Dear Baron Growth Fund Shareholder:

Performance

Baron Growth Fund (the "Fund") gained 0.94% (Institutional Shares) during the quarter ended March 31, 2021. This trailed the Fund's primary benchmark, the Russell 2000 Growth Index (the "Benchmark"), which gained 4.88% during the quarter. The S&P 500 Index, which measures the performance of publicly traded large-cap U.S. companies, gained 6.17%.

Cyclical and lower-quality stocks outperformed in the quarter, while higher-quality secular growth stocks underperformed after last year's robust absolute gains. Stocks in the Energy, Materials, Industrials, and Consumer Discretionary sectors were the biggest beneficiaries of this rotation. The Fund has minimal exposure to Energy and Materials, and exclusively owns high-quality sustainably differentiated Consumer Discretionary and Industrials businesses, so was comparatively disadvantaged. While such cycles ebb and flow, we remain optimistic that our portfolio of durable growth businesses led by best-in-class management teams will generate compelling investment returns across market cycles.

NEAL ROSENBERG CO-PORTFOLIO MANAGER | RONALD BARON CEO AND LEAD PORTFOLIO MANAGER | Retail Shares: BGRFX Institutional Shares: BGRIX R6 Shares: BGRUX

Table I.
Performance
Annualized for periods ended March 31, 2021

	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]	0.87%	0.94%	4.88%	6.17%
One Year	72.42%	72.85%	90.20%	56.35%
Three Years	21.16%	21.47%	17.16%	16.78%
Five Years	19.60%	19.91%	18.61%	16.29%
Ten Years	13.83%	14.13%	13.02%	13.91%
Fifteen Years	10.51%	10.74%	10.05%	10.02%
Twenty Years	11.86%	12.03%	9.68%	8.47%
Since Inception (December 31, 1994)	13.92%	14.06%	9.15%	10.67%

During the first quarter, domestic investors were encouraged by the growing pace of COVID vaccinations, which is driving improved business conditions and accelerating economic activity. Vaccination-led fundamental improvements seem likely to be amplified by aggressive monetary and fiscal policy developments. The Fed reiterated its commitment to "easy" monetary policy, even at the risk of elevated inflation, while the Federal government passed a $1.9 trillion stimulus package with even larger packages already under discussion. Bond yields jumped in response, with U.S. 10-year Treasury yields having almost doubled in 2021 to date.

Investors sought to reposition their portfolios to benefit from the convergence of rosier near-term economic trends, higher interest rates, and a valuation gap between growth and value stocks. This drove a meaningful divergence in returns between stocks with different factor characteristics. Smaller-capitalization stocks outperformed larger-capitalization stocks. Cyclical stocks meaningfully outperformed defensive, acyclical, or counter-cyclical investments. Value stocks meaningfully outperformed growth stocks, with the Russell 2000 Value outperforming the Russell 2000 Growth by more than 16% to start the year.

These trends were also reflected within the Fund, as our top performers from 2020 gave up some of their gains, while some of our positions that lagged last year saw their stock prices better reflect improving fundamentals. We do not seek to reposition the portfolio or change our process or strategy just because certain areas of the market are temporarily in vogue. Instead, we continue to focus on identifying and researching unique businesses with significant barriers to entry and compelling growth prospects, investing in them at attractive prices, and holding them for the long term.

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, 2020 was 1.30% 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 **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 index and the Fund include reinvestment of dividends, net of withholding taxes, 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. The indexes are unmanaged. The 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 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.

Table II groups our portfolio based on our assessment of the attributes that best characterizes each investment. While this does not perfectly correlate to the Global Industry Classification Standard ("GICS"), the industry standard nomenclature, we believe it provides added transparency into our thought process and is particularly helpful in periods when the performance of stocks diverge.

