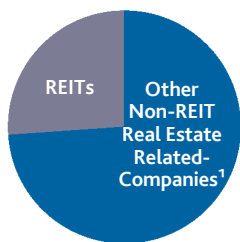


Baron Real Estate Fund

Retail Shares (BREFX)
Institutional Shares (BREIX)
R6 Shares (BREUX)

As of December 31, 2020

Baron Real Estate Fund



1 - Includes cash and cash equivalents.
Source: MSCI, Inc.

A Differentiated and Compelling Real Estate Fund

We believe the Baron Real Estate Fund is a unique real estate fund—one that is more expansive than typical REIT funds because it also invests in non-REIT commercial and residential real estate-related categories. We believe the Fund's broader approach has the potential to produce better results over the long term.

Investment Type	
REITs	<ul style="list-style-type: none"> ▶ Dividend yields should continue to have appeal in a low interest rate environment. As of 12/31/2020, the dividend yield of the MSCI US REIT Index was 3.5% ▶ Valuations are attractive for several REITs
Casino & Gaming Operators	<ul style="list-style-type: none"> ▶ We expect the gaming industry to benefit from solid consumer spending ▶ Embedded real estate value
Real Estate Service Companies	<ul style="list-style-type: none"> ▶ Benefiting from secular trend of companies outsourcing their commercial real estate needs ▶ High percentage of recurring revenues and favorable valuations
Building Products/Service Companies	<ul style="list-style-type: none"> ▶ We believe the housing market recovery is intact ▶ We find company valuations and balance sheets attractive
Homebuilders and Land Developers	<ul style="list-style-type: none"> ▶ We believe there is pent-up demand to buy homes ▶ Owners/developers of well-located land should benefit due to land inventory shortage
Hotels & Leisure Companies	<ul style="list-style-type: none"> ▶ We expect hotel and leisure companies to benefit from economic recovery ▶ Acquisition opportunities exist for well-capitalized companies
Data Centers	<ul style="list-style-type: none"> ▶ Favorable demand drivers from the increased adoption of the internet, consumption of data on mobile devices, and increased corporate IT outsourcing
Real Estate Operating Companies	<ul style="list-style-type: none"> ▶ Open-ended growth opportunities ▶ Less reliant on the capital markets than REITs
Tower Operators	<ul style="list-style-type: none"> ▶ Compelling secular growth prospects due to strong mobile data traffic and the emergence of 5G technology ▶ Long-term leases with annual rent increases, high barriers to entry, and limited competition

We are optimistic about the outlook for real estate—both commercial and residential—demand exceeds supply, credit is still available at historically low interest rates, balance sheets are solid, private equity funds are acquiring real estate businesses, and valuations are attractive.

Jeff Kolitch

- 29 years of investment and research experience
- Portfolio manager since Fund inception on December 31, 2009
- Also manages Baron Real Estate Income Fund since inception
- Baron research analyst since 2005

Portfolio Profile

- Broad and flexible real estate mandate
- Invests in growth businesses using a value-oriented purchase discipline
- Investment goal is capital appreciation, not income
- May invest in:
 - ▶ Companies of all market capitalizations
 - ▶ International companies up to 25% of total assets
- Portfolio typically holds fewer than 50 positions

Investment Philosophy

- Long-term investing creates an advantage
- Independent and exhaustive research is essential to understanding a business
- Successful growth businesses have open-ended opportunities and sustainable competitive advantages
- People are the key drivers of a successful business
- Purchase price matters
- Risk management is integral to portfolio management

Fund's Key Advantages

- Baron has a long history of investing in real estate-related growth companies
- We believe our approach to real estate takes advantage of the full spectrum of real estate opportunities in the public markets

Baron Real Estate Fund's inception date was 12/31/2009.

