Idea Generation

LINDA MARTINSON
CHAIRMAN, PRESIDENT AND COO

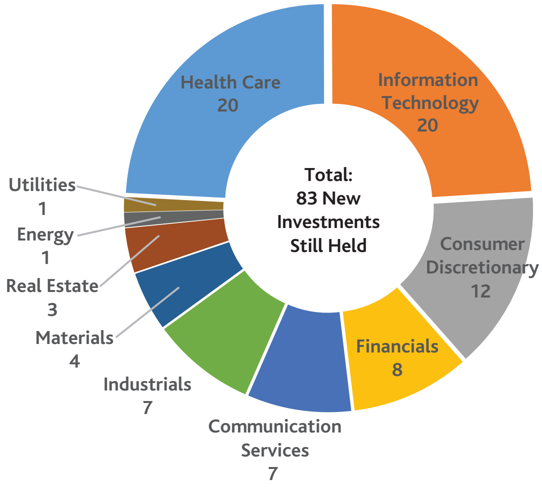
The New England Patriots had a perfect 2007 season, winning every game they played. They went into the Super Bowl as 12-point favorites, and everyone expected they would win. Instead, what followed was one of the most memorable Super Bowl games in history, as the New York Giants, a wild card team, put on an exceptional performance in the fourth quarter to win the game 17-14 thanks, in large part, to a now-classic helmet catch by receiver David Tyree.

Similar to the extraordinary performance of the Giants at that Super Bowl, the recent economic/business/political environment has been anything but ordinary. The U.S. yield curve remains inverted, the odds of recession in the U.S. keep rising, Germany is on the brink of recession, the U.S.-China trade war continues, consumer confidence and manufacturing data around the world are downbeat, and global profits are contracting. And then there is Brexit, Trump's impeachment inquiry, Argentine debt default fears, Ford's debt downgrade to junk, and a disappointing IPO market, among others. At the same time, the U.S. stock market remains near all-time highs.

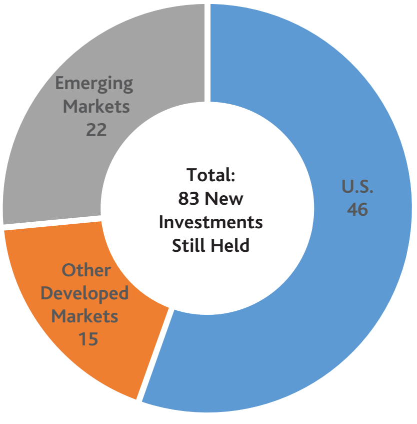
All of these issues may be overwhelming to some investors, leaving them wondering what the best investment strategy is. Not us. While we recognize the temporary weakness in certain areas, we are optimistic about the future and continue to believe that investing in growth businesses with strong competitive advantages and exceptional managements is the best choice for the long term. Our caution may be raised, particularly with respect to valuations, but we are not short of investment ideas.

Since the beginning of 2019, we have invested in and continue to hold 83 new stocks. 25 of these investments were made in the last quarter. This year's new investments (so far) have been across almost every sector and various geographies, as the charts below show. They represent about one-sixth of all companies Baron was invested in as of 9/30/2019. (Note: sector and country allocations are subject to change.)

Baron Capital – Number of New Investments by GICS Sector
12/31/2018 – 9/30/2019



Baron Capital – Number of New Investments by Geography
12/31/2018 – 9/30/2019



Source: Baron Capital.
Note: New investments include investments in our non-mutual fund products.

IDEA SOURCES

We are often asked about our idea generation process and where our ideas come from. Our investment ideas come from many sources. Before discussing the sources we do use, it is important to point out two popular industry sources that we do *not* use: indexes and quantitative screens.

1. In-house research The single most important source of ideas for us is our in-house research staff. At Baron, we currently have 36 analysts in our research department, some of whom are also portfolio managers. Analyst coverage is divided up by industry, with most analysts covering several industries, and the largest industries have multiple analysts covering different sub-industries. Over years of research, they develop industry expertise, and they become deeply knowledgeable about the companies in their industries, including many of the competitor companies in which we do not invest. Our veteran analysts have a level of expertise and track record that we think is unparalleled in the industry. The ideas arise because of the deep knowledge of industries that our research team has developed.

Potential ideas are fed by portfolio managers to analysts, and analysts feed ideas to portfolio managers. There is a constant give and take between portfolio managers and analysts, and our more junior analysts learn and develop from that process.

Our research team holds regular discussions where ideas are tested and vetted collaboratively. Ideas are also communicated via our in-house proprietary research database, BRAInS, where ideas, research, and analysis are posted, stored, and updated regularly.

2. Existing investments We often find new ideas from existing investments. If we find a business model that we particularly like, we will look for other investment opportunities with comparable business models, although the end markets may be different. For example, our investment in FactSet Research Systems, Inc., which provides subscription-based financial information to the global investment community, led us to other information services businesses including Gartner, Inc., the leading independent provider of research and analysis on the information technology industry; and Verisk Analytics, Inc., which provides information that enables risk-bearing businesses in the health care, insurance, and mortgage industries to better understand and manage their risks.

