2021 was another strong year for U.S. equities, despite heightened volatility in the beginning and end of the year. The S&P 500 Index increased 28.71%, around three times its long-term average return. In the fourth quarter, the index was up 11.03%. While the biggest contribution to the index's performance came from the tech giants, the stock market rally during the year was broad-based, contrary to what some may think. Nearly 86% of all stocks in the index generated positive returns during the year, and over 72% generated positive double-digit returns. The S&P 500 Equal Weight Index, which weighs all constituents alike, performed better than the more popular market-cap weighted version, as the table below shows.

The Stock Market Rally of 2021 Was Broad-Based

Performance Summary by Sector

12/31/2020 – 12/31/2021

Sector	Contribution to Total Return: S&P 500 Index	Contribution to Total Return: S&P 500 Equal Weighted Index	Median Stock Return	# of Stocks	% of Stocks
Information Technology	9.05%	4.23%	22.18%	82	15.6%
Financials	4.01%	4.91%	36.64%	68	12.9%
Health Care	3.36%	3.01%	19.73%	67	12.7%
Consumer Discretionary	3.06%	3.71%	27.20%	64	12.2%
Communication Services	2.58%	0.86%	–1.45%	25	4.8%
Industrials	1.94%	3.94%	23.46%	74	14.1%
Energy	1.41%	2.67%	41.22%	26	4.9%
Real Estate	1.09%	2.63%	38.95%	31	5.9%
Consumer Staples	1.04%	0.94%	13.64%	32	6.1%
Materials	0.73%	1.76%	23.54%	29	5.5%
Utilities	0.45%	0.96%	17.11%	28	5.3%
Index Total	**28.71%**	**29.62%**	**24.78%**	**526**	**100.0%**

Sources: FactSet PA, Baron Capital.

The performance data quoted represents past performance. Past performance is no guarantee of future results. The index performance is not fund performance; one cannot invest directly into an index.

Technology stocks contributed meaningfully to the performance of both the market-cap weighted and equally weighted indexes, but they were not the best performing stocks during the year, as shown by the median stock return for each sector. Microsoft Corp., Alphabet Inc., and Apple Inc., the three stocks with biggest weights in the S&P 500 Index and the top contributors to the index's performance in 2021, had remarkable returns during the year, above the medians for the index and the Information Technology (IT) sector. Yet, just in the IT sector, there were eight stocks that performed better than Alphabet, Inc.[1], 18 better than Microsoft Corp., and 31 better than Apple, Inc.[2], which shows that there were plenty of good opportunities to select in that area.

In the last weeks of 2021, many stocks sold off significantly. As of 12/31/21, 35% of all stocks in the S&P 500 Index were down 10% or more from their 52-week highs, and 13% were down 20% or more. As the table below shows, the Communication Services, Consumer Discretionary, and IT sectors were the most impacted.

LINDA MARTINSON
CHAIRMAN, PRESIDENT AND COO

Some Stocks Have Declined Significantly from Their Highs

Performance Summary by Stock Price Change vs. 52-Week High

As of 12/31/2021

GICS Sector	# of Stocks	% of Stocks Down 10% or More from 52-Week High	% of Stocks Down 20% or More from 52-Week High
Communication Services	25	88%	40%
Consumer Discretionary	60	47%	23%
Information Technology	76	36%	18%
Health Care	64	36%	13%
Materials	28	29%	14%
Industrials	72	38%	14%
Consumer Staples	32	25%	9%
Energy	21	57%	5%
Financials	67	25%	4%
Utilities	28	11%	0%
Real Estate	29	7%	0%
S&P 500 Index	502	35%	13%

Sources: FactSet PA, Baron Capital.

The performance data quoted represents past performance. Past performance is no guarantee of future results. The index performance is not fund performance; one cannot invest directly into an index.

Heightened investor concerns around the Fed's course of action on interest rates, higher inflation, continued supply-chain issues, energy prices, and the new COVID wave, among other factors, drove the declines. As the table on the next page shows, in the U.S., small-cap and mid-cap value stocks

[1] Alphabet Inc. is not classified by GICS in the Information Technology sector. Comparison is for illustrative purposes only.
[2] Not counting Microsoft Corp.

outperformed growth stocks in November and December, as well as for the quarter and the calendar year. The Russell 1000 Growth Index underperformed the Russell 1000 Value Index only in December, but if we excluded the tech giants[3] from the analysis, larger-cap growth stocks would also have underperformed for the quarter and the year. Internationally, value stocks outperformed in December and for the calendar year.

Value Mostly Outperformed Growth in 2021

Index Total Returns for Various Periods

Equity Class	Index Name	CY 2021	Q4 '21	Oct-21	Nov-21	Dec-21
U.S. Large Caps	S&P 500 Index	28.71%	11.03%	7.01%	–0.69%	4.48%
	Russell Top 200 Growth Index	31.24%	13.70%	9.05%	1.73%	2.50%
	Russell Top 200 Value Index	23.46%	7.35%	4.94%	–3.79%	6.32%
U.S. Large & Mid Caps	Russell 1000 Growth Index	27.60%	11.64%	8.66%	0.61%	2.11%
	Russell 1000 Value Index	25.16%	7.77%	5.08%	–3.52%	6.31%
U.S. Mid Caps	Russell Midcap Growth Index	12.73%	2.85%	7.01%	–4.23%	0.35%
	Russell Midcap Value Index	28.34%	8.54%	5.32%	–3.04%	6.28%
U.S. Small Caps	Russell 2000 Growth Index	2.83%	0.01%	4.68%	–4.88%	0.44%
	Russell 2000 Value Index	28.27%	4.36%	3.81%	–3.42%	4.08%
U.S. Broad Market	Russell 3000 Growth Index	25.85%	10.89%	8.41%	0.27%	2.02%
	Russell 3000 Value Index	25.37%	7.54%	4.99%	–3.52%	6.16%
Global Equities	MSCI ACWI Growth Index	17.10%	6.95%	6.13%	–1.08%	1.87%
	MSCI ACWI Value Index	19.62%	6.28%	4.02%	–3.83%	6.24%
Non-U.S. Equities	MSCI ACWI Growth ex USA Index	5.09%	2.37%	3.10%	–3.61%	3.01%
	MSCI ACWI Value ex USA Index	10.46%	1.24%	1.65%	–5.44%	5.32%
U.S. Tech Stocks	Nasdaq Composite	22.18%	8.45%	7.29%	0.33%	0.74%

Sources: FactSet, Baron Capital.

The performance data quoted represents past performance. Past performance is no guarantee of future results. The index performance is not fund performance; one cannot invest directly into an index.

What we believe fueled the rotation to value stocks was the shift in investors' perception of what industries were likely to perform better over the next few months or the next year. This was largely influenced by macroeconomic factors, including rising interest rates, higher inflation, and soaring energy prices. Energy and Financials – two sectors largely ignored by investors over the past decade – were seen as potential immediate beneficiaries from the macroeconomic changes. Industrials, which like Energy and Financial stocks are generally considered a value play, also attracted attention. High-frequency trading algorithms, which account for most of the trading volume on the U.S. stock exchanges, amplified the shift of money flows and price volatility.

To fund their purchases, investors had to sell something. The strong performance of technology stocks in recent years and their extended short-term valuations, rather than any fundamental weaknesses, made tech stocks an easy choice to sell. In our view, this was a short-sighted decision.

According to data from J.P. Morgan Asset Management[4], the one-year forward price-to-earnings ratio for the IT sector in the S&P 500 Index was 28.2x as of 12/31/2021. This is significantly above the historical 20-year average ratio of 18.5x for the sector and 15.5x for the S&P 500 Index, which helped justify investors' decision to sell tech stocks. For investors with short-term horizons – a year or less – this may be the right decision. For those who invest for the long-term, like Baron, we believe it is the wrong way to think about intrinsic value.

