Dear Baron Global Advantage Fund Shareholder:

Performances

Baron Global Advantage Fund (the "Fund") declined 22.8% (Institutional Shares), during the first quarter, compared to the 5.4% loss for the MSCI ACWI Index (the "Index"), and the 9.7% loss for the MSCI ACWI Growth Index, the Fund's benchmarks.

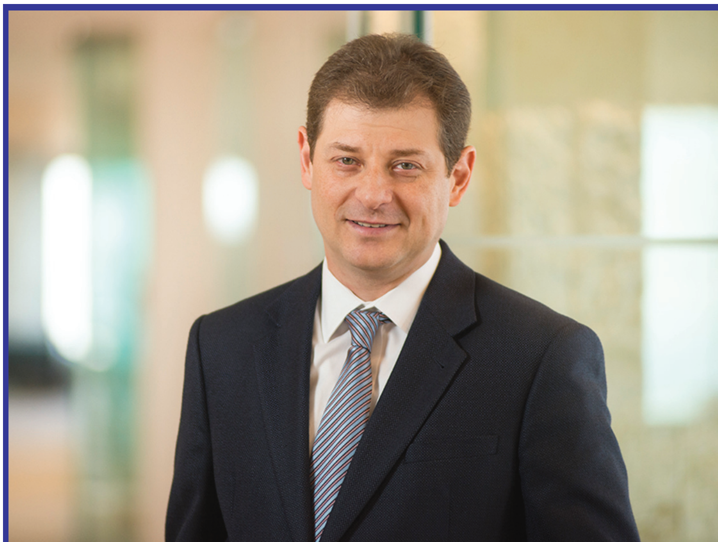
Table I.
Performance
Annualized for periods ended March 31, 2022

	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]	(22.81)%	(22.78)%	(5.36)%	(9.72)%
One Year	(20.81)%	(20.62)%	7.28%	5.42%
Three Years	16.96%	17.25%	13.75%	17.87%
Five Years	19.91%	20.20%	11.64%	15.47%
Since Inception (April 30, 2012)	15.01%	15.26%	10.21%	12.29%

"Ouch. It's been a brutal year for many in the capital markets and certainly for Amazon.com shareholders. As of this writing, our shares are down more than 80% from when I wrote you last year. Nevertheless, by almost any measure, Amazon.com the company is in a stronger position now than at any time in its past."

This is how Jeff Bezos started his letter to shareholders after Amazon.com finished year 2000, its fourth as a public company. We've often borrowed from Jeff's writings in the past and find this intro oddly resonates with our own perception of the situation we find ourselves in. Of course, starting with the "Ouch!"

Growth stocks have been in favor for over a decade and the most common questions we faced were "When will this end?" and "In what environment will you underperform?" Well… we are here. The tailwinds turned into headwinds just about a year ago with value stocks' pronounced outperformance across most market cap segments beginning in early 2021.



ALEX UMANSKY

PORTFOLIO MANAGER

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

We held up exceedingly well in the early stages of this rotation, generating strong absolute and relative returns through November 16, 2021 (when the Fund was up 21.5% compared to 19.0% gain for its Index), and then we didn't. A commodity cycle driven by rapidly rising inflation, the regulatory crackdown in China, and the geopolitical crisis culminating with Russia's invasion of Ukraine led to a dramatic shift in investors' risk tolerance and time horizons. As a strategy focused on Big Ideas, we tend to do well when investors are confident in the present and optimistic about the future. By definition, companies we invest in for this Fund believe they are creating or addressing huge markets in a unique, innovative, and often disruptive way with a very long runway for growth. Because they believe their growth to be especially durable, they *overinvest* and *underearn today* forcing investors to value them on cash flows that will be generated in the future. When investors lose confidence in the present, the future suddenly becomes more uncertain and less relevant, and current free cash flow yield turns into the dominant valuation metric of choice. As Jeff Bezos and his shareholders

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, 2021 was 1.15% and 0.90%, respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser reimburses certain Baron Fund expenses pursuant to a contract expiring on August 29, 2032, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit www.BaronFunds.com or call 1-800-99BARON.

