Dear Baron International Growth Fund Shareholder:

Performance

Baron International Growth Fund (the "Fund") gained 2.34% (Institutional Shares) during the first quarter of 2021, while its principal benchmark index, the MSCI ACWI ex USA Index, appreciated 3.49%. The MSCI ACWI ex USA IMI Growth Index gained 0.38% for the quarter. The Fund modestly underperformed its principal benchmark index, while outperforming the all-cap growth proxy. International and emerging market ("EM") equities modestly trailed their U.S. counterparts, consolidating the outperformance of the second half of 2020. Market leadership by sector continued to ebb and flow, with strength in quality growth stocks in the first half of the quarter giving way to notable outperformance by more economically cyclical stocks in the second half. In our view, with the exception of a couple of outlier countries, investors largely looked through ongoing COVID-19 disruption and focused on vaccine penetration and sustained fiscal largesse, anticipating positive corporate earnings momentum in future periods. The rise in longer-term sovereign bond yields that began late last year accelerated midway through the quarter, coincident with the sector rotation noted above. In our view, this signals the market's passage through the most favorable post-COVID market environment, where risk aversion and low expectations met massive policy stimulus and positive vaccine developments. Going forward, equities will be much more sensitive to growth and inflation expectations, though we note that bond yields have already priced in a materially tighter Fed than what has been officially communicated. In short, to sustain solid gains, equities will need the affirmation of strong earnings performance and guidance, while in our view, multiples are unlikely to expand from here. We remain optimistic that corporate earnings are likely to deliver, particularly for the companies in which we have invested, and we continue to anticipate a sustainable period of dollar weakness and relative outperformance for international and EM equities. As always, we are confident that we have invested in many well-positioned and well-managed companies on a bottom-up basis, which are poised to benefit from long-term and attractive investment themes.

MICHAEL KASS

PORTFOLIO MANAGER

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

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

	Baron International Growth Fund Retail Shares[1,2]	Baron International Growth Fund Institutional Shares[1,2,3]	MSCI ACWI ex USA Index[1]	MSCI ACWI ex USA IMI Growth Index[1]
Three Months[4]	2.28%	2.34%	3.49%	0.38%
One Year	70.08%	70.57%	49.41%	52.20%
Three Years	11.53%	11.81%	6.51%	10.11%
Five Years	14.77%	15.05%	9.76%	11.99%
Ten Years	8.77%	9.04%	4.93%	6.76%
Since Inception (December 31, 2008)	12.37%	12.65%	8.21%	9.98%

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2020 was 1.28% and 1.01%, but the net annual expense ratio was 1.20% and 0.95% (net of the Adviser's fee waivers), respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser reimburses certain Baron Fund expenses pursuant to a contract expiring on August 29, 2031, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit www.BaronFunds.com or call 1-800-99BARON.

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

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

3 Performance for the Institutional Shares prior to 5/29/2009 is based on the performance of the Retail Shares, which have a distribution fee. The Institutional Shares do not have a distribution fee. If the annual returns for the Institutional Shares prior to 5/29/2009 did not reflect this fee, the returns would be higher.

4 Not annualized.

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For the first quarter of 2021, we modestly underperformed our primary benchmark, the MSCI ACWI ex USA Index, while outperforming the all-cap International growth proxy. From a broad market perspective, first quarter trends were largely a continuation of the previous quarter, wherein investors increasingly allocated capital toward more economically cyclical stocks. Our performance was in line with our expectations as we often lag the core index in such periods. From a sector perspective, adverse stock selection in the Financials and Information Technology ("IT") was the largest detractor from relative performance. Within the Financials sector, declines in **Credit Suisse Group AG**, related to two unusual credit events, and in **Itau Unibanco Holding SA**, in our view, related to the re-emergence of COVID-disruption in Brazil, drove the bulk of poor performance. In the IT sector, several investments, primarily related to our digitization and fintech themes (**TeamViewer AG**, **Keyence Corporation**, **NEXTDC Limited**, **Kingdee International Software Group Co. Ltd.**, **PagSeguro Digital Ltd.**, and **GDS Holdings Limited**) retraced a portion of prior period gains amid a general period of correction in growth stocks. Offsetting a portion of the above, strong stock selection effect in the Health Care sector was led by **Eurofins Scientific SE** and **Zai Lab Limited**, while positive allocation effect resulting from our underweight position in Consumer Staples also contributed to relative performance. From a country perspective, our overweight position in Brazil, and adverse stock selection in Germany and Switzerland, due to the declines mentioned above in our investments in TeamViewer and Credit Suisse, were the largest detractors from relative performance during the quarter. In our view, the weakness in Brazil was driven by the re-emergence of COVID-related disruption and is likely to be temporary, however we have reduced aggregate exposure and will continue to monitor the situation as such challenges have begun to threaten the favorable reform agenda. Offsetting a portion of the above, from a country perspective, strong stock selection effect in Russia **(TCS Group Holding PLC** and **Novatek PJSC**), China (**Agora, Inc.** and **Galaxy Entertainment Group Limited**), and France (**BNP Paribas S.A.** and **Eurofins Scientific SE**) contributed positively to relative performance.

