

Baron Funds®

Quarterly Report

September 30, 2022

"Welcome Back... Welcome Back...Welcome Back." "Welcome Back" John Sebastian. 1976. Celebrating the Fortieth Anniversary ("XL") of Baron Capital. November 4, 2022.

After a three-year pandemic-induced hiatus, Baron Capital will hold the 29th Annual Baron Investment Conference on November 4, 2022. Our annual meeting will again take place principally at the Metropolitan Opera House, Lincoln Center, New York City. We will also use three other venues on the Lincoln Center campus that day, Alice Tully Hall, David Geffen Hall, and David Koch Theatre, for lunchtime entertainment and morning Baron portfolio manager/analyst panels.

The Baron 2022 "Anything is Possible" themed conference will celebrate the 40th Anniversary of Baron Capital's founding on March 16, 1982. The XL on our 2022 Baron t-shirts is intended to represent the Roman numeral 40. It is not necessarily the size of the t-shirt in your gift bags. *Only 60 years to go...*to reach our business' first century milestone. Baron Capital is a privately owned, family business that manages Baron mutual funds, offshore funds, and partnerships...and separate accounts. We manage the growth equity assets in other Baron accounts similarly to how we manage our mutual funds.

We think the theme of the 2022 Baron Investment Conference, "Anything is Possible," is appropriate for several reasons. First, the theme of the 2019 Baron pre-COVID conference, our last conference was "What's Next?" Could any theme have been more prescient in the fall of 2019? Sure makes "Anything is Possible" relevant this year. Either looking backwards... or looking forwards considering the present entropic, disorderly, and chaotic state of our world.

Second, we think the significant appreciation of **Tesla, Inc.** and privately owned **Space Exploration Technologies Corp.** ("SpaceX") since our initial investments also suggests that "Anything is Possible." Tesla and SpaceX have grown so dramatically in the past three years that Tesla has become Baron's largest investment and SpaceX the sixth largest in our portfolios. Were it not for Elon Musk's Tesla, it is unlikely electric cars and autonomous cars would have become a reality for decades! Were it not for Elon Musk's SpaceX and the low-cost path to



They may not have always seen eye to eye over 40 years, but there is no questioning that Ron and Linda make an incredible team!

space for its Starlink LEO satellites provided by SpaceX's reusable rockets, the same could be said for broadband internet satellite communication for the entire planet!

Elon's mammoth, reusable Starship makes it likely that humanity could reach Mars in our lifetimes. SpaceX's Starship is the largest rocket ever built on Planet Earth. We believe that, in 500 years, Elon will be remembered similarly to the way the 16th century engineer/inventor Leonardo da Vinci is today.

We expect additional, substantial appreciation for Tesla and SpaceX. Of course, we cannot assure you that will be the case. Most analysts and commentators were skeptical when we invested in Tesla from 2014-2016 ...and when we began to invest in SpaceX five years ago. We continue to own about 70% of our peak Tesla investment and 100% of our investment in SpaceX. Tesla has increased about 22 times and SpaceX has more than quadrupled from our initial cost. The two now represent in aggregate about 15.7% of our Firm's assets under management. This high asset percentage is due almost entirely to appreciation and not to additional purchases. Yet, we still believe that Tesla and SpaceX are at the very early stages of their growth. We expect Tesla's and SpaceX's share prices over time to reflect their favorable prospects.

There is a third reason for our "Anything is Possible" theme. Forty years ago, it was not exactly a "slam dunk" that our family-owned management company, founded

with three individuals and \$100,000 book value, would grow to 185 employees...from \$10 million assets under management to \$37.8 billion as of October 31, 2022, including \$35.4 billion in realized and unrealized gains...achieve top ranked performance since inception for its mutual funds...on average several hundred basis points per year above benchmarks... and grow our book value to substantially more than \$100,000!

