

**DEAR BARON GROWTH FUND SHAREHOLDER:  
PERFORMANCE**

Baron Growth Fund (the "Fund") declined 18.69% (Institutional Shares) during the quarter ended June 30, 2022. This was modestly better than the Fund's primary benchmark, the Russell 2000 Growth Index (the "Benchmark"), which declined 19.25%. The S&P 500 Index, which measures the performance of publicly traded large-cap U.S. companies, declined 16.10% during the period. The combination of aggressive interest rate hikes by most central banks and rising fears of a macroeconomic slowdown caused declines in almost every global equity market.

Stocks declined meaningfully to start 2022 after robust absolute performance over the prior three years. As has been widely reported, the S&P 500 Index's 20% drawdown in the first six months is its worst first half performance since 1970. While the market is exclusively focused on short-term economic indicators, we believe that the businesses in which we have invested boast large addressable markets, favorable secular trends, and predictable revenue models that will help them generate attractive growth across cycles. We think that the combination of unchanged long-term growth outlooks and compelling valuations positions our portfolio for attractive long-term compound returns.

**Table I.  
Performance**

Annualized for periods ended June 30, 2022

	Baron Growth Fund Retail Shares <sup>1,2</sup>	Baron Growth Fund Institutional Shares <sup>1,2,3</sup>	Russell 2000 Growth Index <sup>1</sup>	S&P 500 Index <sup>1</sup>
Three Months <sup>4</sup>	(18.75)%	(18.69)%	(19.25)%	(16.10)%
Six Months <sup>4</sup>	(29.63)%	(29.54)%	(29.45)%	(19.96)%
One Year	(22.39)%	(22.19)%	(33.43)%	(10.62)%
Three Years	6.45%	6.72%	1.40%	10.60%
Five Years	10.59%	10.87%	4.80%	11.31%
Ten Years	11.86%	12.14%	9.30%	12.96%
Fifteen Years	8.44%	8.68%	6.80%	8.54%
Since Inception (December 31, 1994)	12.52%	12.65%	7.27%	10.04%

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, 2021 was 1.29% and 1.03%, 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](http://www.BaronFunds.com) or call 1-800-99BARON.

<sup>1</sup> 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. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell is a trademark of Russell Investment Group. The indexes and the Fund include reinvestment of dividends, net of withholding taxes, which positively impact the performance results. The indexes are unmanaged. Index performance is not Fund performance; one cannot invest directly into an index.

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> Not annualized.



NEAL ROSENBERG  
CO-PORTFOLIO  
MANAGER

RONALD BARON  
CEO AND LEAD  
PORTFOLIO MANAGER

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

Global markets declined significantly in the second quarter. The S&P 500 Index, which measures the performance of publicly traded large-cap U.S. companies, declined 16.10%, the Russell 2000 Growth Index declined 19.25%, and the MSCI ACWI ex USA Index, which measures stock performance across 46 different global markets, declined 13.73%. The Russell 2000 Growth Index underperformed the Russell 2000 Value Index by 4.0% in the quarter, and growth stocks now trail value stocks by 12.1% over the last six months. IPOs, which raised \$102 billion in the first six months of 2021, have raised just \$5 billion in 2022, or a paltry 3% of last year's total and just 10% of the five-year average.

All asset classes were adversely impacted by a hawkish outlook from the Federal Reserve, which is decisively raising interest rates to combat faster-than-expected inflation. Investors continued to actively debate how the combination of higher interest rates, elevated core inflation, persistently high fuel prices, and a stronger dollar will ultimately impact short-term GDP growth. Efforts at forecasting are further complicated by still-stretched



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supply chains, lingering COVID impacts in certain geographies, and the ongoing war in the Ukraine. This uncertainty is reflected in the significant changes in the yield on the U.S. 10-year Treasury Note during the quarter. Yields began the quarter around 2.4%, surged to peak at 3.5% in mid-June, and then declined to under 3.0% by the end of the quarter.

While investors generally fretted about the potential for slower economic growth during the quarter, there were also weeks when stocks rallied on the same news, reasoning that slower growth may alleviate the ultimate pace of interest rate increases. We believe these types of polar opposite reactions demonstrate the inherent impracticality of trying to time the market. Such efforts involve forecasting complex and interrelated macroeconomic variables as well as the market's potential reaction to each change and can occasionally lead investors to perversely circular and erratic conclusions.

