Baron Funds®

December 31, 2020

Quarterly Report

"Ron, when I first met you 35 years ago, you were investing in wireless telephones. 'Wow! That's a pretty far out idea,' I thought." After beginning a recent phone call to me with that comment, Chuck Mathewson told me he was calling to congratulate us on our Tesla investment. Chuck Mathewson. Chairman Emeritus International Game Technology and Chairman Emeritus Baron Funds. December 2020.

In 1970, I began my career as a Wall Street securities analyst. I was 26, and at the beginning of the Summer of '69, I had resigned from my "critical skills" job as a Chemistry Patent Examiner in the United States Patent Office. While patent examining by day, I had been attending George Washington University Law School in the evenings. Short of money, despite a partial tuition scholarship, I also "dropped out" of law school...just one semester before graduation. I changed my life path to live rent free and food insecure in the basement of one of my best high school friend's home in Maplewood, New Jersey. This was while I commuted daily to Wall Street trying to find a job as an analyst. My net worth was a negative $15,000. My parents were beside themselves.

I landed my first analyst job after an unpleasant three-month unemployment stint and, in 1982, founded Baron Capital with two other individuals, Linda Martinson and Susan Robbins. Both still work with me. My steadily growing family business is now comprised of 172 employees, who are our most important assets. Among them are 40 incredibly talented analysts and portfolio managers...many of whom are extremely long tenured... who have worked together for 10 and 15 and 20 plus years actually.

Thirty-eight years ago, Baron Capital was principally an institutional brokerage firm. Our clients paid us brokerage commissions in return for our research investment ideas. Since we had just *$10 million* in assets under management in 1982, we relied upon our clients' brokerage commissions to "pay the rent." When our assets under management reached *$100 million in 1992,* we stopped selling our ideas to others. Baron Capital was a truly "capital-light" business in 1982. Our Firm now manages *$50 billion* of assets. Further, since 1992, we have earned more than *$47 billion* realized and unrealized profits for our clients. Baron Capital no longer has an insignificant book value.

Although Chuck called to congratulate us on Tesla, he had previously been skeptical about Tesla's prospects. That was also the case for most of my friends, clients and my contacts in the media. To say nothing of the executives of businesses that manufacture cars with internal combustion engines ("ICEs"). Those businesses' investments of billions in factories that make motors would become "stranded assets" if electric cars replaced ICE cars. Dealers who make money *servicing* ICE cars *not selling* them also believed Tesla's prospects were dubious. Electric Vehicle ("EV") cars require little service since they have a lot fewer parts than ICE cars. Also, among the Tesla skeptics were nearly all automotive investment analysts, whose expertise on engine manufacturing would become obsolete if EVs became prevalent... and short sellers who would profit if Tesla were not successful.

22-year-old Amanda Gorman, the youngest poet ever to perform at a Presidential inauguration and the first-ever National Youth Poet Laureate, inspires America with poem, *"The Hill We Climb."* "For there is always light. If only we're brave enough to see it. If only we're brave enough to be it."

When we began to research Tesla in 2012, we met and spoke with Elon Musk numerous times; visited Tesla's factories in Fremont and Reno regularly; and met with and spoke to his operations, finance, and senior executives frequently. We also visited and spoke with ICE car manufacturing executives, and car dealers. In the course of our due diligence, I was surprised that only 1 of 19 analysts who had published a research report with a sell recommendation on Tesla had met Elon Musk; only 3 had visited its Fremont factory; none had visited its huge facility in Reno...which we visited 3 times!...and no one I knew had read either Elon's biography or "The Last Days of Night," an historical fiction book about Nikola Tesla that was a really fun read. The last was a book my wife, Judy, insisted I read. I finished it in two nights. After extensive diligence...that is ongoing nine years later...we invested $372 million in Tesla shares, about 1.5% of our assets under management in 2016. We have since "earned" about $5.5 billion realized and unrealized profits on our Tesla investment! We are hopeful we will triple our money again by 2030. Of course, there can be no assurance that will be the case.

