

BARON INVESTMENT FUNDS TRUST

Baron Asset Fund

Retail Shares: BARAX

Institutional Shares: BARIX

R6 Shares: BARUX

Baron Growth Fund

Retail Shares: BGRFX

Institutional Shares: BGRIX

R6 Shares: BGRUX

Baron Small Cap Fund

Retail Shares: BSCFX

Institutional Shares: BSFIX

R6 Shares: BSCUX

Baron Opportunity Fund

Retail Shares: BIOPX

Institutional Shares: BIOIX

R6 Shares: BIOUX

Baron Fifth Avenue Growth Fund

Retail Shares: BFTHX

Institutional Shares: BFTIX

R6 Shares: BFTUX

Baron Discovery Fund

Retail Shares: BDFFX

Institutional Shares: BDFIX

R6 Shares: BDFUX

Baron Durable Advantage Fund

Retail Shares: BDAFX

Institutional Shares: BDAIX

R6 Shares: BDAUX

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Statement of Additional Information

dated January 28, 2022

This Statement of Additional Information (“SAI”) is not a prospectus. This SAI should be read in conjunction with the Funds’ Prospectus, dated January 28, 2022, which may be obtained without charge by writing or calling the Funds at the address or telephone number above or by visiting www.BaronFunds.com.

The Funds’ audited financial statements for the year ended September 30, 2021 are incorporated by reference into this SAI, which accompany this SAI and also can be found at www.BaronFunds.com. You also may request a copy of the Annual and Semi-Annual Financial Reports at no charge by writing or calling the Funds at the address or telephone number above.

No person has been authorized to give any information or to make any representations other than those contained in this SAI or in the related Prospectus.

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FUND HISTORY

Effective October 22, 2004, the name of **Baron Asset Fund** was changed to **Baron Investment Funds Trust** (the “Trust”). The Trust is an open-end, diversified management investment company originally organized and established under the laws of the Commonwealth of Massachusetts on February 19, 1987. The Trust is structured to be able to issue shares in multiple series, each constituting a separate portfolio with separate assets and liabilities from any other series. There are seven series currently available (individually, a “Fund,” and collectively, the “Funds”):

<u>Name of Series</u>	<u>Date of First Public Offering</u>	<u>Date of Commencement of Investment Trading</u>
Baron Asset Fund	June 11, 1987	June 12, 1987
Baron Growth Fund	December 31, 1994	January 3, 1995
Baron Small Cap Fund	September 30, 1997	October 1, 1997
Baron Opportunity Fund	February 29, 2000	March 1, 2000
Baron Fifth Avenue Growth Fund	April 30, 2004	May 1, 2004
Baron Discovery Fund	September 30, 2013	October 1, 2013
Baron Durable Advantage Fund	December 29, 2017	January 2, 2018

DESCRIPTION OF THE FUNDS AND THEIR INVESTMENTS AND RISKS

Investment Strategies and Risks.

- **Baron Asset Fund’s** investment goal is to seek capital appreciation through long-term investments primarily in securities of mid-sized growth companies with undervalued assets or favorable growth prospects. **Baron Asset Fund** invests 65% of its net assets in equity securities in the form of common stock of mid-sized growth companies with market capitalizations above \$2.5 billion or the smallest market cap stock in the Russell Midcap Growth Index at reconstitution, whichever is larger, and below the largest market cap stock in the Russell Midcap Growth Index at reconstitution. The 65% standard is measured at the time of purchase.
- **Baron Growth Fund’s** investment goal is to seek capital appreciation through long-term investments primarily in securities of small-sized growth companies. **Baron Growth Fund** invests 65% of its net assets in equity securities in the form of common stock of small-sized growth companies with market capitalizations up to the largest market cap stock in the Russell 2000 Growth Index at reconstitution, or companies with market capitalizations up to \$2.5 billion, whichever is larger. The 65% standard is measured at the time of purchase.
- **Baron Small Cap Fund’s** investment goal is to seek capital appreciation through investments primarily in securities of small-sized growth companies. **Baron Small Cap Fund** invests 80% of its net assets in equity securities in the form of common stock of small-sized growth companies with market capitalizations up to the largest market cap stock in the Russell 2000 Growth Index at reconstitution, or companies with market capitalizations up to \$2.5 billion, whichever is larger. The 80% standard is measured at the time of purchase.
- The investment goal of **Baron Opportunity Fund** is capital appreciation through investments primarily in growth companies that benefit from technology advances. **Baron Opportunity Fund** invests primarily in equity securities in the form of common stock of high growth businesses of any market capitalization selected for their capital appreciation potential.
- **Baron Fifth Avenue Growth Fund’s** investment goal is to seek capital appreciation through investments primarily in securities of large-sized growth companies. **Baron Fifth Avenue Growth Fund** invests 65% of its net assets in equity securities in the form of common stock of large-sized growth companies with market capitalizations no smaller than the top 85th percentile by total market capitalization of the Russell 1000 Growth Index at June 30, or companies with market capitalizations above \$10 billion, whichever is smaller. The 65% standard is measured at the time of purchase.

- **Baron Discovery Fund's** investment goal is to seek capital appreciation through investments primarily in securities of small-sized growth companies. Baron Discovery Fund invests 65% of its net assets in equity securities in the form of common stock of small-sized growth companies with market capitalizations up to the largest market cap stock in the Russell 2000 Growth Index at reconstitution, or companies with market capitalizations up to \$2.5 billion, whichever is larger. The 65% standard is measured at the time of purchase.
- **Baron Durable Advantage Fund's** investment goal is to seek capital appreciation through investments primarily in securities of large-sized companies. **Baron Durable Advantage Fund** invests primarily in equity securities in the form of common stock of large-sized companies. The Adviser defines large-sized companies as those, at the time of purchase, with market capitalizations no smaller than the top 90th percentile by total market capitalization of the S&P 500 Index at June 30, or companies with market capitalizations above \$10 billion, whichever is smaller.

Because **Baron Asset Fund, Baron Growth Fund, Baron Small Cap Fund, Baron Opportunity Fund, Baron Discovery Fund** and **Baron Durable Advantage Fund** invest for the long term, they may hold securities that have appreciated beyond their market capitalizations at the time of the Funds' investments.

In addition to the investment strategies of the Funds described in each of their respective summary sections and in the Prospectus on pages 56-59, the Funds may use the additional strategies described below. These investment strategies are not fundamental policies and may be changed by the Trust's Board of Trustees (the "Board") without shareholder approval upon at least 60 days' notice. Shareholders will be notified of any material changes. Some of the strategies discussed below are mentioned in the prospectus, but they are explained in more detail here.

Recent Market and Economic Developments

A outbreak of respiratory disease caused by a novel coronavirus was first detected in Wuhan City, Hubei Province, China and has spread internationally. The virus, named "SARS-CoV-2" (sometimes referred to as the "coronavirus") and the resulting disease, which is referred to as "COVID-19," has been declared a pandemic by the World Health Organization and has resulted in border closings, enhanced health screenings, healthcare service preparation and delivery, quarantines, cancellations, disruptions to supply chains and customer activity, as well as general concern and uncertainty.

The United States and many other developed and emerging market countries and global debt and equity capital markets have been materially and adversely affected by the impact of, and the significant uncertainty about the future caused by, the pandemic spread of COVID-19. As a result, certain financial institutions as well as the global financial system experienced severe economic distress. There have been material and adverse impacts on the broader financial and credit markets and the debt and equity capital for the market as a whole, and certain risks discussed in the Prospectus and elsewhere in this SAI may be exacerbated, such as credit risk, liquidity risk, interest rate risk and the risks of investing in certain sectors. Many interest rates are very low and in some cases yields are negative, and it is possible that, particularly during periods of low prevailing interest rates, the income from Fund securities will be reduced. These events have contributed, and may continue to contribute, to severe market volatility, which may adversely impact the Funds' net asset values and result in heightened volatility in the performance of the Funds' investments. In addition to these events having adverse consequences for the Funds and the Funds' investments, the operations of the Adviser and its affiliates and the Funds' other service providers have been impacted, and may continue to be impacted, perhaps significantly adversely impacted, as a result of the COVID-19 pandemic, such as restrictions on certain business operations, which may have long-term negative impacts on such operations generally or the ability of such operations to remain viable; more limited resources as the result of adverse market conditions that may negatively impact the cash flow and/or profitability of such businesses; quarantine measures and travel restrictions imposed on such entities' personnel based or temporarily located in affected regions; or any related health issues of such entities' personnel.

Some sectors of the economy and individual issuers experienced particularly large losses. Many of them have recovered somewhat. For example, companies in the energy sector, including MLPs and energy infrastructure companies in which certain Funds invest, for a period were adversely impacted by reduced demand for oil and other energy commodities as a result of the slowdown in economic activity resulting from the pandemic spread of COVID-19 and by price competition among key oil producing countries.

The United States has responded to the COVID-19 pandemic and resulting economic distress with fiscal and monetary stimulus packages. In late March 2020, Congress passed, and President Trump signed, the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”), a stimulus package providing for over \$2.2 trillion in resources to small businesses, state and local governments, and individuals that have been adversely impacted by the COVID-19 pandemic. During the Biden Administration, additional legislation in response to COVID-19 has been passed. The Federal Reserve also enacted various programs to support liquidity operations and funding in the financial markets, including massively expanding its reverse repurchase agreement operations, adding \$1.5 trillion of liquidity to the banking system; establishing swap lines with other major central banks to provide dollar funding; establishing a program to support money market funds; easing various bank capital buffers; providing funding backstop for businesses to provide bridging loans for up to four years; and providing funding to help credit flow in asset-backed securities markets. Recently, the threat of inflation has caused the Federal Reserve to reconsider or reverse some of these actions and policies.

The current market conditions, as well as various social and political tensions in the United States and around the world, may continue to contribute to increased market volatility, may have long-term effects on the U.S. and global financial markets, and may cause further economic uncertainties or deterioration in the United States and worldwide. The prolonged continuation or further deterioration of the current U.S. and global economic downturn could adversely impact the Funds. The Adviser does not know how long the financial markets will continue to be affected by these events and cannot predict the effects of these or similar events in the future on the US economy, the securities markets and issuers held by a Fund. Fiscal stimulus packages such as the CARES Act serve to further increase the federal budget deficit, which could lead to the downgrading of the long-term sovereign credit rating for the United States. Federal Reserve policy in response to market conditions, including with respect to certain interest rates, may adversely affect the value, volatility and liquidity of dividend and interest paying securities. Market volatility, dramatic changes to interest rates and/or a return to unfavorable economic conditions may lower a Fund’s performance or impair a Fund’s ability to achieve its investment objective. The Adviser intends to monitor developments and seek to manage the Funds in a manner consistent with achieving each Fund’s investment objective, but there can be no assurance that it will be successful in doing so.

Non-U.S. Securities.

The Funds may invest without limitation in the securities of non-U.S. issuers in U.S. denominated form known as American Depositary Receipts (“ADRs”). They may also invest up to 10% of the respective total assets of **Baron Asset Fund**, **Baron Growth Fund** and **Baron Small Cap Fund**, and up to 25% of the respective total assets of **Baron Opportunity Fund**, **Baron Fifth Avenue Growth Fund**, **Baron Discovery Fund** and **Baron Durable Advantage Fund** directly in the securities of non-U.S. issuers that are not publicly traded in the U.S. and in Global Depositary Receipts (“GDRs”) and European Depositary Receipts (“EDRs”).

ADRs are certificates issued by a U.S. bank or trust company and represent the right to receive securities of a foreign issuer deposited in a U.S. bank or foreign branch of a U.S. bank and traded on a U.S. exchange or in an over-the-counter market. EDRs and GDRs are receipts issued in Europe generally by a non-U.S. bank or trust company that evidence ownership of non-U.S. securities. There are no fees imposed on the purchase or sale of ADRs, EDRs or GDRs, although the issuing bank or trust company may impose fees on the purchase of dividends and the conversion of ADRs, EDRs and GDRs into the underlying securities. Investments in ADRs have certain advantages over direct investment in the underlying non-U.S. securities, since (i) ADRs are U.S. dollar denominated investments that are easily transferable and for which market quotations are readily available

and (ii) issuers whose securities are represented by ADRs are subject to the same auditing, accounting and financial reporting standards as U.S. issuers. EDRs and GDRs are not necessarily denominated in the currency of the underlying security. Issuers of non-U.S. securities are subject to different, often less detailed, accounting, reporting and disclosure requirements than are U.S. issuers. These securities may have exposure to developed countries and developing countries, which include countries in the MSCI Emerging Markets (EM) Index, countries in the MSCI Frontier Markets (FM) Index and other countries determined by the Adviser to be developing countries based on classifications made by the International Monetary Fund or on country characteristics similar to those of the countries in the EM and FM Indexes.

REITs.

The Funds may invest in the equity securities of real estate investment trusts (“REITs”). A REIT is a corporation or business trust that invests in real estate and derives its income from rents or sales of real property or interest on loans secured by mortgages on real property. The market value of REITs may be affected by numerous factors, including decreases in the value of real estate, vacancies, decreases in lease rates, defaults by lessees, changes in the tax laws or by their inability to qualify for the tax-free pass-through of their income.

Securities Lending.

The Funds may lend their portfolio securities to qualified institutions. By lending its portfolio securities, a Fund attempts to increase its income through the receipt of interest on the loan. Any gain or loss in the market price of the securities loaned that may occur during the term of the loan will be for the account of the Fund. A Fund may lend its portfolio securities so long as the terms and the structure of such loans are not inconsistent with the requirements of the Investment Company Act of 1940, as amended (the “1940 Act”), which currently provide that (a) the borrower pledges and maintains with the Fund collateral consisting of cash, a letter of credit issued by a domestic U.S. bank, or securities issued or guaranteed by the U.S. government having a value at all times not less than 100% of the value of the securities loaned, (b) the borrower adds to such collateral whenever the price of the securities loaned rises (i.e., the value of the loan is “marked to the market” on a daily basis), (c) the loan be made subject to termination by the Fund at any time and the loaned securities be subject to recall within the normal and customary settlement time for securities transactions and (d) the Fund receives reasonable interest on the loan (which may include the Fund’s investing any cash collateral in interest bearing short-term investments), any distributions on the loaned securities and any increase in their market value. If the borrower fails to maintain the requisite amount of collateral, the loan automatically terminates and the Fund could use the collateral to replace the securities while holding the borrower liable for any excess of replacement cost over the value of the collateral. As with any extension of credit, there are risks of delay in recovery and in some cases even loss of rights in collateral should the borrower of the securities fail financially.

A Fund will not lend portfolio securities if, as a result, the aggregate of such loans for **Baron Asset Fund** exceeds 10% and for **Baron Growth Fund, Baron Small Cap Fund, Baron Opportunity Fund, Baron Fifth Avenue Growth Fund, Baron Discovery Fund** and **Baron Durable Advantage Fund** exceeds 25% of the value of its total assets (including such loans). Loan arrangements made by a Fund will comply with all other applicable regulatory requirements. All relevant facts and circumstances, including the creditworthiness of the qualified institution, will be monitored by the Adviser, and will be considered in making decisions with respect to lending of securities, subject to review by the Trust’s Board of Trustees.

A Fund may pay reasonable negotiated fees in connection with loaned securities, so long as such fees are set forth in a written contract and approved by its Board of Trustees. In addition, a Fund shall, through the ability to recall securities prior to any required vote, retain voting rights over the loaned securities.

When-Issued and Delayed-Delivery Securities and Forward Commitments.

The Funds may purchase or sell securities on a when-issued or delayed-delivery basis. When-issued or delayed-delivery transactions arise when securities are purchased or sold with payment and delivery taking place

in the future in order to secure what is considered to be an advantageous price at the time of entering into the transaction. While a Fund generally purchases securities on a when-issued basis with the intention of acquiring the securities, the Fund may sell the securities before the settlement date if the Adviser deems it advisable. Distributions attributable to any gains realized on such a sale are taxable to shareholders. When-issued and delayed-delivery securities and forward commitments involve the risk that the security a Fund buys will lose value prior to its delivery. There are also the risks that the security will never be issued or that the other party to the transaction will not meet its obligation. If this occurs, a Fund loses both the investment opportunity for the assets it set aside to pay for the security and any gain in the security's price. The Funds do not anticipate investing more than 10% of their total assets in such securities.

Illiquid Securities.

Baron Asset Fund may invest up to 10% of its net assets, and **Baron Growth Fund, Baron Small Cap Fund, Baron Opportunity Fund, Baron Fifth Avenue Growth Fund, Baron Discovery Fund** and **Baron Durable Advantage Fund** may invest up to 15%, of their respective net assets in illiquid securities at the time of purchase. Subsequently, if as a result of changes in the portfolio, illiquid securities exceed 10 or 15% of net assets (as applicable), a Fund may not acquire any additional illiquid securities and the Adviser will take such steps as it considers appropriate to reduce the percentage within a reasonable period of time. An illiquid security is one that a Fund reasonably expects to be unable to sell or dispose of in current market conditions in seven calendar days or less without the sale or disposition significantly changing the market value of the security. Such investments may include private equity securities, private investments in public equity securities and other restricted securities. To the extent that there is no established market for some of the debt securities in which the Funds may invest, there may be thin or no trading in such securities, and the ability of the Adviser to value accurately such securities may be adversely affected. Further, it may be more difficult for the Funds to sell securities for which no established market exists. During periods of reduced market liquidity, and in the absence of readily available market quotations for securities held in the Funds' portfolios, the responsibility of the Adviser to value the Funds' securities becomes more difficult, and the Adviser's judgment may play a greater role in the valuation of the Funds' securities due to a reduced availability of reliable data.

To the extent that the Funds purchase illiquid securities or securities that are restricted as to resale, the Funds may incur additional risks and costs. Illiquid and restricted securities may be particularly difficult to value and their disposition may require greater effort and expense than more liquid securities. The Funds may be required to incur costs in connection with the registration of restricted securities in order to dispose of such securities.

