020	Percentage of Net Assets
Information Technology	23.3%
Health Care	14.5%
Consumer Discretionary	12.6%
Industrials	11.9%
Financials	10.2%
Communication Services	9.2%
Materials	6.8%
Consumer Staples	3.7%
Energy	3.1%
Real Estate	0.5%
Cash and Cash Equivalents*	4.2%
	100.0%

* Includes short term investments.

Baron Real Estate Fund — PORTFOLIO HOLDINGS

June 30, 2020 (Unaudited)

Shares		Cost	Value
Common Stocks (95.53%)			
Communication Services (3.14%)			
	Interactive Media & Services (3.14%)		
341,360	Zillow Group, Inc., Cl C[1]	$ 13,949,892	$ 19,665,749
Consumer Discretionary (34.64%)			
	Casinos & Gaming (12.66%)		
720,700	Boyd Gaming Corporation	12,979,445	15,062,630
255,700	MGM Resorts International	3,287,002	4,295,760
849,978	Penn National Gaming, Inc.[1]	7,406,799	25,958,328
1,172,809	Red Rock Resorts, Inc., Cl A	13,247,869	12,795,346
283,250	Wynn Resorts Ltd.	17,481,629	21,099,293
		54,402,744	79,211,357
	Distributors (1.56%)		
35,900	Pool Corp.	7,275,005	9,760,133
	Home Improvement Retail (5.36%)		
62,850	Home Depot, Inc.	9,615,813	15,744,553
132,000	Lowe's Companies, Inc.	13,929,522	17,835,840
		23,545,335	33,580,393
	Homebuilding (12.37%)		
320,297	D.R. Horton, Inc.	12,845,221	17,760,469
275,823	Installed Building Products, Inc.[1]	15,162,532	18,971,106
373,200	Lennar Corp., Cl A	16,873,667	22,996,584
442,047	Taylor Morrison Home Corp.[1]	6,539,003	8,527,086
280,400	Toll Brothers, Inc.	9,509,424	9,138,236
		60,929,847	77,393,481
	Hotels, Resorts & Cruise Lines (2.69%)		
84,550	Hilton Worldwide Holdings, Inc.	5,433,913	6,210,198
129,600	Marriott Vacations Worldwide Corp.	6,329,690	10,654,416
		11,763,603	16,864,614
Total Consumer Discretionary		157,916,534	216,809,978
Financials (3.62%)			
	Asset Management & Custody Banks (3.62%)		
687,672	Brookfield Asset Management, Inc., Cl A[2]	11,102,764	22,624,409
Industrials (9.26%)			
	Building Products (4.55%)		
34,975	Armstrong World Industries, Inc.	2,663,674	2,726,651
386,601	AZEK Co., Inc.[1]	8,891,823	12,317,108
108,250	Fortune Brands Home & Security, Inc.	5,818,928	6,920,422
50,150	Trex Co., Inc.[1]	2,984,945	6,523,011
		20,359,370	28,487,192
	Research & Consulting Services (2.80%)		
24,600	CoStar Group, Inc.[1]	9,198,766	17,482,482
	Trading Companies & Distributors (1.91%)		
105,051	SiteOne Landscape Supply, Inc.[1]	4,980,142	11,972,662
Total Industrials		34,538,278	57,942,336

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (9.06%)			
	Internet Services & Infrastructure (9.06%)		
547,450	GDS Holdings Limited, ADR[1,2]	$ 14,768,297	$ 43,609,867
1,906,050	NEXTDC Limited (Australia)[1,2]	9,504,588	13,110,251
Total Information Technology		24,272,885	56,720,118
Materials (3.30%)			
	Construction Materials (1.68%)		
90,450	Vulcan Materials Co.	9,654,956	10,478,632
	Specialty Chemicals (1.62%)		
17,550	The Sherwin-Williams Company	5,375,802	10,141,268
Total Materials		15,030,758	20,619,900
Real Estate (32.51%)			
	Hotel & Resort REITs (2.10%)		
482,500	MGM Growth Properties LLC, Cl A	11,185,226	13,128,825
	Industrial REITs (5.25%)		
205,550	Prologis, Inc.	12,482,839	19,183,982
330,759	Rexford Industrial Realty, Inc.	13,836,145	13,703,345
		26,318,984	32,887,327
	Office REITs (0.46%)		
94,700	Douglas Emmett, Inc.	1,677,656	2,903,502
	Real Estate Development (0.87%)		
104,400	The Howard Hughes Corp.[1]	6,736,280	5,423,580
	Real Estate Services (2.70%)		
359,000	CBRE Group, Inc., Cl A[1]	7,157,427	16,233,980
6,231	Jones Lang LaSalle, Inc.	617,848	644,659
		7,775,275	16,878,639
	Residential REITs (3.65%)		
149,600	Equity LifeStyle Properties, Inc.	7,525,381	9,347,008
489,400	Invitation Homes, Inc.	11,779,347	13,473,182
		19,304,728	22,820,190
	Specialized REITs (17.48%)		
89,500	Alexandria Real Estate Equities, Inc.[3]	5,631,564	14,521,375
85,600	American Tower Corp.	9,058,046	22,131,024
381,290	Americold Realty Trust[3]	9,851,597	13,840,827
70,178	Digital Realty Trust, Inc.	8,455,747	9,972,996
40,140	Equinix, Inc.	7,327,412	28,190,322
298,365	Gaming and Leisure Properties, Inc.	7,543,716	10,323,429
35,050	SBA Communications Corp.	7,862,637	10,442,096
		55,730,719	109,422,069
Total Real Estate		128,728,868	203,464,132
TOTAL COMMON STOCKS		**385,539,979**	**597,846,622**

Baron Real Estate Fund — PORTFOLIO HOLDINGS (Continued)

June 30, 2020 (Unaudited)

Principal Amount		Cost	Value
Short Term Investments (4.93%)			
$30,841,713	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/30/2020, 0.00% due 7/1/2020; Proceeds at maturity - $30,841,713;(Fully collateralized by $29,014,400 U.S. Treasury Note, 2.125% due 11/30/2024; Market value - $31,458,625)	$ 30,841,713	$ 30,841,713
TOTAL INVESTMENTS (100.46%)		$ 416,381,692	628,688,335
LIABILITIES LESS CASH AND OTHER ASSETS (-0.46%)			(2,851,608)
NET ASSETS			$ 625,836,727
RETAIL SHARES (Equivalent to $27.21 per share based on 8,301,860 shares outstanding)			$ 225,916,902
INSTITUTIONAL SHARES (Equivalent to $27.78 per share based on 13,910,758 shares outstanding)			$ 386,375,324
R6 SHARES (Equivalent to $27.78 per share based on 487,620 shares outstanding)			$ 13,544,501

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI (unaudited).
ADR American Depositary Receipt.