Table II.
Total returns by category for the three months ended March 31, 2021

	% of Net Assets (as of 3/31/2021)	Total Return (%)	Contribution to Return (%)
Real/Irreplaceable Assets	**27.8**	**9.48**	**2.18**
Boyd Gaming Corporation	0.3	37.37	0.08
Red Rock Resorts, Inc.	0.6	30.15	0.14
Marriott Vacations Worldwide Corp.	2.5	26.93	0.52
Penn National Gaming, Inc.	7.6	21.39	1.30
American Assets Trust, Inc.	0.1	13.24	0.01
Douglas Emmett, Inc.	1.4	8.54	0.09
Vail Resorts, Inc.	6.7	4.55	0.18
Gaming and Leisure Properties, Inc.	2.7	1.60	0.03
Choice Hotels International, Inc.	3.7	0.52	0.00
OneSpa World Holdings Limited	0.0	0.37	–0.00
Manchester United plc	0.8	–5.97	–0.05
Alexandria Real Estate Equities, Inc.	1.4	–7.21	–0.11
Russell 2000 Growth Index		4.88	
Core Growth	**27.3**	**2.04**	**0.60**
Bio-Techne Corporation	3.8	20.37	0.63
Gartner, Inc.	3.4	13.96	0.38
Marel hf.	0.3	12.55	0.04
Neogen Corp.	0.6	12.09	0.06
BrightView Holdings, Inc.	0.2	11.57	0.02
Trex Company, Inc.	2.4	9.34	0.22
Littelfuse, Inc.	0.3	4.02	0.01
Mettler-Toledo International, Inc.	1.2	1.35	0.02
Dechra Pharmaceuticals PLC	0.3	0.73	0.00
Yucaipa Acquisition Corporation	0.1	0.49	0.00
West Pharmaceutical Services, Inc.	1.7	–0.48	0.00
Bright Horizons Family Solutions, Inc.	2.7	–0.89	–0.02
IDEXX Laboratories, Inc.	4.6	–2.17	–0.12
CoStar Group, Inc.	5.7	–11.08	–0.65
Financials	**29.8**	**–2.77**	**–0.78**
Windy City Investments Holdings, L.L.C.	–	227.38	0.00
Moelis & Company	0.5	18.57	0.07
The Carlyle Group Inc.	0.8	17.72	0.12
Primerica, Inc.	2.8	10.69	0.29
Essent Group Ltd.	0.3	10.35	0.03
Arch Capital Group Ltd.	4.1	6.38	0.23
Houlihan Lokey, Inc.	0.4	–0.55	–0.00
Morningstar, Inc.	2.8	–2.84	–0.05
SS&C Technologies Holdings, Inc.	2.1	–3.74	–0.10
MSCI, Inc.	8.4	–5.94	–0.50
FactSet Research Systems, Inc.	4.3	–6.95	–0.30
Cohen & Steers, Inc.	1.4	–11.48	–0.19
Kinsale Capital Group, Inc.	1.9	–17.60	–0.38
Disruptive Growth	**15.1**	**–5.57**	**–0.82**
ACV Auctions Inc.	0.2	38.44	0.05
Zymergen Inc.	0.1	17.54	0.02
Farmers Business Network, Inc.	0.2	16.99	0.02
Wix.com Ltd.	0.6	11.58	0.06
Altair Engineering Inc.	0.5	7.55	0.04
Iridium Communications Inc.	4.1	4.89	0.31
Northvolt AB	0.1	–0.59	0.00
Schrodinger, Inc.	0.8	–3.69	–0.05
ANSYS, Inc.	5.0	–6.68	–0.38
Desktop Metal, Inc.	0.2	–9.56	–0.01
Pegasystems, Inc.	1.3	–14.17	–0.22
Guidewire Software, Inc.	1.2	–21.05	–0.32
American Well Corporation	0.1	–31.28	–0.03
Denali Therapeutics Inc.	0.5	–31.83	–0.21
Adaptive Biotechnologies Corporation	0.2	–31.98	–0.10
Fees	**–**	**–0.28**	**–0.27**
Total	**100.0**	**0.92***	**0.92***

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

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

Table II shows that our Consumer Discretionary investments, most of which fall under "Real/Irreplaceable Assets," performed strongly during the quarter, reflecting persistent improvements in underlying conditions and expectations for a release of pent-up demand over the duration of 2021. National trends have shown clear and consistent signs of improvement. For example, the U.S. Transportation Security Administration ("TSA") reports the number of travelers passing through its domestic security checkpoints. Trends have improved every month since bottoming last April. In March 2021, the TSA checked 38.1 million travelers, which was down around 48% from pre-COVID levels. This represented a nice improvement from a 57% decline in February. March 2021 demonstrated a 15%-plus improvement vs. March 2020, which was also impacted by COVID.