If one or more instruments in a Fund's portfolio become illiquid, the Fund may exceed its limit on illiquid instruments. If this occurs, the Fund must take steps to bring the aggregate amount of illiquid instruments back within the prescribed limitations as soon as reasonably practicable. However, this requirement will not force a Fund to liquidate any portfolio instrument where the Fund would suffer a loss on the sale of that instrument.

Debt Securities.

Debt securities have varying levels of sensitivity to changes in interest rates. In general, the price of a debt security can fall when interest rates rise and can rise when interest rates fall. Securities with longer maturities can be more sensitive to interest rate changes. The longer the maturity of a security, the greater the impact a change in interest rates could have on the security's price. In addition, short-term and long-term interest rates do not necessarily move in the same amount or the same direction. Short-term securities tend to react to changes in short-term interest rates, and long-term securities tend to react to changes in long-term interest rates.

Debt securities, particularly mortgage-backed securities, are subject to prepayment risk. Prepayment risk occurs when the issuer of a security can repay principal prior to the security's maturity. Securities subject to prepayment can offer less potential for gains during a declining interest rate environment and similar or greater potential for loss in a rising interest rate environment. In addition, the potential impact of prepayment features on

the price of a debt security can be difficult to predict and result in greater volatility. The Funds do not anticipate investing more than 5% of their respective assets in mortgage-backed securities.

The Funds may invest in zero-coupon, step-coupon and pay-in-kind securities. These securities are debt securities that do not make regular interest payments. Zero-coupon and step-coupon securities are sold at a deep discount to their face value, and pay-in-kind securities pay interest through the issuance of additional securities.

The market value of these debt securities generally fluctuates in response to changes in interest rates to a greater degree than interest-paying securities of a comparable term and quality. The secondary market value of corporate debt securities structured as zero-coupon securities or pay-in-kind securities may be more volatile in response to changes in interest rates than debt securities that pay interest periodically in cash. Because such securities do not pay current interest but instead accrue such income, to the extent that the Funds do not have available cash to meet distribution requirements with respect to such income, they could be required to dispose of portfolio securities that they would not otherwise. Such disposition could be at a disadvantageous price. Investments in such securities also involve certain tax considerations.

The Funds from time to time may also purchase indebtedness and participations, both secured and unsecured, of debtor companies in reorganization or financial restructuring. Such indebtedness may be in the form of loans, notes, bonds or debentures. When the Funds purchase a participation interest they assume the credit risk associated with the bank or other financial intermediary as well as the credit risk associated with the issuer of any underlying debt instrument. The Funds may also purchase trade and other claims against, and other unsecured obligations of, such debtor companies, which generally represent money due a supplier of goods or services to such company. Some debt securities purchased by the Funds may have very long maturities. The length of time remaining until maturity is one factor that the Adviser considers in purchasing a particular debt security. The purchase of indebtedness of a troubled company always involves a risk as to the creditworthiness of the issuer and the possibility that the investment may be lost. The Adviser believes that the difference between perceived risk and actual risk creates the opportunity for profit, which can be realized through thorough analysis. There are no established markets for some of this indebtedness, and it is less liquid than more heavily traded securities. Indebtedness of the debtor company to a bank is not the security of the banks issuing or selling them. The Funds may purchase loans from national and state chartered banks as well as foreign ones. The Funds may invest in senior indebtedness of debtor companies, although on occasion subordinated indebtedness may also be acquired. The Funds may also invest in distressed first mortgage obligations and other debt secured by real property. The Funds do not currently anticipate investing more than 10% of their total assets in trade and other claims.

Repurchase and Reverse Repurchase Agreements.

The Funds may enter into repurchase agreements with certain banks or non-bank dealers. In a repurchase agreement, the Funds buy a security at one price, and at the time of sale, the seller agrees to repurchase that security at a mutually agreed upon time and price. Repurchase agreements could involve certain risks in the event of the failure of the seller to repurchase the securities as agreed, which may cause the Funds to suffer a loss, including loss of interest on, or principal of, the security and costs associated with delay and enforcement of the repurchase agreement. Repurchase agreements with a duration of more than seven days are considered illiquid securities. Repurchase agreements carry the risk that the market value of the securities declines below the repurchase price. Also a Fund could lose money if it is unable to recover the securities and the value of the collateral held by the Fund is less than the value of the securities. In the event the borrower commences bankruptcy proceedings, a court may characterize the transaction as a loan. If a Fund has not perfected a security interest in the underlying collateral, the Fund may be required to return the underlying collateral to the borrower's estate and be treated as an unsecured creditor. As an unsecured creditor, the Fund could lose some or all of the principal and interest involved in the transaction.

The Funds may engage in reverse repurchase agreements with certain banks or non-bank dealers, where the Funds sell a security and simultaneously agree to buy it back at a mutually agreed upon time and price. To the

extent that the Funds engage in reverse repurchase agreements, they will maintain a segregated account consisting of liquid assets or highly marketable securities to cover their obligations. Reverse repurchase agreements are a type of borrowing that may increase the possibility of fluctuation in a Fund's net asset value.

The SEC recently adopted new Rule 18f-4 under the 1940 Act, which governs the use of derivative investments and certain financing transactions (e.g. reverse repurchase agreements) by registered investment companies. As the Fund comes into compliance, the approach to asset segregation and coverage requirements described in this SAI will be impacted. For more information, please see the "Use of Derivatives, Segregated Accounts and Other Special Accounts" section on page 12.

Medium And Lower-Rated Corporate Debt Securities.

The Funds may invest in debt securities that have a rating of, or equivalent to, at least "BBB" by Standard & Poor's Corporation ("S&P") or "Baa" by Moody's Investors Services, Inc. ("Moody's"), or if unrated, are judged by the Adviser to be of comparable quality. **Baron Asset Fund, Baron Growth Fund, Baron Opportunity Fund, Baron Fifth Avenue Growth Fund, Baron Discovery Fund and Baron Durable Advantage Fund** may invest up to 35% of their total assets in such securities. **Baron Small Cap Fund** may invest up to 20% of its total assets in such securities. Because the creditworthiness of an issuer may change more rapidly than is able to be timely reflected in changes in credit ratings, the Adviser monitors corporate debt securities of issuers held in the Funds' equity portfolios. The Adviser could be wrong in its analysis. A general economic downturn or a significant increase in interest rates could severely disrupt the market for medium and lower grade corporate debt securities and adversely affect the market value of such securities and lead to increased incidences of default. Yields on debt securities in the portfolio that are interest rate sensitive can be expected to fluctuate over time.

Short Sales.

Baron Growth Fund, Baron Small Cap Fund, Baron Opportunity Fund, Baron Fifth Avenue Growth Fund, Baron Discovery Fund and Baron Durable Advantage Fund may sell securities short. The Funds may sell a security that the Funds do not own. In order to do so, the Funds must borrow a security to deliver it to the purchaser and later buy that security in the market and return it to the lender. The value of a security sold short could increase and the Funds would have to pay more to buy the security to return to the lender than it received from the purchaser in the short sale. The Funds' risk of loss in these types of short sales is theoretically unlimited because there is no limit to the cost of replacing the borrowed security. The Funds may also sell a security short that the Funds own or a security equivalent in kind or amount to a security the Funds have a right to obtain (for example, a security convertible into the security sold short or a security that the Adviser believes will be deliverable upon the closing of a transaction). The Funds may also sell securities short when, in the opinion of the Adviser, the position is covered by owning a security that has ownership rights to assets that include all of the assets of the security shorted. If the value of the securities in these types of short sales increases, the Funds lose the opportunity to participate in the gain of the covered positions. The Funds may sell a security short only on a fully collateralized basis, which requires that the Funds establish and maintain a segregated account.

Options Transactions and Swaps.

Baron Asset Fund may write (sell) covered call options or purchase put options on equity and/or debt securities. **Baron Growth Fund, Baron Small Cap Fund, Baron Opportunity Fund, Baron Fifth Avenue Growth Fund, Baron Discovery Fund and Baron Durable Advantage Fund** may write (sell) put and covered call options and purchase put and call options on equity and/or debt securities. The Funds may also enter into equity swap transactions. All calls sold by the Funds must be "covered" (i.e., a Fund must own the underlying securities) or must meet the asset segregation requirements described below for as long as the call is outstanding. Even though the Funds will receive the option premium to help protect it against loss, a call sold by a Fund exposes the Funds during the term of the option to possible loss of opportunity to realize appreciation in the market price of the underlying security or instrument and may require the Fund to hold a security or instrument which it might otherwise have sold, and a put sold by a Fund exposes the Fund to potential loss in the amount of the difference between the exercise price and the market value of the underlying security.

A put option gives the purchaser of the option, upon payment of a premium, the right to sell, and the writer, when exercised, the obligation to buy, the underlying security at the exercise price. A call option, upon payment of a premium, gives the purchaser of the option the right to buy, and the seller, if exercised, the obligation to sell, the underlying security at the exercise price. An American style put or call option may be exercised at any time during a fixed period, while a European style put or call option may be exercised only upon expiration or during a fixed period prior thereto. The Funds may engage in either style option. The Funds are authorized to engage in transactions with respect to exchange-listed options, over-the-counter options (“OTC options”) and other derivative investments. Exchange-listed options are issued by a regulated financial intermediary, such as the Options Clearing Corporation (“OCC”), which guarantees the performance of the obligations of the parties to such options. The discussion below uses the OCC as an example, but is also applicable to other financial intermediaries.

Rather than taking or making delivery of the underlying security through the process of exercising the option, listed options are usually closed by entering into offsetting purchase or sale transactions that do not result in ownership of the new option. The Funds’ ability to close out its position as a purchaser or seller of an OCC or exchange-listed put or call option is dependent, in part, upon the liquidity of the option market. Among the possible reasons for the absence of a liquid option market on an exchange are: (i) insufficient trading interest in certain options; (ii) restrictions on transactions imposed by an exchange; (iii) trading halts, suspensions or other restrictions imposed with respect to particular classes or series of options or underlying securities including reaching daily price limits; (iv) interruption of the normal operations of the OCC or an exchange; (v) inadequacy of the facilities of an exchange or OCC to handle current trading volume; or (vi) a decision by one or more exchanges to discontinue the trading of options (or a particular class or series of options), in which event the relevant market for that option on that exchange would cease to exist, although outstanding options on that exchange would generally continue to be exercisable in accordance with their terms. The hours of trading for listed options may not coincide with the hours during which the underlying instruments are traded. To the extent that the option markets close before the markets for the underlying instruments, significant price and rate movements can take place in the underlying markets that cannot be reflected in the option markets.

OTC options are purchased from or sold to securities dealers, financial institutions or other parties (“Counterparties”) through direct bilateral agreement with the Counterparty. In contrast to exchange-listed options, which generally have standardized terms and performance mechanics, all the terms of an OTC option are negotiated by the parties. The Funds generally expect to enter into OTC options that have cash settlement provisions, although they are not required to do so.

Equity swap transactions are entered into with financial intermediaries through a direct agreement with the Counterparty, generally an ISDA Master Agreement, the specific terms of which are negotiated by the parties. The Funds may use equity swaps, or other derivative instruments, for hedging purposes against potential adverse movements in security prices or for non-hedging purposes such as seeking to enhance return. The Funds may be required to post collateral for such transactions.

There is no central clearing or, unless the parties provide for it, guaranty function in an OTC option or derivative, including certain swaps. As a result, if the Counterparty fails to make or take delivery of the security or other instrument, or fails to make a cash settlement payment due in accordance with the option, the Funds will lose any premium they paid for the option as well as any anticipated benefit of the transaction. The Adviser must assess the creditworthiness of each Counterparty to determine the likelihood that the terms of the OTC option or the derivative will be satisfied. The Funds will engage in OTC option transactions and derivatives only with qualified Counterparties. The staff of the SEC currently takes the position that OTC options purchased by the Funds, and portfolio securities “covering” the amount of the Funds’ obligation pursuant to an OTC option sold by it (the cost of the sell-back plus any in-the-money amount) are illiquid and subject to the Funds’ limitations on investments in illiquid securities, unless the Funds have the legal right to terminate the option on not more than seven days notice and the Counterparty has a high credit quality rating.

Foreign Currency Transactions.

The Funds that are permitted to invest in foreign currency-denominated securities also may purchase and sell foreign currency options and foreign currency futures contracts and futures options, and they may engage in foreign currency transactions either on a spot (cash) basis at prevailing currency exchange rates or through forward currency contracts. These Funds may engage in these transactions to hedge, directly or indirectly, against currency fluctuations, for other investment purposes and, with respect to certain Funds, to seek to enhance returns. A Fund may enter into currency transactions only with counterparties that the Adviser deems to be creditworthy. Certain of the foreign currency transactions the Funds may use are described below.

Forward Foreign Exchange Transactions. Certain Funds may enter into forward currency contracts (“forwards”) in connection with settling purchases or sales of securities, to hedge the currency exposure associated with some or all of the Fund’s investments or as part of its investment strategy. Forwards are OTC contracts to purchase or sell a specified amount of a specified currency or multinational currency unit at a set price on a future date. The market value of a forward fluctuates with changes in foreign currency exchange rates. Forwards are marked to market daily based upon foreign currency exchange rates from an independent pricing service, and the change in value is recorded as unrealized appreciation or depreciation. A Fund will record a realized gain or loss when the forward is closed. Forwards are highly volatile, involve substantial currency risk and may also involve credit and liquidity risks.

Currency Futures. A Fund may also seek to enhance returns or hedge against the decline in the value of a currency through use of currency futures or options thereon. Currency futures are similar to forward foreign exchange transactions except that futures are standardized, exchange-traded contracts while forward foreign exchange transactions are traded in the OTC market. Currency futures involve substantial currency risk, and also involve leverage risk.

Currency Options. A Fund may also seek to enhance returns or hedge against the decline in the value of a currency through the use of currency options. Currency options are similar to options on securities. For example, in consideration for an option premium the writer of a currency option is obligated to sell (in the case of a call option) or purchase (in the case of a put option) a specified amount of a specified currency on or before the expiration date for a specified amount of another currency. A Fund may engage in transactions in options on currencies either on exchanges or OTC markets. A Fund may write covered call options on up to 100% of the currencies in its portfolio. Currency options involve substantial currency risk, and may also involve credit, leverage or liquidity risk.

Currency Swaps. In order to protect against currency fluctuations, a Fund may enter into currency swaps. A Fund may also hedge portfolio positions through currency swaps, which are transactions in which one currency is simultaneously bought for a second currency on a spot basis and sold for the second currency on a forward basis. Currency swaps involve the exchange of the rights of a Fund and another party to make or receive payments in specified currencies. Because currency swaps usually involve the delivery of the entire principal value of one designated currency in exchange for the other designated currency, the entire principal value of a currency swap is subject to the risk that the other party to the swap will default on its contractual delivery obligations.

Limitations on Currency Transactions. A Fund will not hedge a currency in excess of the aggregate market value of the securities that it owns (including receivables for unsettled securities sales), or has committed to purchase or anticipates purchasing, which are denominated in such currency. Open positions in forward foreign exchange transactions used for non-hedging purposes will be covered by the segregation of liquid assets and are marked to market daily.

Risk Factors in Hedging Foreign Currency. Hedging transactions involving currency instruments involve substantial risks, including correlation risk. While a Fund’s use of currency instruments to effect hedging strategies is intended to reduce the volatility of the net asset value of the Fund’s shares, the net asset value of the Fund’s shares will fluctuate. Moreover, although currency instruments will be used with the intention of hedging against adverse currency movements, transactions in currency instruments involve the risk that anticipated

currency movements will not be accurately predicted and that the Fund's hedging strategies will be ineffective. To the extent that a Fund hedges against anticipated currency movements that do not occur, the Fund may realize losses and decrease its total return as the result of its hedging transactions. Furthermore, a Fund will only engage in hedging activities from time to time and may not be engaging in hedging activities when movements in currency exchange rates occur. In connection with its trading in forward foreign currency contracts, a Fund will contract with a foreign or domestic bank, or foreign or domestic securities dealer, to make or take future delivery of a specified amount of a particular currency. There are no limitations on daily price moves in such forward contracts, and banks and dealers are not required to continue to make markets in such contracts. There have been periods during which certain banks or dealers have refused to quote prices for such forward contracts or have quoted prices with an unusually wide spread between the price at which the bank or dealer is prepared to buy and that at which it is prepared.

Use of Derivatives, Segregated Accounts and Other Accounts.

Use of Derivatives.

Each Fund is operated by the Adviser in reliance on an exclusion, granted to operators of registered investment companies such as the Funds, from registration as a "commodity pool operator" ("CPO"), with respect to the Fund, under the Commodity Exchange Act (the "CEA") and, therefore, is not subject to registration or regulation as a CPO under the CEA. The Funds may be limited in their ability to use commodity futures or options thereon, engage in certain swap transactions or make certain other investments (collectively, "commodity interests") if the Adviser continues to claim the exclusion from the definition of CPO with respect to such Funds. In order for the Adviser to be eligible to continue to claim this exclusion, if a Fund uses commodity interests other than for bona fide hedging purposes (as defined by the Commodity Futures Trading Commission (the "CFTC")), the aggregate initial margin and premiums required to establish those positions (after taking into account unrealized profits and unrealized losses on any such positions and excluding the amount by which options are "in-the-money" at the time of purchase) may not exceed 5% of the Fund's NAV, or, alternatively, the aggregate net notional value of those positions, as determined at the time the most recent position was established, may not exceed 100% of the Fund's NAV (after taking into account unrealized profits and unrealized losses on any such positions). In addition to meeting one of the foregoing trading limitations, a Fund may not market itself as a commodity pool or otherwise as a vehicle for trading in the commodity futures, commodity options or swaps markets. Even if a Fund's direct use of commodity interests complies with the trading limitations described above, the Fund may have indirect exposure to commodity interests in excess of such limitations. Such exposure may result from the Fund's investment in other investment vehicles, including investment companies that are not managed by the Adviser or one of its affiliates, certain securitized vehicles that may invest in commodity interests and/or non-equity REITs that may invest in commodity interests (collectively, "underlying investment vehicles"). Because the Adviser may have limited or no information as to the commodity interests in which an underlying investment vehicle invests at any given time, the CFTC has issued temporary no-action relief permitting registered investment companies, such as the Funds, to continue to rely on the exclusion from the definition of CPO. The Adviser, on behalf of the Funds, has filed the required notice to claim this no-action relief. In order to rely on the temporary no-action relief, the Adviser must meet certain conditions and the Funds must otherwise comply with the trading and market limitations described above with respect to their direct investments in commodity interests.