On a recent zoom call to David Schneider, our Firm's head trader, I spoke about how excited I was about the BioNTech/Pfizer mRNA vaccines. Their technology seems to offer the potential to treat cancers and other presently untreatable diseases, I remarked. Only about 600 of 5,000 known diseases are now treatable. I think BioNTech's management team is super and its messenger RNA modality protected by hundreds of patents is innovative and disruptive. "Messenger RNA teaches the body's immune system to manufacture antibodies to attack viruses. BioNTech's mRNA technology and years of research and clinical test data could be as significant to health care as small chemical pills and large molecule biotech monoclonal antibodies that are ingested!"

David's response surprised me. "Ron, I joined Baron Capital in 1987. All you could talk about then were cellular telephones. You were investing in your friend George Lindemann's Metro Mobile CTS, U.S. Cellular, McCaw Cellular, and Lin Broadcasting. You had just returned from a brief vacation to Italy with Judy and had seen fisherman using cell phones! You said, 'Everyone's going to have them! Whether you're rich or poor!!' You were convinced of that. Just like you were convinced about electric cars

BARON FUNDS 1987

10 years ago! You've always invested like that." I asked David: "Did my executive assistant Alice tell you what I was writing about in this letter?" He told me she had not.

"In the 20th century, the United States endured two world wars, and other traumatic and expensive military conflicts; the Depression; a dozen or so recessions; financial panics; oil shocks; the 1918 Spanish flu epidemic; and the resignation of a disgraced president. Yet the Dow rose from 66 to 11,497." Warren Buffett. Chairman, Berkshire Hathaway. March 2019.

In his address to Berkshire Hathaway's shareholders at their 1994 annual meeting, Buffett told the gathering, "I bought my first stock in April 1942 when I was 11. World War II didn't look so good at the time. We were not doing well in the Pacific. Just think of all the things that have happened since. Atomic weapons and major wars. Presidents resigning, massive inflation at certain times."

Buffett then explained why he believes investing in good businesses for the *long term* is a better idea than trying to continuously rebalance your portfolio based upon the current news cycle. *"To give up what you're doing well because of guesses about what's going to happen in some macro way, just doesn't make any sense to us."* Of course, to adopt Buffett's *long-term* strategy requires an unquenchable optimism, like his and ours, and a belief that it is "never a good time to bet against America"....which history has proven correct.

In March 1999, the Dow Jones Industrial Average reached 10,000 for the first time. That was 12 months before the "internet bubble burst" beginning the Biblical seven lean years for investors. Further, since the start of the new Millennium, our nation has endured 9/11; the bursting of the internet bubble; the 2009 financial panic; a once-in-100-years pandemic that is presently claiming 4,000 American lives per day; and, an insurrectionist attack on Congress on January 6, 2021 that threatened our democracy.

Regardless, our economy and stock market have grown significantly since March 1999. *The Dow Jones Industrial Average is now above 30,000.* This represents a 6.61% annualized rate of return investors could have earned since December 1999 by hypothetically investing in a low fee, index fund that mirrors the S&P 500 Index. $10,000 hypothetically invested in such an index fund then would now be worth more than $38,000! This is despite returns in this period *below* historic 10% annual rates of return on U.S. equity investments since World War II. Further, those 6.61% annualized passive returns were far better than the returns that most pension funds, endowments, foundations, and institutional investors earned during the period despite their sophisticated investment strategies.

So, the question we think investors should ask is, "Why?" Why have stocks done well amid turmoil? Why haven't many of the "best and brightest" been able to match average benchmark returns?

Stock prices reflect the nominal growth rate of our economy discounted by the "risk-free return" provided by current interest rates. Furthermore, the impact of digitization on our economy means capital requirements for our nation's businesses have been reduced, while technology offers businesses greater competitive advantages and opportunities to grow faster at lower costs. Interest rates below the rate of inflation are intended to make debt affordable and for it to decline as a percentage of our economy over the long term. Investment allocations and trading strategies do not change these economics. They just add costs. Finally, perhaps the most important reason asset allocating based upon news doesn't work is that decisions based upon predicting what is unpredictable, even when you are right, still will not ensure that the companies' stock prices haven't already reflected those particular developments.

