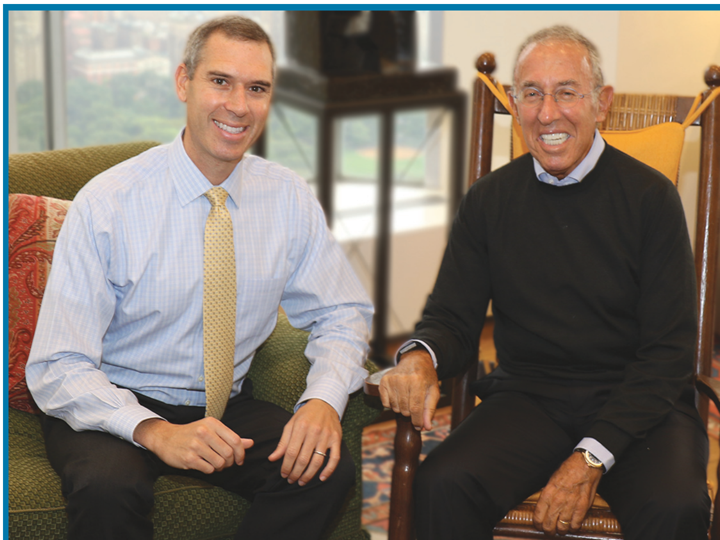
Dear Baron Growth Fund Shareholder:

Performance

Baron Growth Fund (the "Fund") gained 6.56% (Institutional Shares) during the quarter ended December 31, 2021. This exceeded the Fund's primary benchmark, the Russell 2000 Growth Index (the "Benchmark"), which gained 0.01%. The S&P 500 Index, which measures the performance of publicly traded large-cap U.S. companies, gained 11.03% during the period. For the full year, the Fund gained 20.15%, meaningfully exceeding its Benchmark, which gained 2.83%.

The Fund has gained 22.73% on an annualized basis, over the past five years, which exceeds our Benchmark by 8.20% annually and the S&P 500 by 4.26% annually. This year's results included 977 basis points of favorable stock selection, which represents the fifth consecutive year with at least 400 basis points of favorable stock selection. We are gratified by the Fund's absolute and relative performance over the short, intermediate, and long term, and are particularly pleased that our robust and holistic research process and focus on fundamental analysis has generated consistently robust stock selection.



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 December 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]	6.49%	6.56%	0.01%	11.03%
One Year	19.84%	20.15%	2.83%	28.71%
Three Years	30.63%	30.96%	21.17%	26.07%
Five Years	22.41%	22.73%	14.53%	18.47%
Ten Years	16.71%	17.01%	14.14%	16.55%
Fifteen Years	11.51%	11.75%	9.97%	10.66%
Since Inception (December 31, 1994)	14.24%	14.38%	8.81%	11.15%

U.S. stocks finished the year on a high note, with the S&P 500 Index gaining 11.03% during the quarter. Diminishing COVID-induced economic headwinds, ramping inflation, and a rosier employment picture drove the Federal Reserve to accelerate its timeline for shrinking its balance sheet and boosting interest rates. While COVID resurged at the end of the year and into 2022, markets have been sanguine given lower severity and minimal economic restrictions. As usual, investors scrambled to reposition their portfolios based on fluctuations in these macroeconomic variables. Shares of relatively faster growing, smaller, and higher-multiple stocks declined, while pro-cyclical, relatively larger-capitalization and lower-multiple stocks outperformed. This is perhaps best reflected in the significant declines in the shares of recent IPOs. According to data from The Wall Street Journal, the group of 2021 IPOs declined almost 20% in December alone, and two-thirds finished the year below their IPO price.

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 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. 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.

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.

We do not seek to reposition the portfolio to react to potential changes in interest rates, employment levels, GDP growth, or any of the other variables that populate some investors' playbooks. We believe that attempts to divine the direction of stocks from macroeconomic metrics are unlikely to be successful, since such events are often contradictory, almost always transitory, and may already be reflected in equity prices. 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.

