

## DEAR BARON WEALTHBUILDER FUND SHAREHOLDER:

## PERFORMANCE

Baron WealthBuilder Fund (the "Fund") rose considerably in the final quarter of 2020 and outpaced its comparable benchmarks and peer group. The Fund gained 23.11% (Institutional Shares) in the quarter. The S&P 500 Index (the "Index") and the MSCI ACWI Index were up 12.15% and 14.68%, respectively. The Morningstar Allocation 85%+ Equity Category Average rose 15.58%.

The Fund's quarterly performance capped an excellent year on both an absolute and relative basis. The Fund rebounded significantly from the depths of the COVID-19-induced market panic in March, and that strong performance continued throughout the latter part of the year. The Fund advanced 62.85% in 2020. This performance again compares favorably to its benchmarks and peer group. The S&P 500 Index gained 18.40% for the year, and the MSCI ACWI Index increased 16.25% and the Morningstar Allocation 85%+ Equity Category Average was up 15.41%.

**Table I.**  
**Performance**  
Annualized for periods ended December 31, 2020

	Baron Wealth Builder Fund Retail Shares <sup>1,2</sup>	Baron Wealth Builder Fund Institutional Shares <sup>1,2</sup>	Baron Wealth Builder Fund TA Shares <sup>1,2</sup>	S&P 500 Index <sup>1</sup>	MSCI ACWI Index <sup>1</sup>
Three Months <sup>3</sup>	22.99%	23.11%	23.03%	12.15%	14.68%
One Year	62.45%	62.85%	62.85%	18.40%	16.25%
Three Years and Since Inception (December 29, 2017)	27.40%	27.67%	27.67%	14.18%	10.06%

We launched Baron WealthBuilder Fund three years ago believing that allocating among various Baron Funds would provide benefits of diversification without sacrificing returns. We created a single fund with

*Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares, Institutional Shares, and TA Shares as of December 31, 2019 was 1.57%, 1.33%, and 1.33%, respectively, but the net annual expense ratio was 1.48%, 1.23%, and 1.23% (includes acquired fund fees, net of the Adviser's fee waivers), 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 cost. BAMCO, Inc. ("BAMCO" or the "Adviser") has agreed that, pursuant to a contract expiring on August 29, 2031, unless renewed for another 11-year term, it will reimburse certain expenses of the Fund, limiting net annual operating expenses (portfolio transaction costs, interest, dividend, acquired fund fees and expenses and extraordinary expenses are not subject to the operating expense limitation) to 0.30% of average daily net assets of Retail Shares, 0.05% of average daily net assets of Institutional Shares and 0.05% of average daily net assets of TA Shares, 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](http://www.BaronFunds.com) or call 1-800-99BARON.*

**The Morningstar Allocation – 85%+ Equity Category consisted of 163 and 154 share classes for the 1-year and since inception (12/29/2017) periods. Morningstar ranked Baron WealthBuilder Fund (Institutional Shares) in the 1st and 1st percentiles, respectively. Morningstar calculates the Morningstar Allocation – 85%+ Equity 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 account for management, administrative, and 12b-1 fees and other costs automatically deducted from fund assets.**

<sup>1</sup> The **S&P 500 Index** measures the performance of 500 widely held large cap U.S. companies. The **MSCI ACWI Index** is an unmanaged, free float-adjusted market capitalization weighted index reflected in US dollars that measures the equity market performance of large- and mid-cap securities across developed and emerging markets. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. MSCI is a trademark of Russell Investment Group. The indexes and the Fund are with dividends, which positively impact the performance results. The indexes are unmanaged. The index performance is not Fund performance; one cannot invest directly into an index.

<sup>2</sup> 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.

<sup>3</sup> Not annualized.



MICHAEL BARON  
CO-PORTFOLIO  
MANAGER

RONALD BARON  
CEO AND LEAD PORTFOLIO  
MANAGER

Retail Shares: BWBFX  
Institutional Shares: BWBIX  
TA Shares: BWBTX

underlying investments of varying market caps, geographies, sectors, and growth rates. Each underlying Baron Fund portfolio implements the consistent Baron Capital investment process and philosophy. And after three years, the approach has been successful. The Fund had an annualized average return since inception of 27.67%. This compares to an annualized return of 14.18% for the S&P 500 Index and 10.06% for the MSCI ACWI Index. While underlying Baron Funds charge their institutional management fees, there is no management fee for Baron WealthBuilder Fund. The Fund's annualized expenses are capped at 5 basis points. The Fund also ranks as the #1 fund in its Morningstar category as of 12/31/2020. We are extremely satisfied and proud of these results.

