DEAR BARON OPPORTUNITY FUND SHAREHOLDER:

PERFORMANCE

In a surprising "bounce-back" second quarter, marked by the fourth best S&P 500 Index quarterly return since 1950, Baron Opportunity Fund (the "Fund") delivered robust returns, advancing 39.78% (Institutional Shares), outperforming both the Russell 3000 Growth Index, which rose 27.99%, and the S&P 500 Index, which climbed 20.54%. Year-to-date, the Fund is up 30.49%, significantly ahead of both indexes, which have increased 8.98% and declined 3.08%, respectively.

As of this writing (July 6), while no guarantee of future returns, the Fund has continued to perform well and is up 36.97% year-to-date.

Table I.
Performance
Annualized for periods ended June 30, 2020

	Baron Opportunity Fund Retail Shares[1,2]	Baron Opportunity Fund Institutional Shares[1,2,3]	Russell 3000 Growth Index[1]	S&P 500 Index[1]
Three Months[4]	39.66%	39.78%	27.99%	20.54%
Six Months[4]	30.26%	30.49%	8.98%	(3.08)%
One Year	41.91%	42.31%	21.94%	7.51%
Three Years	29.36%	29.72%	18.21%	10.73%
Five Years	20.09%	20.41%	15.23%	10.73%
Ten Years	17.53%	17.85%	16.92%	13.99%
Fifteen Years	13.33%	13.56%	11.15%	8.83%
Since Inception (February 29, 2000)	8.83%	8.99%	5.49%	6.16%

MICHAEL A. LIPPERT

PORTFOLIO MANAGER

Retail Shares: BIOPX
Institutional Shares: BIOIX
R6 Shares: BIOUX

REVIEW & OUTLOOK

The Fund had quite a robust second quarter, bouncing back even further than the historic performance of the market itself. The market backdrop during the period was unprecedented. The stock market rally was fueled, first and foremost, by an accommodative – to put it mildly – Federal Reserve ("the Fed"). The Fed backstop instilled confidence in the market and seemed to repel every pullback. On top of that, investors focused on stepped up reopening efforts; positive economic momentum off the depths reached in March; COVID-19 treatment and vaccine optimism; lower case fatality rates, even as COVID cases rose in June; and positive earnings and corporate commentary highlighting sequential improvements in consumer demand and business trends. The S&P 500 Index appreciated nearly 40% from its March lows and is close to turning positive for the year, while the technology-heavy NASDAQ Composite achieved new all-time highs during the quarter after surging 47% off the bottom. The Russell 3000 Growth Index experienced its best quarter ever, surpassing gains achieved during the Dot-com bubble.

Even with the market's stunning recovery, as I acknowledged last quarter, there is still a great deal of uncertainty about the COVID pandemic, including the recent rise in cases, what the fall and back-to-school will bring, and the timing of any vaccines and/or advanced treatments; the next stage of the U.S. and global economic recovery; the 2020 elections; relations with

---

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of September 30, 2019 was 1.34% and 1.09%, respectively. *The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original The Adviser reimburses certain Baron Fund expenses pursuant to a contract expiring on August 29, 2030, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month-end, visit www.BaronFunds.com or call 1-800-99BARON.*

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

1 The indexes are unmanaged. The index performance is not Fund performance; one cannot invest directly into an index. The Russell 3000® Index measures the performance of the broad segment of the U.S. equity universe comprised of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market. The Russell 3000® Growth Index measures the performance of those companies classified as growth among the largest 3,000 U.S. companies and the S&P 500 Index of 500 widely held large cap U.S. companies. The indexes and the Fund are with dividends, which positively impact the performance results. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell is a trademark of Russell Investment Group.

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

3 Performance for the Institutional Shares prior to 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.

4 Not annualized.

BARON FUNDS® 1987

China; what the Fed and/or Congress will do next; and the market's future direction. However, I will reiterate what I've expressed in the past: we don't have to answer the unanswerable to deliver outstanding investment returns for our shareholders. As we have always done, we continue to focus our research, analysis, and investment decisions on identifying the indisputable, powerful, durable secular growth trends that will drive economic growth going forward, regardless of short-term economic cycles or stock market gyrations, and the individual companies that are leading or riding those trends and possess sustainable competitive advantages, profitable business models, and long-term oriented managers. The Fund's recent and longer-term performance is due to our steadfast commitment to this approach.

