

## DEAR BARON WEALTHBUILDER FUND SHAREHOLDER:

## PERFORMANCE

Baron WealthBuilder Fund (the "Fund") had meaningful appreciation over the prior quarter and for the entire calendar year. However, the indexes' and peer group's returns outpaced the Fund's return last year. This relative underperformance is because cyclical and value stocks, which had languished in 2020, staged a significant comeback as the pandemic receded. The Fund's absolute and relative long-term results remain very strong. The Fund's annualized return since inception four years ago was 24.83% (Institutional Shares). The S&P 500 Index (the "Index") annualized return over the same period was 17.65%. The MSCI ACWI Index annualized return was 12.12%. The Morningstar Allocation-85%+ Equity Category's (the "Peer Group") annualized return over this period was 10.86%.

In the fourth quarter, the Fund increased 6.09%. The Index and MSCI ACWI Index gained 11.03% and 6.68%, respectively. The Peer Group average gained 5.14%.

In 2021, the Fund advanced 16.70%. The Index and MSCI ACWI Index gained 28.71% and 18.54%, respectively. The Peer Group gained 17.56%.

Table I.  
Performance

Annualized for periods ended December 31, 2021

	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>	6.02%	6.09%	6.09%	11.03%	6.68%
One Year	16.42%	16.70%	16.70%	28.71%	18.54%
Three Years	37.09%	37.40%	37.40%	26.07%	20.38%
Since Inception (December 29, 2017)	24.56%	24.83%	24.83%	17.65%	12.12%

As of 12/31/2021, the annualized returns of the Morningstar Allocation-85%+ Equity Category Average were 17.56%, 19.75%, and 10.86% for the 1-year, 3-year, and since inception (12/29/2017) periods, respectively. Morningstar calculates the Morningstar Allocation-85%+ Equity Category Average performance using its Fractional Weighting methodology. Total returns account for management, administrative, and 12b-1 fees and other costs automatically deducted from fund assets.

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, 2020 was 1.47%, 1.22%, and 1.22%, respectively, but the net annual expense ratio was 1.36%, 1.11%, and 1.11% (includes acquired fund fees of 1.06%, 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, 2032, 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.

<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. 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.

<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 PORTFOLIO  
MANAGER

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

We believe the recent period of modest underperformance is an anomaly, but also not surprising. The economy and markets experienced an unprecedented level of uncertainty and change since the start of the pandemic approximately two years ago. The Fund performed exceptionally well during this challenging time because the quality growth businesses held in the underlying Baron Funds were able to navigate and expand despite the environment. They often solidified dominant market positions. However, in the most recent quarter, investors grappled with the waning pandemic and its lingering economic consequences. Steadily increasing vaccination rates have led to less severe outcomes from the virus. However, new strains have proven more contagious and high infection rates have stressed industries

# Baron WealthBuilder Fund

already dealing with labor shortages. Supply-chain disruption, high inflation, and rising interest rates have also concerned investors. This backdrop has resulted in a market rotation to perceived safety. Investors exchanged more highly valued, rapid growth businesses for cheaper but slower and steadier companies. Businesses that demonstrated sustained growth have been rewarded, but there has been a continued shift towards low volatility.

This environment negatively impacted the relative return of the Fund compared to the broader benchmark Index. We believe in the long term, faster-growing businesses like those in which Baron invests will again outperform. Such growth companies benefit from the transformation in industries and businesses that has been accelerated by the pandemic. Many of the businesses in which Baron has invested are driving this change.

The rotation from growth companies that the Fund has favored to more cyclical mature businesses is evident when reviewing sector returns. In the quarter, sectors the Fund has typically avoided (and continues to avoid) like Consumer Staples, Energy, Utilities, and Materials, had a weighted average return for the Index of 12.49%. We expect to continue to limit investments in these sectors because of low growth and insufficient competitive advantages. Further, even in sectors Baron has favored like Health Care and Information Technology (IT), the Index's returns in the period were generated from segments like pharmaceuticals and managed health care and semiconductors & semiconductor equipment and technology hardware storage & peripherals in which we were under allocated. We believe these industry segments have greater regulatory oversight, lower growth potential, and are more cyclically skewed than industries Baron finds more attractive.

