Dear Baron Partners Fund Shareholder:

Performance

The second quarter of 2022 was extremely difficult for financial markets. Baron Partners Fund (the "Fund") declined 30.55% (Institutional Shares) in the period. The Russell Midcap Growth Index (the "Index") and the Morningstar Large Growth Category Average (the "Peer Group") declined 21.07% and 20.82%, respectively. The S&P 500 Index declined 16.10%.*

Declines accelerated from an already challenging start to the year. The Fund has fallen 34.60% year-to-date. This result is a little worse than the Index's and Peer Group's declines of 31.00% and 29.12%, respectively. The S&P 500 Index is lower by 19.96% over the first six months of 2022. The S&P 500 Index performance was helped by energy stocks. Baron Partners Fund has no energy or commodity investments.

Table I.
Performance
Annualized for periods ended June 30, 2022

	Baron Partners Fund Retail Shares[1,2,3]	Baron Partners Fund Institutional Shares[1,2,3,4]	Russell Midcap Growth Index[2]	S&P 500 Index[2]
Three Months[5]	(30.59)%	(30.55)%	(21.07)%	(16.10)%
Six Months[5]	(34.68)%	(34.60)%	(31.00)%	(19.96)%
One Year	(17.71)%	(17.51)%	(29.57)%	(10.62)%
Three Years	35.10%	35.46%	4.25%	10.60%
Five Years	25.43%	25.75%	8.88%	11.31%
Ten Years	21.79%	22.11%	11.50%	12.96%
Since Conversion (April 30, 2003)	16.72%	16.93%	10.63%	9.84%
Since Inception (January 31, 1992)	14.95%	15.08%	9.38%	9.76%

MICHAEL BARON
CO-PORTFOLIO MANAGER

RON BARON
CEO AND LEAD PORTFOLIO MANAGER

Retail Shares: BPTRX
Institutional Shares: BPTIX
R6 Shares: BPTUX

Nevertheless, the Fund's absolute and relative performance over a longer term remains quite good. Over the prior 1-, 3-, 5-, 10-year, and since inception periods, the Fund's performance has meaningfully exceeded the Index's returns. The Fund's 3-, 5-, and 10-year annualized returns were 35.46%, 25.75%, and 22.11%, respectively. These results were meaningfully better than the Index's returns of 4.25%, 8.88%, and 11.50%, respectively. Please see Table I for a full list of performance figures for the Fund and benchmarks over various time periods.

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares as of December 31, 2021 was 1.36% (comprised of operating expenses of 1.30% and interest expense of 0.06%) and Institutional Shares was 1.11% (comprised of operating expenses of 1.05% and interest expense of 0.06%). The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser reimburses certain Baron Fund expenses pursuant to a contract expiring on August 29, 2032, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit www.BaronFunds.com or call 1-800-99BARON.

1 Reflects the actual fees and expenses that were charged when the Fund was a partnership. The predecessor partnership charged a 20% performance fee after reaching a certain performance benchmark. If the annual returns for the Fund did not reflect the performance fees the returns would be higher. The Fund's shareholders will not be charged a performance fee. The predecessor partnership's performance is only for periods before the Fund's registration statement was effective, which was April 30, 2003. During those periods, the predecessor partnership was not registered under the Investment Company Act of 1940 and was not subject to its requirements or the requirements of the Internal Revenue Code relating to registered investment companies, which, if it were, might have adversely affected its performance.

2 The **Russell Midcap® Growth Index** measures the performance of medium-sized U.S. companies that are classified as growth and the **S&P 500 Index** of 500 widely held large cap U.S. companies. 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. The indexes and the Fund include reinvestment of dividends, net of withholding taxes, which positively impact the performance results. The indexes are unmanaged. Index performance is not Fund performance; one cannot invest directly into an index.

3 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.

4 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.

5 Not annualized.

* As of 6/30/2022, the annualized returns of the Morningstar Large Growth Category average were (23.86)%, 8.10%, 11.01%, and 12.51% for the 1-, 3-, 5, and 10-year periods, respectively.