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

1 The MSCI ACWI indexes cited are unmanaged, free float-adjusted market capitalization weighted indexes reflected in US dollars. **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. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes The indexes and the Fund include reinvestment of dividends, net of foreign withholding taxes, which positively impact the performance results. Index performance is not Fund performance; one cannot invest directly into an index.

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

found out in 2000, that is a tough environment to be overinvesting and underearning in. But stock prices aside (just for a moment), the fundamentals of many of our businesses resemble and "sound" just like Amazon did over 20 years ago.

Adyen grew revenues 46% last year with a…63% profit margin. That's 109% on the Rule of 40. The stock was down 25% in the first quarter. **Zscaler** grew revenues 60% with a 23% profit margin. The stock was down 25% in the first quarter. **Snowflake** grew revenues…106% (to $1.2 billion – while new bookings in the fourth quarter alone were $1.2 billion in contract value) with 12% margins. The stock was down 32% in the first quarter. We believe that these companies, along with many others that we own, are the long-term beneficiaries of digital transformation, a multi-decade paradigm shift sweeping global economies today. Frank Slootman, Snowflake's CEO, explained it this way in his most recent earnings call with investors:

"Snowflake's growth is driven by digital transformation and long-term secular trends in data science and analytics, enabled by cloud-scale computing and Snowflake's cloud-native architecture. Snowflake is a single data operations platform that addresses a broad spectrum of workload types and incredible performance economy and governance. As a platform, Snowflake enables the data cloud, a world without silos and the promise of unfettered data science." In plain English it means that we want to make better decisions and we have all this data available to us. Snowflake will enable businesses to *utilize all* their data to improve their decision-making.

Another example is **Datadog**, the leading infrastructure monitoring, application performance monitoring and log management software platform. Datadog's stock declined 15% during the quarter, despite reporting sparkling operational results, with revenues accelerating to a growth rate of 84% year-over-year with 33% free cash flow margins, while guiding for 2022 significantly above expectations. Datadog added *4,600 new customers in the quarter*, while existing customers continued to increase their spending on Datadog products at a rapid pace with the number of customers using four or more products increasing to 33% from 22% last year. While Datadog's stock was down, its intrinsic value has undoubtedly increased. This is enabled by rapid innovation (Datadog released 13 new products in 2021) into a market that is benefiting from the secular growth in cloud, digital transformation, and the explosion in complexity as the number of vendors, diversity of technologies and related infrastructure continued to expand.

Benjamin Graham famously said that *"in the short run, the market is a voting machine but in the long run, it is a weighing machine."* In his 2000 letter to shareholders, Jeff Bezos wrote that Amazon is a *"company that wants to be weighed, and over time we will be – over the long term, all companies are. In the meantime, we have our heads down working to build a heavier and heavier company."* That too, resonates with us. Cycles will come and go. The booms, and the inevitable busts. At some point, the focus will shift from the "here and now" to what will this look like when the dust settles, and the clouds dissipate? We have never been concerned with the market's voting and have tried to caution our investors against giving too much weight to our short-term returns, *especially* when they were impressive. Instead, we focus on optimizing for the long-term *cumulative weight* of our businesses. Investing in unique, competitively advantaged businesses with long duration of growth and strong unit economics that enable rising returns on invested capital is the most proven way we know of getting it done.

Back to the "Ouch!" quarter. Despite the brutal headline numbers, we believe we have actually done a much better job from the capital preservation perspective than those numbers suggest. While 52 out of our 58 holdings saw their stock prices decline during the quarter, we have a high degree of confidence that the overwhelming majority of these businesses did NOT suffer permanent impairments and that the intrinsic values of many of them are actually higher today than they were at the end of last year. The stock prices were down largely due to multiple contractions as the negative macro environment shortened investors' time horizon causing long-duration assets (i.e., Big Ideas) to get hit the hardest. We have no idea how long the current "voting" environment will remain or when the proverbial bottom will be hit, but we have a lot of conviction that over the next decade, companies across industries will continue shifting workloads to the cloud, adopt zero-trust cybersecurity architectures, and continue to digitally transform. Penetration of e-commerce will continue to rise, and DNA sequencing and the use of genomics and proteomics will become pervasive in personalized medicine. Electric vehicles, autonomous, shared mobility will disrupt transportation. Better decision making across every sector of the economy will be driven by the analysis and usage of actual, real-time data. These dynamics will enable the companies driving these trends to compound their intrinsic values and to "accumulate weight," which over time will be reflected in their stock prices.