Although the Fund's return trailed its Index for the quarter, many key underlying Baron Funds had better relative performance than their respective indexes. The four foundational holdings in the portfolio, Baron Growth, Baron Small Cap, Baron Asset, and Baron Partners Funds, have the greatest weight in the Baron WealthBuilder Fund. Collectively, those four funds along with Baron Focused Growth Fund (a complementary offering to Baron Partners Fund) represent 58.0% of the Fund. Each meaningfully exceeded their respective small- and mid-cap growth indexes. However, the rotation towards more stable large businesses resulted in the benchmark indexes of those funds (and most of these underlying funds) trailing the S&P 500 Index. However, the fundamentals at most of those portfolio companies remains strong and were rewarded in the quarter. **Tesla, Inc.**, **FactSet Research Systems, Inc.**, and **Kinsale Capital Group, Inc.** were among those businesses that outperformed.

Tesla deliveries meaningfully exceeded even the most optimistic forecast. Despite supply-chain and labor issues that have plagued this industry, the company delivered over 308,000 vehicles in the period. It was a quarterly record and a 71% increase compared to the prior year. Demand for Tesla's cars is exceptionally strong, and its manufacturing process has become increasingly streamlined. Vertical integration of many components has enabled the company to be nimble and execute while many competitors faltered. Tesla also improved its profitability during a challenging time. Excluding credits, gross margins are approaching 30% while EBITDA margins are now above 20%. Their profitability is approximately three times greater than legacy competitors. We believe planned improvements at existing facilities as well as new manufacturing plants scheduled to open in Germany, Texas, and China should enable the company to improve margins further. Lower-priced vehicles could be introduced, which would make it difficult for competitors to match the company's quality and value proposition.

Financial companies like FactSet and Kinsale also helped performance. A favorable macro environment of increased financial market activity and higher interest rates helped many businesses. FactSet's share price increased more than 23% in the quarter. The company's top-line growth is accelerating. It also acquired new products that it can cross-sell to its loyal customer base. Specialty insurer Kinsale Capital Group reported strong quarterly results. Gross written premiums grew 36% and EPS rose nearly four times, as the underwriting margin expanded to the highest level in the company's history. Market conditions remained favorable with rate increases well above loss cost trends, resulting in higher margins and significant reserves being created. We believe this company is a technological and operating leader in its niche and has a long runway of growth.

Other of the Fund's underlying Baron Funds' investments focus on higher-growth segments than their comparable benchmarks. Large-cap growth Baron Fifth Avenue and all-cap growth Baron Opportunity Funds, our non-U.S. portfolios, and sector funds generally invest in higher-growth segments than their respective indexes. We have sold positions within these underlying Baron Funds that we believe are not as promising as our original thesis indicated. This includes companies like **Zillow Group, Inc.** and **Stitch Fix, Inc.** Zillow declined more than 27% for the period held after the company announced it was shuttering its home-buying business. The real estate information segment remains attractive, but the costly and distracting exit from the capital-intensive home-buying segment caused us to reevaluate and sell that investment. Stitch Fix, an online apparel retailer, lowered its revenue growth outlook. Stitch Fix is pivoting to enable direct retail from its site. These changes were more disruptive than anticipated, causing a drop in consumer engagement and the surprise exit of the newly hired Chief Product Officer. We sold that position due to the change in the business model and loss of key executives.

But many other companies fell despite our retaining conviction. This group includes companies like **Nuvei Corporation** and **Penn National Gaming, Inc.** Nuvei provides payment processing services for online merchants around the world. We continue to like payments businesses that we have identified as well-positioned, well-managed businesses, that have strong market positions and recurring revenue business models. The companies have numerous organic growth opportunities and potential strategic acquisition targets. In our view, many payment stocks are attractively valued.

Shares of Penn National Gaming declined in the quarter, as stocks of online gaming companies fell. Sports betting is being introduced in many jurisdictions. However, investors are now concerned about competition and margins. Participants are heavily marketing. But we believe this investment in customer acquisition will be fruitful. We believe that Penn will command a respectable share because of its digitally engaged client and community presence. Its margins should grow over time. We believe Penn's well performing brick and mortar casino business is approximately worth its present stock price. The sports wagering segment provides meaningful upside for investors.