As we have previously noted, we believe that inflation is a persistent and enduring feature of everyday life, regardless of when or how it is quantified by macroeconomic metrics such as CPI or PPI. We believe that all our businesses boast sustainable competitive advantages, which help to insulate them from competitors and enable them to consistently raise prices. On the cost side, we primarily invest in companies that incur high fixed costs to build their core asset and have high incremental margins on each additional product sold. To achieve this, such companies tend to sell products or services that use digital inputs, are asset light, employ high levels of automation, and have almost no exposure to commodity prices. We expect such businesses to benefit from a favorable spread between the growth in revenue and the growth in costs caused by rising prices. This spread may be obscured by management decisions to reinvest back into their business to pursue long-term growth opportunities, which we frequently view as value enhancing.

We have seen our businesses exercise their pricing power more aggressively in recent months. **CoStar Group, Inc.** management indicated that the new rate card for its Apartment.com marketing network included 7% price increases on average, with prices for some products increasing by up to 20%. The company also resumed annual pricing increases in its core Suite information and analytics business after a multi-year hiatus. Insurer **Arch Capital Group Ltd.** will benefit from global property catastrophe pricing that rose by approximately 10% during its most recent renewal season, and casualty pricing that rose by around 5%. **Guidewire Software, Inc.** will benefit from the same rise in premium rates, as its customers pay an annual software license fee that is tied to the amount of premiums written by insurers. Finally, composite decking manufacturer **Trex Company, Inc.** initiated four separate price increases during the year. We estimate that Trex's 2021 price actions aggregate to approximately a 15% uplift, which will benefit financial results through 2022. We expect to hear more price increases announced this quarter as companies time actions to coincide with the new calendar year.

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 December 31, 2021

	% of Net Assets (as of 12/31/2021)	Total Return (%)	Contribution to Return (%)
Financials	**34.6**	**13.53**	**4.29**
Kinsale Capital Group, Inc.	2.5	47.19	0.79
Morningstar, Inc.	3.5	32.18	0.88
FactSet Research Systems, Inc.	6.0	23.33	1.17
SS&C Technologies Holdings, Inc.	1.6	18.48	0.27
The Carlyle Group Inc.	1.1	16.60	0.16
Arch Capital Group Ltd.	4.2	16.42	0.64
Houlihan Lokey, Inc.	0.5	12.85	0.06
Cohen & Steers, Inc.	1.8	12.34	0.20
Moelis & Company	0.3	5.36	0.03
Essent Group Ltd.	0.2	3.92	0.01
MSCI, Inc.	10.3	0.88	0.05
Primerica, Inc.	2.6	0.05	0.03
Core Growth	**28.6**	**6.15**	**1.74**
Krispy Kreme, Inc.	0.1	35.51	0.03
Trex Company, Inc.	2.3	32.10	0.54
Mettler-Toledo International, Inc.	1.5	23.22	0.29
Sweetgreen, Inc.	0.1	15.83	–0.01
Littelfuse, Inc.	0.2	15.34	0.03
Dechra Pharmaceuticals PLC	0.4	11.24	0.05
West Pharmaceutical Services, Inc.	2.4	10.57	0.23
Gartner, Inc.	5.4	10.02	0.50
Bio-Techne Corporation	4.4	6.83	0.30
IDEXX Laboratories, Inc.	4.6	5.93	0.27
Neogen Corp.	0.5	4.56	0.02
Marel hf.	0.3	–1.05	–0.00
BrightView Holdings, Inc.	0.2	–4.63	–0.01
CoStar Group, Inc.	4.4	–8.17	–0.35
Bright Horizons Family Solutions, Inc.	1.7	–9.71	–0.14
Disruptive Growth	**12.4**	**3.27**	**0.41**
ANSYS, Inc.	4.6	17.83	0.74
Altair Engineering Inc.	0.6	12.16	0.06
Mirion Technologies, Inc.	0.2	4.26	0.00
Iridium Communications Inc.	3.4	3.61	0.14
Northvolt AB	0.2	1.35	0.00
Farmers Business Network, Inc.	0.2	–4.22	–0.01
Guidewire Software, Inc.	1.2	–4.49	–0.06
Velo3D, Inc.	0.3	–4.55	–0.03
Denali Therapeutics Inc.	0.3	–11.60	–0.04
Pegasystems, Inc.	1.2	–12.00	–0.17
Warby Parker Inc.	0.1	–17.14	–0.01
Zymergen Inc.	–	–17.70	–0.01
Adaptive Biotechnologies Corporation	–	–18.02	–0.02
SmartRent, Inc.	–	–25.02	–0.03
Schrodinger, Inc.	0.2	–36.48	–0.18