# Baron WealthBuilder Fund

We are optimistic that the end of the COVID-19 pandemic is within sight. Scientific research and discovery have led to many viable vaccines, which are now in the process of being administered. Governments continue to provide financial assistance to their citizens and various industries. And the incoming new Presidential administration in the U.S. has pledged to continue this support while also taking steps to hinder the virus' spread. These developments have been well received by investors.

We continue to analyze the Fund's performance in 2020 during various periods: Pre-COVID-19, the COVID-19 Panic, and the COVID-19 Temporary Normal. The Fund's investments vary across market caps, sectors, geographies, and growth rates, and we explained in previous quarterly reports how each performed in these different environments. Please see Table II for our update.

We are hopeful that the end of 2020 coincides with the end of this "COVID-19 Temporary Normal" period. Over the past year, individuals and businesses were forced to adapt many of their practices because of the pandemic. While many mandated restrictions will likely ease throughout the upcoming year, we believe many changes made by both businesses and individuals will endure.

High-growth Baron portfolios have again had the most sizable impact in the quarter. They include Baron Partners, Baron Focused Growth, and Baron Opportunity Funds. **Tesla, Inc.**, home transaction facilitators **Zillow Group, Inc.** and **Opendoor Technologies Inc.**, and **Space Exploration Technologies Corp.** ("SpaceX") were large contributors. Tesla deliveries were up 36% in the year despite restrictions that led to factory shutdowns for brief periods. Zillow's mortgage business reached an inflection point in the recently reported period with 114% growth compared to the prior year. And SpaceX had a record number of launches (26) and a record number of flights (7) using the same booster. Its operational satellites increased nearly 8 times, which enabled it to begin the beta test of Starlink, its internet service.

Not only have these companies exhibited an ability to continue their growth despite COVID restrictions, clients are unlikely to fully return to pre-pandemic antiquated business practices. Tesla has pioneered over the air vehicle updates and eliminated many of the in-person service requirements. These updates have improved the Tesla vehicle's functionality and increased its value to consumers after purchase. Historically, competitors' cars drop in value by more than 20% upon leaving the dealership. Zillow and Opendoor have facilitated home transactions without physically visiting properties. They have improved efficiency and transparency throughout this once opaque process. And SpaceX has dramatically reduced the cost to reach orbit through its largely reusable equipment. The data transmission that its satellites enable will be increasingly more important in the future. Incumbent launch organizations will be unable to attain such cost levels using their outdated disposable rockets.

Baron funds that invested in smaller-cap growth companies, including Baron Discovery, Baron Small Cap, and Baron Growth Funds, outperformed their larger counterparts in the quarter. These companies are in the earlier stages of executing their business plans, which could significantly alter their respective industries. The pandemic accelerated many of the business trends

that had been occurring, and we think they are likely to continue. Telemedicine, cybersecurity, sustainable energy, and drug development are important themes that are likely to persist even after the pandemic concludes. Additionally, well-capitalized strategic and financial acquirers make many of these businesses attractive targets. **Pacific Biosciences of California, Inc.** is an example of one small-cap stock that contributed to performance. This business has been able to significantly reduce DNA sequencing costs by increasing sensor throughputs. The lower cost makes this technology cost effective for diagnosing, monitoring, and treating cancers. We believe its addressable market could expand significantly to other applications in the coming years.

Many of our sector funds, including Baron Real Estate and Baron Health Care Funds, also meaningfully outperformed their respective benchmarks. These funds are positioned in the attractive, higher-growth segments within their sectors. The flexibility of the Baron Real Estate Fund allowed it to move away from the COVID-19-impacted travel-related businesses. The Baron Real Estate Fund redeployed capital to unique and well-located assets that we thought were significantly undervalued. They are real estate businesses that are capitalizing on an altered economic landscape. Demand for single-family housing, data centers, and distribution centers should continue. We believe this positioning makes Baron Real Estate Fund less cyclical than others in the sector. Baron Health Care Fund favored life science tools and services as well as biotechnology. Those businesses are creating platforms to enable improved patient outcomes. Baron Health Care Fund owns companies like **Arrowhead Pharmaceuticals, Inc.**, a developer of RNAi therapeutics. Arrowhead is developing drugs that inhibit disease-causing genes. We expect the applications for this treatment technique to expand rapidly in the coming years to new diseases and organs.