BARON FUNDS® 1987

Baron Partners Fund

Since the Fund's inception, its performance has been industry leading. For over 19 years, since Baron Partners Fund converted from a partnership into a mutual fund in 2003, it has an annualized return of 16.93%. Since conversion it is ranked number one among all U.S. equity funds (2,160 share classes) through June 30, 2022.*

Negative issues that began to present themselves towards the end of 2021 have, in many cases, become more pronounced. Inflation has continued to rise. The Fed has continued to tighten. Energy prices are elevated and act as a penalizing tax for consumers. Supply-chain disruptions remain a concern. And the war in Ukraine drags on without a diplomatic solution in sight. All these factors have pressured financial valuations. The S&P 500 Index had its worst start to a year since 1970. Particularly impacted have been growth businesses because of increased funding costs and greater discounts on future potential earnings. It's a scenario that significantly impacts a concentrated and modestly levered growth equity portfolio like Baron Partners Fund.

However, these issues should not be viewed in isolation. They are all (except for Russia's invasion of Ukraine) the result of the actions taken to navigate the economy through the COVID pandemic. The markets peaked on February 19, 2020. Panic soon gripped the economy and our society. Volatility has been rampant over the nearly two and half years since. On two separate occasions, most financial markets experienced declines of over a third. But throughout this challenging cycle, the Fund has performed well. *Had you purchased the Fund at the market peak in 2020 (the worst possible time) and held through the end of the recent quarter end, your cumulative return would be 64.03%. Had you invested in a fund designed to track the Index, your cumulative return would be -1.41%.*

We believe a focused portfolio of well-managed, competitively advantaged growth businesses can outperform over the long term and over the course of various market cycles. This has been achieved by the Fund since its inception. We do not try to mimic the Index, nor do we alter the strategy to coincide with short-term macro and unpredictable events. We remain focused on underlying business fundamentals. This approach may sometimes be out of favor. The Fund's sector exposures compared to the Index has contributed to most of the underperformance this year-to-date. *In fact, our returns in five out of the seven GICS sectors in which the Fund invests have exceeded the benchmark's*. However, the four sectors the Fund has avoided (Energy, Consumer Staples, Utilities, and Materials) are the top performing sectors over the last six months. Energy and Consumer Staples were especially strong, increasing 31.3% and declining only 7.0%, respectively, during the first half of the year. While the near-term high inflationary environment undoubtedly helped stocks in these sectors, we continue to believe such commoditized businesses (along with the negative environmental impacts caused by most energy companies) make these sectors unattractive for growth investors over a long-term horizon.

***This is a hypothetical ranking created by Baron Capital using Morningstar data and is as of 6/30/2022. There were 2,160 share classes in these nine Morningstar Categories for the period from 4/30/2003 to 6/30/2022.**

Note, the peer group used for these analyses includes all U.S. equity share classes in Morningstar Direct domiciled in the U.S., including obsolete funds, index funds, and ETFs. The individual Morningstar Categories used for this analysis are the Morningstar Large Blend, Large Growth, Large Value, Mid-Cap Blend, Mid-Cap Growth, Mid-Cap Value, Small Blend, Small Growth, and Small Value Categories.

The Morningstar Large Growth Category consisted of 1,248, 1,052, and 787 share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Partners Fund in the 30th, 1st, 1st, and 1st percentiles for the 1-, 5-, 10-year, and since conversion periods, respectively. The Fund converted into a mutual Fund on 4/30/2003, and the category consisted of 407 share classes. Morningstar calculates the Morningstar Large Growth Category Average performance and rankings using its Fractional Weighting methodology. Morningstar rankings are based on total returns and do not include sales charges. Total returns do account for management, administrative, and 12b-1 fees and other costs automatically deducted from fund assets.