Table II.
Top contributors to performance for the quarter ended March 31, 2021

	Percent Impact
TCS Group Holding PLC	0.62%
Agora, Inc.	0.44
BNP Paribas S.A.	0.32
AMG Advanced Metallurgical Group N.V.	0.28
Grupo Mexico, S.A.B. de C.V.	0.25

TCS Group Holding PLC operates Tinkoff Bank in Russia. Shares appreciated on strong traction in several of TCS Group's business lines, including its retail brokerage business and online payment processing. In January, the company announced changes to its share class structure and board of directors, which improved the corporate governance outlook for the company. We retain high conviction in TCS Group as it morphs from a consumer-focused neobank to a platform company with growing fee-based revenues.

Agora, **Inc**. provides Real-Time Engagement Platform-as-a-Service ("RTE PaaS") in China. Shares increased during the period held after Agora's fourth quarter earnings results reaffirmed its leadership position in the RTE PaaS vertical and alleviated margin concerns over infrastructure costs and investments in overseas expansions. Nevertheless, we exited our position to reallocate to higher conviction ideas.

BNP Paribas S.A. is a France-based universal bank with operations across several European markets and the U.S. Shares of BNP appreciated after reporting year-end results that beat Street estimates and providing an encouraging outlook for 2021. The bank is seeing a strong rebound in its domestic markets and corporate and institutional banking divisions, driven by lower provision costs and higher demand for credit. We retain conviction in BNP given its solid capital position and its credible self-help plan to improve profitability in the mid term.

AMG Advanced Metallurgical Group N.V. is a Netherlands-based company that produces specialty metals, mineral products, and related vacuum furnace systems. AMG also recycles spent catalysts from oil refineries into ferrovanadium using proprietary technology. Shares increased due to a rally in vanadium and lithium prices. AMG has a captive customer base with long-term contracts, and demand for its services is being driven by environmental regulations to reduce hazardous waste. In addition, we like the company's growth and margin expansion opportunity in lithium.

Grupo Mexico, S.A.B de C.V. is a conglomerate that owns copper mines, railroads, and infrastructure projects in Latin America. Shares rose due to a rally in copper prices as well as peer railroad M&A news that highlighted the value of its rail segment. We retain conviction as we believe Grupo Mexico is a well-managed company trading at a meaningful discount to the sum of its parts. The copper segment includes some of the largest, lowest-cost copper mines and production should grow significantly. The railroad segment is benefiting from higher shipping volumes and margin expansion.

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

	Percent Impact
Credit Suisse Group AG	–0.46%
TeamViewer AG	–0.31
Keyence Corporation	–0.29
Kingdee International Software Group Co. Ltd.	–0.22
SMS Co., Ltd.	–0.21

Credit Suisse Group AG is a Switzerland-based financial institution focused on wealth management and investment banking. Shares of Credit Suisse declined during the quarter as the company experienced two high-profile mishaps in its asset management and prime brokerage businesses, leading to significant losses and curtailment of its capital return plans. We believe the impact of these losses is already reflected in the market cap and see value in the group's wealth management operations, which provide upside from current levels.

TeamViewer AG, a leading global software connectivity platform, detracted from performance. The company announced two large sponsorship deals with Manchester United and the Mercedes-AMG Formula One team. The goal of the sponsorships is to enhance the TeamViewer brand globally, but in the near term, they will take down margins by approximately 600 basis points. This drop in near-term profitability was the primary driver of stock weakness. We retain conviction and believe the company has a compelling combination of strong growth prospects and attractive margins.

After a strong 2020, shares of **Keyence Corporation** gave up some gains in the quarter as the market rotated out of high-valuation technology stocks. As a global leader in machine vision and factory automation systems, the company is well positioned to benefit from rising adoption of industrial automation equipment to enhance productivity, in our view. We retain conviction due to Keyence's dominant market position and ability to generate high returns on capital and expect it to sustain mid-teen earnings growth over the next three to five years.