The Fund's holdings in mid- and large-cap portfolios, including Baron Asset, Baron Durable Advantage, and Baron Fifth Avenue Growth Funds, underperformed their benchmarks in the quarter as well as small-cap indexes. The underlying funds were underexposed to the Energy sector and semiconductor sub-industry. Those two sectors reacted favorably to the upcoming increased economic activity facilitated by the vaccine. However, many of those businesses' products are commoditized, and these funds have tended to avoid them. Instead, higher-growth technology-enabled businesses are heavily represented in these portfolios. These companies performed well in the earlier days of the pandemic, yet they underperformed the more cyclical companies in this current quarter. We anticipate the higher-growth and competitively advantaged businesses found in these funds will do well over the longer term.

We are very pleased with the Fund's performance in the fourth quarter, for the year, and since inception. Most companies held in the underlying funds continued their growth despite the unprecedented global pandemic and hardship. In 2020, there was substantial change in many parts of the economy. We believe the high-quality growth businesses in the Fund are well positioned to not only benefit from, but also enable much of this continued transformation.

We encourage you to read the various quarterly letters found in this report for a deeper understanding of the funds that compose Baron WealthBuilder Fund.

**Table II.**  
Performance by COVID-19 periods

	Pre-COVID-19 12/31/2019 to Peak (2/19/2020) <sup>†</sup>	COVID-19 Panic Peak to Trough (3/23/2020) <sup>†</sup>	COVID-19 Temporary Normal Trough to 12/31/2020 <sup>†</sup>	Cumulative 2020
<b>Small Cap</b>				
Baron Discovery Fund	10.62%	-37.33%	139.62%	66.13%
Baron Growth Fund	11.65%	-41.12%	102.40%	33.06%
Baron Small Cap Fund	9.19%	-39.42%	112.67%	40.68%
<b>Small/Mid Cap</b>				
Baron Focused Growth Fund	25.88%	-41.89%	204.51%	122.75%
<b>Mid Cap</b>				
Baron Asset Fund	8.13%	-34.10%	87.10%	32.33%
<b>Large Cap</b>				
Baron Fifth Avenue Growth Fund	12.11%	-28.71%	88.69%	50.81%
Baron Durable Advantage Fund	8.05%	-33.57%	67.63%	20.32%
<b>All Cap</b>				
Baron Opportunity Fund	17.11%	-28.68%	126.63%	89.28%
Baron Partners Fund	30.87%	-50.76%	286.65%	149.18%
<b>International</b>				
Baron Emerging Markets Fund	2.03%	-33.62%	90.79%	29.22%
Baron Global Advantage Fund	15.52%	-27.32%	113.74%	79.46%
Baron International Growth Fund	2.17%	-32.06%	88.49%	30.83%
<b>Sector</b>				
Baron Real Estate Fund	7.05%	-37.85%	116.87%	44.28%
Baron Health Care Fund	7.97%	-28.32%	90.85%	47.72%
Baron FinTech Fund	13.00%	-34.34%	98.38%	47.20%
<b>Baron WealthBuilder Fund</b>	<b>13.84%</b>	<b>-38.48%</b>	<b>132.53%</b>	<b>62.85%</b>
S&P 500 Index	5.08%	-33.79%	70.18%	18.40%
MSCI ACWI Index	2.74%	-33.64%	70.51%	16.25%

<sup>†</sup> Not annualized.

The peak and trough dates are based on the S&P 500 Index.

An investor cannot invest directly in an index.