From a performance attribution standpoint, almost 80% of the Fund's underperformance relative to its Index was driven by stock selection, with the balance coming from allocation effect. Information Technology ("IT") and Consumer Discretionary were two of the hardest hit sectors during the quarter and were responsible for over 60% of our relative shortfall, with Health Care and Financials accounting for another 24%. The rest came from our minimal exposure to the best performing sectors in the quarter: Energy, Materials, and Utilities, which were up 21.2%, 2.8%, and 1.2%, respectively. Looking under the hood within IT, we were hurt by an overweight to IT consulting, where our stocks were down 35%, driven largely by the 56% decline in **EPAM**, a long-term, core holding in the Fund. An overweight to internet services & infrastructure, the worst performing sub-industry within IT (down 38%), also detracted driven by the 51% decline in **Shopify**'s stock. From a geographical perspective, we lost money everywhere, except for India where a 3.8% relative overweight along with positive stock selection contributed 37bps to our relative returns. At the company-specific level, we had several large detractors that accounted for most of our underperformance. **Rivian**, **EPAM**, **Shopify**, **Natera**, and **Snowflake**, our five largest detractors combined for a loss of 11.6%. We believe only one of them, Natera, by far the smallest investment of the five, resulted in a permanent loss of capital. We discuss all five of these companies in more detail later in this letter.

In March 2022, we were notified that, along with four other Baron Funds, Baron Global Advantage Fund was named by Lipper Analytics as the best fund in its category for consistent risk-adjusted returns over the last five years.* This is the second consecutive year the Fund has received this honor, in addition to being named the best fund in its category for consistent

* The **Refinitiv Lipper Fund Awards**, granted annually, highlight funds and fund companies that have excelled in delivering consistently strong risk-adjusted performance relative to their peers. The Refinitiv Lipper Fund Awards are based on the Lipper Leader for Consistent Return rating, which is a risk-adjusted performance measure calculated over 36, 60 and 120 months. The fund with the highest Lipper Leader for Consistent Return (Effective Return) value in each eligible classification wins the Refinitiv Lipper Fund Award. For more information, see lipperfundawards.com. Although Refinitiv Lipper makes reasonable efforts to ensure the accuracy and reliability of the data contained herein, the accuracy is not guaranteed by Refinitiv Lipper.

risk-adjusted returns over the last three years in 2019, 2020, and 2021. We recognize that this may be of little consolation to the more recent investors in the Fund, but it supports and reinforces the conviction that we have in our philosophy and process. We know that our process works and that if we execute it well it will enable us to make good investment decisions over time.

Table II.
Top contributors to performance for the quarter ended March 31, 2022

	Quarter End Market Cap (billions)	Percent Impact
Think & Learn Private Limited	$ 22.0	0.78%
CrowdStrike, Inc.	52.4	0.66
Nuvei Corporation	10.7	0.36
Tesla, Inc.	1,113.7	0.34
ZoomInfo Technologies Inc.	24.1	0.18

Think & Learn Private Limited is the parent company of "Byju's – the Learning App," India's largest edtech player with over 85% market share. The outperformance during the quarter was primarily driven by continued strong business growth and the successful close of a late-stage private funding round that valued the company at around $22 billion, resulting in a fair value markup of our holding. We retain conviction in Byju's due to the company's dominant position in a large addressable market that is in the early innings of its penetration curve. We expect the company to sustain high double-digit growth for the next several years as it is well positioned to benefit from structural growth in online education services in the country. As it aspires to become a global edtech platform, the company accelerated its international expansion plans with a series of strategic acquisitions.

CrowdStrike, Inc. provides cloud-delivered, next generation security solutions via its Falcon platform consisting of end-point protection, advanced persistent threat, security information, event management, and cloud workload protection. Shares rose 11% in the first quarter, on the back of impressive quarterly results with net new annual recurring revenue (ARR) accelerating for the second straight quarter to 52% year-over-year and the company's favorable unit economics driving 30% free cash flow margins. Moreover, key new disclosures highlight how non-end-point products are seeing momentum with cloud product-generated ARR surpassing $100 million, representing 8% of net new ARR in the quarter. With more workloads migrating to or starting in the cloud, we believe CrowdStrike is well positioned to compound at high growth rates for years given its unique product platform and attractive go-to-market business model.