Table II.
Sector attribution for the six months ended June 30, 2022

	Baron Partners Fund			Russell Midcap Growth Index			Attribution Analysis		
GICS Sector[1]	Average Weight (%)	Total Return (%)	Contribution to Return (%)	Average Weight (%)	Total Return (%)	Contribution to Return (%)	Allocation Effect (%)	Selection + Interaction Effect (%)	Total Effect (%)
Industrials	14.2	–5.3	0.4	15.5	–28.8	–4.4	–0.10	2.97	2.87
Financials	15.9	–17.8	–2.2	5.4	–25.4	–1.3	0.48	1.05	1.52
Real Estate	1.7	–11.4	–0.2	2.5	–31.1	–0.8	–0.03	0.30	0.27
Communication Services	5.5	–40.1	–1.9	3.2	–46.3	–1.8	–0.29	0.46	0.17
Utilities	–	–	–	0.2	–9.3	–0.0	–0.03	–	–0.03
Materials	–	–	–	2.2	–23.4	–0.6	–0.20	–	–0.20
Information Technology	7.2	–48.4	–3.4	33.9	–34.3	–11.6	0.99	–1.27	–0.28
[Fees]	–	–0.7	–0.6	–	–	–	–0.47	–	–0.47
Consumer Staples	–	–	–	2.2	–7.0	–0.2	–0.48	–	–0.48
Energy	–	–	–	2.7	31.3	0.3	–1.07	–	–1.07
Health Care	5.4	–47.4	–2.4	16.9	–29.3	–4.6	–0.18	–1.06	–1.24
Consumer Discretionary	62.9	–35.3	–24.5	15.4	–36.8	–6.0	–2.72	0.94	–1.78
[Cash][4]	–12.9	0.1	–0.0	–	–	–	–2.91	–	–2.91
Total[2,3]	**100.0**	**–34.6**	**–34.6**	**100.0**	**–31.0**	**–31.0**	**–7.01**	**3.37**	**–3.64**

1 Industry sector group levels are provided from the Global Industry Classification Standard ("GICS"), developed and exclusively owned by MSCI, Inc. and Standard & Poor's Financial Services LLC. All GICS data is provided "as is" with no warranties.
2 Return calculations are transaction based and are calculated from the underlying security-level data; they may not correspond with published performance information.
3 Fund and benchmark total returns may include unassigned securities.
4 Cash includes cash, cash equivalents, and unrealized appreciation/depreciation from unfunded commitments in PIPE, SPAC PIPE and/or Private Equity securities.

Source: FactSet PA.

We attempt to reduce risk in our concentrated portfolio by investing in businesses impacted by different factors. We segment the Fund's portfolio into four categories: **Disruptive Growth**, **Financials**, **Real/Irreplaceable Assets**, and **Core Growth**. Below we describe how each has performed in the current environment.

Our Financials and Real/Irreplaceable Assets have been able to weather global issues better than other businesses. The return for these groups has exceeded the Index's. Higher interest rates and firming insurance prices assisted financials holdings. Leisure businesses benefit from inflation, which has allowed these businesses to increase prices to eager travel customers. Further, higher borrowing costs lowers the risk of new development harming established properties in our Real/Irreplaceable Asset category businesses.

However, several of our investments in Disruptive Growth and Core Growth businesses, we believe, have been unfairly characterized (and penalized) as beneficiaries of a COVID economy. Others have theorized that these businesses will not be able to sustain growth in a post-pandemic economy. We disagree. **Shopify Inc.** enables a brand's e-commerce but has declined 77% this year. While the pandemic accelerated customer growth (gross merchandise value grew 96% and 47% in 2020 and 2021, respectively), client retention has been sustained in 2022. These clients are now migrating into additional services resulting in a higher take-rate and stickier long-term relationships. **Spotify Technology S.A.** declined 60% in the first half of the year. The audio streaming service gathered subscribers over the prior two years at a very strong rate. Monthly average users rose 27% and 21% in 2020 and 2021, respectively. While this user growth has moderated to a more normalized figure, the company is also having more success in retaining users. It has reinvested back into its platform to improve the listener's experience and increase use cases. As a result, Spotify users spend 60% more time on its service than with competitors. **IDEXX Laboratories, Inc.**, the leading provider of diagnostics to the veterinary industry, declined 47% since the start of the year. The pet care industry has seen a decline in veterinary visits following tough comparables stemming from an increase in pet adoption during the pandemic. Additionally, tight labor markets and COVID flareups resulted in clinics being less than fully utilized. However, most important for the long-term success of the business are the company's instrument installments. Instrument placements grew 31% in the recent quarter leading to a 14% increase in the installed base. These purchases come with six-year contracts and the potential for increasing test usage. With test utilization occurring at only about a quarter of visits, we expect this figure to increase with the higher installed base. Finally, **Tesla, Inc.**, the electric car manufacturer and the Fund's largest holding, has declined 36% since the end of 2021. Some fear that the unit growth and margin expansion are not sustainable. The theory is that a shortfall in industry production and higher demand during the pandemic will reverse. Tesla's deliveries grew 36% and 87% in 2020 and 2021, respectively. Automotive gross margins (excluding credit) were 21.0% in 2020 and 27.0% in 2021. But Tesla has continued to advance in 2022. In its most recently reported quarter, the company grew production 27% despite a prolonged COVID-related shutdown at its most advanced facility in China. Upon reopening that factory, June 2022 was the highest vehicle production month in the Tesla's history. More remodels at its Shanghai and Berlin factories could increase Tesla's production capacity by nearly 50%. And production efficiencies, scale, and battery advances (excluding near-term material cost pressures) should result in lower manufacturing costs over the coming years. We remain pleased with the company's progress.

