Dear Baron International Growth Fund Shareholder:

Performance

Baron International Growth Fund (the "Fund") declined 21.50% (Institutional Shares) for the first quarter of 2020, while its principal benchmark index, the MSCI ACWI ex USA Index, declined 23.36%. The MSCI ACWI ex USA IMI Growth Index retreated 19.27% for the first quarter. The Fund outperformed its principal benchmark index for the quarter, even as market conditions soured in the final weeks on concerns over the severity and duration of COVID-19 and related economic disruption. Global equities logged one of the largest quarterly declines in history as a host of uncertainties sparked an acute and widespread liquidity crisis, and the market sell-off was particularly abrupt. While we suspect it will be some time before investors can gain confidence in the scope and timing of an economic and earnings recovery, we do believe that markets can at a minimum stabilize as greater clarity emerges regarding: a peak in case counts, availability of testing for symptomatic patients and for the presence of antibodies in the general population, therapeutic options, and progress towards a vaccine. We see evidence that the unprecedented and global policy response is achieving its desired effect in supporting markets and will act as a bridge to the restart of economies worldwide. During the quarter, international equities underperformed U.S. equities as defined by the S&P 500 Index. However, we continue to suspect that the multi-year period of international relative underperformance may be nearing its end, and we will be carefully watching how such relative performance progresses in the context of the massive policy measures and fiscal expansion now underway in the U.S. As always, we are comforted by the fact that we have invested in many well-positioned and well-managed companies on a bottom-up basis, and we believe many will be poised to consolidate market share when the current crisis subsides.

Table I.
Performance
Annualized for periods ended March 31, 2020

	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]	(21.51)%	(21.50)%	(23.36)%	(19.27)%
One Year	(13.19)%	(13.00)%	(15.57)%	(8.65)%
Three Years	1.11%	1.35%	(1.96)%	1.85%
Five Years	2.55%	2.80%	(0.64)%	1.89%
Ten Years	4.95%	5.21%	2.05%	3.86%
Since Inception (December 31, 2008)	8.30%	8.57%	5.15%	6.85%

MICHAEL KASS

PORTFOLIO MANAGER

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

For the first quarter of 2020, we outperformed our primary benchmark, the MSCI ACWI ex USA Index, though we trailed the all-cap international growth proxy. After a strong start to the year for the Fund's relative performance, March trading extracted a heavy toll on absolute returns, as a COVID-19-related liquidity crisis rapidly spread globally and particularly impacted holdings in our India and Brazil reform themes. While we continue to have high conviction in the businesses and management teams in which we have invested, there are select cases where a near-total halt to revenue due to COVID-19 shutdowns has resulted in a near-term impairment of value. While all portfolio managers have faced this challenge, within our portfolios, airline and travel-related holdings have been the principal source of underperformance from a sector or sub-industry perspective. During the quarter, strong stock selection effect as well as an overweight position in the Information Technology ("IT") sector contributed the most to relative performance. Here, our investments in cloud software and data center providers such as **NEXTDC Limited**, **GDS Holdings Limited**, **Kingdee International Software Group Co. Ltd.**, and **Glodon Company Limited** stood out, all contributing double-digit positive absolute returns in declining markets. These companies are perceived as indirect and relative beneficiaries of COVID-19 disruption. **TeamViewer AG**, a global leader in corporate

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, 2019 was 1.31% and 1.04%, 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, 2030, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit www.BaronFunds.com or call 1-800-99BARON.

The Fund's 3, 5 and 10-year historical performance was impacted by gains from IPOs and/or secondary offerings, and there is no guarantee that these results can be repeated or that the Fund's level of participation in IPOs and secondary offerings will be the same in the future.

1 The index performance is not Fund performance; one cannot invest directly into an index. 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. The indexes and Baron International Growth Fund include reinvestment of dividends, net of foreign withholding taxes, which positively impact the performance results.