Our investment in TAL Education Group, a leading K-12 after school tutoring provider in China, also led us to a great investment idea – New Oriental Education & Technology Group Inc. Due to our investment in TAL, we became familiar with the rapidly expanding education industry in China. We identified New Oriental as a strong competitor, and, when the stock sold off in late 2018, we saw an attractive investment opportunity, given the strong company fundamentals and management.

Company executives are also a source of investment ideas. When we find managers we think are exceptional, we often follow them if they move to other companies. We ask management teams with whom we have invested about their opinions of other companies. We ask which companies they think are their best vendors, suppliers, or distributors. We ask them who their competitors are, who they admire, who they fear.

Our investment in Acxiom Corp., which in 2018 became LiveRamp Holdings, Inc., a technology company that provides enterprise customer management platform solutions, helped us to discover and gain conviction in The Trade Desk, an online advertising marketplace company. Both companies had been partnering successfully, and their CEOs worked together at another company in the past. When we asked LiveRamp's CEO what he thinks about Trade Desk, he gave a strong recommendation.

We believe that when we work on an investment, given the depth of the work that we do, we develop an expertise in that company's industry. This allows us to identify other investment ideas later on.

3. Capital markets Historically, the capital markets have been a consistent source of investment ideas for us. For our Funds with at least three years of history, 19% of new ideas were sourced from initial public offerings (IPOs) over the past 10 years. We invest in IPOs the way we would invest in any other stock: for the long term. We are not in the business, as many others are, of buying hot IPOs and then selling them the same day.

Our long-term investment approach, the depth and breadth of our research, and our strong reputation make us desirable investors for a company going public. Investment bankers know us as long-term investors, and they are quick to bring management teams to our offices to meet with us. At meetings, we focus our questions on how managers run their business rather than what the business will do next quarter. Companies view us as owners of their business rather than renters of their stock. As a result, we are able to get many one-on-one meetings with the management teams of companies going public or issuing stock, and the executives take our follow-up calls. This enables us to make an assessment about the growth opportunity of the company.

By the time of the IPO, we have already done a considerable amount of research on a stock to give us the confidence we need to invest. We may take a small position in a company and continue to do more extensive research. If we like what we see, as we build conviction, we add to the position. Our returns from an IPO investment are generally driven by the subsequent purchases we make rather than by the minimal initial position. If, after further research, we don't like what we see, we will sell the stock.

The table that follows shows the percentage of each Fund's purchases over the past 10 calendar years that were sourced from IPOs. It also shows that generally the subsequent purchases were significantly larger. For example, in the case of Baron Discovery Fund, 24% of the Fund's purchases since its inception in 2013 were sourced from the capital markets, although only 8% of total purchases were on the IPO date.

Examples of stocks we have purchased in this fashion include long-term holdings Vail Resorts, Inc. (1997), Arch Capital Group Ltd, (2002), Verisk Analytics, Inc. (2009), Bright Horizons Family Solutions, Inc. (2013) and Alibaba Group Holding Limited (2014). The average holding period for our investments sourced from IPOs over the past 10 years is almost 3.0 years[1]. This average holding period includes stocks that rose sharply after going public, and were subsequently sold, either because they quickly reached our valuation target or because the stock price reached a level at which we were not able to establish a meaningful position. If we excluded these stocks, the average holding period would be longer.

[1] Average holding period represents the weighted-purchase average of the holding periods for all IPO-generated ideas in the Baron Funds with at least three years of performance history.

IPOs Represent an Important Source of Ideas
For the 10 Calendar Years Ended December 31, 2018*

	# of Ideas from IPOs	Purchases Sourced from IPO's as % of Total Purchases		
		On IPO Date	Subsequent[1]	Total
Small Cap Funds				
Baron Discovery Fund	70	8%	17%	**24%**
Baron Growth Fund	53	5%	25%	**31%**
Baron Small Cap Fund	96	11%	16%	**28%**
Small - Mid Cap Focused Funds				
Baron Focused Growth Fund	21	5%	17%	**22%**
Mid Cap Funds				
Baron Asset Fund	41	7%	9%	**16%**
Large Cap Funds				
Baron Fifth Avenue Growth Fund	33	4%	9%	**13%**
All Cap Funds				
Baron Opportunity Fund	95	8%	7%	**15%**
Baron Partners Fund	17	3%	12%	**15%**
International Funds				
Baron Emerging Markets Fund	21	1%	7%	**8%**
Baron Global Advantage Fund	73	9%	12%	**21%**
Baron International Growth Fund	41	5%	6%	**10%**
Sector Funds				
Baron Real Estate Fund	38	4%	8%	**12%**
Total		6%	13%	**19%**

Source: Baron Capital.