While valuations have declined because of a host of macro factors, we believe that the controllable fundamentals for the companies held in the Fund are strong. Leading indicators imply future expansion to top line revenue and earnings. Even if multiples stay compressed, we are optimistic that the Fund will perform especially well from these levels.

Table III.

Total returns by category for the six months ended June 30, 2022

	% of Net Assets (as of 6/30/2022)	Total Return (%)	Contribution to Return (%)
Financials	**17.9**	**–17.80**	**–2.16**
Arch Capital Group Ltd.	5.4	2.34	0.01
Brookfield Asset Management Reinsurance Partners Ltd.	–	–9.18	–0.02
FactSet Research Systems, Inc.	5.0	–20.50	–0.58
The Charles Schwab Corp.	4.7	–24.41	–0.88
Brookfield Asset Management Inc.	0.8	–26.00	–0.18
Cohen & Steers, Inc.	0.6	–30.23	–0.19
MSCI, Inc.	1.4	–32.56	–0.32
Real/Irreplaceable Assets	**12.8**	**–26.79**	**–3.45**
Gaming and Leisure Properties, Inc.	1.5	–2.87	0.01
Manchester United plc	0.2	–22.12	–0.12
Hyatt Hotels Corp.	4.4	–22.95	–1.12
Marriott Vacations Worldwide Corp.	1.5	–30.64	–0.52
Douglas Emmett, Inc.	0.4	–31.81	–0.16
Vail Resorts, Inc.	4.1	–32.46	–1.20
Red Rock Resorts, Inc.	0.7	–38.70	–0.21
Penn National Gaming, Inc.	–	–48.00	–0.13
Russell Midcap Growth Index		**–31.00**	
Disruptive Growth	**66.8**	**–33.73**	**–23.06**
Space Exploration Technologies Corp.	9.8	21.03	1.73
Northvolt AB	0.1	4.99	0.00
Airbnb, Inc.	0.1	–7.23	–0.01
Iridium Communications Inc.	2.7	–9.18	0.07
Amazon.com, Inc.	–	–33.88	–0.14
RingCentral, Inc.	–	–35.79	–0.08
Tesla, Inc.	49.3	–36.25	–20.61
Guidewire Software, Inc.	1.2	–37.48	–0.41
Warby Parker Inc.	–	–42.99	–0.09
Atlas Crest Investment Corp.	–	–55.47	–0.03
Spotify Technology S.A.	2.5	–60.11	–1.80
Velo3D, Inc.	0.1	–67.62	–0.09
Shopify Inc.	1.0	–76.83	–1.60
Core Growth	**19.2**	**–35.11**	**–5.41**
Sweetgreen, Inc.	–	3.05	–0.00
Netflix, Inc.	–	–8.59	–0.00
HEICO Corporation	0.5	–13.00	–0.06
Illumina, Inc.	0.3	–21.29	–0.07
CoStar Group, Inc.	8.0	–23.56	–1.16
Gartner, Inc.	3.1	–27.67	–0.63
Krispy Kreme, Inc.	0.2	–27.86	–0.05
Dick's Sporting Goods, Inc.	–	–34.56	–0.11
On Holding AG	0.1	–38.19	–0.06
Adyen N.V.	1.5	–45.02	–0.64
IDEXX Laboratories, Inc.	5.1	–46.73	–2.29
StubHub Holdings, Inc.	0.4	–48.87	–0.26
Applovin Corporation	–	–66.59	–0.07
Cash	**–16.8**	**0.05**	**0.05**
Fees	**–**	**–0.67**	**–0.67**
Total	**100.0***	**–34.65****	**–34.65****