We believe the purchasing power of your money will continue to decline 50% every 17 years...about 3% to 4% per year! Growth stocks are a hedge that protects you against the loss of our currency's purchasing power. To prove this, Google the prices of anything back in 1999 and compare them to present prices. Most prices have since about doubled! Stock prices of indexes are nearly three times what they were in 2000...and more than four times as much when you include dividends.

"Teach your children well...you must have a code you can live by." Crosby, Stills, Nash & Young. 1969.

In the summer of 2001, we had become interested in investing in a well-managed property and casualty ("P&C") insurance business. That was since P&C industry reserves had fallen 30% during the prior several years and premium rates had not yet increased. The reserves had fallen due to unusually large insured catastrophic losses from hurricanes, fires, floods, and earthquakes. Large insured losses from malfeasance and misfeasance awards magnified the negative impact on those reserves. We believed that if one more unexpected loss occurred, premium rates would increase significantly...and profits in this cyclical industry would increase substantially. We had never previously invested in P&C businesses. When an investment banker cold called fortuitously and offered a meeting with Dinos Iordanu, an entrepreneur founder of P&C insurer Arch Capital Group Ltd., we immediately accepted. Dinos was raising fresh capital to take advantage of circumstances. Further, I remembered Warren Buffett mentioning Dinos' unforgettable name and attributing significant profits one year to Dinos' skills as an underwriter. It did not take us long to come to the same conclusion as Buffett. We soon became one of Arch's largest shareholders. We purchased approximately 10% of that company and earned our investors more than 10 times our initial purchase price over the last 18 years.

Dinos' story is a remarkable one, similar to that of so many individuals in whom we have invested on behalf of Baron Funds' shareholders. Dinos was an immigrant from Cyprus who came to America with his two brothers and sister as children. They were penniless when they arrived. Dinos has since earned hundreds of millions of dollars for his family as Chairman of Arch while his siblings became a professor at Harvard, a doctor, and a judge. Until Dinos became Arch Chairman Emeritus, he visited us quarterly after Arch earnings were reported to update us on business developments. I would meet with Dinos and his fellow executives who accompanied him on these visits. I always included a few younger Baron analysts or managers in these meetings.

At the end of one of those visits, Dinos turned to the young Baron investors in the room after updating us on current developments. He then asked if they knew why Ron had invested in Arch all those years ago? When the answer was "no," as Dinos expected, he went on with his narrative. "Ron was interested in our business and my industry, of course, but he was really interested in me. When we met, he began to ask me questions that no one else had asked. 'How did you come to America?' 'Where do you live?' 'What was your house like?' 'Where did your children go to school?' 'Did your wife work?' 'Do you own a plane?' 'A boat?' 'Where do you go on vacations?' They were the right questions.

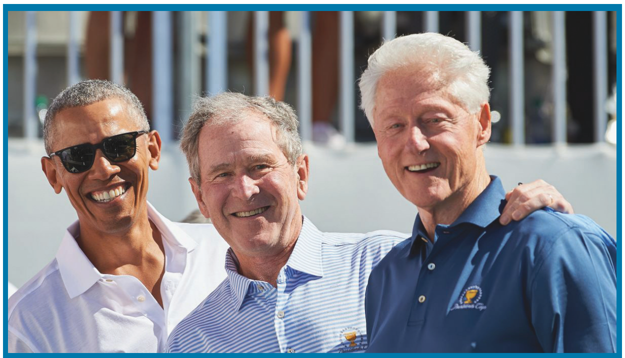
Ron was trying to get a sense of me as a person. He was investing in me, and he wanted to understand my values so he could judge what kind of risks I would likely take and how successful I would likely be."

On another visit, I asked him, "Dinos, tell me again about where you lived as a child and what you think enabled you to become so successful." He then told us that he grew up in a small village on Cyprus, and he lived in a small home with a dirt floor. His dad was a constable who did not own a pair of shoes when he was a child. In fact, his father had to borrow a pair of shoes when he was 16 to apply for that constable job, a job of which he was proud and at which he worked for his entire life. Dinos then told us when he was young every evening his dad, who valued education that he was lacking, would ask Dinos and his siblings about their day. "What did you learn today? Were you kind to someone today? Did you say your prayers last night to thank God for all we have?" Dinos returns to the town on Cyprus where he grew up on vacations and has established charities for that island's residents.