Our long-term investment strategies, extensive due diligence, and research by our tenured and talented, consistently growing 43-person team of analysts and portfolio managers...including me...are the principal reasons for our success. That is what has permitted us to continue to hold almost the entire investments we have made in Tesla and SpaceX. We believe both companies are extraordinarily well managed and competitively advantaged. Our conviction has been to the good fortune of our investors. My family and Baron Capital are the largest investors in Baron Funds and also have the largest investment portfolios managed by Baron. My family entities represent approximately 6.8% of our assets under management.

One more thing. Another important reason we are able to continue to hold such large investments in Tesla and SpaceX is that 84.3% of our assets are NOT invested in Tesla and SpaceX. Rather, they are invested in other exceptionally attractive growth companies, many of which have also achieved enormous growth over the long term. This includes financial businesses **MSCI, Inc.**, **FactSet Research Systems, Inc.**, **Arch Capital Group Ltd.**, **The Charles Schwab Corp.**, and **Kinsale Capital Group, Inc.**; real estate/resort businesses like **Vail Resorts, Inc.**, **Hyatt Hotels Corp.**, and **Choice Hotels International, Inc.**; health care businesses like **IDEXX Laboratories, Inc.**, and **Mettler-Toledo International, Inc.**; and services businesses like **CoStar Group, Inc.**, **Gartner, Inc.**, **ANSYS, Inc.**, and **Iridium Communications Inc.** Those businesses are affected by different economic, social, environmental, and political factors than Tesla and SpaceX.



Letter from Ron

Although in aggregate Baron owns shares in 509 businesses, about 62% of our Firm's AUM is invested in our top 40 holdings. That is due to the unusually strong performance of those businesses since we purchased shares...and to what we believe are the continuing favorable prospects for those businesses. We regard our portfolios as well diversified and "all-weather," although not in the traditional fixed income/equity sense. Our growth equity portfolios have been uniquely constructed to significantly outperform over the long term. Accordingly, our long-term investment strategy has enabled us to NOT SELL these companies as well as Tesla and SpaceX after they have achieved substantial appreciation. Although some may regard this strategy as riskier than investing in passive, conventionally diversified portfolios, we believe, as poet Robert Frost wrote all those years ago, they have "promises to keep and miles and miles to go before *they* sleep." Not exactly what Robert Frost wrote, but close.

"How does Ron Baron, trained as a lawyer and stock analyst, create such attractive returns (and a loyal following)? Ron's technique is patterned after Warren Buffett's-find businesses with strong franchises and solid management and hold more or less forever. His technique is a bit more complicated, or everyone would be doing what he does. He does an extraordinary amount of research on the companies in which he invests." David Rubenstein. "How To Invest." Masters on the Craft. David M. Rubenstein. 2022

In his book, David described his first meeting with me when Carlyle was preparing to go public. "I met Ron on our roadshow. I was surprised the head of an organization was doing the detailed due diligence; he took copious notes and asked

quite informed questions." What do we believe is Baron Capital's competitive advantage that has allowed our business to thrive during its first 40 years? Me leading by example as a researcher with unquenchable curiosity is one reason. Being optimistic despite unrelenting negative short-term news cycles for nearly the entire 40-year period from our founding is also part of the answer. Optimistic about our country and economy despite wars...pandemics...financial panics...market crashes...inflation...natural disasters...violence in our streets and schools...recessions...and, threats to our democracy. And, we were right! The market has increased nearly 37-fold since 1982 when the Dow Jones Industrial Average was below 800...and we have done even better.

For example, since their respective inceptions as mutual funds, 15 funds, representing 98.6% of Baron Funds' AUM, have outperformed their respective benchmarks and 12 Funds, representing 84.5% of Baron Funds' AUM, rank in the top 15% of their respective Morningstar categories.¹ For the 19 plus years since Baron Partners Fund converted into a mutual fund in 2003, it is ranked number one among all U.S. equity funds (4,132 share classes) through September 30, 2022.* When you add the results it achieved as a partnership from its inception in 1992 through the present, its performance is better than that of any U.S. equity mutual fund! On average, our funds have outperformed their benchmark indices by several hundred basis points per year.