Sources: FactSet PA, BAMCO, and FTSE Russell.

* Individual weights may not sum *to* the displayed total due to rounding.

** Represents the blended return of all share classes of the Fund.

Table IV.

Top contributors to performance for the quarter ended June 30, 2022

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
Space Exploration Technologies Corp.	2017	–	–	17.11%	1.58%
Gaming and Leisure Properties, Inc.	2013	4.2	11.7	–0.82	0.02

Space Exploration Technologies Corp. (SpaceX) is a high-profile private company founded by Elon Musk that designs, manufactures, and launches rockets, satellites, and spacecrafts. Its long-term goal is to enable human beings to inhabit Mars. We believe SpaceX is creating substantial value through the expansion of its Starlink broadband service. It also reliably provides reusable launch capabilities, including crewed space flights, and is making progress on its largest rocket, Starship. We value SpaceX using prices of recent financing transactions and a proprietary valuation model.

Gaming and Leisure Properties, Inc., a gaming REIT that owns the real estate of many casino operators, contributed to performance on the strength of its well-covered dividend yield and prospects for growth even in a recessionary economy. Its tenants remain solvent and flush with cash, which suggests that rent payments should remain steady regardless of the economic environment. A strong balance sheet allows for additional acquisitions, which should be accretive to the dividend and enhance shareholder returns.

Table V.
Top detractors from performance for the quarter ended June 30, 2022

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
Tesla, Inc.	2014	$21.9	$697.9	–37.51%	–21.40%
IDEXX Laboratories, Inc.	2013	4.7	29.5	–35.89	–1.74
Hyatt Hotels Corp.	2009	4.2	8.2	–22.57	–1.11
Spotify Technology S.A.	2020	22.6	18.1	–38.01	–0.94
The Charles Schwab Corp.	1992	1.0	119.8	–24.76	–0.90

Tesla, Inc. makes fully electric vehicles, related software offerings, solar and energy storage products, and battery cells. With the three-week shutdown of its factory in China, ongoing supply-chain disruption, and slowed manufacturing volume in its recently launched production facilities, shares fell during the quarter. We believe current production limitations will be resolved, allowing the company to execute its ambitious long-term goals across electrification and software initiatives.

Shares of veterinary diagnostics leader **IDEXX Laboratories, Inc.** fell in the quarter. The broader veterinary industry was a pandemic beneficiary as pet adoptions surged and owners working from home were more attentive to pet illness. While 2022 results are being adversely impacted by difficult comparisons, we believe the pandemic has accelerated long-term secular trends around pet ownership and pet care. IDEXX's competitive trends are outstanding, and we expect new proprietary innovations and field sales force expansion to be meaningful contributors to growth.

Shares of global hotelier **Hyatt Hotels Corp.** declined in the quarter on investor concerns that a possible recession will result in growth rates that would slow or even turn negative. We maintain conviction. The company has seen no slowdown in occupancy levels or rates and continues to demonstrate the ability to increase prices, especially on the leisure side. While leisure may be experiencing peak demand levels, management believes any slowdown in growth should be offset by the continued recovery on the group and business side as pacing returns to pre-pandemic levels.

Spotify Technology S.A. is a leading digital music service available in 178 markets, offering on-demand audio streaming through paid premium subscriptions as well as an ad-supported model. Disappointing gross margin disclosure resulting from its investments in podcasts pressured shares. Subsequently, on its analyst day, Spotify provided better disclosure that highlighted the improving profitability of the company's music business. We continue to view Spotify as a long-term winner in music streaming with potential to reach more than one billion monthly active users.