* *The table above is based on 10 years of calendar-year data or data since the inception of the Funds with less than 10 years of track record. Only Funds with at least three years of track record are included.*

[1] *Subsequent purchases include purchases of same securities originally purchased on IPO Date, and purchases of IPO stocks within three months of the IPO if the Fund did not originally participate on the IPO date.*

We have been taking advantage of the IPO market over the past decade. This year there have been approximately 189 U.S. company IPOs, and we met with 69 of those companies. In total, including IPOs of international stocks, we attended 189 IPO-related meetings, including road shows, meetings in our offices, "test the waters" meetings, lunches, calls and webinars. After performing research on the companies, we identified only 23 investment-worthy IPOs in 2019. We still hold most of the stocks we bought at IPO this year.

We frequently meet with companies that are thinking about going public and want to "test the waters" before plunging in. For companies, these meetings are an opportunity to get investor feedback; for us, they are helpful to stay current on or learn about new ideas coming to market and meet new management teams. Establishing such relationships early on gives us more time to understand the business and may also help us get better allocations at subsequent IPOs or lead us to other investment ideas.

4. Industry specific events We also find ideas by attending industry events and through our ongoing contacts with specialists in various industries. This year, our analysts and portfolio managers attended 320 industry-specific conferences, trade shows, and conventions, and more than 200 industry-related sell-side analyst's meetings. At these events, we learn about industry trends and new product launches, hear company presentations, and speak with industry experts. Because of our reputation, our analysts are able to get one-on-one meetings with company executives at conferences. At trade shows and industry-specific events, our analysts have the opportunity to speak with suppliers, vendors, clients, and distributors. Such events are organized for industry participants and not by Wall Street firms, which means that few investment analysts attend. However, they can provide industry and company insights that financial statements and earnings calls usually don't.

For example, a few years ago we attended a user-specific tech conference where we first became acquainted with ServiceNow, Inc. The company provides enterprise cloud computing solutions for businesses worldwide, an area that has been of particular interest for us. At the conference, we learned about recent industry developments and initiatives, and ServiceNow caught our attention. When we returned to New York, we did additional research, and subsequently met with management before we were finally convinced that this business has the characteristics and potential to become a successful investment over time.

5. Professional contacts Over many years of researching the companies in which we invest, we have developed extensive relationships with other investment professionals, both from the buy-side and from the sell-side. Our connections are extensive because of our expertise, reputation, and 37-year history of investing. Some of our portfolio managers regularly meet with other money managers to exchange ideas. After hearing about a company more than once, we tend to pay attention and take a deeper look at its fundamentals. Wall Street sell-side firms arrange meetings for us, including non-deal road show meetings, with company executives. We value these meetings, as they provide an important source of information and access that we use to generate ideas.

6. Reading Our analysts and portfolio managers spend a significant amount of time reading industry-specific publications, sell-side research reports, trade magazines, newspapers and other online news sources, as well as our internally generated research. To be able to identify a potential investment opportunity requires that we are knowledgeable about an industry and about the broad economic environment in which that industry operates. Reading educates us about regulatory changes, political implications, and economic trends, and it allows us to identify areas of potential interest. Reading is particularly important for our portfolio managers and analysts who work on our international Funds. It helps us pinpoint growth opportunities across regions, industries and countries. We also have an in-house reading exchange network where we post selected articles of interest that are shared internally.

7. Additional sources An investor at heart always keeps looking for ideas, and they may come from anywhere. It is hard to provide an exhaustive list of all sources, but some additional places we have found ideas include: (i) our own Funds – for example, a mid-cap portfolio manager investing in an idea that has graduated from one of our small-cap Funds or that is in one of our specialty Funds; (ii) special purpose acquisition companies (SPACs), which are publicly traded companies that raise capital with the objective to acquire an existing business – these investments are special situations for Baron Small Cap Fund, and the manager would typically invest in these vehicles only if the acquisition target is known in advance; (iii) competitor funds – we have high regard for other successful long-term investment managers and we pay attention to what they do; periodically analyzing their portfolios may lead us to places where we find new ideas.

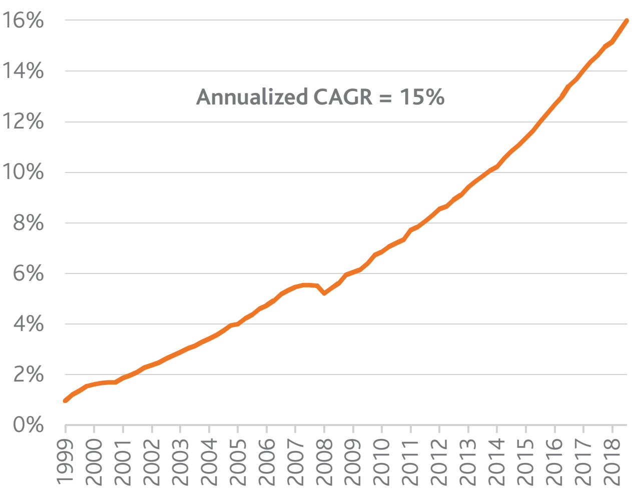
FINDING GROWTH IDEAS

Our portfolio managers look for a company's opportunity for growth. Some of them start with a more thematic approach to identifying opportunities, then focus on finding companies that fit our investment criteria. Other Baron portfolio managers look at the company first and use the trend as a consideration when weighing the opportunity.