Nuvei Corporation is a Canadian-based payment processor that serves online merchants around the world. The stock rose 16% during the first quarter driven by continued strong financial results with revenues growing 83% year-over-year and 55% organically, while EBITDA margins were 43%. Nuvei also hosted an upbeat investor day, in which it reiterated its medium-term goals of growing revenues organically above 30% with improving EBITDA margins. We continue to own the stock due to Nuvei's numerous growth opportunities driven by growing e-commerce penetration, expansion into the U.S. market, accelerating investments in direct sales, and strong competitive advantages driven by its modular platform and land and expand business model.

During the first quarter, we bought back shares of **Tesla, Inc.**, which designs, manufactures, and sells electric vehicles, solar products, energy storage solutions, and batteries. We believe that despite the run in the stock over the last few years, Tesla presents a favorable risk/reward profile and remains a Big Idea with only a roughly 1% share of the automotive market. Since we bought the stock during the first quarter, shares increased 27%, despite a complex supply-chain environment, on continued revenue growth and record profitability. Robust demand and operational optimization allow the company to offset inflationary pressures while vertical integration provides flexibility around supply bottlenecks. Moreover, we expect new localized manufacturing capacity to drive additional efficiencies while software initiatives, including the autonomous driving program, are accelerating, offering a valuable optionality to the stock.

ZoomInfo Technologies Inc. operates a cloud-based B2B platform that provides sales, marketing, and HR teams with comprehensive business intelligence, enabling shorter sales cycles and higher win rates. While the stock was down 7% over the course of the first quarter, well-timed purchases turned it into a contributor that added 18bps to absolute returns. The company continues to execute well with another positive quarterly earnings surprise and strong forward bookings, with 2021 revenues growing 57% year-over-year, and with 46% free-cash-flow margins. New products are starting to build momentum, and we believe ZoomInfo can become a much larger company over time as it penetrates its $70 billion total addressable market.

Table III.
Top detractors from performance for the quarter ended March 31, 2022

	Quarter End Market Cap or Market Cap When Sold (billions)	Percent Impact
Rivian Automotive, Inc.	$45.2	–4.55%
EPAM Systems, Inc.	16.9	–2.66
Shopify Inc.	85.2	–2.21
Natera, Inc.	3.3	–1.12
Snowflake Inc.	72.1	–1.02

Rivian Automotive, Inc. designs, manufactures, and sells consumer and commercial electric vehicles. Shares of Rivian continued its volatile trading following the stock's IPO in late 2021, declining 52% in the first quarter as investors rotated out of fast-growing long-duration stocks and as industry-wide supply-chain issues delayed Rivian's production ramp. In addition, even while other automotive companies raised prices due to inflationary pressures, Rivian launched a price increase campaign that was not well communicated and, as a result, was met with dissatisfaction by existing reservation holders. While this was an unforced error, the company quickly corrected course, reversing its decision to raise prices for existing reservations, while maintaining the increase on new buyers (which has not caused a material impact to demand). We retain conviction in the shares given management's vision, Rivian's product positioning, the company's relationship with Amazon.com, and the company's strong balance sheet, which will help it overcome the current challenges while taking advantage of the long-term opportunity as the market transitions to electric vehicles.

