INSIDE THE BARON FUNDS

INVESTOR

Baron International Growth Fund

Investing in the International Equity Markets

It is a well-known bias among investors that most prefer to keep their assets close to home. U.S. investors, for instance, hold almost three-quarters of their equity assets in U.S. securities. We think investors who underallocate to international securities may be missing out. There are more than 36,000 companies on foreign exchanges, versus roughly 9,500 companies listed on U.S. exchanges. The number of public U.S. companies has also been trending downward for the past decade, while their foreign counterparts have increased over the same time period. Moreover, the world's fastest growing economies are outside the U.S. In 2001, the U.S. accounted for 31% of global GDP; by 2018, this percentage had declined to 24%. We think these trends will likely continue.

Baron International Growth Fund
Performance as of 9/30/20 (annualized)*

	1-Year	3-Year	5-Year	10-Year	Since Inception**
Baron International Growth Fund	20.37%	8.05%	11.36%	8.24%	11.37%
MSCI ACWI ex USA Index	3.00%	1.16%	6.23%	4.00%	6.82%
MSCI ACWI ex USA IMI Growth Index	17.65%	7.03%	10.01%	6.41%	9.15%
Lipper International Multi-Cap Growth Category Average	14.51%	5.06%	8.31%	6.04%	7.40%

* Institutional shares. For Retail and R6 Shares, visit www.BaronFunds.com

** Performance encompasses the inception of the institutional shares to most recent quarter end, as well as extended performance from the Fund's inception, 12/31/2008, to 5/29/2009.

A Differentiated Fund

Michael Kass
Portfolio Manager

Baron International Growth Fund is our international investment option. Portfolio Manager Michael Kass takes a truly differentiated approach to investing in international equities.

As demonstrated in the table to the left, this strategy has produced outstanding results during the 11 plus years of the Fund's existence. In the period since inception, the Fund ranks in the 9th percentile against its international multi-cap growth equity peer group as defined by Lipper.

The Fund is differentiated by its high active share and relatively lower average market cap, as well as its manager's expertise in developing markets and emphasis on private sector entrepreneurs. In addition, we believe a unique, forward-looking approach to theme identification and stock selection, backed by extensive due diligence, is a key differentiator and has driven long-term outperformance against peers. Finally, we take a multi-faceted approach to risk management, which we believe is critical to successful investing in this complex space.

High active share The Fund has always maintained high active share. Its current active share is 89.9%.

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Institutional Share Class as of 12/31/2019 was 1.04%, but the net annual expense ratio was 0.95% (net of the Adviser's fee waivers).

The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser reimburses certain Baron Fund expenses pursuant to a contract expiring on August 29, 2031, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit www.BaronFunds.com or call 1-800-99BARON.

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

The Lipper International Multi-Cap Growth Category Average is not weighted and represents the straight average of annualized returns of each of the funds in the category. As of September 30, 2020, the category consisted of 428, 378, 320, 244, and 233 for the 1-, 3-, 5-, 10-year and since inception periods. Lipper ranked Baron International Growth Fund Institutional Share Class in the 22nd, 24th, 16th, 13th, and 9th percentiles, respectively, in the category. The number of funds in the category may vary depending on when Baron made the calculation.

Note that the 1st percentile represents the "Best" Lipper ranking while the 99th percentile represents the "Worst".

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

Lower average market cap As seen in the chart on the next page, the Fund has a significantly lower percentage of giant-cap companies than its peer funds. While we own giant-caps if they make sense from a fundamental growth perspective, we are more focused on mid-cap and smaller large-cap companies, where we believe the growth opportunities are greater.

Market cap exposure

	Giant	Large	Mid	Small	Micro
Baron International Growth Fund	30.5%	32.1%	26.4%	9.9%	1.1%
Morningstar Foreign Large Growth Category Average	46.1%	32.7%	12.0%	0.9%	0.0%

Source: Factset PA, Morningstar Direct and MSCI, Inc. Data are rescaled for cash.

Expertise in developing markets Internationally, we think significant growth opportunity lies with the emerging markets, and, while we actively manage our exposure to developed versus developing countries, our exposure to EM has historically been close to or slightly above that of the MSCI ACWI ex USA Index, the standard international benchmark. In contrast, our peer group tends to be underweight EM. As of September 30, 2020, the Fund is 26.2% EM and Frontier countries by weight, compared with the index's 29.8% and our peer group average of 12.6%.