We attribute our favorable results on both an absolute and relative basis to our exceptional people... and to our long-term oriented process of investing in people who work at Baron and people who work at the competitively advantaged growth companies in which we

invest for our clients. We have also learned from Charles Schwab, Goldman Sachs, JP Morgan, Jefferies, Blackstone, Blackrock, and other successful financial businesses to put our clients' interests before our own. We have gone a step further and have consistently put our employees' interests ahead of the profitability of our business. We have consistently expanded...in good times and not so good times...and have not once had a Firm layoff due to diminished profits.

Of course, due to our optimistic mindset, we have always believed that any recessions or declines in the value of our growth business holdings would not be long lasting. There is only one year since our inception in 1982 when we did not increase our employee head count. That was last year when we fell from 167 employees to 165 employees. We were told that this was due to our policy to have employees in the office five days a week like Jon Gray's policy at Blackstone among others. We believed him when he told us, "The Yankees play in Yankee Stadium." Unfortunately, we are not the Yankees...and we're not Blackstone, either. Yet.

Last year, we had eight open positions for which we did not receive quality résumés. In 2022, when we began a hybrid in-office and work from home policy for several employee groups, we were flooded with quality résumés. We have since increased the number of investment professionals from 38 to 43 and our overall staff from 165 to 185. Since we are out of space, we are also in the process of expanding our physical office footprint by 50%. We currently occupy the 48th and 49th floors in the General Motors building where we have been tenants for about 30 years. Since we signed our first lease in that building for half the 26th floor, we have consistently expanded our long-term leased

¹ Excess returns and rankings were calculated using the Retail Share Class of our U.S. mutual funds with at least one year of history. The Retail Share Class is the highest cost and oldest share class. AUM reflects assets in all share classes of our U.S. mutual funds. Since Baron WealthBuilder Fund is a fund of funds investing exclusively in other Baron Funds, its AUM is not included in the above calculations.

* This is a hypothetical ranking created by Baron Capital using Morningstar extended performance data and is as of 9/30/2022. There were 4,132 share classes in these nine Morningstar Categories for the period from 4/30/2003 to 9/30/2022.

Note, the peer group used for this analysis includes 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 this analysis 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.

The Morningstar Large Growth Category consisted of 1,252, 1,060, and 790 share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Partners Fund (Institutional Shares) in the 3rd, 1st, 1st, and 1st percentiles for the 1-, 5-, 10-year, and since conversion periods, respectively. The Fund converted into a mutual Fund on 4/30/2003, and the category consisted of 787 share classes. Morningstar calculates the Morningstar Large Growth 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 do account for management, administrative, and 12b-1 fees and other costs automatically deducted from fund assets.

SEPTEMBER 30, 2022

Letter from Ron

space. We are building out the 47th floor to include great technology...lots of glass...cool open stairways...a 60-seat auditorium with stadium seating...and, of course, more fish...and more Jerusalem stone. We expect to occupy the 47th floor before February 28, 2023. The 47th floor, by the way, was previously occupied by my friend Carl Icahn. Carl left New York for warmer and what he feels are more hospitable climes three years ago. We expect 47 to have good karma.

So, that's our secret. Work hard. Hire exceptional people. Train our analyst/managers and keep them working together as a team...for a long time. In fact, think long term about everything. Live by your word. Jay Pritzker, Hyatt's founder and current CEO Tom Pritzker's dad, considered himself a handshake guy. We think of him as a role model and try to conduct ourselves the way he would have. Oh, one more thing. Guard your reputation like Warren Buffett would. Zealously. Treat others the way you want to be treated.

Make sure your balance sheet is as close to impregnable as possible.

Respectfully,



Ronald Baron
CEO
November 4, 2022

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.