We are convinced that our investments and themes, many of which thrived and proved vital during this period, will be even stronger when the post-COVID world emerges. As highlighted last quarter, a major disruptive trend underlying many of our secular themes and investments is known by the phrase "digital transformation:" the process of using digital technologies to create new or modify existing products and services to deliver better customer, user, and employee experiences to meet changing and evolving business and market requirements and needs. Digital transformation captures changes in commerce/retail, cloud computing, cybersecurity, big data and artificial intelligence, mobile, digital media and advertising, electronic payments, and other digital trends. As shown below, it is even impacting health care and real estate businesses. In our view, consumer and business responses to the crisis have only accelerated these changes. We share the following commentary from the CEO's of several of our investments:

- Amazon, Jeff Bezos, CEO, April 30, 2020 Earnings Release: "From online shopping to AWS to Prime Video and Fire TV, the current crisis is demonstrating the adaptability and durability of Amazon's business as never before … The service we provide has never been more critical … Providing for customers and protecting employees as this crisis continues for more months is going to take skill, humility, invention, and money. If you're a shareowner in Amazon, you may want to take a seat, because we're not thinking small."

- Microsoft, Satya Nadella, CEO, April 29, 2020 Earnings Call: "As COVID-19 impacts every aspect of our work and life, we have seen two years' worth of digital transformation in two months. From remote teamwork and learning, to sales and customer service, to critical cloud infrastructure and security, we are working alongside customers every day to help them stay open for business in a world of remote everything … There is both immediate surge demand, and systemic, structural changes across all of our solution areas that will define the way we live and work going forward."

- Alibaba, Daniel Zhang, CEO, May 22, 2020 Earnings Call: "Digital adoption and transformation in retail are accelerating due to the COVID-19 pandemic, reshaping consumer behavior and enterprise operations … On the consumer side, shopping online has become a habit for more people and in more product categories. On the retail side, online sales [are] no longer an option, but a necessity for the brick-and-mortars. We believe there is a new normal that will … stay even after the pandemic is over … We believe the consumer habit of buying fresh food and groceries online will continue after the pandemic and online and offline integration will drive the new retail model to the next stage of development … During the pandemic, our public cloud business grew rapidly, driven by increased consumption of video content as well as wide adoption of remote working and learning … We believe the pandemic will further accelerate digital transformation of enterprises. All industries, including public sectors, will choose to move their technology infrastructure to the cloud … Despite the uncertainties in the macroeconomic and the geopolitical environment there is one thing we can ascertain, the world is moving towards digital-first and the digital everything."

- CrowdStrike, George Kurtz, CEO, June 2, 2020 Earnings Call: "[W]e believe work from home and digital transformation are sustainable trends for our business. It is mission-critical to protect workloads irrespective of where they are located on or off the corporate network. We believe these trends have helped increase our leadership in the security cloud category that we pioneered … Now, more than ever, it is important that we step up, fight the good fight with our customers and stay ahead of the adversaries. The COVID-19 pandemic has created a breeding ground for cybercrime. The past couple of months have represented one of the most active threat environments we have ever seen … We enable our customers to stay ahead of these threats, whether they are at home, in the office or in the cloud … [W]e believe that the rapid move to a remote or hybrid workforce is contributing to the already strong secular trend among companies to transition to cloud platforms. Cybersecurity is a basic need for organizations, and from our vantage point, investments by customers have remained strong … And what we've seen directly just over the last couple of months, it's just digital transformation being accelerated, which means more people working outside of their corporate environment, and it also means more cloud workloads, right … And this digital transformation which encompasses work from home is really a longer-term trend …."