EPAM Systems, Inc. is a leader in software-based digital platform transformation and engineering services to business customers. The stock fell 56% during the quarter as a result of a potential business disruption from Russia's military invasion of Ukraine, where many of EPAM's employees are based. EPAM is a U.S.-based company headquartered in Newtown, Pennsylvania with 53,000 employees, 24% of whom are based in Ukraine, 17% are based in Russia and 18% in Belarus. On February 17, 2022, the company reported strong financial results for calendar year 2021, releasing financial guidance for calendar year 2022 above expectations. On February 28, 2022, the company withdrew its guidance due to Russia's invasion of Ukraine. The magnitude and duration of the business disruption is unknown at this time. We believe EPAM is a highly resilient organization that can adapt to operational challenges by moving people and workflows to different regions – the company has further updated via an 8-K filing on April 7 that it has begun the process of exiting its operations in Russia with already a "significant number of employees who have been relocated," while the company is also accelerating hiring in other regions. Early research from Gartner suggests that after years of delivering high-quality products, EPAM has built solid, trustful relationships with its clients, who are responding with a high level of support for the company. EPAM has demonstrated strong execution and the ability to successfully manage through prior crises. Still, the range of outcomes is extremely wide, and we have reduced our position as a result. We continue to monitor the situation closely and reassess it as facts emerge.

Shopify Inc. is a cloud-based software provider offering an operating system for multi-channel commerce. Shopify has been adopted by over two million merchants who processed $175 billion of gross merchandise volume in 2021, making it the second largest e-commerce player in the U.S. The stock corrected sharply in the first quarter, declining 51%, as a result of investor rotation out of fast-growing, long-duration stocks and after the company released quarterly results, expecting a normalization in the rapid growth it has experienced during the early stages of the pandemic. We remain shareholders as we believe Shopify has a long runway for growth addressing less than 1% of global commerce spending with a unique and competitively advantaged platform.

Natera, Inc. is a leader in non-invasive prenatal testing whose proprietary technology has also been applied to cancer recurrence detection. Shares dropped 67% during the quarter on disappointing quarterly results and a short report alleging aggressive sales practices. We sold our shares as the inflection point to profitability will take longer to materialize, resulting in heavier cash burn rates than we originally expected.

Snowflake Inc. provides a data platform for large-scale data analytics. Shares fell 32% during the first quarter despite reporting strong results, finishing 2021 with 106% year-over-year revenue growth, while booking $1.2 billion of new business in the fourth quarter alone. Shares declined due to the rotation out of fast-growing long-duration stocks as well as concerns over the company's newly introduced infrastructure improvements, which make customers more efficient in using the Snowflake platform (lowering cost on a per usage basis). While some investors viewed that negatively due to the near-term impact on usage-based revenues, we see this as a positive development, since putting customers first tends to create a lot of value over the long term. We believe that by reducing costs to customers, they will migrate more workloads to Snowflake, making the company better positioned to capture a bigger portion of its large market opportunity and extending its technology leadership over competitors. We remain excited about Snowflake's best-in-class growth at scale with favorable unit economics, addressing one of the largest opportunities in technology.

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 and country weights are an outcome of the stock selection process and are not meant to indicate a positive or a negative "view."

As of March 31, 2022, the top 10 positions represented 42.4% of the Fund, and the top 20 represented 65.9%. As we articulated in prior letters, we expected to return to a higher conviction, more concentrated portfolio (top 10 and top 20 positions represented 42.5% and 61.9% of the Fund in December 2021 and 35.0% and 58.0% of the Fund in December 2020, respectively) and to reduce the number of holdings towards our preferred range of 40 to 50. We ended the first quarter with 52 investments, 5 of which were private.

Our investments in the IT, Consumer Discretionary, Health Care, Communication Services, and Financials sectors, as classified by GICS, represented 95.5% of the Fund's net assets. Our investments in non-U.S. companies represented 41.5% of net assets, and our investments in emerging markets totaled 12.5%.

Table IV.
Top 10 holdings as of March 31, 2022

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Amazon.com, Inc.	$1,658.8	$104.4	6.0%
Endava plc	7.4	96.7	5.6
Alphabet Inc.	1,842.3	92.4	5.3
Rivian Automotive, Inc.	45.2	79.6	4.6
CrowdStrike, Inc.	52.4	66.0	3.8
MercadoLibre, Inc.	60.0	65.2	3.8
ZoomInfo Technologies Inc.	24.1	62.6	3.6
argenx SE	17.0	61.9	3.6
Bajaj Finance Limited	58.0	53.5	3.1
Snowflake Inc.	72.1	51.3	3.0

Exposure By Country

Table V.
Percentage of securities by country as of March 31, 2022

	Percent of Net Assets
United States	58.2%
Netherlands	6.9
India	6.0
United Kingdom	5.6
Argentina	5.0
Israel	4.9
Canada	4.8
China	2.5
Uruguay	1.3
Brazil	1.2
Korea	1.0
Indonesia	1.0
Poland	0.8
Spain	0.5

Recent Activity

During the first quarter, we initiated one new position – buying back shares of **Tesla**. We also added to six existing investments, taking advantage of the market correction to add to several of our higher conviction Big Ideas such as **Snowflake** and **Datadog**.