The price-to-earnings ratios most often used by investors, including those mentioned above, are based on the one-year forward expectations for what the earnings of companies may be. By definition, this is a short-term valuation metric – it accounts only for what may happen over the next twelve months. It does not factor the longer-term earnings and growth potential of companies. For high-growth businesses, like tech-driven companies, long-term growth is an indispensable component of value estimation. This is why we believe that long-term valuation metrics, based on 3-to-5-year time horizons, are significantly better proxies of intrinsic value.

When short-term valuations indicate that a stock is overvalued and long-term valuations suggest that it is not, we will likely continue to hold on to an investment. Market fluctuations, economic conditions, geopolitics, are going to have an impact on stock prices over the short term. We are cognizant of short-term developments, but our focus remains on company and industry fundamentals over the long term.

As the illustrative chart below shows, sometimes a stock may be valued higher than where it reasonably should trade, may experience declines, plateaus, and periods of higher volatility, but as long as its long-term prospects and return potential are intact, we believe we should continue to own it.

Short-Term Stock Price Disconnects Should Not Drive Long-Term Investment Decisions

Source: Baron Capital.

Note: The above chart is for illustrative purposes only and does not represent actual performance. Past performance is no guarantee of future results.

In our view, many technology stocks today are valued attractively based on their long-term prospects. Moreover, the recent decline in valuations combined with the rising intrinsic values of many technology-driven businesses have presented a rare opportunity to buy stocks at low prices.

[3] Microsoft Corp., Apple Inc., Alphabet, Inc, NVIDIA Corp., Tesla, Inc.
[4] Guide to the Markets, as of 12/31/2021.

Our long-term view is that technological advancements and technology-driven businesses will continue to be key drivers of global economic growth, as they have been in the past. Over the last two decades, virtually every industry and aspect of our lives has been disrupted and transformed by digitization. Digitization has become imperative for all businesses, big and small, and has been a significant determining factor of economic growth. Moreover, digitized products and services played a critical role during the pandemic, which has helped further accelerate digital transformation processes.

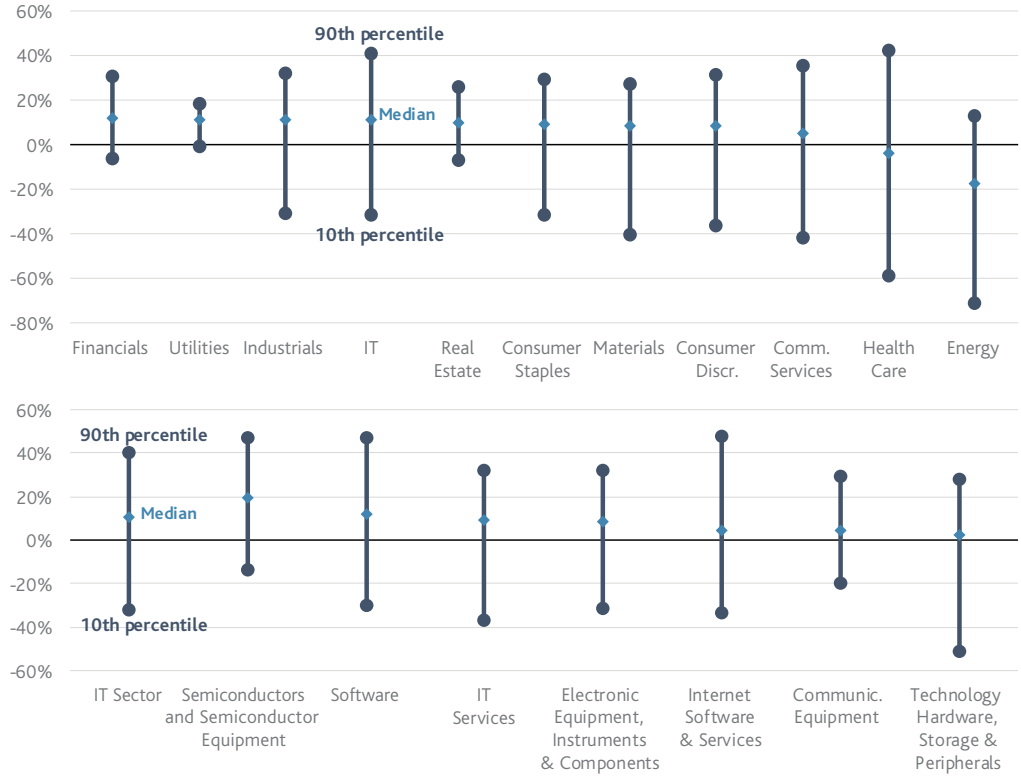
Despite the tremendous progress in the recent past, we believe that the rate of innovation and technological progress is accelerating. The opportunity for innovation is unlimited, and we expect that technological advancements will bring bigger disruptive changes and higher value creation over the next few decades. We expect that the companies that create and take biggest advantage of new technologies are likely to be among the biggest winners in the stock market. In our view, decreased exposure to technology-driven businesses can be disadvantageous for long-term investors.

Technological innovation has resulted in impressive successes and failures. The wide variation in the performance of tech stocks reflects the high potential upside and downside of such investments. The chart below illustrates the range of returns (dispersion) of the stocks in the Russell 3000 Index by GICS sector over the past 10 years, as well as the median stock return by sector. In IT, the stock(s) that ranked in the 90th percentile by performance returned over 40% annualized, while the stock(s) that ranked in the 10th percentile returned around -32% annualized[5]. The median return in IT was approximately 10.9%. This information tells us at least two things: (i) judging by the average returns, IT was a great area in which to invest , and (ii) the performance of the companies in the sector varied significantly. Being able to pick better stocks has mattered more in sectors with high dispersion, like IT, and has presented a chance for skilled active managers to outperform the sector and the rest of the stock market.

IT Stocks Have Generated a Wide Spread of Returns

Dispersion of Returns in Russell 3000 Index by GICS Sector and Industries

12/31/2011 – 12/31/2021, annualized



Sources: FactSet, Baron Capital.

* *Dispersion is measured as the difference between the returns at the 10th and 90th percentiles. The performance data quoted represents past performance. Past performance is no guarantee of future results. The index performance is not fund performance; one cannot invest directly into an index.*

The second chart above further shows the range of outcomes for the industries in the IT sector. Semiconductors, software, and internet software & services have been the areas with the best returns over the past decade. Semiconductor stocks experienced the lowest downside, as their performance was boosted by the unusually high demand for chips over the past two years.

[5] Our analysis is based on the 10th and 90th percentiles to mitigate the effects of outliers.

Although above we have presented the range of opportunities in technology using the sector and industry classifications of the Global Industry Classification Standards, or GICS, Baron does not use the GICS classification to identify tech-driven investments or to build and manage portfolios. We believe that the tech opportunity set is much broader than what the GICS framework describes. With the substantial penetration of technology, both for personal and business use, all companies have essentially become either suppliers of technology or consumers of technology, making it challenging to effectively classify tech-driven stocks as a sector or an industry.

Beyond the companies in the GICS IT sector, Baron's opportunity set for tech-driven stocks includes the companies in the interactive media services sub-industry within the Communication Services sector, the internet & direct marketing retail sub-industry within the Consumer Discretionary sector, and the health care technology sub-industry from the Health Care sector. In addition, we have identified a number of tech-driven businesses outside these areas.

Tesla, Inc., which is classified by GICS as an automobile manufacturer (Industrials sector), is a notable example of a technology-driven business. Through innovations in manufacturing and robotics, vehicle electrification, battery technology, machine learning, and autonomous driving software, among others, the company has been able to develop and produce the most advanced electric vehicles on a large scale and disrupt multiple industries.

Uber Technologies, Inc. and Lyft, Inc., which GICS classifies as trucking companies, are also examples of businesses that have disrupted mobility largely enabled by technology. Both companies have hardly anything to do with trucking. In our view, these are software companies the business models of which are completely driven by advancements in and use of technology.

FactSet Research Systems, Inc., a data and analytics company that provides financial information and analytical applications to the investment community, and Repay Holdings Corp., a provider of digital payment processing solutions, are both viewed by GICS as Financials, but, in our view, they are tech-driven enablers of the financial world. The list goes on and on.