As such, we do not seek to reposition the portfolio to react to potential changes in interest rates, energy prices, the presence or absence of war, or any of the other variables that populate some investors' playbooks. We do not believe that any of these factors and their impacts can be predicted consistently with any accuracy. Instead, we focus on identifying and researching well-managed unique businesses with significant barriers to entry and compelling growth prospects, investing in them at attractive prices, and holding them for the long term. We think that the combination of robust long-term growth outlooks and attractive valuations positions our portfolio for strong returns over the long term.

The businesses in which we have invested have generally continued to report robust financial results despite elevated public attention on the risks of a slowdown. In June, market data vendor **FactSet Research Systems, Inc.** reported an acceleration in its organic growth rate to 10.1%, its fastest rate of organic growth in a decade. FactSet is reaping the benefits of a multi-year investment cycle and unwavering focus on customer service to bring new products to market, consolidate spending from competitors, and realize price increases. **Vail Resorts, Inc.**, the premier ski resort network in North America, reported continued strong destination visitation trends during its ski season on its June call. Vail is also experiencing strong conversion to ski passes, which grew 9% in units and 11% in dollars versus the prior year through June 1. **Guidewire Software, Inc.**, the leader in P&C insurance core systems software, reported outstanding financial results in June that included record new deal activity and 49% growth in its core recurring subscription revenue line. Guidewire has invested heavily to transition its software to be delivered in the cloud and is now benefiting from a virtuous cycle of customer adoption. Finally, timeshare leader **Marriott Vacations Worldwide Corp.** recently increased its outlook for new timeshare sales last month, boosted by very high occupancy, strong tour growth, and sustained spending per owner.

We have also observed our businesses exercise their pricing power more aggressively than in prior periods. During its most recent earnings call, FactSet indicated that it realized \$10 million of incremental revenue from price increases on international clients, which is approximately 30% more than was realized last year. **West Pharmaceutical Services, Inc.**, a leader in integrated containment and delivery systems for injectable drugs, reported 3.5% growth from price increases during its first quarter, or almost three times greater than the 1.2% growth realized in the prior year. **Mettler-Toledo International, Inc.**, a leader in precision measurement instrument and services, reported a 3% increase price realization during its most recently reported quarter. It now expects to realize closer to a 4% improvement for the full year, which we estimate is around double its

historical average price increase. Finally, veterinary diagnostics leader **IDEXX Laboratories, Inc.** reported realizing 4% to 5% increases in 2022, which we estimate is almost double its historical average and is 20% to 25% greater than its expected pricing realization just three months ago. Importantly, we believe that all these pricing actions reflect largely inelastic demand for such products and services, and therefore won't have any adverse impact on volume or customer retention.

While macroeconomic trends may vary, we believe that the businesses in which we have invested all have large addressable markets and are benefiting from robust and favorable secular trends. In addition, most boast recurring, or at least highly visible revenue models which helps to insulate them from short-term demand fluctuations. For example, index and analytics provider **MSCI, Inc.** serves an addressable market that we estimate to be at least 15 times larger than its current business. Growth is benefiting from escalating complexity in managing and monitoring investment processes, a secular shift towards passive strategies, and emerging demand for information and analytics to support ESG and climate-oriented investing. Over 95% of MSCI's annual revenue is from recurring sources, and the company boasts retention rates across its business that exceed 90% annually. **Gartner, Inc.**, the global leader in syndicated research delivering insight to executive teams, with an addressable market that is almost 50 times larger than its current business. Growth is benefiting from rapid changes in technology and demand for actionable but cost-effective advice from industry experts. Over 90% of Gartner's research revenue is recurring, with retention rates that currently exceed 100% when including cross-sells and price increases. **Iridium Communications Inc.**, a provider of global communications via its low-earth orbit satellite constellation, serves an addressable market that we estimate is at least 5 times larger than its current business. Growth is benefiting from growing demand for communications services in regions of the world that lack terrestrial network coverage, as well as the emerging Internet-of-Things. We estimate that almost 80% of Iridium's revenue is recurring, including almost 20% of revenue that is on multi-year contracts with the U.S. Government.

While slower macroeconomic trends might dampen such businesses' performance relative to peaks levels, we still expect them to generate attractive growth rates given their large addressable markets, favorable secular trends, and recurring business models. However, valuations for most of these stocks have compressed meaningfully from last year's peak. We believe that the 29.54% decline in the Fund this year is almost exclusively due to multiple compression, and not due to a change in intermediate- or long-term growth or cash flow prospects. Many stocks that we own, particularly those in the Information Technology (IT) and Health Care sectors, have declined by more than 30% despite having some of the most compelling revenue and earnings growth prospects in the global economy. As such, we think that there is a growing opportunity to invest in stocks that meet our investment criteria at prices that are particularly attractive relative to their intermediate- and long-term growth prospects.