Use of Segregated and Other Special Accounts.

Many hedging transactions require, among other things, that the Funds segregate liquid assets with their custodian to the extent Fund obligations are not otherwise "covered" through ownership of the underlying security or instrument. In general, either the full amount of any obligation by the Funds to pay or deliver securities or assets must be covered at all times by the securities or instruments required to be delivered, or, subject to any regulatory restrictions, an amount of cash or liquid securities at least equal to the current amount of the obligation must be segregated with the custodian. The segregated assets cannot be sold or transferred unless equivalent assets are substituted in their place or it is no longer necessary to segregate them.

Recent Regulation Regarding Derivatives and Segregated Accounts.

In October 2020, the SEC adopted new Rule 18f-4 under the 1940 Act, which governs the use of derivative investments and certain financing transactions (e.g. reverse repurchase agreements) by registered investment companies. Among other things, Rule 18f-4 will require funds that invest in derivative instruments beyond a specified limited amount to apply a value-at-risk based limit to their use of certain derivative instruments and financing transactions and to adopt and implement a derivatives risk management program. A fund that uses derivative instruments in a limited amount will not be subject to the full requirements of Rule 18f-4. In connection with the adoption of Rule 18f-4, funds will no longer be required to comply with the asset segregation framework arising from prior SEC guidance for covering certain derivative instruments and related transactions. Compliance with Rule 18f-4 will not be required until August 2022. As a Fund comes into compliance, the approach to asset segregation and coverage requirements described in this SAI will be impacted. Compliance with the new rule by a Fund could, among other things, make derivatives more costly, limit their availability or utility, or otherwise adversely affect their performance.

Special Situations.

The Funds may invest in “special situations.” A special situation arises when, in the opinion of the Adviser, the securities of a company will be recognized and appreciate in value due to a specific anticipated development at that company. Such developments might include a new product, a management change, an acquisition or a technological advancement. The risk of investing in special situations is that the anticipated development does not occur or its impact is not what the Adviser expected.

International Sanctions.

From time to time, certain of the companies in which a Fund invests may operate in, or have dealings with, countries subject to sanctions or embargoes imposed by the U.S. government and the United Nations and/or countries identified by the U.S. government as state sponsors of terrorism. A company may suffer damage to its reputation if it is identified as a company which operates in, or has dealings with, countries subject to sanctions or embargoes imposed by the U.S. government and the United Nations and/or countries identified by the U.S. government as state sponsors of terrorism. As an investor in such companies, the Fund will be indirectly subject to those risks.

Real Estate Industry Risk.

In addition to general market conditions, the value of the Funds will be affected by the strength of the real estate markets. Factors that could affect the value of the Funds’ holdings include the following: overbuilding and increased competition; increases in property taxes and operating expenses; declines in the value of real estate; lack of availability of equity and debt financing to refinance maturing debt; vacancies due to economic conditions and tenant bankruptcies; losses due to costs resulting from environmental contamination and its related clean-up; changes in interest rates; changes in zoning laws; casualty or condemnation losses; variations in rental income; changes in neighborhood values; and functional obsolescence and appeal of properties to tenants.

Share Classes.

The Funds offer three classes of shares, Retail Shares, Institutional Shares and R6 Shares, which differ only in their ongoing fees and eligibility requirements. Retail Shares are available to all investors, and account minimums range from \$500 to \$2,000, depending on the account type. Institutional Shares are for accounts in the amount of \$1,000,000 or more per Fund. Institutional Shares are intended for certain financial intermediaries that offer shares of the Baron Funds® through fee-based platforms, retirement platforms or other platforms for which the financial intermediary provides services and is not compensated by the Baron Funds® for those services. Shareholders meeting the eligibility requirements for the Institutional Shares may also purchase Institutional Shares directly without paying a sales charge or any other additional fees. Baron WealthBuilder Fund,

employees/Directors of the Adviser and its affiliates and Trustees of the Baron Funds® are not subject to the eligibility requirements for Institutional Shares. R6 Shares are available only to qualified 401(a) plans (including 401(k) plans, Keogh plans, profit-sharing plans, money purchase pension plans, target benefit plans, defined benefit pension plans and Taft-Hartley multi-employer pension plans) (collectively, “Qualified Plans”), endowment funds and foundations, any state, county or city, or its instrumentality, department, authority, or agency, 403(b) plans, 457 plans, including 457(a) governmental entity plans and tax-exempt plans, accounts registered to insurance companies, trust companies and bank trust departments, investment companies, both affiliated and not affiliated with the Adviser, and any entity that is considered a corporation for tax purposes, including corporate non-qualified deferred compensation plans of such corporations. R6 Shares are not available to traditional and Roth Individual Retirement Accounts, SEPs, SARSEPs and individual 403(b) plans. Institutional Shares are available to such accounts or plans to the extent they are purchased through an eligible fee-based program. R6 Shares are also not available to retail, advisory fee-based wrap programs or to adviser-sold donor-advised funds. There is no minimum initial investment for Qualified Plans; however, the shares must be held through plan-level or omnibus accounts held on the books of the Funds. All other R6 eligible investors must meet a minimum initial investment of at least \$5,000,000 per Fund. For more information, please see the “How to Purchase Shares” section on pages 71-73 of the Prospectus. The Funds reserve the right, without prior notice, to change the eligibility requirements of its share classes, including the types of investors who are eligible to purchase each share class.

Fund Policies.

The Funds have adopted investment restrictions, described below, which are fundamental policies of the Funds and may not be changed without the approval by a majority of the Funds’ shareholders or at least two-thirds of a quorum of a majority of the shareholders. Unless otherwise noted, all percentage restrictions are measured as of the time of the purchase.

Baron Asset Fund may not:

1. Issue senior securities except in connection with any permitted borrowing where the Fund is deemed to have issued a senior security;
2. Borrow money except from banks for temporary purposes in an amount not exceeding 5% of the Fund’s net assets at the time the borrowing is made;
3. Purchase securities on margin except for short-term credit necessary for the clearance of portfolio transactions;
4. Make short sales of securities, maintain a short position, or write put options;
5. Purchase or sell commodities or commodity contracts;
6. Purchase or sell real estate or real estate mortgage loans or invest in the securities of real estate companies unless such securities are publicly traded;
7. Invest in oil, gas or mineral-related programs or leases;
8. Invest 25% or more of the value of its total assets in any particular GICS Sub-Industry. For purposes of this restriction, the percentage will be measured at the time of purchase;
9. Purchase the securities of any one issuer other than the U.S. Government or any of its agencies or instrumentalities, if immediately after such purchase more than 5% of the value of the Fund’s total assets would be invested in such issuer or the Fund would own more than 10% of the outstanding voting securities of such issuer, except that up to 25% of the value of the Fund’s total assets may be invested without regard to the 5% and 10% limitations;
10. Invest more than 10% of the value of the Fund’s net assets in securities which are restricted or illiquid or in repurchase agreements maturing or terminable in more than seven days;

11. Invest in securities of other open end investment companies (except in connection with a merger, consolidation or other reorganization and except for the purchase of shares of registered open-end money market mutual funds if double advisory fees are not assessed), invest more than 5% of the value of the Fund's total assets in more than 3% of the total outstanding voting securities of another investment company or more than 10% of the value of the Fund's total assets in securities issued by other investment companies;
12. Participate on a joint, or a joint and several, basis in any securities trading account;
13. Underwrite securities of other issuers insofar as the Fund is the seller of such securities;
14. Make loans to other persons, except up to 10% of the value of the Fund's total assets in loans of portfolio securities and except to the extent that the purchase of publicly traded debt securities and the entry into repurchase agreements in accordance with the Fund's investment goal and policies may be deemed to be loans;
15. Mortgage, pledge or hypothecate any portfolio securities owned or held by the Fund, except as may be necessary in connection with permitted borrowing;
16. Invest more than 5% of its total assets in warrants to purchase common stock at market;
17. Purchase securities of any issuer with a record of less than three years' continuous operation, including predecessors, except obligations issued or guaranteed by the U.S. Government or its agencies or instrumentalities, if such purchase would cause the investments of the Fund in all such issuers to exceed 5% of the value of the total assets of the Fund; or
18. Purchase or retain any securities of an issuer any of whose officers, directors, trustees or security holders is an officer or Trustee of the Trust, or is a member, officer or Director of the Adviser, if after the purchase of the securities of such issuer by the Fund one or more of such persons owns beneficially more than 1/2 of 1% of the shares or securities, or both, all taken at market value, of such issuer, and such persons owning more than 1/2 of 1% of such shares or securities together own beneficially more than 5% of such shares or securities, or both, all taken at market value.

Baron Growth Fund, Baron Small Cap Fund and Baron Opportunity Fund may not:

1. Issue senior securities or borrow money or utilize leverage in excess of 25% of its net assets (plus 5% for emergency or other short-term purposes) from banks from time to time.
2. Except as described in the prospectus or SAI, engage in short-sales, purchase securities on margin or maintain a net short position.
3. Purchase or sell commodities or commodity contracts unless in conformity with regulations of the Commodities Futures Trading Commission.
4. Purchase or sell oil and gas interests or real estate. Securities issued by companies engaged in the oil, gas or real estate business are not considered oil or gas interests or real estate for purposes of this restriction. First mortgage loans and other direct obligations secured by real estate are not considered real estate for purposes of this restriction.
5. Invest 25% or more of the value of its total assets in any particular GICS Sub-Industry. For purposes of this restriction, the percentage will be measured at the time of purchase.
6. Purchase the securities of any one issuer other than the U.S. Government or any of its agencies or instrumentalities, if immediately after such purchase more than 5% of the value of the Fund's total assets would be invested in such issuer or the Fund would own more than 10% of the outstanding voting securities of such issuer, except that up to 25% of the value of the Fund's total assets may be invested without regard to the 5% and 10% limitations.
7. Underwrite securities of other issuers insofar as the Fund is the seller of such securities.

8. Make loans, except to the extent the purchase of debt obligations of any type (including repurchase agreements and corporate commercial paper) are considered loans and except that the Fund may lend portfolio securities to qualified institutional investors in compliance with requirements established from time to time by the SEC and the securities exchanges where such securities are traded.
9. Participate on a joint, or a joint and several, basis in any securities trading account.
10. Mortgage, pledge or hypothecate any of its assets, except as may be necessary in connection with options, loans of portfolio securities, or other permitted borrowings.
11. Purchase securities of any issuer with a record of less than three years' continuous operations, including predecessors, except obligations issued or guaranteed by the U.S. Government or its agencies or instrumentalities, if such purchase would cause the investments of the Fund in all such issuers to exceed 5% of the value of the total assets of the Fund.
12. Invest more than 15% of its net assets in restricted or illiquid securities, including repurchase agreements maturing in more than seven days.

As a non-fundamental policy, **Baron Growth Fund, Baron Small Cap Fund and Baron Opportunity Fund** may not:

1. Purchase more than 3% of the outstanding voting securities of another registered investment company except in connection with a merger, consolidation or other reorganization or as otherwise permitted by the 1940 Act.

Baron Fifth Avenue Growth Fund may not:

1. Issue senior securities or borrow money in excess of amounts permitted by law (which currently requires asset coverage of 300% immediately after such borrowing, subject to exceptions for borrowings of up to 5% for short-term purposes).
2. Purchase or sell commodities or commodity contracts unless in conformity with regulations of the Commodities Futures Trading Commission.
3. Purchase or sell oil and gas interests or real estate. Securities issued by companies engaged in the oil, gas or real estate business or secured by oil and gas or real estate are not considered oil or gas interests or real estate for purposes of this restriction.
4. Underwrite securities of other issuers insofar as the Fund is the seller of such securities.
5. Make loans, except to the extent the purchase of debt obligations of any type (including loan participations, repurchase agreements and corporate commercial paper) are considered loans and except that the Fund may lend portfolio securities in compliance with requirements established from time to time by the SEC.
6. Mortgage, pledge or hypothecate any of its assets, except in connection with borrowings, loans of portfolio securities, or other permitted transactions.
7. Invest 25% or more of the value of its total assets in any particular GICS Sub-Industry. For purposes of this restriction, the percentage will be measured at the time of purchase.

As a non-fundamental policy, **Baron Fifth Avenue Growth Fund** may not invest more than 15% of its net assets in restricted or illiquid securities, including repurchase agreements maturing in more than seven days.

Baron Discovery Fund and Baron Durable Advantage Fund may not:

1. Issue senior securities or borrow money in excess of amounts permitted by law (which currently requires asset coverage of 300% immediately after such borrowing, subject to exceptions for borrowings of up to 5% for short-term purposes).

2. Mortgage, pledge or hypothecate any of its assets, except in connection with borrowings, loans of portfolio securities or other permitted transactions;
3. Underwrite securities of other issuers insofar as the Fund is the seller of such securities;
4. Invest 25% or more of the value of its total assets in any particular GICS Sub-Industry. For purposes of the restriction, the percentage will be measured at the time of purchase;
5. Purchase or sell commodities or commodity contracts unless in conformity with regulations of the Commodities Futures Trading Commission or purchase or sell oil and gas interests or real estate. Securities issued by companies engaged in the oil, gas or real estate business or secured by oil and gas or real estate are not considered oil or gas interests or real estate for purposes of this restriction;
6. Make loans, except to the extent that the purchase of debt obligations of any type (including loan participations, repurchase agreements and corporate commercial paper) are considered loans, and except that the Fund may lend portfolio securities in compliance with requirements established from time to time by the SEC; or
7. Purchase the securities of any one issuer other than the U.S. Government or any of its agencies or instrumentalities, if immediately after such purchase more than 5% of the value of the Fund's total assets would be invested in such issuer or the Fund would own more than 10% of the outstanding voting securities of such issuer, except that up to 25% of the value of the Fund's total assets may be invested without regard to the 5% and 10% limitations.

As a non-fundamental policy, **Baron Discovery Fund** and **Baron Durable Advantage Fund** may not invest more than 15% of their net assets in restricted or illiquid securities, including repurchase agreements maturing in more than seven days.

Temporary Defensive Position.

The Funds may, from time to time, take temporary defensive positions that are inconsistent with the Funds' principal investment strategies in attempting to respond to adverse market, economic, political, or other conditions. In such circumstances, the Adviser may invest all or a portion of the Funds' assets in cash or cash equivalents, such as money market instruments, which include U.S. Government securities, certificates of deposit, short-term investment grade corporate bonds and other short term debt instruments, and repurchase agreements. Taking such a temporary defensive position may cause the Funds not to achieve their investment goals.

Borrowing.

Baron Asset Fund, Baron Growth Fund, Baron Small Cap Fund, Baron Opportunity Fund, Baron Fifth Avenue Growth Fund, Baron Discovery Fund and **Baron Durable Advantage Fund** of Baron Investment Funds Trust and **Baron Focused Growth Fund, Baron International Growth Fund, Baron Real Estate Fund, Baron Emerging Markets Fund, Baron Global Advantage Fund, Baron Real Estate Income Fund, Baron WealthBuilder Fund, Baron Health Care Fund, Baron FinTech Fund, Baron New Asia Fund** and **Baron Technology Fund** of Baron Select Funds have entered into a committed line of credit facility with State Street Bank and Trust Company ("SSBT") as lender pursuant to which the funds may borrow up to \$200 million in order to provide them with temporary liquidity on a first-come, first-served basis. Interest is charged to the borrowing fund at a rate equal to the higher of the Overnight Bank Funding Rate plus 0.10% or the Overnight Federal Funds Rate plus 0.10%; plus a margin of 1.00%. An upfront fee of 0.05% is incurred on the commitment amount and a commitment fee of 0.20% per annum is incurred on the unused portion of the line of credit. Both fees are allocated to the participating funds based on their relative net assets.

Portfolio Turnover.

Portfolio turnover rates fluctuate depending on market conditions. The turnover rates for the Funds for the past two years ended September 30 are:

<u>Fund</u>	<u>2021</u>	<u>2020</u>
Baron Asset Fund	9.54%	9.28%
Baron Growth Fund	1.37%	1.63%
Baron Small Cap Fund	15.70%	16.93%
Baron Opportunity Fund	38.74%	42.52%
Baron Fifth Avenue Growth Fund	15.87%	11.57%
Baron Discovery Fund	36.52%	43.36%
Baron Durable Advantage Fund	10.58%	16.55%

Disclosure of Portfolio Holdings.

The Board has adopted policies and procedures governing the disclosure of each Fund’s portfolio holdings.

Quarterly: The Funds post on the Baron Funds® website, usually on the fifth business day after the quarter end, the top ten long positions held by each Fund, stated as a percentage of net assets (as a percentage of total long positions if the Fund is leveraged). In addition, the Funds post on the Baron Funds® website, usually on the fifth business day after the quarter end, all long securities positions of each Fund’s net assets (as a percentage of total long positions if the Fund is leveraged) and the cash position at the most recent quarter end. All of this information will remain on the Baron Funds® website until the next quarter end’s information is posted.

Monthly: In addition, the Funds post on the Baron Funds® website, usually the tenth business day after month end, the ten largest long positions of each Fund, stated as a percentage of net assets (as a percentage of total long positions if the Fund is leveraged). This information will remain on the Baron Funds® website until the next month end’s information is posted.