After achieving record growth in 2020, shares of enterprise management software provider **Kingdee International Software Group Co. Ltd.** gave up some gains during the quarter. While the underlying growth in core cloud products remained strong, the market rotation from growth to value and margin pressure from its cloud transition weighed on the stock. We maintain our conviction in Kingdee's ability to deliver growth in the vastly underpenetrated customer relationship management segment in China given its long-standing leadership and R&D capability.

SMS Co., Ltd. is a Japan-based operator of websites focused on elder care. Shares fell due to the prolonged pandemic-related shutdown in Japan's economy, delaying hiring from enterprises and pressuring the company's growth. In addition, the rotation from growth to value led to multiple contraction in the cloud and SaaS segments in which SMS operates. We continue to believe the structural misalignment between worker supply and demand will sustain the sector's long-term growth and that SMS is well positioned to benefit as the leader in the space.

Portfolio Structure

Table IV.
Top 10 holdings as of March 31, 2021 – Developed Countries

	Percent of Net Assets
BNP Paribas S.A.	3.1%
S4 Capital plc	1.9
argenx SE	1.9
Future plc	1.9
Lloyds Banking Group plc	1.8
Linde plc	1.7
Credit Suisse Group AG	1.6
Takeda Pharmaceutical Company Limited	1.6
LVMH Moet Hennessy Louis Vuitton SE	1.6
Befesa S.A.	1.5

Table V.
Top five holdings as of March 31, 2021 – Emerging Countries

	Percent of Net Assets
TCS Group Holding PLC	1.6%
Zai Lab Limited	1.6
Tencent Holdings Limited	1.6
Bajaj Finance Limited	1.6
Korea Shipbuilding & Offshore Engineering Co., Ltd.	1.4

Table VI.
Percentage of securities in Developed Markets as of March 31, 2021

	Percent of Net Assets
United Kingdom	16.0%
Japan	12.9
France	8.3
Netherlands	4.1
Germany	3.8
Switzerland	3.6
Sweden	3.2
Israel	2.6
United States	2.4
Canada	2.1
Spain	1.8
Hong Kong	1.2
Australia	0.9
Denmark	0.9
Norway	0.7

Table VII.
Percentage of securities in Emerging Markets as of March 31, 2021

	Percent of Net Assets
China	12.7%
India	7.4
Russia	4.2
Brazil	4.0
Korea	1.4
Mexico	1.3
United Arab Emirates	0.3

Exposure by Market Cap: The Fund may invest in companies of any market capitalization, and we strive to maintain broad diversification by market cap. At the end of the first quarter of 2021, the Fund's median market cap was $16.6 billion. We were invested 68.3% in large- and giant-cap companies, 20.1% in mid-cap companies, and 7.4% in small- and micro-cap companies, as defined by Morningstar, with the remainder in cash.

Recent Activity

During the first quarter of 2021, we added a couple of new positions while also increasing position sizes in several existing investments. We continue our endeavor to reduce the number of positions in the portfolio while adding concentration to our highest conviction ideas.

As part of our sustainability/EV supply chain theme, we initiated a position in **Glencore PLC**, which is a large producer of key energy metals (copper, cobalt, and nickel) enabling the electrification of transportation (EV batteries) and growth in energy storage systems. We have been bullish on the long-term growth outlook for copper since our investment in Grupo Mexico, and we continue to expect multi-year supply deficits driven by the structural demand increase from electrification. On average, electric vehicles require 4 times the amount of copper content compared to ICE vehicles, while wind and solar power plants use 5 times the amount of copper per megawatt compared to conventional power plants. We are encouraged by the portfolio transition at the company with a greater focus on increasing the net share of battery metals in the overall production mix. We also like the company's commitment to ESG-related improvements. Glencore became the first global miner that established goals aligned with The Paris Agreement, targeting net zero emissions by 2050. We believe Glencore has substantial appreciation potential given its current discounted valuation and attractive free cash flow yield.

We also initiated a position in **Watches of Switzerland Group Limited** ("WOSG"), a U.K.-based retailer of luxury watches. WOSG focuses on the leading luxury watch brands that are generally immune from the cyclical volume growth often experienced by much of the European watch industry, in our view, a result of chronic undersupply and demand-pull of the leading brands. Over 50% of sales are Rolex, one of the top brands overall in global luxury, while over 70% of sales are comprised of Rolex, Audemars Piguet, and Patek Philippe, brands for which demand significantly outstrips supply. As evidence, WOSG posted positive revenue growth in the second half of 2020 despite losing a large fraction of its operating hours due to mandated store closures. WOSG has been a key beneficiary as the top luxury watch brands consolidate distribution to fewer, higher-quality dealers that are investing in elevated retail spaces, with the company now representing some 50% of total Rolex sales in the U.K. WOSG entered the U.S. several years ago via an acquisition, and we believe the company is well positioned to consolidate the highly fragmented U.S. market via acquisitions and new openings, while achieving highly accretive returns on invested capital, similar to what it has already achieved in the U.K. We also believe opportunities exist to enhance growth via expansion in certain continental European markets.