Baron closed its office on March 13, 2020 and our employees have been working at a distance until it is safe to return. My wife, Judy, and I have been living at what is normally our weekend home since then and have returned to New York City about five times for one or two days at a time to see our doctors and dentists. On my last visit, after my doctor appointments and before I returned to our summer home on Long Island, I visited my son David, his wife Jamie, and my two grandsons, Leo age 8 and Ari age 6. Masked up, of course. When I arrived, Leo was excited to see me. "Come with me, Gran'pa. I want to show you my room." The first thing he pointed to was a huge poster on the wall of a SpaceX rocket launch. I then noticed there were three jars on his desk filled with dollar bills. "What's that?" I asked. "I now get an allowance, Gran'pa. $6 per week." "Wow, Leo. That's a lot. I guess that's because everything in this city is so expensive. But, why do you have three jars?" "The first is for spending," he told me. "The second is for investing." (Wow, it's working, I thought.) "The third is for charity." "Wow, Leo. I am so proud of you." I actually couldn't decide at that moment if I was prouder of Leo or of his parents for "teaching their children well" as Crosby, Stills, Nash & Young sang...or as Dinos might say.

Fifteen years ago, Warren Buffett spoke about a female friend of his who was a survivor of Auschwitz 60 years previously. Many in her family didn't make it. Buffett noted that his friend was having trouble making friends. It was because, he remarked, that when she meets people, she views them through the prism of "whether they would have hidden me?" Just like she was discerning whom she trusts, so are we about the individuals in whom we invest. Whether it is the individuals with whom we work or the executives of businesses in which we invest. The prism I use is "would I trust individuals like Dinos…to manage assets for my family." I realize this is not exactly like hiding a Jewish family from Nazis and risking your life and that of your family to do so...but the concept of empathy and kindness is similar to what those righteous individuals did 75 years ago.

I apologize for using so many of Buffett's quotes in this letter and promise to be more judicious in the future... but, he does say the coolest things.



Three presidents. Two parties. Three friends. One America.
Former presidents volunteer to get coronavirus vaccination to prove it's safe.

"God Bless America." Samuel Pisar. Auschwitz, Poland. 1945.

Tony Blinken is newly inaugurated President Joe Biden's choice to be America's next Secretary of State. When introduced to the media by the then President-elect, Tony spoke movingly of how his family had come to America and his family's culture of service. "For my family, as well as for many generations of Americans, America has literally been the last best hope on earth." Tony's grandfather, Maurice Blinken, fled pogroms in Russia; his dad, Donald Blinken, served in the United States Air Force during World War II and then as a United States Ambassador; and, his father's wife, Vera Blinken, fled communist Hungary as a young girl and has spent her life helping generations of refugees come to America. Tony's mother, Judith Pisar, "builds bridges to America through arts and culture."

Tony's late stepfather Samuel Pisar, was one of 900 children in his school in Bialystok, Poland, but the only one to survive the Holocaust after four years in concentration camps. At the end of the war, Samuel made a break from a death march into the woods in Bavaria. From his hiding place, he heard a deep rumbling sound. It was a tank with a five-pointed white star painted on its side. He ran to the tank, the hatch opened and a tall African American GI looked down at him. Samuel got down on his knees and said the only three words he knew in English that his mother taught him before the war, "God bless America."

It is hard for me to conceive of a stronger reason for optimism about America than Tony Blinken's life story. It makes it easy to understand why U2's Bono says, "America is not just a country...it is an idea."

"Don't look for the needle in the haystack. Just buy the haystack!" John Bogle. Founder. Vanguard. 1960s.

John Bogle was a proponent of investing in passive index mutual funds. That was since few mutual funds have consistently outperformed their benchmark indexes over the long term. Baron Funds are among the few that have outperformed.