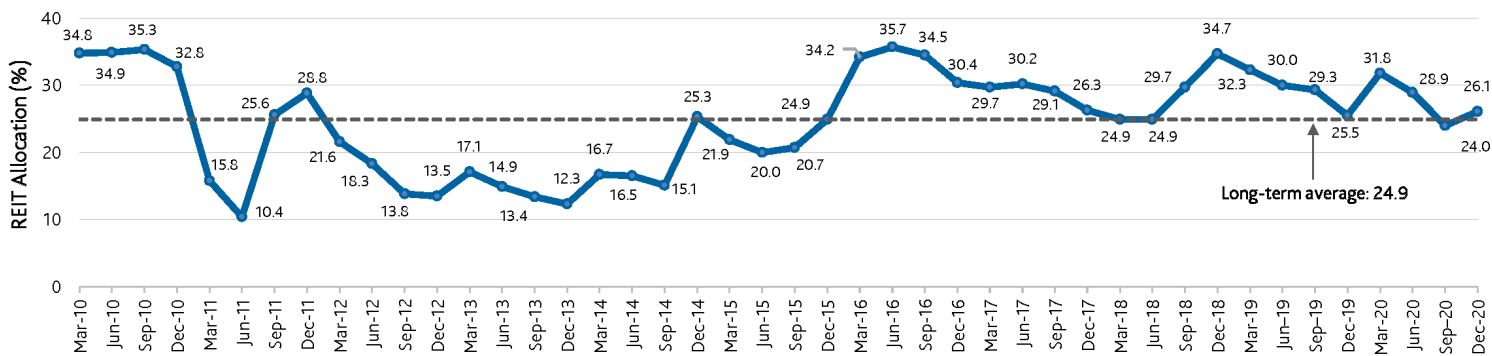
Risks: In addition to general market conditions, the value of the Fund will be affected by the strength of the real estate markets as well as by interest rate fluctuations, credit risk, environmental issues, and economic conditions. The Fund invests in companies of all sizes, including small- and medium-sized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



Baron Real Estate Fund

REIT Flexibility Is an Advantage

Since Inception - 12/31/2020



- Our flexible real estate mandate allows the portfolio manager to increase and decrease REIT exposure as relative valuations and growth prospects fluctuate
- The Fund's REIT allocation is currently above its historical average of 24.9%, yet is below its peak level

Since Inception, the Fund Has Outperformed Its Primary Index by 4.94% Per Year Annualized, and the MSCI US REIT Index by 8.03% Per Year Annualized

Performance as of 12/31/2020

	Annualized (%)					Since Inception (12/31/2009)	
	3 Mos ¹	1 Year	3 Years	5 Years	10 Years	Returns	Excess Returns
Baron Real Estate Fund (BREIX)	16.79	44.28	17.56	15.97	15.72	16.70	-
MSCI USA IMI Extended Real Estate Index	10.35	4.21	6.60	9.13	10.53	11.76	4.94
MSCI US REIT Index	11.16	-8.70	2.25	3.51	6.99	8.67	8.03
Morningstar Real Estate Category Average	11.15	-4.49	4.18	5.26	8.07		
Morningstar Real Estate Category Average Percentile Ranking	-	1	1	2	1		
# of Share Classes in Morningstar Real Estate Category	-	248	225	199	144		

Commentary

Received Morningstar Ratings™ as follows:

- 5 Stars for the Overall Morningstar Rating, based on 225 share classes
- 5 Stars for the 3-Year Morningstar Rating, based on 225 share classes
- 5 Stars for the 5-Year Morningstar Rating, based on 199 share classes
- 5 Stars for the 10-Year Morningstar Rating, based on 144 share classes

Ranked in the Morningstar Real Estate Category as follows:

- #1 real estate fund out of 144 for trailing 10-year performance
- Top 2% for the Fund's trailing 5-year performance
- #1 ranked real estate fund for trailing 3-year performance
- #1 ranked real estate fund for trailing 1-year performance

1 - Not annualized.

As of the fiscal year ended 12/31/2019, the expense ratio of the Fund's Institutional Shares was 1.08%.

As of 12/31/2020, the Morningstar Real Estate Category consisted of 248 and 225 share classes for the 1- and 3-year periods. Morningstar ranked Baron Real Estate Fund R6 Share Class in the 1st and 1st percentiles, respectively. On an absolute basis, Morningstar ranked Baron Real Estate Fund R6 Share Class as the 1st and 1st best performing share class in its Category for the 1- and 3-year periods, respectively.

Morningstar calculates the **Morningstar Real Estate 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. The Morningstar Rating™ is for the Institutional share class only; other classes may have different performance characteristics.

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.

Unless otherwise noted, all performance and performance related calculations are based on the Institutional Shares.

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.

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.

The **MSCI USA IMI Extended Real Estate Net Index** is an unmanaged custom index calculated by MSCI for, and as requested by, BAMCO, Inc. The index includes real estate and real estate-related GICS classified 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 indexes or any securities or financial products. This report is not approved, reviewed or produced by MSCI. **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 index performance is not fund performance; one cannot invest directly into an index. MSCI is a trademark of Russell Investment Group.

The **Morningstar Rating™** for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods.

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