Baron's Approach to Investing in Technology-Driven Companies

Technology-driven companies have been a significant source of investment ideas at Baron. Just as with other sectors, we are focused on innovation, durable, long-term growth opportunities, competitive advantages, and strong management teams. We look for businesses that are the leaders, facilitators, and beneficiaries of disruptive, innovation-driven, durable secular trends and that have the ability to become materially larger and generate significant stable revenues and cash flows.

Since innovation and disruption do not happen overnight, having a long-term investment horizon is key when investing in tech-driven companies. It takes time to convert an idea into a scalable, revenue generating product, and tech-driven companies typically reinvest in their growth at the expense of profitability in their early years. Technological progress typically does not materialize evenly over time, and this, coupled with delayed profitability, may result in periods of stagnating prices and/or higher stock price volatility.

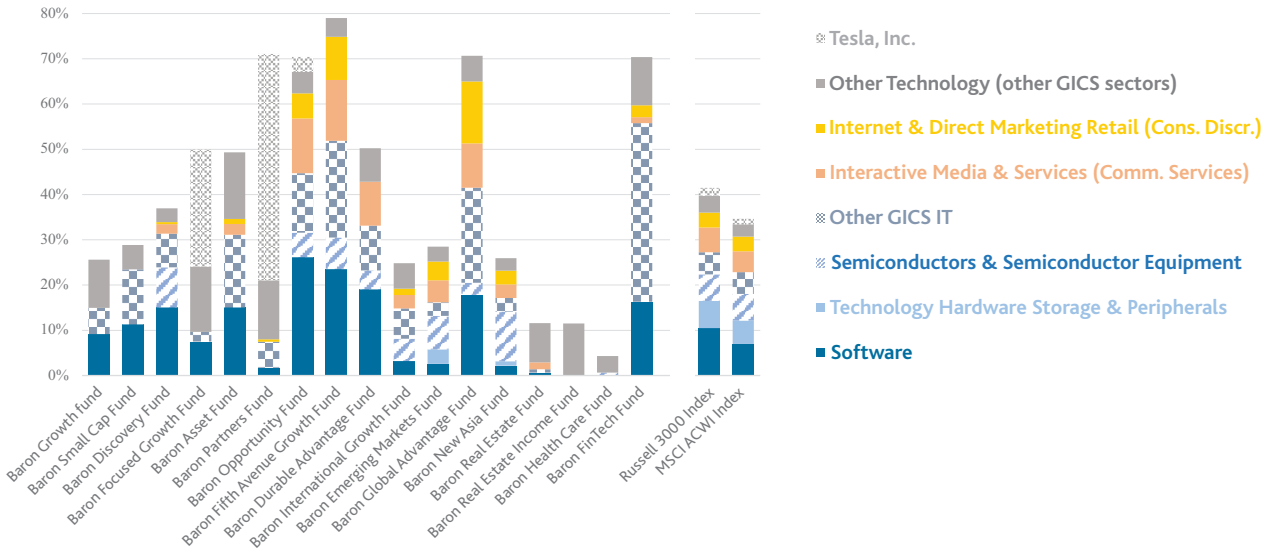
The technology space is very diverse, dynamic, and complex, so we have staffed significant expertise to be able to cover it in depth. At Baron, we have built a strong team of 15 investment professionals with an expert understanding of technology businesses and technology-related trends and developments. Five of them have been at Baron for over 10 years, and another four have been at the Firm longer than five years. Michael Lippert, who manages Baron Opportunity Fund and co-manages Baron Technology Fund, is the Head of Technology Research.

Our Funds have significant exposures across multiple technology-related segments, as the chart below shows.

Baron Has Significant Exposure to Technology-Driven Businesses

Baron Funds – Weights in Technology-Driven Stocks

As of 12/31/2021



Source: Baron Capital

The Baron Funds' exposures to different types of tech-driven stocks vary widely based on the range and availability of opportunities in each Fund's investment universe, investment strategy objectives, and the risk appetites of the portfolio managers. Baron Opportunity Fund, Baron Fifth Avenue Growth Fund, Baron Global Advantage Fund, and Baron FinTech Fund typically have the highest exposures to technology-driven investments. The more concentrated Baron Focused Growth Fund and Baron Partners Fund also have significant tech-related exposures, largely driven by investments in Tesla, Inc.

Most of our Funds have large exposures to software and services companies, which tend to be less cyclical, asset-light, and offer substantial long-term growth opportunities. We believe software businesses are benefiting from a generational change in computing that allows software to do more at a lower cost than in the past. With an estimated ~20% of workloads in the cloud today, we believe this is a secular change that is still in its early days. Software-as-a-service (SaaS) and other software platforms have become a critical part of the end-user's day-to-day workflow, creating a sticky business model with high levels of recurring revenue and providing meaningful visibility into future profitability. We believe ongoing reinvestment into sales and marketing and research and development will be highly accretive to long-term shareholder value, as companies grow the size of their highly profitable recurring revenue bases. Eventually these companies will transition to a more modest growth phase, leading to significant margin expansion, given natural operating leverage and accelerating free cash flow generation.

A few of our Funds also have meaningful exposures to semiconductor and semiconductor equipment businesses. In the past, the performance of semiconductor stocks has been cyclical, which has made them less attractive investments to us relative to software and services stocks. Nevertheless, we have followed industry developments, and recently we have witnessed secular shifts that are making semiconductor stocks more appealing to some of our portfolio managers.

Semiconductors are a key enabler of digital transformation. With the advancement of digitization, demand for semiconductors no longer comes from a few select products or end markets – they are now needed across all industries. Global trends like the rise of artificial intelligence, the shift from enterprise to cloud data centers, and vehicle electrification and autonomous driving, are inevitably resulting in secular shifts for the semiconductor industry, making it less cyclical. Recent geopolitical developments have also triggered long-term industry changes and capital investments.

The secular changes for semiconductors are still in their early stage, and some of the cyclical risks remain. We are taking a gradual approach of deploying capital in that space and remain more committed to areas like cloud computing, SaaS, artificial intelligence and big data processing, cybersecurity, electric vehicles, autonomous driving, and e-commerce, among others.

As in the U.S., our non-U.S. investments in tech-driven companies are sourced from long-term secular trends and growth opportunities. For example, one of China's primary economic objectives is the rapid achievement of technological self-sufficiency and independence. This multi-year long process has opened the door to significant growth opportunities across the entire technology spectrum in a giant market. But even when there are riches of appealing investments, we are extra cautious about local market dynamics and regulatory risks that are characteristic for emerging economies. We typically set higher growth rate hurdles for our emerging markets investments in order to compensate for the greater uncertainty.

When investing abroad, we don't only look for local market players. We also seek regional and global companies, and we often find tech-driven companies that meet our criteria. Taiwan Semiconductor Manufacturing Co., Ltd. and Samsung Electronics Co., Ltd., two of the world's largest manufacturers of semiconductors, are two of our investments domiciled in emerging market countries. We view both as high-quality global companies, with significant moats around their businesses, and we expect them to continue to be industry trend setters for years to come. Both investments are among Baron's top 20 tech-driven holdings and have generated significant gains for our shareholders since we first purchased them over eight years ago.

As of 12/31/2021, the top 20 investments in technology-driven companies across Baron's mutual funds had a combined value of $14 billion. The cost for these investments as of 12/31/2021 was $2.9 billion, and over time they have generated more than $14 billion in realized and unrealized gains for Baron's shareholders, as shown in the table on the next page.

