

BARON REAL ESTATE FUND

December 31, 2022

Institutional Shares (BREIX)



Portfolio Manager

Jeff Kolitch joined Baron in 2005 as a research analyst specializing in real estate and was named portfolio manager in 2009. He has 31 years of research experience. Previously, Jeff was with Goldman Sachs from 1995 to 2005, where in 2002 he was named a managing director of its Equity Capital Markets group. Jeff graduated from The Wharton School of the University of Pennsylvania with a B.S. in Economics in 1990 and from the Kellogg Graduate School of Management at Northwestern University with a Masters of Management in 1995.

Investment Principles

- Long-term perspective allows us to think like an owner of a business
- Independent and exhaustive research is essential to understanding the long-term fundamental growth prospects of a business
- We seek open-ended growth opportunities, exceptional leadership, and durable competitive advantages
- Purchase price and risk management are integral to our investment process

Investment Strategy

The Fund invests broadly in real estate businesses with significant growth potential. It maintains exposure across different industries and all capitalization ranges. Diversified.

Value	Blend	Growth	
			Large
			Medium
			Small

Portfolio Facts and Characteristics

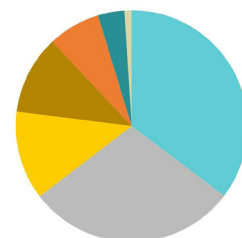
Inception Date	December 31, 2009
Net Assets	\$1.28 billion
# of Issuers / % of Net Assets	39 / 89.0%
Turnover (3 Year Average)	82.86%
Active Share	75.5%
Median Market Cap ²	\$19.71 billion
Weighted Average Market Cap ²	\$35.08 billion
As of FYE 12/31/2021	Institutional Shares
CUSIP	06828M801
Expense Ratio	1.05%

Retail and R6 Shares are also available for this Fund.

Top 10 Holdings⁴

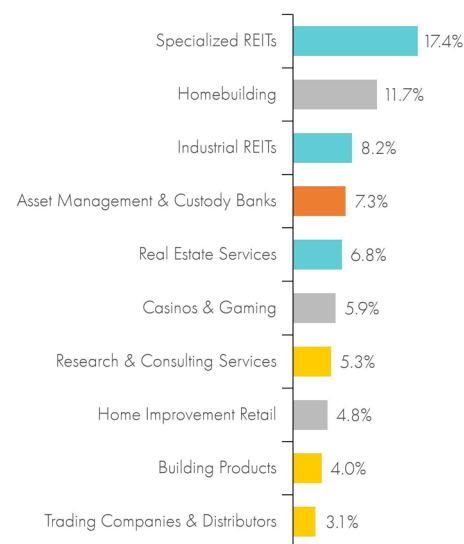
	% of Net Assets
CoStar Group, Inc.	5.3
Prologis, Inc.	5.2
Toll Brothers, Inc.	4.9
Brookfield Corporation	4.6
American Tower Corp.	4.3
Equinix, Inc.	3.9
CBRE Group, Inc.	3.8
Lennar Corporation	3.7
D.R. Horton, Inc.	3.1
SiteOne Landscape Supply, Inc.	3.1
Total	41.9

GICS Sector Breakdown^{1,4}



Real Estate	35.3%
Consumer Discretionary	29.3%
Industrials	12.4%
Cash & Cash Equivalents	11.0%
Financials	7.3%
Materials	3.7%
Unclassified	1.0%

Top GICS Sub-Industry Breakdown¹



Colors of Sub-Industry bars correspond to sector chart above.

Risks

Risks: In addition to general market conditions, the value of the Fund will be affected by the strength of the real estate markets as well as by interest rate fluctuations, credit risk, environmental issues and economic conditions. The Fund invests in companies of all sizes, including small and medium sized companies whose securities may be thinly traded and more difficult to sell during market downturns.



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Historical Performance (Calendar Year %)

Year	BREIX	MSCI USA IMI Extended Real Estate Index	MSCI US REIT Index
2013	27.48	17.44	1.26
2014	16.93	17.96	28.82
2015	-4.42	2.27	1.28
2016	-1.75	8.24	7.14
2017	31.42	18.04	3.74
2018	-22.04	-10.73	-5.83
2019	44.44	30.21	24.33
2020	44.28	4.21	-8.70
2021	24.36	36.55	41.71
2022	-28.44	-23.84	-25.37

Performance Based Characteristics³

	3 Years	5 Years	10 Years
Std. Dev. (%) - Annualized	24.78	22.35	18.23
Sharpe Ratio	0.32	0.29	0.52
Alpha (%) - Annualized	6.18	3.21	1.95
Beta	0.91	0.96	0.98
R-Squared (%)	84.06	84.31	82.28
Tracking Error (%)	10.16	8.89	7.68
Information Ratio	0.59	0.33	0.22
Upside Capture (%)	106.00	106.96	105.17
Downside Capture (%)	89.26	97.32	98.76