Shares of online brokerage firm **The Charles Schwab Corp.** detracted in the quarter over concerns that clients will shift assets to less profitable money market funds and declining equity markets will pressure the asset management business. We retain conviction. Despite turbulent markets, Schwab attracted over $120 billion of net new client assets in the recent quarter. Rising interest rates should lead to increased profits on the company's nearly $600 billion of interest earning assets as well.

Investment Strategy and Portfolio Structure

Baron Partners Fund seeks to invest in businesses that we believe can double in value within five or six years. The Fund invests for the long term in a focused portfolio of appropriately capitalized, well-managed growth businesses at attractive prices across market capitalizations. We attempt to create a portfolio of approximately 30 securities diversified by GICS sectors, but with the top 10 positions representing a significant portion of net assets. These businesses are identified by our analysts and portfolio managers using our proprietary research. We think these well-managed businesses have durable competitive advantages and strong, long-term growth opportunities. We use moderate leverage to enhance returns, which increases the Fund's volatility.

As of June 30, 2022, Baron Partners Fund held 31 investments. The median market capitalization of these growth companies was $14.6 billion. The top 10 positions represented 98.9% of net assets. Leverage was 16.8%.

Portfolio leverage is significantly below historical levels. We have traditionally managed the portfolio with 20% to 25% leverage (the average leverage over the prior 10 years was 22.3%). At the start of 2020, leverage was 27.0%. However, due to a combination of a rapidly rising market, higher market volatility, and increased concentration in our top holdings, we managed risk by reducing leverage. Quarterly leverage bottomed at 3.3% at the end of March 2021 and has remained below average. Market volatility enabled us to make a few new investments in companies we have long followed at what we believe are attractive prices. Therefore, leverage has slowly risen. While we expect legacy positions to be the main contributors to performance in the near term, we expect these new investments to be more meaningful contributors in the future.

The long-term absolute and relative performance of the Fund has been very good. The Fund has returned 15.08% annualized since inception as a private partnership on January 31, 1992, beating its benchmark Index by 5.70% per year.

The Fund's performance has also exceeded its Index over the prior 1-, 3-, 5-, 10-, 15-, and 20-year periods. In addition to viewing the Fund's returns over various trailing periods, we believe it is helpful to understand how the Fund has performed over economic cycles.

The Fund has appreciated considerably in good times (Table VI)…

There have been two distinct periods over the life of the Fund with significant economic growth. The nearly 8-year period from the Fund's inception through the Internet Bubble (1/31/1992 – 12/31/1999) and the more recent 11-year period Post-Great Recession to the start of the COVID Pandemic (12/31/2008 – 12/31/2019). During both periods, the Index had strong returns, however, the Fund's returns were even better. Baron Partners Fund's annualized return during the most recent strong economic period was 17.44% compared to the Index's 16.84%.

Baron Partners Fund

Table VI.
Performance
The Good Times: Outpacing the Index

	Inception to Internet Bubble 1/31/1992 to 12/31/1999		Post-Financial Crisis to COVID Pandemic 12/31/2008 to 12/31/2019	
	Value $10,000	Annualized Return	Value $10,000	Annualized Return
Baron Partners Fund (Institutional Shares)	$49,685	22.45%	$58,586	17.44%
Russell Midcap Growth Index	$40,316	19.26%	$55,380	16.84%
S&P 500 Index	$42,945	20.21%	$45,104	14.68%

Performance data quoted represents past performance. Past performance is no guarantee of future results. The indexes are unmanaged. Index performance is not Fund performance; one cannot invest directly into an index.

The Fund has retained value in challenging times (Table VII)…

We believe what sets the Fund apart from other growth funds is its historic ability to perform in more challenging economic periods. The nine-year period from the Internet Bubble collapse through the Great Recession (12/31/1999 – 12/31/2008) saw lower returns for the Fund. It had annualized returns of 1.54%. However, the Index declined substantially. $10,000 hypothetically invested in the Fund at the start of this period would have been worth $11,479 after those nine years. A $10,000 hypothetical investment in funds designed to track the Index would be worth only $6,488. The Fund preserved (and slightly grew) capital during this difficult economic time because its investments in high-quality growth businesses were able to weather the environment and enhance their competitive positioning.