Our objective is to have our mutual funds outperform their benchmarks by several hundred basis points per year over the long term. We have accomplished that goal. We believe we have been successful for two reasons. First, our **investment process**, which consists of investing for the **long term** in competitively advantaged, well-managed, growth companies is unusual; and second, we have been able to hire, train and retain many **exceptionally talented**, **long-tenured investors**, analysts, and co-workers. When we consider long-term objectives we have 10-year time horizons that we focus on…not on results in the next quarter...or even the next year. When we invest, we are most interested in learning about the characteristics of a business that differentiate it from others. We focus on its *competitive advantages* and the *entrepreneurial personalities, talent and leadership* of its executives. *That is what cannot be analyzed by computers and algorithms*. That is how we are different from other investors and the reason we believe we have outperformed so dramatically over the long term. What services are provided that would be extraordinarily difficult for others to provide and what risk is there over the long term that someone could leapfrog your business and provide a better service at a lower cost?

In 2020, many businesses in which we have been investing for 5 to 10 years had been penalizing their earnings as they digitized their businesses. Their growth rates *accelerated* during COVID-19 because they began to benefit from those substantial expenditures in digitization. Their exceptional performance during such a difficult period enabled Baron Funds to earn unusually positive returns in 2020. In that tumultuous year, **15** out of **17** Baron mutual funds outperformed their benchmark indexes.

As of 12/31/2020, 16 of 17 Baron Funds, representing **98.3%** of Baron Funds' assets under management ("AUM"), **outperformed** their respective passive benchmark since their inceptions. In addition, **14** of those funds, representing **98.2%** of AUM, rank in the **top 22%** of their respective Morningstar categories; **11** funds, representing **70.9%** of AUM, rank in the **top 7%** of their respective Morningstar categories; and **6** funds, representing **44.9%** of AUM, rank in the **top 3%.**

As of December 31, **Baron Partners Fund's** performance made it number 2 out of 2,256 mutual funds since its conversion to a mutual fund in 2003.* Since conversion, it earned 19.50% annualized return vs. 13.18% for the Russell Midcap Growth Index (the "Benchmark"). From its inception as a partnership in 1992, it has earned 16.52% vs. 10.85% for its benchmark.

As of December 31, **Baron Growth Fund's** performance made it **number** 11 out of 580 mutual funds since its inception in 1994.** **Baron Focused Growth Fund's** performance made it number 76 out of 3,595 mutual funds since its conversion from a partnership in 2008.***

Baron Global Advantage Fund is in the top 1% of its category since its inception. So is **Baron Real Estate Fund**. So is **Baron Partners Fund**. **Baron Discovery Fund** and **Baron Emerging Markets Fund** are in the top 3% of their respective categories since inception. (All based on Retail Shares.)

Baron WealthBuilder Fund is a diversified fund that invests in a portfolio of Baron mutual funds all but one of which have outperformed their benchmark indexes since their inception. Baron WealthBuilder Fund is designed to be attractive to long-term shareholders saving for their retirements and/or their children's college tuition, weddings, or first homes. We are hopeful that foundations, endowments, sovereign wealth funds, and corporate pension plans with long-term investment horizons similar to Baron's will also find Baron WealthBuilder Fund attractive. Especially those institutional entities that need to meet unfunded liabilities, which, due to actuarial assumptions, require 7% annual returns that few have achieved.

Baron WealthBuilder Fund's inception date was December 29, 2017. Baron WealthBuilder Fund was conceived to enable investors to obtain exposures to (and the performance of) many Baron mutual funds by investing in just one fund**.** Based on its 3-year performance, since inception performance, Baron WealthBuilder Fund (Institutional Shares) was the **number 1 fund** out of the 154 funds in the Morningstar Allocation–85%+ Equity Category.****

In 2020, **Baron WealthBuilder Fund increased 62.85%.** This compares to an 18.40% increase for the S&P 500 Index and 16.25% for the MSCI ACWI Index, the Fund's two primary benchmarks. **Since WealthBuilder Fund's inception in December 2017, its annualized rate of return has been 27.67%** per year. That compares to 14.18% per year for the S&P 500 Index and 10.06% for the MSCI ACWI Index! Baron WealthBuilder Fund charges **no management fee** and **operating expenses are capped at 5 bps annually.** Of course, the underlying funds in which Baron WealthBuilder invests charge their institutional management fees and expenses. But, that's it.