We encourage you to read the various quarterly letters found in this report for a deeper understanding of the underlying Baron Funds that make up Baron WealthBuilder Fund.

**Table II.**  
**Baron Funds Performance**  
 As of December 31, 2021

Institutional Share Class Data

% of Net Assets of Fund		Fourth Quarter of 2021*	Annualized 12/29/17 to 12/31/21	Primary Benchmark	Fourth Quarter of 2021*	Annualized 12/29/17 to 12/31/21
<b>29.3%</b>	<b>Small Cap</b>					
4.4%	Baron Discovery Fund	(3.13)%	22.13%	Russell 2000 Growth Index	0.01%	12.70%
12.8%	Baron Growth Fund	6.56%	21.60%			
12.1%	Baron Small Cap Fund	4.69%	19.53%			
<b>4.8%</b>	<b>Small/Mid Cap</b>					
4.8%	Baron Focused Growth Fund	10.83%	37.75%	Russell 2500 Growth Index	0.20%	16.01%
<b>12.8%</b>	<b>Mid Cap</b>					
12.8%	Baron Asset Fund	5.04%	20.44%	Russell Midcap Growth Index	2.85%	18.51%
<b>7.5%</b>	<b>Large Cap</b>					
5.8%	Baron Fifth Avenue Growth Fund	0.71%	22.92%	Russell 1000 Growth Index	11.64%	24.12%
1.7%	Baron Durable Advantage Fund	11.06%	19.34% <sup>†</sup>	S&P 500 Index	11.03%	17.50% <sup>†</sup>
<b>21.3%</b>	<b>All Cap</b>					
5.8%	Baron Opportunity Fund	3.16%	34.15%	Russell 3000 Growth Index	10.89%	23.33%
15.5%	Baron Partners Fund	19.54%	47.15%	Russell Midcap Growth Index	2.85%	18.51%
<b>12.9%</b>	<b>International</b>					
4.1%	Baron Emerging Markets Fund	(4.06)%	4.14%	MSCI EM Index	(1.31)%	3.92%
6.3%	Baron Global Advantage Fund	(3.41)%	24.94% <sup>†</sup>	MSCI ACWI Index	6.68%	11.38% <sup>†</sup>
2.5%	Baron International Growth Fund	(0.02)%	11.24%	MSCI ACWI ex USA Index	1.82%	5.61%
<b>11.4%</b>	<b>Sector</b>					
5.0%	Baron Real Estate Fund	8.79%	19.22%	MSCI USA IMI Extended Real Estate Index	13.64%	13.41%
1.5%	Baron Real Estate Income Fund	12.91%	15.94%* <sup>†</sup>	MSCI US REIT Index	16.02%	23.09%* <sup>†</sup>
2.7%	Baron Health Care Fund	2.05%	25.33% <sup>†</sup>	Russell 3000 Health Care Index	7.17%	15.83% <sup>†</sup>
2.2%	Baron FinTech Fund	(2.53)%	32.78% <sup>†</sup>	S&P 500 Index	11.03%	31.20% <sup>†</sup>

The 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.

\* 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; Baron FinTech Fund – 2/27/2020 and Baron Real Estate Income Fund – 5/17/2021. The indexes are unmanaged. The index performance is not Fund performance; one cannot invest directly into an index.

# Baron WealthBuilder Fund

## FUND OF FUNDS STRUCTURE AND INVESTMENT STRATEGY

**Table IV.**  
Performance based characteristics for the 3-year period ended  
December 31, 2021

	Baron WealthBuilder Fund	S&P 500 Index	Morningstar Allocation 85%+ Equity Category
Alpha (%) – Annualized	5.10	0.00	-5.36
Beta	1.20	1.00	0.97
Sharpe Ratio	1.58	1.44	1.01
Standard Deviation (%) – Annualized	23.04	17.41	17.29
Upside Capture (%)	121.39	100.00	85.18
Downside Capture (%)	94.61	100.00	105.01

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 indexes are unmanaged. Index performance is not Fund performance; one cannot invest directly into an index.