Baron Emerging Markets Fund — PORTFOLIO HOLDINGS

June 30, 2020 (Unaudited)

Shares		Cost	Value
Common Stocks (96.00%)			
Argentina (0.43%)			
80,603	Globant S.A.[1]	$ 8,176,954	$ 12,078,359
8,949	MercadoLibre, Inc.[1]	4,382,277	8,821,656
Total Argentina		12,559,231	20,900,015
Brazil (7.92%)			
1,350,321	Afya Ltd., Cl A[1]	36,276,584	31,651,524
4,508,727	B3 S.A. - Brasil, Bolsa, Balcao	17,384,178	45,675,102
5,088,366	Localiza Rent a Car SA	32,554,486	38,279,004
5,204,533	Notre Dame Intermedica Participacoes S.A.	59,818,208	65,088,963
2,178,512	PagSeguro Digital Ltd., Cl A[1]	52,374,071	76,988,614
9,560,876	Rumo S.A.[1]	34,356,599	39,540,299
1,236,565	StoneCo Ltd., Cl A[1]	32,466,744	47,929,260
878,932	XP, Inc., Cl A[1]	28,372,296	36,923,933
Total Brazil		293,603,166	382,076,699
China (43.41%)			
1,298,898	Alibaba Group Holding Limited, ADR[1]	149,778,681	280,172,299
4,481,311	Beijing Oriental Yuhong Waterproof Technology Co. Ltd., Cl A	25,939,800	25,844,881
17,887,952	China Conch Venture Holdings Ltd.	67,683,851	75,923,344
2,850,687	China Literature Ltd., 144A[1]	18,732,555	19,329,997
14,391,732	China Mengniu Dairy Co. Ltd.	30,506,005	55,186,242
3,030,302	China Tourism Group Duty Free Corporation Limited Cl A[1] (formerly, China International Travel Service Limited)	32,318,688	66,413,020
5,028,715	Galaxy Entertainment Group Ltd.[1]	36,269,194	34,495,707
1,025,322	GDS Holdings Limited, ADR[1]	42,819,969	81,677,151
6,934,808	Glodon Co. Ltd., Cl A	33,636,308	68,644,071
11,811,700	Hangzhou Hikvision Digital Technology Co., Ltd., Cl A	47,881,900	51,034,704
2,510,919	Hangzhou Tigermed Consulting Co. Ltd., Cl A	27,748,507	36,144,403
14,701,053	Hua Hong Semiconductor Limited, 144A[1]	30,835,844	51,537,038
26,203,166	Kingdee International Software Group Co. Ltd.	14,328,251	61,312,315
12,022,546	Kingsoft Corp. Ltd.	42,629,432	56,314,134
2,337,183	LexinFintech Holdings Ltd., ADR[1]	28,514,768	24,867,627
2,585,359	Meituan Dianping, Cl B[1]	25,304,452	57,773,355
7,723,051	Midea Group Co., Ltd., Cl A	42,640,229	65,473,147
2,304,544	New Frontier Health Corp.[1]	23,796,588	19,081,624
357,734	New Oriental Education & Technology Group, Inc., ADR[1]	22,791,182	46,587,699
6,590,476	Ping An Insurance (Group) Company of China, Ltd., Cl H	71,575,995	65,700,368
6,375,722	SF Holding Co. Ltd., Cl A	45,056,330	49,389,022
3,644,341	Shanghai Henlius Biotech, Inc., Cl H, 144A[1]	23,263,380	24,533,704
1,184,946	Shenzhen Mindray Bio-Medical Electronics Co. Ltd., Cl A	32,176,706	51,210,019
4,161,486	Shenzhou International Group Holdings Ltd.	20,272,213	50,592,051
36,562,365	Sino Biopharmaceutical Ltd.	35,404,757	68,912,560
798,084	Sunny Optical Technology Group Co. Ltd.	2,482,754	12,844,748
3,521,992	Tencent Holdings Limited	89,024,128	225,681,738
231,573	Tencent Holdings Limited, ADR	11,222,716	14,820,672

Shares		Cost	Value
Common Stocks (continued)			
China (continued)			
2,231,702	Tencent Music Entertainment Group, ADR[1]	$ 27,404,225	$ 30,038,709
5,692,380	Venustech Group, Inc., Cl A	31,430,407	33,945,706
41,834,554	WH Group Limited, 144A	33,107,994	36,153,162
31,012,658	Xiaomi Corporation, Cl B, 144A[1]	41,016,313	51,535,331
4,381,148	Yunnan Baiyao Group Co. Ltd., Cl A	62,877,204	58,281,986
1,412,279	Zai Lab Limited, ADR[1]	31,897,617	115,990,474
767,194	ZTO Express Cayman, Inc., ADR[1]	25,040,310	28,163,692
Total China		1,327,409,253	2,095,606,700
Hong Kong (2.03%)			
472,766	Hong Kong Exchanges & Clearing Ltd.	19,497,295	20,135,904
7,886,450	Techtronic Industries Co. Ltd.	35,829,362	78,032,857
Total Hong Kong		55,326,657	98,168,761
Hungary (0.24%)			
282,741	Wizz Air Holdings Plc, 144A[1]	8,645,375	11,682,024
India (19.85%)			
1,364,678	Asian Paints Ltd.	32,819,729	30,510,348
1,556,866	Bajaj Finance Limited	55,265,167	58,597,527
5,861,801	Bharti Airtel Ltd.[1]	43,070,195	43,535,432
887,689	Britannia Industries Limited	26,373,134	42,452,807
1,751,111	Divi's Laboratories Ltd.	20,605,977	52,889,986
947,159	Dr. Reddy's Laboratories Ltd.	38,778,577	49,611,952
341,773	Dr. Reddy's Laboratories Ltd., ADR	14,238,191	18,117,387
17,435,371	Edelweiss Financial Services Ltd.	32,889,996	14,450,433
3,418,086	HDFC Bank Ltd.	52,166,299	48,042,976
1,426,782	Hindustan Unilever Ltd.	40,248,262	41,249,357
1,992,541	Housing Development Finance Corp., Ltd.	50,804,084	46,330,798
2,119,165	ICICI Lombard General Insurance Co. Ltd., 144A	37,799,722	35,598,031
35,313,978	JM Financial Limited	52,389,351	32,570,284
2,541,323	Kotak Mahindra Bank Ltd.	31,015,317	45,870,892
8,929,261	Max Financial Services Ltd.[1]	75,537,674	64,259,794
1,944,933	Muthoot Finance Ltd.	28,066,039	28,005,619
9,697,405	Nippon Life Asset Management Limited, 144A	33,075,154	40,428,828
5,422,402	Reliance Industries Limited	105,297,342	123,340,211
370,459	Reliance Industries Limited PP	1,670,322	3,913,423
4,520,090	SBI Life Insurance Company Limited, 144A[1]	47,495,005	48,260,982
4,083,287	Tata Communications Ltd.	24,669,294	33,252,889
7,324,597	Tata Consumer Products Ltd.	26,885,268	37,616,219
1,543,122	Titan Co. Ltd.	22,254,416	19,429,723
Total India		893,414,515	958,335,898
Indonesia (0.87%)			
108,304,409	PT Telekomunikasi Indonesia (Persero) Tbk	32,050,808	23,200,134
238,795,425	PT Tower Bersama Infrastructure, Tbk.	22,799,233	18,593,072
Total Indonesia		54,850,041	41,793,206
Japan (0.96%)			
110,280	Keyence Corp.	38,755,581	46,214,107

Baron Emerging Markets Fund — PORTFOLIO HOLDINGS (Continued)

June 30, 2020 (Unaudited)