# Baron WealthBuilder Fund

**Table III.**  
**Baron Funds Performance**  
As of December 31, 2020

## Institutional Share Class Data

% of Net Assets of Fund		Fourth Quarter of 2020*	Annualized 12/29/17 to 12/31/20	Primary Benchmark	Fourth Quarter of 2020*	Annualized 12/29/17 to 12/31/20
<b>28.1%</b>	<b>Small Cap</b>					
4.0%	Baron Discovery Fund	<b>25.54%</b>	28.48%	Russell 2000 Growth Index	<b>29.61%</b>	16.20%
12.2%	Baron Growth Fund	<b>21.10%</b>	22.08%			
11.9%	Baron Small Cap Fund	<b>17.59%</b>	20.78%			
<b>4.6%</b>	<b>Small/Mid Cap</b>					
4.6%	Baron Focused Growth Fund	<b>32.35%</b>	44.56%	Russell 2500 Growth Index	<b>25.89%</b>	19.91%
<b>13.0%</b>	<b>Mid Cap</b>					
13.0%	Baron Asset Fund	<b>15.21%</b>	22.58%	Russell Midcap Growth Index	<b>19.02%</b>	20.50%
<b>7.0%</b>	<b>Large Cap</b>					
5.7%	Baron Fifth Avenue Growth Fund	<b>8.15%</b>	27.09%	Russell 1000 Growth Index	<b>11.39%</b>	22.99%
1.3%	Baron Durable Advantage Fund	<b>7.62%</b>	15.07%†	S&P 500 Index	<b>12.15%</b>	13.73%†
<b>26.8%</b>	<b>All Cap</b>					
6.4%	Baron Opportunity Fund	<b>23.02%</b>	42.34%	Russell 3000 Growth Index	<b>12.41%</b>	22.50%
20.4%	Baron Partners Fund	<b>42.87%</b>	52.68%	Russell Midcap Growth Index	<b>19.02%</b>	20.50%
<b>12.0%</b>	<b>International</b>					
3.8%	Baron Emerging Markets Fund	<b>20.48%</b>	7.78%	MSCI EM Index	<b>19.70%</b>	6.17%
5.9%	Baron Global Advantage Fund	<b>17.33%</b>	34.24%†	MSCI ACWI Index	<b>14.68%</b>	9.08%†
2.3%	Baron International Growth Fund	<b>18.56%</b>	11.70%	MSCI ACWI ex USA Index	<b>17.01%</b>	4.88%
<b>8.5%</b>	<b>Sector</b>					
4.6%	Baron Real Estate Fund	<b>16.79%</b>	17.56%	MSCI USA IMI Extended Real Estate Index	<b>10.35%</b>	6.60%
2.2%	Baron Health Care Fund	<b>17.09%</b>	29.95%†	Russell 3000 Health Care Index	<b>10.08%</b>	14.59%†
1.7%	Baron FinTech Fund	<b>13.67%</b>	46.03%*†	S&P 500 Index	<b>12.15%</b>	28.03%*†

\* Not annualized.

† Performance is calculated from the time the Fund was added to Baron WealthBuilder Fund: Baron Durable Advantage Fund – 3/13/2018; Baron Global Advantage Fund – 1/9/2018; Baron Health Care Fund – 10/18/2018; and Baron FinTech Fund – 2/27/2020. An investor cannot invest directly in an index.

## FUND OF FUNDS STRUCTURE AND INVESTMENT STRATEGY

Combining our top performing portfolios into one Fund has not only produced category leading returns, but it also has generated 3-year performance characteristics that we believe are stellar. Compared to the Index, the Fund's alpha is 9.43%, yet its beta is only 1.23. Its Sharpe ratio, a measure of return per level of risk, is 1.07 compared to the Index's 0.67. And its upside capture of 132.55%, we believe, is even more impressive when viewed alongside its downside capture of only 96.65%.

**Table IV.**  
**Performance Based Characteristics for the 3-year period ended December 31, 2020**

	Baron Wealth Builder Fund	S&P 500 Index	Morningstar Allocation 85%+ Equity Category
Alpha (%) – Annualized	9.43	0.00	-4.56
Beta	1.23	1.00	0.97
Sharpe Ratio	1.07	0.67	0.38
Standard Deviation (%) – Annualized	24.35	18.79	18.55
Upside Capture (%)	132.55	100.00	85.04
Downside Capture (%)	96.65	100.00	100.91

Source: FactSet SPAR. Except for Standard Deviation and Sharpe Ratio, the performance based characteristics above were calculated relative to the S&P 500 Index.

The Fund's inception date was 12/31/2017.

Baron WealthBuilder Fund closely mimics the way we would incrementally invest across our various funds and strategies. The Fund allows investors to diversify across several Baron Funds' products, gain exposure to various market caps, sectors, and geographies in a single structure, and have us rebalance the allocations in a tax efficient manner. The portfolio managers of each underlying fund abide by the same core investment process and philosophy, focused on proprietary research to discover competitively advantaged businesses with immense opportunities led by smart and honorable executives. Baron Funds has had broad historical success. Our investment approach and process have yielded outstanding results since the Firm's founding in 1982. As of 12/31/2020, 16 of 17 Baron Funds, representing 98.3% of Baron Funds' assets under management ("AUM"), have outperformed their respective passive benchmark since their inceptions. In addition, 14 of those funds, representing 98.2% of Baron Fund's AUM, rank in the top 22% of their respective Morningstar categories; and 11 funds, representing 70.9% of AUM, rank in the top 7%.

This strong relative performance has continued. Since their inclusion in Baron WealthBuilder Fund, all underlying funds have exceeded their respective benchmarks. We have always strived to provide top performance in various asset categories. Baron WealthBuilder Fund allows individuals to gain access to a variety of these strategies in a single fund. We are very pleased with the composition and results.