Combining our top-performing Baron Funds into a single portfolio has produced category-leading returns with attractive performance characteristics. Compared to the Index, the Fund's three-year alpha is 5.10%, yet its beta is only 1.20. Its Sharpe ratio, a measure of return per level of risk, is 1.58 compared to the that of the Index at 1.44. We believe its upside capture of 121.39% is even more impressive when viewed alongside its downside capture of only 94.61%.

Baron WealthBuilder Fund closely mimics the way we incrementally invest across our various funds and strategies. The Fund allows investors to diversify across Baron Funds, gain exposure to various market caps, sectors, and geographies in a single product and benefit from our rebalancing 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. These businesses are led by executives who we think are smart and honorable.

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 12/31/2021, 16 of 17 Baron Funds, representing 98.3% of Baron Funds' assets under management ("AUM"), have outperformed their respective passive benchmarks since their inceptions. In addition, 14 of those funds, representing 98.0% of Baron Funds' AUM, rank in the top 18% of their respective Morningstar categories; and 11 funds, representing 73.0% of AUM, rank in the top 8%.

This strong relative performance has continued. Since their inclusion in Baron WealthBuilder Fund, all but two underlying Baron Funds have exceeded their respective benchmark indexes. One outlier, Baron Real Estate Income Fund, was only added to the Fund in the second quarter of 2021 because of investment opportunities in the segment. 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 managed by long tenured and successful Baron portfolio managers in a single fund. We are pleased with the composition and results.

The makeup of the underlying investments is very different from 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 mitigate risk while providing strong absolute returns. While holding nearly the same number of securities as its primary benchmark (507 in the underlying funds vs. 502 in the Index), the similarities end there. The holdings in the underlying funds have a lower dividend yield on average (0.4% vs. 1.3% for the 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 24.5% for the Fund's underlying holdings vs. 18.0% for the Index (or 650 basis points higher). We think that many of our investments could exceed external projections. Many of these businesses have depressed margins as they sacrifice current profitability for more sustainable and higher long-term growth. We believe higher and prolonged growth should reward long-term investors.

The Fund also favors higher-growth sectors and companies with unique attributes and competitive advantages. Consumer Discretionary, IT, and Health Care are the top three sectors by weight in the Fund. These sectors also possess some of the highest growth rates in the economy. The portfolio is also distinct in its sub-industry weightings. The Index has a higher share of companies in sub-industries that we believe have lower growth prospects and fewer defensible advantages. The Index has a greater weight in technology hardware storage & peripherals, semiconductors & semiconductor equipment, and banks. The Fund favors higher-growth and competitively advantaged sub-industries like (electronic and autonomous) automobiles, IT services, and professional services. We believe companies in these sub-industries have greater growth potential and advantages that can be maintained over the long term.

Finally, the Fund has exposure to non-U.S. companies while the Index's constituents are solely domestic. We believe geographic diversity provides benefits, such as lower volatility over time. The Fund is also differentiated from the global coverage of the MSCI ACWI Index. The U.S. is 61.2% of the MSCI ACWI Index compared to 84.3% for the Fund. The non-U.S. exposure for the MSCI ACWI Index is heavily skewed towards slower growth developed countries, whereas the Fund seeks faster growth in emerging economies. Of WealthBuilder Fund's non-U.S. exposure, 39.7% was in emerging and other countries. These countries represented 29.2% of the MSCI ACWI Index's non-U.S. investments. The MSCI ACWI Index had larger exposure to lower growth economies like Japan and France. Of its non-U.S. investments, Japan and France represented 14.3% and 7.4%, respectively, of the MSCI ACWI Index while they represented only 1.8% and 1.3% for the Fund, respectively. Instead, the Fund favors emerging and fast-growing economies like China and India. Of its non-U.S. investments, China and India represented 13.2% and 9.8%, respectively, of the Fund while they represented 9.4% and 3.6% for the MSCI ACWI Index, respectively.

