Baron Funds®

September 30, 2020 Quarterly Report

"The elderly will once again walk safely in the streets of the city, and children will once again play in parks without fear." Biblical prophet Zechariah. 520 BC. Babylon. Rabbi Ari Lorge. Central Synagogue. September 28, 2020.

I found Rabbi Lorge's virtual sermon this year, "Through Prophets' Eyes," at Central Synagogue's Rosh Hashanah services to begin the Jewish New Year 5781, especially poignant.

New York City Dining Reimagined

Rabbi Lorge began his address with the prophecy of *elderly able to walk safely* in city streets *without fear of becoming sick* and of *well-fed children* happily playing in parks. He then asked whether that prophecy was the voice of the Prophet Zechariah 2,500 years ago or the voice of New York Governor Andrew Cuomo today? Jews during that period were living in exile in Babylon after Jerusalem and their temple had been destroyed and, as everyone at Central Synagogue knew too well, many New Yorkers felt like they were living in exile outside of the city they love because of COVID-19. The Rabbi didn't keep us in suspense. Considering who was asking us that question and the venue where the question was posed, the words were obviously those of the Prophet Zechariah.

The citizens of Jerusalem in Prophet Zechariah's time longed to return to the city they loved and had been forced to leave. They hoped to return to Jerusalem *just as it was*. This was although before Jerusalem was destroyed, it was plagued with "corrupt judges and leaders, widespread poverty, and habitual abuse of the needy."

The Rabbi's sermon made me think of how many mostly white collar workers were able to leave New York City and work remotely and comfortably "socially distanced" from the dangers of the pandemic…in contrast to the "essential health care and low wage blue collar workers" who remained behind and faced the risk of infection. Those workers were forced to stay to earn their salaries to care for their families and the rest of us. Many who left I am certain would now like to return to their city *just as it was* before they left.

The Rabbi said that at first he couldn't understand why last spring schools were being closed everywhere due to COVID-19 but not in New York City. Since children, if they attended school, could potentially infect their parents and grandparents who were most vulnerable, he found that remarkable. Then he learned that more than 30 million children in our country are *"food insecure."* That was when the Rabbi realized that many of those "food insecure" children received their meals in schools, and their parents "wondered how they would feed their children without the school system." "So, the choice our government needed to make was whether to close schools and starve children…or keep schools open and chance infecting the most vulnerable segments of our population, the parents and grandparents!"

The Rabbi told us he was embarrassed and ashamed that the greatest city in our nation, the most prosperous and wealthy place on the planet, with its enormous resources, was forced to make such choices. It is not hard to understand that he found equally unacceptable the frailty of our "just in time" medical system with not enough supplies for health care workers and the rest of us during this dire emergency.

"Prophetic perspective" is how our Rabbi described the dilemma we face today. Heartbreak over moral failure. "We are all prophets or children of prophets," he told us. *"We need to restore our city with prophetic perspective," make it better than ever when COVID-19 vaccines and therapies become widely available and those in "exile" return.*

Our Firm's investment managers, analysts, and executives are "prophets" of a sort. Those for whom we manage money rely upon our "prophetic perspective." We believe we have been as successful as we have because we are unwavering in our commitment to invest in people and competitively advantaged businesses for the *long term*. There is opportunity everywhere…to reimagine food distribution, education, health care, infrastructure, communications, travel, logistics, financial services, capital markets, the environment, and our workplace with technology, machine learning, big data, robots, and artificial intelligence. We are optimistic that New York and America's other great cities will recover and be better than ever…and that our investors will benefit from this recovery.

One more thing. Central Synagogue is one of the oldest synagogues in New York City. It is the synagogue to which my family and I belong. It is also the synagogue to which the recently deceased Justice Ruth Bader Ginsburg had belonged. There was a virtual tribute to the "Notorious RBG" during services that evening. The tribute, which focused on the decisions and dissents she authored that positively impacted so many women's lives, when heard in her own spoken words over her picture was especially moving. Her funeral was attended by numerous law clerks who worked for the Justice over the years. It was incredibly touching when one young man who trained with the 88 year-old Justice dropped beside her coffin at the Supreme Court Building and began to do push-ups alongside the Justice for the last time.

BARON FUNDS 1987

"Nobody expects the Spanish Inquisition." Monty Python. September 1970.