The makeup of the underlying investments looks very different than the Fund's key indexes. Therefore, the Fund has a high Active Share when measured against its benchmarks. We feel the diversity in regions and sectors should dampen risk while still providing strong absolute returns. While holding nearly the same number of securities as its primary benchmark (468 in the underlying Funds vs. 502 in the S&P 500 Index), the similarities end there. The holdings in the underlying funds have a lower dividend yield on average (0.3% vs. 1.5% for the S&P 500 Index), with companies electing to reinvest earnings back in their businesses for growth. And the approach is working; the projected earnings per share growth rate over the next three to five years is 21.8% for the Funds' holdings vs. 12.3% for the S&P 500 Index (or 77.2% higher growth). We think that many of our investments can exceed those stated projections. These businesses have grown over twice as fast as the Index over the preceding year (the Funds' one-year historical earnings per share growth rate on average was 14.0% vs. the S&P 500 Index's 6.6%). Yet these companies are only 36.9% more expensive than the S&P 500 Index's holdings (the Funds' trailing price-to-earnings ratio on average was 38.2 times vs. 27.9 times for the S&P 500 Index). We feel that this valuation metric is misleading for the Funds' holdings as many have depressed margins as they sacrifice current profitability for more sustainable and higher long-term growth rates. Higher growth for a modest premium in price should, we believe, reward long-term investors.

The portfolio is also distinct in its sector weightings. The S&P 500 Index has a higher share of Consumer Staples, Energy, Materials, and Utilities businesses than our Fund. These sectors typically consist of defensive companies that have been traditionally important but have limited unique characteristics, future growth prospects, and are heavily reliant on unpredictable commodity prices. Combined, those sectors represented 14.2% of the S&P 500 Index, yet they accounted for only 1.8% of the Fund. Instead, the Fund favors Consumer Discretionary, Health Care, Industrials, Real Estate, and segments of Information Technology where companies' competitive advantages are more apparent and growth projections more robust. Those sectors account for 79.5% of the Fund, yet only 64.6% of the Index.

Finally, the Fund has exposure to non-U.S. companies unlike the S&P 500 Index, whose constituents are solely in domestic businesses. We anticipate the diversity to provide benefits, such as lower volatility over time. The Fund is also differentiated from the global coverage of the MSCI ACWI Index. North America was 59.7% of the MSCI ACWI Index compared to 84.7% for the Fund. The greater international exposure for the MSCI ACWI Index is heavily skewed towards slow growth developed markets, whereas the Fund seeks faster growth in emerging economies. Of the Fund's non-U.S. investments, 38.6% were in Asia/Pacific ex-Japan. This region represented 32.1% for the MSCI ACWI Index. However, the MSCI ACWI Index had 56.4% of its non-U.S. investments in slower growth European and Japanese companies while these regions only represented 36.1% of the Fund.

Table V.

## Sector exposures as of December 31, 2020

	Percent of Net Assets	S&P 500 Index	MSCI ACWI Index
Consumer Discretionary	26.3%	12.7%	13.0%
Information Technology	21.8	27.6	21.9
Health Care	15.3	13.5	11.9
Industrials	11.5	8.4	9.7
Financials	10.1	10.4	13.5
Communication Services	7.4	10.8	9.3
Real Estate	4.6	2.4	2.6
Materials	0.9	2.6	4.9
Consumer Staples	0.7	6.5	7.4
Unclassified	0.3	–	–
Energy	0.2	2.3	3.0
Utilities	–	2.8	3.0

Table VI.

## Country exposures as of December 31, 2020

	Percent of Net Assets	S&P 500 Index	MSCI ACWI Index
United States	83.7%	100.0%	57.2%
China	4.1		5.2
United Kingdom	2.1		3.8
Netherlands	1.5		1.0
Israel	1.3		0.2
India	1.1		1.2
Canada	1.0		2.7
Brazil	0.9		0.7
Argentina	0.5		0.1
Sweden	0.4		0.9
Other	2.5		27.0

Table VII.