	% of Net Assets (as of 12/31/2021)	Total Return (%)	Contribution to Return (%)
Real/Irreplaceable Assets	**24.4**	**0.99**	**0.38**
Choice Hotels International, Inc.	4.8	23.44	0.95
Alexandria Real Estate Equities, Inc.	1.7	17.29	0.27
Red Rock Resorts, Inc.	1.0	14.15	0.14
Marriott Vacations Worldwide Corp.	2.2	7.77	0.16
Gaming and Leisure Properties, Inc.	2.7	7.13	0.20
Douglas Emmett, Inc.	1.3	6.86	0.08
OneSpa World Holdings Limited	0.0	3.67	0.00
Boyd Gaming Corporation	0.3	3.65	0.01
American Assets Trust, Inc.	0.1	1.13	0.00
Vail Resorts, Inc.	6.8	–1.33	–0.09
Manchester United plc	0.4	–26.10	–0.16
Penn National Gaming, Inc.	3.1	–28.45	–1.20
Russell 2000 Growth Index		**0.01**	
Cash	**0.1**	**–**	**0.01**
Fees	**–**	**–0.28**	**–0.29**
Total	**100.0**	**6.53***	**6.53***

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

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

As demonstrated above, our investments in **Financials**, **Core Growth**, and **Real/Irreplaceable Assets** are in roughly equal balance, representing between 24% and 35% of the net assets individually and approximately 87% of the Fund's net assets in aggregate. The remaining 12% of the portfolio 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.

Last quarter, we highlighted our investments in Core Growth businesses, which span sectors including Health Care, Industrials, and Information Technology. This quarter we discuss our investments in Disruptive Growth businesses. We believe that these businesses have created novel products or services that are spawning or disrupting vast addressable markets. Such companies tend to be in a high-growth/high-investment phase of their lifecycles relative to our other investments, as they scale off a relatively smaller base and aggressively reinvest in pursuit of durable competitive advantages. While earlier in their maturity curves, all target the financial and strategic attributes that we have always valued in our investments, including favorable secular trends, recurring revenue streams, and sustainable barriers to entry. We expect all to be highly profitable and generate robust free cash flow when they ultimately exit this phase.

Our Disruptive Growth investments are pursuing idiosyncratic opportunities across the entirety of the global economy. Companies such as **ANSYS, Inc.**, **Altair Engineering Inc.**, and **Velo3D, Inc.** are seeking to disrupt the traditional product development and manufacturing cycle by offering engineers and manufacturers cutting edge software and hardware. ANSYS and Altair are pioneers in simulation software, helping engineers test more product layouts more rapidly to identify optimal designs. Velo is disrupting the manufacturing end of the process by inventing and productizing high-end additive manufacturing techniques. Software companies like **Guidewire Software, Inc.** and **Pegasystems, Inc.** are leveraging the power of cloud computing to disrupt traditional on-premise software and manual processes in the insurance and financial services markets. Software-as-a-service functionality allows all companies to benefit from iterative software improvements, declining hardware costs, and labor outsourcing in exchange for a fixed annual fee. **Iridium Communications Inc.** is disrupting traditional satellite-based communication with its Iridium Next constellation. Iridium can leverage its fixed cost structure and unique technology to enable inexpensive near-universal satellite connectivity for devices and equipment even into the most remote corners of the earth. Finally, biotechnology companies like **Denali Therapeutics Inc.** and **Schrodinger, Inc.** are pushing the boundaries of drug development by pursuing novel diagnostics and therapeutics in areas including neurodegenerative disease and blood cancers.