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.

remote access software and services, is an even more direct beneficiary. We acquired the stock during the quarter, and this investment was a top relative performer in the quarter. Finally, within IT, our longstanding holding **RIB Software SE** received a cash takeover offer and was the top contributor to relative performance during the quarter. In addition, positive stock selection in the Materials sector as well as our cash position contributed positively to relative returns during the quarter. On the negative side, poor stock selection in Industrials, driven by travel-related holdings **Azul S.A.**, **Copa Holdings, S.A.**, and **Aena SME, S.A.**, detracted significantly from relative performance. In addition**,** adverse stock selection in the Financials sector, albeit partly offset by our underweight position, also detracted from relative performance, as COVID-19 related credit concerns and declining interest rates severely impacted financial stocks globally. From a country perspective for the first quarter, Germany contributed the most due to the above-mentioned investments in RIB Software and TeamViewer. China was also a standout relative performer driven by our China value-added theme holdings **Zai Lab Limited**, **Shenzhen Mindray Bio-Medical Electronics Co., Ltd.**, GDS, Glodon, and Kingdee**.** Partially offsetting the above, adverse allocation effect due to our overweight positions in Brazil and India, as well as poor stock selection effect in India resulting from the financial concentration in our wealth management/consumer credit theme, detracted from relative performance during the quarter.

Table II.
Top contributors to performance for the quarter ended March 31, 2020

	Percent Impact
TeamViewer AG	0.43%
RIB Software SE	0.38
Zai Lab Limited	0.26
Kingdee International Software Group Co. Ltd.	0.17
NEXTDC Limited	0.16

TeamViewer AG, a leading global software connectivity platform, contributed to performance. The company's remote access and work solutions are well positioned to thrive in the current COVID-19 pandemic-induced work-from-home environment. The company reported a substantial increase in billings and expects billings growth to be over 60% in the first quarter of 2020. We believe the company has a great combination of strong growth prospects and very attractive margins.

RIB Software SE contributed after the company received an all-cash offer from Schneider Electric to be acquired for €29/share, a 41% premium on the prior day's closing price. The deal is supported by RIB's board and is expected to close in the second quarter with required approvals. While the takeover price is below what we have underwritten for its long-term value, we are content with the outcome as our thesis for RIB's value creation was proven correct. We are confident that the takeaways from our investment in RIB will help us to identify future winners in the construction software segment.

Zai Lab Limited is a China-based biotechnology company in-licensing drugs from developed countries to bring to the Chinese health care market that is still massively underdeveloped. Shares contributed to performance as Zai has benefitted from its transition to a commercial stage company with both Zejula and Optune launched or launching in cancer indications, and from increased investor awareness of the future potential of a Chinese health care/biotechnology market.

Kingdee International Software Group Co. Ltd. is a leading enterprise resource planning ("ERP") software company in China with an emphasis on the small/medium enterprise sector. Shares appreciated during the quarter as COSMIC Cloud, a key growth product for large clients, performed better than investors expected. Overall demand for Kingdee's ERP services remained resilient and margin outlook remained positive despite the COVID-19-related market disruption. We remain confident in Kingdee's ability to excel in the vastly underpenetrated enterprise software market.

NEXTDC Limited, a provider of network-dense, carrier-neutral colocation data center services across Australia, contributed to performance during the first quarter. Stock appreciation was driven by strong financial results and robust large-scale lease signings with the world's premier cloud companies, providing multi-year cash flow growth visibility. We believe the company has durable secular tailwinds in cloud adoption and IT outsourcing and strong pre-leasing trends and is an attractive M&A target as a pure-play Australian operator.

Table III.
Top detractors from performance for the quarter ended March 31, 2020

	Percent Impact
Azul S.A.	–0.86%
BNP Paribas S.A.	–0.82
Ovintiv Inc.	–0.75
Petroleo Brasileiro S.A. Petrobras	–0.69
Trainline Plc	–0.65

Azul S.A. is one of the leading airlines in Brazil. Shares declined sharply due to the COVID-19 pandemic, with airlines in Brazil grounding up to 90% of flights. We think the company has enough liquidity to weather this storm and believe Azul's competitive advantages, such as its leading market position on many destinations and limited-to-no competition for 72% of its routes will drive above industry margins and returns during the recovery period.

BNP Paribas S.A. is a France-based universal bank with operations across multiple international markets. Shares declined on concerns the bank may face higher revenue headwinds in its retail operations and lower income from its capital markets business, as well as an increase in loan defaults and lower demand for credit due to COVID-19 market disruptions. We retain conviction in BNP's well diversified revenue mix and its credible plan to reduce costs and increase profitability.