Table II groups our portfolio based on our assessment of the attributes that best characterize each investment. While this does not perfectly correlate to the Global Industry Classification Standard, the industry standard nomenclature, we believe it provides added transparency into our thought process.

**Table II.**  
Total returns by category for the three months ended June 30, 2022

	% of Net Assets (as of 6/30/2022)	Total Return (%)	Contribution to Return (%)
<b>Financials</b>	<b>38.6</b>	<b>-13.31</b>	<b>-4.58</b>
Kinsale Capital Group, Inc.	3.6	0.77	0.03
Essent Group Ltd.	0.3	-5.14	-0.02
Arch Capital Group Ltd.	6.4	-6.05	-0.33
Houlihan Lokey, Inc.	0.5	-9.54	-0.05
FactSet Research Systems, Inc.	7.1	-11.21	-0.64
Morningstar, Inc.	3.6	-11.34	-0.34
Primerica, Inc.	2.9	-12.15	-0.33
Moelis & Company	0.2	-15.18	-0.05
MSCI, Inc.	10.0	-17.83	-1.59
SS&C Technologies Holdings, Inc.	1.1	-22.53	-0.32
Cohen & Steers, Inc.	1.9	-25.39	-0.55
The Carlyle Group Inc.	0.9	-34.71	-0.39
<b>Russell 2000 Growth Index</b>		<b>-19.25</b>	
<b>Real/Irreplaceable Assets</b>	<b>24.6</b>	<b>-20.09</b>	<b>-5.59</b>
Gaming and Leisure Properties, Inc.	3.8	-0.82	0.00
Manchester United plc	-	-8.35	-0.01
Vail Resorts, Inc.	6.7	-15.51	-1.16
American Assets Trust, Inc.	0.1	-20.85	-0.02
Choice Hotels International, Inc.	5.1	-21.09	-1.29
Boyd Gaming Corporation	0.3	-24.15	-0.10
Marriott Vacations Worldwide Corp.	2.2	-25.97	-0.73
Alexandria Real Estate Equities, Inc.	1.7	-27.34	-0.55
Penn National Gaming, Inc.	2.4	-28.44	-0.89
Red Rock Resorts, Inc.	0.9	-30.80	-0.33
Douglas Emmett, Inc.	1.3	-32.22	-0.53
OneSpa World Holdings Limited	-	-61.00	-0.00
<b>Disruptive Growth</b>	<b>11.0</b>	<b>-20.84</b>	<b>-2.37</b>
Northvolt AB	0.3	1.71	0.00
Iridium Communications Inc.	4.6	-6.85	-0.15
Altair Engineering Inc.	0.6	-18.48	-0.09
Mirion Technologies, Inc.	-	-20.82	-0.03
ANSYS, Inc.	3.7	-24.69	-1.00
Guidewire Software, Inc.	1.1	-25.06	-0.30
Schrodinger, Inc.	-	-31.71	-0.03
Denali Therapeutics Inc.	-	-32.60	-0.04
Farmers Business Network, Inc.	0.2	-34.17	-0.10
Pegasystems, Inc.	0.5	-41.01	-0.46
Velo3D, Inc.	-	-68.54	-0.19

	% of Net Assets (as of 6/30/2022)	Total Return (%)	Contribution to Return (%)
<b>Core Growth</b>	<b>26.1</b>	<b>-21.92</b>	<b>-5.90</b>
Littelfuse, Inc.	0.2	2.06	0.00
CoStar Group, Inc.	4.9	-9.31	-0.34
BrightView Holdings, Inc.	0.2	-11.83	-0.03
Mettler-Toledo International, Inc.	1.3	-16.47	-0.25
Trex Company, Inc.	1.1	-16.99	-0.20
Krispy Kreme, Inc.	-	-18.41	-0.01
Gartner, Inc.	5.7	-18.70	-1.10
Bio-Techne Corporation	4.3	-19.89	-0.85
Dechra Pharmaceuticals PLC	0.4	-20.58	-0.07
Neogen Corp.	0.4	-21.89	-0.10
Marel hf.	0.3	-23.45	-0.08
West Pharmaceutical Services, Inc.	2.3	-26.34	-0.61
IDEXX Laboratories, Inc.	3.2	-35.94	-1.49
Bright Horizons Family Solutions, Inc.	1.6	-36.34	-0.75
Sweetgreen, Inc.	-	-56.34	-0.02
<b>Cash</b>	<b>-0.3</b>	<b>-</b>	<b>-</b>
<b>Fees</b>	<b>-</b>	<b>-0.29</b>	<b>-0.29</b>
<b>Total</b>	<b>100.0*</b>	<b>-18.71**</b>	<b>-18.71**</b>

Sources: FactSet PA, BAMCO, and FTSE Russell.