We sold out of six investments, which became lower conviction ideas.

Table VI.
Top net purchases for the quarter ended March 31, 2022

	Quarter End Market Cap (billions)	Amount Purchased (millions)
Tesla, Inc.	$1,113.7	$22.0
Snowflake Inc.	72.1	12.0
Datadog, Inc.	47.5	6.7
Zomato Limited	8.5	3.4
CrowdStrike, Inc.	52.4	2.3

We re-initiated a medium-sized position in **Tesla, Inc.** Longer-tenured investors in the Fund may remember that we owned shares of Tesla from 2017 to 2019 and made an ill-fated decision to exit the stock primarily due to the company's mounting losses and management's reluctance to strengthen its balance sheet. While it was a costly mistake, one of the lessons we learned over time is that "I missed it" is one of the most common ways to compound a prior mistake (think of not buying Amazon in, say 2011 after the stock was up more than 20 times over the prior decade, only to miss the next 15 times). We believe that Tesla with a $1.1 trillion market cap is still a Big Idea, with the opportunity to be materially larger in the future. With electric vehicle penetration of only 8.6%[1] and Tesla's sales of 930,000 vehicles in 2021, representing just 1% market share of the global 80 million automobiles sold, we have a long way to go as the global public and private transportation fleet electrifies. Management targets another 20 times growth from here, reaching annual sales of 20 million vehicles by 2030.

While Tesla's leadership in Electric Vehicles ("EVs") is well known, its mission is much broader: "Tesla's mission is to accelerate the world's transition to sustainable energy."[2] As an EV battery leader, the company already developed expertise that should help it penetrate the rapidly growing energy storage market including cells, packs, inverters, and energy management software solutions, opening significant new addressable markets over the next few decades, and helping the world transition to net-zero emissions. The company set a goal to sell 1.5 trillion Watt-hours (wh) of batteries through its energy storage division by 2030, up 375 times from the approximately 4Gwh of energy storage capacity sold in 2021.

In addition to Tesla's long duration of growth, it has also shown significant improvements in its unit economics over the last few years, with automotive gross margins, excluding credits, of 29.2% and EBIT margins of 14.6% in the fourth quarter of 2021, nearly double the industry average, and we believe many times higher than other EV programs, despite significant supply-chain headwinds.

In addition, with software as one of its core pillars, Tesla has a big opportunity in autonomous driving, from selling its Full Self Driving (FSD) offering to consumers for a one-time $12,000 fee or a subscription of $200/month. In the future, if Tesla is able to solve autonomous driving and build a shared mobility network, it could significantly increase the per-vehicle utilization rate (as cars are currently idle for most of the day), creating significant additional social and shareholder value. Moreover, Tesla's data advantage enables it to offer a potentially superior insurance product as it could better price risk to match with driving behavior. There is also a tangible benefit from the lower number of collisions per mile from the ongoing improvements in FSD and the positive self-reinforcing mechanism of fewer accidents when drivers are provided feedback and incentives for safer driving via lower premiums. Longer term, we believe Tesla has significant additional positive optionality as it could leverage its core competencies in software, artificial intelligence, batteries, and manufacturing to expand into new markets over time.