The Funds disclose portfolio holdings in connection with the day-to-day operations and management of the Funds, including to the Funds’ custodian (daily) and auditors (annually). Portfolio holdings may also be disclosed to other service providers of the Funds, including pricing services (daily), portfolio management and trading systems (daily) and proxy voting systems (quarterly). In these situations, the Funds, the Adviser or the Funds’ distributor, Baron Capital, Inc. (“BCI” or the “Distributor”), have entered into agreements with service providers whereby they agree to keep the information confidential and to refrain from trading on the basis of the information. When engaged in purchasing and selling securities for the Funds through brokers, dealers or other financial intermediaries, the Funds disclose certain information about one or more of the securities positions they own. The Funds do not have separate non-disclosure agreements with these entities, but the Funds would immediately cease doing business with any entity that the Adviser believes is misusing the information.

Other information that may be of interest to investors, such as industry breakdowns and a historical analysis of security impact, may be available on the Baron Funds® website. The website address is www.BaronFunds.com. The link to Fund information is www.BaronFunds.com/products. Holdings information for each Fund can be accessed from this link.

A Fund may release the portfolio information to persons earlier than the dates stated above only if certain members of senior management of the Fund determine that the release of such information is in the best interest of the Fund’s shareholders, that there is a legitimate business purpose and where the recipient agrees in writing to maintain the confidentiality of the information and not to trade on the information.

If the Funds inadvertently release the information prior to the dates stated above to any person, and there was no agreement as described, the Funds will promptly post the information to the website. A Fund may also release what the Adviser reasonably believes to be immaterial information as the Adviser deems appropriate.

No employee of the Funds or the Adviser is allowed to accept compensation or consideration in any form with respect to the release of the of Funds' portfolio holdings. "Consideration" includes any agreement to maintain assets in the Funds or in other investment companies or accounts managed by the Adviser. Any exceptions to any of the Funds' disclosure policies are reported to the Board.

MANAGEMENT OF THE FUNDS

Board of Trustees and Officers.

The Board's role in management of the Trust is oversight. As is the case with virtually all investment companies (as distinguished from operating companies), service providers to the Trust, primarily the Adviser and its affiliates, have responsibility for the day-to-day management of the Funds, which includes responsibility for risk management (including management of investment performance and investment risk, valuation risk, issuer and counterparty credit risk, cybersecurity risk, compliance risk and operational risk). As part of its oversight, the Board, acting at its scheduled meetings, regularly interacts with and receives reports from senior personnel of service providers, including the Adviser. The Board's Audit Committee (which consists of three trustees who are not affiliated with the Adviser ("Independent Trustees")) meets regularly with the Trust's independent registered public accounting firm and the Trust's Chief Financial Officer. The Board also receives periodic presentations from senior personnel of the Adviser or its affiliates regarding risk management generally, as well as periodic presentations regarding specific operational, compliance or investment areas, such as business continuity, anti-money laundering, personal trading, valuation, credit, investment research and securities lending. The Board has adopted policies and procedures designed to address certain risks to the Funds. In addition, the Adviser and other service providers to the Funds have adopted a variety of policies, procedures and controls designed to address particular risks to the Funds. However, it is not possible to eliminate all of the risks applicable to the Funds. The Board also receives reports from counsel to the Adviser and the Board's own independent legal counsel regarding regulatory compliance and governance matters. The Board's oversight role does not make the Board a guarantor of the Trust's investments or activities.

The 1940 Act requires that at least 40% of the Funds' trustees not be "interested persons" (as defined in the 1940 Act) of the Funds, and to rely on certain exemptive rules under the 1940 Act, a majority of the Funds' trustees must not be interested persons of the Funds. For certain important matters, such as the approval of investment advisory agreements or transactions with affiliates, the 1940 Act or the rules thereunder require the approval of a majority of the Trustees who are Independent Trustees. Currently, seven of the Trustees are not interested persons of the Trust (as such, the Trustees are not affiliated with the Adviser). The Chairman of the Board, Linda Martinson, is an interested person of the Trust ("Interested Trustee"), and the Independent Trustees have designated a lead Independent Trustee who chairs meetings or executive sessions of the Independent Trustees, reviews and comments on Board meeting agendas, represents the views of the Independent Trustees to management and facilitates communication among the Independent Trustees and their independent legal counsel. The Board has determined that its leadership structure, in which the Independent Trustees have designated a lead Independent Trustee to function as described above is appropriate in light of the services that the Adviser and its affiliates provide to the Trust and potential conflicts of interest that could arise from these relationships.

Trustees of the Trust, together with information as to their positions with the Trust, principal occupations and other board memberships and affiliations for the past five years, are shown below. Each Trustee serves as Trustee of a Fund until its termination; until the Trustee's retirement, resignation or death; or as otherwise specified in the Trust's organizational documents. Unless otherwise noted, the address of each Executive Officer and Trustee is Baron Investment Funds Trust, 767 Fifth Avenue, 49th Floor, New York, NY 10153. All Trustees listed below, whether Interested or Independent, serve as Trustees for the Trust.

<u>Name, Address & Age</u>	<u>Position(s) Held With the Funds</u>	<u>Term of Office and Length of Time Served</u>	<u>Principal Occupation(s) During the Past Five Years</u>	<u>Number of Portfolios in Fund Complex Overseen by Trustee</u>	<u>Other Directorships Held by Trustee</u>
<i>Interested Trustees</i>					
Ronald Baron ^{(1),(2)} 767 Fifth Avenue New York, NY 10153 Age: 78	Chief Executive Officer, Trustee and Portfolio Manager	35 years	Director, Chairman and CEO: the Firm* (1982-Present); Trustee: Baron Investment Funds Trust (1987-Present); Trustee: Baron Select Funds (2003-Present); Portfolio Manager: Baron USA Partners Fund, Ltd. (1994-Present).	19	None
Linda S. Martinson ^{(1),(2)} 767 Fifth Avenue New York, NY 10153 Age: 66	Chairman, President, Chief Operating Officer and Trustee	35 years	Director: the Firm* (2003-Present); President: the Firm* (2007-Present); Chief Operating Officer: the Firm (2006-Present); Chairman (2010-Present), President (2007-Present), Trustee (1987-Present): Baron Investment Funds Trust; Chairman (2010-Present), President (2007-Present), Trustee (2003-Present): Baron Select Funds; Director: Baron USA Partners Fund, Ltd. (2006-Present); Director of Baron Emerging Markets Fund Ltd. (2016-Present).	19	None
Peggy C. Wong ⁽¹⁾ 767 Fifth Avenue New York, NY 10153 Age: 60	Chief Financial Officer, Treasurer and Trustee	35 years	Trustee (11/2021-Present): Baron Investment Funds Trust and Baron Select Funds; Chief Financial Officer and Treasurer: the Firm* (1987-Present), Baron Investment Funds Trust (1987-Present), Baron Select Funds (2003-Present); Baron USA Partners Fund Ltd. (1994-Present); Baron Emerging Markets Fund Ltd. (2016-Present).	19	None
<i>Independent Trustees</i>					
Thomas J. Folliard ^{(3),(4),(5)} 767 Fifth Avenue New York, NY 10153 Age: 56	Trustee	4 years	Non-Executive Chair of the Board: CarMax, Inc. (2016-Present); President and Chief Executive Officer: CarMax, Inc. (2006-2016); Trustee: Baron Investment Funds Trust (2017-Present), Baron Select Funds (2017-Present).	19	Director: PulteGroup, Inc. (2012-Present)
Abraham (Avi) Nachmany ^{(4),(5)} 767 Fifth Avenue New York, NY 10153 Age: 68	Trustee	2 years	Independent mutual fund industry consultant (2016-Present); Director of Research, E.V.P., Co-Founder: Strategic Insight (1986-2015); Advisory Board Member: Baron Investment Funds Trust and Baron Select Funds (5/2019-5/2020). Trustee: Baron Investment Funds Trust, Baron Select Funds (5/2020-Present)	19	None

<u>Name, Address & Age</u>	<u>Position(s) Held With the Funds</u>	<u>Term of Office and Length of Time Served</u>	<u>Principal Occupation(s) During the Past Five Years</u>	<u>Number of Portfolios in Fund Complex Overseen by Trustee</u>	<u>Other Directorships Held by Trustee</u>
<i>Independent Trustees (continued)</i>					
Raymond Noveck ^{(3),(4),(5)} 767 Fifth Avenue New York, NY 10153 Age: 78	Lead Trustee	35 years	Private Investor (1999-Present); Trustee: Baron Investment Funds Trust (1987-Present), Baron Select Funds (2003-Present).	19	None
Anita Rosenberg ^{(4),(5)} 767 Fifth Avenue New York, NY 10153 Age: 57	Trustee	8 years	Advisory Board Member: Impala Asset Management, LLC (2014-Present); Advisory Board Member: ValueAct Capital, LLC (2014-Present); Trustee: Baron Investment Funds Trust, Baron Select Funds (2013-Present).	19	Director: Golub Capital BDC, Inc. (2011-Present)
David A. Silverman, MD ^{(4),(5)} 767 Fifth Avenue New York, NY 10153 Age: 71	Trustee	35 years	Physician and Faculty: New York University School of Medicine (1976-Present); Trustee: Baron Investment Funds Trust (1987-Present), Baron Select Funds (2003-Present).	19	None
Marvelle Sullivan ^{(4),(5)} 767 Fifth Avenue New York, NY 10153 Age: 42	Trustee	1 year	Founder and CEO: Marvelle Co. LLC (2019-Present); Managing Director: J.P. Morgan (2017-2019); Global Head of M&A: Novartis (2009-2017); Advisory Board Member: Baron Investment Funds Trust and Baron Select Funds (2/2020-5/2020). Trustee: Baron Investment Funds Trust, Baron Select Funds (5/2020-Present).	19	None
Errol Taylor ^{(4),(5)} 767 Fifth Avenue New York, NY 10153 Age: 65	Trustee	1 year	Partner: Milbank LLP (2003-2020); Partner and Member of Executive Committee: Fitzpatrick, Cella, Harper & Scinto (1987-2003); Senior Research Associate: Bristol-Myers Squibb Company (1977-1987). Trustee: Baron Investment Funds Trust and Baron Select Funds (12/2020-Present).	19	Trustee: New York Law School (2014-Present); Trustee: Clark Atlanta University (2017-Present)
Alejandro (Alex) Yemendjian ^{(3),(4),(5)} 767 Fifth Avenue New York, NY 10153 Age: 65	Trustee	16 years	Chairman and CEO: Armenco Holdings, LLC (investment company) (2005-Present); Managing Partner: Armenco Capital LLC (investment company) (2013-Present); Chairman and CEO: Tropicana Las Vegas (gaming) (2009-2015); Trustee: Baron Investment Funds Trust (2006-Present), Baron Select Funds (2006-Present).	19	Director: Guess?, Inc. (2005-Present)

<u>Name, Address & Age</u>	<u>Position(s) Held With the Funds</u>	<u>Term of Office and Length of Time Served</u>	<u>Principal Occupation(s) During the Past Five Years</u>	<u>Number of Portfolios in Fund Complex Overseen by Trustee</u>	<u>Other Directorships Held by Trustee</u>
<i>Additional Officers of the Funds</i>					
Louis Beasley 767 Fifth Avenue New York, NY 10153 Age: 50	Vice President and Chief Compliance Officer	7 years	Chief Compliance Officer: Baron Capital Group, Inc., BAMCO, Inc., Baron Capital Management Inc., Baron Investment Funds Trust, Baron Select Funds, Baron USA Partners Fund, Ltd (2014-Present), Baron Emerging Markets Fund Ltd. (2016-Present); Vice President: the Firm* (2014-Present)	N/A	N/A
Clifford Greenberg 767 Fifth Avenue New York, NY 10153 Age: 62	Senior Vice President, Co-Chief Investment Officer	25 years	Director, Senior Vice President and Co-Chief Investment Officer: the Firm*; Senior Vice President: Baron Investment Funds Trust, Baron Select Funds; Portfolio Manager: Baron Small Cap Fund.	N/A	N/A
Patrick M. Patalino 767 Fifth Avenue New York, NY 10153 Age: 52	Vice President, General Counsel and Secretary	14 years	Vice President, General Counsel and Secretary: the Firm*, Baron Investment Funds Trust, Baron Select Funds; General Counsel: Baron USA Partners Fund, Ltd.; Baron Emerging Markets Fund Ltd.	N/A	N/A
Andrew Peck 767 Fifth Avenue New York, NY 10153 Age: 52	Senior Vice President, Co-Chief Investment Officer	19 years	Director, Senior Vice President and Co-Chief Investment Officer: the Firm*, Baron Investment Funds Trust, Baron Select Funds; Portfolio Manager: Baron Asset Fund.	N/A	N/A

* The "Firm" means Baron Capital Group, Inc. ("BCG") along with its subsidiaries BCI, Baron Capital Management, Inc. ("BCM") and BAMCO.

- (1) Trustees deemed to be "Interested Trustees" by reason of their employment with the Adviser and BCI.
- (2) Members of the Executive Committee, which is empowered to exercise all of the powers, including the power to declare dividends, of the full Board when the full Board is not in session.
- (3) Members of the Audit Committee.
- (4) Members of the Nominating Committee.
- (5) Members of the Independent Trustees Committee.

Each Trustee, except for Anita Rosenberg, who was appointed as a Trustee in May of 2013, Thomas J. Folliard, who was appointed as Trustee in August of 2017, Abraham (Avi) Nachmany and Marvelle Sullivan, who were appointed as Trustees in May of 2020, and Errol Taylor, who was appointed as Trustee in December of 2020, has been a Board member of the Trust and other Baron mutual funds for at least 16 years. In addition, the following are among some of the specific experiences, qualifications, attributes or skills that each Trustee possesses supplementing the information provided in the table above. The Board believes that the significance of each Trustee's experience, qualifications, attributes or skills is an individual matter (meaning that experience that is important for one Trustee may not have the same value for another) and that these factors are best evaluated at the Board level, with no single Trustee, or particular factor, being indicative of Board effectiveness. However, the Board believes that Trustees need to have the ability to critically review, evaluate, question and discuss information provided to them, and to interact effectively with Adviser and Trust management, service providers and counsel, in order to exercise effective business judgment in the performance of their duties; the Board

believes that its members satisfy this standard. Experience relevant to having this ability may be achieved through a Trustee's educational background; business, professional practice (*e.g.*, medicine, accounting or law), public service or academic positions; experience from service as a board member (including the Board of the Trust) or executive of investment funds, public companies or significant private or not-for-profit entities or other organizations; and/or other life experiences. To assist them in evaluating matters under federal and state law, the Trustees are counseled by their own independent legal counsel, who participates in Board meetings and interacts with the Adviser. The Trustees also may benefit from information provided by the Adviser's counsel. Counsel to the Independent Trustees has significant experience advising funds and fund board members. The Audit Committee of the Board and their independent legal counsel meets regularly with the Trust's independent registered public accounting firm, and the Board and its committees have the ability to engage other experts as appropriate. The Board evaluates its performance on an annual basis.

Ronald Baron – In addition to his tenure as a Trustee of the Trust, Mr. Baron is the Chief Executive Officer of the Trust, having served as Chief Investment Officer of the Trust since its inception in April 2003 to February 2020, as well as the portfolio manager of Baron Partners Fund, Baron Focused Growth Fund (formerly Baron Retirement Income Fund) and Baron WealthBuilder Fund, each a series of Baron Select Funds, and Baron Growth Fund, a series of Baron Investment Funds Trust. Mr. Baron was also the portfolio manager of Baron Asset Fund from its inception until 2003 and then the co-portfolio manager of Baron Asset Fund from 2003 until January of 2008. Mr. Baron has over 51 years of experience as a Wall Street analyst and has managed money for others for over 46 years.

Linda S. Martinson – In addition to serving as Chairman of the Board of Trustees of the Trust, Ms. Martinson is the President and Chief Operating Officer of the Trust. She has been with the Adviser for over 35 years, initially serving as the Adviser's General Counsel until 2007 and its Corporate Secretary until 2008.

Peggy Wong – In addition to serving as a Trustee of the Trust, Ms. Wong is the Treasurer and Chief Financial Officer of the Trust. She has been with the Adviser for 35 years and has served as the CFO since 1987.

Thomas J. Folliard – Mr. Folliard has been a Trustee of the Trust and the Board of the mutual funds of Baron Select Funds for four years. In addition to his tenure as a Trustee of the Baron mutual funds, Mr. Folliard has served as the non-executive chair of the CarMax, Inc. board of directors since August 2016. He joined CarMax in 1993 as senior buyer and became director of purchasing in 1994. He was promoted to vice president of merchandising in 1996, senior vice president of store operations in 2000 and executive vice president of store operations in 2001. Mr. Folliard served as president and chief executive officer of CarMax from 2006 to February 2016 and retired as chief executive officer in August 2016. Mr. Folliard has served on the board of PulteGroup, Inc. from 2012 to the present.

Abraham (Avi) Nachmany – Mr. Nachmany was an Advisory Board Member of the Trust and the Board of the Baron mutual funds of Baron Select Funds Trust from May of 2019 to May of 2020 and has been a Trustee of the Trust and the Board of the Baron mutual funds of Baron Select Funds since May of 2020. In addition to his tenure as a Trustee of the Baron mutual funds, Mr. Nachmany is currently an independent mutual fund industry consultant and advisor. In 1986, he co-founded Strategic Insight, a thought leadership and business intelligence firm for mutual fund industry leaders, where he served in various capacities until his retirement in 2015 (including Director of Research for over 20 years).

Raymond Noveck – Mr. Noveck has been a Trustee of the Trust for over 35 years and of the Board of the mutual funds of the Baron Select Funds for over 18 years. Mr. Noveck currently serves as the lead Independent Trustee of the Board. Mr. Noveck was also employed by the Firm as a Managing Director from 1985 to 1987. From 1988 through 1989, Mr. Noveck was Executive Vice President of Lifetime Corp., one of America's largest providers of home health care personnel, and from 1990 until his retirement in 1998, he was the founder, President and Chief Operating Officer of Strategic Systems, Inc., provider of The Medical Information Line, an automated nationwide provider of consumer health information via touch tone telephone networks. Mr. Noveck

is a CPA and has experience preparing, auditing, analyzing and evaluating financial statements. Prior to joining Baron Capital in 1985, Mr. Noveck was the Strategic Business Unit Director for Mental Health and Aging Products, the largest prescription pharmaceutical division for Sandoz Pharmaceuticals, now part of Novartis. He also served on the Board of NYSE listed Horizon/CMS Healthcare, from 1987 until its 1998 merger with Healthsouth and, as a CPA, has audited public companies including mutual funds and brokerage firms.