I am quite excited about the prospects for the Baron WealthBuilder Fund and expect it to become one of the largest Baron mutual funds in the next 10 years…perhaps even the largest.

We will continue to provide you with information about Baron Funds that we would like to have if our roles were reversed. Thank you again for your confidence in joining us as investors in Baron mutual funds.

Respectfully,

Ronald Baron
CEO and Portfolio Manager
January 20, 2021

Portfolio holdings as a percentage of net assets as of December 31, 2020 for securities mentioned are as follows: **Tesla, Inc.**–Baron Opportunity Fund (3.7%), Baron Partners Fund (44.6%*), Baron Focused Growth Fund (38.4%); **Space Exploration Technologies Corp.**–Baron Asset Fund (0.5%), Baron Opportunity Fund (0.4%), Baron Partners Fund (3.0%*), Baron Focused Growth Fund (2.7%); **Arch Capital Group Ltd.**–Baron Asset Fund (1.3%), Baron Growth Fund (3.8%), Baron Partners Fund (3.3%*), Baron Focused Growth Fund (1.6%), Baron International Growth Fund (1.3%).

* % of Long Positions.
Portfolio holdings may change over time.

* **This is a hypothetical ranking created by Baron Capital using Morningstar data and is as of 12/31/2020.** There are **2,256** share classes in these nine Morningstar Categories for the period from 4/30/2003 to 12/31/2020.

** **This is a hypothetical ranking created by Baron Capital using Morningstar data and is as of 12/31/2020.** There are **580** share classes in these nine Morningstar Categories for the period from 12/31/1994 to 12/31/2020.

*** **This is a hypothetical ranking created by Baron Capital using Morningstar data and is as of 12/31/2020.** There are **3,595** share classes in these nine Morningstar Categories for the period from 6/30/2008 to 12/31/2020.

**** The **Morningstar Allocation – 85%+ Equity Category** consisted of 163 and 154 share classes for the 1-year and since inception (12/29/2017) periods. Morningstar ranked Baron WealthBuilder Fund Institutional Shares in the 1st and 1st percentiles, respectively.

Note, the peer groups used for these analyses include all U.S. equity share classes in Morningstar Direct domiciled in the U.S., including obsolete funds, index funds, and ETFs. The individual Morningstar Categories used for these analyses are the Morningstar Large Blend, Large Growth, Large Value, Mid-Cap Blend, Mid-Cap Growth, Mid-Cap Value, Small Blend, Small Growth, and Small Value Categories.

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.

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

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

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

[2] For the period June 30, 1987 to December 31, 2020.

[3] As of 9/30/2020.

[4] As of 12/31/2019.

[5] Comprised of operating expenses of 1.06% and interest expenses of 0.90%.

[6] Annual expense ratio was 0.78%, but the net annual expense ratio was 0.75% (net of Adviser's fee waivers).

[7] Annual expense ratio was 2.40%, but the net annual expense ratio was 0.70% (net of Adviser's fee waivers).

[8] Annual expense ratio was 1.00%, but the net annual expense ratio was 0.90% (net of Adviser's fee waivers).

[9] Annual expense ratio was 1.04%, but the net annual expense ratio was 0.95% (net of Adviser's fee waivers).

[10] Annual expense ratio was 5.63%, but the net annual expense ratio was 0.80% (net of Adviser's fee waivers).

[11] Annual expense ratio was 2.39%, but the net annual expense ratio was 0.85% (net of Adviser's fee waivers).

[12] Expense ratios are estimated for the current fiscal year.

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

* Not annualized.

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

The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser reimburses certain Baron Fund expenses pursuant to a contract expiring on August 29, 2031, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit www.BaronFunds.com or call 1-800-99BARON.

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 for the Institutional Shares prior to 5/29/2009 did not reflect this fee, the returns would be higher.

Global Advantage Fund's 3- and 5-year, **Discovery Fund's** 1-, 3- and 5-year, and **Opportunity Fund's** 3-, 5- and 10-year historical performance were impacted by gains from IPOs and/or secondary offerings, and there is no guarantee that these results can be repeated or that the Funds' level of participation in IPOs and secondary offerings will be the same in the future.