Our Consumer Discretionary investments have fared much better than the industry as a whole and are continuing to enjoying the same month-over-month improvements. For example, skier visits to **Vail Resorts, Inc.** through early March declined by just 8.2% from last year. Vail's total North American destination visits declined an even more modest 5%, despite travel and capacity restrictions in December. Daily retail sales for March were up three-fold versus pre-COVID levels in 2019, and ski school was sold out during the month. Vail's management was able to grow its season pass sales by almost 20% through creative pricing, aggressive use of data and analytics, and consistently expanding guest value. **Marriott Vacations Worldwide Corp.**'s new contract sales improved by 27% over the prior quarter, and reservations the second half of 2021 are running 8% above pre-COVID levels. Utilization at **Bright Horizons Family Solutions, Inc.**'s child care centers improved by approximately 10% sequentially during its most recently reported quarter, have continued to improve in early 2021, and are expected to reach pre-COVID levels by the end of this year. We expect to see trends continue to improve.

Importantly, we have invested in these Consumer Discretionary stocks because of their discrete attributes and opportunities and not because of any macroeconomically driven thesis. We have owned these stocks for a weighted average of 15.6 years, and all were purchased several years in advance of the current macroeconomic cycle. We remain excited by powerful secular and idiosyncratic opportunities such as the legalization of online gambling and sports gaming, the growing need for child care in dual income households, and the sophisticated use of data and analytics to reduce customer acquisition costs, enhance targeting, and bolster conversion rates. We believe that all our Consumer Discretionary investments possess unique and durable competitive advantages, are appropriately capitalized, and are led by best-in-class management teams. While they have generated strong returns so far in 2021, we continue to believe they have the potential to double in value over our five-year investment horizon.

While the market was focused on cyclical stocks during the quarter, we remain excited about the sustainable growth prospects of our secular-growth oriented portfolio over our five-year investment horizon. We believe that end market conditions are improving for almost all our investments, most notably for those that did not benefit from a COVID-driven tailwind last year. For example, we expect P&C insurance vendors **Arch Capital Group Ltd.** and **Kinsale Capital Group, Inc.** to benefit from the hardening of insurance prices after a decade of soft conditions. We expect **Primerica, Inc.** to benefit from the recent rise in interest rates, as its investment portfolio generates more compelling returns and its fixed income products offer better yields. **Bio-Techne Corporation** will benefit from the reopening of research laboratories, which should reaccelerate demand for its portfolio of proteins and antigens.

We view our 5-year baseline holding period as a significant competitive advantage for several reasons. First, we view the long term as a less efficient area of the market. There is a lot of focus on predicting financial results over the next quarter or two, but almost no focus on forecasting over a 5-year period. This gives us a more fertile competitive set and enables us to identify businesses that will compound at faster-than-expected rates for longer-than-expected time periods. Additionally, this investment horizon allows us to be opportunistic. When companies miss quarterly earnings estimates, or announce investment programs, stocks go down indiscriminately. This is because investors with short-term time horizons view this as uncertainty and expect the stocks to be in the penalty box for several quarters. We can evaluate these situations dispassionately, determine the cause of a miss, or the expected return on an investment program, and make an active investment decision. Ideally this allows us to buy a best-in-class business at a more attractive valuation. Finally, this allows us better access to management teams. Time for investor relations professionals is a scarce resource, and we find that management teams are far more willing to spend time meeting with us than other investors because they know that we can own their stock for at least 5 years, and often for 10 years or longer.

During the quarter, we took advantage of the market's focus on cyclical stocks to initiate an investment in **ACV Auctions Inc.** We believe that ACV is a compelling secular growth business that is using technology, data, and analytics to disrupt the wholesale automotive auction market. We view this as a vast addressable market dominated by incumbents burdened by significant real estate footprints and legacy processes ripe for disruption by an agile digital-native competitor. Please see the section titled "Recent Purchases" for more details.

We intentionally keep our new investments small as we build confidence in our investment thesis and managements' ability to execute. Our new position in ACV reflects this philosophy, and we are working closely with our growing team of analysts to enhance and refine our understanding of this business and its opportunity. We also add opportunistically to existing positions where appropriate. This quarter's abrupt focus on cyclical stocks presented an opportunity to add to several positions at particularly attractive valuations. Most notably, we added to our position in **Schrodinger, Inc.** when the stock declined following its conservative initial financial outlook after its extraordinary financial performance in 2020.

Table III.
Performance Based Characteristics as of March 31, 2021

	Millennium Internet Bubble to Financial Panic 12/31/1999 to 12/31/2008	Financial Panic to Present 12/31/2008 to 3/31/2021	Millennium Internet Bubble to Present 12/31/1999 to 3/31/2021	Inception 12/31/1994 to 3/31/2021
Alpha (%)	5.05	3.34	5.39	7.02
Beta	0.58	0.81	0.69	0.71

Table IV.
Performance
Millennium to COVID-19 Pandemic. The Impact of Not Losing Money.