Jeffrey is the former owner of a cable television business. He is a good friend. He recently called me about his Baron Funds investments. "With the awful news and unusual uncertainty, shouldn't I sell my Baron mutual funds now and buy back after the election? You have almost tripled my money in the last six years," he began. "COVID-19; a presidential election dependent upon absentee voting, with the Post Office in disarray; a controversial president; riots and protests in cities; court challenges to health care for millions; trade disputes with China; Russian interference in our election; and, our economy in need of fiscal stimulus, according to Fed Chairman Powell, that does not appear imminent. Shouldn't we sell? My investments are in a tax-free account."

I asked Jeffrey why his view of world affairs provided him with unique perspective that would allow him to make a good investment decision? What gave him an advantage over other investors? And how could he determine whether or not the economic impacts of events about which he was concerned were already reflected in share prices? "If you sell and you happen to be right because you're lucky and stock prices fall sharply, and I then call you to buy back, you won't. That's because you will be too afraid and will miss a great opportunity. On the other hand, if you are wrong and stock prices instead keep rising, you will say, well I missed it, and you won't buy back either. So, if you sell, you will have replaced great growth investments that are steadily increasing in value with cash that inexorably is losing value. Cash, or whatever the currency of the time was, has been losing purchasing power in every democracy for thousands of years. Money printing today makes those losses even more certain. Jeffrey chose not to sell.

Mary Callahan Erdoes is the CEO of J.P. Morgan Asset & Wealth Management. Soon after the Presidential election in 2016, she called me. Mary said she had recently joined the Board of the Robin Hood Foundation. The Robin Hood Foundation is a charity organized by rich hedge fund managers who give to the underprivileged children of New York City. "Would you be willing to be interviewed by me at the Annual Robin Hood Foundation meeting on November 29?" she asked me. That would be just three weeks after the 2016 Presidential election. "Who is in the audience?" I asked. "Several hundred hedge fund managers," she answered. I first pushed back and said I didn't understand why individuals who were short-term oriented, hedge fund traders would want to hear me talk about long-term investing. When she said it would be a favor to her, I said, of course I would, and I was flattered she asked.

I was the next-to-last speaker on day two of a two-day meeting. As a result, when I walked to the stage to join Mary, I was shocked to see an overflow crowd of several hundred people seated and additional rows of investors standing in the back of the room. I began by first thanking the hedge fund audience for paying me commissions for my ideas about buying and selling stocks at the start of my career in the 1970s. Those brokerage commissions enabled me to pay my rent. *I next thanked the audience for selling short almost all my stocks today, especially **Tesla, Inc.**, which has made it easier for me to invest in those businesses at lower prices!*

I then asked the attendees how many had expected President-elect Donald J. Trump to be elected President. Several in the audience raised their hands. When I asked next how many thought that if President-elect Trump were elected, the stock market would rally significantly…which it had…almost no hands were raised.

The point I tried to make was that Baron spends time differently than most who invest and allocate assets based on their predictions of macro developments that we believe cannot be predicted. We, instead, spend our time trying to find terrific, entrepreneurial management teams, many led by founders, who operate competitively advantaged, fast growing businesses in which we invest for the long term. As long as their businesses keep growing and the prospects for those businesses have not been impaired, we remain investors. We are not concerned about share prices in the short term. We do not try to predict macro events like who will win an election; whether the Federal Reserve will lower or raise interest rates; will Brexit pass or fail; will we win or lose a trade war with China; when will a COVID-19 vaccine and therapy be widely available…all of which are unpredictable. Further, if we could predict such events, we wouldn't know whether stocks would rise or fall as a result.

The biggest mistakes in my career were not investing in **Amazon.com, Inc.** in 1999 when I spoke with Jeff Bezos regularly, trying to convince him to purchase Sotheby's, a company in which we had a substantial investment; selling **BlackRock, Inc.** after it had acquired Merrill Lynch Asset Management and we made three times our money in a few years; and selling **Netflix, Inc.** when it had a $2.5 billion market cap and negative stories about that business were everywhere. No way could that business survive against competitor Blockbuster I was told by short sellers! Further, to make me feel even worse about missing that investment, Reed Hastings, Netflix's CEO, tried to get me to reinvest at an opportune time after Netflix share price had fallen sharply. He told me, when that business was mostly DVDs through the mail before streaming, "Ron, if I wanted Netflix to be DVDs through the mail, I would have called the business "DVDs through the Mail." I named it Netflix!!!!" These stories and a few more humbling tales like them demonstrated to me the value of doing your own research on businesses and competitive advantages and people so thoroughly that you can look through short-term earnings and macro events to invest for the long term…and be able to outperform benchmarks and most competitors' returns. Which we have.