- RingCentral, Vlad Shmunis, CEO, May 6, 2020 Earnings Call: "As the leader in Unified Communications-as-a-Service, we believe we have a responsibility to help our communities maintain business continuity … We're providing our cloud communications and collaboration solutions to organizations that are working globally and tirelessly to mitigate the impact of this crisis … COVID-19 has put an additional spotlight on the limitations of legacy on-premise communication systems. Longer term, we believe that work from anywhere and, in particular, work from home will continue to be a key requirement for businesses worldwide. Business communication solutions that enable work from anywhere are now more critical than ever … And so, at this point, I see way more tailwind than headwinds. The most obvious tailwind being that on-prem traditional infrastructure is not going to hold up in work from home, work from anywhere. So once people realize that, which we think more and more realized now and working the numbers to prove it then we will go to the cloud."

- Twilio, Jeff Lawson, CEO, May 6, 2020 Earnings Call: "While we wouldn't have wished it this way, in many ways Twilio was built for this. Our platform provides three things the world needs, digital engagement, software agility, and cloud scale. Technologies such as messaging, e-mail, voice and video have enabled many parts of the economy to continue working, while keeping its participants safe … We know that circumstances like these often bring opportunities. And based on the numerous new use cases and unprecedented digital acceleration, that's happened over the last month. I believe that this time has actually created even more long-term opportunities for us to address … I think what we see going on right now is Twilio is becoming even more relevant to businesses in light of COVID and takes many shapes based on the type of company that it is, for the industry that they're in, or where they're at in their digital transformation. But I think one thing is kind of clear that for companies who are engaged in a digital transformation that oftentimes these projects were slated for quarters or years that we're going to take to undertake, many of these got done in weeks. And so, this is going to be seen as a great digital acceleration."

- The Trade Desk, Jeff Green, CEO, May 7, 2020 Earnings Call: "While these are very challenging times for everyone, I think there is a shift in media that started about nine weeks ago that is accelerating the move to data-driven advertising. Nowhere is this more apparent than in connected TV [CTV] … and even though it is too early to predict exactly when the economy will start firing on all cylinders again, we do have a sense of the role advertising will play in that … It will present a major land-grab opportunity … Spend will migrate to what works best. Today it's connected TV and digital audio. Advertisers will apply data-driven advertising more aggressively than they did before this. They will place more value on those ad impressions that are measurable and comparable. Nowhere will this be more apparent than in TV advertising. We've talked about the CTV opportunity many times before. We've talked about the consumer shift to streaming services. We've talked about how broadcasters are moving to streaming platforms. We've talked about how advertisers are eager to apply data to their massive TV ad campaigns for the first time … We thought this CTV revolution would play out across the next two years. But the last 8 to 10 weeks have changed all of that. I believe that the media landscape has changed forever starting in the middle of March. Every channel and every participant is in a different position today versus a few months ago, because of one dramatic shift … viewers have moved en masse to CTV. The biggest loser in all this is traditional linear TV, and CTV is without a doubt the biggest winner."
- 10X Genomics, Serge Saxonov, CEO, May 11, 2020 Earnings Call: "While we have not seen a pandemic like this in our lifetime, we have also never seen the global scientific community focused with so much intensity on a single goal … As soon as the pandemic started spreading around the world, we moved quickly to place instruments and provide reagents to our customers working on COVID-19 research … Our products are being used in multiple ways to accelerate the fight against the pandemic. Fundamentally, they enable researchers to see biology at very high resolution and scale. And because of that, they allow our customers to make discoveries to understand the virus and the underlying biology of the disease, and to help develop therapies and vaccines … There have already been dozens of reference[s] from scientists and clinicians around the world using 10X for COVID-19 research … Large-scale single cell analysis [has] allowed our customers to establish which cells and tissues get infected by the virus, when and where … Many of our customers are intensely focused on understanding the immune system's response to the infection or vaccine. Here, our immune profiling solution has been particularly powerful because it provides a detailed and comprehensive view for what is happening with different immune cells, clones, and genes during different stages of the infection … Technology and scientific discovery is ultimately how this crisis will be solved … [T]here's very little doubt about the need to understand the master biology in the post-COVID world. This pandemic is showing in a particularly striking way the limitations of our current knowledge of biology and the frightening consequences of those limitations … We expect that these digital investments and capabilities will now serve as the foundation that will be particularly valuable in the future. A more general effect of the pandemic is that it's causing a lot of changes throughout the world."
- Rexford Industrial Realty, Michael Frankel, Co-CEO, May 5, 2020 Earnings Call: "While many businesses are facing challenges, we continue to see substantial incremental demand driven by e-commerce and other distribution-oriented tenants, such as Amazon among others … With regard to tenant demand, we also continue to see an acceleration in e-commerce adoption by consumers of all ages as well as by businesses adjusting to new post-COVID dynamics. This acceleration is also forcing an expansion of the range and types of goods distributed through e-commerce, which is increasing the importance of our last-mile distribution facility."