	Millennium Internet Bubble to Financial Panic 12/31/1999 to 12/31/2008		Financial Panic to Present 12/31/2008 to 3/31/2021		Millennium Internet Bubble to Present 12/31/1999 to 3/31/2021		Inception 12/31/1994 to 3/31/2021	
	Value $10,000	Annualized	Value $10,000	Annualized	Value $10,000	Annualized	Value $10,000	Annualized
Baron Growth Fund (Institutional Shares)	$12,448	2.46%	$68,581	17.02%	$85,373	10.62%	$315,800	14.06%
Russell 2000 Growth Index	$ 6,476	–4.71%	$64,487	16.43%	$41,759	6.96%	$ 99,611	9.15%
S&P 500 Index	$ 7,188	–3.60%	$56,701	15.22%	$40,756	6.84%	$143,103	10.67%

The indexes are unmanaged. Index performance is not Fund performance; one cannot invest directly into 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 ended December 2008, when most others did…as well as outstanding performance of our growth stock investments. The Fund has compounded at 14.06% annually since its inception on December 31, 1994, which exceeds the Benchmark by 4.91% annually. While the Fund did not 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 in value by 4.71% on an annualized basis over the same time, while a hypothetical investment in a fund designed to track the large-cap S&P 500 Index would have declined 3.60% annualized. (Please see Table IV–Millennium Internet Bubble to Financial Panic). From the Financial Panic to the present, the Fund generated compounded returns of 17.02%, which exceeded that of its Benchmark by 0.59% annually. This represents robust absolute and relative returns across a variety of market environments, driven primarily by favorable stock selection.

The power of compounding is best demonstrated by viewing this return in dollar terms. A hypothetical investment of $10,000 in the Fund at its inception on December 31,1994 would be worth $315,800 at March 31, 2021. This is approximately 3.2 times greater than the $99,611 the same hypothetical investment made in a fund designed to track the Benchmark would be worth. Hypothetically, our returns were achieved with approximately 30% less volatility than the Benchmark, as represented by its beta. (Please see Tables III and IV.) 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 V.
Top contributors to performance for the quarter ended March 31, 2021

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
Penn National Gaming, Inc.	2008	$2.5	$16.4	21.39%	1.30%
Bio-Techne Corporation	2009	2.1	14.8	20.37	0.63
Marriott Vacations Worldwide Corp.	2013	1.5	7.2	26.93	0.52
Gartner, Inc.	2007	2.3	16.2	13.96	0.38
Iridium Communications Inc.	2014	0.6	5.5	4.89	0.31

Shares of regional casino operation **Penn National Gaming, Inc.** increased in the quarter on strong share gains in the online sports betting and gaming markets in Michigan and the opening of the large Illinois online sports betting market. Strong sequential growth in revenue and sustained margin improvement in its brick and mortar operations also helped boost the share price. We think these positive developments will lead to improvements in the company's balance sheet and its EBITDA to free cash flow conversion.

Bio-Techne Corporation is a leading developer and manufacturer of high-quality purified proteins and protein analysis and other life sciences tools, which it sells to biomedical researchers and clinical research laboratories. The stock did well in the quarter after the company reported a 19% acceleration in organic growth in the fourth quarter, driven by strength across the business including a small contribution from COVID-19- related products. We continue to believe Bio-Techne has a solid long-term outlook with multiple growth drivers.

Shares of timeshare company **Marriott Vacations Worldwide Corp.** increased in the quarter on accelerated sales driven largely by increased demand in Orlando and Hawaii. The company's announcement of its acquisition of Welk also helped boost its share price. We think added inventory and cost synergies from its Welk acquisition will help improve the company's balance sheet and cash flow profile.

Table VI.
Top detractors from performance for the quarter ended March 31, 2021

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
CoStar Group, Inc.	2004	$0.7	$32.4	–11.08%	–0.65%
MSCI, Inc.	2007	1.8	34.7	–5.94	–0.50
ANSYS, Inc.	2009	2.3	29.6	–6.68	–0.38
Kinsale Capital Group, Inc.	2016	0.6	3.8	–17.60	–0.38
Guidewire Software, Inc.	2012	1.3	8.5	–21.05	–0.32

Shares of **CoStar Group, Inc.**, a real estate information and marketing services company, detracted as a result of a broader rotation away from higher-multiple growth stocks. CoStar has seen an acceleration in demand for its digital marketplace businesses as traditionally offline activities shifted online. Modest headwinds in its data licensing businesses that hampered growth in 2020 are now abating. CoStar has moved to enter the residential real estate market, which meaningfully expands its market and should amplify growth as it launches new technological innovations.