We believe the portfolio allocation of the underlying Baron Funds, their exposure to various industries, and their geographic diversification should continue to produce good returns over the long term.

**Table V.**  
Sector exposures as of December 31, 2021

	Percent of Net Assets	S&P 500 Index	MSCI ACWI Index
Consumer Discretionary	24.6%	12.5%	12.4%
Information Technology	23.4	29.2	23.6
Health Care	14.3	13.3	11.7
Financials	11.7	10.7	13.9
Industrials	11.2	7.8	9.6
Communication Services	6.4	10.2	8.6
Real Estate	5.3	2.8	2.7
Materials	1.2	2.6	4.7
Consumer Staples	0.8	5.9	6.8
Energy	0.2	2.7	3.4
Unclassified	0.1	—	—
Utilities	0.1	2.5	2.7

**Table VI.**  
Country exposures as of December 31, 2021

	Percent of Net Assets	S&P 500 Index	MSCI ACWI Index
United States	84.3%	100.0%	61.2%
United Kingdom	2.5	—	3.6
China	2.0	—	3.6
Canada	1.6	—	2.9
Netherlands	1.5	—	1.2
India	1.5	—	1.4
Israel	0.9	—	0.2
Sweden	0.7	—	1.0
Ireland	0.6	—	0.2
Argentina	0.4	—	0.1
Other	3.3	—	24.6

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 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. **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

**Table VII.**  
Fund of fund holdings as of December 31, 2021

	Percent of Net Assets
Baron Partners Fund	15.5%
Baron Growth Fund	12.8
Baron Asset Fund	12.8
Baron Small Cap Fund	12.1
Baron Global Advantage Fund	6.3
Baron Opportunity Fund	5.8
Baron Fifth Avenue Growth Fund	5.8
Baron Real Estate Fund	5.0
Baron Focused Growth Fund	4.8
Baron Discovery Fund	4.4
Baron Emerging Markets Fund	4.1
Baron Health Care Fund	2.7
Baron International Growth Fund	2.5
Baron FinTech Fund	2.2
Baron Durable Advantage Fund	1.7
Baron Real Estate Income Fund	1.5

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 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 Portfolio Manager



Michael Baron  
Co-Portfolio Manager

# Baron WealthBuilder Fund

recommendations or investment advice to any person reading this report and are subject to change at any time based on market and other conditions and Baron has no obligation to update them. This report does not constitute an offer to sell or a solicitation of any offer to buy securities of Baron WealthBuilder Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