Baron's Top Technology-Driven Holdings Have Generated Significant Gains and Returns

Baron Funds – 20 Largest Technology-Driven Positions (Combined, Currently Held)

As of 12/31/2021

Security Name	Aggregate Baron Funds Purchases ($ millions)	Aggregate Baron Funds Realized and Unrealized Gains ($ millions)	Aggregate Baron Funds Investment Value ($ millions)	Aggregate Baron Funds % of Net Assets	# of Years Held	Security Cumulative Total Return*	Security Annualized Total Return*	Security Cumulative Excess Return vs. Russell 3000 Index*	Security Cumulative Excess Return vs. MSCI ACWI Index*
Tesla, Inc.	$285	$5,565	$4,604	9.2%	7.9	2862.2%	53.6%	2659.5%	2728.0%
Gartner, Inc.	$378	$1,789	$1,587	3.2%	14.7	1213.1%	19.1%	876.4%	1027.9%
CoStar Group, Inc.	$174	$1,506	$1,281	2.5%	20.2	4455.0%	20.8%	3855.4%	4003.9%
FactSet Research Systems, Inc.	$322	$1,201	$1,144	2.3%	15.2	1026.2%	17.3%	654.1%	808.8%
ANSYS, Inc.	$120	$828	$679	1.3%	13.0	1443.4%	23.5%	848.4%	1083.8%
Guidewire Software, Inc.	$332	$374	$589	1.2%	9.6	390.6%	17.9%	75.1%	188.0%
Taiwan Semiconductor Manufacturing Company Ltd.	$426	$258	$482	1.0%	8.5	731.4%	28.1%	494.0%	576.4%
Endava plc	$86	$302	$365	0.7%	3.4	566.3%	73.8%	489.6%	509.9%
Tencent Holdings Ltd.	$644	$103	$352	0.7%	7.6	350.9%	21.8%	166.1%	234.0%
Alphabet, Inc.	$273	$199	$351	0.7%	17.4	5669.2%	26.3%	5141.4%	5296.2%
Ceridian HCM Holding, Inc.	$129	$185	$301	0.6%	3.7	234.7%	38.8%	147.0%	173.8%
Samsung Electronics Co., Ltd.	$307	$151	$285	0.6%	8.1	184.7%	13.8%	–18.2%	55.3%
Amazon.com, Inc.	$376	$186	$273	0.5%	12.5	4169.3%	35.1%	3594.6%	3838.9%
SBA Communications Corp.	$169	$742	$261	0.5%	17.6	9434.5%	29.6%	8932.4%	9078.5%
Shopify, Inc.	$221	$69	$260	0.5%	2.2	326.0%	94.0%	262.3%	277.2%
ZoomInfo Technologies, Inc.	$115	$134	$248	0.5%	1.6	88.8%	49.7%	31.9%	41.5%
Spotify Technology S.A.	$310	–$1	$246	0.5%	1.9	51.7%	24.4%	3.1%	13.6%
EPAM Systems, Inc.	$182	$151	$241	0.5%	6.1	835.5%	44.0%	675.5%	716.7%
Adyen N.V.	$84	$157	$225	0.4%	3.6	390.7%	56.5%	311.6%	333.6%
Verisk Analytics, Inc.	$144	$353	$221	0.4%	12.2	756.8%	19.2%	288.7%	499.3%
Total:	**$5,077**	**$14,252**	**$13,995**	**27.8%**					

Sources: FactSet, Baron Capital.

** Reflects security performance from the date of Baron's first purchase until 12/31/2021. This performance may be lower or higher than the performance of the security in Baron's portfolios, depending on Baron's purchases and sales over the period.*

The performance data quoted represents past performance. Past performance is no guarantee of future results. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

For more information about these companies, please see the appendix to this letter for business descriptions and our investment premises.

These 20 stocks are not only our largest technology-driven investments; they are also some of our longest-held investments. All 20 investments have generated significant absolute returns over time. 19 of the 20 have outperformed the Russell 3000 Index since Baron first purchased them, and all 20 have outperformed the MSCI ACWI Index. In our view, these results show that we have demonstrated a strong ability to identify above-average performers in the tech space.

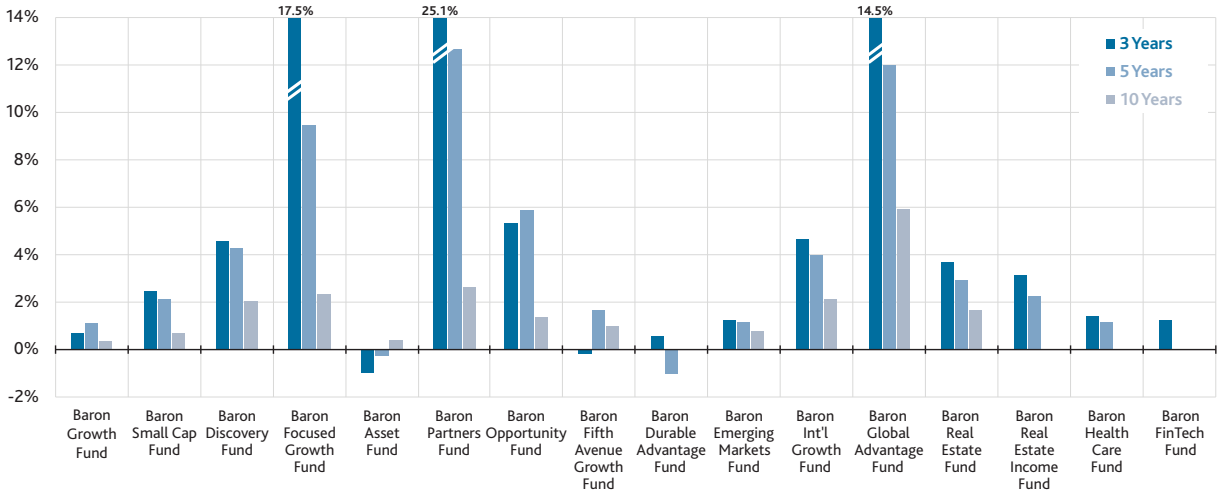
We believe our time-tested approach and investing principles will continue to lead to strong results. Technology-driven investments have contributed significantly to our Funds' absolute and relative returns over time. The chart on the following page shows the annualized contributions to excess returns of technology-driven investments[7] for the Baron Funds over the past three, five, and 10 years.

[7] Baron's definition of technology-driven investments includes all companies classified by GICS in the Information Technology sector, the Interactive Media Services sub-industry within the Communication Services sector, the Internet & Direct Marketing Retail sub-industry within the Consumer Discretionary sector, the Health Care Technology sub-industry from the Health Care sector, as well as around 60 companies which Baron considers technology-driven and are currently classified in other sectors and sub-industries.

Technology-Driven Investments Have Contributed to Baron's Excess Returns

Annualized Contributions to Excess Returns from Technology-Driven Investments

As of 12/31/2021



Source: FactSet PA, Baron Capital.

Notes: Excess Returns are calculated versus each Fund's primary benchmark. Contribution to Excess Return was calculated using the Brinson performance attribution method and is a combination of allocation, selection, and interaction effects. Brinson attribution is a form of relative performance attribution and was introduced to the investment industry in 1985, known as Brinson, Hood, Beebower (BHB). The BHB framework evaluates excess performance based on the manager's decision-making process. A portfolio manager that has discretion as to which sectors to invest in and which assets within those sectors to buy can be evaluated as to how well he or she executes those decisions. Which sectors to invest in are known as allocation decisions. Which assets to buy are known as selection decisions. For additional information, please see last page. The performance data quoted represents past performance. Past performance is no guarantee of future results.

As of 12/31/2021, the annualized 1-, 5-, and 10-year (or since inception, for the Funds that do not have a 10-year track record) performance of the Institutional Shares of the Funds shown in the chart above was as follows: **Baron Growth Fund**: 20.15%, 22.73%, and 17.01%, respectively; **Baron Small Cap Fund**: 15.84%, 21.07%, and 16.33%, respectively; **Baron Discovery Fund**: 4.89%, 24.75%, and 18.91%, respectively; **Baron Focused Growth Fund**: 19.16%, 35.44%, and 21.07%, respectively; **Baron Asset Fund**: 14.22%, 21.62%, and 17.51%, respectively; **Baron Partners Fund**: 31.73%, 43.97%, and 28.23%, respectively; **Baron Opportunity Fund**: 12.29%, 35.47%, and 21.22%, respectively; **Baron Fifth Avenue Growth Fund**: 11.22%, 26.34%, and 19.64%, respectively; **Baron Durable Advantage Fund**: 32.16% for the 1-year and 20.11% since inception; **Baron Emerging Markets Fund**: –6.07%, 10.58%, and 8.46%, respectively; **Baron International Growth Fund**: 9.88%, 16.03%, and 11.80%, respectively; **Baron Global Advantage Fund**: 0.90%, 30.62%, and 18.82%, respectively; **Baron Real Estate Fund**: 24.36%, 21.57%, and 18.18%, respectively; **Baron Real Estate Income Fund**: 29.58% for the 1-year and 17.79% since inception; **Baron Health Care Fund**: 15.72% for the 1-year and 24.12% since inception; and **Baron FinTech Fund**: 15.35% for the 1-year and 30.31% since inception.