On a broader, more thematic level, some of the opportunities we look for are companies that we believe are solving problems, companies whose products or services may benefit from a secular trend, companies that may benefit from regulatory changes, companies that are creating value, or companies that may benefit from economic or political developments. Our analysts and portfolio managers find investment opportunities by analyzing demographic, political, technological, regulatory, and other societal trends. This is particularly important to our emerging markets and international strategies, as it helps the portfolio manager narrow down the vast universe of companies.

The rise of the internet has sparked multiple secular trends that have disrupted virtually every industry. One prominent example is retail trade, where there has been a gradual shift from traditional brick-and-mortar stores to online shopping. In the U.S., the market share of e-commerce has been growing at 15% per year over the past two decades (a double every five years), as the chart below shows.

E-Commerce as % of Retail Sales, U.S.



Source: U.S. Census Bureau via the Federal Reserve Bank of St. Louis.

Note: E-commerce % share was calculated by dividing e-commerce sales by total retail sales ex. food services, motor vehicle and parts dealers, gasoline stations, and fuel dealers. All figures are seasonally adjusted.

E-commerce currently represents only 16% of all retail sales in the U.S. and even less in many other countries. The wider and cheaper availability of internet access and mobile devices have been a tailwind for e-commerce worldwide, but there are many other advantages for e-commerce over traditional retail: no geographical limitations; lower costs, inventory, and capital needs; broader product variety; targeted communication and marketing through online generated data; and it saves time for customers. We believe that the secular shift to online retail will continue at a strong pace and will become the dominant way people shop globally.

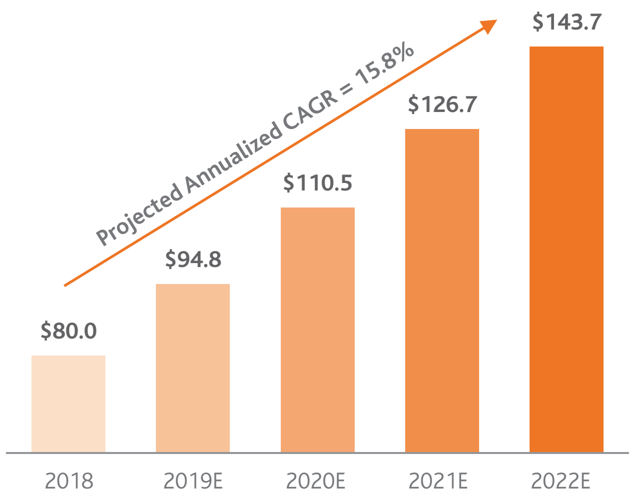
Over the last decade, no company has changed the landscape of retail more than Amazon.com, Inc. The retail behemoth has revolutionized the way consumers shop for everything from sneakers to groceries, and is now the poster child for the meteoric rise of e-commerce. Our interest in this trend has generated several other ideas in which we have invested. These include well-known names like Alibaba Group Holding Limited, Booking Holdings, Inc., and Expedia Group, Inc., and less familiar names like Wix.com, Ltd. and Pinduoduo Inc., among others.

The major advances of internet, communication, shift of datacenters to the cloud, and computer hardware technologies have led to a generational change in computing that allows software to do more for less cost than in the past. This trend, combined with growing need for digitalization of companies' activities created a real digital revolution, increasing the demand for cloud-based services that allows companies to increase their efficiencies, be more agile and more competitive. We have been keeping close attention to this secular change, particularly with respect to cloud-based services like Software-as-a-Service (SaaS).

In simplest terms, SaaS allows users to access data and applications from almost any location with any device that has an internet connection. The main difference and advantage compared to on-premise software is that SaaS does not require the user to make extensive hardware investments and systems maintenance. Instead, the service provider hosts the hardware and software on its own infrastructure, allowing businesses to outsource many IT responsibilities for a monthly/annual fee. This operating model also allows for faster and more frequent product updates, as well as easy delivery of new products.

According to Gartner, a leading research provider, global SaaS revenues are expected to grow nearly 16% per year for the next few years (see chart below).