More importantly, we believe our demonstrable expertise in EM differentiates the Fund. A core group of five dedicated research analysts cover investments in both Baron International Growth Fund and Baron Emerging Markets Fund, which is also managed by Michael Kass. The Fund is also able to leverage the extensive capabilities of the other research analysts and portfolio managers at Baron. Our research capabilities are the bedrock of our investment approach. All of the holdings in Baron International Growth Fund, including its EM holdings, are the product of fundamental, bottom-up stock selection based on extensive company-specific research, often informed by compelling investable themes. The result is a differentiated portfolio consisting of companies that we think have exceptional growth and value creation potential, many of which are not the well-known giant-caps that dominate the index by weight.

In contrast to our approach, it is not uncommon for an otherwise actively managed international fund to index its EM holdings, resulting in an overweight in giant-caps in the region.

Multi-Faceted Approach to Risk

The complex interplay and uncertainties inherent in the geopolitical, macro- and micro-economic, and industry dynamics that impact the international markets require a disciplined approach to risk management. Our approach is four-fold.

First, we invest in higher quality businesses, with high returns on capital, relatively under-leveraged balance sheets, and less need for external capital to fund the targeted growth rate. These businesses tend to be less negatively impacted when the cost of capital rises or access to capital closes. We believe this investment approach is the major factor behind our historic outperformance in deteriorating or fair economic conditions.

Second, we think the likelihood of improving financial returns or accelerated growth potential for a company or industry is bolstered by our use of investable themes. If that proves to be the case, this approach provides a margin of safety. If we understand correctly the factors at play and likely to play out over the next year or several years, we should see improving fundamentals in the companies we own. This margin of safety may decline as the theme matures and is discounted by the market. At this time, we will ask ourselves whether we should decrease our allocation to or exit the stocks in the theme.

Third, we pay close attention to the potential impact of global liquidity conditions and individual currency and sovereign credit risks. We view these risks through a fixed income lens, looking to anticipate and understand the potential impacts of the dynamics at play *before* the environment is already repriced.

Finally, we think it is worth pointing out that we take a disciplined approach to initiating, building, and exiting positions. This approach reflects, in part, Kass' hedge fund background, with an emphasis on absolute returns and avoidance of the permanent loss of capital.

Distinct and Forward-Looking Investment Process

Given the breadth of the international equity universe, we often begin the process of finding our investments by searching for and developing defined, long-term investment themes. We look for conditions precedent to improving financial returns and accelerating growth on a forward-looking basis. We do not use quantitative screens because we consider them to be coincident or backward looking, identifying companies already exhibiting improved returns, which are more likely to be already recognized and more fully valued.

Our themes are based on important changes or trends that suggest the potential for a significant improvement in profitability, return on capital, or growth potential, often for an entire industry or group of companies. They fall into two broad categories. The first involves industry-wide trends which are often global, such as a shift toward consolidation or vertical integration or technology-driven transformation. The second category involves region- or country-specific trends or developments, which are most often driven by political developments and/or productivity enhancing policy reforms that present material opportunities to targeted industries or companies. In addition, we factor in global macro-economic developments to better balance opportunity and risk.

We take a forward-looking approach to investing in the international markets. We look for what we consider to be the characteristics of best-in-class companies: high quality businesses with strong and rising market share, high barriers to entry, strong management leadership, revenue visibility, profit margin stability, and significant long-term growth potential.

In addition, given the nuances of the international equity markets, we emphasize the following as a part of our extensive due diligence process.

Entrepreneurial management

- Founders with significant ownership stakes
- Leaders with strategic vision and financial sophistication
- Management that thinks and acts as an "owner"

Capital efficiency

- High return on invested capital
- Asset-light business models

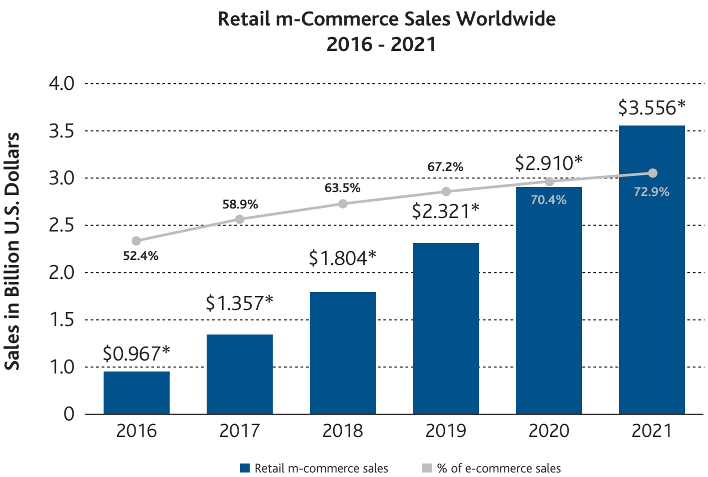
Shareholder-friendly governance

- Alignment of interests between management and minority equity shareholders
- Independent directors

Following are some examples of our integrated thematic and bottom-up investment approach.