While Disruptive Growth businesses offer particularly exciting growth opportunities, they also carry relatively higher risk since they are younger, pursuing novel or nascent markets, and are investing particularly aggressively. We actively seek an appropriate balance of risk and return across the portfolio in our effort to generate superior returns over time. To achieve this, we allocate a relatively smaller amount of the portfolio to the Disruptive Growth cohort and own relatively smaller positions in individual Disruptive Growth stocks. As of December 31, 12.4% of the portfolio was in Disruptive Growth. The average position size in this cohort was 1.0%, which is roughly half of the 2.2% average position size measured across the other three cohorts.

This quarter, we funded a previous private placement commitment in **Mirion Technologies, Inc.**, which completed its de-SPAC processes during the quarter. We also participated in the IPO of fast casual restaurant chain **Sweetgreen, Inc.** and made a modest investment in vision care pioneer **Warby Parker Inc.** after its direct listing. Consistent with our long-standing practices, these are modest positions in the portfolio, representing just 0.3% of assets in aggregate. Please see the section titled Recent Purchases for more details on our investment theses.

We exited small positions in **SmartRent, Inc.**, **Adaptive Biotechnologies Corporation**, and **Zymergen Inc.**, and made modest reductions to some larger, highly appreciated positions. We allocated the capital raised to investments that we believe offer more attractive risk-adjusted returns, including the new positions noted above.

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

	Millennium Internet Bubble to Financial Panic 12/31/1999 to 12/31/2008	Financial Panic to Present 12/31/2008 to 12/31/2021	Millennium Internet Bubble to Present 12/31/1999 to 12/31/2021	Inception 12/31/1994 to 12/31/2021
Alpha (%)	5.05	4.74	6.11	7.57
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 12/31/2021		Millennium Internet Bubble to Present 12/31/1999 to 12/31/2021		Inception 12/31/1994 to 12/31/2021	
	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%	$81,636	17.53%	$101,625	11.11%	$375,917	14.38%
Russell 2000 Growth Index	$ 6,476	–4.71%	$63,232	15.24%	$ 40,947	6.62%	$ 97,673	8.81%
S&P 500 Index	$ 7,188	–3.60%	$68,733	15.98%	$ 49,405	7.53%	$173,469	11.15%

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 robust absolute and relative performance during the most recent five-year period. The Fund has gained 14.38% on an annualized basis, since its inception on December 31, 1994, which exceeds that of the Benchmark by 5.57% annually. Performance exceeds that of the S&P 500 Index by 3.23% annually. 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, 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 an annualized return of 17.53%, which exceeded that of its Benchmark by 2.29% annually. This includes the most recent five-year period when the Fund gained 22.73% on an annualized basis and exceeded the Benchmark by 8.20% and the S&P 500 Index by 4.26%. This represents robust absolute and relative returns across a variety of market environments, driven primarily by favorable stock selection.