SaaS Revenue Forecast
in USD billions

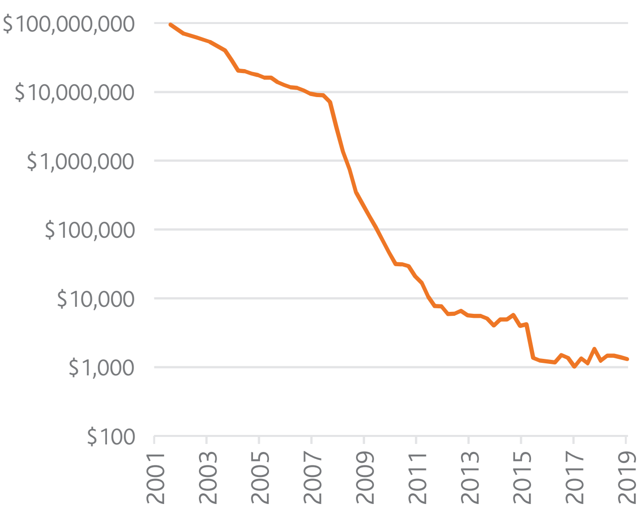


Source: Gartner, Inc. (press release from 4/2/2019)

SaaS and other software platforms are becoming a critical part of the end users' day-to-day workflow, creating a sticky business model with high levels of recurring revenue and meaningful visibility. We believe we are still in the early days of this massive secular shift, and it has helped us find many long-term investment ideas. With subscription business model and strong margins profile, we believe SaaS can offer significant value to customers and also to investors that are able to identify the value encapsulated in these healthy growth businesses. Some of our investments in the space include ServiceNow, Inc., Veeva Systems Inc., salesforce.com, inc., Splunk, Inc., and Guidewire Software, Inc.

The advancement of genomics has been another trend on which we have been highly focused. Genomics is the study of all of a person's genes (the genome), including interactions of those genes with each other and with the person's environment. A better understanding of the genome could help researchers and doctors find cures for illnesses/genetic diseases that have not been curable before. As gene sequencing has rapidly become cheaper in recent years (see the chart below), more genomes have been sequenced, resulting in development of sequencing-based diagnostic tests for cancer and genetic diseases as well as development of genetic medicines and therapies.

Cost to Sequence a Genome
in USD



Source: National Human Genome Research Institute

While gene sequencing is still in its early days, it has already made a major impact on cancer care and diagnostics. In the future, genomics is also expected to increasingly help with curing diseases like Alzheimer's, Parkinson's, diabetes, and many others.

One of the companies we invest in, Illumina, Inc., has helped drive much of the progress in DNA sequencing technology and has been the leader in the space. We have several investments in companies that use Illumina's technology: Guardant Health, Inc., which offers a non-invasive blood test for cancer therapy selection and is developing non-invasive blood tests for cancer recurrence monitoring and early detection of cancer; 10x Genomics, Inc. which provides technology that enables life sciences researchers to conduct single cell analysis; and Adaptive Biotechnologies Corporation, a newly public company that offers products for detection and monitoring of minimal residual disease in certain blood cancers, and is developing early disease detection tests and other products based on its immune system sequencing platform. We also have investments in Myriad Genetics, Inc., a provider of high-end genetic testing for hereditary cancer and compatibility with anti-depressant drugs, among other conditions; and in Veracyte, Inc., which offers genomic diagnostic tests for thyroid cancer, lung cancer, and idiopathic pulmonary fibrosis.

IDEA FILTERS

The general principles of Baron's investment approach are the single most significant idea filter that we use. Looking for long-term growth naturally refines our investment universe. More specifically, our focus is on the duration of the growth opportunity. We think not only about how long a business will grow but also about how long it is going to grow fast. This plays a key role in where and how we find ideas. In our view, most investors often miss or misprice great investment opportunities because of their focus on short-term outcomes. Additional structural biases, like misclassified and misunderstood companies, lack of analyst coverage, and the use of conventional valuation, also help us uncover potentially successful investments.

Ideas are just the first step in our investment process. Ideas are a lead, and much work has to be done before ideas become investments.

After we source an investment idea that looks interesting, the next step is to do extensive research. Our research is bottom-up and fundamental. We pull apart the pieces of a company to understand it completely. We develop an investment thesis, test it, and keep testing it throughout the life of our investment. We meet with the management of almost every company in which we invest – not just once, but multiple times, and every year we hold the investment. This year, our analysts attended over 1,300 separate meetings with management teams.

We think it is critical to meet with management because it enables us to learn about their vision and goals for their business and how they plan to realize those goals; to understand their business practices, management style, priorities, character and values; and to assess the managers' abilities to carry out their plans for growth. We also hold periodic phone calls throughout the year with company managements, in addition to listening to their quarterly conference calls. At the vast majority of our face-to-face meetings, we have the opportunity to question management directly and at length. We think our multiple contacts with management over many years of an investment allow us to understand the long-term prospects of the business, and to understand when an earnings miss or dip in the stock price might be an opportunity to add to our position.

Before investing, we look at the fundamentals of each company, in search of certain characteristics that we deem critical in order for us to invest. We look for good investment ideas rather than try to fill a hole in an industry allocation. Among the characteristics we look for are sustainable competitive advantages, recurring revenue, a unique product or service, strong management, scalability, market leading products or services, and global growth opportunities.