Shares of **MSCI, Inc.**, a leading provider of investment decision support tools, detracted from performance. The stock pulled back as part of the broader market rotation that saw steady compounders, especially ones with strong 2020 performance, temporarily fall out of favor. There was no materially negative company-specific news; MSCI reported largely solid fourth quarter earnings and hosted an upbeat investor day. We retain long-term conviction as MSCI owns strong, all-weather franchises and remains well positioned to benefit from numerous tailwinds in the investment community.

ANSYS, Inc. is a leading provider of physics-based simulation software used to evaluate how products will perform under various scenarios. Shares fell amid a broader market correction in software valuations after a robust 2020. We retain conviction as ANSYS presented strong growth with large accounts and resiliency in its core business throughout 2020, supported by its diversified customer base and focus on secular growth initiatives.

Recent Purchases

This quarter the Fund participated in the IPO of **ACV Auctions Inc.**, the market leader in digital wholesale vehicle transactions. We believe that ACV is a compelling secular growth business that is using technology, data, and analytics to disrupt the wholesale automotive auction market.

We believe that ACV is targeting a vast addressable market. We estimate that there are approximately 40 million used car transactions annually in the U.S. alone, around 75% of which are sold by dealers to consumers. To have a sufficient inventory of used vehicles to sell to consumers, dealers conduct approximately 22 million wholesale vehicle transactions every year, which corresponds to approximately $230 billion in gross merchandise value annually.

Given the fragmented nature of dealers, with over 38,000 independent used car dealers and 16,500 franchise dealers, wholesale transactions are largely facilitated by marketplaces connecting buyers and sellers. The market has been traditionally served by physical auctions held by Manheim, ADESA, and over 200 independent NAAA auction houses. These vendors account for close to 10 million units per year, with other transactions occurring through private auction platforms or in a more informal manner.

Today, digital transactions represent just 5% of all wholesale transactions, with ACV leading the digital market with approximately 40% market share. Digital auctions offer many benefits to dealers including the convenience of accessing auctions from anywhere, avoiding transportation costs and time spent at physical auctions, and increasing the potential buyer base for every vehicle. We believe that COVID has meaningfully accelerated the transition of physical-to-digital auctions. During 2020, digital penetration jumped by 4 times in certain territories versus pre-COVID levels, and we ultimately believe that ACV's volumes can increase by a factor of 10 times.

We believe that ACV has developed meaningful competitive advantages. The company's digital-native footprint and current-generation technology stack create a sustainable cost advantage versus legacy incumbents, who are burdened by meaningful real estate and personnel expenses. The company's value proposition is focused on delivering trust and transparency to buyers and sellers. Its captive team of 750 vehicle inspectors use ACV's proprietary technology to generate best-in-class inspection reports that measure and report on 100 unique vehicle attributes. With each transaction and inspection, ACV collects incremental data, which can further help enhance its market insight and product offerings. Finally, we expect ACV to benefit from flywheel effects as the growing number of buyers on the platform will attract more dealers to sell through the platform, and more inventory on the platform will entice more buyers.

Currently, ACV collects a nominal buyer and seller fee for each vehicle bought and sold on the company's platform. We see ample ways to enhance monetization by selling high-margin ancillary services such as transportation, floorplan financing, and "Go Green" seller's assurance. The "Go Green" offering is the first of its kind in the industry that shifts the risk of the car not being as represented in the inspection report to ACV. We believe that ACV's inspection capabilities and vast data set enable it to offer this service profitably, while competitors would likely lose money if making a similar guarantee. Over time, we believe that increasing attach rates of ancillary services can increase the revenue per vehicle by around 20%, and the profit per vehicle by almost 50%. We also expect the company to identify additional ways to monetize its data assets in a profitable and recurring manner, which should be meaningfully additive to financial results.

As with all our investments, we believe that ACV is run by a best-in-class management team. The company was founded by former car dealers, who understood the opportunities and pitfalls of the industry. CEO George Chamoun, who founded Synacor in 1998, joined in 2016 after being an early investor in the company. George has built out a management team replete with technology industry veterans who have helped craft ACV's advantage as a digitally-native data-first disruptor. The management team remains focused on culture and has hired from, and modeled itself after, many best-in-class culture organizations.