Below is a partial list of the secular megatrends we focus on. These themes will be the key drivers of revenue, earnings, and cash flow growth – and stock performance – for the companies in which we are invested:

- Cloud computing
- Software-as-a-service (SaaS)
- Artificial Intelligence ("AI") and big data
- Mobile
- Digital communications
- Digital media/entertainment
- Targeted, people-based digital advertising
- e-commerce
- Genomics
- Genetic medicine
- Minimally invasive surgical procedures
- Cybersecurity
- Electric-drive vehicles/autonomous driving
- Electronic payments

By investing in businesses capitalizing on these potent trends, we have been able to build portfolios that have revenue growth rates that are multiples of the general economy, as reflected in broad market indexes. Below we compare the revenue growth rates of our Fund and three indexes for the trailing four quarters for which we have reliable data:

Comparison of Revenue Growth (based on quarter-end holdings)

	Actual Q1 2020	Actual Q4 2019	Actual Q3 2019	Actual Q2 2019
Baron Opportunity Fund	18.3%	19.7%	20.2%	21.0%
S&P 500 Index	–1.7%	6.2%	4.6%	5.8%
Russell 3000 Index	–1.1%	5.9%	4.8%	6.0%
Russell 3000 Growth Index	8.8%	9.6%	10.0%	9.6%

An investor cannot invest directly into an index.

Table II.
Top contributors to performance for the quarter ended June 30, 2020

	Percent Impact
Tesla, Inc.	4.60%
Amazon.com, Inc.	2.69
Microsoft Corporation	2.20
Wix.com Ltd.	1.93
ZoomInfo Technologies Inc.	1.47

Tesla, Inc. designs, manufactures, and sells fully electric vehicles, solar products, and energy storage solutions. The company reported robust first quarter and second quarter vehicle deliveries, solidly ahead of market expectations, despite the impact of the COVID pandemic and plant closures. Indeed, in the first quarter, Tesla delivered over 88,000 total vehicles – with strong unit level economics of 25.5% GAAP automotive gross profit margins – and it just recently announced almost 91,000 total vehicle deliveries for the second quarter. Despite global COVID-19 disruptions, our long-term expectations remain high due to Tesla's differentiated products and healthy unit economics. We believe Tesla's China Gigafactory – which has reopened and is scaling up Model 3 production and deliveries – will provide an important growth driver in both the short and long term. Finally, Tesla's newly released Model Y is its best car ever – according to management and many reviewers – and we believe should continue to support a fast recovery as the current crisis wanes. (Ishay Levin)

Amazon.com, Inc. is the world's largest retailer and cloud services provider. Shares were up on strong first quarter revenue metrics – with paid unit growth accelerating to over 30% for the first time in years – as Amazon benefited from investments in logistics and distribution to meet increased COVID-19-related demand, due to its unique ability to deliver all the necessities of life safely to your doorstep, including groceries. While e-commerce penetration is rising rapidly and Amazon continues to grow its addressable market by entering new verticals, we continue to view Amazon Web Services as the more material driver of the company given its leadership in the vast and growing cloud infrastructure market and potential to compete in application software in the years to come. (Ashim Mehra)

