Dear Baron International Growth Fund Shareholder:

Performance

Baron International Growth Fund (the "Fund") declined 14.64% (Institutional Shares) during the first quarter of 2022, while its principal benchmark index, the MSCI ACWI ex USA Index, declined 5.44%. The MSCI ACWI ex USA IMI Growth Index, our all-cap growth proxy, declined 10.72% for the quarter. The Fund underperformed its principal benchmark index, as well as the all-cap growth proxy, during the quarter, particularly following Russia's large-scale invasion of Ukraine and its associated atrocities. In our view, the invasion and Western response of unprecedented sanctions–akin to firing financial weapons of mass destruction–caused significant short-term uncertainty and put stress on global financial markets, with Europe perhaps the epicenter, while also triggering a write-down of Russian equity investments to near zero and a short-lived equity market capitulation in China. Growth stocks worldwide markedly underperformed during the quarter, as the war in Ukraine exacerbated supply disruptions and inflation concerns, particularly in energy, commodity, and agricultural markets. While disappointed with our relative performance during the quarter, we believe the historic scale of underperformance of growth stocks that began last year is reaching extremes, while fixed income markets have already likely discounted more tightening than global authorities will ultimately administer. We believe many of our underlying investments are now trading below intrinsic value given our assessment of long-term fundamentals, and we remain optimistic regarding the relative outlook for international and emerging market ("EM") economies and equities. We see the collective European response to the war in Ukraine as further evidence that a shift towards fiscal union and debt mutualization will prove beneficial to earnings growth and equity performance in coming years. Notwithstanding the emergence of Omicron BA.2 and its rapid spread through mainland China, which triggered lockdowns, we believe the associated short-term earnings interruption will prove temporary, and we view the related weakness across several of our portfolio holdings as offering long-term opportunity to investors. We remain confident that we have invested in many well-positioned and well-managed companies on a bottom-up basis that 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, 2022

	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]	(14.69)%	(14.64)%	(5.44)%	(10.72)%
One Year	(8.56)%	(8.35)%	(1.48)%	(5.75)%
Three Years	10.53%	10.80%	7.51%	9.43%
Five Years	9.96%	10.23%	6.76%	8.67%
Ten Years	8.15%	8.42%	5.55%	6.84%
Since Inception (December 31, 2008)	10.63%	10.91%	7.45%	8.71%

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, 2021 was 1.23% and 0.96%, 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, 2032, 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. The indexes and the Fund include reinvestment of dividends, net of foreign withholding taxes, which positively impact the performance results. 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.

BARON FUNDS 1987

Baron International Growth Fund

For the first quarter of 2022, we underperformed our primary benchmark, while also trailing our all-cap international growth proxy. Within the international markets landscape, the equity market correction was largely dominated by Russia's full-scale invasion of Ukraine. While Russian equities were written down to near zero and will be excluded from major indexes going forward, our European and China holdings were also adversely impacted as investors ascribed higher risk premiums. While European equities began to recover along with global markets on hopes of de-escalation or settlement, China-related equities remained more subdued on what we view is a misplaced concern that China might play a more direct role in supporting Russia in the war. China's current challenge with the spread of COVID cases given its "zero COVID" tolerance has also adversely impacted certain portfolio holdings, particularly our A-share, China value-added investments. We believe this weakness will prove transitory. During the period, investors continued to favor more economically sensitive stocks, particularly energy and commodity producers, which represents a material headwind to performance for growth investors globally. From a sector or theme perspective, our relative underperformance was broad-based, reflecting our growth bias, but primarily driven by adverse stock selection in the Communication Services sector, owing to our digitization-related investments (**S4 Capital plc**, **Future plc**, **Z Holdings Corporation**, and **Spotify Technology S.A.**), and in the Financials sector, most notably due to our Russian fintech holdings (**TCS Group Holding PLC** and **Sberbank of Russia PJSC**), which were written down to near zero during the quarter. A decline in stock prices of some of our EU mutualization investments (**BNP Paribas S.A.**, **UniCredit S.p.A.**, and **Credit Suisse Group AG**) due to concerns of financial contagion and growth constraints from the ongoing Ukrainian war also stood out as detractors within the Financials sector. Partially offsetting the above, the Materials sector was a positive contributor to absolute and relative performance, given solid gains from several investments related to our sustainability/ESG theme (**AMG Advanced Metallurgical Group N.V.**, **Glencore PLC, Grupo México, S.A.B. de C.V.**, and **Suzano S.A.**). In addition, our cash position was a positive contributor to relative performance during the quarter.