Anita Rosenberg – Ms. Rosenberg has been a Trustee of the Trust and the Board of the mutual funds of Baron Select Funds for over seven years. In addition to her tenure as a Trustee of the Baron mutual funds, Ms. Rosenberg serves on the board of the Golub Capital BDC, Inc. She also serves as an Advisory Board Member of Impala Asset Management, LLC and Value Act Capital, LLC. Ms. Rosenberg was a senior advisor to Magnetar Capital, a multi-strategy hedge fund. Ms. Rosenberg was a partner and portfolio manager of Harris Alternatives, LLC, and its predecessor, Harris Alternatives, L.P., from 1999 until her retirement in 2009.

David A. Silverman, MD – Dr. Silverman has been a Trustee of the Trust for over 35 years and of the Board of the mutual funds of Baron Select Funds for over 18 years. In addition to his tenure as a Trustee of the Baron mutual funds, Dr. Silverman has been a Director of the New York Blood Center from 1999 to the present. He has also been a Physician and Faculty of New York University School of Medicine from 1976 to the present.

Marvelle Sullivan – Mrs. Sullivan was an Advisory Board Member of the Trust and the Board of the Baron mutual funds of Baron Select Funds from February of 2020 to May of 2020 and has been a Trustee of the Trust and the Board of the Baron mutual funds of Baron Select Funds since May of 2020. In addition to her tenure as a Trustee of the Baron mutual funds, Ms. Sullivan is the founder and CEO of Marvelle Co., a global firm that specializes in activating strategic imperatives and transformative growth through business model innovation and sophisticated deal-making, with a focus on healthcare and technology. Prior to launching MCo, Marvelle was a Managing Director at J.P. Morgan in New York, where she forged the U.S. healthcare venture, Haven, among J.P. Morgan, Berkshire Hathaway and Amazon. She previously spent over a decade with Novartis at its headquarters in Switzerland, where, as Global Head of M&A, she was responsible for over \$100 billion of transactions, including Novartis' large-scale and multi-transaction Portfolio Transformation, and represented Novartis on the Board of its Consumer Health JV with GSK. Earlier in her career, Marvelle specialized in capital markets and M&A as an associate at the London office of the "magic circle" law firm, Allen & Overy. Marvelle also currently serves as a Board member of the London School of Economics (LSE) North American Advisory Board.

Errol Taylor – Mr. Taylor has been a Trustee of the Trust and the Board of mutual funds of the Baron Select Funds since December of 2020. Mr. Taylor is a former Partner of Milbank LLP and an adjunct professor at New York Law School. Prior to joining Milbank LLP, Mr. Taylor was a Partner and Executive Committee Member at Fitzpatrick, Cella, Harper & Scinto from 1987 to 2003. From 1977 to 1987, Mr. Taylor was a Senior Research Associate at Bristol-Myers Squibb Company.

Alejandro (Alex) Yemenidjian – Mr. Yemenidjian has been a Trustee of the Trust for over 16 years and the Board of the mutual funds of Baron Select Funds for over 15 years. In addition to his tenure as a Trustee of the Baron mutual funds, Mr. Yemenidjian is Chairman of the Board and Chief Executive Officer of Oshidori International Development Ltd., is Non-Executive Chairman of the Board of Oshidori International Holdings, Ltd, is Non-Executive Chairman of the Board and chairman of the compensation committee of Guess?, Inc. (clothing retailer). He served as a Director of Regal Entertainment Group (movie theatre operator), a public company, from 2005 to 2018, and was the Chairman and CEO of Tropicana Las Vegas, a hotel and casino company, from 2009 to 2015. Mr. Yemenidjian is a CPA and has experience preparing, auditing, analyzing, and evaluating financial statements.

The Board believes that the foregoing specific experiences, qualifications, attributes and skills of each Trustee have prepared them to be effective Trustees. The Board also believes that such qualities demonstrate that its members have the ability to exercise effective business judgment in the performance of their duties.

Compensation.

Baron Investment Funds Trust and Baron Select Funds (the “Fund Complex”) pay each Independent Trustee annual compensation in addition to reimbursement of out-of-pocket expenses in connection with attendance at meetings of the Board. Specifically, each Independent Trustee receives an annual base compensation of \$172,000 with the lead Independent Trustee receiving an additional \$20,000. An additional \$48,000 per annum is paid to each Independent Trustee for attendance at the quarterly meetings of the Board. Each member of the Audit Committee receives an additional \$10,000 in annual compensation for serving on the Audit Committee. An additional \$10,000 per annum is paid to the Audit Committee Chairperson. The Interested Trustees and Officers receive no direct remuneration in such capacity from the Funds.

The Trustees of the Funds received the following compensation from the Funds for the fiscal year ended September 30, 2021 and from the Fund Complex for the calendar year ended December 31, 2021:

<u>Name</u>	<u>Aggregate Compensation From the Funds</u>	<u>Pension or Retirement Benefits Accrued As Part of Funds Expenses</u>	<u>Estimated Annual Benefits Upon Retirement</u>	<u>Total Compensation From Fund Complex Paid to Trustees</u>
Interested Trustees:				
Ronald Baron	\$ 0	N/A	N/A	\$ 0
Linda S. Martinson	\$ 0	N/A	N/A	\$ 0
Peggy Wong*	N/A	N/A	N/A	\$ 0
Independent Trustees:				
Raymond Noveck	\$166,400	N/A	N/A	\$260,000
Anita Rosenberg	\$140,800	N/A	N/A	\$220,000
David Silverman	\$140,800	N/A	N/A	\$220,000
Alex Yemenidjian	\$147,200	N/A	N/A	\$230,000
Thomas Folliard	\$147,200	N/A	N/A	\$230,000
Abraham (Avi) Nachmany	\$140,800	N/A	N/A	\$220,000
Marvelle Sullivan	\$140,800	N/A	N/A	\$220,000
Errol Taylor**	\$105,600	N/A	N/A	\$220,000

* Peggy Wong was appointed Trustee in November of 2021.

** Errol Taylor was appointed Trustee in December of 2020.

Board Committees.

The Board has established four committees: Audit; Executive; Nominating; and Independent. The Audit Committee recommends to the full Board the engagement or discharge of the Funds’ independent accountants; directs investigations into matters within the scope of the independent accountants’ duties; reviews with the independent accountants the results of the audit; and reviews the independence of the independent accountants. The Audit Committee is currently comprised of the following members: Raymond Noveck, Alex Yemenidjian, and Thomas Folliard. The Audit Committee met four times during the fiscal year ended September 30, 2021.

The Executive Committee is empowered to exercise all of the powers, including the power to declare dividends, of the full Board when the full Board is not in session. The Executive Committee is currently comprised of the following members: Ronald Baron and Linda Martinson. Members of the Executive Committee serve on the committee without compensation. The Executive Committee met four times during the fiscal year ended September 30, 2021.

The Nominating Committee recommends to the full Board those persons to be nominated for election as Trustees by shareholders and selects and proposes nominees for election by Trustees between shareholders' meeting. The Nominating Committee does not normally consider candidates proposed by shareholders for election as Trustees. The Nominating Committee is currently comprised of all Independent Trustees. Members of the Nominating Committee serve on the committee without compensation. There was one meeting of the Nominating Committee during the fiscal year ended September 30, 2021.

The Independent Committee discusses various Fund matters, including the advisory contract and distribution plan. The Independent Committee is comprised of all Independent Trustees of the Funds. Members of the Independent Committee serve on the committee without compensation. The Independent Committee met four times during the fiscal year ended September 30, 2021.

Trustee Ownership of Fund Shares.

The following table shows the dollar range of shares beneficially owned by each Trustee as of December 31, 2021:

<u>Name of Trustee</u>	<u>Dollar Range of Equity Securities in the Funds</u>	<u>Aggregate Dollar Range of Equity Securities in All Registered Investment Companies Overseen by Trustee in Family of Investment Companies</u>
Interested Trustees:		
Ronald Baron	Baron Asset Fund, >\$100,000	
	Baron Growth Fund >\$100,000	
	Baron Small Cap Fund >\$100,000	
	Baron Opportunity Fund >\$100,000	
	Baron Fifth Avenue Growth Fund >\$100,000	
	Baron Discovery Fund >\$100,000	
	Baron Durable Advantage Fund >\$100,000	>\$100,000
Linda S. Martinson . . .	Baron Asset Fund, >\$100,000	
	Baron Growth Fund >\$100,000	
	Baron Small Cap Fund >\$100,000	
	Baron Opportunity Fund >\$100,000	
	Baron Fifth Avenue Growth Fund >\$100,000	
	Baron Discovery Fund >\$100,000	
	Baron Durable Advantage Fund >\$100,000	>\$100,000
Peggy Wong*	Baron Asset Fund, >\$100,000	
	Baron Growth Fund >\$100,000	
	Baron Small Cap Fund >\$100,000	
	Baron Opportunity Fund >\$100,000	
	Baron Fifth Avenue Growth Fund >\$100,000	
	Baron Discovery Fund >\$100,000	
	Baron Durable Advantage Fund \$10,001-\$50,000	>\$100,000
Raymond Noveck . . .	Baron Asset Fund, >\$100,000	
	Baron Growth Fund >\$100,000	
	Baron Small Cap Fund >\$100,000	
	Baron Opportunity Fund >\$100,000	
	Baron Fifth Avenue Growth Fund >\$100,000	
	Baron Discovery Fund >\$100,000	
	Baron Durable Advantage Fund \$0	>\$100,000

<u>Name of Trustee</u>	<u>Dollar Range of Equity Securities in the Funds</u>	<u>Aggregate Dollar Range of Equity Securities in All Registered Investment Companies Overseen by Trustee in Family of Investment Companies</u>
David Silverman	Baron Asset Fund,	\$0
	Baron Growth Fund	\$0
	Baron Small Cap Fund	\$0
	Baron Opportunity Fund	\$0
	Baron Fifth Avenue Growth Fund	\$0
	Baron Discovery Fund	\$0
	Baron Durable Advantage Fund	\$0
		>\$100,000
Alex Yemenidjian . . .	Baron Asset Fund,	\$0
	Baron Growth Fund	\$0
	Baron Small Cap Fund	\$0
	Baron Opportunity Fund	\$0
	Baron Fifth Avenue Growth Fund	\$0
	Baron Discovery Fund	\$0
	Baron Durable Advantage Fund	\$0
		>\$100,000
Anita Rosenberg	Baron Asset Fund	\$0
	Baron Growth Fund	\$0
	Baron Small Cap Fund	\$0
	Baron Opportunity Fund	\$0
	Baron Fifth Avenue Growth Fund	\$0
	Baron Discovery Fund	\$0
	Baron Durable Advantage Fund	\$0
		>\$100,000
Thomas Folliard	Baron Asset Fund	\$0
	Baron Growth Fund	\$0
	Baron Small Cap Fund	\$0
	Baron Opportunity Fund	\$0
	Baron Fifth Avenue Growth Fund	\$0
	Baron Discovery Fund	\$0
	Baron Durable Advantage Fund	\$0
		>\$100,000
Avi Nachmany	Baron Asset Fund	\$0
	Baron Growth Fund	\$0
	Baron Small Cap Fund	\$0
	Baron Opportunity Fund	\$0
	Baron Fifth Avenue Growth Fund	\$0
	Baron Discovery Fund	>\$100,000
	Baron Durable Advantage Fund	\$0
		>\$100,000
Marvelle Sullivan . . .	Baron Asset Fund	\$0
	Baron Growth Fund	\$0
	Baron Small Cap Fund	\$0
	Baron Opportunity Fund	\$0
	Baron Fifth Avenue Growth Fund	\$0
	Baron Discovery Fund	\$0
	Baron Durable Advantage Fund	\$0
		\$0
Errol Taylor	Baron Asset Fund	\$0
	Baron Growth Fund	>\$100,000
	Baron Small Cap Fund	\$0
	Baron Opportunity Fund	\$0
	Baron Fifth Avenue Growth Fund	\$0
	Baron Discovery Fund	\$0
	Baron Durable Advantage Fund	\$0
		>\$100,000

* Ms. Wong was appointed Trustee in November of 2021.

The Independent Trustees do not own any securities of the Adviser, the Distributor or any other entity controlling, controlled by or under common control with the Adviser or Distributor.

Code of Ethics.

The Funds, the Adviser and the Distributor have adopted a written Code of Ethics pursuant to Rule 17j-1 under the 1940 Act. The Code of Ethics prohibits employees from investing in securities held by the Funds.

Proxy Voting Policies and Procedures.

The Funds have delegated all decision making on proxy voting to the Adviser. The Adviser makes its own independent voting decisions, although it may consider recommendations from third parties in its decision-making process. The Adviser makes voting decisions solely in the best interests of the Funds and their shareholders. It is the policy of the Adviser in voting proxies to vote each proposal with the goal of maximizing long-term investment returns for the Funds.

The Adviser uses guidelines which are reviewed quarterly by a Proxy Review Committee established by the Adviser. While the Adviser makes investment decisions based, in part, on the strength of a company’s management team, it will not automatically support management proposals if such proposals are inconsistent with the Adviser’s Proxy Voting Policies and Procedures.

If it is determined that there is a potential material conflict of interest between the interests of the Adviser and the interests of a Fund, the Proxy Review Committee will review the matter and may either (i) request that the Fund consent to the Adviser’s vote, (ii) vote in accordance with the published recommendations of an independent proxy voting service, or (iii) appoint an independent third party to vote.

A full copy of the Adviser’s Proxy Voting Policies and Procedures is available on the Baron Funds® website, www.BaronFunds.com under “Legal Notices” link at the bottom left corner of the homepage. The Funds’ most current Proxy Voting Record on Form N-PX for the twelve months ended June 30, 2021 is also available on the Baron Funds® website or on the SEC’s website at www.sec.gov.

CONTROL PERSONS AND PRINCIPAL HOLDERS OF SECURITIES

Control Persons.

As of December 31, 2021, the following persons were known to the Funds to be the record owners of more than 25% of the voting securities of the Funds:

	<u>Baron Asset Fund</u>	<u>Baron Growth Fund</u>	<u>Baron Small Cap Fund</u>	<u>Baron Opportunity Fund</u>	<u>Baron Fifth Avenue Growth Fund</u>	<u>Baron Discovery Fund</u>	<u>Baron Durable Advantage Fund</u>
National Financial Services Corp., New York, NY	26.60%	36.28%	—	29.50%	—	—	41.15%

Principal Holders.

As of December 31, 2021, the following persons were known to the Funds to be the record owners of 5% or more of a class of the voting securities of each Fund:

	Record Holders						
	Baron Asset Fund (Retail Class)	Baron Growth Fund (Retail Class)	Baron Small Cap Fund (Retail Class)	Baron Opportunity Fund (Retail Class)	Baron Fifth Avenue Growth Fund (Retail Class)	Baron Discovery Fund (Retail Class)	Baron Durable Advantage Fund (Retail Class)
Charles Schwab & Co., Inc., San Francisco, CA	29.99%	22.20%	32.21%	27.59%	21.84%	29.94%	18.33%
National Financial Services Corp., New York, NY	22.11%	35.89%	21.99%	33.45%	28.18%	31.41%	31.44%
TD Ameritrade Inc., Omaha, NE	—	—	5.11%	6.19%	7.11%	16.11%	17.67%
	Record Holders						
	Baron Asset Fund (Institutional Class)	Baron Growth Fund (Institutional Class)	Baron Small Cap Fund (Institutional Class)	Baron Opportunity Fund (Institutional Class)	Baron Fifth Avenue Growth Fund (Institutional Class)	Baron Discovery Fund (Institutional Class)	Baron Durable Advantage Fund (Institutional Class)
Ronald Baron and related family accounts, New York, NY	—	—	—	—	5.47%	—	—
Charles Schwab & Co., Inc., San Francisco, CA	6.81%	12.40%	10.66%	12.02%	20.33%	21.51%	8.74%
National Financial Services Corp., New York, NY	30.95%	37.27%	19.94%	26.38%	16.26%	19.19%	48.70%
TD Ameritrade Inc., Omaha, NE	—	—	—	—	—	—	14.87%
UBS Financial Services Inc., Weehawken, NJ	—	—	—	—	—	7.60%	—
Edward D Jones & Co., St. Louis, MO	—	—	10.02%	—	—	—	—
Morgan Stanley Smith Barney, Jersey City, NJ	—	6.71%	—	—	—	9.66%	—
First Clearing LLC, Saint Louis, MO	—	—	20.91%	11.55%	5.91%	5.52%	—
JP Morgan Securities LLC, Brooklyn, NY	—	—	—	—	12.32%	—	—
LPL Financial, San Diego, CA	6.50%	5.18%	—	7.26%	5.66%	5.17%	—
Pershing LLC, Jersey City, NJ	27.34%	—	—	9.63%	—	6.43%	—
Saxon & Co., Philadelphia, PA	—	—	—	—	—	5.97%	—
Currie & Co., New York, NY	—	—	—	—	13.28%	—	—
Raymond James, St Petersburg, FL	—	—	—	8.09%	—	6.43%	—

Record Holders

	Baron Asset Fund (R6 Class)	Baron Growth Fund (R6 Class)	Baron Small Cap Fund (R6 Class)	Baron Opportunity Fund (R6 Class)	Baron Fifth Avenue Growth Fund (R6 Class)	Baron Discovery Fund (R6 Class)	Baron Durable Advantage Fund (R6 Class)
BAMCO, Inc., New York, NY	24.73%	24.40%	—	10.60%	71.01%	5.65%	65.49%
Baron Capital Management, Inc., New York, NY	—	—	6.62%	70.34%	—	—	—
Charles Schwab & Co., Inc., San Francisco, CA	19.01%	9.49%	10.08%	13.87%	28.27%	17.73%	34.51%
National Financial Services Corp., New York, NY	22.28%	15.76%	14.87%	—	—	—	—
Ronald Baron and related family accounts, New York, NY (included in Charles Schwab above)	17.14%	5.89%	—	—	19.70%	—	—
John Hancock Trust Co LLC, Westwood, MA	14.61%	—	6.04%	—	—	—	—
Saxon & Co, Philadelphia, PA	—	—	46.57%	—	—	—	—
Great-West Trust Co LLC, Greenwood Village, CO	—	9.74%	5.76%	—	—	7.35%	—
DCGT Trustee and/or Custodian, Des Moines, IA	—	24.50%	—	—	—	—	—
Mid Atlantic Trust Company, Pittsburgh, PA	—	—	—	—	—	5.98%	—
Principal Life Insurance Co, Des Moines, IA	—	—	—	—	—	12.93%	—
Ascensus Trust Co, Fargo, ND	—	—	—	—	—	13.10%	—
Matrix Trust Company, Denver, CO	—	—	—	—	—	23.36%	—
A. Umansky, Scarsdale, NY (included in Charles Schwab above)	—	—	—	—	—	—	5.86%

As of December 31, 2021, the following persons were known to the Funds to be the beneficial owners of 5% or more of a class of the voting securities of each Fund:

Beneficial Holders

	Baron Asset Fund (Institutional Class)	Baron Growth Fund (Institutional Class)	Baron Small Cap Fund (Institutional Class)	Baron Opportunity Fund (Institutional Class)	Baron Fifth Avenue Growth Fund (Institutional Class)	Baron Discovery Fund (Institutional Class)	Baron Durable Advantage Fund (Institutional Class)
Ronald Baron and related family accounts, New York, NY	—	—	—	—	5.81%	—	—

Beneficial Holders

	Baron Asset Fund (R6 Class)	Baron Growth Fund (R6 Class)	Baron Small Cap Fund (R6 Class)	Baron Opportunity Fund (R6 Class)	Baron Fifth Avenue Growth Fund (R6 Class)	Baron Discovery Fund (R6 Class)	Baron Durable Advantage Fund (R6 Class)
Ronald Baron and related family accounts, New York, NY	39.48%	27.93%	10.82%	75.73%	83.85%	5.67%	59.16%

Management Ownership.