Microsoft Corporation is a software mega cap that has successfully pivoted from the client-server and PC era to today's world of digital transformation and cloud. Microsoft sits among the cloud leaders with its Azure infrastructure and platform-as-a-service offerings, and by porting its dominant Office suite of desktop solutions to the cloud, with its SaaS products, Microsoft 365, Office 365 and Dynamics 365 and Teams. Shares appreciated in the quarter as the company continued to perform well, with total company revenues accelerating even further to up 16% year-over-year. Drilling down, Microsoft's commercial cloud business grew 40%, and Azure sustained a growth rate of over 60%. Microsoft's ability to accelerate total company revenue growth to double-digit levels at its scale is a case study in business transformation on the back of digital transformation. We continue to believe that Microsoft stands to benefit from cloud growth for many years to come, as well as an acceleration of digital transformation trends driven by the COVID pandemic. (Guy Tartakovsky)

Wix.com Ltd. provides software to help micro-businesses build and maintain websites and operate their businesses. Wix has over 170 million registered users and 4.5 million premium users. Shares rose during the second quarter as Wix's business benefited from the accelerating pace of digitization due to COVID-19. We retain conviction as Wix expands its platform to target professional website builders and agencies in addition to its core do-it-yourself customers, increasing its total addressable market multi-fold while continuing to rapidly introduce new features and products. (Guy Tartakovsky)

ZoomInfo Technologies Inc. was a successful IPO in the quarter. ZoomInfo operates a cloud-based business-to-business intelligence platform that provides sales and marketing teams with comprehensive data and analytics on 14 million companies and 120 million professionals, enabling sales professionals to identify and target prospects, shorten sales cycles, and increase win rates. Shares were strong after the company's IPO in early June. We believe ZoomInfo has a meaningful runway for growth supported by secular trends favoring data-driven marketing and the company's best-in-class go-to-market strategy, where the company "drinks its own Kool-Aid" by utilizing its own platform. (Ashim Mehra)

Table III.
Top detractors from performance for the quarter ended June 30, 2020

	Percent Impact
Applied Therapeutics, Inc.	–0.08%
Kratos Defense & Security Solutions, Inc.	–0.04

Applied Therapeutics, Inc. is a biotechnology company developing a class of drugs called aldose reductase inhibitors for the treatment of an orphan disorder called Galactosemia. Shares fell in the second quarter as the market debated the clinical meaningfulness of the company's Phase 2 test results reported in April. We retain conviction based on the unmet need in the disease and the potential expansion opportunity for the drug into rare neuropathies and diabetes complications. (Josh Riegelhaupt)

Defense company **Kratos Defense & Security Solutions, Inc.** detracted from performance due to market volatility as we built our position in late June. We believe Kratos should be able to grow its revenues substantially, as it pioneers low-cost, force-multiplying, autonomous jet drones that could replace a significant number of manned missions. Kratos is also growing rapidly in additional markets like small jet engines, space, secure communications, hypersonics, and missile defense. We believe these technologies should drive Kratos' revenue growth in any government defense budget environment. (Alexander Mahylis)

Portfolio Structure

The Fund invests in secular growth and innovative businesses across all market capitalizations. As of the end of the second quarter, the largest market cap holding in the Fund was $1.5 trillion and the smallest was $800 million.

The median market cap of the Fund was $23.3 billion.

The Fund had $829.4 million of assets under management. The Fund had investments in 68 securities. The Fund's top 10 positions accounted for 39.2% of net assets.

As I mentioned last quarter, Fund inflows have accelerated since the beginning of the year and, as of this writing, continue to be solidly positive.

Table IV.
Top 10 holdings as of June 30, 2020

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Total Investments
Microsoft Corporation	$1,543.3	$79.1	9.5%
Amazon.com, Inc.	1,376.0	62.3	7.5
Tesla, Inc.	200.3	46.1	5.6
Alphabet Inc.	966.4	25.4	3.1
ZoomInfo Technologies Inc.	19.9	22.6	2.7
Facebook, Inc.	647.5	21.0	2.5
Guidewire Software, Inc.	9.2	17.4	2.1
argenx SE	10.6	17.4	2.1
Wix.com Ltd.	13.3	17.2	2.1
Alibaba Group Holding Limited	578.7	16.6	2.0

Recent Activity

Table V.