Ranking information provided is calculated for the Retail Share Class and is as of 12/31/2021. 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 Large Growth Category** consisted of 1,237, 1,012, and 768 share classes for the 1-, 5-, and 10-year periods. Morningstar ranked *Baron Opportunity Fund* in the 87<sup>th</sup>, 2<sup>nd</sup>, 6<sup>th</sup>, and 3<sup>rd</sup> percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 2/29/2000, and the category consisted of 261 share classes. Morningstar ranked *Baron Partners Fund* in the 5<sup>th</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 413 share classes. The **Morningstar Mid-Cap Growth Category** consisted of 588, 491, and 380 share classes for the 1-, 5-, and 10-year periods. Morningstar ranked *Baron Asset Fund* in the 47<sup>th</sup>, 27<sup>th</sup>, 17<sup>th</sup> and 18<sup>th</sup> percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 6/12/1987, and the category consisted of 18 share classes. Morningstar ranked *Baron Growth Fund* in the 21<sup>st</sup>, 20<sup>th</sup>, 28<sup>th</sup>, and 5<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 53 share classes. Morningstar ranked *Baron Focused Growth Fund* in the 26<sup>th</sup>, 2<sup>nd</sup>, 2<sup>nd</sup>, and 3<sup>rd</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 310 share classes. The **Morningstar Small Growth Category** consisted of 615, 513, and 385 share classes for the 1-, 5-, and 10-year time periods. Morningstar ranked *Baron Small Cap Fund* in the 33<sup>rd</sup>, 31<sup>st</sup>, 36<sup>th</sup>, and 11<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 90 share classes. Morningstar ranked *Baron Discovery Fund* in the 73<sup>rd</sup>, 10<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 432 share classes. The **Morningstar Real Estate Category** consisted of 253, 200, and 149 share classes for the 1-, 5-, and 10-year time periods. Morningstar ranked *Baron Real Estate Fund* in the 89<sup>th</sup>, 1<sup>st</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 127 share classes. Morningstar ranked *Baron Real Estate Income Fund* in the 86<sup>th</sup> and 3<sup>rd</sup> percentiles for the 1-year and since inception periods, respectively. The Fund launched 12/29/2017, and the category consisted of 253 share classes. The **Morningstar Foreign Large Growth Category** consisted of 450, 332, 221, and 197 share classes for the 1-, 5-, 10-year, and since inception (12/31/2008) periods. Morningstar ranked *Baron International Growth Fund* in the 46<sup>th</sup>, 23<sup>rd</sup>, 20<sup>th</sup>, and 11<sup>th</sup> percentiles, respectively. The **Morningstar Diversified Emerging Markets Category** consisted of 791, 615, 342, and 277 share classes for the 1-, 5-, 10-year, and since inception (12/31/2010) periods. Morningstar ranked *Baron Emerging Markets Fund* in the 84<sup>th</sup>, 34<sup>th</sup>, 11<sup>th</sup>, and 8<sup>th</sup> percentiles, respectively. The **Morningstar World Large-Stock Growth Category** consisted of 355, 261, and 172 share classes for the 1-, 5-year, and since inception (4/30/2012) periods. Morningstar ranked *Baron Global Advantage Fund* in the 91<sup>st</sup>, 2<sup>nd</sup>, and 2<sup>nd</sup> percentiles, respectively. The **Morningstar Health Category** consisted of 166 and 138 share classes for the 1-year and since inception (4/30/2018) periods. Morningstar ranked *Baron Health Care Fund* in the 28<sup>th</sup> and 4<sup>th</sup> percentiles, respectively. The **Morningstar Allocation—85%+ Equity Category** consisted of 189 and 171 share classes for the 1-year and since inception (12/29/2017) periods. Morningstar ranked *Baron WealthBuilder Fund* in the 76<sup>th</sup> and 2<sup>nd</sup> percentiles, respectively.

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## Baron Funds (Institutional Shares) and Benchmark Performance 12/31/2021