Shares		Cost	Value
Common Stocks (continued)			
Korea, Republic of (4.56%)			
248,923	KB Financial Group, Inc.	$ 8,908,864	$ 7,046,908
174,737	KIA Motors Corp.	4,970,949	4,721,841
572,073	Korea Shipbuilding & Offshore Engineering Co. Ltd.[1]	56,666,761	42,111,834
3,756,303	Samsung Electronics Co., Ltd.	118,857,007	166,282,640
Total Korea, Republic of		189,403,581	220,163,223
Mexico (3.19%)			
513,802	Fomento Económico Mexicano, S.A.B. de C.V., ADR	46,409,151	31,860,862
3,904,317	GRUMA, S.A.B. de C.V., Cl B	50,247,039	42,320,761
17,065,802	Grupo México S.A.B. de C.V., Series B	44,762,257	39,649,060
16,844,236	Wal-Mart de Mexico, S.A.B de C.V.	38,763,471	40,284,873
Total Mexico		180,181,918	154,115,556
Norway (0.38%)			
2,508,463	Golar LNG Ltd.[1]	27,525,242	18,161,272
Philippines (1.53%)			
56,721,965	Ayala Land, Inc.	42,607,898	38,686,855
17,935,596	BDO Unibank, Inc.	38,641,622	35,391,854
Total Philippines		81,249,520	74,078,709
Russia (3.47%)			
348,781	Novatek PJSC, GDR	46,113,614	49,596,658
6,255,596	Sberbank of Russia PJSC, ADR[1]	61,216,657	71,112,008
939,327	Yandex N.V., Cl A[1]	19,873,291	46,985,136
Total Russia		127,203,562	167,693,802
South Africa (1.27%)			
2,197,876	Bid Corp. Ltd.	42,555,810	36,090,912
3,060,664	Bidvest Group Ltd.	29,222,198	25,112,161
Total South Africa		71,778,008	61,203,073
Taiwan (4.64%)			
11,342,879	Delta Electronics, Inc.	47,430,631	64,726,936
112,147	Eclat Textile Co., Ltd.	1,116,882	1,306,411
2,368,921	Ginko International Co., Ltd.	25,196,149	11,859,385
2,571,695	Taiwan Semiconductor Manufacturing Co., Ltd., ADR	74,329,328	145,995,125
Total Taiwan		148,072,990	223,887,857
Thailand (0.66%)			
14,384,634	CP All Plc., Cl F	31,460,642	31,699,376
United Arab Emirates (0.59%)			
5,231,503	Network International Holdings plc, 144A[1]	33,479,000	28,638,884
TOTAL COMMON STOCKS		**3,574,918,282**	**4,634,419,162**
Private Common Stocks (0.17%)			
India (0.17%)			
3,846,048	Hemisphere Properties India Limited[1,2]	**14,647,473**	**8,218,520**

Principal Amount		Cost	Value
Short Term Investments (2.74%)			
$132,430,449	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/30/2020, 0.00% due 7/1/2020; Proceeds at maturity - $132,430,449; (Fully collateralized by $10,623,500, U.S. Treasury Note, 2.125% due 11/30/2024; Market value - $11,518,443) and $116,934,400 U.S. Treasury Note, 1.50% due 10/31/2024; Market value - $123,560,653)	**$ 132,430,449**	**$ 132,430,449**
TOTAL INVESTMENTS (98.91%)		**$3,721,996,204**	4,775,068,131
CASH AND OTHER ASSETS LESS LIABILITIES (1.09%)			52,466,090
NET ASSETS			$4,827,534,221
RETAIL SHARES (Equivalent to $13.96 per share based on 32,560,091 shares outstanding)			$ 454,634,868
INSTITUTIONAL SHARES (Equivalent to $14.01 per share based on 311,512,519 shares outstanding)			$4,362,788,961
R6 SHARES (Equivalent to $14.01 per share based on 721,471 shares outstanding)			$ 10,110,392

% Represents percentage of net assets.
1 Non-income producing securities.
2 At June 30, 2020, the market value of restricted and fair valued securities amounted to $8,218,520 or 0.17% of net assets. This security is not deemed liquid.
ADR American Depositary Receipt.
GDR Global Depositary Receipt.
144A Security is exempt from registration pursuant to Rule 144A under the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. At June 30, 2020, the market value of Rule 144A securities amounted to $347,697,981 or 7.20% of net assets.

Summary of Investments by Sector as of June 30, 2020	Percentage of Net Assets
Information Technology	21.9%
Financials	15.9%
Consumer Discretionary	13.8%
Health Care	11.9%
Communication Services	9.4%
Consumer Staples	8.2%
Industrials	8.1%
Energy	4.0%
Materials	2.0%
Real Estate	1.0%
Cash and Cash Equivalents*	3.8%
	100.0%

* Includes short term investments.

Baron Global Advantage Fund — PORTFOLIO HOLDINGS

June 30, 2020 (Unaudited)