Portfolio Structure and Investment Strategy

The Fund seeks to invest in businesses that we believe have attractive fundamental characteristics and are underpinned by durable competitive advantages. We search for businesses that serve large addressable markets and are benefiting from favorable secular trends. 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 and are investing in their businesses to generate long-term profitable growth.

The Fund holds investments for the long term. As of March 31, 2021, the weighted average holding period of the Fund was 12.9 years. The portfolio's 10 largest positions have been owned for a weighted average of 15.0 years, ranging from a 6.9 year investment in **Iridium Communications Inc.** to a 24.1 year investment in **Vail Resorts, Inc.** Twenty-one of the Fund's investments, representing 72.4% of the portfolio's net assets, have been held for more than 10 years, and 11 investments, representing 19.8% of the portfolio's net assets, have been held between 5 and 10 years. Twenty-one investments, representing 7.9% of the portfolio's net assets, had been owned for less than 5 years. This is dramatically longer than most other small-cap growth funds, which, according to Morningstar, turn over about 80% of their portfolios annually.

We believe that Table VII and Table VIII demonstrate the merits of our long-term holding philosophy.

Table VII.
Top performing stocks owned more than five years

	Year of First Purchase	Cumulative Total Return Since First Date of Purchase
IDEXX Laboratories, Inc.	2005	3,299.8%
Choice Hotels International, Inc.	1996	2,137.5
CoStar Group, Inc.	2004	1,952.7
MSCI, Inc.	2007	1,711.1
Vail Resorts, Inc.	1997	1,677.0
Mettler-Toledo International, Inc.	2008	1,502.0
Penn National Gaming, Inc.	2008	1,463.7
Arch Capital Group Ltd.	2002	1,242.1

The cohort of investments that have been held for more than five years earned an annualized rate of return of 20.3% based on weighted average assets since they were first purchased, which exceeds the performance of the Fund's Benchmark by 7.8% per year annualized. Six of these investments have achieved annualized returns that exceed the Benchmark by more than 10% per year, including two that have achieved annualized returns that exceed the Benchmark by more than 15% per year.

Table VIII.
Top performing stocks owned less than five years

	Year of First Purchase	Cumulative Total Return Since First Date of Purchase
Schrodinger, Inc.	2018	619.4%
Kinsale Capital Group, Inc.	2016	517.7
Wix.com Ltd.	2016	495.4

The cohort of investments that have been held for less than five years has returned 43.9% annually based on weighted average assets since their initial purchase and exceeded the Benchmark by 23.8% annualized. Seven of these investments have achieved annualized returns that exceed the Benchmark by more than 10% per year, including six that have achieved annualized returns that exceed the Benchmark by more than 20% per year.

Portfolio Holdings

As of March 31, 2021, Baron Growth Fund held 53 investments. The top 10 holdings represented 54.3% of the Fund's net assets. All were small-cap businesses at the time of purchase and have become top 10 positions mostly through stock appreciation. Our holdings in these stocks have increased by an average of 14 times since our initial investment, and have exceeded the Benchmark by an average of 9.5% annually. We believe all our positions offer significant further appreciation potential individually, and that the Fund's diversification offers 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 $6.0 billion and its weighted average market cap is $16.6 billion. This compares to Morningstar's U.S. market cap breakpoints for small- and mid-cap funds of $6.4 billion and $33.5 billion, respectively, as of March 31, 2021.

Table IX.
Top 10 holdings as of March 31, 2021

	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	$34.7	$723.3	8.4%
Penn National Gaming, Inc.	2008	2.5	16.4	654.2	7.6
Vail Resorts, Inc.	1997	0.2	11.7	583.3	6.7
CoStar Group, Inc.	2004	0.7	32.4	493.1	5.7
ANSYS, Inc.	2009	2.3	29.6	432.9	5.0
IDEXX Laboratories, Inc.	2005	1.9	41.8	395.9	4.6
FactSet Research Systems, Inc.	2006	2.5	11.7	370.3	4.3
Iridium Communications Inc.	2014	0.6	5.5	355.8	4.1
Arch Capital Group Ltd.	2002	0.4	15.5	353.0	4.1
Bio-Techne Corporation	2009	2.1	14.8	324.6	3.8

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

Respectfully,

Ronald Baron
CEO and Lead Portfolio Manager

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.

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