Letter from Ron

Baron Funds (Institutional Shares) and Benchmark Performance 9/30/2022

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	12.47%	7.21%	12/31/1994	-26.12%	6.39%	9.81%	11.31%	1.03% ⁽³⁾	\$6.26 billion
Baron Small Cap Fund†	Russell 2000 Growth Index	9.47%	5.54%	9/30/1997	-30.76%	5.67%	7.28%	10.14%	1.03% ⁽³⁾	\$3.93 billion
Baron Discovery Fund†	Russell 2000 Growth Index	11.68%	6.40%	9/30/2013	-37.29%	7.51%	8.28%	N/A	1.05% ⁽³⁾	\$1.14 billion
SMALL/MID CAP										
Baron Focused Growth Fund ⁽¹⁾	Russell 2500 Growth Index	13.17%	7.53%	5/31/1996	-16.59%	32.13%	22.71%	16.58%	1.05% ⁽⁴⁾	\$730.58 million
MID CAP										
Baron Asset Fund†	Russell Midcap Growth Index	10.93%	9.65% ⁽²⁾	6/12/1987	-30.61%	2.41%	7.46%	11.26%	1.03% ⁽³⁾	\$3.93 billion
LARGE CAP										
Baron Fifth Avenue Growth Fund†	Russell 1000 Growth Index	7.59%	10.06%	4/30/2004	-46.35%	-1.33%	5.21%	10.25%	0.75%/0.75% ⁽³⁾⁽⁶⁾	\$387.07 million
Baron Durable Advantage Fund	S&P 500 Index	8.84%	8.27%	12/29/2017	-20.20%	8.02%	N/A	N/A	1.48%/0.70% ⁽³⁾⁽⁷⁾	\$34.73 million
ALL CAP										
Baron Partners Fund ⁽¹⁾	Russell Midcap Growth Index	15.31%	9.27%	1/31/1992	-14.00%	40.61%	27.81%	22.49%	1.11% ⁽⁴⁾⁽⁵⁾	\$6.17 billion
Baron Opportunity Fund†	Russell 3000 Growth Index	7.94%	5.41%	2/29/2000	-38.23%	13.30%	15.54%	13.52%	1.05% ⁽³⁾	\$847.23 million
INTERNATIONAL										
Baron Emerging Markets Fund†	MSCI EM Index	2.11%	0.12%	12/31/2010	-34.46%	-3.16%	-3.13%	2.48%	1.08% ⁽⁴⁾	\$4.89 billion
Baron Global Advantage Fund†	MSCI ACWI Index	10.45%	7.19%	4/30/2012	-48.65%	2.62%	8.19%	11.06%	0.90% ⁽⁴⁾⁽⁸⁾	\$975.92 million
Baron International Growth Fund†	MSCI ACWI ex USA Index	8.11%	5.22%	12/31/2008	-36.70%	-0.24%	0.80%	5.14%	0.96%/0.95% ⁽⁴⁾⁽⁹⁾	\$447.26 million
Baron New Asia Fund	MSCI AC Asia ex Japan Index	-26.61%	-26.49%	7/30/2021	-32.79%	N/A	N/A	N/A	8.59%/1.20% ⁽⁴⁾⁽¹⁰⁾	\$3.41 million
SECTOR										
Baron Real Estate Fund	MSCI USA IMI Extended Real Estate Index	12.68%	9.69%	12/31/2009	-26.68%	10.30%	8.36%	10.34%	1.05% ⁽⁴⁾	\$1.25 billion
Baron Real Estate Income Fund	MSCI US REIT Index	6.81%	1.59%	12/29/2017	-19.79%	6.17%	N/A	N/A	1.08%/0.80% ⁽⁴⁾⁽¹¹⁾	\$84.86 million
Baron Health Care Fund	Russell 3000 Health Care Index	12.50%	10.03%	4/30/2018	-22.25%	15.40%	N/A	N/A	0.89%/0.85% ⁽⁴⁾⁽¹²⁾	\$186.83 million
Baron FinTech Fund	S&P 500 Index	2.80%	5.55%	12/31/2019	-38.07%	N/A	N/A	N/A	1.18%/0.95% ⁽⁴⁾⁽¹³⁾	\$41.78 million
Baron Technology Fund	MSCI ACWI Information Technology Index	-40.90%*	-34.83%*	12/31/2021	N/A	N/A	N/A	N/A	1.73%/0.95% ⁽⁴⁾⁽¹⁴⁾	\$3.46 million
EQUITY ALLOCATION										
Baron WealthBuilder Fund	S&P 500 Index	10.67%	8.27%	12/29/2017	-29.29%	11.97%	N/A	N/A	1.08%/1.05% ⁽⁴⁾⁽¹⁵⁾	\$423.79 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, 2022.