Mobile e-Commerce

For several years now, we have identified mobile e-commerce (m-commerce) as a long-term theme and have been active investors in this space. We think many of the leading companies engaged in m-commerce are just now hitting their stride, with strong revenue and earnings growth. As seen in the chart below, m-commerce sales are projected to top $3.5 trillion by 2021, representing 72.9% of global e-commerce sales, suggesting a long runway for multi-year growth.



Source: eMarketer, Jan 2018
* estimated

While increasing overall, the rate of adoption varies significantly by country and region. For example, m-commerce has a higher penetration in China than in the U.S., due in part to the Chinese government's efforts to support the tech sector and an increasingly sophisticated IT talent base in the country. Chinese consumers are also moving directly from cash to electronic payments such as Tencent's WeChat or Ant Financial's Alipay, skipping credit cards altogether. [In 2016, China's mobile payments hit $5.5 trillion, roughly 50 times the size of America's $112 billion market, according to consulting firm iResearch.] On the other end of the spectrum there are countries such as Indonesia where m-commerce is in its relative infancy.

The Fund has positions in a number of companies that fall into the m-commerce theme. While our investments include several well-known names such as China-based **Alibaba Group Holding Limited**, and **Tencent Holdings, Ltd.**, we also hold less familiar names such as **Wix.com Ltd.**, an Israeli website and mobile site builder for smaller businesses and merchants; **MonotaRO Co., Ltd.**, a Japan-based online distributor of equipment and replacement parts for maintenance, repair, and operations, and **NEXTDC Limited**, a provider of network-dense, carrier-neutral colocation data center services across Australia.

Genomics

As the cost and time to sequence a human genome has declined to roughly $600 in under a day, the applications for DNA sequencing are expanding, most notably in cancer diagnostics and treatment, as well as in the development of innovative new drugs for autoimmune diseases and consumer genomics. Scientists are increasingly able to target the genetic cause of a disease and repair it by replacing or editing genes or introducing genetically engineered cells. We have identified a number of promising companies that are driving rapid progress in personalized medicine and addressing many disease states.

Netherlands-based **argenx SE** is developing drugs for autoimmune disorders and cancer. The company's lead molecule Efgartigimod can be characterized as a pipeline within a product, meaning it has potential to be a platform product treating a laundry list of diseases much like AbbVie's multi-blockbuster drug Humira. The company is studying Efgartigimod in three "beachhead" severe autoimmune diseases, one each in hematology, neurology, dermatology, as a gateway to treating a larger list of diseases in each of these underlying indications. The common thread connecting all these disorders are pathogenic auto-antibodies, or the body's own antibodies attacking it, which Efgartigimod can abrogate. Early data has lived up to the scientific rationale behind the drug design.

A recent investment for the Fund, **Zai Lab Limited** is a China-based biotechnology company in-licensing drugs from developed countries to bring to the Chinese health care market which is still massively underdeveloped. Zai Lab is a leader in the early days of reforming the Chinese health care system. Given broad Chinese health care reforms via the NRDL (Chinese reimbursement list), CFDA (Chinese FDA) and ICH (International Council of Harmonization), and a newly opened financing avenue, we believe China is primed for extensive growth in the health care space. We believe Zai Lab, led by veteran CEO Samantha Du, is in a prime position to in-license U.S. drugs and sell them into the Chinese market.

Best-in-Class Companies

While many of our holdings reflect preferred bottom-up plays on our investment themes, others are simply what we view as best-in-class companies with exceptional growth, market share gain, and/or margin expansion potential that exists independently of a particular industry-wide or country-specific trend. The portfolio manager defines "best-in-class" as well-managed, competitively-advantaged, faster growing companies with higher margins and returns on invested capital and lower leverage that are leaders in their respective markets. Note that this statement represents the manager's opinion and is not based on a third-party ranking.