Shares		Cost	Value
Common Stocks (90.51%)			
Argentina (3.93%)			
76,873	Globant S.A.[1]	$ 5,591,434	$ 11,519,419
37,139	MercadoLibre, Inc.[1]	20,777,507	36,610,512
Total Argentina		26,368,941	48,129,931
Brazil (5.41%)			
1,063,703	Afya Ltd., Cl A[1]	23,638,835	24,933,198
282,185	Arco Platform Limited, Cl A[1]	11,848,049	12,269,404
333,161	PagSeguro Digital Ltd., Cl A[1]	10,375,526	11,773,910
448,483	StoneCo Ltd., Cl A[1]	14,134,314	17,383,201
Total Brazil		59,996,724	66,359,713
Canada (2.62%)			
8,416	Constellation Software, Inc.	6,018,735	9,502,654
23,860	Shopify, Inc., Cl A[1]	10,512,982	22,647,912
Total Canada		16,531,717	32,150,566
China (16.57%)			
1,959	Agora, Inc., ADR[1]	39,180	86,529
358,453	Alibaba Group Holding Limited, ADR[1]	69,750,832	77,318,312
429,102	GDS Holdings Limited, ADR[1]	24,936,105	34,182,265
1,023,313	Meituan Dianping, Cl B[1]	13,512,366	22,867,318
147,108	Pinduoduo, Inc., ADR[1]	4,525,724	12,627,751
519,900	TAL Education Group, ADR[1]	23,919,987	35,550,762
250,810	Zai Lab Limited, ADR[1]	14,067,368	20,599,025
Total China		150,751,562	203,231,962
Israel (5.16%)			
326,882	Fiverr International Ltd.[1]	7,503,852	24,130,429
152,776	Wix.com Ltd.[1]	19,711,359	39,144,267
Total Israel		27,215,211	63,274,696
Netherlands (4.95%)			
12,691	Adyen N.V., 144A[1]	10,772,023	18,471,670
125,237	argenx SE, ADR[1]	13,884,456	28,207,130
38,227	ASML Holding N.V.	8,394,703	13,983,927
Total Netherlands		33,051,182	60,662,727
United Arab Emirates (0.79%)			
1,777,372	Network International Holdings plc, 144A[1]	11,726,099	9,729,890
United Kingdom (2.00%)			
507,254	Endava plc, ADR[1]	19,180,920	24,500,368
United States (49.08%)			
210,070	10X Genomics, Inc., Cl A[1]	15,874,682	18,761,352
306,315	Acceleron Pharma, Inc.[1]	18,883,931	29,182,630
18,612	Alphabet, Inc., Cl C[1]	22,319,874	26,310,109
26,695	Amazon.com, Inc.[1]	53,833,208	73,646,700
137,887	Bill.Com Holdings, Inc.[1]	5,238,091	12,438,786
331,981	Cloudflare, Inc., Cl A[1]	6,669,399	11,934,717
185,591	Crowdstrike Holdings, Inc., Cl A[1]	10,822,568	18,612,921
151,018	Datadog, Inc., Cl A[1]	4,186,995	13,131,015
276,793	Dynatrace, Inc.[1]	7,100,539	11,237,796
112,074	EPAM Systems, Inc.[1]	20,790,150	28,243,769
213,191	Facebook, Inc., Cl A[1]	42,542,211	48,409,280
95,734	Fidelity National Information Services, Inc.	11,571,802	12,836,972
271,282	Guardant Health, Inc.[1]	20,200,062	22,009,109
79,450	Illumina, Inc.[1]	25,399,320	29,424,308
111,277	Neurocrine Biosciences, Inc.[1]	11,792,881	13,575,794
49,765	Okta, Inc.[1]	4,378,487	9,964,446
440,053	PTC Therapeutics, Inc.[1]	$ 21,839,713	$ 22,328,289
96,271	RingCentral, Inc., Cl A[1]	17,075,146	27,438,198
214,212	Schrödinger, Inc.[1]	3,641,604	19,615,393
524,709	Slack Technologies, Inc., Cl A[1]	15,034,734	16,313,203
168,432	Splunk, Inc.[1]	24,123,194	33,467,438
144,196	Twilio Inc., Cl A[1]	18,279,353	31,639,486
134,219	Veeva Systems, Inc., Cl A[1]	19,244,051	31,463,618
557,859	ZoomInfo Technologies Inc., Cl A[1]	16,579,482	28,467,545
103,062	Zscaler, Inc.[1]	5,551,755	11,285,289
Total United States		422,973,232	601,738,163
TOTAL COMMON STOCKS		**767,795,588**	**1,109,778,016**
Principal Amount			
Short Term Investments (11.99%)			
Repurchase Agreement (11.99%)			
$147,012,383	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/30/2020, 0.00% due 7/1/2020; Proceeds at maturity - $147,012,383; (Fully collateralized by $138,301,900 U.S. Treasury Note, 2.125% due 11/30/2024; Market value - $149,952,701)	**147,012,383**	**147,012,383**
TOTAL INVESTMENTS (102.50%)		**$914,807,971**	**1,256,790,399**
LIABILITIES LESS CASH AND OTHER ASSETS (-2.50%)			**(30,695,119)**
NET ASSETS			**$1,226,095,280**
RETAIL SHARES (Equivalent to $38.74 per share based on 12,756,201 shares outstanding)			**$ 494,201,953**
INSTITUTIONAL SHARES (Equivalent to $39.38 per share based on 18,324,849 shares outstanding)			**$ 721,671,806**
R6 SHARES (Equivalent to $39.40 per share based on 259,398 shares outstanding)			**$ 10,221,521**

% Represents percentage of net assets.
1 Non-income producing securities.
ADR American Depositary Receipt.
144A Security is exempt from registration pursuant to Rule 144A under the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. At June 30, 2020, the market value of Rule 144A securities amounted to $28,201,560 or 2.30% of net assets.

Summary of Investments by Sector as of June 30, 2020	Percentage of Net Assets
Information Technology	36.8%
Consumer Discretionary	26.1%
Health Care	19.2%
Communication Services	8.4%
Cash and Cash Equivalents*	9.5%
	100.0%

* Includes short term investments.

Baron Discovery Fund — PORTFOLIO HOLDINGS

June 30, 2020 (Unaudited)

Shares		Cost	Value
Common Stocks (93.75%)			
Communication Services (3.22%)			
	Advertising (1.38%)		
3,000,000	S4 Capital PLC (United Kingdom)[1,2]	$ 7,449,217	$ 10,034,755
	Movies & Entertainment (0.75%)		
185,000	Liberty Media Corporation-Liberty Formula One, Cl A[1]	5,634,811	5,398,300
	Publishing (1.09%)		
500,000	Future PLC (United Kingdom)[2]	7,138,714	7,891,817
Total Communication Services		20,222,742	23,324,872
Consumer Discretionary (8.71%)			
	Casinos & Gaming (2.28%)		
175,000	DraftKings, Inc., Cl A[1]	2,183,795	5,820,500
350,371	Penn National Gaming, Inc.[1]	6,263,946	10,700,330
		8,447,741	16,520,830
	General Merchandise Stores (1.82%)		
135,000	Ollie's Bargain Outlet Holdings, Inc.[1]	7,782,991	13,182,750
	Home Improvement Retail (2.98%)		
375,000	Floor & Decor Holdings, Inc., Cl A[1]	12,204,764	21,618,750
	Internet & Direct Marketing Retail (0.44%)		
250,000	The RealReal, Inc.[1]	4,201,160	3,197,500
	Restaurants (1.19%)		
315,000	The Cheesecake Factory, Inc.	6,971,479	7,219,800
10,000	Wingstop, Inc.	874,199	1,389,700
		7,845,678	8,609,500
Total Consumer Discretionary		40,482,334	63,129,330
Consumer Staples (0.05%)			
	Packaged Foods & Meats (0.05%)		
1,050,000	Barfresh Food Group, Inc.[1]	597,200	367,500
Financials (5.15%)			
	Insurance Brokers (1.19%)		
500,007	BRP Group, Inc., Cl A[1]	8,065,827	8,635,121
	Property & Casualty Insurance (3.96%)		
185,000	Kinsale Capital Group, Inc.	8,344,077	28,713,850
Total Financials		16,409,904	37,348,971
Health Care (28.55%)			
	Biotechnology (6.71%)		
127,000	Applied Therapeutics, Inc.[1]	6,307,786	4,591,050
146,000	Biohaven Pharmaceutical Holding Co. Ltd.[1,2]	6,453,537	10,674,060
235,000	Emergent BioSolutions, Inc.[1]	10,836,488	18,583,800
288,500	Esperion Therapeutics, Inc.[1]	13,059,851	14,802,935
		36,657,662	48,651,845
	Health Care Equipment (10.06%)		
164,900	Accelerate Diagnostics, Inc.[1,4]	2,520,362	2,499,884
505,084	AxoGen, Inc.[1]	8,267,052	4,666,976
280,982	Axonics Modulation Technologies, Inc.[1]	9,200,554	9,865,278
202,500	CryoPort, Inc.[1]	5,127,704	6,125,625
89,823	Inari Medical, Inc.[1]	2,337,837	4,351,026
360,000	Inogen, Inc. [1]	16,270,729	12,787,200