## Fund of fund holdings as of December 31, 2020

	Percent of Net Assets
Baron Partners Fund	20.4%
Baron Asset Fund	13.0
Baron Growth Fund	12.2
Baron Small Cap Fund	11.9
Baron Opportunity Fund	6.4
Baron Global Advantage Fund	5.9
Baron Fifth Avenue Growth Fund	5.7
Baron Focused Growth Fund	4.6
Baron Real Estate Fund	4.6
Baron Discovery Fund	4.0
Baron Emerging Markets Fund	3.8
Baron International Growth Fund	2.3
Baron Health Care Fund	2.2
Baron FinTech Fund	1.7
Baron Durable Advantage Fund	1.3

# Baron WealthBuilder Fund

Thank you for joining us as fellow shareholders in Baron WealthBuilder Fund. We continue to work hard to justify your confidence and trust in our stewardship of your hard-earned savings. We will also remain dedicated to continuing to provide 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 Portfolio Manager



Michael Baron  
Assistant 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 its distributor, Baron Capital, Inc., by calling 1-800-99BARON or visiting [www.BaronFunds.com](http://www.BaronFunds.com). Please read them carefully before investing.*

**Risks:** The Fund is a non-diversified fund because it invests, at any given time, in the securities of a select number of Baron mutual funds (the "Underlying Funds"), representing specific investment strategies. The Fund can invest in funds holding U.S. and international stocks; small-cap, small to mid-cap, large-cap, all-cap stocks; and specialty stocks. Each of the Underlying Funds has its own investment risks, and those risks can affect the value of the Fund's investments and therefore the value of the Fund's shares. To the extent that the Fund invests more of its assets in one Underlying Fund than in another, it will have greater exposure to the risks of that Underlying Fund. For further information regarding the investment risks of the Underlying Funds, please refer to the Underlying Funds' prospectus.

**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. **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. **EPS Growth Rate** (3-5-year forecast) indicates the long-term forecasted EPS growth of the companies in the portfolio, calculated using the weighted average of the available 3-to-5 year forecasted growth rates for each of the stocks in the portfolio provided by FactSet Estimates. The EPS Growth rate does not forecast the Fund's performance. **Price/Earnings Ratio** (trailing 12-months): is a valuation ratio of a company's current share price compared to its actual earnings per share over the last twelve months. If a company's actual EPS is negative, it is excluded from the portfolio level calculation.

**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.

**Upside Capture** explains how well a fund performs in time periods where the benchmark's returns are greater than zero.