We also took advantage of the market correction to add to several high conviction investments including the leading cloud data platform, **Snowflake Inc.**, and the leading infrastructure and application performance management solution provider, **Datadog, Inc.** We added to our position in the Indian food delivery platform, **Zomato Limited**, and to the leading cybersecurity platform, **CrowdStrike, Inc.**

Table VII.
Top net sales for the quarter ended March 31, 2022

	Quarter End Market Cap or Market Cap When Sold (billions)	Amount Sold (millions)
Alphabet Inc.	$1,842.3	$69.0
RingCentral, Inc.	14.9	42.7
Dynatrace Holdings LLC	13.0	41.0
Alibaba Group Holding Limited	292.6	26.8
Amazon.com, Inc.	1,658.8	18.6

We have eliminated 6 holdings during the first quarter: **RingCentral**, **Dynatrace**, **Alibaba**, **Opendoor Technologies**, **Natera**, and **StoneCo** and reduced 19 existing positions in order to meet investor redemptions as well as reallocate capital to our higher conviction ideas. We have modestly reduced the size of our position in **Alphabet Inc.** (from 6.5% at the end of the fourth quarter of 2021 to 5.3% as of the end of the first quarter of 2022), after the stock rallied 64% in 2021 and continued outperforming during the first quarter, declining just 3%.

We have sold our **Alibaba Group Holding Limited** position as the company continues to face competitive challenges and regulatory pressures remain, making it difficult (if not impossible) to appropriately assess the range of outcomes and associated probabilities for the future profitability of the business.

[1] https://www.iea.org/commentaries/electric-cars-fend-off-supply-challenges-to-more-than-double-global-sales?utm_content=bufferd90dd&utm_medium=social&utm_source=twitter.com&utm_campaign=buffer

[2] https://www.tesla.com/about Baron Capital Inc. bears no responsibility for the external website provided and makes no warranties, either express or implied, concerning the content of such site or any information, products or services linked to the website.

Outlook

In the aforementioned, year 2000 letter, Jeff Bezos was wise not to tell his shareholders that the 80% decline in their stock was "overdone" or was near a bottom. In fact, he offered no prediction or outlook at all. History would show that the economy entered a recession in March of 2001 and that six months later America would be attacked leading to wars in Iraq and Afghanistan. It did in fact get worse, before it got better.

Everywhere we turn, we hear people explain to us how the world has changed. "Today" is apparently very different from the way the world was "yesterday." Inflation is running dangerously high, the Fed is hopelessly behind, COVID-19 is still here, and there is a possibility that World War III has already begun. There are arguments being made that "tomorrow" will likely be more challenging than "today." We are neither deaf nor blind to these arguments. We readily acknowledge that the range of outcomes has widened considerably and that the tail risks in particular have increased, which is one of the reasons why this significant multiple contraction has occurred. But at the risk of overusing our Bezo'isms (and being accused of sticking our head into the proverbial sand), we will quote Jeff once again in trying to explain how we are approaching the current crisis.

"I very frequently get the question: 'What's going to change in the next 10 years?' And that is a very interesting question; it's a very common one. I almost never get the question: ***'What's not going to change in the next 10 years?'*** *And I submit to you that <u>that second question is actually the more important of the two</u> – because you can build a business strategy around the things that are stable in time. … [I]n our retail business, we know that customers want low prices, and I know that's going to be true 10 years from now. They want fast delivery; they want vast selection. It's impossible to imagine a future 10 years from now where a customer comes up and says, 'Jeff I love Amazon; I just wish the prices were a little higher,' [or] 'I love Amazon; I just wish you'd deliver a little more slowly.' Impossible. And so the effort we put into those things, spinning those things up, we know the energy we put into it today will still be paying off dividends for our customers 10 years from now.* ***When you have something that you know is true, even over the long term, you can afford to put a lot of energy into it."***

We are fundamental, bottom-up investors with a long-term ownership mindset that is core to our philosophy. Identifying, researching, and investing in unique, competitively advantaged businesses, that enable or benefit from disruptive change, have solid business models with attractive unit economics, and are managed by talented entrepreneurs with proven track records of capital allocation and executional/operational excellence – is what will drive our long-term results. We believe that our ability to assess these factors and make good investment decisions is what accounted for our success over the last 10 and 20 years and for the success of Baron Capital Group over the last 40 years. Because we know this to be true, this is what we will continue to pour all our energy into.

Every day we live and invest in an uncertain world. Well-known conditions and widely anticipated events, such as Federal Reserve rate changes, 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 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 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 at attractive prices relative to their intrinsic values.

Sincerely,

Alex Umansky
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: 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 broker-dealer registered with the SEC and member of the Financial Industry Regulatory Authority, Inc. (FINRA).