Shares		Cost	Value
Common Stocks (continued)			
Health Care (continued)			
	Health Care Equipment (continued)		
50,000	Inspire Medical Systems, Inc.[1,3]	$ 2,923,748	$ 4,351,000
365,208	Silk Road Medical, Inc. [1,3]	12,597,717	15,298,563
207,000	Tactile Systems Technology, Inc.[1]	10,243,062	8,576,010
1,985,000	ViewRay, Inc.[1]	9,544,839	4,446,400
		79,033,604	72,967,962
	Health Care Supplies (2.36%)		
1,529,967	Cerus Corp.[1]	7,100,382	10,097,782
1,815,363	Sientra, Inc.[1]	14,032,382	7,025,455
		21,132,764	17,123,237
	Health Care Technology (0.79%)		
30,000	Teladoc Health, Inc.[1]	719,320	5,725,200
	Life Sciences Tools & Services (4.56%)		
553,523	CareDx, Inc.[1,3]	11,344,057	19,611,320
519,190	Veracyte, Inc.[1,3]	12,884,315	13,447,021
		24,228,372	33,058,341
	Managed Health Care (1.45%)		
408,279	Progyny, Inc.[1]	6,405,174	10,537,681
	Pharmaceuticals (2.62%)		
581,732	Revance Therapeutics, Inc.[1]	8,769,092	14,205,896
3,831,500	TherapeuticsMD, Inc.[1]	16,199,093	4,789,375
		24,968,185	18,995,271
Total Health Care		193,145,081	207,059,537
Industrials (16.05%)			
	Aerospace & Defense (4.41%)		
884,870	Kratos Defense & Security Solutions, Inc.[1]	14,901,245	13,830,518
230,600	Mercury Systems, Inc.[1]	7,155,936	18,138,996
		22,057,181	31,969,514
	Building Products (1.97%)		
110,000	Trex Company, Inc.[1]	7,416,878	14,307,700
	Heavy Electrical Equipment (2.28%)		
707,000	TPI Composites, Inc.[1]	15,134,506	16,522,590
	Industrial Conglomerates (0.52%)		
175,000	Raven Industries, Inc.[1]	5,866,730	3,764,250
	Industrial Machinery (3.94%)		
86,600	ESCO Technologies, Inc.	4,658,024	7,320,298
230,000	Helios Technologies, Inc.	9,893,077	8,567,500
237,500	Kornit Digital Ltd.[1,2]	3,984,915	12,677,750
		18,536,016	28,565,548
	Trading Companies & Distributors (2.93%)		
186,500	SiteOne Landscape Supply, Inc.[1]	10,148,112	21,255,405
Total Industrials		79,159,423	116,385,007
Information Technology (24.63%)			
	Application Software (4.16%)		
35,000	Bill.Com Holdings, Inc.[1]	1,365,006	3,157,350
107,500	Everbridge, Inc.[1]	10,041,858	14,873,700
250,000	Medallia, Inc.[1]	6,797,416	6,310,000
350,000	Yext, Inc.[1]	$ 4,883,046	$ 5,813,500
		23,087,326	30,154,550

Baron Discovery Fund — PORTFOLIO HOLDINGS (Continued)

June 30, 2020 (Unaudited)

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (continued)			
	Data Processing & Outsourced Services (2.68%)		
500,000	Repay Holdings Corporation, Cl A[1]	$ 6,783,489	$ 12,315,000
200,000	Shift4 Payments, Inc., Cl A[1]	5,322,638	7,100,000
		12,106,127	19,415,000
	Electronic Equipment & Instruments (2.11%)		
10,431	Novanta, Inc.[1,2]	272,590	1,113,718
475,000	PAR Technology Corp.[1]	8,016,491	14,216,750
		8,289,081	15,330,468
	IT Consulting & Other Services (2.90%)		
435,000	Endava plc, ADR[1,2]	12,386,740	21,010,500
	Semiconductor Equipment (4.52%)		
193,500	Advanced Energy Industries, Inc.[1]	12,950,217	13,117,365
340,000	Ichor Holdings Ltd.[1,2]	6,622,722	9,037,200
220,000	Nova Measuring Instruments Ltd.[1,2]	5,201,368	10,601,800
		24,774,307	32,756,365
	Systems Software (8.26%)		
333,775	Dynatrace, Inc.[1,3]	6,243,606	13,551,265
472,131	Ping Identity Holding Corp.[1]	7,764,344	15,150,684
175,000	Qualys, Inc.[1]	10,424,382	18,203,500
147,000	Varonis Systems, Inc.[1]	9,207,436	13,006,560
		33,639,768	59,912,009
Total Information Technology		114,283,349	178,578,892
Real Estate (5.22%)			
	Diversified REITs (1.15%)		
300,000	American Assets Trust, Inc.	8,106,734	8,352,000
	Industrial REITs (1.72%)		
300,000	Rexford Industrial Realty, Inc.	10,330,498	12,429,000
	Specialized REITs (2.35%)		
470,000	Americold Realty Trust[3]	9,905,736	17,061,000
Total Real Estate		28,342,968	37,842,000
Unclassified (2.17%)			
	Unclassified (2.17%)		
1,150,000	Collier Creek Holdings, Cl A[1,2]	14,287,867	15,755,000
TOTAL COMMON STOCKS		**506,930,868**	**679,791,109**

Principal Amount		Cost	Value
Short Term Investments (6.37%)			
Repurchase Agreement (6.03%)			
$43,751,072	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/30/2020, 0.00% due 7/1/2020; Proceeds at maturity - $43,751,072; (Fully collateralized by $41,158,900 U.S. Treasury Note, 2.125% due 11/30/2024; Market value - $44,626,200)	$ 43,751,072	$ 43,751,072
Securities Lending Collateral (0.34%)			
2,432,275	State Street Navigator Securities Lending Prime Portfolio [5]	2,432,275	2,432,275
TOTAL SHORT TERM INVESTMENTS		**46,183,347**	**46,183,347**
TOTAL INVESTMENTS (100.12%)		**$553,114,215**	**725,974,456**
LIABILITIES LESS CASH AND OTHER ASSETS (-0.12%)			**(846,480)**
NET ASSETS			**$725,127,976**
RETAIL SHARES (Equivalent to $23.73 per share based on 5,556,278 shares outstanding)			**$131,841,207**
INSTITUTIONAL SHARES (Equivalent to $24.11 per share based on 24,220,060 shares outstanding)			**$584,014,679**
R6 SHARES (Equivalent to $24.11 per share based on 384,514 shares outstanding)			**$ 9,272,090**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI (unaudited).
4 The value of all securities loaned at June 30, 2020 amounted to $2,499,884 or 0.34% of net assets.
5 Represents investment of cash collateral received from securities lending transactions.
ADR American Depositary Receipt.

Baron Durable Advantage Fund — PORTFOLIO HOLDINGS

June 30, 2020 (Unaudited)