After the Chinese government's anti-corruption crackdown a few years ago, we pulled back from our investment theme centered around the appeal of luxury brands to the growing middle and upper classes in emerging markets. While we are not quite ready to revisit this theme on a broad scale, we invested in **LVMH Moët Hennessy Louis Vuitton SE**, a France-based global luxury goods group that we have long admired. The company is well diversified, with exposure to different categories and geographies, owns a number of fast growing and highly profitable brands, and is uniquely vertically integrated, resulting in high margins, high product quality, better customer service, and strong brand images. We think LVMH has a solid trajectory of continued growth ahead, driven by accretive acquisitions and improving global demand.

Conclusion

As we write this, we are still in the midst of COVID-19 pandemic and the economic fallout that continues to play out across the globe. The pandemic is a Black Swan event that unfolded with unprecedented speed and volatility, resulting in heightened investor panic around its potential effects.

While we suspect it will be some time before investors can gain confidence in the scope and timing of an economic and earnings recovery, we do believe that markets can at a minimum stabilize as greater clarity emerges regarding: availability of testing and for the presence of antibodies in the general population, therapeutic options, and progress towards a vaccine. We see evidence that the unprecedented and global policy response is achieving its desired effect in supporting markets and will act as a bridge to the restart of economies worldwide.

We continue to believe that the multi-year period of international relative underperformance may be nearing its end, and we will be carefully watching how such relative performance progresses in the context of the massive policy measures and fiscal expansion now underway in the U.S. As always, we are comforted by the fact that we have invested in many well-positioned and well-managed companies on a bottom-up basis, and we believe many will be poised to consolidate market share when the current crisis subsides.

You should consider the investment objectives, risks, charges, and expenses of the Fund carefully before investing. The prospectus and summary prospectus contain this and other information about the Fund and can be obtained from the Fund's distributor, Baron Capital, Inc., by calling 1-800-99BARON or visiting www.BaronFunds.com. Please read them carefully before investing.

This report does not constitute an offer to sell or a solicitation of any offer to buy securities of Baron International Growth Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

Risk: Non-U.S. investments may involve additional risks to those inherent in U.S. investments, including exchange-rate fluctuations, political or economic instability, the imposition of exchange controls, expropriation, limited disclosure and illiquid markets. This may result in greater share price volatility. Specific risks associated with investing in small and medium-sized companies include that the securities may be thinly traded and they may be more difficult to sell during market downturns.

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

Portfolio holdings as a percentage of total investments as of September 30, 2020 for securities mentioned are as follows: **Alibaba Group Holding Limited** – 1.8%; **Tencent Holdings Limited** – 1.3%; **Wix.com Ltd.** – 1.1%; **MonotaRO Co., Ltd.** – 1.4%; **NEXTDC Limited** – 1.8%; **argenx SE** – 2.4%; **Zai Lab Limited** – 1.7%; **LVMH Moët Hennessy Louis Vuitton SE** – 1.4%.

The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

Active Share is a term used to describe the share of a portfolio's holdings that differ from that portfolio's benchmark index. It is calculated by comparing the weight of each holding in the Fund to that holding's weight in the benchmark. Positions with either a positive or negative weighting versus the benchmark have Active Share. An Active Share of 100% implies zero overlap with the benchmark. Active Share was introduced in 2006 in a study by Yale academics, M. Cremers and A. Petajisto, as a measure of active portfolio management.

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

BAMCO, Inc. is an investment adviser registered with the U.S. Securities and Exchange Commission (SEC). Baron Capital, Inc. is a limited purpose broker-dealer registered with the SEC and member of the Financial Industry Regulatory Authority, Inc. (FINRA).

Baron International Growth Fund
Top 10 Holdings as of September 30, 2020

Holding	Sector	% of Net Assets
argenx SE	Health Care	2.4%
Telefonaktiebolaget LM Ericsson	Information Technology	2.1%
Future plc	Communication Services	2.1%
NEXTDC Limited	Information Technology	1.8%
S4 Capital plc	Communication Services	1.8%
Alibaba Group Holding Limited	Consumer Discretionary	1.8%
Zai Lab Limited	Health Care	1.7%
AstraZeneca PLC	Health Care	1.7%
B&M European Value Retail S.A.	Consumer Discretionary	1.7%
Keyence Corporation	Information Technology	1.6%
Total		**18.7%**