After I completed my Robin Hood stories, I stayed a little longer to see who was going to follow me and close the conference. It was a duet of JPMorgan Chase's Chairman and CEO, Jamie Dimon, and GE's Chairman, Jeff Immelt. "No wonder the room was so crowded," I realized. "It wasn't for me. They were waiting to see Jamie and Jeff!" When I returned to my car, I told my driver about the crowded room and how I thought they had come to hear me. "But, I was just the warm-up act," I told Tom plaintively. My driver then turned to me and said, "Don't be upset, Ron. In the early '60s, the Beatles were the warm-up act for Del Shannon!"

"New York New York." "I want to wake up in a city that never sleeps." "I'm going to make a brand new start of it in old New York." Lyrics by Frank Sinatra. Film by Spike Lee. May 2020.

According to *Wall St. Journal* film reviewer Joe Morgenstern, Spike Lee's *New York New York* "…is the most stirring film I've seen in a very long time. Mr. Lee's micro-doc is a work of art." This with "quick cuts-empty streets; a padlocked playground; an empty boardwalk; a motionless Ferris wheel; the Harlem viaduct's arches standing in silence…then juxtaposing them with the…swagger of Sinatra's song." An overwhelming sense of loss is how Morgenstern regards this tribute to the shuttered city he loves. We agree.

When I was 15 years old, my best friend, Jack, and I got permission from our parents to spend a Saturday by ourselves in New York City. We wanted to see the Everly Brothers country rock group perform that evening in Madison Square Garden. Although my mom had taken my brother and me to New York City several times, and I had been to Brooklyn often with my parents to visit my grandparents in their railroad flat apartment, I had never been to New York City before without an adult. Neither had Jack. So, this was a really big deal. Jack and I took the bus from our homes outside Asbury Park early that weekend morning. When we arrived in the city, we first walked to Greenwich Village and spent the afternoon wandering the historic narrow streets of the West Village. A highlight was standing outside The Bitter End comedy club. That was where Lenny Bruce, the standup comedian/satirist, performed. Bruce was regularly arrested on stage while performing. That was for using what was then regarded as vulgar and unacceptable language in his act. First by saying the words. Then by spelling them! You know Lenny Bruce. He is also now portrayed as the buddy and mentor of *The Marvelous Mrs. Maisel* in Amazon's award winning series. Anyway, Bruce was someone Jack and I admired and both thought was one of the funniest individuals ever! Jack and I then split a steak dinner at the legendary O'Henry's steak house, saw the Everly Brothers give a spectacular performance at the Garden, and then traveled home by bus. We had an incredible day. It was so incredible, I remember telling Jack…and he remembers it, too…that "*someday I am going to live in that city!"* I have not ever stopped feeling that way.

Last weekend, my friend Will Danoff, Fidelity's exceptional Contrafund portfolio manager and mentor to many of that firm's analysts, gave Barron's Leslie Norton a terrific interview. One point he made is especially relevant in these times of working remotely, with so many believing this will be a permanent circumstance. "Not being in the office and bouncing ideas off people, not seeing managements in person to kick the tires and feel the energy has been a challenge." We too believe it is especially difficult to judge a person's character and talent, perhaps the most important element in our investment decisions, in an hour Zoom call. Or two. Or three. It is easy to stay up to date on businesses in which we have invested with Zoom. It is harder to make determinations on what is consequential in order to make new investments.

What does this mean to Baron? Our offices are now closed, and we have all been working seamlessly from our homes since March 12th…an amazing achievement, I believe. Especially when considering the remarkably strong performance of Baron mutual funds in 2020. We are in the process of designing and adding to our glass walled offices on the 48th and 49th floors of our offices overlooking Central Park. We are adding a lot more glass in the center of our floors to protect the individuals who work in our office and the guests who visit us. My instructions to our architects: "I want the sheets of glass we are adding to be highly designed and look like they were intended to always be there. For our employees and visitors to our offices, I want the added panels to be beautiful and enhance the aesthetics of our office and views while enabling safe visual and verbal communication between our co-workers and guests.