Performance

	Total Return (%)				Annualized Returns (%)					Cumulative Returns (%)
	4th Q 2022	3rd Q 2022	2nd Q 2022	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception 12/31/2009	Since Inception 12/31/2009
BREIX-Institutional Shares	6.17	-4.86	-20.62	-28.44	-28.44	8.69	7.65	10.28	12.94	386.47
MSCI USA IMI Extended Real Estate Index	8.71	-4.99	-17.12	-23.84	-23.84	2.72	4.73	8.59	10.20	253.31
MSCI US REIT Index	4.90	-10.28	-17.16	-25.37	-25.37	-1.16	2.48	5.20	7.75	163.87
Morningstar Real Estate Category Average	3.92	-10.66	-15.81	-25.67	-25.67	-0.91	2.93	5.80	8.26	180.54

Top Contributors/Detractors to Performance²

BY SUB-INDUSTRIES¹

Top Contributors	Average Weight(%)	Contribution(%)
Homebuilding	8.22	1.54
Casinos & Gaming	9.19	1.46
Specialized REITs	16.08	0.75
Industrial REITs	7.47	0.72
Research & Consulting Services	5.26	0.56

Top Detractors	Average Weight(%)	Contribution(%)
Residential REITs	4.00	-0.42
Asset Management & Custody Banks	7.82	-0.39
Distributors	2.49	-0.13
Home Improvement Retail	4.33	-0.02

BY HOLDINGS

Top Contributors	Average Weight(%)	Contribution(%)
D.R. Horton, Inc.	2.54	0.64
CoStar Group, Inc.	5.26	0.56
Prologis, Inc.	4.77	0.55
Equinix, Inc.	3.51	0.55
Fortune Brands Innovations, Inc.	2.20	0.47

Top Detractors	Average Weight(%)	Contribution(%)
Brookfield Corporation	4.61	-0.30
Invitation Homes, Inc.	1.61	-0.24
Blackstone Inc.	2.97	-0.17
Trex Company, Inc.	2.19	-0.14
Pool Corporation	2.49	-0.13

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, 2033, 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. Investors 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.

1 - Industry sector or sub-industry group levels are provided from the Global Industry Classification Standard ("GICS"), developed and exclusively owned by MSCI, Inc. ("MSCI") and Standard & Poor's Financial Services LLC ("S&P"). All GICS data is provided "as is" with no warranties. The Adviser may have reclassified/classified certain securities in or out of a sub-industry. Such reclassifications are not supported by S&P or MSCI.

2 - Source: FactSet PA and BAMCO.

3 - Source: FactSet SPAR. Except for Standard Deviation and Sharpe Ratio, the performance based characteristics above were calculated relative to the Fund's benchmark.

4 - Individual weights may not sum to the total due to rounding.

The Fund may not achieve its objectives. Portfolio holdings may change over time.

Definitions (provided by BAMCO, Inc.): The **MSCI USA IMI Extended Real Estate Index** is a custom index calculated by MSCI for, and as requested by, BAMCO, Inc. The index includes real estate and real estate-related GICS classification securities. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indices or any securities or financial products. This report is not approved, reviewed or produced by MSCI. The **MSCI US REIT Index** is an unmanaged free float-adjusted market capitalization index that measures the performance of all equity REITs in the US equity market, except for specialty equity REITs that do not generate a majority of their revenue and income from real estate rental and leasing operations. The **S&P 500 Index** measures the performance of 500 widely held large-cap U.S. companies. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. The indexes and the Fund include reinvestment of dividends, net of 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. Morningstar calculates the **Morningstar Real Estate Category Average** performance and rankings using its Fractional Weighting methodology. © 2023 Morningstar, Inc. All Rights Reserved. The Morningstar information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results. **Standard Deviation (Std. Dev.)**: measures the degree to which a fund's performance has varied from its average performance over a particular time period. The greater the standard deviation, the greater a fund's volatility (risk). **Sharpe Ratio**: is a risk-adjusted performance statistic that measures reward per unit of risk. The higher the Sharpe ratio, the better a fund's risk adjusted performance. **Alpha**: measures the difference between a fund's actual returns and its expected performance, given its level of risk as measured by beta. **Beta**: measures a fund's sensitivity to market movements. The beta of the market is 1.00 by definition. **R-Squared**: measures how closely a fund's performance correlates to the performance of the benchmark index, and thus is a measurement of what portion of its performance can be explained by the performance of the index. Values for R-Squared range from 0 to 100, where 0 indicates no correlation and 100 indicates perfect correlation. **Tracking Error**: measures how closely a fund's return follows the benchmark index returns. It is calculated as the annualized standard deviation of the difference between the fund and the index returns. **Information Ratio**: measures the excess return of a fund divided by the amount of risk the fund takes relative to the benchmark index. The higher the information ratio, the higher the excess return expected of the fund, given the amount of risk involved. **Upside Capture**: explains how well a fund performs in time periods where the benchmark's returns are greater than zero. **Downside Capture**: explains how well a fund performs in time periods where the benchmark's returns are less than zero. **Active Share**: 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.

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