⁽³⁾ As of 9/30/2021.

⁽⁴⁾ As of 12/31/2021.

⁽⁵⁾ Comprised of operating expenses of 1.05% and interest expenses of 0.06%.

⁽⁶⁾ Annual expense ratio was 0.75%, but the net annual expense ratio was 0.75% (net of Adviser's fee waivers). Expense reimbursement was less than 0.01%.

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

⁽⁸⁾ Annual expense ratio was 0.90%, but the net annual expense ratio was 0.90% (net of Adviser's fee waivers). Expense reimbursement was less than 0.01%.

⁽⁹⁾ Annual expense ratio was 0.96%, but the net annual expense ratio was 0.95% (net of Adviser's fee waivers).

⁽¹⁰⁾ Annual expense ratio was 8.59%, but the net annual expense ratio was 1.20% (net of Adviser's fee waivers).

⁽¹¹⁾ Annual expense ratio was 1.08%, but the net annual expense ratio was 0.80% (net of Adviser's fee waivers).

⁽¹²⁾ Annual expense ratio was 0.89%, but the net annual expense ratio was 0.85% (net of Adviser's fee waivers).

⁽¹³⁾ Annual expense ratio was 1.18%, but the net annual expense ratio was 0.95% (net of Adviser's fee waivers).

⁽¹⁴⁾ Expense ratios are estimated for the current fiscal year.

⁽¹⁵⁾ Annual expense ratio was 1.08%, but the net annual expense ratio was 1.05% (includes acquired fund fees and expenses, net of the Adviser's fee waivers).

* Not annualized.

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

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, 2033, 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.

Baron Asset Fund's 3-year, Baron Discovery Fund's 3- and 5-year, Baron Emerging Markets Fund's 10-year, Baron Fifth Avenue Growth Fund's 3-, 5- and 10-year, Baron Global Advantage Fund's 3-, 5- and 10-year, Baron International Growth Fund's 3-, 5- and 10-year, Baron Opportunity Fund's 3-, 5- and 10-year and Baron Small Cap Fund's 3-year historical performance were impacted by gains from IPOs and there is no guarantee that these results can be repeated or that the Funds' level of participation in IPOs will be the same in the future.