During the quarter, we also added to several existing positions, notably **Genmab A/S**, **BNP Paribas S.A.**, **Symrise AG**, **Linde plc**, **Industria de Diseno Textil, S.A.**, **AMG Advanced Metallurgical Group N.V.**, and **Korea Shipbuilding & Offshore Engineering Co., Ltd.** Based on our goal to increase portfolio concentration and/or due to valuations reaching levels inconsistent with our view of fundamentals, we exited our positions in **Farfetch Limited**, **Rentokil Initial plc**, **Agora, Inc.**, **Fidelity National Information Services, Inc.**, and **Trainline Plc**.

Outlook

The first quarter of 2021 was volatile, with more speculative and higher growth stocks advancing briskly to reach a peak in mid-February, only to reverse and end the quarter relatively flat. Quality growth stocks performed similarly, albeit with less volatility. This reversal coincided with the acceleration of the rise in longer-term sovereign bond yields that began late last year. In our view, this is a reflection of growing market conviction around vaccine penetration, economic reopening, and the re-upping of global fiscal stimulus. Although the earnings outlook remains buoyant across most sectors, more economically sensitive stocks have recently benefited from rising growth expectations, while quality growth stocks were more vulnerable to multiple compression when interest rates rose abruptly. We view the first quarter market behavior as evidence that we have likely passed through the most favorable phase of the post-COVID market recovery, where risk aversion, low expectations, and pent-up demand met massive policy stimulus, positive vaccine developments, and increasingly, economic reopening and normalization. Going forward, we expect equity investors to be more sensitive to the pace of growth and inflation expectations, while skeptical of central bank tightening, and real economic growth and earnings will replace policy stimulus as the primary catalyst for future gains. In our view, bond yields have already priced in a materially tighter Fed than both what is being communicated and what is likely. We suspect bond market vigilantes may have gone too far too soon, and note that a peak in bond yields would favor growth stocks after a substantive first quarter correction.

We often say that whether looking at a particular company, a country/currency, or an asset class such as equities, what matters in assessing the attractiveness of an investment is not only the likely forward evolution of fundamentals, but also, and often critically, what has already been priced in. We view the current market environment as unique in the context of prior post-economic/financial crises. The COVID crisis was not provoked by excessive leverage or speculation, but rather was an exogenous pandemic event that triggered historic stimulus and fiscal expansion to create a bridge to recovery. Also unusual after a major economic disruption, the global banking system remains largely healthy and pent-up demand is well primed, particularly at the consumer level. However, because investors now express near certainty that following mass vaccination the global economy and corporate earnings will return to potential, if not overshoot due to stimulus in the pipeline, equity values have recovered well in advance of earnings. In other words, even for the most COVID-impacted sectors and stocks, a substantive if not full recovery has largely been discounted, in this case sooner than what is typically observed following an economic disruption. This presents a challenge for investors as we believe the key question now is whether the earnings evolution will merely meet, or *exceed*, what has already been discounted. While we have high conviction that very good earnings news likely lies ahead, we believe stocks may have already entered a digestion or consolidation phase after stellar returns from the lows of a year ago gains are likely to moderate from here.

In recent months, as growth and inflation expectations have firmed, longer-term bond yields have risen while more economically cyclical and value-oriented stocks have outperformed secular growth stocks. We certainly are not surprised by this turn of events, having anticipated and communicated our expectation of such a mean reversion for some time. While we cannot predict when this reversion will have run its course to find equilibrium, we suspect this sector rotation would likely subside or inflect when either longer-term bond yields rise to a level that suggests a peak in economic growth momentum, or when rising inflation expectations coerce the Fed to signal an openness to rate hikes. We believe the abrupt move higher in U.S. Treasury yields may have already approached this threshold, and we reiterate our view that in the longer term, a vast majority of value creation resides in secular growth sectors such as digitization (semiconductor/software-related/internet platforms/e-commerce/logistics/AI/cloud), fintech, health care/biotechnology, smart manufacturing, automation/robotics, and sustainability/carbon reduction. Further, we remain confident that the transition to fiscal expansion and "Modern Monetary Theory" as the primary means of global stimulus, alongside the ongoing development of EU mutualization and the "digital Euro", suggest a sustainable improvement in global growth expectations and a likely dollar bear market ahead, and we continue to believe international and EM equities have likely entered a longer-term phase of outperformance.

Thank you for investing in the Baron International Growth Fund.

Sincerely,

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

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

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