**Downside Capture** measures how well a fund performs in time periods where the benchmark's returns are less than zero.

**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).

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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**Ranking information provided is calculated for the Retail Share Class and is as of 12/31/2020.** The number of share classes in each category may vary depending on the date that Baron downloaded information from Morningstar Direct. **Morningstar calculates its 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 account for management, administrative, and 12b-1 fees and other costs automatically deducted from fund assets. The **Morningstar Mid-Cap Growth Category** consisted of 604, 504, and 383 share classes for the 1-, 5-, and 10-year periods. Morningstar ranked *Baron Asset Fund* in the 53<sup>rd</sup>, 27<sup>th</sup>, 20<sup>th</sup> and 22<sup>nd</sup> percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 6/12/1987, and the category consisted of 20 share classes. Morningstar ranked *Baron Growth Fund* in the 54<sup>th</sup>, 28<sup>th</sup>, 34<sup>th</sup>, and 7<sup>th</sup> percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 12/31/1994, and the category consisted of 56 share classes. Morningstar ranked *Baron Partners Fund* in the 1<sup>st</sup>, 1<sup>st</sup>, 1<sup>st</sup>, and 1<sup>st</sup> percentiles for the 1-, 5-, 10-year, and since conversion periods, respectively. The Fund converted into a mutual Fund 4/30/2003, and the category consisted of 227 share classes. Morningstar ranked *Baron Focused Growth Fund* in the 3<sup>rd</sup>, 2<sup>nd</sup>, 5<sup>th</sup>, and 5<sup>th</sup> percentiles for the 1-, 5-, 10-year, and since conversion periods, respectively. The Fund converted into a mutual Fund 6/30/2008, and the category consisted of 326 share classes. The **Morningstar Small Growth Category** consisted of 616, 505, and 381 share classes for the 1-, 5-, and 10-year time periods. Morningstar ranked *Baron Small Cap Fund* in the 38<sup>th</sup>, 33<sup>rd</sup>, 45<sup>th</sup>, and 16<sup>th</sup> percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 9/30/1997, and the category consisted of 94 share classes. Morningstar ranked *Baron Discovery Fund* in the 9<sup>th</sup>, 5<sup>th</sup>, and 3<sup>rd</sup> percentiles for the 1-, 5-year, and since inception periods, respectively. The Fund launched 9/30/2013, and the category consisted of 439 share classes. The **Morningstar Real Estate Category** consisted of 248, 199, and 144 share classes for the 1-, 5-, and 10-year time periods. Morningstar ranked *Baron Real Estate Fund* in the 1<sup>st</sup>, 3<sup>rd</sup>, 1<sup>st</sup>, and 1<sup>st</sup> percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 12/31/2009, and the category consisted of 131 share classes. Morningstar ranked *Baron Real Estate Income Fund* in the 4<sup>th</sup> and 4<sup>th</sup> percentiles for the 1-year and since inception periods, respectively. The Fund launched 12/29/2017, and the category consisted of 225 share classes. The **Morningstar Large Growth Category** consisted of 1,289, 1,070, 789, and 291 share classes for the 1-, 5-, 10-year, and since inception (2/29/2000) periods. Morningstar ranked *Baron Opportunity Fund* in the 2<sup>nd</sup>, 2<sup>nd</sup>, 7<sup>th</sup>, and 4<sup>th</sup> percentiles, respectively. The **Morningstar Foreign Large Growth Category** consisted of 447, 313, 226, and 207 share classes for the 1-, 5-, 10-year, and since inception (12/31/2008) periods. Morningstar ranked *Baron International Growth Fund* in the 21<sup>st</sup>, 18<sup>th</sup>, 26<sup>th</sup>, and 12<sup>th</sup> percentiles, respectively. The **Morningstar Diversified Emerging Markets Category** consisted of 796, 597, and 278 share classes for the 1-, 5-year, and since inception (12/31/2010) periods. Morningstar ranked *Baron Emerging Markets Fund* in the 17<sup>th</sup>, 35<sup>th</sup>, and 3<sup>rd</sup> percentiles, respectively. The **Morningstar World Large Stock Category** consisted of 867, 631, and 438 share classes for the 1-, 5-year, and since inception (4/30/2012) periods. Morningstar ranked *Baron Global Advantage Fund* in the 3<sup>rd</sup>, 1<sup>st</sup>, and 1<sup>st</sup> percentiles, respectively. The **Morningstar Health Category** consisted of 157 and 139 share classes for the 1-year and since inception (4/30/2018) periods. Morningstar ranked *Baron Health Care Fund* in the 13<sup>th</sup> and 7<sup>th</sup> percentiles, respectively. The **Morningstar Allocation – 85%+ Equity Category** consisted of 163 and 154 share classes for the 1-year and since inception (12/29/2017) periods. Morningstar ranked *Baron WealthBuilder Fund* in the 2<sup>nd</sup> and 2<sup>nd</sup> percentiles, respectively.

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## Baron Funds (Institutional Shares) and Benchmark Performance 12/31/2020