Today's environment is also challenging. The COVID-19 pandemic and its lingering macroeconomic issues have caused great volatility. In such a short period of time, there were two sizable market corrections each with an approximate 35% decline in the Index. But so far, the Fund has performed admirably in both protecting and growing clients' investments. Since the start of the COVID Pandemic through this quarter (12/31/2019 – 6/30/2022), the Fund has an annualized return of 35.74%. The Index has an annualized return of 2.15%. We do not know how long this challenging period will persist, but we are off to a good start.

During periods of strong economic expansion, investors often disregard these more challenging periods. Losing capital during those periods, we believe, makes it nearly impossible to have exceptionally strong returns over the long term. Baron Partners Fund has shown a prior ability to modestly grow capital during those challenging periods. We believe the high-quality growth portfolio should be able to perform well again in future difficult economic periods, although there is no guarantee that will be the case.

A $10,000 hypothetical investment at the inception of the Fund on January 31, 1992, would have been worth $717,253 on June 30, 2022. If invested in a fund designed to track the Index, that same $10,000 hypothetical investment would now be worth $152,759, only about 21% of what it would have been worth if invested in the Fund.

Table VII.
Performance
The Challenging Times: The Impact of Not Losing Money

	Internet Bubble to Financial Crisis 12/31/1999 to 12/31/2008		COVID Pandemic to Present 12/31/2019 to 6/30/2022	
	Value $10,000	Annualized Return	Value $10,000	Annualized Return
Baron Partners Fund (Institutional Shares)	$11,479	1.54%	$21,466	35.74%
Russell Midcap Growth Index	$ 6,488	(4.69)%	$10,546	2.15%
S&P 500 Index	$ 7,188	(3.60)%	$12,197	8.27%

Portfolio Holdings

Table VIII.
Top 10 holdings as of June 30, 2022

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Total Investments
Tesla, Inc.	2014	$21.9	$697.9	$2,727.4	42.2%
Space Exploration Technologies Corp.	2017	–	–	541.7	8.4
CoStar Group, Inc.	2005	0.7	23.9	444.0	6.9
Arch Capital Group Ltd.	2002	0.6	17.1	298.0	4.6
IDEXX Laboratories, Inc.	2013	4.7	29.5	280.6	4.3
FactSet Research Systems, Inc.	2007	2.7	14.6	276.9	4.3
The Charles Schwab Corp.	1992	1.0	119.8	259.0	4.0
Hyatt Hotels Corp.	2009	4.2	8.2	245.8	3.8
Vail Resorts, Inc.	2008	1.6	8.8	229.0	3.5
Gartner, Inc.	2013	5.7	19.5	169.3	2.6

Thank you for joining us as fellow shareholders in Baron Partners Fund. We continue to work hard to justify your confidence and trust in our stewardship of your hard-earned savings. We remain dedicated to providing you with the information we would like to have if our roles were reversed. We hope this letter enables you to make an informed decision about whether this Fund remains an appropriate investment.

Respectfully,

Ronald Baron
CEO and Lead Portfolio Manager

Michael Baron
Co-Portfolio Manager

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

Risks: The Fund is non-diversified which means, in addition to increased volatility of the Fund's returns, it will likely have a greater percentage of its assets in a single issuer or a small number of issuers, including in a particular industry than a diversified fund. Single issuer risk is the possibility that factors specific to an issuer to which the Fund is exposed will affect the market prices of the issuer's securities and therefore the net asset value of the Fund. As of the date of the latest prospectus supplement, about 48% of the Fund's assets are invested in Tesla stock. Therefore, the Fund is exposed to the risk that were Tesla stock to lose significant value, which could happen rapidly, the Fund's performance would be adversely affected. Specific risks associated with leverage include increased volatility of the Fund's returns and exposure of the Fund to greater risk of loss in any given period. 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.

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