From a country perspective, poor stock selection in the U.K., China, and Japan, where many of our highest-growth, long-duration and higher-multiple investments reside, drove the majority of relative underperformance this quarter. We remain cautiously optimistic about a recovery in our China holdings, as we believe growing signs of policy easing and support and a lack of evidence that China will directly support Russia's campaign in Ukraine will eventually overcome current skepticism. Partly offsetting the above was positive stock selection effect in the Netherlands, and favorable allocation effect and good stock selection effect in Germany, Mexico, and Korea.

Table II.
Top contributors to performance for the quarter ended March 31, 2022

	Percent Impact
AMG Advanced Metallurgical Group N.V.	0.47%
Glencore PLC	0.41
Waga Energy SA	0.36
AstraZeneca PLC	0.27
Grupo México, S.A.B. de C.V.	0.27

AMG Advanced Metallurgical Group N.V. is a European specialty metals and minerals company. Shares increased due to a rally in lithium prices. We retain conviction. AMG has a captive customer base and is poised to benefit from increasing demand driven by environmental regulations to reduce hazardous waste. We also like AMG's growth opportunity in lithium, an essential metal used in electric vehicle batteries and energy storage. AMG is planning to build its own lithium hydroxide refining plant, which we think should lead to a better margin profile for this business.

Glencore PLC is a diversified natural resources company operating in metals, mining, and commodities trading. It is a large producer of copper, cobalt, and other key metals for batteries used in electric vehicles and energy storage. Shares increased due to the rise in copper prices. We expect a multi-year supply deficit for copper driven by a structural demand increase. Electric vehicles and wind/solar power plants require four to five times more copper than their conventional counterparts.

Waga Energy SA is an independent producer specializing in upgrading landfill gas into biomethane. Shares rallied after Waga announced its successful entry in the U.S. market and commissioned one of the largest biomethane units in France. Waga benefits from a secular growth opportunity for biomethane, which contributes to the fight against climate change by cutting methane emissions from landfills and substituting fossil fuels. Waga's proprietary patented technology, WAGABOX®, allows the company to capture biomethane from almost any landfill site, positioning it well for success.

AstraZeneca PLC is a pharmaceutical company developing products across a range of indications including oncology, cardiovascular, and respiratory. AstraZeneca is widely recognized as having the best top-line and bottom-line growth profiles in the pharmaceutical space without a discernable patent cliff this decade. Given consistent new product outperformance (Calquence and Enhertu are recent examples), we expect continued share appreciation as AstraZeneca's financials compound.

Grupo México, S.A.B de C.V. is a conglomerate that owns copper mines, railroads, and infrastructure projects in Mexico and South America. Shares increased on a rally in copper prices. We remain shareholders, as we believe Grupo México is a well-managed company trading at a meaningful discount to the sum of its parts. The copper segment includes some of the world's largest, lowest-cost copper mines in safe jurisdictions. Copper production should grow significantly over the next several years from brownfield expansions and construction of a new mine, in our view.