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 $375,917 at December 31, 2021. This is approximately 3.8 times greater than the $97,673 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 consistent growth in the revenue and cash flow of the businesses in which we have invested rather than expansion in 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 December 31, 2021

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
FactSet Research Systems, Inc.	2006	$2.5	$18.3	23.33%	1.17%
Choice Hotels International, Inc.	1996	0.4	8.7	23.44	0.95
Morningstar, Inc.	2005	0.8	14.7	32.18	0.88
Kinsale Capital Group, Inc.	2016	0.6	5.4	47.19	0.79
ANSYS, Inc.	2009	2.3	35.0	17.83	0.74

Shares of **FactSet Research Systems, Inc.**, a leading provider of investment management tools, contributed to performance. The company reported strong earnings with accelerating revenue growth and expressed confidence in its pipeline. FactSet also announced the acquisition of CUSIP Global Services, which is an accretive deal that we view as a smart use of capital. We retain conviction in FactSet due to the large addressable market, consistent execution on both new product development and financial results, and robust free cash flow generation.

Shares of **Choice Hotels International, Inc.**, a franchisor of economy and midscale hotels, increased in the quarter on a rebound in its business due to a surge in leisure travel and work-from-anywhere arrangements that allowed people to combine work and pleasure. Revenue per available room surpassed 2019 levels, and unit growth accelerated overall and among higher-revenue-generating segments like its Cambria and Ascend brands, producing strong earnings and a robust balance sheet.

Morningstar, Inc., a provider of independent investment research, contributed after reporting organic revenue growth above 18%. The company is seeing strong interest in multiple aspects of its data services. Additionally, it has attracted assets onto its investment management platform. We believe these favorable trends should continue as Morningstar continuously improves its offering and more clients and assets engage with its products.

Table VI.
Top detractors from performance for the quarter ended December 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	$ 8.8	–28.45%	–1.20%
CoStar Group, Inc.	2004	0.7	31.2	–8.17	–0.35
Schrodinger, Inc.	2020	1.7	2.5	–36.48	–0.18
Pegasystems, Inc.	2010	1.2	9.1	–12.00	–0.17
Manchester United plc	2012	2.0	2.3	–26.10	–0.16

Penn National Gaming, Inc., a regional U.S. casino company, declined due to investor concerns over elevated marketing expenses in its Barstool Sports digital business. We think marketing costs will decline over time as Penn grows its customer base and retains existing customers. The core bricks and mortar casino business remains strong, and Penn has a strong balance sheet to fund the digital losses.

Real estate data and marketing platform **CoStar Group, Inc.** detracted for the quarter. The company experienced a slowdown in its multi-family marketing platform as a result of record-high apartment occupancy. We believe this condition is temporary and that growth will improve through higher prices and better customer segmentation. The company is pushing into the residential market, which meaningfully expands its total addressable market. While this initiative requires short-term investment, it should ultimately yield high returns and bolster growth and margins.

Schrodinger, Inc. is dedicated to the use of physics-based computer modeling for drug discovery. Performance in the quarter was adversely affected by the company's financial guidance. Given an incredibly strong 2020, many investors expected a similarly strong 2021 and 2022 transition. Although robust, with 2021 guidance of roughly 15% growth, Schrodinger guided poorly. We retain conviction given the diversification offered by the combination of a software business, a software in exchange for equity business, and Schrodinger's own internal pipeline of five drug assets.

Recent Purchases

This quarter, the Fund initiated a position in **Mirion Technologies, Inc.**, a leader in ionizing radiation detection and measurement technologies to the medical, laboratory, and nuclear power industries. The business consists of a portfolio of niche, mission-critical products that represent a small portion of a project's costs but can cause extensive collateral damage if they fail. Products include dosimeters that monitor radiation levels of medical professionals, quality assurance equipment and software for nuclear medicine treatments, and instrumentation and equipment that is core to the construction, operation, and decommissioning of nuclear power plants.

We think that Mirion has the potential to be a compelling industrial compounder. The company is already the largest player in over 80% of its end markets, and in aggregate is approximately 3.5 times larger than its nearest competitor. We estimate that Mirion's end markets should grow at 5% to 6% annually, driven by favorable secular trends and a consistent replacement cycle. We expect Mirion to grow in line with or ahead of its end markets on an organic basis, as it leverages its scale advantage to take modest market share. Organic growth should be complemented by Mirion's successful acquisition strategy, driving aggregate growth into the double-digit range. In addition, we believe the company has an opportunity to expand markets by 500 bps-plus of margin over time through a favorable mix shift, higher utilization rates, and ongoing M&A synergy realization.