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

Portfolio holdings as a percentage of net assets as of September 30, 2022 for securities mentioned are as follows: **Tesla, Inc.** – Baron Opportunity Fund (5.1%), Baron Partners Fund (45.5%*), Baron Fifth Avenue Growth Fund (5.4%), Baron Focused Growth Fund (22.3%), Baron Global Advantage Fund (3.3%), Baron Technology Fund (3.4%); **Space Exploration Technologies Corp.** – Baron Asset Fund (1.5%), Baron Opportunity Fund (2.2%), Baron Partners Fund (6.8%*), Baron Fifth Avenue Growth Fund (0.8%), Baron Focused Growth Fund (9.7%), Baron Global Advantage Fund (2.1%); **MSCI, Inc.** – Baron Asset Fund (0.3%), Baron Growth Fund (10.4%), Baron Partners Fund (1.2%*), Baron Focused Growth Fund (4.3%), Baron Durable Advantage Fund (3.0%), Baron FinTech Fund (3.3%); **FactSet Research Systems, Inc.** – Baron Asset Fund (3.8%), Baron Growth Fund (7.6%), Baron Partners Fund (4.1%*), Baron Focused Growth Fund (4.9%), Baron FinTech Fund (1.9%); **Arch Capital Group Ltd.** – Baron Asset Fund (2.6%), Baron Growth Fund (6.6%), Baron Partners Fund (4.2%*), Baron Focused Growth Fund (5.6%), Baron International Growth Fund (2.5%), Baron Durable Advantage Fund (4.9%); **The Charles Schwab Corp.** – Baron Asset Fund (3.2%), Baron Partners Fund (4.2%*), Baron FinTech Fund (2.5%); **Kinsale Capital Group, Inc.** – Baron Growth Fund (4.1%), Baron Small Cap Fund (3.2%), Baron Discovery Fund (5.6%), Baron FinTech Fund (1.6%); **Vail Resorts, Inc.** – Baron Asset Fund (3.3%), Baron Growth Fund (6.9%), Baron Partners Fund (3.2%*), Baron Focused Growth Fund (4.4%), Baron Real Estate Fund (2.8%), Baron Real Estate Income Fund (1.5%); **Hyatt Hotels Corp.** – Baron Asset Fund (1.1%), Baron Partners Fund (3.8%*), Baron Focused Growth Fund (5.5%), Baron Real Estate Fund (1.1%); **Choice Hotels International, Inc.** – Baron Asset Fund (1.5%), Baron Growth Fund (5.2%), Baron Focused Growth Fund (2.3%); **IDEXX Laboratories, Inc.** – Baron Asset Fund (5.6%), Baron Growth Fund (2.9%), Baron Small Cap Fund (0.5%), Baron Partners Fund (3.7%*), Baron Health Care Fund (0.9%); **Mettler-Toledo International, Inc.** – Baron Asset Fund (5.0%), Baron Growth Fund (1.2%), Baron Small Cap Fund (0.9%), Baron Durable Advantage Fund (1.5%), Baron Health Care Fund (1.7%); **CoStar Group, Inc.** – Baron Asset Fund (4.3%), Baron Growth Fund (5.8%), Baron Opportunity Fund (2.9%), Baron Partners Fund (7.2%*), Baron Focused Growth Fund (5.5%), Baron Real Estate Fund (4.9%), Baron FinTech Fund (1.7%), Baron Technology Fund (4.2%); **Gartner, Inc.** – Baron Asset Fund (9.8%), Baron Growth Fund (6.7%), Baron Small Cap Fund (6.0%), Baron Opportunity Fund (4.6%), Baron Partners Fund (2.7%*), Baron Technology Fund (3.8%); **ANSYS, Inc.** – Baron Asset Fund (3.2%), Baron Growth Fund (3.5%); **Iridium Communications Inc.** – Baron Growth Fund (5.6%), Baron Partners Fund (2.5%*), Baron Focused Growth Fund (3.9%); **Blackstone Inc.** – Baron Real Estate Fund (3.6%), Baron Durable Advantage Fund (1.3%), Baron Real Estate Income Fund (1.1%); ; **BlackRock Inc.** – Baron FinTech Fund (2.4%).

* % of Long Positions

As of September 30, 2022, no Baron Fund held shares of The Goldman Sachs Group, Inc., JPMorgan Chase & Co., or Jefferies Financial Group Inc.

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

For the period ended 9/30/22:

Ranking information provided is calculated for the **Retail Share Class** and is as of **9/30/2022**. The number of share classes in each category may vary depending on the date that Baron downloaded information from Morningstar Direct. **Morningstar calculates its category average performance and rankings using its Fractional Weighting methodology. Morningstar rankings are based on total returns and do not include sales charges. Total returns account for management, administrative, and 12b-1 fees and other costs automatically deducted from fund assets.** The **Morningstar Large Growth Category** consisted of 1,252, 1,060, and 790 share classes for the 1-, 5-, and 10-year periods. Morningstar ranked *Baron Opportunity Fund* in the 91st, 1st, 13th, and 6th percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 2/29/2000, and the category consisted of 263 share classes. Morningstar ranked *Baron Partners Fund* in the 4th, 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 407 share classes. The **Morningstar Mid-Cap Growth Category** consisted of 582, 491, and 379 share classes for the 1-, 5-, and 10-year periods. Morningstar ranked *Baron Asset Fund* in the 65th, 54th, 31st and 18th percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 6/12/1987, and the category consisted of 18 share classes. Morningstar ranked *Baron Growth Fund* in the 33rd, 15th, 30th, and 1st percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 12/31/1994, and the category consisted of 52 share classes. Morningstar ranked *Baron Focused Growth Fund* in the 8th, 1st, 1st, and 2nd 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 303 share classes. The **Morningstar Small Growth Category** consisted of 617, 535, and 401 share classes for the 1-, 5-, and 10-year time periods. Morningstar ranked *Baron Small Cap Fund* in the 63rd, 45th, 48th, and 15th percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 9/30/1997, and the category consisted of 87 share classes. Morningstar ranked *Baron Discovery Fund* in the 82nd, 29th, and 5th percentiles for the 1-, 5-year, and since inception periods, respectively. The Fund launched 9/30/2013, and the category consisted of 426 share classes. The **Morningstar Real Estate Category** consisted of 253, 206, and 150 share classes for the 1-, 5-, and 10-year time periods. Morningstar ranked *Baron Real Estate Fund* in the 96th, 1st, 1st, and 1st percentiles for the 1-, 5-, 10-year, and

