Baron Funds®

March 31, 2022

Quarterly Report

"You can't innovate a candle to create a lightbulb." Director of Manufacturing. Tesla plant. Austin, Texas. November 2021.

On November 12, 2021, three Baron Funds' analysts and I spent the morning visiting the massive 10.5 million square foot, brand new **Tesla, Inc.** car factory in Austin, Texas. Our tour guide was the plant manager, a 41-year old PhD in mechanical engineering who had formerly been a Ford Motor Company senior executive on the Ford F-150 program. The Ford F-150 pickup truck is the most popular truck ever built and produces more than 100% of Ford's annual profits.

The Tesla plant was pretty amazing. How big is a 10.5 million square feet factory? I am not sure whether the Tesla Austin plant could fit three Pentagons or five Pentagons under roof. But that plant is definitely supersized and the largest facility I have ever visited. That factory was then scheduled to open several months after our visit...which it has this month.

While we were touring the factory, I asked why we should believe that others with seemingly substantial capital resources and cash flow couldn't innovate to make an even better car...or truck...than Tesla? That was when the executive told us that, "you can't innovate a candle to make a lightbulb. You can innovate to make a better candle. But, you can't continuously improve a candle to make a lightbulb. You need to start all over." Elon clearly believes in First Principles (i.e., tearing everything down and starting again from scratch with no preconceptions). The manager explained to us that Tesla and Elon are all about the culture of innovation.

When we asked for examples of an innovative Tesla manufacturing process that would be difficult for others to replicate, he showed us how the front of a Tesla car was now being cast as one part. Elon likes to say that "the best part is no part." Casting reduced the number of parts in this section of the Model Y car's front end from 171 to two! The Model Y now requires 1,600 fewer welds and 30% fewer expensive robots. The manufacturing process then became faster and less expensive, producing a higher quality, more consistent end product with less scrap. Why can't others copy this process? "Because it is expensive to institute and entails risk of execution that another company's Board might find objectionable. Further, union work rules could prevent or delay new tasks that are required. And, finally, there are no casting machines available. Elon bought all the casting equipment that will be produced for the next three years."

Ron Baron. CEO and Portfolio Manager.
Ron "on the road again." Doing his analyst thing "kicking the tires" at Rivian's electric van, truck, and SUV factory. Normal, Illinois. April 19, 2022.
Baron analysts not shown in picture because they were test-driving the R1T on the track behind the factory: Ishay Levin, David Baron, Michael Baron, Mike Lippert, Ashim Mehra, Andrew Peck, and Guy Tartakovsky.

Herbert Dies, Volkswagen's CEO, recently remarked that it takes Volkswagen 30 hours to manufacture a car. "It takes Elon less than 10 hours." Dies is "hopeful that VW will be able to ultimately produce a car in 20 hours." In the meantime, Tesla continues to make progress reducing costs, improving quality, and cutting manufacturing times. The Tesla plant in Austin has 500 stations in its assembly line. The car stops at each station for 45 seconds. The plant manager told us that Elon asked why the production line couldn't move faster between stations than he could walk. The friction of air resistance was then measured. "Question Everything" was the theme of the 2017 Annual Baron Investment Conference. Elon takes this to another level. When I recently asked a Tesla executive with whom I regularly speak, "How does Elon do that?" "How have you achieved such outstanding performance results?" was the reply. "Elon does it by questioning everything. Just like you do."

Intel's capital spending process is guided by a process they appropriately named "copy exactly." This means that they attempt to "copy exactly" what they have already built and attempt to improve tried and true processes iteratively. Similarly, Toyota's "kaizen" manufacturing philosophy is based on improving manufacturing by using "just in time" processes to eliminate waste and reduce inventory carrying costs. Clearly neither company contemplates disruptive change that will *dramatically* lower costs and improve quality.

Ford is another example of typical industrial manufacturing business executive mindsets. The April 18, 2022, *Bloomberg Businessweek* cover story features Ford CEO Jim Farley behind the wheel of an electrified Ford *F-150 Lightning*. The article is titled, "Hey Elon, THIS is a truck." I thought the article was terrific. One idea especially stood out to me. Since the F-150 is such a popular vehicle, it *"argued for a gradual approach to electrification. Essentially the*

TABLE OF CONTENTS

BARON FUNDS 1987

company retrofitted an existing F-150 with an electric powertrain rather than develop an entirely new truck." No all-in financial and operation bet by this company on electrification. Such bets on disruptive manufacturing plants, processes, and vehicle design enable Tesla to earn more than 30% gross margins and very high returns on capital, which are both increasing compared to low teens margins and low and declining returns on capital for most other internal combustion engine (ICE) OEMs! Tesla's cars not only cost less to build and sell, but they have characteristics that we regard as superior to its ICE competitors. This reminded me of an Einstein remark all those years ago, that "We cannot solve our problems with the same thinking we used when we created them."