Ovintiv Inc. is an exploration and production company with operations in the Montney and Duvernay basins in Western Canada as well as the Permian and Eagle Ford basins in Texas. Shares declined sharply due to the collapse in oil and natural gas prices driven by the COVID-19 pandemic's negative impact on demand. Further weighing on the stock were concerns over Russia's decision to ramp oil supply into a declining demand environment. We exited the stock over balance sheet concerns in a low commodity price environment.

Petroleo Brasileiro S.A. Petrobras, one of the largest integrated oil & gas companies in the world focused on developing deep-water oil fields in offshore Brazil, detracted in the quarter. Shares declined due to the collapse in oil prices driven by to the COVID-19 pandemic's negative impact on demand. Further weighing on the stock were concerns over Russia's decision to ramp oil supply into a declining demand environment. We sold our position in the company due to supply/demand uncertainty in the current environment.

Trainline Plc is a leading U.K.-based provider of tickets, journey planning, and booking solutions for rail and coach travel in the U.K. Shares declined in the quarter as the COVID-19 pandemic drove significant declines in March ticket volumes in both the U.K. and international businesses. However, we believe Trainline has adequate liquidity to sustain the virus's impact and continue to see substantial opportunity ahead for top-line and EBITDA growth driven by international expansion, increased mix of e-ticketing, and take rate expansion.

Portfolio Structure

Table IV.
Top 10 holdings as of March 31, 2020 – Developed Countries

	Percent of Net Assets
AstraZeneca PLC	2.8%
TeamViewer AG	2.4
argenx SE	2.4
Keyence Corporation	1.9
NEXTDC Limited	1.8
Takeda Pharmaceutical Company Limited	1.8
Constellation Software, Inc.	1.7
Experian plc	1.7
Linde plc	1.6
FANUC Corp.	1.5

Table V.
Top five holdings as of March 31, 2020 – Emerging and Frontier Countries

	Percent of Net Assets
Zai Lab Limited	2.0%
Alibaba Group Holding Limited	1.7
Afya Limited	1.5
Tencent Holdings Limited	1.5
GDS Holdings Limited	1.2

Table VI.
Percentage of securities in Developed Markets as of March 31, 2020

	Percent of Net Assets
United Kingdom	15.4%
Japan	14.1
France	5.2
Netherlands	4.6
United States	3.8
Germany	3.7
Canada	3.6
Switzerland	3.5
Israel	3.4
Australia	2.5
Sweden	2.4
Spain	2.1
Norway	0.8
Italy	0.6
Hong Kong	0.6
Ireland	0.6
Belgium	0.4

Table VII.
Percentage of securities in Emerging and Frontier Markets as of March 31, 2020

	Percent of Net Assets
China	14.8%
India	4.7
Brazil	4.7
Russia	2.0
Panama	0.7
Mexico	0.7
Korea	0.7
United Arab Emirates	0.6
Argentina	0.5
Indonesia	0.2

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 2020, the Fund's median market cap was $8.9 billion, and we were invested 55.1% in large- and giant-cap companies, 30.3% in mid-cap companies, and 11.5% in small- and micro-cap companies, as defined by Morningstar, with the remainder in cash.

Recent Activity

During a quarter of extreme volatility, we added several new positions, mostly comprising companies we have researched over a long period of time and are related to existing themes. After material price corrections, we perceived a considerable buying opportunity. Our largest new investment in the quarter was **TeamViewer AG**, a German SaaS-based provider of global connectivity solutions enabling remote access, screen sharing, and remote operations and monitoring. TeamViewer operates via a freemium model, enabling free private usage, while monetizing commercial/corporate usage. The company is a leader in its space, with more than 340 million active devices using TeamViewer globally, and we believe its offerings deliver competitively advantaged scalability, low latency, security features, and quality and reliability of service. We had been researching TeamViewer prior to the COVID-19 outbreak and believe the virus has only served to accelerate interest, usage, and monetization of the company's services.