Shares		Cost	Value
Common Stocks (95.15%)			
Communication Services (10.17%)			
	Cable & Satellite (2.44%)		
574	Charter Communications, Inc., Cl A[1]	$ 233,119	$ 292,763
	Interactive Media & Services (7.73%)		
298	Alphabet, Inc., Cl C[1]	368,190	421,256
2,233	Facebook, Inc., Cl A[1]	463,016	507,047
		831,206	928,303
Total Communication Services		1,064,325	1,221,066
Consumer Staples (4.46%)			
	Distillers & Vintners (2.00%)		
1,374	Constellation Brands, Inc., Cl A	277,817	240,381
	Hypermarkets & Super Centers (1.39%)		
548	Costco Wholesale Corp.	131,841	166,159
	Personal Products (1.07%)		
681	The Estée Lauder Companies, Inc., Cl A	109,587	128,491
Total Consumer Staples		519,245	535,031
Financials (15.64%)			
	Asset Management & Custody Banks (2.17%)		
328	BlackRock, Inc.	160,532	178,462
2,490	Brookfield Asset Management, Inc., Cl A[2]	103,739	81,921
		264,271	260,383
	Financial Exchanges & Data (13.47%)		
808	CME Group, Inc.	125,886	131,332
2,158	Moody's Corp.	422,752	592,867
865	MSCI, Inc.	272,907	288,754
1,832	S&P Global, Inc.	413,955	603,608
		1,235,500	1,616,561
Total Financials		1,499,771	1,876,944
Health Care (21.89%)			
	Health Care Equipment (4.60%)		
3,124	Danaher Corp.	417,686	552,417
	Life Sciences Tools & Services (9.31%)		
1,550	Agilent Technologies, Inc.	107,517	136,973
2,532	IQVIA Holdings, Inc.[1]	361,541	359,240
189	Mettler-Toledo International, Inc.[1]	121,918	152,249
1,293	Thermo Fisher Scientific, Inc.	398,257	468,506
		989,233	1,116,968
	Managed Health Care (3.07%)		
1,247	UnitedHealth Group, Incorporated	296,640	367,803
	Pharmaceuticals (4.91%)		
11,152	AstraZeneca PLC, ADR[2]	529,994	589,829
Total Health Care		2,233,553	2,627,017
Industrials (5.26%)			
	Aerospace & Defense (1.84%)		
2,725	HEICO Corp., Cl A	258,043	221,379
	Research & Consulting Services (3.42%)		
5,432	IHS Markit Ltd.[2]	321,519	410,116
Total Industrials		579,562	631,495
Information Technology (31.89%)			
	Application Software (8.68%)		
1,488	Adobe, Inc.[1]	450,378	647,741
313	Fair Isaac Corp.[1]	112,954	130,847
4,649	SS&C Technologies Holdings, Inc.	254,015	262,575
		817,347	1,041,163

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (continued)			
	Data Processing & Outsourced Services (9.09%)		
3,281	Fidelity National Information Services, Inc.	$ 453,390	$ 439,949
1,494	MasterCard Incorporated, Cl A	311,429	441,776
1,086	Visa, Inc., Cl A	224,841	209,783
		989,660	1,091,508
	Electronic Manufacturing Services (1.33%)		
1,958	TE Connectivity Ltd.[2]	186,028	159,675
	IT Consulting & Other Services (4.15%)		
2,322	Accenture plc, Cl A[2]	425,751	498,580
	Semiconductor Equipment (1.60%)		
522	ASML Holding N.V.[2]	103,004	192,112
	Semiconductors (1.43%)		
1,347	Texas Instruments, Inc.	157,714	171,028
	Systems Software (5.61%)		
3,310	Microsoft Corp.	391,487	673,618
Total Information Technology		3,070,991	3,827,684
Materials (1.00%)			
	Specialty Chemicals (1.00%)		
605	Ecolab, Inc.	120,488	120,365
Real Estate (4.84%)			
	Specialized REITs (4.84%)		
1,501	Alexandria Real Estate Equities, Inc.[3]	225,486	243,537
480	Equinix, Inc.	260,708	337,104
Total Real Estate		486,194	580,641
TOTAL COMMON STOCKS		**9,574,129**	**11,420,243**
Principal Amount			
Short Term Investments (5.95%)			
$714,705	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/30/2020, 0.00% due 7/1/2020; Proceeds at maturity - $714,705; (Fully collateralized by $677,300 U.S. Treasury Note, 1.625% due 2/15/2026; Market value - $729,062)	**714,705**	**714,705**
TOTAL INVESTMENTS (101.10%)		**$10,288,834**	**12,134,948**
LIABILITIES LESS CASH AND OTHER ASSETS (-1.10%)			**(132,351)**
NET ASSETS			**$12,002,597**
RETAIL SHARES (Equivalent to $13.31 per share based on 284,068 shares outstanding)			**$ 3,781,196**
INSTITUTIONAL SHARES (Equivalent to $13.39 per share based on 447,017 shares outstanding)			**$ 5,984,514**
R6 SHARES (Equivalent to $13.39 per share based on 167,092 shares outstanding)			**$ 2,236,887**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI (unaudited).
ADR American Depositary Receipt.

Baron Real Estate Income Fund — PORTFOLIO HOLDINGS

June 30, 2020 (Unaudited)

Shares		Cost	Value
Common Stocks (96.71%)			
Consumer Discretionary (12.68%)			
	Casinos & Gaming (11.36%)		
3,317	Las Vegas Sands Corp.	$ 139,230	$ 151,056
737	MGM Resorts International	8,749	12,382
6,205	Penn National Gaming, Inc.[1]	46,150	189,501
9,278	Red Rock Resorts, Inc., Cl A	97,527	101,223
1,745	Wynn Resorts Ltd.	146,280	129,985
		437,936	584,147
	Hotels, Resorts & Cruise Lines (1.32%)		
6,071	Extended Stay America, Inc.	66,538	67,934
Total Consumer Discretionary		504,474	652,081
Information Technology (7.22%)			
	Internet Services & Infrastructure (7.22%)		
4,661	GDS Holdings Limited, ADR[1,2]	140,834	371,295
Real Estate (74.27%)			
	Diversified REITs (1.71%)		
3,688	STORE Capital Corp.	85,916	87,811
	Hotel & Resort REITs (5.49%)		
5,356	Host Hotels & Resorts, Inc.	58,099	57,791
5,852	MGM Growth Properties LLC, Cl A	165,409	159,233
2,600	Park Hotels & Resorts, Inc.	21,092	25,714
2,892	Pebblebrook Hotel Trust	31,086	39,505
		275,686	282,243
	Industrial REITs (13.36%)		
2,397	Duke Realty Corp.	63,862	84,830
3,700	Prologis, Inc.	274,305	345,321
4,856	Rexford Industrial Realty, Inc.	179,838	201,184
1,060	Terreno Realty Corp.	53,516	55,798
		571,521	687,133
	Office REITs (2.22%)		
407	Douglas Emmett, Inc.	14,008	12,479
788	Kilroy Realty Corporation	48,095	46,255
1,131	SL Green Realty Corp.	57,043	55,747
		119,146	114,481
	Real Estate Operating Companies (0.86%)		
4,485	Brookfield Property Partners LP[2]	60,276	44,357
	Residential REITs (16.24%)		
5,668	American Homes 4 Rent, Cl A	154,245	152,469
349	AvalonBay Communities, Inc.	56,334	53,970
2,099	Equity LifeStyle Properties, Inc.	103,546	131,146
876	Equity Residential	52,485	51,526
205	Essex Property Trust, Inc.	50,442	46,980
9,730	Invitation Homes, Inc.	235,374	267,867
968	Sun Communities, Inc.	99,340	131,338
		751,766	835,296