Except for Mr. Baron and related family accounts, A. Umansky, BCM and BAMCO, the above record owners are brokerage firms or other financial institutions that hold stock for the benefit of their respective customers. As of December 31, 2021, all of the Officers, Trustees and portfolio managers of Baron Investment Funds Trust as a group beneficially owned directly or indirectly 13.77% of **Baron Durable Advantage Fund's** outstanding shares.

INVESTMENT ADVISORY AND OTHER SERVICES

Investment Adviser.

The Adviser to the Funds, BAMCO, is a New York corporation with its principal offices at 767 Fifth Avenue, New York, NY 10153 and a subsidiary of BCG. Mr. Baron is the controlling stockholder of BCG. Mr. Baron has over 51 years of experience as a Wall Street analyst and has managed money for others for over 46 years. Mr. Baron is the lead portfolio manager for Baron Growth Fund and was the co-portfolio manager of Baron Asset Fund until January 23, 2008. Mr. Baron is also the portfolio manager of Baron Partners Fund, Baron Focused Growth Fund and Baron WealthBuilder Fund, each a series of Baron Select Funds.

Pursuant to separate Advisory Agreements with each Fund (each an "Advisory Agreement," and collectively the "Advisory Agreements"), the Adviser furnishes continuous investment advisory services and management to the Funds, including making the day-to-day investment decisions and arranging portfolio transactions for the Funds, subject to such policies as determined by the Board. For such services, the Adviser receives an annual fee from **Baron Asset Fund, Baron Growth Fund, Baron Small Cap Fund, Baron Opportunity Fund and Baron Discovery Fund** of 1% of the average daily net assets of the respective Fund. **Baron Fifth Avenue Growth Fund** pays the Adviser 0.70% for average daily net assets of the Fund. **Baron Durable Advantage Fund** pays the Adviser 0.65% for average daily net assets of the Fund. The Adviser has contractually agreed to limit the expense ratio (excluding portfolio transaction costs, interest, dividend and extraordinary expenses), for as long as the Adviser serves as investment adviser to the Funds, for each of the share classes as follows:

<u>Fund</u>	<u>Retail Shares</u>	<u>Institutional Shares</u>	<u>R6 Shares</u>
Baron Asset Fund	N/A	N/A	N/A
Baron Growth Fund	N/A	N/A	N/A
Baron Small Cap Fund	N/A	N/A	N/A
Baron Opportunity Fund	1.50%	1.25%	1.24%
Baron Fifth Avenue Growth Fund	1.00%	0.75%	0.75%
Baron Discovery Fund	1.35%	1.10%	1.09%
Baron Durable Advantage Fund	0.95%	0.70%	0.70%

The following table discloses advisory fees received by BAMCO for the each of the years ended September 30:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Baron Asset Fund	\$59,622,517	\$45,693,204	\$38,528,799
Baron Growth Fund	87,408,966	68,770,134	64,917,189
Baron Small Cap Fund	51,842,467	39,242,008	40,060,532
Baron Opportunity Fund	14,909,820	6,302,698	4,402,860
Baron Fifth Avenue Growth Fund	5,287,943	2,618,135	2,031,243
Baron Discovery Fund	16,234,330	6,473,548	4,684,551
Baron Durable Advantage Fund	152,910	66,509	27,909

Under the Advisory Agreements, the Adviser, at its own expense and without reimbursement from the Funds, furnishes office space and all necessary office facilities, equipment and executive personnel for managing the Funds, and pays the salaries and fees of all Officers and Trustees who are interested persons of the Adviser.

The Adviser also uses a portion of its assets to pay all or a portion of the charges of third parties that distribute shares of the Funds to their customers.

The Funds pay all operating and other expenses not borne by the Adviser such as: audit, accounting and legal fees; custodian fees; expenses of registering and qualifying their shares with federal and state securities commissions; expenses in preparing shareholder reports and proxy solicitation materials; expenses associated with the Funds' shares, such as dividend disbursing, transfer agent and registrar fees; certain insurance expenses; compensation of Independent Trustees and other miscellaneous business expenses. The Funds also pay the expenses of offering the shares of the Funds, including the registration and filing fees, legal and accounting fees and costs of printing the Prospectus and related documents. The Funds also pay all taxes imposed on them and all brokerage commissions and expenses incurred in connection with their portfolio transactions.

The Adviser utilizes the staffs of BCG and its subsidiary BCM to provide research. Directors, Officers or employees of the Adviser and/or its affiliates may also serve as Officers or Trustees of the Funds or of other funds managed by the Adviser. BCM is an investment adviser to institutional and individual accounts. Clients of BCM and the other funds managed by the Adviser have investment goals which may or may not vary from those of each other and of the Funds. BCM and the Adviser invest in substantially similar or the same securities as the Funds, other client accounts and in the accounts of principals and employees of BCM and its affiliates. When the same securities are purchased for or sold by the Funds and any of such other accounts, it is the policy of the Adviser and BCM to allocate such transactions in a manner deemed equitable by the Adviser. All personal trading by employees is subject to the Code of Ethics of the Funds and the Adviser. In certain circumstances, the Adviser may make investments for the Funds that conflict with investments being made by BCM. The Adviser may also make investment decisions for the Funds that are inconsistent with the investment decisions for other Funds it manages.

Each Advisory Agreement provides that the Funds may use "Baron" as part of its name for so long as the Adviser serves as the investment adviser to the Funds. The Funds acknowledge that the word "Baron" in its name is derived from the name of the entities controlling, directly or indirectly, the Adviser, which derive their name from Ronald Baron, that such name is the property of the Adviser and its affiliated companies for copyright and/or other purposes, and that if for any reason the Adviser ceases to be the Funds' investment adviser, the Funds will promptly take all steps necessary to change their name to one that does not include "Baron," unless they receive the Adviser's written consent to continue using the name.

Each Advisory Agreement provides that the Adviser shall have no liability to the Funds or their shareholders for any error of judgment or mistake of law or for any loss suffered by the Funds on account of any action taken in good faith, provided that the Adviser shall not be protected against liabilities arising by virtue of willful misfeasance, bad faith or gross negligence, or reckless disregard of the Adviser's obligations under the Advisory Agreements.

Each Advisory Agreement is terminable without penalty by the relevant Fund (when authorized by a majority vote of the shareholders or the Trustees) or the Adviser on 60 days' written notice. The Advisory Agreements shall automatically terminate in the event of their "assignment" (as defined by the 1940 Act).

Principal Underwriter.

The Funds have a distribution agreement with BCI with its principal offices located at 767 Fifth Avenue, New York, NY 10153. BCI is an affiliate of BAMCO.

Distribution and Servicing Agreements.

The Funds and/or the Distributor have agreements with various financial intermediaries pursuant to which various services may be provided to the Funds or their shareholders. See “Distribution and Servicing Arrangements” in the Prospectus.

12b-1 Plan.¹

The Distributor does not receive underwriting commissions, but the Funds’ distribution and servicing plan for Retail Shares adopted pursuant to Rule 12b-1 under the 1940 Act (the “12b-1 Plan”) authorizes the Funds to pay the Distributor a distribution and servicing fee equal to 0.25% per annum of each Fund’s average daily net assets attributable to the Retail Shares. The 12b-1 fees are paid to the Distributor in connection with (a) activities and expenses primarily intended to result in the sale of Retail Shares and/or the servicing of Retail Shares shareholder accounts and/or (b) providing services to holders of Retail Shares of the Funds and/or maintaining accounts in the Retail Shares of the Funds, including, but not limited to, (i) compensation to financial intermediaries (as described in the Prospectus) that have entered into an agreement with the Distributor; (ii) compensation to and expenses of registered representatives and/or employees of the Distributor who engage in or support distribution of Retail Shares or who service shareholder accounts; and (iii) printing of prospectuses and reports for other than existing holders of Retail Shares; preparation, printing and distribution of sales literature and advertising materials for Retail Shares; and telephone expenses and other identifiable expenses in connection with the foregoing. The total amount of the 12b-1 fee is payable to the Distributor, regardless of the actual expenses incurred, which expenses may be more or less than the 12b-1 fees received by the Distributor.

The 12b-1 Plan requires that the Trust will cause to be provided to the Board a written report, at least quarterly, of the amounts of all expenditures pursuant to the 12b-1 Plan and related agreements, and the purposes for which such expenditures were made for the preceding fiscal quarter.

For the fiscal year ended September 30, 2021, the Funds paid fees attributable to Retail Shares to the Distributor under the 12b-1 Plan as follows: **Baron Asset Fund**, \$7,012,901; **Baron Growth Fund**, \$7,259,067; **Baron Small Cap Fund**, \$4,351,478; **Baron Opportunity Fund**, \$2,109,557; **Baron Fifth Avenue Growth Fund**, \$470,915; **Baron Discovery Fund**, \$629,082 and **Baron Durable Advantage Fund**, \$14,832.

The following table shows the amounts that were paid by the Distributor under the 12b-1 Plan for the fiscal year ended September 30, 2021. All amounts were paid to third parties for distribution and/or shareholder servicing.

	<u>Baron Asset Fund</u>	<u>Baron Growth Fund</u>	<u>Baron Small Cap Fund</u>	<u>Baron Opportunity Fund</u>	<u>Baron Fifth Avenue Growth Fund</u>	<u>Baron Discovery Fund</u>	<u>Baron Durable Advantage Fund</u>
Distribution and Service Fees Paid to Third Parties	\$7,012,901	\$7,259,067	\$4,351,478	\$2,109,557	\$470,915	\$629,082	\$14,832

The Independent Trustees have no direct or indirect financial interest in the operation of the 12b-1 Plan or any agreement thereunder. The Interested Trustees have such an interest.

The 12b-1 Plan has been approved by the Board, including a majority of the Independent Trustees. In approving the 12b-1 Plan, the Board considered various factors and determined that there is a reasonable likelihood that the 12b-1 Plan will benefit the Funds and their Retail Shares shareholders. The anticipated benefits include the following: (i) the likelihood of attracting and retaining investments in the Retail Shares; (ii) the potential benefits of a larger asset base, including reduced expenses; and (iii) potential benefits to investors in the Retail Shares of the services to be provided pursuant to the 12b-1 Plan.

¹ The 12b-1 plan applies to Retail Shares only. It does not apply to Institutional Shares or R6 Shares.

Unless terminated in accordance with its terms, the 12b-1 Plan will continue in effect for a one year period, and from year to year thereafter if such continuance is specifically approved at least annually by the Board and by the Independent Trustees, with such votes being cast in person at a meeting called for the purpose of such vote.

The 12b-1 Plan may be terminated at any time by the vote of a majority of the Independent Trustees or by the vote of a majority of the outstanding Retail Shares. The 12b-1 Plan may not be amended to increase materially the amount of payments to be made without the approval of holders of the Funds' Retail Shares. All material amendments must be approved by a vote of the Board and of the Independent Trustees, with such votes being cast in person at a meeting called for the purpose of such vote. If the 12b-1 Plan is terminated, the Funds will owe no payments to the Distributor, other than any unpaid portion of the 12b-1 fee accrued through the effective date of termination.

Other Service Providers.

Custodian.

State Street Bank and Trust Company, One Lincoln Street, Boston, MA 02111 serves as the custodian for the Funds' cash and securities.

SSBT provides certain accounting and bookkeeping services to include maintaining the books of each Fund, calculating daily the income and net asset value per share of each Fund and assisting in the preparation of tax returns and reports to shareholders. SSBT is compensated for fund accounting based on a percentage of each Fund's net assets, subject to certain minimums plus fixed annual fees for the administrator services. For the fiscal year ended September 30, 2021, \$773,636 was incurred for such services.

Transfer Agent and Dividend Agent.

DST Systems, Inc., 430 West 7th Street, Kansas City, MO 64105, is the Transfer Agent and Dividend Agent for the Funds.

Independent Registered Public Accounting Firm.

PricewaterhouseCoopers LLP, 300 Madison Avenue, New York, NY 10017, is the independent registered public accounting firm for the Funds.

These institutions are not responsible for investment decisions of the Funds.

Securities Lending.

SSBT, acting either directly or through any State Street Affiliates (collectively, "State Street") serves as securities lending agent for each Fund and in that role administers each Fund's securities lending program pursuant to the terms of a securities lending agency agreement entered into between the Trust and State Street. As administered by State Street, available securities from each Fund's portfolio are furnished to borrowers through security-by-security loans effected by State Street as lending agent on behalf of each Fund.

State Street is responsible for the administration and management of each Fund's securities lending program, including the preparation and execution of a participant agreement with each borrower governing the terms and conditions of any securities loan, ensuring that securities loans are properly coordinated and documented with the Funds' custodian, ensuring that loaned securities are daily valued and that the corresponding required cash collateral is delivered by the borrower(s), and arranging for the investment of cash collateral received from borrowers in accordance with each Fund's investment guidelines.

State Street receives as compensation for its services a portion of the amount earned by each Fund for lending securities.

The table below sets forth, for each Fund's most recently completed fiscal year ended September 30, 2018, the Fund's gross income received from securities lending activities, the fees and/or other compensation paid by the Fund for securities lending activities, and the net income earned by the Fund for securities lending activities. The table below also discloses any other fees or payments incurred by each Fund resulting from lending securities.

	<u>Baron Asset Fund</u>	<u>Baron Growth Fund</u>	<u>Baron Small Cap Fund</u>	<u>Baron Opportunity Fund</u>	<u>Baron Fifth Avenue Growth Fund</u>	<u>Baron Discovery Fund</u>	<u>Baron Durable Advantage Fund</u>
Gross income from securities lending activities	—	—	\$—	—	\$84,394	\$—	—
Fees and/or compensation for securities lending activities and related services							
Fees paid to securities lending agent from a revenue split	—	—	—	—	(8,439)	—	—
Fees paid for any cash collateral management service (including fees deducted from a pooled cash collateral reinvestment vehicle)	—	—	—	—	—	—	—
Administrative fees not included in revenue split	—	—	—	—	—	—	—
Indemnification fee not included in revenue split	—	—	—	—	—	—	—
Rebate (paid to borrower)	—	—	—	—	—	—	—
Other fees not included in revenue split (specify)	—	—	—	—	—	—	—
Aggregate fees/compensation for securities lending activities	—	—	—	—	—	—	—
Net income from securities lending activities	—	—	\$—	—	\$75,955	\$—	—

PORTFOLIO MANAGERS

Baron Asset Fund	Andrew Peck
Baron Growth Fund	Ronald Baron Neal Rosenberg*
Baron Small Cap Fund	Clifford Greenberg
Baron Opportunity Fund	Michael Lippert
Baron Fifth Avenue Growth Fund	Alex Umansky
Baron Discovery Fund	Laird Bieger Randolph Gwirtzman
Baron Durable Advantage Fund	Alex Umansky

* Neal Rosenberg is the co-manager of Baron Growth Fund. Ronald Baron serves as the Lead Portfolio Manager of Baron Growth Fund and has served as portfolio manager of the Fund since its inception.

Other Accounts Managed.