Risks: All investments are subject to risk and may lose value.

Ranking information provided is calculated for the Retail Share Class and is as of 12/31/2020. The number of share classes in each category may vary depending on the date that Baron downloaded information from Morningstar Direct. **Morningstar calculates its category average performance and rankings using its Fractional Weighting methodology. Morningstar rankings are based on total returns and do not include sales charges. Total returns account for management, administrative, and 12b-1 fees and other costs automatically deducted from fund assets**. The **Morningstar Mid-Cap Growth Category** consisted of 604, 504, and 383 share classes for the 1-, 5-, and 10-year periods. Morningstar ranked *Baron Asset Fund* in the 53rd, 27th, 20th and 22nd percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 6/12/1987, and the category consisted of 20 share classes. Morningstar ranked *Baron Growth Fund* in the 54th, 28th, 34th, and 7th percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 12/31/1994, and the category consisted of 56 share classes. Morningstar ranked *Baron Partners Fund* in the 1st, 1st, 1st, and 1st percentiles for the 1-, 5-, 10-year, and since conversion periods, respectively. The Fund converted into a mutual Fund 4/30/2003, and the category consisted of 227 share classes. Morningstar ranked *Baron Focused Growth Fund* in the 3rd, 2nd, 5th, and 5th percentiles for the 1-, 5-, 10-year, and since conversion periods, respectively. The Fund converted into a mutual Fund 6/30/2008, and the category consisted of 326 share classes. The **Morningstar Small Growth Category** consisted of 616, 505, and 381 share classes for the 1-, 5-, and 10-year time periods. Morningstar ranked *Baron Small Cap Fund* in the 38th, 33rd, 45th, and 16th percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 9/30/1997, and the category consisted of 94 share classes. Morningstar ranked *Baron Discovery Fund* in the 9th, 5th, and 3rd percentiles for the 1-, 5-year, and since inception periods, respectively. The Fund launched 9/30/2013, and the category consisted of 439 share classes. The **Morningstar Real Estate Category** consisted of 248, 199, and 144 share classes for the 1-, 5-, and 10-year time periods. Morningstar ranked *Baron Real Estate Fund* in the 1st, 3rd, 1st, and 1st percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 12/31/2009, and the category consisted of 131 share classes. Morningstar ranked *Baron Real Estate Income Fund* in the 4th and 4th percentiles for the 1-year and since inception periods, respectively. The Fund launched 12/29/2017, and the category consisted of 225 share classes. The **Morningstar Large Growth Category** consisted of 1,289, 1,070, 789, and 291 share classes for the 1-, 5-, 10-year, and since inception (2/29/2000) periods. Morningstar ranked *Baron Opportunity Fund* in the 2nd, 2nd, 7th, and 4th percentiles, respectively. The **Morningstar Foreign Large Growth Category** consisted of 447, 313, 226, and 207 share classes for the 1-, 5-, 10-year, and since inception (12/31/2008) periods. Morningstar ranked *Baron International Growth Fund* in the 21st, 18th, 26th, and 12th percentiles, respectively. The **Morningstar Diversified Emerging Markets Category** consisted of 796, 597, and 278 share classes for the 1-, 5-year, and since inception (12/31/2010) periods. Morningstar ranked *Baron Emerging Markets Fund* in the 17th, 35th, and 3rd percentiles, respectively. The **Morningstar World Large Stock Category** consisted of 867, 631, and 438 share classes for the 1-, 5-year, and since inception (4/30/2012) periods. Morningstar ranked *Baron Global Advantage Fund* in the 3rd, 1st, and 1st percentiles, respectively. The **Morningstar Health Category** consisted of 157 and 139 share classes for the 1-year and since inception (4/30/2018) periods. Morningstar ranked *Baron Health Care Fund* in the 13th and 7th percentiles, respectively. The **Morningstar Allocation—85%+ Equity Category** consisted of 163 and 154 share classes for the 1-year and since inception (12/29/2017) periods. Morningstar ranked *Baron WealthBuilder Fund* in the 2nd and 2nd percentiles, respectively.

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