We believe that Mirion boasts a capable and accomplished senior management team. CEO Tom Logan has been with the company since 2005 and has led the strategy that has grown Mirion's revenues from $123 million at inception to approximately $700 million currently. The new chairman of Mirion, Larry Kingsley, has a strong history of shareholder value creation as the former CEO of industrial technology leaders Pall Corporation and IDEX Corporation. We think his expertise will be well utilized as Mirion embarks on its next stage of growth.

The Fund also participated in the IPO of **Sweetgreen, Inc.** Sweetgreen is one of the fastest growing restaurant chains in the U.S. and sits at the intersection of powerful consumer dynamics including health and wellness, plant-based food consumption, digital interaction, and purpose-driven brands. As of September, the company operated 140 restaurants in 13 states, with the goal of ultimately having a national footprint similar in size to traditional fast-food brands.

We see considerable whitespace for the company to expand its footprint over time. The company operates just 140 locations today, and we see a path to doubling its footprint over the next few years, creating an attractive and sustainable unit growth opportunity. The company has been heavily concentrated in large urban markets, some of which have yet to recover to pre-pandemic levels. As COVID-driven headwinds abate, we expect a recovery in urban markets to drive outsized growth for Sweetgreen.

We are particularly impressed by the company's multi-channel approach to customer acquisition. Currently, around 68% of revenue is generated through digital channels, including 47% that comes through Sweetgreen's own digital channel. This is one the highest digital penetration rates among restaurant companies, which we believe gives Sweetgreen a valuable data and customer relationship advantage relative to peers.

Finally, the Fund initiated a position in **Warby Parker Inc.** following its direct listing. Warby Parker is a fast-growing provider of vision care services, selling eyeglasses, contact lenses, eye exams, and accessories from 145 stores and its website. Warby Parker was founded in 2010 and is a pioneer of the direct-to-consumer model. By circumventing traditional channels, designing products in-house, and engaging with customers directly, Warby Parker can sell a pair of prescription glasses at $95 (including lenses) which is a fraction of the price of incumbents. Warby Parker's customer-centric approach, reasonable prices, quirky and fun store environments, and attractive product assortment has led to an industry leading net promoter score ("NPS") of 83 vs. 30 for optical peers. With just 1% market share, we believe there is meaningful opportunity for Warby Parker to scale in the years and decades ahead.

Warby Parker operates in the large and growing $35 billion U.S. eyewear industry. The industry is characterized by consistent, stable growth driven by a large, aging population with a consistent replenishment cycle. The Vision Council reported that nearly 200 million or 76% of adults in the U.S. were using some form of vision correction in 2020. In addition, the number of Americans ages 65 and older will more than double over the next 40 years. On average, glasses wearers replace their glasses every two to two and a half years. More recently, increasing screen time usage has contributed to increased vision correction needs and consistent new customer growth for the eyewear market.

We believe Warby Parker has a long runway for growth. The company operates just 145 stores today, a fraction of its target of 900 locations. New store openings are supported by payback periods of under 20 months, industry leading NPS, and favorable industry dynamics. We also are excited about Warby Parker's opportunity to add additional products and services such as contact lenses, progressives, and eye exams. As the company grows, we expect margins to improve from 6% currently to 20% or higher over time. Lastly, we admire management's commitment to corporate philanthropy. The company's "Buy a Pair, Give a Pair" program, which donates a pair of glasses for every pair sold, has already resulted in 8 million frames donated.

Portfolio Structure and Investment Strategy

We seek to invest in businesses with attractive fundamental characteristics underpinned by sustainable competitive advantages. We search for businesses that serve large addressable markets benefiting from favorable secular tailwinds. 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. We apply an iterative and holistic research process to verify, refine, or refute our assessment of these businesses and our expectations for long-term growth.