As of 12/31/2021, the annualized 1-, 5-, and 10-year (or since inception, for the Funds that do not have a 10-year track record) performance of the primary benchmarks for the Funds listed above was as follows: Russell 2000 Growth Index: 2.83%, 14.53%, and 14.14%, respectively; Russell 2500 Growth Index: 5.04%, 17.65%, and 15.75%, respectively; Russell Midcap Growth Index: 12.73%, 19.83%, and 16.63%, respectively; Russell 3000 Growth Index: 25.85%, 24.56%, and 19.39%, respectively; Russell 1000 Growth Index: 27.60%, 25.32%, and 19.79%, respectively; S&P 500 Index: 28.71% for the 1-year, 17.65% since the inception of Baron Durable Advantage Fund, and 23.44% since the inception of Baron FinTech Fund; MSCI EM Index: –2.54%, 9.87%, and 5.49%, respectively; MSCI ACWI ex USA Index: 7.82%, 9.61%, and 7.28%, respectively; MSCI ACWI Index: 18.54%, 14.40%, and 11.12%, respectively; MSCI USA IMI Extended Real Estate Index: 36.55%, 14.32%, and 14.29%, respectively; MSCI US REIT Index: 41.71% and 10.94% since the inception of Baron Real Estate Income Fund; Russell 3000 Health Care Index: 18.60% and 17.60% since the inception of Baron Health Care Fund.

Fund Primary Benchmarks: *for Baron Growth Fund, Baron Small Cap Fund, and Baron Discovery Fund – Russell 2000 Growth Index; Baron Focused Growth Fund – Russell 2500 Growth Index; Baron Partners Fund and Baron Asset Fund – Russell Midcap Growth Index; Baron Opportunity Fund – Russell 3000 Growth Index; Baron Fifth Avenue Growth Fund – Russell 1000 Growth Index; Baron Durable Advantage Fund and Baron FinTech Fund – S&P 500 Index; Baron Emerging Markets Fund – MSCI EM Index; Baron International Growth Fund – MSCI ACWI ex USA Index; Baron Global Advantage Fund – MSCI ACWI Index; Baron Real Estate Fund – MSCI USA IMI Extended Real Estate Index; Baron Real Estate Income Fund – MSCI US REIT Index; Baron Health Care Fund – Russell 3000 Health Care Index.* ***Fund Inception Dates:*** *Baron Growth Fund – 12/31/1994; Baron Small Cap Fund – 9/30/1997; Baron Discovery Fund – 9/30/2013; Baron Asset Fund – 6/12/1987; Baron Focused Growth Fund – 5/31/1996; Baron Partners Fund – 1/31/1992; Baron Opportunity Fund – 2/29/2000; Baron Fifth Avenue Growth Fund – 4/30/2004; Baron Durable Advantage Fund – 12/29/2017; 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; Baron Real Estate Income Fund – 12/29/2017; Baron Health Care Fund – 4/30/2018; Baron FinTech Fund – 12/31/2019.*

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, 2032, 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 9/30/2021: Baron Asset Fund, 1.03%, Baron Growth Fund, 1.03%, Baron Small Cap Fund, 1.03%, Baron Opportunity Fund, 1.05%, Baron Fifth Avenue Growth Fund, 0.75%, Baron Discovery Fund, 1.05%, Baron Durable Advantage Fund, 1.48% but the net annual expense ratio was 0.70% (net of the Adviser's fee waivers). Annual expense Ratios for Inst. shares as of 12/31/2020: Baron Partners Fund, 1.30% (comprised of operating expense of 1.05% and interest expense of 0.25%), Baron Focused Growth Fund, 1.07%, Baron International Growth Fund, 1.01%, but the net annual expense ratio was 0.95% (net of the Adviser's fee waivers), Baron Real Estate Fund, 1.08%, Baron Emerging Markets Fund, 1.09%, Baron Global Advantage Fund, 0.92%, but the net annual expense ratio was 0.90% (net of the Adviser's fee waivers), Baron Real Estate Income Fund, 3.45%, but the net annual expense ratio was 0.80% (net of the Adviser's fee waivers), Baron Health Care Fund, 1.45%, but the net annual expense ratio was 0.85% (net of the Adviser's fee waivers), Baron FinTech Fund, 2.43%, but the net annual expense ratio was 0.95% net of the Adviser's fee waivers).

The Funds' contribution data on the previous page shows that, with few exceptions, the Baron Funds have added significant value from investing in technology-driven stocks over the medium and long-term. The large positive effects for Baron Focused Growth Fund and Baron Partners Fund were mostly driven by their considerable allocations to Tesla, Inc., which has performed remarkably well over the past few years. The negative effects for Baron Asset Fund over the past three and five years were partly because of the Fund's lack of exposure to semiconductors and semiconductor equipment mid-cap stocks, which had a strong run during this time.

Of course, no one can pick only winners all the time, and we are no exception. After stellar performance of our Funds in 2020, largely as a result of our investments in tech-driven companies, some of our tech investments gave back some gains and underperformed in 2021. This has hurt the relative short-term performance of several of our Funds. We believe that many of the underperforming tech names in our portfolios are experiencing temporary declines and will eventually reach our expectations. We also had a few mistakes. Over the longer- term, the Funds have been able to generate positive value from investing in technology-driven businesses, and we expect that this will continue to be the case in the future, although we cannot guarantee it.

Our successful long-term track record with technology-driven investments, and our conviction that technology will be a main driver of long-term economic growth, were among the key reasons behind Baron's decision to launch Baron Technology Fund on 12/31/2021. The Fund is managed by two of Baron's most experienced professionals in the technology space – Michael Lippert, who has been at Baron for over 20 years and is also the manager of Baron Opportunity Fund, and Ashim Mehra, who has been at the Firm for over a decade and is the portfolio manager of a private fund, Baron Innovators Fund, L.P., a concentrated global portfolio of tech-driven stocks that is available only to accredited investors through Baron.

Baron Technology Fund is a non-diversified fund that invests primarily in companies of any market capitalization that we believe have durable growth potential from the development, advancement, and/or use of technology. The Fund invests principally in U.S. securities but may invest up to 35% in non-U.S. securities. Its primary benchmark is the MSCI ACWI Information Technology Index.

The recent declines in the prices and valuations of tech-driven stocks have fortuitously coincided with the launch of our new Fund, giving us the opportunity to make our initial investments at low prices. Some of our other Funds have also taken advantage of these depressed prices. While we cannot be certain when prices may rebound, we remain convinced our investments have substantial long-term upside. We strongly believe that, over the next decades, our world will advance significantly because of technological progress, and we remain largely invested in tech-driven change and innovation. We hope you will join us.

Sincerely,

Linda S. Martinson
Chairman, President and COO

Disclosures:

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.

Risks: In addition to general market conditions, technology companies, including internet-related and information technology companies, as well as companies propelled by new technologies, may present the risk of rapid change and product obsolescence, and their successes may be difficult to predict for the long term. Technology companies may also be adversely affected by changes in governmental policies, competitive pressures and changing demand. Non-U.S. investments may involve additional risks to those inherent in U.S. investments, including exchange-rate fluctuations, political or economic instability, the imposition of exchange controls, expropriation, limited disclosure and illiquid markets. When a fund is non-diversified, it means it may have a greater percentage of its assets in a single issuer than a diversified fund. Securities issued by small and medium sized companies may be thinly traded and may be more difficult to sell during market downturns. **Baron Partners and Baron Focused Growth**: These Funds are non-diversified which means, in addition to increased volatility of the Funds' returns, they will

likely have a greater percentage of its assets in a single issuer or a small number of issuers, including in a particular industry than a diversified fund. Single issuer risk is the possibility that factors specific to an issuer to which the Fund is exposed will affect the market prices of the issuer's securities and therefore the net asset value of the Fund. As of the date of the latest prospectus supplement, about 40% of each of the Funds' assets are invested in Tesla stock. Therefore, the Funds are exposed to the risk that were Tesla stock to lose significant value, which could happen rapidly, the Funds' performance would be adversely affected.