Table III.
Top detractors from performance for the quarter ended March 31, 2022

	Percent Impact
S4 Capital plc	-1.08%
Future plc	-0.77
BNP Paribas S.A.	-0.56
Keyence Corporation	-0.52
Industria de Diseno Textil, S.A.	-0.46

S4 Capital plc is a global marketing services business founded by Sir Martin Sorrell, the founder and former CEO of WPP, the largest ad agency in the world. S4 encompasses creative production firm MediaMonks and data-driven media consultancy MightyHive. Shares were down on broader concerns about a weakening advertising environment and the fact that the company's auditor, PwC, said they were unable to complete the work needed for S4 to release their 2021 results. It is our view that the delay in the release will not end up being material to the company's long term growth opportunities.

Future plc is a special-interest publisher of digital content, magazines, and events with a brand portfolio including TechRadar, PC Gamer, and Gizmodo. Shares of Future were down on broad concerns about a weakening advertising environment. We remain investors. We have yet to see a deceleration in advertising activity. Long term, we believe Future can continue to grow both organically and through M&A, with potential to complete meaningfully in the $150 billion global B2B market with lead generation and business intelligence offerings.

Shares of **BNP Paribas S.A.**, a France-based universal bank, declined in the quarter after its fourth quarter results missed on revenues and expenses. Shares were also pressured by the negative impact of the Russia-Ukraine war on European growth, interest rate, and inflation expectations. We retain conviction in BNP given the bank's diversified revenue base, achievable medium-term targets, and capital optionality from the December 2021 sale of its U.S. retail operations.

Keyence Corporation detracted during the quarter, primarily driven by the likely near-term business slowdown in Europe due to Russia's invasion of Ukraine and an outbreak of COVID in China. We retain conviction. As a global leader in machine vision and factory automation solutions, we believe the company is positioned to benefit from rising adoption of industrial automation equipment to enhance productivity. We believe it can sustain mid-teens earnings growth over the next three to five years.

Industria de Diseno Textil, S.A., owner of Zara and other apparel brands, detracted in the quarter, on expectations of depressed consumer spending in Europe given its reliance on Russian raw material exports. We remain investors, as we think Industria is among the best operators of apparel businesses globally, with a unique supply chain that has driven industry-leading growth and returns for decades, which we believe will continue.

PORTFOLIO STRUCTURE

Table IV.
Top 10 holdings as of March 31, 2022 – Developed Countries

	Percent of Net Assets
AstraZeneca PLC	2.1%
Glencore PLC	2.1
AMG Advanced Metallurgical Group N.V.	2.1
Linde plc	2.0
Befesa S.A.	2.0
Arch Capital Group Ltd.	1.9
Nestle S.A.	1.8
Pernod Ricard SA	1.7
eDreams ODIGEO SA	1.7
Keyence Corporation	1.6

Table V.
Top five holdings as of March 31, 2022 – Emerging Countries

	Percent of Net Assets
Taiwan Semiconductor Manufacturing Company Ltd.	1.6%
Suzano S.A.	1.4
Reliance Industries Limited	1.4
Korea Shipbuilding & Offshore Engineering Co., Ltd.	1.3
Grupo México, S.A.B. de C.V.	1.2

Table VI.
Percentage of securities in Developed Markets as of March 31, 2022

	Percent of Net Assets
United Kingdom	16.3%
Japan	8.2
France	8.2
Netherlands	5.9
Switzerland	4.6
Spain	3.7
Germany	3.5
Canada	3.2
United States	2.9
Sweden	2.2
Italy	2.1
Australia	1.7
Israel	1.5
Hong Kong	0.9
Denmark	0.9
Norway	0.8

Table VII.
Percentage of securities in Emerging Markets as of March 31, 2022

	Percent of Net Assets
China	9.7%
India	6.0
Brazil	3.7
Korea	2.3
Taiwan	1.6
Poland	1.3
Mexico	1.2
Peru	0.8

The table above does not include the Fund's negligible exposure to Russia (Less than 0.1%) because the country falls outside of MSCI's developed/emerging/frontier framework.

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 2022, the Fund's median market cap was $15.8 billion. We were invested 62.3% in large- and giant-cap companies, 18.1% in mid-cap companies, and 12.8% in small- and micro-cap companies, as defined by Morningstar, with the remainder in cash.