Shares		Cost	Value
Common Stocks (continued)			
Real Estate (continued)			
	Specialized REITs (34.39%)		
1,089	Alexandria Real Estate Equities, Inc.[3]	$ 142,107	$ 176,690
1,336	American Tower Corp.	257,200	345,410
5,612	Americold Realty Trust[3]	114,199	203,716
520	CoreSite Realty Corp.	55,287	62,951
524	Crown Castle International Corp.	57,637	87,691
866	Digital Realty Trust, Inc.	114,031	123,067
415	Equinix, Inc.	181,789	291,455
3,329	Gaming and Leisure Properties, Inc.	114,698	115,183
9,663	Jernigan Capital, Inc.	151,085	132,190
1,802	QTS Realty Trust, Inc., Cl A	76,160	115,490
387	SBA Communications Corp.	101,982	115,295
		1,366,175	1,769,138
Total Real Estate		3,230,486	3,820,459
Utilities (2.54%)			
	Multi-Utilities (2.54%)		
3,179	Brookfield Infrastructure Partners L.P.[2,3]	116,789	130,688
TOTAL COMMON STOCKS		**3,992,583**	**4,974,523**
Principal Amount			
Short Term Investments (3.24%)			
$166,726	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/30/2020, 0.00% due 7/1/2020; Proceeds at maturity - $166,726; (Fully collateralized by $158,000 U.S. Treasury Note, 1.625% due 2/15/2026; Market value - $170,075)	**166,726**	**166,726**
TOTAL INVESTMENTS (99.95%)		**$4,159,309**	5,141,249
CASH AND OTHER ASSETS LESS LIABILITIES (0.05%)			2,497
NET ASSETS			$5,143,746
RETAIL SHARES (Equivalent to $11.41 per share based on 135,224 shares outstanding)			$1,542,527
INSTITUTIONAL SHARES (Equivalent to $11.45 per share based on 273,309 shares outstanding)			$3,129,665
R6 SHARES (Equivalent to $11.44 per share based on 41,208 shares outstanding)			$ 471,554

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI (unaudited).
ADR American Depositary Receipt.

Baron WealthBuilder Fund — PORTFOLIO HOLDINGS

June 30, 2020 (Unaudited)

Shares		Cost	Value
Affiliated Mutual Funds (100.05%)			
Small Cap Funds (29.59%)			
249,922	Baron Discovery Fund - Institutional Shares	$ 5,107,493	$ 6,025,615
214,898	Baron Growth Fund - Institutional Shares	16,245,140	18,236,264
587,075	Baron Small Cap Fund - Institutional Shares	17,887,483	18,827,498
Total Small Cap Funds		39,240,116	43,089,377
Small to Mid Cap Funds (4.10%)			
246,761	Baron Focused Growth Fund - Institutional Shares	4,349,794	5,974,090
Mid Cap Funds (15.05%)			
228,287	Baron Asset Fund - Institutional Shares	17,807,172	21,913,227
Large Cap Funds (8.41%)			
170,578	Baron Durable Advantage Fund - Institutional Shares	1,914,247	2,284,037
232,891	Baron Fifth Avenue Growth Fund - Institutional Shares	6,962,867	9,963,059
Total Large Cap Funds		8,877,114	12,247,096
All Cap Funds (24.05%)			
349,087	Baron Opportunity Fund - Institutional Shares	7,467,896	10,891,504
287,363	Baron Partners Fund - Institutional Shares	16,072,349	24,121,229
Total All Cap Funds		23,540,245	35,012,733
International Funds (11.99%)			
405,010	Baron Emerging Markets Fund - Institutional Shares	5,313,627	5,674,194
204,945	Baron Global Advantage Fund - Institutional Shares	4,907,731	8,070,742
148,240	Baron International Growth Fund - Institutional Shares	3,341,907	3,716,367
Total International Funds		13,563,265	17,461,303
Sector Funds (6.86%)			
156,774	Baron FinTech Fund - Institutional Shares	1,622,332	1,810,740
134,675	Baron Health Care Fund - Institutional Shares	1,563,959	1,966,253
223,463	Baron Real Estate Fund - Institutional Shares	5,875,769	6,207,804
Total Sector Funds		9,062,060	9,984,797
Total Affiliated Investments (100.05%)		$116,439,766	145,682,623
Liabilities Less Cash and Other Assets (-0.05%)			(77,497)
Net Assets			$145,605,126
Retail Shares (Equivalent to $13.49 per share based on 1,091,157 shares outstanding)			$ 14,720,276
TA Shares (Equivalent to $13.57 per share based on 1,951,036 shares outstanding)			$ 26,466,893
Institutional Shares (Equivalent to $13.56 per share based on 7,699,229 shares outstanding)			$104,417,957

% Represents percentage of net assets.

Baron Health Care Fund — PORTFOLIO HOLDINGS

June 30, 2020 (Unaudited)

Shares		Cost	Value
Common Stocks (95.18%)			
Health Care (93.15%)			
	Biotechnology (22.17%)		
5,801	Acceleron Pharma, Inc.[1]	$ 299,004	$ 552,661
9,482	Alector, Inc.[1]	197,310	231,740
13,091	Applied Therapeutics, Inc.[1]	543,934	473,240
3,647	argenx SE, ADR[1,2]	330,855	821,414
9,553	Arrowhead Pharmaceuticals, Inc.[1]	290,157	412,594
5,375	Biohaven Pharmaceutical Holding Co. Ltd.[1,2]	253,237	392,966
6,405	Dicerna Pharmaceuticals, Inc.[1]	146,618	162,687
6,815	Immunomedics, Inc.[1]	228,797	241,524
1,000	Moderna, Inc.[1]	52,676	64,210
2,503	Neurocrine Biosciences, Inc.[1]	228,639	305,366
9,797	PTC Therapeutics, Inc.[1]	481,719	497,100
6,471	Trillium Therapeutics, Inc.[1,2]	46,527	52,350
3,045	Vertex Pharmaceuticals Incorporated[1]	528,927	883,994
5,975	Zai Lab Limited, ADR[1,2]	177,482	490,727
		3,805,882	5,582,573
	Health Care Equipment (22.41%)		
12,431	Abbott Laboratories	976,909	1,136,566
8,391	CryoPort, Inc.[1]	202,149	253,828
1,232	DexCom, Inc. [1]	169,322	499,453
7,251	Edwards Lifesciences Corp.[1]	445,177	501,117
1,145	IDEXX Laboratories, Inc.[1]	276,772	378,033
2,164	Inari Medical, Inc.[1]	41,116	104,824
3,935	Inspire Medical Systems, Inc.[1,3]	218,891	342,424
1,685	Insulet Corp.[1]	164,658	327,328
1,111	Intuitive Surgical, Inc.[1]	572,569	633,081
900	Masimo Corporation[1]	134,241	205,191
5,500	Shockwave Medical, Inc.[1]	251,625	260,535
10,662	Silk Road Medical, Inc.[1,3]	332,294	446,631
1,525	Teleflex, Inc.	441,628	555,069
		4,227,351	5,644,080
	Health Care Supplies (2.98%)		
1,216	The Cooper Companies, Inc.	336,835	344,906
1,784	West Pharmaceutical Services, Inc.	286,973	405,272
		623,808	750,178
	Health Care Technology (5.01%)		
10,819	Schrödinger, Inc.[1]	183,923	990,696
1,154	Veeva Systems, Inc., Cl A[1]	169,480	270,520
		353,403	1,261,216
	Life Sciences Tools & Services (13.41%)		
2,940	10X Genomics, Inc., Cl A[1]	174,156	262,571
1,833	Adaptive Biotechnologies Corporation[1]	45,881	88,681
1,430	Bio-Techne Corporation	250,336	377,620
4,554	Guardant Health, Inc.[1,3]	311,307	369,466
1,623	ICON plc[1,2]	239,045	273,411
837	Illumina, Inc.[1]	233,233	309,983
2,702	IQVIA Holdings, Inc.[1]	384,015	383,360
590	Mettler-Toledo International, Inc.[1]	412,278	475,274
2,312	Thermo Fisher Scientific, Inc.	688,262	837,730
		2,738,513	3,378,096
	Managed Health Care (10.45%)		
4,065	HealthEquity, Inc.[1]	265,538	238,494
2,085	Humana, Inc.	631,705	808,459
5,370	UnitedHealth Group, Incorporated	1,397,780	1,583,881
		2,295,023	2,630,834