"After we install these improvements, we will build out the 47th floor, which we recently acquired, with the same goals and rationale. There is a huge television screen in the Apple store on the plaza. I want something similar in the 47th floor conference rooms we will build. This is to make remote meetings feel as 'in person' as possible. We want it to feel like the individuals with whom we are speaking are 'in the room.' Similarly, if we are unable to visit facilities of businesses in which we have invested, the screens will make us feel pretty close to being there." We are hopeful we will be able to return to our offices in early 2021.

Like Spike Lee and Jerry Seinfeld and so many others, we are committed to New York City…and we are not leaving.

"Privately owned businesses try to earn as much money as they can every year after investing for growth. Public companies try to manage quarterly earnings to be less volatile so they will be more highly valued by investors." Lloyd Blankfein. Former Chairman and CEO, Goldman Sachs. CNBC Squawk Box. October 7, 2020.

Lloyd Blankfein is a friend. I watched his interview on CNBC's Squawk Box last week while working out on my treadmill. "I have worked for a private company. I have worked for a public company. They both happened to be named Goldman Sachs," he remarked. "When Goldman was privately owned, the goal was to make as much as we could every year. Employees were not rewarded for smoothing earnings quarter by quarter. When Goldman became publicly owned, consistently growing earnings with as little volatility as possible was prized. This was since investors awarded low volatility with higher valuations." Lloyd just described without intending to an important reason why Baron has been able to outperform over the long term. In a short term, quarter by quarter focused environment, business' share prices are penalized when they "miss" earnings or expectations in any period. Accordingly, when companies announce growth initiatives investors assume earnings will be penalized in the short term by long-term investments to become larger. Accordingly, their stocks are almost always penalized… immediately. That is how we are able to invest in businesses at attractive prices. We buy all the time. Those instances are opportunities to buy more.

Year-to-date, through September 30, 2020, **all 17 Baron mutual funds** have **outperformed** their primary benchmarks. Most by significant margins. From their respective **inceptions**, based on Morningstar rankings; **16 of 17 Baron mutual funds,** representing **98.3%** of Baron Funds' **AUM,** have **outperformed** their primary benchmarks; **14** Baron mutual funds, representing **98.2%** of Baron Funds' **AUM,** rank in the **Top 16%** of their respective categories; and **9** Baron mutual funds representing **66.6%** of Baron Funds' **AUM** rank in the **Top 7%** of their respective categories**.**

As of the end of the third quarter, **8 of 17** Baron mutual funds (Institutional Shares) received a **Five-Star Overall Rating™** from **Morningstar. Four** Baron funds **have a Four-Star Overall Rating**. The five remaining Baron mutual funds are too young to have Star Ratings. We believe that when they meet Morningstar's objective rating criteria (a 3-year track record), those funds will also be highly rated. We are keeping our fingers crossed. Baron's assets under management in 1992 were *$100 million*. As of September 30, 2020, our firm's assets under management were approximately *$38.2 billion*. Our firm has earned more than *$36.5 billion* in realized and unrealized profits for our clients since 1992.

Baron WealthBuilder Fund is a **diversified Fund that invests in Baron mutual funds**, which have **historically outperformed** their benchmark indexes over the long term. Baron WealthBuilder Fund's inception date was December 29, 2017. Baron WealthBuilder Fund was conceived to enable investors to capture the underlying Baron Funds' relative outperformance and exceptional absolute performance…by investing in just one Fund. Of course, we cannot assure you that Baron mutual funds will continue to achieve the absolute and relative returns they have since the inauguration of

Letter from Ron

Baron Asset Fund, the first Baron mutual fund, in 1987. We can assure you, however, that all 170 of our employees, which includes our consistently growing staff of 37 exceptional portfolio managers and analysts, will try as hard as we can to do so. We can also assure you that our employees' and their families' interests are closely aligned to yours. Our employees and their families, including me and my family, are the largest shareholders in Baron mutual funds.

Baron WealthBuilder Fund is designed to be attractive to long-term shareholders who are saving for their retirements and/or their children's college tuition, weddings, or first homes. We are hopeful that foundations, endowments, sovereign funds, and corporate pension plans with long-term investment horizons similar to Baron's will also find Baron WealthBuilder Fund attractive. Especially since those institutional entities need to meet unfunded liabilities, which due to actuarial assumptions require 7% annual returns that few have achieved. Baron has substantially exceeded those returns over the long term…although not every year.