RECENT ACTIVITY

During the first quarter, we added several new investments to existing and new themes, while also increasing exposure to several positions that were established in earlier periods. We continue our endeavor to add to our highest conviction ideas.

We were active in conceptualizing and investing in our newly minted *Global Security* theme by initiating a position in **Tenaris S.A.** In our view, Russia's unprecedented invasion of Ukraine has triggered a paradigm shift in capital allocations worldwide, toward energy, commodity, and food/agricultural security and infrastructure, as well as an increase in defense spending, especially by European countries such as Germany and Italy. The discrediting of Russia as a reliable trade partner and ongoing de-globalization require redundancy and localization of key commodities and investments in commercial and industrial supply chains. Accordingly, we seek to identify and invest in businesses that we believe will be key beneficiaries of such investments. Tenaris manufactures seamless steel pipe products with primary operations in the U.S., Latin America, and the Middle East. Most of its products are specialized oil country tubular goods ("OCTG") supplied to the energy industry. The war in Ukraine highlights the need to reorient supply chains away from reliance on Russia, while greater energy security in the near term requires increased domestic supply of hydrocarbons, particularly U.S. shale gas. In our view, Tenaris is one of the lowest-cost OCTG producers and will be a key beneficiary of increased drilling capex, which is required to reduce global reliance on Russian oil and gas.

During the quarter, we also made several investments in our sustainability/ESG theme, most notably **Aker Carbon Capture AS**, **Ceres Power Holdings plc**, **Meyer Burger Technology Ltd**, and **IGO Limited**, all of which are also derivative beneficiaries of the global security theme outlined above. Russia's invasion of Ukraine will accelerate plans by many nations, particularly in Europe, to deploy renewables as part of their energy security agenda. Aker develops carbon capture products that reduce CO_2 emissions from industrial flue gases. The company is a market leader in Europe and has a proprietary low-cost technology ("Just Catch") to capture CO_2 from small industrial plants. Aker's patented solvents are one of the most environmentally safe products on the market, which is a key competitive advantage. There is a secular growth opportunity in carbon capture that will play an important role in CO_2 emissions reduction, particularly in hard to de-carbonize industries such as cement, gas-to-power/hydrogen, and waste-to-energy. Ceres is a fuel cell technology and engineering company. Hydrogen fuel cells and electrolyzers could potentially help reduce emissions in the power, steel, trucking, marine shipping, and other hard to de-carbonize industries. Ceres has a proprietary solid oxide fuel technology and partnerships with leading OEMs in Germany, China, and Korea. We also like the company's asset-light business model, licensing its technology to partner OEMs, which generates revenue principally through high-margin royalties and licensing fees.

Meyer is a Swiss-based supplier of solar modules. The company's next generation, heterojunction solar modules are more efficient than competing products, thereby garnering premium pricing. Meyer has strong order momentum for these new products and is currently ramping up capacity at both its German and U.S. facilities. In our view, Meyer is a long-term beneficiary of greater localization of alternative energy supply chains as nations across the globe seek to reduce reliance on China, which currently produces roughly 80% of global solar modules. IGO is an Australian mining company focused on the development of key battery metals such as nickel, lithium, and copper. Among the company's principal assets is its ownership stake in the Greenbushes lithium deposit, which is one of the largest, lowest-cost lithium projects in the world. In addition, IGO is also one of the largest independent nickel producers globally. We expect IGO to deliver sustainable growth over the long term, driven by the multi-year deficits in battery metals implied by structural demand from electrification/EVs.