\* Individual weights may not sum to the displayed total due to rounding.  
\*\* Represents the blended return of all share classes of the Fund.

Our investments in **Financials**, **Core Growth**, and **Real/Irreplaceable Assets** represent between 24% and 39% of the Fund's net assets, and aggregate to 89% of net assets. The remaining 11% of net assets is invested in businesses that we consider to be **Disruptive Growth** businesses, which we believe offer greater growth potential, albeit with more risk relative to other investments. We believe this balance appropriately reflects our goal to generate superior returns over time with less risk than our Benchmark.

We believe that this quarter again demonstrates the merits of this balanced approach. For example, the Russell 2000 Value Index outperformed the Russell 2000 Growth index by 4.0% during the quarter. We note similar trends within our portfolio, where our investments in Financials and Real/Irreplaceable Assets performed better than our investments in Disruptive Growth and Core Growth, which sport relatively higher growth rates and relatively higher valuations.

Of note, our investments in Financials exceeded our Benchmark by 5.94% during the quarter. This was not a function of our prescient views on interest rates, GDP growth, or credit trends, since we do not own a single bank and have not made a single investment that is contingent on interest rates. Instead, approximately 60% of our Financials investments are technology-enabled market data vendors, and the remaining 40% of our Financials exposure includes sustainably differentiated P&C carriers or unique advisory businesses. While we consider these investments Financials, their success is not dependent on GDP growth or interest rates, and they do not assume any credit risk. All share the attractive characteristics that we value in our investments, which include large addressable markets, positive secular

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trends, sustainable competitive advantages, attractive business models underpinned by recurring revenue, annual price increases, robust free cash flow generation, and best-in-class management teams. As such, we attribute

this quarter's result to better-than-expected financial performance at the competitively advantaged businesses that we have invested in for the long term.

**Table III.**  
Performance Based Characteristics as of June 30, 2022

	Millennium Internet Bubble to Financial Panic 12/31/1999 to 12/31/2008	Financial Panic to Present 12/31/2008 to 6/30/2022	Millennium Internet Bubble to Present 12/31/1999 to 6/30/2022	Inception 12/31/1994 to 6/30/2022
Alpha (%)	5.05	3.89	5.40	6.96
Beta	0.58	0.82	0.70	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 6/30/2022		Millennium Internet Bubble to Present 12/31/1999 to 6/30/2022		Inception 12/31/1994 to 6/30/2022	
	Value \$10,000	Annualized	Value \$10,000	Annualized	Value \$10,000	Annualized	Value \$10,000	Annualized
Baron Growth Fund	\$12,448	2.46%	\$57,524	13.84%	\$71,609	9.14%	\$264,888	12.65%
Russell 2000 Growth Index	\$ 6,476	-4.71%	\$44,610	11.71%	\$28,888	4.83%	\$ 68,908	7.27%
S&P 500 Index	\$ 7,188	-3.60%	\$55,014	13.46%	\$39,544	6.30%	\$138,846	10.04%

Performance data quoted represents past performance. Past performance is no guarantee of future results. 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. The Fund has gained 12.65% on an annualized basis since its inception on December 31, 1994, which exceeds that of the Benchmark by 5.38% and the S&P 500 Index by 2.61% annually. This represents robust absolute and relative returns across a variety of market environments, driven primarily by favorable stock selection. We attribute this result to not losing money during periods of significant market drawdowns, such as the nine years ended December 2008, as well as robust absolute and relative performance during the most recent five-year period.

While the Fund did not make much money from December 31, 1999 through December 31, 2008, a period which includes the highs of the Internet Bubble and the lows of the Financial Panic, it did generate a positive annualized return of 2.46%. Conversely, a hypothetical investment in a fund designed to track the Fund's Benchmark would have declined in value by 4.71% on an annualized basis over the same time. Similarly, 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 an annualized return of 13.84%, which has exceeded that of its Benchmark by 2.13% annually, and the S&P 500 Index by 0.38% annually. This includes the most recent five-year period when the Fund gained 10.87% on an annualized basis and exceeded the Benchmark by 6.07% annually. Just like during the post-Internet Bubble period, the Fund is outperforming during this growth equity-led market decline. Since small-cap equities peaked last year on November 8, the Fund has outperformed its benchmark by 6.21%.