Letter from Ron

since inception periods, respectively. The Fund launched 12/31/2009, and the category consisted of 123 share classes. Morningstar ranked Baron Real Estate Income Fund in the 84th and 2nd percentiles for the 1-year and since inception periods, respectively. The Fund launched 12/29/2017, and the category consisted of 211 share classes. The **Morningstar Foreign Large Growth Category** consisted of 449, 350, 223, and 189 share classes for the 1-, 5-, 10-year, and since inception (12/31/2008) periods. Morningstar ranked Baron International Growth Fund in the 76th, 43rd, 30th, and 17th percentiles, respectively. The **Morningstar Diversified Emerging Markets Category** consisted of 804, 642, 371, and 275 share classes for the 1-, 5-, 10-year, and since inception (12/31/2010) periods. Morningstar ranked Baron Emerging Markets Fund in the 85th, 78th, 22nd, and 12th percentiles, respectively. The **Morningstar Global Large-Stock Growth Category** consisted of 367, 272, 179, and 162 share classes for the 1-, 5-, 10-year, and since inception (4/30/2012) periods. Morningstar ranked Baron Global Advantage Fund in the 96th, 10th, 9th, and 10th percentiles, respectively. The **Morningstar Health Category** consisted of 169 and 136 share classes for the 1-year and since inception (4/30/2018) periods. Morningstar ranked Baron Health Care Fund in the 62nd and 2nd percentiles, respectively. The **Morningstar Allocation – 85%+ Equity Category** consisted of 188 and 169 share classes for the 1-year and since inception (12/29/2017) periods. Morningstar ranked Baron WealthBuilder Fund in the 96th and 2nd percentiles, respectively.

For the period ended 9/30/2022:

Baron 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 532, 532, 491, and 379 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 532, 532, 491, and 379 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 1,142, 1,142, 1,060, and 790 funds in the category, respectively.

Baron Opportunity Fund received a 4-Star Overall Morningstar Rating™, 4-Star 3-Year Rating, 5-Star 5-Year Rating, and 3-Star 10-Year Rating. The Morningstar Ratings are based on the Morningstar Risk-Adjusted Return measures of 1,142, 1,142, 1,060, and 790 funds in the category, respectively.

Baron International 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 390, 390, 350, and 223 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 234, 234, 206, and 150 funds in the category, respectively.

Baron Real Estate Income Fund received a 5-Star Overall Morningstar Rating™ and 5-Star 3-Year Rating. The Morningstar Ratings are based on the Morningstar Risk-Adjusted Return measures of 234 and 234 funds in the category, respectively.

Baron WealthBuilder Fund received a 5-Star Overall Morningstar Rating™ and 5-Star 3-Year Rating. The Morningstar Ratings are based on the Morningstar Risk-Adjusted Return measures of 176 and 176 funds in the category, respectively.

Baron Health Care Fund received a 5-Star Overall Morningstar Rating™ and 5-Star 3-Year Rating. The Morningstar Ratings are based on the Morningstar Risk-Adjusted Return measures of 151 and 151 funds in the category, respectively.

The Morningstar Ratings™ are for the Institutional share class only; other classes may have different performance characteristics. The Morningstar Ratings are based on the Morningstar Risk-Adjusted Return measures.

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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