Valuation is our final cut. Using proprietary valuation models, we substantiate that our qualitative assessments of leadership and a company's strategic plan can be translated into measurable and sustainable performance. We want to invest in we believe are great businesses at good valuations; we never want to invest in a bad business just because it is cheap.

Our seasoned stock picking process and our ability to generate successful investment ideas have contributed to the Funds' strong long-term outperformance. The table below shows the performance of the Baron Funds with at least three years of history. While past performance is no guarantee for future performance, we believe that being consistent with our investment approach will continue to add value in the future.

Good Investment Ideas Have Contributed to Our Funds' Outperformance (vs. Primary Index)
as of September 30, 2019

	Fund Annualized Total Return					Fund Annualized Excess Return					% of Time Outperforming*		
Fund Name	**1 Year**	**3 Years**	**5 Years**	**10 Years**	**Since Inception**	**1 Year**	**3 Years**	**5 Years**	**10 Years**	**Since Inception**	**Based on 3-Yr Returns**	**Based on 5-Yr Returns**	**Based on 10-Yr Returns**
Baron Growth Fund	5.36%	17.00%	11.89%	14.00%	13.23%	14.99%	7.21%	2.81%	1.75%	5.49%	64%	65%	78%
Baron Small Cap Fund	–3.91%	13.92%	9.93%	12.80%	10.00%	5.72%	4.13%	0.85%	0.55%	4.10%	60%	58%	64%
Baron Discovery Fund	–11.75%	16.33%	13.18%	–	13.83%	–2.12%	6.54%	4.10%	–	5.65%	92%	100%	–
Baron Focused Growth Fund	0.22%	13.91%	8.97%	10.99%	10.94%	4.33%	1.58%	–1.25%	–2.49%	3.04%	51%	54%	64%
Baron Asset Fund	8.11%	17.88%	13.26%	14.50%	11.75%	2.91%	3.38%	2.14%	0.42%	1.58%	57%	50%	59%
Baron Partners Fund	2.83%	16.98%	11.40%	15.07%	12.85%	–2.37%	2.48%	0.28%	0.99%	3.02%	69%	68%	83%
Baron Opportunity Fund	2.78%	20.84%	13.52%	13.74%	7.14%	0.08%	4.48%	0.45%	–1.00%	2.44%	64%	64%	66%
Baron Fifth Avenue Growth Fund	3.73%	18.68%	14.08%	14.39%	9.42%	0.02%	1.79%	0.69%	–0.55%	–0.53%	34%	21%	3%
Baron Fifth Avenue Growth Fund *with the new manager since Nov. '11*	3.73%	13.68%	14.08%	–	15.96%	0.02%	1.79%	0.69%	–	0.59%	58%	67%	–
Baron Emerging Markets Fund	1.84%	4.51%	2.94%	–	3.98%	3.86%	–1.46%	0.61%	–	3.10%	76%	96%	–
Baron International Growth Fund	0.35%	7.94%	6.55%	8.14%	10.57%	1.58%	1.61%	3.65%	3.69%	3.38%	100%	100%	100%
Baron Global Advantage Fund	10.95%	20.19%	13.02%	–	13.79%	9.57%	10.48%	6.37%	–	5.18%	93%	100%	–
Baron Real Estate Fund	9.01%	10.10%	6.50%	–	13.42%	–2.63%	–0.04%	–3.71%	–	0.87%	51%	66%	–

Source: Morningstar Direct.
**Statistics are based on monthly rolling Morningstar Extended Performance of each Fund's institutional share class.*

Our sources for ideas have not changed substantially over the many years we have been investing. We have become more efficient in using our sources, by enhancing technology, increasing the number of analysts, and expanding the scope of our expertise. The low turnover of our analyst staff has provided us a more knowledgeable and experienced analyst team, which is busier than ever tapping all our idea sources in search of the next best idea for our shareholders.

Sincerely,

Linda S. Martinson
Chairman, President and COO

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, 2030, 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.

Annual expense Ratios for Inst. shares as of 9/30/2018: Baron Asset Fund, 1.04%, Baron Growth Fund, 1.03%, Baron Small Cap Fund, 1.04%, Baron Opportunity Fund, 1.11%, Baron Fifth Avenue Growth Fund, 0.82%, but the net annual expense ratio was 0.75% (restated to reflect current expense waivers), Baron Discovery Fund, 1.12%, but the net annual expense ratio was 1.10% (net of the Adviser's fee waivers). Annual expense Ratios for Inst. shares as of 12/31/2018: Baron Partners Fund, 1.77% (comprised of operating expense of 1.06% and interest expense of 0.71%), Baron Focused Growth Fund, 1.09%, Baron International Growth Fund, 1.07%, but the net annual expense ratio was 0.95% (net of the Adviser's fee waivers), Baron Real Estate Fund, 1.06%, Baron Emerging Markets Fund, 1.10%, Baron Global Advantage Fund, 1.18%, but the net annual expense ratio was 0.90% (net of the Adviser's fee waivers).