Baron Sales & Relationship Management

INSTITUTIONAL

JAMES BARRETT	VP, Head of Institutional Sales, 212-583-2076, jbarrett@baronfunds.com
DAVID KAPLAN	VP, Senior Director, Institutional Sales, 212-583-2033, dkaplan@baronfunds.com
MEETA SINGAL	VP, Director, Institutional Sales, 212-583-2055, msingal@baronfunds.com
JENNIFER NIGRO	VP, Director, Institutional Sales, 212-583-2101, jnigro@baronfunds.com
DAVID CHOW	VP, Director, Consultant Relations, 917-933-0173, dchow@baronfunds.com
STEPHEN MILLAR	VP, Head of EMEA, Institutional Sales, +44(0)7769 958822, smillar@baronfunds.com
LUCY PESA	Director, Public Funds & Taft/Hartley, 212-583-2143, lpesa@baronfunds.com

RIA AND FAMILY OFFICE GROUP

FRANK MAIORANO	VP, Head of RIA and Family Office Group, 212-583-2183, fmaiorano@baronfunds.com
ROBIN THURAU	VP, Regional Director – Northeast and Georgia, 212-583-2083, rthurau@baronfunds.com
LIZ CASSAL	VP, Regional Director – Pacific, 212-583-2178, lcassal@baronfunds.com
BRIAN McNAMARA	CFA, VP, Regional Director – Midwest, 773-718-7444, bmcnamara@baronfunds.com
ERIC BELGARD	CFA, VP, Regional Director – Southeast, 212-583-2180, ebelgard@baronfunds.com
FRANK COSTIGLIOLA	Regional Director – Rocky Mountains, 917-933-0122, fcostigliola@baronfunds.com

INTERMEDIARY AND NATIONAL ACCOUNTS

DAVID JUDICE	VP, Head of Intermediary Sales and National Accounts, 212-583-2034, djudice@baronfunds.com
GLENN SMITH	VP, National Sales Manager, 212-583-2007, gsmith@baronfunds.com
STEPHANIE GISRIEL	VP, Director, National Accounts, 212-583-2187, sgisriel@baronfunds.com
ROGER MACK	VP, Director, National Accounts, 212-583-2131, rmack@baronfunds.com
CHELSEA M. AMEEN	VP, Director, National Accounts, 212-583-2158, cameen@baronfunds.com
BILL ZOROVICH	VP, Regional Director – Northeast, 516-578-3478, bzorovich@baronfunds.com
SCOTT KOZIOL	VP, Regional Director – Southeast, 404-433-6137, skoziol@baronfunds.com
WAYNE OUIMETTE	VP, Regional Director – West, 310-292-6255, wouimette@baronfunds.com
BRIAN CULLEN	Regional Director – Mid-Atlantic, 203-912-4433, bcullen@baronfunds.com
CHARLES KRUGER	Regional Director – Southwest, 917-882-2095, ckruger@baronfunds.com
JENNIFER ROMMEL	Regional Director – Central, 773-450-7495, jrommel@baronfunds.com
MARK J. WHITEHOUSE	Regional Director – New England, 603-661-8887, mwhitehouse@baronfunds.com
RON STANKIEWICZ	Regional Director – NY Metro, 917-287-7248, rstankiewicz@baronfunds.com
JIMMY O'LEARY	Regional Director – Rocky Mountains, 646-965-2657, joleary@baronfunds.com
IAN FORMAN	Regional Director – Midwest, 845-642-1936, iforman@baronfunds.com
MATT O'DONNELL	Regional Director – Ohio Valley, 917-615-4879, modonnell@baronfunds.com
CARA BROKAW	Regional Director – Northwest, 929-442-1119, cbrokaw@baronfunds.com

CLIENT SERVICE

JANET LAM CHEN	Director, Client Service, 212-583-2162, jchen@baronfunds.com

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BARON DURABLE ADVANTAGE STRATEGY
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BARON REAL ESTATE AND INCOME STRATEGY
BARON ALL CAP GROWTH STRATEGY
BARON SMALL TO MID CAP GROWTH STRATEGY

MUTUAL FUNDS

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BARON ASSET FUND
BARON FIFTH AVENUE GROWTH FUND
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BARON CAPITAL, INC.
767 FIFTH AVENUE
NEW YORK, NY 10153
1-800-99BARON OR
1-212 583-2000
www.BaronFunds.com

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