Top net purchases for the quarter ended June 30, 2020

	Quarter End Market Cap (billions)	Amount Purchased (millions)
Microsoft Corporation	$1,543.3	$33.1
Amazon.com, Inc.	1,376.0	18.3
ZoomInfo Technologies Inc.	19.9	12.5
Facebook, Inc.	647.5	12.4
Kratos Defense & Security Solutions, Inc.	1.9	8.4

Considering solid Fund inflows, we added to long-term holdings **Microsoft Corporation** and **Amazon.com, Inc.** to maintain their weightings in the portfolio. Microsoft and Amazon remain the Fund's two largest positions.

As discussed in the "top contributors" section above, we participated in the **ZoomInfo Technologies Inc.** IPO during the quarter and purchased additional shares in after-market trading.

Facebook, Inc. is the world's largest social networking company and operates Facebook, Instagram, Messenger, WhatsApp, and Oculus. We continued building our position in Facebook as the company saw stronger-than-expected recovery in advertising revenue growth following March troughs, underscoring Facebook's unique value proposition to advertisers in terms of audience reach and auction density. Additionally, we see optionality beyond the core business, including payments and e-commerce, particularly considering its investment in Reliance Jio in April and launch of Facebook Shops in May, as well as longer-term investments in virtual and augmented reality. In our view, Facebook continues to utilize its leadership position in mobile to provide global advertisers targeted marketing capabilities at scale, with substantial monetization opportunities ahead across its various assets, including WhatsApp, Facebook Watch, and Instagram TV.

Kratos Defense & Security Solutions, Inc. designs and supplies low-cost, high-performance defense solutions to the U.S. Defense Department and its allies. The company has significant IP in areas of the defense budget that will grow faster than the overall budget for several years. One significant growth area comes from Kratos' unmanned systems division, which designs and manufactures autonomous drones for training and tactical purposes. We believe there is significant market potential for these drones given three Kratos drones could perform the same mission as a single fighter jet at about 10% to 20% of the cost and without risking human life. Other exciting growth areas include small jet tactical engines and space communications.

Table VI.

Top net sales for the quarter ended June 30, 2020

	Quarter End Market cap or Market Cap When Sold (billions)	Amount Sold (millions)
Mellanox Technologies Ltd.	$ 7.0	$12.5
Yext, Inc.	1.9	6.5
Proofpoint, Inc.	6.1	3.7
SBA Communications Corp.	32.1	2.3
Datadog, Inc.	26.0	1.4

Mellanox Technologies Ltd. was acquired for cash by NVIDIA, another Fund holding.

Yext, Inc. and **Proofpoint, Inc.** were sold to fund investments in other software companies, as described above.

SBA Communications Corp. was sold to fund investments in other real estate-related companies, including **Rexford Industrial Realty, Inc.**, **Zillow Group, Inc.**, **Installed Building Products, Inc.**, and **NEXTDC Limited**.

Datadog, Inc. was simply a valuation trim. We have high conviction in the company and its management team, but the stock has climbed 135% this year and its valuation has approached our longer-term price targets.

To conclude, I believe wholeheartedly in the strategy of the Fund: growth based on powerful, long-term, innovation-driven secular growth trends. In the highly uncertain world we live in – both during this crisis and in the "new normal" when it ends – we believe non-cyclical, sustainable, and resilient growth should be part of investors' portfolios.

Sincerely,

Michael A. Lippert
Portfolio Manager

Baron Opportunity Fund

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

Risks: The Adviser believes that there is more potential for capital appreciation in securities of high growth businesses benefiting from innovation through development of pioneering, transformative or technologically advanced products or services, but there also is more risk. Companies propelled by innovation, including technological advances and new business models, may present the risk of rapid change and product obsolescence and their successes may be difficult to predict for the long term. Securities issued by small and medium sized companies may be thinly traded and may be more difficult to sell during market downturns. Even though the Fund is diversified, it may establish significant positions where the Adviser has the greatest conviction. This could increase volatility of the Fund's returns. The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

The discussions of the companies herein are not intended as advice to any person regarding the advisability of investing in any particular security. The views expressed in this report reflect those of the respective portfolio managers 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.

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

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).