Please see next page for information regarding each Fund's inception date and primary benchmark.

Inception dates of Baron Growth Fund – 12/30/1994; Baron Small Cap Fund – 9/30/1997; Baron Discovery Fund – 9/30/2013; Baron Focused Growth Fund – 5/31/1996; Baron Asset Fund – 6/12/1987; Baron Partners Fund – 1/31/1992; Baron Opportunity Fund – 2/29/2000; Baron Fifth Avenue Growth Fund – 4/30/2004; Baron Emerging Markets Fund – 12/31/2010; Baron International Growth Fund – 12/31/2008; Baron Global Advantage Fund – 4/30/2012; Baron Real Estate Fund – 12/31/2009.

Primary benchmarks of the Baron Funds: for Baron Growth Fund, Baron Small Cap Fund, and Baron Discovery Fund – Russell 2000 Growth Index; for Baron Asset Fund and Baron Partners Fund – Russell Mid Cap Growth Index; for Baron Focused Growth Fund – Russell 2500 Growth Index; for Baron Opportunity Fund – Russell 3000 Growth Index; for Baron Fifth Avenue Growth Fund – Russell 1000 Growth Index; for Baron International Growth Fund – MSCI ACWI ex USA Index; for Baron Emerging Markets Fund – MSCI EM Index; for Baron Global Advantage Fund – MSCI ACWI Growth Index; for Baron Real Estate Fund – MSCI USA IMI Extended Real Estate Index.

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

The minimum investment in Institutional Shares is $1,000,000. Institutional Shares are intended for certain financial intermediaries that offer shares of the Baron Funds® through fee-based platforms, retirement platforms or other platforms for which the financial intermediary provides services and is not compensated by the Baron Funds® for those services.

The performance figures of Baron Focused Growth Fund and Baron Partners Fund reflect 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. The predecessor partnerships' performance is only for periods before the Funds' registration statements were effective (4/30/03 for BPF and 6/30/08 for BFGF). During those periods, the predecessor partnerships were not registered under the Investment Company Act of 1940 and were not subject to its requirements or the requirements of the Internal Revenue Code relating to registered investment companies, which, if they were, might have adversely affected their performance.

Unless otherwise noted, all performance and performance related calculations are based on the Institutional Shares. Performance for the Institutional Shares prior to 5/29/2009 is based on the performance of the Retail Shares, which have a distribution fee. The Institutional Shares do not have a distribution fee. If the annual returns prior to 5/29/2009 did not reflect this fee, the returns would be higher.

The Funds' historical performance was impacted by gains from IPOs and/or secondary offerings, and 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.

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

Risk: The value of investments in equity securities is subject to unpredictable declines in the value of individual securities and periods of below average performance in individual securities and the equity market as a whole. Growth stocks are generally more sensitive to market movements than other types of stocks primarily because their stock prices are based heavily on future expectations. If our assessment of the prospects for a company's growth is wrong, or if our judgment of how other investors will value the company's growth is wrong, then the price of the company's stock may fall or not appreciate as we expect.

Definitions (provided by BAMCO, Inc.): **The Russell 1000® Growth Index** measures the performance of large-sized U.S. companies that are classified as growth. The **Russell 2000® Growth Index** is an unmanaged index that measures the performance of small-sized U.S. companies that are classified as growth. The **Russell 2500™ Growth Index** measures the performance of small to medium-sized companies that are classified as growth. The **Russell 3000® Growth Index** measures the performance of the broad growth segment of the U.S. equity universe comprised of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market. The **Russell Midcap® Growth Index** is an unmanaged index of those Russell Midcap medium-sized companies that are classified as growth companies. The **MSCI ACWI Growth Index** is unmanaged free float-adjusted market capitalization weighted index designed to measure the performance of large- and mid-cap securities classified as growth in the developed and emerging markets. 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. The **MSCI EM (Emerging Markets) Index Net USD** is a free float-adjusted market capitalization index designed to measure equity market performance of large, mid and small-cap securities in the emerging markets. The **MSCI ACWI ex USA Index Net USD** is an unmanaged, free float-adjusted market capitalization weighted index. It measures the performance of large and mid-cap securities across developed and developed and emerging markets, excluding the U.S.