During the quarter, we also increased exposure to our digitization theme, by investing in **Baidu, Inc.** and **Renesas Electronics Corporation**. Baidu is a leading Chinese artificial intelligence ("AI") company. The company's mobile ecosystem, which includes China's dominant search engine, has over 620 million monthly active users. In our view, this ecosystem will benefit from the secular growth of China's digital advertising industry, as well as the expansion of searchable content as established social media and e-commerce platforms are forced to share content as a result of regulatory reforms. Beyond its core search business, Baidu has invested heavily in cutting-edge technologies including cloud, autonomous driving, smart devices, and AI chips. The company's cloud business is one of the largest and fastest growing in China and is differentiated by its AI solutions and higher-value PaaS/SaaS offerings. Baidu has also developed leading autonomous driving technologies, which it is commercializing through partnerships with top-tier Chinese auto manufacturers. We see significant upside for Baidu, given its strong competitive position across several of China's key growth industries. Renesas is a Japanese semiconductor company. As a global leader in microcontrollers, analog, and power devices, we believe the company will be a major beneficiary of the secular growth of semiconductor content in automotive, industrial, data center, and IoT applications. Through a series of acquisitions in recent years, Renesas has transformed its product portfolio and diversified its end-market and geographic exposures. In our view, the company will continue to expand its margins due to its improving product mix and operational efficiency. We expect Renesas to generate strong double-digit earnings growth over the next several years.

Finally, we added to several of our existing positions during the quarter, including **Z Holdings Corporation**, **AstraZeneca PLC**, **Epiroc AB**, **Suzano S.A.**, **Telefonaktiebolaget LM Ericsson**, **Estun Automation Co., Ltd.**, **eDreams ODIGEO SA**, **InPost S.A.**, and **Grupo México, S.A.B. de C.V.**

During the quarter, we also exited several positions, the largest being **Advantest Corporation**, **Autostore Holdings Ltd.**, **Housing Development Finance Corporation Limited**, and **Zhejiang Dingli Machinery Co., Ltd.** In our endeavor to increase concentration in holdings where we have highest conviction in quality and return potential and eliminating lower conviction or smaller positions over time, we also exited positions in **Galaxy Entertainment Group Limited**, **DLocal Limited**, **Niu Technologies**, **Wise Plc**, and **Kanzhun Limited**.

Outlook

"There are decades where **nothing happens**; and there are weeks where decades **happen**." Vladimir Ilyich Lenin

The last week of February 2022 was one of such weeks. Prior to February 24, 2022, we would have argued that equity investing is principally about fundamentals; choosing great entrepreneurs, management teams, and companies that are positioned to prosper from years of growth potential while leveraging sustained competitive advantage or barriers to entry. While we largely still believe this to be true, we also recognize that something changed in the first quarter of 2022, and going forward we must be prepared to embrace greater uncertainty and volatility in the capital markets. In our view, we have exited the 30-plus years of post-Iron Curtain prosperity and peace, and the curtailment of globalization is likely to accelerate. If we are correct that February 24, 2022 marks the beginning of a bull market in geopolitics and security concerns, geopolitical priorities will, from time to time and without warning, subjugate economic and financial interests, a line we seem to have crossed in the aftermath of Russia's invasion of Ukraine. There will be opportunity in this new paradigm, though we believe forward-looking and thematic investors such as ourselves will be advantaged.

As portfolio managers of international and EM investment strategies, we have had a ground level view of the war and humanitarian crisis in Ukraine as well as the sea change taking place. Vladimir Putin seeks a total victory in Ukraine, though he appears to have grossly miscalculated his hand. China, a recently self-described partner of Russia, likely spoke too soon and would like to be seen as a neutral "Switzerland," but there is no "Switzerland" on the issue of human atrocities and tragedy. As such, we conclude that China prefers de- escalation and Russia's withdrawal, which relieves the pressure to publicly choose a side. NATO would prefer to see regime change in Russia, which is an outcome Putin would seek to avoid at all costs. Regardless of how the war evolves in the coming weeks and months, we believe there are some lasting conclusions:

1. Putin has overplayed his position and leaves himself and Russia more vulnerable than before February 24, 2022. Russia has quickly achieved the international pariah status of North Korea, its role outside of the energy and commodity spectrum has been severely diminished, and unfortunately, the Russian people will bear the brunt of the domestic economic pain resulting from Putin's actions.
2. The European Union, NATO, and the U.S./EU alliance have been greatly fortified–the opposite of Putin's intention to split Europe and divide NATO over Russia's invasion of Ukraine. NATO, and in particular, German/EU defense and security spending will rise materially and indefinitely going forward. The financial and economic mutualization of Europe, which is a theme we have invested in, will advance to a new level given shared security concerns.
3. A new global theme has emerged, which we have dubbed *Global Security*. The new paradigm requires a shift in capital allocations worldwide, toward energy, commodity, and food/agricultural security and infrastructure, as well as an increase in defense spending, perhaps at the expense of industries that prospered most from the fall of the Iron Curtain. The discrediting of Russia as a reliable commercial partner and ongoing de-globalization requires redundancy and localization of key commodities and investments in commercial and industrial supply chains.
4. NATO responded to Putin's conventional "hardware" war by wielding financial weapons of mass destruction, the likes of which had never been seen. In our view, this is likely to accelerate the decline in global demand for dollars that we often reference, while encouraging the longer-term emergence of alternative reserve currencies. We reiterate that we are nearing the end of a multi-year dollar bull market, which ultimately encourages capital flows out of the dollar and favors international and EM equities on a relative basis.
5. India, to us the most attractive of EM jurisdictions for long-term investment, is a likely geopolitical winner in this new paradigm, as its strategic value is on the rise as the largest developing world democracy and ally of the U.S. and other NATO members, while it also is the greatest likely beneficiary of multi-national manufacturers' intent to diversify production and supply chains.

The past quarter was a challenging one for investors–and despite a solid start to the year prior to February 24, 2022, particularly challenging for international and EM investors. Russian equities were written down to near zero, and Russia will be excluded from the major indexes going forward. While the collateral financial and market impact of Russia's invasion of Ukraine resonated far and wide, perhaps the more pressing questions for investors going forward relate to how the conflict will economically and financially impact Europe in the long term, and whether China remains an attractive and viable investment jurisdiction. We believe that while the conflict presents challenges and financial risk to Europe in the short term, which was quickly discounted by the capital markets, in the longer term, we see the war in Ukraine as a unifying event for Europe that is likely to stimulate years of investment and *reduce* political and financial risk. During the quarter, shortly after experiencing a wholesale loss of capital on Russian exposures, some investors began to fear that investments in China may also present Russia-related geopolitical risk, given China's previous statements regarding its sturdy partnership with Russia. Would China provide military or financial support to directly aid Russia's aggression, and in effect, would China suffer from retaliatory sanctions such as those levied against Russia? While there were several leaks suggesting China might consider such assistance, we consider such reports dangerous and provocative, and discount the likelihood of such events for several reasons, but in sum, *it simply is not in China's interest nor demeanor to do so*. While Russia has always been about chaos and disruption, China's mantra is about stability and peace. Russia is a country of minor economic significance with little to lose, while China is a rising superpower with everything to lose. Direct support for Putin's war would surely trigger a strong reaction and substantial isolation, reverse decades of economic progress, and compromise China's strong desire to become the Asian hegemony with a competitive reserve currency. In our view, market speculation regarding China's intentions became wildly exaggerated, but also triggered direct messaging that China desires Russia de-escalate and seeks peace, while economic and regulatory policymakers strongly signaled that they remain sensitive to the concerns of the investor class. We remain encouraged by pervasive evidence of impending regulatory relief, financial easing, and economic stimulus in China. While the recent escalation of COVID-related challenges defers China's economic and equity market recovery somewhat, in our view, the mid-March equity market capitulation likely represents a bottom for this asset class. We remain optimistic regarding the longer-term outlook for international equities and of course, we remain confident that we have invested in a portfolio of well-positioned and well-managed companies with substantial opportunity ahead.

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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