As of September 30, 2021:

<u>Portfolio Manager</u>	<u>Type of Account</u>	<u>Number of Additional Accounts</u>	<u>Total Assets (millions)</u>	<u>Number of Additional Accounts Subject to a Performance Fee</u>	<u>Total Assets Subject to a Performance Fee</u>
Ronald Baron	Registered Investment Companies	4	\$9,515	0	\$0
	Other pooled investment vehicles	3	\$ 256	0	\$0
	Other Accounts	26	\$1,586	0	\$0
Andrew Peck	Registered Investment Companies	0	\$ 0	0	\$0
	Other pooled investment vehicles	1	\$ 301	0	\$0
	Other Accounts	5	\$ 459	0	\$0
Clifford Greenberg	Registered Investment Companies	0	\$ 0	0	\$0
	Other pooled investment vehicles	0	\$ 0	0	\$0
	Other Accounts	2	\$ 87	0	\$0
Michael Lippert	Registered Investment Companies	0	\$ 0	0	\$0
	Other pooled investment vehicles	0	\$ 0	0	\$0
	Other Accounts	2	\$ 84	0	\$0
Alex Umansky	Registered Investment Companies	1	\$2,769	0	\$0
	Other pooled investment vehicles	0	\$ 0	0	\$0
	Other Accounts	6	\$ 47	0	\$0
Laird Bieger	Registered Investment Companies	0	\$ 0	0	\$0
	Other pooled investment vehicles	0	\$ 0	0	\$0
	Other Accounts	1	\$ 156	0	\$0
Randolph Gwartzman	Registered Investment Companies	0	\$ 0	0	\$0
	Other pooled investment vehicles	0	\$ 0	0	\$0
	Other Accounts	1	\$ 156	0	\$0
Neal Rosenberg*	Registered Investment Companies	0	\$ 0	0	\$0
	Other pooled investment vehicles	0	\$ 0	0	\$0
	Other Accounts	1	\$ 34	0	\$0

* Neal Rosenberg is the co-manager of Baron Growth Fund.

Potential Conflicts of Interest.

Conflicts of interest could arise in connection with managing the Funds along with other Baron Funds® and the accounts of other clients of the Adviser and of clients of the Adviser's affiliated investment adviser, BCM. Because of market conditions, client investment restrictions, Adviser imposed investment guidelines and the consideration of factors such as cash availability and diversification considerations, not all investment opportunities will be available to the Funds and all clients at all times. The Adviser has joint trading policies and procedures designed to ensure that no Fund or client is systematically given preferential treatment over time. The Funds' Chief Compliance Officer monitors allocations for consistency with this policy and reports to the Board annually. Because an investment opportunity may be suitable for multiple accounts, the Funds may not be able to take full advantage of that opportunity because the opportunity may be allocated among many or all of the Funds and accounts of clients managed by the Adviser and its affiliate.

To the extent that the Funds' portfolio manager has responsibilities for managing other client accounts, the portfolio manager may have conflicts of interest with respect to his time and attention among relevant accounts. In addition, differences in the investment restrictions or strategies among a Fund and other accounts may cause

the portfolio manager to take action with respect to another account that differs from the action taken with respect to the Funds. In some cases, another account managed by the portfolio manager may provide more revenue to the Adviser. While this may create additional conflicts of interest for the portfolio manager in the allocation of management time, resources and investment opportunities, the Adviser takes all necessary steps to ensure that the portfolio manager endeavors to exercise his discretion in a manner that is equitable to the Funds and other accounts.

The Adviser believes that it has policies and procedures in place that address the Funds' potential conflicts of interest. Such policies and procedures address, among other things, trading practices (e.g., brokerage commissions, cross trading, aggregation and allocation of transactions, sequential transactions, allocations of orders for execution to brokers and portfolio performance dispersion review), disclosure of confidential information and employee trading.

Compensation.

Mr. Baron has an employment agreement that includes a fixed base salary and a performance bonus, the ultimate amount of which is determined by the Compensation Committee of the BCG Board of Directors, in its sole discretion. The terms of his contract are based on Mr. Baron's role as the Firm's Founder and Chief Executive Officer, and his position as portfolio manager for the majority of the Firm's assets under management. Consideration is given to Mr. Baron's reputation, the long-term performance records of the Funds under his management and the profitability of the Firm.

The compensation for Messrs. Greenberg, Peck, Lippert, Umansky, Bieger, Gwartzman and Rosenberg includes a base salary and an annual bonus that is based, in part, on the amount of assets they manage, as well as their individual long-term investment performance, their overall contribution to the Firm and the Firm's profitability. In addition, Messrs. Greenberg and Peck own equity in BCG. They are also eligible for special bonuses based on the Firm achieving its long-term growth and profitability goals.

Ownership of Portfolio Managers.

As of September 30, 2021, the Portfolio Manager ownership of Fund shares was:

<u>Portfolio Manager</u>	<u>Fund</u>	<u>Dollar Range of Fund Shares Owned</u>
Andrew Peck	Baron Asset Fund	Over \$1,000,000
Ronald Baron	Baron Growth Fund	Over \$1,000,000
Clifford Greenberg	Baron Small Cap Fund	Over \$1,000,000
Michael Lippert	Baron Opportunity Fund	Over \$1,000,000
Alex Umansky	Baron Fifth Avenue Growth Fund	Over \$1,000,000
	Baron Durable Advantage Fund	Over \$1,000,000
Laird Bieger	Baron Discovery Fund	Over \$1,000,000
Randolph Gwartzman	Baron Discovery Fund	Over \$1,000,000
Neal Rosenberg*	Baron Growth Fund	\$500,001-\$1,000,000

* Neal Rosenberg is the co-manager of Baron Growth Fund.

BROKERAGE ALLOCATION AND OTHER PRACTICES

<u>For the Fiscal Year Ended September 30,</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total Commissions Paid by the Fund			
Baron Asset Fund	\$ 385,552	\$ 224,801	\$ 385,662
Baron Growth Fund	320,141	413,337	458,483
Baron Small Cap Fund	1,361,760	1,344,815	1,098,049
Baron Opportunity Fund	677,592	274,551	179,803
Baron Fifth Avenue Growth Fund	193,150	37,613	35,873
Baron Discovery Fund	1,663,908	657,207	820,295
Baron Durable Advantage Fund	1,640	434	339

The variation in the commissions paid by the Funds year-to-year are caused by fluctuating trading volume.

The Adviser is responsible for placing the portfolio brokerage business of the Funds. Purchase and sale orders are placed with brokers that the Adviser believes will achieve “best execution” of such orders. Best execution involves consideration of a number of factors, including direct net economic results to the Funds, the efficiency with which the transaction is executed, the ability to effect the transaction in the size and price range requested, the ability to effect the transaction with minimum impact on the market, the financial strength and stability of the broker, the broker’s familiarity with a particular security, the broker’s commitment of resources to executing the transaction and past experience with a broker.

Under the Advisory Agreements and as permitted by Section 28(e) of the Securities and Exchange Act of 1934, the Adviser may cause the Funds to pay a broker that provides brokerage and research services to the Adviser an amount of commission for effecting a securities transaction for the Funds in excess of the amount that other brokers would have charged for the transaction, if the Adviser determines in good faith that the greater commission is consistent with the Funds’ policies and is reasonable in relation to the value of the brokerage and research services provided by the executing broker or third party pursuant to a Commission Sharing Arrangement viewed in terms of either a particular transaction or the Adviser’s overall responsibilities to the Funds or to its other clients. The term “brokerage and research services” includes advice as to the value of securities, the advisability of investing in, purchasing, or selling securities, and the availability of securities or of purchasers or sellers of securities, furnishing analyses and reports concerning issuers, industries and securities, economic factors and trends, portfolio strategy and the performance of accounts; and effecting securities transactions and performing functions incidental thereto, such as clearance and settlement. Such services may be used by the Adviser or its affiliate to supplement the services it is required to perform pursuant to the Advisory Agreement in serving the Funds and/or other advisory clients of the affiliate.

Brokers may be willing to furnish statistical research and other factual information or services to the Adviser for no consideration other than brokerage or underwriting commissions. Research provided by brokers is used for the benefit of all of the Adviser’s or its affiliate’s clients and not solely or necessarily for the benefit of the Funds. The Adviser’s investment management personnel attempt to evaluate the quality of research provided by brokers. Results of this effort may be used by the Adviser as a consideration in the selection of brokers to execute portfolio transactions.

Investment decisions for the Funds and for other client accounts managed by BCM and the Adviser are made independent of each other in light of differing considerations for the various accounts. The same investment decision may, however, be made for two or more of the Adviser’s and/or BCM’s accounts. When this occurs, simultaneous transactions are inevitable. Purchases and sales are averaged as to price where possible and allocated to accounts in a manner deemed equitable by the Adviser in conjunction with BCM. This procedure could have a detrimental or beneficial effect upon the price or value of the security for the Funds, depending upon market conditions.

CAPITAL STOCK AND OTHER SECURITIES

Baron Investment Funds Trust (formerly known as **Baron Asset Fund**) is an open-end investment company organized as a series fund and established under the business trust law of The Commonwealth of Massachusetts. The seven series currently available are **Baron Asset Fund, Baron Growth Fund, Baron Small Cap Fund, Baron Opportunity Fund, Baron Fifth Avenue Growth Fund, Baron Discovery Fund** and **Baron Durable Advantage Fund**. Shares entitle their holders to one vote per share on all matters submitted to a vote of shareholders. The Trust's Declaration of Trust provides that no matters need be submitted to shareholders except as required by the 1940 Act. Consequently, matters such as mergers, acquisitions and sales of assets may not require shareholder approval. In the election of Trustees, shares have non-cumulative voting rights, which means that holders of more than 50% of the shares voting for the election of Trustees can elect all Trustees and, in such event, the holders of the remaining shares voting for the election of Trustees will not be able to elect any person or persons as Trustees. Shares have no preemptive or subscription rights and are transferable.

Under Massachusetts law, shareholders of a Massachusetts business trust may, under certain circumstances, be held personally liable as partners for the obligations of the trust. The Declaration of Trust contains an express disclaimer of shareholder liability for acts or obligations of the Fund or any series thereof. Notice of such disclaimer will normally be given in each agreement, obligation or instrument entered into or executed by the Funds or Trustees. The Declaration of Trust provides for indemnification by a Fund for any loss suffered by a shareholder as a result of an obligation of that Fund. The Declaration of Trust also provides that a Fund shall, upon request, assume the defense of any claim made against any shareholder for an act or obligation of that Fund and satisfy any judgment thereon. Thus, the risk of a shareholder incurring financial loss on account of shareholder liability is limited to circumstances in which the Fund itself would be unable to meet its obligations. The Trustees believe that, in view of the above, the risk of personal liability of shareholders is remote.

The Declaration of Trust further provides that the Trustees will not be liable for errors of judgment or mistakes of fact or law, but nothing in the Declaration of Trust protects a Trustee against liability to which he or she would otherwise be subject by reason of willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his or her office.

PURCHASE, REDEMPTION AND PRICING OF SHARES

The Funds expect to make all redemptions in cash but reserve the right to make payment, in whole or in part, in portfolio securities. Payment will be made other than all in cash if the Board determines that economic conditions exist which would make a cash payment detrimental to the Funds' best interests. Portfolio securities to be so distributed, if any, would be selected in the discretion of the Board and priced as described under "How Your Shares are Priced" in the Prospectus.

Net Asset Value.

As more fully set forth in the Prospectus under "How Your Shares are Priced," the net asset value per share ("NAV") of each Fund is calculated as of the scheduled close of the regular trading session (usually 4 p.m. E.T. or such other time as of which the Funds' NAV is calculated (the "NAV Calculation Time")) on the New York Stock Exchange (the "Exchange") on any day the Exchange is scheduled to be open. The Exchange is open all weekdays that are not holidays. Annually, the Exchange publishes the holidays on which it will be closed. The most recent announcement states it will not be open on New Year's Day, Martin Luther King, Jr. Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving and Christmas Day.

Securities traded on more than one national securities exchange are valued at the last sale prices of the day as of which such value is being determined as reflected at the close of the exchange that is the principal market for such securities. For Securities traded on NASDAQ, the Funds use the NASDAQ Official Closing Price. If there are no sales on a given day, the value of the security may be the average of the most recent bid and asked quotations on such exchange or the last sale price from a prior day.

U.S. Government obligations, money market instruments, and other debt instruments having 60 days or less remaining until maturity generally are valued at amortized cost. Debt instruments having a greater remaining maturity will be valued on the basis of prices obtained from an independent pricing service or at the mean between the bid and ask prices from a dealer maintaining an active market in that security. The value of the Funds' investments in convertible bonds is determined primarily by obtaining valuations from independent pricing services based on readily available bid quotations or, if quotations are not available, by methods which include various considerations such as yields or prices of securities of comparable quality, coupon, maturity and type; indications as to values from dealers; and general market conditions. Other inputs used by an independent pricing service to value convertible bonds generally include underlying stock data, conversion premiums, listed bond and preferred stock prices and other market information which may include benchmark curves, trade execution data, and sensitivity analysis, when available. Money market instruments held by the Funds with a remaining maturity of 60 days or less are valued at amortized cost, which approximates fair value, unless an independent pricing service provides a valuation for such security or in the opinion of the board or a committee or other persons designated by the board, the amortized cost method would not represent fair value. Open-end investment companies, including securities lending collateral invested in registered investment company money market funds, are valued at their NAV each day.

Non-U.S. equity securities are valued on the basis of their most recent closing market prices and translated into U.S. dollars at the NAV Calculation Time except under the circumstances described below. Most foreign markets close before the NAV Calculation Time. For securities primarily traded in the Far East, for example, the most recent closing prices may be as much as 15 hours old at the NAV Calculation Time. As a result, the Adviser uses a third-party pricing service to assist in determining fair value of foreign securities. This service utilizes a systematic methodology in making fair value estimates. The Adviser may also fair value securities in other situations, for example, when a particular foreign market is closed but the Funds are open. The Adviser cannot predict how often it will use closing prices and how often it will adjust those prices. As a means of evaluating its fair value process, the Adviser routinely compares closing market prices, the next day's opening prices in the same markets, and the adjusted prices. Other mutual funds may adjust the prices of their securities by different amounts.

TAXATION OF THE FUNDS

The Prospectus contains information about the U.S. federal income tax consequences of ownership of shares. Certain supplementary information is presented below. References below to the "Fund" apply to each of the Funds described in the Prospectus.

U.S. Federal Income Taxation.

The following information is based on the Internal Revenue Code of 1986, as amended (the "Code"), Treasury Regulations, administrative rulings and judicial decisions as of the date hereof, all of which may be changed either retroactively or prospectively. This discussion does not address all aspects of U.S. federal income taxation that may be relevant to shareholders in light of their particular circumstances (such as alternative minimum tax consequences or Medicare contribution tax consequences) or to shareholders subject to special treatment under U.S. federal income tax laws (such as certain financial intermediaries, insurance companies, dealers in stock or securities, tax-exempt organizations, persons who have entered into hedging transactions with respect to shares of the Fund and persons who borrow in order to acquire shares). Prospective shareholders should consult their tax advisors with respect to the particular tax consequences to them of an investment in the Fund.

This discussion addresses only shareholders who hold Fund shares as capital assets within the meaning of Section 1221 of the Code (generally, for investment). Except where specifically addressing foreign shareholders, this discussion assumes that the shareholder is (i) an individual who is a citizen or resident of the United States; (ii) a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, that was created or organized in or under the laws of the United States, any state therein or the District of Columbia; or (iii) an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source. If an entity that is classified as a partnership for U.S. federal income tax purposes holds shares of the Fund, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the

partnership. Partnerships holding Fund shares and partners in such partnerships should consult their tax advisors as to the particular U.S. federal income tax consequences to them of holding and disposing of such shares.

Tax Status of the Funds.

The Fund has elected to qualify, and intends to remain qualified, as a regulated investment company under Subchapter M of the Code. Qualification as a regulated investment company requires, among other things, that (a) at least 90% of the Fund's annual gross income be derived from interest; dividends; payments with respect to certain securities loans; gains from the sale or other disposition of stock, securities or foreign currencies; other income (including gains from options, futures or forward contracts) derived with respect to its business of investing in such stock, securities or currencies; and net income from interests in "qualified publicly traded partnerships," as defined in the Code (any such income "Qualifying Income"); and (b) the Fund diversify its holdings so that, at the end of each quarter of the taxable year, (i) at least 50% of the market value of the Fund's assets is represented by cash, U.S. government securities and other securities limited in respect of any one issuer to an amount not greater than 5% of the value of the Fund's total assets and not more than 10% of the outstanding voting securities of such issuer, and (ii) not more than 25% of the value of its total assets is invested in the securities of any one issuer (other than U.S. government securities and securities of other regulated investment companies), of two or more issuers that are controlled by the Fund and that are engaged in the same or similar trades or businesses or related trades or businesses, or of one or more "qualified publicly traded partnerships."

Qualification and election as a "regulated investment company" involve no supervision of investment policy or management by any government agency. As a regulated investment company, the Fund generally will not be subject to U.S. federal income tax on income that is distributed to shareholders, provided that the Fund distributes to its shareholders at least 90% of its "investment company taxable income" (determined prior to the deduction for dividends paid by the Fund) and 90% of its net tax-exempt interest income for each taxable year. The Fund's "investment company taxable income" for any taxable year is its taxable income, determined without regard to net capital gain (that is, the excess of net long-term capital gain over net short-term capital loss) for such taxable year and with certain other adjustments. Assuming that the Fund meets the 90% distribution requirement, it will generally be subject to tax at regular U.S. federal corporate income tax rates only on any income or gain that it does not distribute in a timely manner.

The Fund intends to make sufficient distributions in a timely manner in order to ensure that it will not be subject to the nondeductible 4% U.S. federal excise tax that is imposed on certain undistributed income of regulated investment companies. In general, in order for the Fund to avoid the 4% U.S. federal excise tax, the Fund must distribute in each calendar year at least (i) 98% of its ordinary income for the calendar year, (ii) 98.2% of its capital gain net income for the one-year period ending on October 31 of the calendar year and (iii) any ordinary income and capital gains for previous years that were not distributed during those years. For purposes of determining whether the Fund has met this distribution requirement, (i) certain ordinary gains and losses that would otherwise be taken into account for the portion of the calendar year after October 31 will be treated as arising on January 1 of the following calendar year and (ii) the Fund will be deemed to have distributed any income or gains on which it paid U.S. federal income tax.