Baron WealthBuilder Fund increased in value 32.28% (Institutional Shares) during the first nine months of calendar year 2020! This compares to gains of 5.57% for the S&P 500 Index and 1.37% for the MSCI ACWI Index over the same period. Baron WealthBuilder Fund earned 21.03% annualized since its inception 33 months ago. This compares to 10.84% annualized for the S&P 500 Index and 5.83% annualized for the MSCI ACWI Index. One more thing. Regardless of the size of your investment, Baron WealthBuilder Fund does not charge an additional management fee and caps its operating expenses at 5 basis points. Baron WealthBuilder Fund invests in the Institutional Share Class of its underlying funds. This share class in generally available to individuals and institutions investing more than $1 million per mutual fund and they have lower expenses. As a result, investors in Baron WealthBuilder Fund save more than 25 basis points per year compared to investors who invest less than $1 million per fund in the Retail Shares of the same funds.

We will continue to try 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
October 13, 2020

Portfolio holdings as a percentage of net assets as of September 30, 2020 for securities mentioned are as follows: **Tesla, Inc.** – Baron Opportunity Fund (3.7%), Baron Partners Fund (39.3%*), Baron Focused Growth Fund (35.9%); **Amazon.com, Inc.** – Baron Opportunity Fund (6.9%), Baron Fifth Avenue Growth Fund (10.0%), Baron Global Advantage (5.0%); **BlackRock, Inc.** – Baron Durable Advantage Fund (1.3%); **Netflix, Inc.** – Baron Opportunity Fund (1.1%); **Hyatt Hotels Corp.** – Baron Asset Fund (0.6%), Baron Partners Fund (2.8%*), Baron Focused Growth Fund (3.8%), Baron Real Estate Fund (0.6%)

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

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 9/30/2020

Fund	Primary Benchmark	Annualized Return Since Fund Inception	Annualized Benchmark Return Since Fund Inception	Inception Date	Average Annualized Returns 1-Year	3-Year	5-Year	10-Year	Annual Expense Ratio	Net Assets
SMALL CAP										
Baron Growth Fund	Russell 2000 Growth Index	13.46%	8.04%	12/31/1994	19.38%	16.54%	15.58%	14.51%	1.04%(3)	$7.31 billion
Baron Small Cap Fund	Russell 2000 Growth Index	10.84%	6.31%	9/30/1997	30.96%	16.40%	16.99%	14.11%	1.05%(3)	$4.45 billion
Baron Discovery Fund†	Russell 2000 Growth Index	17.92%	9.22%	9/30/2013	45.77%	20.42%	23.18%	N/A	1.10%(3)	$939.67 million
SMALL/MID CAP										
Baron Focused Growth Fund(1)	Russell 2500 Growth Index	13.52%	8.49%	5/31/1996	94.32%	32.83%	25.42%	17.41%	1.11%/1.10%(4)	$477.83 million
MID CAP										
Baron Asset Fund	Russell Midcap Growth Index	12.09%	10.54%(2)	6/12/1987	23.53%	18.13%	17.66%	15.50%	1.05%(3)	$5.15 billion
LARGE CAP										
Baron Fifth Avenue Growth Fund†	Russell 1000 Growth Index	11.54%	11.46%	4/30/2004	49.93%	26.25%	23.52%	18.25%	0.80%/0.75%(3)(6)	$560.50 million
Baron Durable Advantage Fund	S&P 500 Index	14.84%	10.84%	12/29/2017	23.34%	N/A	N/A	N/A	4.91%/0.70%(3)(7)	$14.50 million
ALL CAP										
Baron Partners Fund(1)	Russell Midcap Growth Index	15.24%	10.27%	1/31/1992	105.35%	36.08%	28.65%	21.67%	1.96%(4)(5)	$4.79 billion
Baron Opportunity Fund†	Russell 3000 Growth Index	9.75%	6.04%	2/29/2000	75.82%	35.52%	27.69%	18.12%	1.11%(3)	$1.08 billion
INTERNATIONAL										
Baron Emerging Markets Fund	MSCI EM Index	5.29%	1.83%	12/31/2010	17.48%	3.33%	9.48%	N/A	1.09%(4)	$5.45 billion
Baron Global Advantage Fund†	MSCI ACWI Index	19.49%	8.83%	4/30/2012	71.70%	33.05%	29.35%	N/A	1.00%/0.90%(4)(8)	$1.79 billion
Baron International Growth Fund†	MSCI ACWI ex USA Index	11.37%	6.82%	12/31/2008	20.37%	8.05%	11.36%	8.24%	1.04%/0.95%(4)(9)	$436.88 million
SECTOR										
Baron Real Estate Fund†	MSCI USA IMI Extended Real Estate Index	15.44%	11.03%	12/31/2009	37.09%	15.13%	13.60%	15.37%	1.08%(4)	$802.05 million
Baron Real Estate Income Fund	MSCI US REIT Index	9.99%	(1.41)%	12/29/2017	13.69%	N/A	N/A	N/A	5.63%/0.80%(4)(10)	$6.42 million
Baron Health Care Fund†	Russell 3000 Health Care Index	22.41%	14.53%	4/30/2018	48.86%	N/A	N/A	N/A	2.39%/0.85%(4)(11)	$33.34 million
Baron FinTech Fund	S&P 500 Index	29.50%*	5.57%*	12/31/2019	N/A	N/A	N/A	N/A	1.62%/0.95%(12)	$14.58 million
FUND OF FUNDS										
Baron WealthBuilder Fund	S&P 500 Index	21.03%	10.84%	12/29/2017	46.60%	N/A	N/A	N/A	1.33%/1.23%(4)(13)	$182.04 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 September 30, 2020.
(3) As of 9/30/2019.
(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 0.80%, but the net annual expense ratio was 0.75% (net of Adviser's fee waivers).
(7) Annual expense ratio was 4.91%, 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.