We believe that the power of compounding is better demonstrated by viewing these returns in dollar terms. A hypothetical investment of \$10,000 in the Fund at its inception on December 31, 1994 would be worth \$264,888 on June 30, 2022. This is approximately 3.8 times greater than the

\$68,908 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.) Importantly, we believe that the returns in the portfolio have come primarily through the compounded growth in the revenue and cash flow of the businesses in which we have invested rather than the expansion of valuation multiples. We are pleased that our long-term investments in what we believe are competitively advantaged companies with sustainable growth prospects and 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 June 30, 2022

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
Kinsale Capital Group, Inc.	2016	\$0.6	\$5.3	0.77%	0.03%

Specialty insurer **Kinsale Capital Group, Inc.** contributed after reporting quarterly results that beat consensus. Gross written premiums grew 45% and EPS grew 47%. Market conditions remain favorable with rate increases above loss cost trends, leading to faster premium growth, better margins, and favorable reserve development. We continue to own the stock because we believe Kinsale is well managed and has a long runway for growth in an attractive segment of the insurance market.

**Table VI.**  
Top detractors from performance for the quarter ended June 30, 2022

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
MSCI, Inc.	2007	\$1.8	\$33.5	-17.83%	-1.59%
IDEXX Laboratories, Inc.	2005	1.9	29.5	-35.94	-1.49
Choice Hotels International, Inc.	1996	0.4	6.2	-21.09	-1.29
Vail Resorts, Inc.	1997	0.2	8.8	-15.51	-1.16
Gartner, Inc.	2007	2.3	19.5	-18.70	-1.10

Shares of **MSCI, Inc.**, a leading provider of investment decision support tools, detracted from performance. Despite reporting solid quarterly earnings results and strong underlying performance, the stock sold off due to broader market weakness and concerns regarding the sensitivity of MSCI's asset-based fee revenue to global equity market performance. We retain long-term conviction, as MSCI owns strong, "all weather" franchises and remains well positioned to benefit from numerous secular tailwinds in the investment community.

Shares of veterinary diagnostics leader **IDEXX Laboratories, Inc.** fell in the quarter. The broader veterinary industry was a pandemic beneficiary as pet adoptions surged and owners working from home were more attentive to pet illness. While 2022 results are being adversely impacted by difficult comparisons, we believe the pandemic has accelerated long-term secular trends around pet ownership and pet care. IDEXX's competitive trends are outstanding, and we expect new proprietary innovations and field sales force expansion to be meaningful contributors to growth.

Shares of hotel franchisor **Choice Hotels International, Inc.** declined on investor concerns around a possible economic slowdown or recession. We retain conviction. Choice is not experiencing a slowdown in visitation or spend levels at its properties and continues to generate strong results. The company recently acquired the Radisson hotel brand in the Americas, an asset-light transaction that should add significantly to shareholder value.

**Vail Resorts, Inc.**, a global ski resort owner/operator, detracted in the quarter due to investor concerns that a possible recession will result in a slowdown or decline in growth. We remain investors. Vail saw no material change to its visitation or spend levels at its resorts and continued to generate robust results. Season pass sales for the 2022-2023 season increased from last season's record levels, and the company has more than 60% of lift ticket revenue locked in before the season starts. Its strong balance sheet should help it weather any downturn.

Shares of **Gartner, Inc.**, a provider of syndicated research, detracted from performance as investors contemplated the impact of a potential recession on future growth trends. We remain invested. Business conditions are strong, with Gartner's research business compounding at double-digit levels. We expect sustained revenue growth and renewed focus on cost control to drive margin expansion and enhanced free cash flow generation. The company's balance sheet is in excellent shape and can support repurchases and bolt-on acquisitions.

## PORTFOLIO STRUCTURE AND INVESTMENT STRATEGY

We seek to invest in businesses with attractive and durable fundamental characteristics. These attributes include sustainable competitive advantages, large and growing addressable markets, and favorable secular tailwinds. We favor business models that have high levels of recurring and predictable revenue, generate attractive incremental margins, are cash generative, and are not dependent on third-party financing. We exclusively invest with management teams that we believe are exceptional and that consistently reinvest in their businesses in pursuit of long-term profitable growth. We apply an iterative and holistic research process to verify, refine, or refute our assessment of these businesses and our expectations for durable growth over time.