Baron Opportunity Fund
Top 10 Holdings as of 12/31/2021

Holding	% of Net Assets
Microsoft Corporation	10.0
Alphabet Inc.	6.9
Rivian Automotive, Inc.	6.7
Amazon.com, Inc.	4.9
NVIDIA Corporation	3.4
Tesla, Inc.	3.3
ZoomInfo Technologies Inc.	3.0
Gartner, Inc.	2.5
Ceridian HCM Holding Inc.	2.4
argenx SE	2.3
Total	45.4

Baron Partners Fund
Top 10 Holdings as of 12/31/2021

Holding	% of Total Investments
Tesla, Inc.	47.0
CoStar Group, Inc.	6.3
IDEXX Laboratories, Inc.	5.7
Space Exploration Technologies Corp.	4.8
FactSet Research Systems, Inc.	3.7
The Charles Schwab Corp.	3.6
Vail Resorts, Inc.	3.6
Hyatt Hotels Corp.	3.4
Arch Capital Group Ltd.	3.2
Gartner, Inc.	2.5
Total	83.8

Baron Fifth Avenue Growth Fund
Top 10 Holdings as of 12/31/2021

Holding	% of Net Assets
Amazon.com, Inc.	7.6
Alphabet Inc.	7.5
Rivian Automotive, Inc.	7.0
ServiceNow, Inc.	4.9
EPAM Systems, Inc.	4.6
NVIDIA Corporation	4.3
Shopify Inc.	4.1
Intuitive Surgical, Inc.	4.0
Mastercard Incorporated	3.9
Adobe Inc.	3.7
Total	51.6

Baron Focused Growth Fund
Top 10 Holdings as of 12/31/2021

Holding	% of Net Assets
Tesla, Inc.	25.9
Space Exploration Technologies Corp.	7.8
Hyatt Hotels Corp.	5.7
CoStar Group, Inc.	5.5
FactSet Research Systems, Inc.	4.8
Arch Capital Group Ltd.	4.8
Guidewire Software, Inc.	4.7
Vail Resorts, Inc.	4.7
Spotify Technology S.A.	4.2
Penn National Gaming, Inc.	3.0
Total	71.1

Baron Global Advantage Fund
Top 10 Holdings as of 12/31/2021

Holding	% of Net Assets
Rivian Automotive, Inc.	7.3
Alphabet Inc.	6.5
Amazon.com, Inc.	4.9
Endava plc	4.7
EPAM Systems, Inc.	4.3
Shopify Inc.	4.0
argenx SE	3.2
MercadoLibre, Inc.	2.8
ZoomInfo Technologies Inc.	2.5
Twilio Inc.	2.3
Total	42.5

Baron FinTech Fund
Top 10 Holdings as of 12/31/2021

Holding	% of Net Assets
Endava plc	5.0
Intuit Inc.	4.6
S&P Global Inc.	4.0
Mastercard Incorporated	3.7
Visa, Inc.	3.7
Shopify Inc.	3.5
EPAM Systems, Inc.	3.5
BlackRock Inc.	3.3
MSCI, Inc.	3.3
Accenture plc	3.3
Total	37.9

Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

The discussion of market trends is not intended as advice to any person regarding the advisability of investing in any particular security. The views expressed in this document reflect those of the respective writer. Some of our comments are based on management expectations and are considered "forward-looking statements." Actual future results, however, may prove to be different from our expectations. Our views are a reflection of our best judgment at the time and are subject to change at any time based on market and other conditions and Baron has no obligation to update them.

The **MSCI ACWI Index** measures the equity market performance of large and midcap securities across developed and emerging markets, including the United States. The **MSCI Emerging Markets Index** is an unmanaged float-adjusted market capitalization index designed to measure equity market performance of large and mid-cap securities in the emerging markets. The **MSCI EAFE Index** covers non-U.S. and Canadian equity markets. It serves as a performance benchmark for the major international equity markets as represented by 21 major MSCI indices from Europe, Australasia, and the Middle East. The **MSCI ACWI ex USA Index** captures large and mid-cap representation across 22 of 23 Developed Markets countries (excluding the US) and 26 Emerging Markets countries. The **MSCI ACWI Growth Index** captures large and mid cap securities exhibiting overall growth style characteristics across 23 Developed Markets (DM) countries and 26 Emerging Markets (EM) countries. The **MSCI ACWI ex USA Growth Index** captures large and mid cap securities exhibiting overall growth style characteristics across 22 Developed Markets countries and 24 Emerging Markets countries. The **MSCI ACWI Information Technology Index** includes large and mid cap securities across 23 Developed Markets (DM) countries and 27 Emerging Markets (EM) countries*. All securities in the index are classified in the Information Technology as per the Global Industry Classification Standard (GICS®). MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. The **Russell 3000® Index** measures the performance of the broad 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 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 2500® Growth Index** measures the performance of small to medium-sized U.S. companies that are classified as growth. The **Russell 2000® Growth Index** measures the performance of small-sized U.S. companies that are classified as growth. The **Russell 2000® Value Index** measures the performance of small-sized U.S. companies that are classified as value. The **Russell 1000® Growth Index** measures the performance of large-sized U.S. companies that are classified as growth. The **Russell 1000® Value Index** measures the performance of large-sized U.S. companies that are classified as value. The **Russell Top 200 Index** is a market capitalization weighted index of the largest 200 companies in the Russell 3000. The **Russell Midcap® Growth Index** measures the performance of medium-sized U.S. companies that are classified as growth. The **Russell Midcap® Value Index** measures the performance of medium-sized U.S. companies that are classified as value. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell is a trademark of Russell Investment Group. The **S&P 500 Index** measures the performance of 500 widely held large-cap U.S. companies. The indexes and the Funds include reinvestment of dividends, net of foreign 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.