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	14.38%	8.81%	12/31/1994	20.15%	30.96%	22.73%	17.01%	1.03% <sup>(3)</sup>	\$9.66 billion
Baron Small Cap Fund	Russell 2000 Growth Index	11.66%	7.24%	9/30/1997	15.84%	30.01%	21.07%	16.33%	1.03% <sup>(3)</sup>	\$5.49 billion
Baron Discovery Fund†	Russell 2000 Growth Index	18.91%	11.59%	9/30/2013	4.89%	30.26%	24.75%	N/A	1.05% <sup>(3)</sup>	\$1.94 billion
<b>SMALL/MID CAP</b>										
Baron Focused Growth Fund <sup>(1)</sup>	Russell 2500 Growth Index	14.85%	9.25%	5/31/1996	19.16%	51.24%	35.44%	21.07%	1.07% <sup>(4)</sup>	\$838.19 million
<b>MID CAP</b>										
Baron Asset Fund	Russell Midcap Growth Index	12.52%	11.08% <sup>(2)</sup>	6/12/1987	14.22%	28.08%	21.62%	17.51%	1.03% <sup>(3)</sup>	\$6.35 billion
<b>LARGE CAP</b>										
Baron Fifth Avenue Growth Fund†	Russell 1000 Growth Index	11.84%	12.83%	4/30/2004	11.22%	31.07%	26.34%	19.64%	0.75%/0.75% <sup>(3)(6)</sup>	\$844.99 million
Baron Durable Advantage Fund	S&P 500 Index	20.11%	17.65%	12/29/2017	32.16%	30.93%	N/A	N/A	1.48%/0.70% <sup>(3)(7)</sup>	\$59.29 million
<b>ALL CAP</b>										
Baron Partners Fund <sup>(1)</sup>	Russell Midcap Growth Index	17.00%	10.91%	1/31/1992	31.73%	68.36%	43.97%	28.23%	1.30% <sup>(4)(5)</sup>	\$8.66 billion
Baron Opportunity Fund†	Russell 3000 Growth Index	10.80%	7.38%	2/29/2000	12.29%	44.04%	35.47%	21.22%	1.05% <sup>(3)</sup>	\$1.66 billion
<b>INTERNATIONAL</b>										
Baron Emerging Markets Fund	MSCI EM Index	5.86%	3.05%	12/31/2010	-6.07%	12.99%	10.58%	8.46%	1.09% <sup>(4)</sup>	\$8.89 billion
Baron Global Advantage Fund†	MSCI ACWI Index	18.82%	11.12%	4/30/2012	0.90%	38.10%	30.62%	N/A	0.92%/0.90% <sup>(4)(8)</sup>	\$2.61 billion
Baron International Growth Fund†	MSCI ACWI ex USA Index	12.49%	8.06%	12/31/2008	9.88%	22.98%	16.03%	11.80%	1.01%/0.95% <sup>(4)(9)</sup>	\$757.67 million
Baron New Asia Fund	MSCI AC Asia Ex-Japan Index	1.70%*	-3.19%*	7/30/2021	N/A	N/A	N/A	N/A	2.07%/1.20% <sup>(10)</sup>	\$4.49 million
<b>SECTOR</b>										
Baron Real Estate Fund	MSCI USA IMI Extended Real Estate Index	17.32%	13.64%	12/31/2009	24.36%	37.36%	21.57%	18.18%	1.08% <sup>(4)</sup>	\$2.04 billion
Baron Real Estate Income Fund	MSCI US REIT Index	17.79%	10.94%	12/29/2017	29.58%	29.34%	N/A	N/A	3.45%/0.80% <sup>(4)(11)</sup>	\$132.48 million
Baron Health Care Fund	Russell 3000 Health Care Index	24.12%	17.60%	4/30/2018	15.72%	32.34%	N/A	N/A	1.45%/0.85% <sup>(4)(12)</sup>	\$255.22 million
Baron FinTech Fund†	S&P 500 Index	30.31%	23.44%	12/31/2019	15.35%	N/A	N/A	N/A	2.43%/0.95% <sup>(4)(13)</sup>	\$78.31 million
<b>EQUITY ALLOCATION</b>										
Baron WealthBuilder Fund	S&P 500 Index	24.83%	17.65%	12/29/2017	16.70%	37.40%	N/A	N/A	1.22%/1.11% <sup>(4)(14)</sup>	\$576.84 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, 2021.

<sup>(3)</sup> As of 9/30/2021.

<sup>(4)</sup> As of 12/31/2020.

<sup>(5)</sup> Comprised of operating expenses of 1.05% and interest expenses of 0.25%.

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

<sup>(7)</sup> Annual expense ratio was 1.48%, but the net annual expense ratio was 0.70% (net of Adviser's fee waivers).

<sup>(8)</sup> Annual expense ratio was 0.92%, but the net annual expense ratio was 0.90% (net of Adviser's fee waivers).

<sup>(9)</sup> Annual expense ratio was 1.01%, but the net annual expense ratio was 0.95% (net of Adviser's fee waivers).

<sup>(10)</sup> Expense ratios are estimated for the current fiscal year.

<sup>(11)</sup> Annual expense ratio was 3.45%, but the net annual expense ratio was 0.80% (net of Adviser's fee waivers).

<sup>(12)</sup> Annual expense ratio was 1.45%, but the net annual expense ratio was 0.85% (net of Adviser's fee waivers).

<sup>(13)</sup> Annual expense ratio was 2.43%, but the net annual expense ratio was 0.95% (net of Adviser's fee waivers).

<sup>(14)</sup> Annual expense ratio was 1.22%, but the net annual expense ratio was 1.11% (includes acquired fund fees and expenses, net of the Adviser's fee waivers).

\* Not annualized.

† The Fund's historical performance was impacted by gains from IPOs. There is no guarantee that these results can be repeated or that the Fund's level of participation in IPOs will be the same in the future.