We hold investments for the long term. As of June 30, 2022, the weighted average holding period of the Fund was 14.7 years. This is dramatically longer than most other small-cap growth funds, which, according to Morningstar, turn over about 73% of their portfolios annually. The portfolio's 10 largest positions have a weighted average holding period of 16.9 years, ranging from an 8.2 year investment in **Iridium Communications Inc.** and 8.7 year investment in **Gaming and Leisure Properties, Inc.** to investments in **Choice Hotels International, Inc.** and **Vail Resorts, Inc.** that now exceed 25 years. Twenty-three investments, representing 76.5% of the portfolio's total investments, have been held for more than 10 years. Twelve investments, representing 21.3% of the portfolio's total investments, have been held between 5 and 10 years. A further eight investments, representing 2.6% of the portfolio's total investments, have been owned for less than 5 years. We believe that Table VII and Table VIII quantify 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	2,336.9%
Choice Hotels International, Inc.	1996	2,249.0
MSCI, Inc.	2007	1,697.5
Mettler-Toledo International, Inc.	2008	1,492.4
Arch Capital Group Ltd.	2002	1,491.2
CoStar Group, Inc.	2004	1,408.7
Vail Resorts, Inc.	1997	1,256.0
Morningstar, Inc.	2005	1,225.5

The cohort of investments that we have held for more than five years earned an annualized rate of return of 17.5% based on weighted average assets since we first purchased them. This exceeded the performance of the Fund's Benchmark by 9.8% annualized. Eight of these investments have achieved annualized returns that exceeded the Benchmark by more than 10% per year, including four that have achieved annualized returns that exceeded the Benchmark by more than 15% per year and two that have exceeded the benchmark by more than 20% annually. The subset of this cohort that we have held for more than 10 years has compounded at a similar 16.1% based on weighted average assets and exceeded the benchmark by 8.3% annualized.

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**Table VIII.**  
Top performing stocks owned less than five years

	Year of First Purchase	Cumulative Total Return Since First Date of Purchase
Altair Engineering Inc.	2017	186.7%
Houlihan Lokey, Inc.	2017	111.9
Northvolt AB	2020	84.9

The cohort of investments that we have held for less than five years has returned 17.1% annually based on weighted average assets since our initial purchase and exceeded the Benchmark by 14.6% annualized. Four of these investments have achieved annualized returns that exceeded the Benchmark by more than 10% per year, including two that have achieved annualized returns that exceeded the Benchmark by more than 20% per year.

## PORTFOLIO HOLDINGS

As of June 30, 2022, Baron Growth Fund had 43 investments. The top 10 holdings represented 58.6% of the Fund's total investments. 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 appreciated by a weighted average of 16.3% since our initial investment, exceeding the Benchmark by 6.7%. We attribute much of this relative outperformance to the superior growth rates and quality exhibited by these businesses relative to the Benchmark average. 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 as measured by beta. Note that diversification cannot guarantee a profit or protect against loss.

While we only purchase small-cap companies, we tend to hold stocks as long as our investment thesis remains intact, and we see a path to attractive compounded returns. This causes the Fund to own a significant percentage of assets in securities that have appreciated beyond their market capitalizations at the time of purchase. Baron Growth Fund's median market cap is \$5.5 billion and its weighted average market cap is \$14.6 billion. This compares to Morningstar's U.S. market cap breakpoints for small- and mid-cap funds of \$6.1 billion and \$33.9 billion, respectively, as of June 30, 2022.

*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 the Funds' distributor, Baron Capital, Inc., by calling 1-800-99BARON or visiting [www.BaronFunds.com](http://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.

**Table IX.**  
Top 10 holdings as of June 30, 2022

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Total Investments
MSCI, Inc.	2007	\$1.8	\$33.5	\$649.1	10.0%
FactSet Research Systems, Inc.	2006	2.5	14.6	461.5	7.1
Vail Resorts, Inc.	1997	0.2	8.8	436.1	6.7
Arch Capital Group Ltd.	2002	0.4	17.1	416.2	6.4
Gartner, Inc.	2007	2.3	19.5	368.8	5.7
Choice Hotels International, Inc.	1996	0.4	6.2	332.1	5.1
CoStar Group, Inc.	2004	0.7	23.9	318.7	4.9
Iridium Communications Inc.	2014	0.6	4.8	296.7	4.6
Bio-Techne Corporation	2009	2.1	13.6	277.3	4.3
Gaming and Leisure Properties, Inc.	2013	4.2	11.7	247.6	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

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