Portfolio holdings as a percentage of net assets as of December 31, 2021 for securities mentioned are as follows: **Microsoft Corporation** – Baron Opportunity Fund (10.0%), Baron Durable Advantage Fund (8.6%); **Alphabet Inc.** – Baron Opportunity Fund (6.9%), Baron Fifth Avenue Growth Fund (7.5%), Baron Global Advantage Fund (6.5%), Baron Durable Advantage Fund (6.2%); **Tesla, Inc.** – Baron Partners Fund (47.0%*), Baron Opportunity Fund (3.3%), Baron Focused Growth Fund (25.9%); **FactSet Research Systems, Inc.** – Baron Asset Fund (2.8%), Baron Growth Fund (6.0%), Baron Partners Fund (3.7%*), Baron Focused Growth Fund (4.8%); **Repay Holdings Corporation** – Baron Small Cap Fund (1.2%), Baron FinTech Fund (0.4%); **Taiwan Semiconductor Manufacturing Company Ltd.** – Baron International Growth Fund (1.7%), Baron Emerging Markets Fund (5.3%), Baron New Asia Fund (4.9%); **Samsung Electronics Co. Ltd.** – Baron Emerging Markets Fund (3.2%); **Gartner, Inc.** – Baron Asset Fund (7.8%), Baron Growth Fund (5.4%), Baron Small Cap Fund (5.3%), Baron Opportunity Fund (2.5%), Baron Partners Fund (2.5%*); **CoStar Group, Inc.** – Baron Asset Fund (2.7%), Baron Growth Fund (4.4%), Baron Opportunity Fund (1.5%), Baron Partners Fund (6.3%*), Baron Focused Growth Fund (5.5%), Baron Real Estate Fund (1.8%), Baron FinTech Fund (1.4%); **ANSYS, Inc.** – Baron Asset Fund (3.6%), Baron Growth Fund (4.6%); **Guidewire Software, Inc.** – Baron Asset Fund (2.5%), Baron Growth Fund (1.2%), Baron Small Cap Fund (2.5%), Baron Opportunity Fund (1.6%), Baron Partners Fund (1.1%*), Baron Focused Growth Fund (4.7%), Baron FinTech Fund (1.9%); **Endava plc** – Baron Small Cap Fund (2.3%), Baron Opportunity Fund (1.9%), Baron International Growth Fund (1.8%), Baron Global Advantage Fund (4.7%), Baron Discovery Fund (3.5%), Baron FinTech Fund (5.0%); **Tencent Holdings Ltd.** – Baron International Growth Fund (1.5%), Baron Emerging Markets Fund (3.8%), Baron New Asia Fund (1.8%); **Ceridian HCM Holding, Inc.** – Baron Asset Fund (2.7%), Baron Small Cap Fund (1.6%), Baron Opportunity Fund (2.4%), Baron FinTech Fund (1.4%); **Amazon.com, Inc.** – Baron Opportunity Fund (4.9%), Baron Fifth Avenue Growth Fund (7.6%), Baron Global Advantage Fund (4.9%); **SBA Communications Corp.** – Baron Asset Fund (2.2%), Baron Small Cap Fund (1.8%), Baron Real Estate Fund (1.1%), Baron Real Estate Income Fund (0.9%); **Shopify, Inc.** – Baron Opportunity Fund (0.7%), Baron Partners Fund (1.2%*), Baron Fifth Avenue Growth Fund (4.1%), Baron Global Advantage Fund (4.0%), Baron FinTech Fund (3.5%); **ZoomInfo Technologies, Inc.** – Baron Asset Fund (1.8%), Baron Opportunity Fund (3.0%), Baron Fifth Avenue Growth Fund (2.5%), Baron Global Advantage Fund (2.5%), Baron FinTech Fund (1.3%); **Spotify Technology S.A.** –Baron Partners Fund (2.2%*), Baron Focused Growth Fund (4.2%), Baron International Growth Fund (0.5%); **EPAM Systems, Inc.** – Baron Asset Fund (1.4%), Baron Fifth Avenue Growth Fund (4.6%), Baron Global Advantage Fund (4.3%), Baron FinTech Fund (3.5%); **Adyen N.V.** – Baron Opportunity Fund (0.5%), Baron Partners Fund (1.7%*), Baron Fifth Avenue Growth Fund (1.9%), Baron Global Advantage Fund (1.6%), Baron FinTech Fund (3.0%); **Verisk Analytics, Inc.** – Baron Asset Fund (3.5%), Baron FinTech Fund (1.3%).

As of December 31, 2021, Baron Funds did not hold shares of **Apple, Inc**., **Uber Technologies, Inc.**, or **Lyft, Inc.**
* % of Long Positions.
Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

Price/Earnings Ratio (next 12-months): is a valuation ratio of a company's current share price compared to its mean forecasted 4 quarter sum earnings per share over the next twelve months. If a company's EPS estimate is negative, it is excluded from the portfolio-level calculation.

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).

Appendix: Baron Funds Top Twenty Technology-Driven Holdings & Investment Premises
As of 12/31/2021

Company	Market Capitalization (billions)	Company Description	Baron's Investment Premise	GICS Sub-Industry
Tesla, Inc.	$ 1,061.29	**Tesla, Inc. (TSLA)** manufactures electric vehicles, including a luxury sedan and CUV (S/X), a mid-sized luxury sedan and hatchback (3/Y), and soon pickup and semi-trucks. It also ramping internal battery cell production, energy solutions, and software offerings such as full self driving and insurance.	Tesla should continue to grow its automotive business rapidly through international production capacity and product expansion. We believe that TSLA's vertical integration, manufacturing innovation, years of EV experience, software capabilities, and growing supplier support can offer unique and sustainable growth opportunities that would be hard to replicate by others. In addition, TSLA's software expertise is broadening the industrial opportunity to large and profitable revenue opportunities that were locked in the legacy vehicle architecture.	Automobile Manufacturers
Gartner, Inc.	$ 27.49	**Gartner, Inc. (IT)** is the leading independent provider of research and advisory services for IT, HR, sales, finance, and marketing leaders.	Gartner has a vast addressable market, which management estimates exceeds $70 billion annually, implying a penetration rate of less than 3%. IT is rapidly changing and growing in strategic importance, leading users to turn to third-party providers for insight into trends. The low price of Gartner's research relative to its value has created strong renewal trends, with retention rates running above 100%. We think consistent execution in Global Technology Sales and improvements in Global Business Sales will help accelerate Research growth into the low double digits.	IT Consulting & Other Services
CoStar Group, Inc.	$ 31.21	**CoStar Group, Inc. (CSGP)** is the leading provider of information and marketing services to the commercial real estate industry.	CoStar has built a proprietary database through data collection over a 20-year period, creating high barriers to entry. We think CoStar's suite should grow at mid-teens rates, and we believe its Loopnet marketing platform can grow even faster. The Apartments.com platform has emerged as the dominant multi-family internet listing service and should grow revenue more than 20%. CoStar is starting to expand into residential, creating additional significant growth opportunities. Its balance sheet and cash generation create M&A optionality.	Research & Consulting Services
FactSet Research Systems, Inc.	$ 18.29	**FactSet Research Systems, Inc. (FDS)** provides financial information to the global investment community.	FactSet serves only a small part of the addressable market, which we estimate is roughly $20 billion annually. The company has been taking market share and offering broader data sets and more advanced portfolio analytics than its competitors and has a highly regarded customer service model. FactSet has also been expanding into the fixed income and wealth management markets. Its products are sticky, leading to retention rates of over 95% and high visibility. FactSet generates robust free cash flow, which it has returned to shareholders via share repurchases and dividends.	Financial Exchanges & Data
ANSYS, Inc.	$ 35.00	**ANSYS, Inc. (ANSS)** is the market leader in simulation-driven product development. Engineers use its simulation software to test and optimize real-world forces on a design without a physical model, driving improving design and shorter time to market. Supported by secular trends of growing complexity of products.	ANSYS's multiphysics solutions allow engineers to test a broad range of designs, enabling lower development costs, reduced time to market, and optimized products. The company has a meaningful recurring revenue base and customer retention rate in excess of 95%. It generates high margins and free cash flow due to the scalability of its software, which it has reinvested in R&D and acquisitions. With refocus on go-to-market activity and larger M&A deals, we expect to see ANSYS grow above market levels and believe capital allocation can generate strong returns for shareholders.	Application Software
Guidewire Software, Inc.	$ 9.46	**Guidewire Software, Inc. (GWRE)** is a leading provider of core systems software to the global P&C insurance industry.	Guidewire is a small player in a vast addressable market and has been benefiting from the inevitable need for P&C insurers to upgrade 30-year-old systems. The company offers best-in-class functionality, as evidenced by its growing installed base and 100% retention rates, and we believe it has a significant amount of off-balance sheet revenue. We think the company's launch of data and digital applications meaningfully expands the total addressable market and growing demand for cloud deployments could increase prices by two to three times.	Application Software