If for any taxable year the Fund did not qualify for the special U.S. federal income tax treatment afforded to regulated investment companies (for example, by not meeting the 90% distribution requirement described above), all of its taxable income would be subject to U.S. federal income tax at regular corporate rates (without any deduction for distributions to its shareholders) and all distributions out of its current or accumulated earnings and profits would be taxable as dividend income. In such event, provided that a shareholder satisfied the applicable holding period and other requirements with respect to his shares, dividend distributions would be eligible for the dividends-received deduction in the case of a corporate shareholder, and if received by a non-corporate shareholder, would be taxable to the shareholder as "qualified dividend income," which is subject to tax at the rates applicable to long-term capital gain (currently, a maximum rate of 20%). In addition, the Fund could be required to recognize unrealized gains, pay taxes and make distributions (which could be subject to interest charges) before requalifying for taxation as a regulated investment company. However, if the Fund fails

to satisfy the income test or diversification test described above, the Fund may be able to avoid losing its status as a regulated investment company by timely providing notice of such failure to the Internal Revenue Service (the “IRS”), curing such failure and possibly paying an additional tax.

The Fund may invest in shares of certain foreign corporations that may be classified under the Code as passive foreign investment companies (“PFICs”). In the absence of one of the elections described below, if the Fund receives certain distributions from a PFIC, or gain from the sale of PFIC stock, the Fund may be subject to a tax on such distributions or gain, as well as to interest charges. In order to mitigate these adverse consequences, the Fund will generally make an election to mark-to-market its shares of PFICs. At the end of each taxable year to which the election applies, the Fund will report as ordinary income the amount by which the fair market value of its shares in a PFIC for which the Fund has made a mark-to-market election exceeds the Fund’s adjusted basis in those shares. If the Fund’s adjusted basis in the shares of such a PFIC exceeds the shares’ fair market value at the end of a taxable year, the Fund will be entitled to a deduction equal to the lesser of (a) this excess and (b) the Fund’s aggregate income inclusions in respect of such stock under the mark-to-market rules that have not been previously offset by mark-to-market losses. As a result of a mark-to-market election, the Fund will not recognize any capital gains with respect to its investment in the relevant PFIC stock. Alternatively, the Fund may under certain circumstances elect to include as income and gain its share of the ordinary earnings and net capital gain of certain PFICs, without regard to whether it receives any distributions from these PFICs.

Certain other investments made by the Fund, such as investments in debt securities that have original issue discount, will cause the Fund to recognize income for U.S. federal income tax purposes prior to the Fund’s receipt of the corresponding distributable proceeds. In addition, some of the Fund’s investments, such as the Fund’s transactions in foreign currencies, forward contracts, options, and futures contracts (including options and futures contracts on foreign currencies) will be subject to special provisions of the Code that, among other things, may affect the character of gains and losses realized by the Fund (i.e., may affect whether gains or losses are ordinary or capital), accelerate recognition of income by the Fund or defer Fund losses. These provisions may result in the Fund’s “marking-to-market” certain types of positions in its portfolio (i.e., treating them as if they were sold at the end of each taxable year). The application of these rules to the Fund could affect the character, amount and timing of distributions to shareholders.

The Fund may thus recognize income without receiving cash with which to make distributions in amounts necessary to satisfy the distribution requirements for avoiding income and excise taxes. In that case, the Fund may have to dispose of other securities and use the proceeds to make distributions in order to satisfy these distribution requirements.

Foreign Taxes.

Dividends, interest and capital gains received by the Fund may give rise to withholding and other taxes imposed by foreign countries. Such taxes will reduce shareholders’ return. Income tax treaties between certain countries and the United States may reduce or eliminate such taxes, but there can be no guarantee that the Fund will qualify for treaty benefits.

Under the Code, if more than 50% of the value of the Fund’s total assets at the close of the taxable year consists of stock or securities of foreign corporations, the Fund may file an election with the IRS to “pass-through” to the Fund’s shareholders the amount of foreign income taxes paid by the Fund. Pursuant to this election, a shareholder would (a) include in gross income (in addition to dividends actually received) his pro rata share of the foreign income taxes paid by the Fund; (b) treat his pro rata share of such foreign income taxes as having been paid by him; and (c) subject to certain limitations, be entitled either to deduct his *pro rata* share of such foreign income taxes in computing his taxable income or to use it as a foreign tax credit against U.S. income taxes. Shortly after any year for which it makes such an election, the Fund will report to its shareholders, in writing, the amount per share of such foreign tax that must be included in each shareholder’s gross income and the amount which will be available for deduction or credit.

Generally, a credit for foreign income taxes is subject to the limitation that it may not exceed the shareholder's U.S. tax liability (before the credit) attributable to the shareholder's total foreign-source taxable income. If the Fund makes the "pass-through" election, the portion of dividends paid by the Fund from its foreign-source income (e.g., dividends paid by foreign companies) will be treated as foreign-source income. The Fund's gains and losses from the sale of securities, and its foreign currency gains and losses, will generally be treated as derived from U.S. sources. The limitation on the foreign tax credit is applied separately to foreign-source "passive income," including the portion of dividends received from the Fund that qualifies as foreign-source income. Because of these limitations, a shareholder may be unable to claim a credit for the full amount of the shareholder's *pro rata* share of the foreign income taxes paid by the Fund. A shareholder's ability to claim a credit for foreign taxes paid by the Fund may also be limited by holding period requirements applicable both to the Fund's investment in the foreign shares and to the shareholder's investment in Fund shares.

If the Fund does not meet the requirements of the Code necessary to make the "pass-through" election or does not make the election, any foreign taxes paid or accrued will represent an expense to the Fund, which will reduce its investment company taxable income. Absent this election, shareholders will not be able to claim either a credit or deduction for their *pro rata* shares of such taxes paid by the Fund, nor will shareholders be required to treat their *pro rata* shares of such taxes as amounts distributed to them.

Distributions.

Distributions to shareholders of the Fund's investment company taxable income (other than "qualified dividend income"), including distributions of net short-term capital gains, will be taxable as ordinary income to shareholders. Distributions (or deemed distributions, as described below) of the Fund's net capital gains will be taxable to shareholders as long-term capital gains, regardless of the length of time the shares have been held by a shareholder. Long-term capital gains recognized by individuals and other non-corporate shareholders are currently subject to U.S. federal income tax at lower rates than the rates applicable to ordinary income. Distributions in excess of the Fund's current and accumulated earnings and profits will, as to each shareholder, be treated as a tax-free return of capital to the extent of such shareholder's adjusted basis in his shares, and as a capital gain thereafter. The ultimate tax characterization of the Fund's distributions made in a taxable year cannot be determined until after the end of the taxable year. As a result, there is a possibility that the Fund may make total distributions during a taxable year in an amount that exceeds the current and accumulated earnings and profits of the Fund.

Provided that the shareholder satisfies the applicable holding period and other requirements with respect to his shares, (i) distributions of the Fund's "qualified dividend income" will be treated as "qualified dividend income" received by an individual or other non-corporate shareholder and will therefore be subject to U.S. federal income tax at the rates applicable to long-term capital gain and (ii) shareholders that are corporations may be entitled to claim a dividends-received deduction for the portion of Fund distributions that is attributable to certain dividend income received by the Fund.

If the Fund retains any net capital gains for reinvestment, it may elect to treat such capital gains as having been distributed to its shareholders. If the Fund makes such an election, each shareholder will be required to include its share of such undistributed net capital gain in income as long-term capital gain and will be entitled to claim its share of the U.S. federal income taxes paid by the Fund on such undistributed net capital gain as a credit against its own U.S. federal income tax liability, if any, and to claim a refund on a properly-filed U.S. federal income tax return to the extent that the credit exceeds such liability. In addition, each shareholder will be entitled to increase the adjusted tax basis of its Fund shares by the difference between its share of such undistributed net capital gain and the related credit. There can be no assurance that the Fund will make this election if it retains all or a portion of its net capital gain for a taxable year. A shareholder's tax liability for such distributions will depend on the shareholder's particular tax situation.

Shareholders who instruct the Fund to reinvest distributions in additional shares will be treated for U.S. federal income tax purposes as receiving the relevant distributions and using them to purchase shares. Thus,

distributions of investment company taxable income and net capital gains, whether received in cash or reinvested, must be reported by the shareholder on his U.S. federal income tax return.

Distributions by the Fund result in a reduction in the net asset value of the Fund's shares. Should a distribution reduce the net asset value below a shareholder's cost basis, such distribution could nevertheless be taxable to the shareholder as ordinary income or capital gain as described above, even though, from an investment standpoint, it may constitute a partial return of capital. In particular, investors should consider the tax implications of buying shares just prior to a distribution. Although the price of shares purchased at the time will include the amount of the forthcoming distribution, the distribution will nevertheless be taxable to the purchaser.

As of September 30, 2021, the Funds had no capital loss carryforwards.

Sale or Redemption of Shares.

A shareholder will recognize a taxable gain or loss, if any, if the shareholder sells or redeems his shares. Such gain or loss will be equal to the difference between his adjusted tax basis in the shares sold or redeemed and the amount of the cash or the fair market value of other property (including securities distributed by the Fund) received by him in payment therefor.

Any gain or loss arising from the sale or redemption of shares will be treated as capital gain or loss, and will generally be long-term capital gain or loss if the shareholder's holding period for the shares is more than one year and short-term capital gain or loss if it is one year or less. Long-term capital gains recognized by individuals and other non-corporate shareholders on a sale or redemption of shares generally will be taxed at a maximum rate of 20%. Any loss realized on a sale or redemption will be disallowed to the extent the shares disposed of are replaced (including pursuant to our dividend reinvestment program) with substantially identical shares within a period beginning 30 days before and ending 30 days after the disposition of the shares. In such a case, the basis of the shares acquired will be adjusted to reflect the disallowed loss. Any loss arising from the sale or redemption of shares for which the shareholder has a holding period of six months or less will be treated for U.S. federal tax purposes as a long-term capital loss to the extent of any amount of capital gain dividends received by the shareholder with respect to such shares. For purposes of determining a shareholder's holding period of shares, the holding period will be suspended for any periods during which the shareholder's risk of loss is diminished as a result of holding one or more other positions in substantially similar or related property or through certain options or short sales.

A shareholder who recognizes a loss on a sale or other disposition of shares will be required to report the sale or other disposition on IRS Form 8886 if the loss exceeds an applicable threshold amount. Failure to comply with the reporting requirements gives rise to substantial penalties. Certain states, including New York, may also have similar disclosure requirements. Shareholders should consult their tax advisors to determine whether they are required to file IRS Form 8886 in connection with a sale or other disposition of shares.

Exchange or Conversion of Shares.

You may exchange all or a portion of your shares in one Fund for shares in another Fund. Exchanges will be executed on the basis of the relative net asset value of the shares exchanged. An exchange will be considered a sale for U.S. federal income tax purposes, and you may therefore realize a gain or loss for U.S. federal income tax purposes as a result of an exchange. The Funds offer three classes of shares, Retail Shares, Institutional Shares and R6 Shares, which differ only in their ongoing fees and eligibility requirements. You may convert Retail Shares into Institutional Shares if the value of your investment in a Fund is at least \$1,000,000. If the value of your investment in a Fund falls below \$1,000,000 because of redemptions, the Fund may convert your Institutional Shares into Retail Shares. You may convert Retail Shares or Institutional Shares into R6 Shares if you meet the eligibility requirements. The transaction will be based on the respective net asset value per share of each class on the trade date for the conversion. For U.S. federal income tax purposes, such a conversion will not be a taxable event. You should consult your own tax adviser regarding specific questions of federal, state, local or foreign tax law.

Backup Withholding and Information Reporting.

Payments on the shares and proceeds from a redemption or other disposition of shares will generally be subject to information reporting. Such amounts will be subject to backup withholding at the rate of 28% if payable to shareholders who fail to provide the Fund (or other payor) with their correct taxpayer identification numbers or to make required certifications, or who have been notified by the IRS that they are subject to backup withholding. Certain types of shareholders are exempt from such backup withholding. Backup withholding is not an additional tax. Any amounts withheld may be credited against a shareholder's U.S. federal income tax liability.

Foreign Shareholders.

A "foreign shareholder" is an investor that, for U.S. federal income tax purposes, is a nonresident alien individual, a foreign corporation, or a foreign estate or trust. This disclosure assumes that (i) a foreign shareholder's ownership of shares in the Fund is not effectively connected with a trade or business conducted by such foreign shareholder in the United States, (ii) the foreign shareholder is not an expatriate of the United States, (iii) the foreign shareholder does not own, and has not owned, actually or constructively, more than 5% of the Fund's shares and (iv) the foreign shareholder is not an individual who is present in the United States for 183 days or more in any taxable year. A distribution of the Fund's investment company taxable income to a foreign shareholder, including a deemed distribution as a consequence of a Fund's election to pass through foreign taxes paid by the Fund, will generally be subject to withholding tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. Provided that certain requirements are satisfied, this withholding tax will not be imposed on dividends paid by the Fund to the extent that the underlying income out of which the dividends are paid consists of U.S.-source interest income or short-term capital gains that would not have been subject to U.S. withholding tax if received directly by the foreign shareholder ("interest-related dividends" and "short-term capital gain dividends," respectively).

Foreign shareholders may be subject to an increased U.S. federal income tax on their income resulting from a Fund's election (described above) to "pass-through" amounts of foreign taxes paid by the Fund, but may not be able to claim a credit or deduction with respect to the withholding tax for the foreign taxes treated as having been paid by them.

Information returns will be filed with the IRS in connection with certain payments on the shares. A foreign shareholder may be subject to U.S. backup withholding on distributions that are otherwise exempt from withholding tax or on the proceeds from a redemption or other disposition of shares if such foreign shareholder does not certify its non-U.S. status under penalties of perjury or otherwise establish an exemption. Backup withholding is not an additional tax. Any amounts withheld pursuant to the backup withholding rules will be allowed as a credit against the foreign shareholder's U.S. federal income tax liability, if any, and may entitle the foreign shareholder to a refund, provided that the required information is furnished to the IRS on a timely basis.

In order to qualify for the exemption from U.S. withholding tax on "interest-related dividends" and "short-term capital gain dividends" (if any), to qualify for an exemption from U.S. backup withholding and to qualify for a reduced rate of U.S. withholding tax on Fund dividends under an income tax treaty, a foreign shareholder must generally deliver to the relevant Fund or other withholding agent a properly executed IRS form (generally, Form W-8BEN or Form W-8BEN-E, as applicable). In order to claim a refund of any Fund-level taxes imposed on undistributed net capital gains, any U.S. withholding taxes or any backup withholding on Fund distributions, a foreign shareholder must obtain a U.S. taxpayer identification number and file a U.S. federal income tax return.

None of the Funds expects to be a "United States real property holding corporation" for U.S. federal income tax purposes. Foreign shareholders should consult their tax advisors regarding the potential tax consequences to them if any relevant Fund is or was a "United States real property holding corporation."

The tax consequences to a foreign shareholder entitled to claim the benefits of an applicable tax treaty may be different from those described herein. Foreign shareholders are advised to consult their own tax advisor with respect to the particular tax consequences to them of an investment in the Fund.

Under Sections 1471 through 1474 of the Code (“FATCA”), a withholding tax at the rate of 30% will generally be imposed on payments to certain foreign entities (including financial intermediaries) of dividends on Fund shares and on gross proceeds from the sale or other disposition made to a foreign entity unless the foreign entity provides the withholding agent with certifications and other information (which may include information relating to ownership by U.S. persons of interests in, or accounts with, the foreign entity). If FATCA withholding is imposed, a beneficial owner of shares that is not a foreign financial institution (as specifically defined for purposes of FATCA) generally may obtain a refund of any amounts withheld by filing a U.S. federal income tax return (which may entail significant administrative burden). Foreign shareholders should consult their tax advisors regarding the possible implications of FATCA on their investment in the Fund.

State, Local and Foreign Taxes.

In addition to federal income taxes, shareholders of the Fund may be subject to state, local or foreign taxes on distributions from the Fund and on repurchases or redemptions of shares. Shareholders should consult their tax advisors as to the application of such taxes and as to the tax status of distributions from the Fund and repurchases or redemptions of shares in their own states and localities.

Cost Basis Information.

The Fund is required to report your cost basis, gain or loss, and holding period to the IRS on Form 1099 when “covered” shares of the Fund are redeemed. Covered shares are any shares acquired (including shares acquired through reinvestment of the Fund’s distributions) on or after January 1, 2012. The Fund has chosen the “average cost” method as its default method for reporting the cost basis of covered shares. The Fund will use this method for purposes of reporting your cost basis unless you instruct the Fund in writing to use a different calculation method. You may choose a method different from the Fund’s default method if you provide the Fund with timely notice. Please consult your tax advisor with regard to your particular circumstances.

UNDERWRITERS

BCI is the principal underwriter responsible for distributing the Funds’ securities. The Funds’ public offering of their securities is continuous, and BCI is obligated to distribute the Funds’ securities on a best efforts basis. BCI does not receive underwriting commissions from the Funds. The 12b-1 Plan authorizes the Funds to pay the Distributor a distribution fee equal to 0.25% per annum of each Fund’s average daily net assets attributable to the Retail Shares.

Compensation Table.

The following table discloses compensation received by BCI from the Funds for the year ended September 30, 2021.

<u>Fund</u>	<u>Net Underwriting Discounts and Commissions</u>	<u>Compensation on Redemptions and Repurchases</u>	<u>Brokerage Commissions</u>	<u>Other Compensation*</u>
Baron Asset Fund	\$0	\$0	\$0	\$7,012,901
Baron Growth Fund	\$0	\$0	\$0	\$7,259,067
Baron Small Cap Fund	\$0	\$0	\$0	\$4,351,478
Baron Opportunity Fund	\$0	\$0	\$0	\$2,109,557
Baron Fifth Avenue Growth Fund	\$0	\$0	\$0	\$ 470,915
Baron Discovery Fund	\$0	\$0	\$0	\$ 629,082
Baron Durable Advantage Fund	\$0	\$0	\$0	\$ 14,832

* Fees received pursuant to the 12b-1 Plan. As discussed above, all of such amounts were paid to third parties for distribution and/or shareholder servicing.

FINANCIAL STATEMENTS

The Funds' audited financial statements for the year ended September 30, 2021 and the report thereon of PricewaterhouseCoopers LLP, independent registered public accounting firm, appearing therein are incorporated by reference into this SAI.