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-month, 3- and 5-year, **Fifth Avenue Growth Fund**'s 3-month, **FinTech Fund**'s 3-month, **Discovery Fund**'s 3-month, 3- and 5-year, **International Growth Fund**'s 3- and 10-year, and **Opportunity Fund**'s 3-month, 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 9/30/2020. 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 averages 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 607, 500, and 380 share classes for the 1-, 5-, and 10-year periods. Morningstar ranked *Baron Asset Fund* in the 42nd, 21st, 16th, and 16th 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 58th, 34th, 36th, 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 2nd, 2nd, 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, 3rd, 6th, and 8th 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. Morningstar ranked *Baron WealthBuilder Fund* in the 10th and 14th percentiles for the 1-year and since inception periods, respectively. The Fund launched 12/29/2017, and the category consisted of 567 share classes. The **Morningstar Small Growth Category** consisted of 624, 513, and 384 share classes for the 1-, 5-, and 10-year time periods. Morningstar ranked *Baron Small Cap Fund* in the 25th, 20th, 31st, and 13th percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 9/30/1997, and the category consisted of 97 share classes. Morningstar ranked *Baron Discovery Fund* in the 7th, 4th, and 2nd percentiles for the 1-, 5-year, and since inception periods, respectively. The Fund launched 9/30/2013, and the category consisted of 452 share classes. The **Morningstar Real Estate Category** consisted of 253, 197, and 141 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 132 share classes. Morningstar ranked *Baron Real Estate Income Fund* in the 3rd and 4th percentiles for the 1-year and since inception periods, respectively. The Fund launched 12/29/2017, and the category consisted of 229 share classes. The **Morningstar Large Growth Category** consisted of 1,328, 1,095, 813, and 300 share classes for the 1-, 5-, 10-year, and since inception (2/29/2000) periods. Morningstar ranked *Baron Opportunity Fund* in the 3rd, 3rd, 13th, and 3rd percentiles, respectively. The **Morningstar Foreign Large Growth Category** consisted of 469, 336, 243, and 223 share classes for the 1-, 5-, 10-year, and since inception (12/31/2008) periods. Morningstar ranked *Baron International Growth Fund* in the 29th, 26th, 23rd, and 15th percentiles, respectively. The **Morningstar Diversified Emerging Markets Category** consisted of 790, 590, and 279 share classes for the 1-, 5-year, and since inception (12/31/2010) periods. Morningstar ranked *Baron Emerging Markets Fund* in the 20th, 32nd, and 4th percentiles, respectively. The **Morningstar World Large Stock Category** consisted of 823, 608, and 421 share classes for the 1-, 5-year, and since inception (4/30/2012) periods. Morningstar ranked *Baron Global Advantage Fund* in the 2nd, 1st, and 2nd percentiles, respectively. The **Morningstar Health Category** consisted of 155 and 139 share classes for the 1-year and since inception (4/30/2018) periods. Morningstar ranked *Baron Health Care Fund* in the 11th and 5th percentiles, respectively.