We accumulated a position in **Treasury Wine Estates Limited**, an Australia-headquartered global operator of vineyards and wineries. Treasury has gradually restructured its business over the last six years to reduce capital intensity, increase the proportion of its volumes that are self-distributed (whereby sales are directly to retail partners rather than through intermediaries), and increase the mix of higher-end, higher-margin wines. As a result, operating margins of 23% in fiscal year 2019 were nearly double 2013's margins. In particular, we are excited about Treasury's growing business in China, where it has a dominant leading share of the premium wine segment (roughly 5 times the #2 competitor). It is the only winemaker we know of to self-import and distribute directly with retailers and wholesalers rather than importers, which is a significant competitive advantage that drives materially higher margins and faster growth. Treasury's Asia segment grew operating income at a 44% compound annual rate from 2014 to 2019. During the recent quarter, Treasury disappointed investors by reducing fiscal 2020 operating income growth guidance from +15%-20% to +5%-10%, driven entirely by pressure on its U.S. segment where industry-wide oversupply is pressuring margins. The impact of COVID-19 on global on-premise wine consumption has also pressured the stock, which we believe presents an opportunity for long-term investment. We expect efforts to accelerate the U.S. mix shift away from commercial wine toward the premium-end will bear fruit. More importantly, we believe the Asian segment's ability to continue compounding at high rates of return is where the real value of the business lies. COVID-19 will depress results in 2020, but the secular trend of premium wine consumption in China should continue with Treasury by far the best positioned to benefit.

We initiated a position in **Spotify Technology S.A.**, a leading digital music service available in 79 international markets. Spotify offers on-demand audio streaming through paid premium subscriptions as well as a free ad-supported model, and it is renowned for its consumer-friendly and AI-enhanced app. Spotify is the global market leader, with 271 million monthly active users worldwide, 124 million of which pay for Spotify Premium service, with more Premium subscriber additions in 2019 than Apple, Amazon, and YouTube combined. We believe that Spotify will remain the long-term winner in streaming music given the scale of its global user base, its position vis-à-vis the major music publishers, its best-in-class user experience, and its continued innovation in audio advertising technology. We foresee longer-term upside from improving advertising profitability and growth in podcasting, as well as the company's newly launched marketplace strategy. Spotify holds an 8% stake in Tencent Music Entertainment, the largest music streaming platform in China with 644 million monthly active users, and we believe it also offers longer-term upside potential.

We also made an initial investment in **S4 Capital plc**, a new-age, purely digital advertising company, which we believe is well positioned to benefit from the ongoing shift of advertising to digital platforms and content. S4 was founded in 2018 by Sir Martin Sorrell, the legendary advertising entrepreneur who built WPP plc into the world's largest advertising firm over 30 years. We believe S4 is a disrupter in the fast-growing digital advertising space, with a unique business model focused on data, content, and programmatic, with each function purely digital and able to leverage the others to drive speed, flexibility, and cross-selling opportunities.

As always, changes in perceived longer-term fundamentals, emerging government or regulatory challenges, or disappointing capital allocation and/or corporate governance cause us to reassess certain holdings. During the first quarter, we exited **Ovintiv Inc.**, **Xiaomi Corporation**, **Momo Inc.**, **Ryanair Holdings plc**, **Petroleo Brasileiro S.A. Petrobras, Banco Inter SA**, and **Abcam plc** in favor of what we perceived as superior opportunities. In addition, we exited **RIB Software SE** and **InterXion Holding N.V.** pending formal takeover offers.

Outlook

In our year end 2019 letter, we suggested that international and EM equities were likely entering a period of enhanced earnings recovery, as global policymakers had pledged to remain accommodative, while the trade compromise between the U.S. and China suggested an acceleration in global trade and economic conditions. Further, we believed that such improving conditions, as well as a de facto commitment by China to not allow further RMB depreciation as part of the trade compromise, would likely mark the beginning of a reversal of the material capital outflows from international and EM assets that had occurred in recent years and that had been exacerbated by U.S. foreign policy aggression.

By and large, the year began on solid footing for global equities, as markets looked through the U.S. airstrike, which killed Qassem Soleimani, and remained stable when confronting the initial COVID-19 outbreak in Wuhan, China. While EM equities, led by China, began to lag as details of the virus and the measures taken to combat it became evident, global investors largely remained of the view that virus-related disruption would not likely be orders of magnitude greater than the several previous epidemics encountered over the past 30 years, and that the likely near-term earnings impact would be transitory and not materially impair longer-term asset and equity values. In the last week of February, it became clear that Italy and other European countries were encountering a parabolic rise in COVID-19 cases, and a global crisis and associated market panic were underway within days.