Shares		Cost	Value
Common Stocks (continued)			
Health Care (continued)			
	Pharmaceuticals (16.72%)		
21,588	AstraZeneca PLC, ADR[2]	$ 910,929	$ 1,141,789
8,522	Dechra Pharmaceuticals PLC (United Kingdom)[2]	271,963	300,168
28,570	Roche Holding AG, ADR[2]	1,133,549	1,239,367
24,644	Sanofi, ADR[2]	1,144,838	1,258,076
1,978	Zoetis, Inc.	234,058	271,065
		3,695,337	4,210,465
Total Health Care		17,739,317	23,457,442
Real Estate (2.03%)			
	Specialized REITs (2.03%)		
3,149	Alexandria Real Estate Equities, Inc.[3]	430,941	510,925
TOTAL COMMON STOCKS		**18,170,258**	**23,968,367**
Principal Amount			
Short Term Investments (4.69%)			
$1,181,051	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/30/2020, 0.00% due 7/1/2020; Proceeds at maturity - $1,181,051; (Fully collateralized by $1,076,200 U.S. Treasury Note, 2.375% due 4/30/2026; Market value - $1,204,705)	**1,181,051**	**1,181,051**
TOTAL INVESTMENTS (99.87%)		**$19,351,309**	**25,149,418**
CASH AND OTHER ASSETS LESS LIABILITIES (0.13%)			**31,879**
NET ASSETS			**$25,181,297**
RETAIL SHARES (Equivalent to $14.52 per share based on 714,616 shares outstanding)			**$10,379,726**
INSTITUTIONAL SHARES (Equivalent to $14.60 per share based on 767,626 shares outstanding)			**$11,210,404**
R6 SHARES (Equivalent to $14.60 per share based on 245,959 shares outstanding)			**$ 3,591,167**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI (unaudited).
ADR American Depositary Receipt.

Baron Fintech Fund — PORTFOLIO HOLDINGS

June 30, 2020 (Unaudited)

Shares		Cost	Value
Common Stocks (95.14%)			
Communication Services (2.51%)			
	Interactive Media & Services (2.51%)		
5,300	ZoomInfo Technologies Inc., Cl A[1]	$ 157,406	$ 270,459
Consumer Discretionary (3.01%)			
	Internet & Direct Marketing Retail (3.01%)		
1,500	Alibaba Group Holding Limited, ADR[1,2]	314,606	323,550
Financials (20.06%)			
	Financial Exchanges & Data (16.89%)		
830	CME Group, Inc.	162,116	134,908
1,100	London Stock Exchange Group plc (United Kingdom)[2]	110,985	114,395
430	MarketAxess Holdings, Inc.	148,880	215,396
1,500	Moody's Corp.	373,602	412,095
1,300	MSCI, Inc.	384,380	433,966
1,480	S&P Global, Inc.	419,738	487,630
300	Tradeweb Markets, Inc., Cl A	16,416	17,442
		1,616,117	1,815,832
	Investment Banking & Brokerage (0.83%)		
1,600	Houlihan Lokey, Inc.	81,698	89,024
	Property & Casualty Insurance (2.34%)		
1,620	Kinsale Capital Group, Inc.	166,008	251,440
Total Financials		1,863,823	2,156,296
Industrials (10.21%)			
	Research & Consulting Services (10.21%)		
260	CoStar Group, Inc.[1]	170,124	184,775
4,700	IHS Markit Ltd.[2]	347,660	354,850
3,400	TransUnion	305,263	295,936
1,540	Verisk Analytics, Inc.	242,016	262,108
Total Industrials		1,065,063	1,097,669
Information Technology (59.35%)			
	Application Software (10.38%)		
800	Bill.Com Holdings, Inc.[1]	40,354	72,168
1,300	Ceridian HCM Holding, Inc.[1]	91,826	103,051
900	Fair Isaac Corp.[1]	354,674	376,236
1,700	Guidewire Software, Inc.[1]	187,166	188,445
1,270	Intuit, Inc.	346,044	376,161
		1,020,064	1,116,061
	Data Processing & Outsourced Services (37.21%)		
400	Adyen N.V., 144A (Netherlands)[1,2]	342,059	582,197
3,900	Fidelity National Information Services, Inc.	555,176	522,951
220	FleetCor Technologies, Inc.[1]	63,477	55,337
1,800	Global Payments, Inc.	340,235	305,316
700	I3 Verticals, Inc., Cl A[1]	23,131	21,175
1,200	Jack Henry & Associates, Inc.	191,852	220,836
1,870	MasterCard Incorporated, Cl A	567,614	552,959

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (continued)			
	Data Processing & Outsourced Services (continued)		
15,000	Network International Holdings plc, 144A (United Kingdom)[1,2]	$ 125,567	$ 82,115
3,550	PayPal Holdings, Inc.[1]	402,907	618,516
14,500	Repay Holdings Corporation, Cl A[1]	225,698	357,135
3,600	Shift4 Payments, Inc., Cl A[1]	87,163	127,800
2,870	Visa, Inc., Cl A	550,801	554,398
		3,475,680	4,000,735
	IT Consulting & Other Services (11.76%)		
1,430	Accenture plc, Cl A[2]	284,258	307,050
9,900	Endava plc, ADR[1,2]	460,890	478,170
1,900	EPAM Systems, Inc.[1]	412,600	478,819
		1,157,748	1,264,039
Total Information Technology		5,653,492	6,380,835
TOTAL COMMON STOCKS		**9,054,390**	**10,228,809**
Principal Amount			
Short Term Investments (4.76%)			
$511,623	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/30/2020, 0.00% due 7/1/2020; Proceeds at maturity - $511,623; (Fully collateralized by $466,200 U.S. Treasury Note, 2.375% due 4/30/2026; Market value - $521,867)	**511,623**	**511,623**
TOTAL INVESTMENTS (99.90%)		**$9,566,013**	**10,740,432**
CASH AND OTHER ASSETS LESS LIABILITIES (0.10%)			**10,973**
NET ASSETS			**$10,751,405**
RETAIL SHARES (Equivalent to $11.54 per share based on 265,041 shares outstanding)			**$ 3,057,324**
INSTITUTIONAL SHARES (Equivalent to $11.55 per share based on 471,178 shares outstanding)			**$ 5,440,773**
R6 SHARES (Equivalent to $11.55 per share based on 195,121 shares outstanding)			**$ 2,253,308**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
ADR American Depositary Receipt.
144A Security is exempt from registration pursuant to Rule 144A under the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. At June 30, 2020, the market value of Rule 144A securities amounted to $664,312 or 6.18% of net assets.

Go Paperless !
It's fast, simple and a smart way to help the environment.
Enjoy the speed and convenience of receiving Fund documents electronically.
For more information and to enroll today go to www.baronfunds.com/edelivery

767 Fifth Avenue, 49th Fl.
New York, NY 10153
1.800.99.BARON
212-583-2000
www.BaronFunds.com

June 30

Quarterly 063020