For the period ended 9/30/2020: **Baron Discovery Fund** received a 5-Star Overall Morningstar Rating™, 4-Star 3-Year Rating, and 5-Star 5-Year Rating. The Morningstar Ratings are based on the Morningstar Risk-Adjusted Return measures of 579, 579, and 513 funds in the category, respectively. **Baron Growth Fund** received a 4-Star Overall Morningstar Rating™, 3-Star 3-Year Rating, 3-Star 5-Year Rating, and 4-Star 10-Year Rating. The Morningstar Ratings are based on the Morningstar Risk-Adjusted Return measures of 557, 557, 500, and 380 funds in the category, respectively. **Baron Small Cap Fund** received a 4-Star Overall Morningstar Rating™, 4-Star 3-Year Rating, 4-Star 5-Year Rating, and 4-Star 10-Year Rating. The Morningstar Ratings are based on the Morningstar Risk-Adjusted Return measures of 579, 579, 513, and 384 funds in the category, respectively. **Baron Focused Growth Fund** received a 5-Star Overall Morningstar Rating™, 5-Star 3-Year Rating, 5-Star 5-Year Rating, and 5-Star 10-Year Rating. The Morningstar Ratings are based on the Morningstar Risk-Adjusted Return measures of 557, 557, 500, and 380 funds in the category, respectively. **Baron Fifth Avenue Growth Fund** received a 5-Star Overall Morningstar Rating™, 5-Star 3-Year Rating, 5-Star 5-Year Rating, and 4-Star 10-Year Rating. The Morningstar Ratings are based on the Morningstar Risk-Adjusted Return measures of 1229, 1229, 1095, and 813 funds in the category, respectively. **Baron Opportunity Fund** received a 5-Star Overall Morningstar Rating™, 5-Star 3-Year Rating, 5-Star 5-Year Rating, and 4-Star 10-Year Rating. The Morningstar Ratings are based on the Morningstar Risk-Adjusted Return measures of 1229, 1229, 1095, and 813 funds in the category, respectively. **Baron Partners Fund** received a 5-Star Overall Morningstar Rating™, 5-Star 3-Year Rating, 5-Star 5-Year Rating, and 5-Star 10-Year Rating. The Morningstar Ratings are based on the Morningstar Risk-Adjusted Return measures of 557, 557, 500, and 380 funds in the category, respectively. **Baron Emerging Markets Fund** received a 4-Star Overall Morningstar Rating™, 3-Star 3-Year Rating, and 4-Star 5-Year Rating. The Morningstar Ratings are based on the Morningstar Risk-Adjusted Return measures of 695, 695, and 590 funds in the category, respectively. **Baron Global Advantage Fund** received a 5-Star Overall Morningstar Rating™, 5-Star 3-Year Rating, and 5-Star 5-Year Rating. The Morningstar Ratings are based on the Morningstar Risk-Adjusted Return measures of 725, 725, and 608 funds in the category, respectively. **Baron International Growth Fund** received a 4-Star Overall Morningstar Rating™, 3-Star 3-Year Rating, 4-Star 5-Year Rating, and 4-Star 10-Year Rating. The Morningstar Ratings are based on the Morningstar Risk-Adjusted Return measures of 420, 420, 336, and 243 funds in the category, respectively. **Baron Real Estate Fund** received a 5-Star Overall Morningstar Rating™, 5-Star 3-Year Rating, 5-Star 5-Year Rating, and 5-Star 10-Year Rating. The Morningstar Ratings are based on the Morningstar Risk-Adjusted Return measures of 224, 224, 197, and 141 funds in the category, respectively. These Morningstar Ratings are for the Institutional share class only; other classes may have different performance characteristics.

The Morningstar Rating for funds, or “star rating”, is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product’s monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The Morningstar Rating does not include any adjustment for sales loads. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods.

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