We hold investments for the long term. As of December 31, 2021, the weighted average holding period of the portfolio was 14.0 years. This is dramatically longer than most other small-cap growth funds, which, according to Morningstar, turn over about 79% of their portfolios annually. The portfolio's 10 largest positions have a weighted average holding period of 17.2 years, ranging from a 12.9-year investment in **Bio-Techne Corporation** and 13.0-year investment in **ANSYS, Inc.**, to a 25.2-year investment in **Choice Hotels International, Inc.** Twenty-one investments, representing 74.5% of the portfolio's net assets, have been held for more than 10 years. Fourteen investments, representing 21.6% of the portfolio's net assets, have been held between 5 and 10 years. A further 16 investments, representing 3.9% of the portfolio's net assets, have been owned for less than 5 years.

Our longest tenured investments have continued to generate robust absolute and relative returns. This was true again in 2021. The Fund's 10 longest tenured investments returned an average of 37.7% (weighted average of 39.0%) in 2021, which compares to the Fund's return of 20.15% and our Benchmark's 2.83%. 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	4,475.0%
Choice Hotels International, Inc.	1996	3,165.0
MSCI, Inc.	2007	2,559.7
Mettler-Toledo International, Inc.	2008	2,252.7
Vail Resorts, Inc.	1997	1,908.3
CoStar Group, Inc.	2004	1,873.8
Morningstar, Inc.	2005	1,767.1
Cohen & Steers, Inc.	2004	1,504.0

The cohort of investments that we have held for more than five years earned an annualized rate of return of 21.4% based on weighted average assets since we first purchased them. This exceeded the performance of the Fund's Benchmark by 10.1% annualized. Nine of these investments have achieved annualized returns that exceeded the Benchmark by more than 10% per year, including five that have achieved annualized returns that exceeded the Benchmark by more than 15% per year and three 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 19.8% and exceeded the benchmark by 9.1% annualized.

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	322.3%
Schrodinger, Inc.	2018	227.5
Dechra Pharmaceuticals PLC	2018	177.3

The cohort of investments that we have held for less than five years has returned 24.1% annually based on weighted average assets since our initial purchase and exceeded the Benchmark by 11.4% annualized. Six 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 20% per year.

PORTFOLIO HOLDINGS

As of December 31, 2021, Baron Growth Fund had 51 investments. The top 10 holdings represented 55.5% 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 a weighted average of 20.1 times since our initial investment and have exceeded the Benchmark by a weighted average of 10.3% annually. 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.

We only purchase small-cap companies. Since we hold investments for the long term, we have a significant percentage of assets invested in securities that have appreciated beyond their market capitalizations at the time of purchase. Baron Growth Fund's median market cap is $7.4 billion, and its weighted average market cap is $21.8 billion. This compares to Morningstar's U.S. market cap breakpoints for small- and mid-cap funds of $8.0 billion and $42.6 billion, respectively, as of December 31, 2021.

Table IX.
Top 10 holdings as of December 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	$50.5	$995.6	10.3%
Vail Resorts, Inc.	1997	0.2	13.3	655.8	6.8
FactSet Research Systems, Inc.	2006	2.5	18.3	583.2	6.0
Gartner, Inc.	2007	2.3	27.5	526.6	5.4
Choice Hotels International, Inc.	1996	0.4	8.7	468.0	4.8
ANSYS, Inc.	2009	2.3	35.0	449.3	4.6
IDEXX Laboratories, Inc.	2005	1.9	55.8	441.2	4.6
Bio-Techne Corporation	2009	2.1	20.3	429.4	4.4
CoStar Group, Inc.	2004	0.7	31.2	421.6	4.4
Arch Capital Group Ltd.	2002	0.4	17.2	407.4	4.2

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.

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).