Portfolio holdings as a percentage of net assets as of September 30, 2019 for securities mentioned are as follows: **FactSet Research Systems, Inc.** – Baron Asset Fund (2.2%), Baron Growth Fund (4.5%), Baron Partners Fund (6.1%*), Baron Focused Growth Fund (8.0%); **Gartner, Inc.** – Baron Asset Fund (5.2%), Baron Growth Fund (4.7%), Baron Small Cap Fund (3.7%), Baron Opportunity Fund (3.8%*), Baron Partners Fund (3.9%*); **Verisk Analytics, Inc.** – Baron Asset Fund (4.8%), Baron Opportunity Fund (1.1%*); **TAL Education Group** – Baron Global Advantage Fund (1.7%); **New Oriental Education & Technology Group** – Baron Emerging Markets Fund (1.3%); **LiveRamp Holdings, Inc.** – Baron Small Cap Fund (1.1%), Baron Opportunity Fund (1.5%*), Baron Discovery Fund (1.0%); **The Trade Desk** – Baron Asset Fund Inc. (0.4%), Baron Small Cap Fund (2.2%), Baron Opportunity Fund (1.0%*), Baron Discovery Fund (0.3%); **Vail Resorts, Inc.** – Baron Asset Fund (3.4%), Baron Growth Fund (7.0%), Baron Partners Fund (6.9%*), Baron Focused Growth Fund (13.4%); **Arch Capital Group Ltd.** – Baron Asset Fund (2.3%), Baron Growth Fund (6.0%), Baron Partners Fund (9.5%*), Baron Focused Growth Fund (5.5%), Baron International Growth Fund (1.6%); **Amazon.com, Inc.** – Baron Opportunity Fund (6.1%*), Baron Fifth Avenue Growth Fund (11.7%), Baron Global Advantage Fund (6.4%); **Alibaba Group Holding Limited** – Baron Opportunity Fund (1.4%*), Baron Fifth Avenue Growth Fund (5.0%), Baron International Growth Fund (1.2%), Baron Emerging Markets Fund (4.6%), Baron Global Advantage Fund (5.8%); **Booking Holdings, Inc.** – Baron Asset Fund (1.2%), Baron Fifth Avenue Growth Fund (1.5%), Baron Durable Advantage Fund (1.3%); **Expedia Group, Inc.** – Baron Asset Fund (0.9%); **Wix.com Ltd.** – Baron Asset Fund (1.3%), Baron Growth Fund (0.7%), Baron Small Cap Fund (1.8%), Baron Opportunity Fund (1.7%*), Baron Fifth Avenue Growth Fund (1.7%), Baron International Growth Fund (1.1%), Baron Global Advantage Fund (1.7%); **Pinduoduo Inc.** – Baron Global Advantage Fund (1.0%); **ServiceNow, Inc.** – Baron Opportunity Fund (1.2%*); **Veeva Systems Inc.** – Baron Asset Fund (1.7%), Baron Opportunity Fund (0.3%*), Baron Fifth Avenue Growth Fund (5.0%), Baron Global Advantage Fund (3.0%), Baron Health Care Fund (1.2%); **salesforce.com, inc.** – Baron Opportunity Fund (0.9%*); **Splunk, Inc.** – Baron Opportunity Fund (0.9%*), Baron Fifth Avenue Growth Fund (2.2%), Baron Global Advantage Fund (3.1%); **Guidewire Software, Inc.** – Baron Asset Fund (3.4%), Baron Growth Fund (1.8%), Baron Small Cap Fund (4.5%), Baron Opportunity Fund (5.2%*), Baron Partners Fund (4.2%*), Baron Focused Growth Fund (4.7%); **Illumina, Inc.** – Baron Asset Fund (2.1%), Baron Opportunity Fund (1.4%*), Baron Fifth Avenue Growth Fund (4.4%), Baron Global Advantage Fund (3.4%), Baron Health Care Fund (1.4%); **Guardant Health, Inc.** – Baron Small Cap Fund (0.4%), Baron Opportunity Fund (0.4%*), Baron Global Advantage Fund (0.7%), Baron Health Care Fund (0.2%); **10X Genomics, Inc.** – Baron Asset Fund (0.1%), Baron Opportunity Fund (0.1%*), Baron Fifth Avenue Growth Fund (0.1%), Baron Global Advantage Fund (0.1%), Baron Discovery Fund (0.1%), Baron Health Care Fund (0.4%); **Adaptive Biotechnologies Corporation** – Baron Growth Fund (0.2%), Baron Small Cap Fund (0.2%), Baron Opportunity Fund (0.1%*), Baron Global Advantage Fund (0.7%), Baron Health Care Fund (0.2%); **Myriad Genetics, Inc.** – Baron Discovery Fund (1.5%); **Veracyte, Inc.** – Baron Opportunity Fund (1.2%*), Baron Discovery Fund (2.3%), Baron Health Care Fund (0.9%); **Bright Horizons Family Solutions, Inc.** – Baron Growth Fund (3.8%), Baron Small Cap Fund (3.2%). Baron Funds do not currently hold shares of **Acxiom Corporation**.

*% of Long Positions.

Portfolio holdings may change over time.

BAMCO, Inc. is an investment adviser registered with the U.S. Securities and Exchange Commission (SEC). Baron Capital, Inc. is a broker-dealer registered with the SEC and member of the Financial Industry Regulatory Authority, Inc. (FINRA).