Fund	Primary Benchmark	Annualized Return Since Fund Inception	Annualized Benchmark Return Since Fund Inception	Inception Date	Average Annualized Returns				Annual Expense Ratio	Net Assets
					1-Year	3-Year	5-Year	10-Year		
<b>SMALL CAP</b>										
Baron Growth Fund	Russell 2000 Growth Index	14.16%	9.04%	12/31/1994	33.06%	22.08%	19.76%	15.06%	1.04% <sup>(3)</sup>	\$8.66 billion
Baron Small Cap Fund	Russell 2000 Growth Index	11.49%	7.43%	9/30/1997	40.68%	20.78%	19.88%	14.47%	1.05% <sup>(3)</sup>	\$5.08 billion
Baron Discovery Fund <sup>†</sup>	Russell 2000 Growth Index	20.99%	12.86%	9/30/2013	66.13%	28.48%	28.52%	N/A	1.08% <sup>(3)</sup>	\$1.32 billion
<b>SMALL/MID CAP</b>										
Baron Focused Growth Fund <sup>(1)</sup>	Russell 2500 Growth Index	14.68%	9.42%	5/31/1996	122.75%	44.56%	31.03%	18.83%	1.11%/1.10% <sup>(4)</sup>	\$662.73 million
<b>MID CAP</b>										
Baron Asset Fund	Russell Midcap Growth Index	12.47%	11.03% <sup>(2)</sup>	6/12/1987	33.33%	22.58%	19.93%	15.64%	1.05% <sup>(3)</sup>	\$5.91 billion
<b>LARGE CAP</b>										
Baron Fifth Avenue Growth Fund	Russell 1000 Growth Index	11.88%	12.00%	4/30/2004	50.81%	27.09%	23.24%	18.10%	0.78%/0.75% <sup>(3)(6)</sup>	\$712.95 million
Baron Durable Advantage Fund	S&P 500 Index	16.34%	14.18%	12/29/2017	20.32%	16.34%	N/A	N/A	2.40%/0.70% <sup>(3)(7)</sup>	\$17.18 million
<b>ALL CAP</b>										
Baron Partners Fund <sup>(1)</sup>	Russell Midcap Growth Index	16.52%	10.85%	1/31/1992	149.18%	52.68%	37.40%	24.04%	1.96% <sup>(4)(5)</sup>	\$6.88 billion
Baron Opportunity Fund <sup>†</sup>	Russell 3000 Growth Index	10.73%	6.57%	2/29/2000	89.28%	42.34%	31.13%	19.09%	1.08% <sup>(3)</sup>	\$1.41 billion
<b>INTERNATIONAL</b>										
Baron Emerging Markets Fund	MSCI EM Index	7.13%	3.63%	12/31/2010	29.22%	7.78%	12.88%	7.13%	1.09% <sup>(4)</sup>	\$6.75 billion
Baron Global Advantage Fund <sup>†</sup>	MSCI ACWI Index	21.09%	10.29%	4/30/2012	79.46%	35.99%	30.14%	N/A	1.00%/0.90% <sup>(4)(8)</sup>	\$2.41 billion
Baron International Growth Fund	MSCI ACWI ex USA Index	12.71%	8.08%	12/31/2008	30.83%	11.70%	14.17%	8.82%	1.04%/0.95% <sup>(4)(9)</sup>	\$611.90 million
<b>SECTOR</b>										
Baron Real Estate Fund	MSCI USA IMI Extended Real Estate Index	16.70%	11.76%	12/31/2009	44.28%	17.56%	15.97%	15.72%	1.08% <sup>(4)</sup>	\$1.05 billion
Baron Real Estate Income Fund	MSCI US REIT Index	14.11%	2.25%	12/29/2017	22.30%	14.11%	N/A	N/A	5.63%/0.80% <sup>(4)(10)</sup>	\$47.07 million
Baron Health Care Fund	Russell 3000 Health Care Index	27.43%	17.23%	4/30/2018	47.72%	N/A	N/A	N/A	2.39%/0.85% <sup>(4)(11)</sup>	\$70.34 million
Baron FinTech Fund	S&P 500 Index	47.20%	18.40%	12/31/2019	47.20%	N/A	N/A	N/A	1.62%/0.95% <sup>(12)</sup>	\$34.09 million
<b>FUND OF FUNDS</b>										
Baron WealthBuilder Fund	S&P 500 Index	27.67%	14.18%	12/29/2017	62.85%	27.67%	N/A	N/A	1.33%/1.23% <sup>(4)(13)</sup>	\$272.62 million

<sup>(1)</sup> Reflects the actual fees and expenses that were charged when the Funds were partnerships. The predecessor partnerships charged a 20% performance fee (Baron Partners Fund) or a 15% performance fee (Baron Focused Growth Fund) after reaching a certain performance benchmark. If the annual returns for the Funds did not reflect the performance fee for the years the predecessor partnerships charged a performance fee, returns would be higher. The Funds' shareholders are not charged a performance fee.

<sup>(2)</sup> For the period June 30, 1987 to December 31, 2020.

<sup>(3)</sup> As of 9/30/2020.

<sup>(4)</sup> As of 12/31/2019.

<sup>(5)</sup> Comprised of operating expenses of 1.06% and interest expenses of 0.90%.

<sup>(6)</sup> Annual expense ratio was 0.78%, but the net annual expense ratio was 0.75% (net of Adviser's fee waivers).

<sup>(7)</sup> Annual expense ratio was 2.40%, but the net annual expense ratio was 0.70% (net of Adviser's fee waivers).

<sup>(8)</sup> Annual expense ratio was 1.00%, but the net annual expense ratio was 0.90% (net of Adviser's fee waivers).

<sup>(9)</sup> Annual expense ratio was 1.04%, but the net annual expense ratio was 0.95% (net of Adviser's fee waivers).

<sup>(10)</sup> Annual expense ratio was 5.63%, but the net annual expense ratio was 0.80% (net of Adviser's fee waivers).

<sup>(11)</sup> Annual expense ratio was 2.39%, but the net annual expense ratio was 0.85% (net of Adviser's fee waivers).

<sup>(12)</sup> Expense ratios are estimated for the current fiscal year.

<sup>(13)</sup> Annual expense ratio was 1.31%, but the net annual expense ratio was 1.21% (includes acquired fund fees and expenses, net of the Adviser's fee waivers).

\* Not annualized.

<sup>†</sup> The Fund's 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.