Company	Market Capitalization (billions)	Company Description	Baron's Investment Premise	GICS Sub-Industry
Taiwan Semiconductor Manufacturing Company Ltd.	$ 623.94	**Taiwan Semiconductor Manufacturing Company Ltd. (TSMC)** is the world's largest independent semiconductor foundry, manufacturing chips on behalf of other companies.	Taiwan Semiconductor remains the dominant force in leading edge semiconductor foundry manufacturing, as it benefits from economies of scale and a superior cost structure. Its successful track record of deploying new technology faster than its competition enables it to maintain its market share and pricing power. We believe Taiwan Semiconductor's investments in advanced nodes (5, <3 nanometers) will solidify its superior market positioning and profitability over its competition in the long run.	Semiconductors
Endava plc	$ 9.36	**Endava plc (DAVA)** provides consulting and outsourced software development for business customers.	Endava benefits from growing demand for IT services and digital transformation from businesses worldwide. The company's competitive differentiation comes from its ability to hire and retain highly skilled, low-cost software engineers, primarily in Eastern Europe. Endava's strong technical capabilities and differentiated labor pool enable the company to work on higher-value client projects with better pricing power than peers. We believe Endava will continue gaining share in a large, growing market by adding new clients and increasing wallet share with existing clients.	IT Consulting & Other Services
Tencent Holdings Limited	$ 560.17	**Tencent Holdings Limited (700 HK)** is a leading internet service company and the top game developer in China. Its primary platforms include QQ for instant messaging, WeChat for mobile messaging, and Qzone for social networking.	We are bullish on Tencent's ability to grow EPS at double-digit rates in the long term. Tencent benefits from virtuous network effects, and we think it has a long runway to monetize its large user base by pushing value-added services and advertising through its platforms. We believe online advertising will continue to drive growth as management focuses on capturing a greater share of China ad spend, with increasing contribution from the gaming and fintech segments.	Interactive Media & Services
Alphabet Inc. Class A	$ 1,921.78	**Alphabet Inc. (GOOG)** is the world's most dominant online search provider and offers a variety of other services and products including display advertising, Android, Chrome, Google Cloud, Google Maps, Google Play, and YouTube. Its Other Bets segment consists of businesses such as CapitalG, GV, and Verily.	Alphabet is the largest beneficiary of a secular shift in advertising from all other media to online and mobile. Alphabet has processed and indexed more data than any other company, and its leadership position in artificial intelligence allows Alphabet to leverage its large data sets to quickly improve its products. Subsidiaries GCP and Waymo provide key exposure to cloud and autonomous driving. We believe Alphabet has the greatest collection of engineering talent of any company we cover, which should allow it to grow and innovate for years to come.	Interactive Media & Services
Ceridian HCM Holding Inc.	$ 15.81	**Ceridian HCM Holding, Inc. (CDAY)** is a global human capital management (HCM) software company.	Ceridian's total addressable market is the roughly $20 billion market for HCM and payroll applications. This market has high barriers to entry due to the more than 13,000 local tax codes and other complex, constantly changing regulations global employers must follow. Ceridian's cloud-based HCM provider Dayforce is its biggest and fastest growing business unit. We believe Dayforce will continue to take market share. In addition, we believe Ceridian will benefit from the roll out of on-demand pay and continued globalization of its footprint.	Application Software
Samsung Electronics Co., Ltd.	$ 393.21	**Samsung Electronics Co., Ltd. (005930 KS)** is a Korean technology conglomerate known for its leadership in consumer electronics and semiconductor manufacturing.	Samsung is the bellwether for global technology innovation and continues to deliver robust earnings across memory, logic, display, smartphones, and home appliances. We are confident that Samsung's technology leadership will be sustainable for decades to come, given its strong track record for R&D and the ability to meet the ever-changing global consumer demand.	Technology Hardware Storage & Peripherals
Amazon.com, Inc.	$ 1,691.00	**Amazon.com, Inc. (AMZN)** is an e-commerce pioneer, innovator, and market share leader, with relentless focus on providing value and convenience to its customers. It also operates the industry-leading cloud infrastructure business Amazon Web Services.	Amazon's market share of U.S. online retail sales is over 30% while its share of global online retail sales is less than 5%. Amazon has numerous avenues for new revenue growth opportunities, including consumer staples, apparel, international expansion, digital media offerings, office and industrial supplies, private label, pharmacy services, and advertising. Given our view that Amazon Web Services will account for over 50% of Amazon's value over time, we believe Amazon represents a unique opportunity to invest in the secular growth of both online retail and cloud computing.	Internet & Direct Marketing Retail

Company	Market Capitalization (billions)	Company Description	Baron's Investment Premise	GICS Sub-Industry
SBA Communications Corp.	$ 42.32	**SBA Communications Corp. (SBAC)** is the third largest independent owner of wireless towers in the U.S. and has a growing presence in Canada, Central America, and Brazil. SBA owns and operates nearly 30,000 towers in total.	Consumers continue to use data intensive applications that require increasing amounts of wireless data bandwidth that is growing 30-40% annually and forces carriers to continually augment their networks. To increase network density, carriers lease space for equipment on existing and new towers. We think SBA can generate additional revenue from new lease and amendment activity, leading to strong cash flow growth. We also believe SBA has many opportunities to grow internationally, particularly in Latin America, where SBA has grown its presence over the last few years.	Specialized Reits
Shopify Inc.	$ 172.38	**Shopify Inc. (SHOP)** is a cloud-based software provider offering an operating system for multi-channel commerce. The company has over 1.7 million merchants that have processed nearly $120 billion of gross merchandise value in 2020, making Shopify the second largest ecommerce player in the U.S.	Shopify is a best-in-class operator benefiting from rapid growth in SaaS adoption and e-commerce. It has developed a scalable platform that offers an end-to-end commerce solution to merchants of all sizes. As more merchants adopt Shopify and transact more on the platform, it attracts more ecosystem partners, which add more features to the platform through Shopify's app store, increasing Shopify's moat through network effects. Shopify is still early in its growth with $120 billion of gross merchandise value out of $20 trillion in global commerce, or 0.6% penetrated.	Internet Services & Infrastructure
ZoomInfo Technologies Inc.	$ 25.89	**ZoomInfo Technologies, Inc. (ZI)** operates a cloud-based B2B intelligence platform that provides sales teams with data and analytics on millions of companies and over 120 million professionals, enabling salespeople to identify and target prospects, shorten cycles, and increase win rates.	ZoomInfo has only a low-single-digit share of its $24 billion global addressable market. We believe ZoomInfo is well positioned to capitalize on secular trends favoring data-driven marketing given the company's unique contributory network for data collection and validation, patented data extraction technologies, and proprietary go-to-market strategy that drives a loan-to-value/customer acquisition cost ratio of over 10 times.	Interactive Media & Services
Spotify Technology S.A.	$ 44.65	**Spotify Technology S.A. (SPOT)** is the leading music streaming service globally, with approximately 40% market share.	With over 155 million paying subscribers, Spotify has created a two-sided marketplace where creators can monetize their work and consumers can stream music. Longer term, we expect the company to grow to over 250 million subscribers and improve margins through negotiations with music labels and artists.	Movies & Entertainment
EPAM Systems, Inc.	$ 37.91	**EPAM Systems, Inc. (EPAM)** provides consulting and outsourced software development for business customers.	EPAM benefits from growing demand for IT services from and digital transformation of businesses around the world. The company's competitive differentiation comes from its ability to hire and retain highly skilled, low-cost software engineers, primarily in Eastern Europe and Russia. EPAM's strong technical capabilities and differentiated labor pool enable the company to work on higher-value client projects than peers. We believe EPAM will continue gaining share in a large, growing market by adding new clients and increasing wallet share within existing clients.	IT Consulting & Other Services
Adyen N.V.	$ 81.44	**Adyen B.V. (ADYEN.NA)** provides technology solutions that enable merchants to accept electronic payments.	As a payment processor mostly for online merchants, Adyen benefits from the rapid growth of e-commerce. The company has a long runway for growth given its small share of a large and rapidly growing global market. Adyen is gaining share due to its global presence, advanced technology platform, and ability to achieve higher authorization rates for merchants. We believe margins should continue expanding due to operating leverage.	Data Processing & Outsourced Services
Verisk Analytics, Inc.	$ 36.86	**Verisk Analytics, Inc. (VRSK)** provides information about risk to companies in the insurance, financial services, and energy industries. Verisk enables these businesses to better understand and manage their risks and optimize their decision-making processes.	We think Verisk has a unique competitive position. The company is investing to expand its product set in Insurance, Financials, and Energy, creating a path to sustained high-single-digit organic growth. Verisk generates robust margins, which we believe can grow modestly over time with scale, excluding the impact of any future M&A. Verisk has been generating significant levels of free cash flow, which it has been using to repurchase stock and make acquisitions.	Research & Consulting Services