In our view, this economic and market shock is different from any that any current investor has experienced, and in many ways are unprecedented. Bear markets generally occur when, after an extended period of prosperity and credit expansion, asset price, consumer or commodity inflation requires central bankers to act to tighten credit conditions. If managed well, this will slow credit and economic growth and trigger a stock market correction, but if credit tightens too much, it will provoke a credit contraction/liquidity crisis, an economic recession, and an equity bear market. This type of recession sends advance warning signals and results in weak corporate revenue and a contraction in earnings, but not a near total loss of revenue generation. In this case, an exogenous shock has provoked a complete economic halt, albeit temporary, which in turn has precipitated an acute global liquidity crisis. In a matter of a couple weeks, global credit markets turned dysfunctional, and a breakdown of traditional correlations forced leveraged investment pools to delever and sell into an illiquid market. The good news here is that global policymakers, and particularly the U.S. Federal Reserve, have responded with unprecedented speed and force. If the U.S. credit markets were the epicenter of the liquidity crisis at its recent peak, the relatively quick recovery of those markets and return to smoother functioning is a positive forward-looking signal, suggesting the liquidity strains are likely abating and equities can at a minimum stabilize. We believe the global policy support is currently playing defense, but as we gain clarity on the peak in cases worldwide, adequate testing capacity, antibody presence in the general population, and potential therapeutics and vaccines, we believe the policy stimulus in the pipeline can begin to play offense. Finally, we recognize how uncertain the world has become on many fronts, but forced selling, deleveraging, fear, and bearishness have all reached extreme levels. The fact that this crisis has no direct analogue suggests that we are also not likely to know when the market has substantially fully priced in the disruption and damage to earnings and/or balance sheets, and we must also consider that the global economy is likely to "turn back on" only several weeks from now, when balancing health, mortality, and economic risks will become more nuanced.

Turning to the international markets, while there is no shortage of commentary on the scope of the challenge the virus presents to several countries, we also believe there are several offsetting positives. First, this shock has provoked Germany to repeal its longstanding commitment to maintaining a fiscal surplus and has further kickstarted a discussion among the EU regarding risk/debt mutualization and fiscal transfer. While we expect heightened political rhetoric and volatility in the near term, the COVID-19 crisis may prove the catalyst to put Europe, its bank sector, and the Euro itself on much sounder long-term footing, which in our view should materially reduce the current valuation discount on European equities. Second, many developing world countries, notably India, have much younger populations, suggesting the mortality risk could be materially lower. Many also have warm climates which may mute the viral spread. Shifting from the health challenge to financial stress, while many international jurisdictions lack the fiscal room to maneuver that the U.S. or Germany are exercising, most are quickly advancing lesser-magnitude measures supportive to their real economies. Third, we believe that the majority of international jurisdictions are economically and financially integrated with the world to an extent that the U.S. Federal Reserve understands it must act to inject liquidity support. We believe Federal Reserve measures thus far support their responsibility to the international financial system as the issuer of the world's reserve currency, and by extension, will continue to move to satiate offshore dollar liquidity demand. This should help international and EM countries combat the pressures on their currencies and bond yields that have resulted from the liquidity shortage. Fourth, as the U.S. must now lead the world through the portal of Modern Monetary Theory, or fiscal easing funded by money printing and central bank balance sheet expansion, we believe a dollar bear market likely resides on the other side of the current crisis, which would very likely favor international assets and equities. Last, we can look to China, the largest EM economy and second largest in the world. China was first into the COVID-19 curve, but by most accounts is now well on the way to a return to a near-normal economic environment. While certain activities remain curtailed, industries and businesses have restarted operating and schools are reopening. Testing, monitoring, and contact tracing are the norm, but China has for now moved well beyond lockdown, and it is no coincidence that China has been one of the top performing equity markets and currencies in the world year-to-date. We remain hopeful that China represents the model that most international economies can and will follow in the coming months.

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.

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