David, a good friend who happens to be one of the great hedge fund traders, called me in March 2022. "How does Tesla obtain nickel and lithium for its car batteries? Are the prices Tesla pays spot or at fixed prices under long-term contracts?" He was obviously trying to determine if Tesla's earnings for its next quarter would beat or miss analyst expectations. After describing how Tesla is working hard to obtain raw materials in large quantities at attractive prices over the long term, I gave my friend the following advice. "David, you are missing the point. Tesla is now producing a little more than 310,000 cars per quarter. In three years, they will be producing more than one million cars per quarter, and in 10 years, more than five million cars per quarter. Your focus on whether they make a little more or a little less in a quarter due to higher costs or supply-chain disruptions will make you miss a giant opportunity. In a few years no one is going to remember whether margins and deliveries were a little higher or lower and costs were a little higher or lower in the quarter."

After spending the morning in Austin, we flew to Boca Chica, Texas to visit the **Space Exploration Technologies Corp.** (SpaceX) Starbase that afternoon. Starbase is the company's rocket assembly, fuel depot, maintenance, launch pad and landing site for its fully reusable Starship launch system. The site, which looks like a Star Wars movie set, supports testing, flight preparation, landing, and refurbishment for SpaceX's "RRR" Starship spacecraft and Super Heavy rockets. "RRR" means rapidly reusable rockets. Baron Funds is a significant investor in SpaceX. SpaceX is a separate privately owned Elon Musk business. It is not part of Tesla. I will write about our afternoon at Starbase in my next "Letter from Ron." I will tease that the entire day was a hoot.

"Baron invests in people not just buildings." Ron Baron. 1982-2022.

Michael Baron's father-in-law David Brand lives in Virginia Beach. David attended an election rally in the fall of 2021 to learn more about Glenn Youngkin, who at the time was campaigning to become Virginia's next Governor. Soon after David arrived, he was surprised that Glenn's "advance man" knew him. "I understand we have a relationship in common," Glenn began when he met David. "I know Michael and Ron Baron very well. Several years ago, when I was Carlyle's CEO, Baron Funds was an important Carlyle shareholder. For a few years following Carlyle's initial public offering in 2012, our business and its stock price didn't achieve the results we had expected. When I visited Michael and Ron to apologize for Carlyle's performance, Ron's reaction was unexpected. 'Don't worry, Glenn. This will work out. It's just a blip. In a few years, you will see that Baron made a very good decision investing in Carlyle, which was actually a very easy decision. We were just investing in you and David (Rubenstein).'" David Rubenstein was one of **The Carlyle Group Inc.**'s three founding partners. Glenn then told David Brand, "I will never forget how much I appreciated Michael's and Ron's support. It seemed like they were the only investors who appreciated an accurate appraisal of our business and focused on long-term opportunity instead of short-term headwinds."

Following his election as Virginia's Governor, Glenn returned to Virginia Beach last fall to thank his hometown voters. David participated in that event. When Glenn arrived to speak, he hopped out of a large, black, state-owned SUV with a spinning red light on the roof. He was now surrounded by security. When he spotted David in the crowd, he shouted out, "I wonder what Michael and Ron would say if they could see me now?"

By the way, we were right about both Carlyle's people and its prospects. Carlyle has been an attractive investment for Baron Funds. Since we first invested in Carlyle in 2012 during that company's initial public offering, Carlyle's share price appreciation plus dividends have achieved an annualized rate of return for its shareholders of 16.8% as of year end. The stock market, as measured by the S&P 500 Index, had an annualized rate of return of 15.9% during the same period.

Glenn, like most CEOs of businesses in which Baron has invested, regard Baron as a long-term *partner* in their businesses. We work hard to build trust and maintain our reputation as a long-term investor so that executives will think about us in that light. We do not want to be considered as a trader seeking short-term profits by front running favorable quarterly earnings or selling before quarterly earnings that may be somewhat below Wall Street analysts' expectations. Our reputation enables us to develop perspective regarding management talent and their decisions as well as understanding businesses' competitive advantages. We also nearly always encourage executives to invest in their businesses to grow faster if they perceive attractive opportunities...even if that penalizes profits and share prices in the short term.

Just like we invested in the executives of Carlyle, we invested in Dick's Sporting Goods CEO, Ed Stack, who also considered us as his partner…just as Carlyle's Glenn Youngkin and David Rubenstein did…

Michael Baron graduated from Duke University in 2003 and received his MBA from the University of Pennsylvania's Wharton Business School in 2010. He started working at our privately owned, family investment advisory business, Baron Capital, as a financial analyst, after his college graduation and returned after he received his MBA in 2010. David Baron likewise followed nearly the same career path as his brother after graduating from Emory in 2002 and receiving his MBA from Columbia Business School in 2009. Three years ago, both Michael and David added portfolio management roles to their responsibilities as members of our Firm's 40-person research analyst/portfolio manager team...as well as their roles on our executive committee.

Dick's Sporting Goods, Inc. was the first stock Michael recommended to us shortly after he joined Baron Capital in 2003. Dick's share price has since increased about nine-fold. Unfortunately, we sold our investment in Dick's about six years ago and, although it was a successful investment, we did not realize the full benefit of Michael's recommendation. We sold too soon because I was concerned that competition from internet retailers would have a permanent negative impact on Dick's stores' profitability. I was wrong. Dick's stock price so far has about doubled after we sold...and its prospects have brightened!

We sold even though we considered Ed Stack, Dick's Chairman and CEO, a terrific retailer, a great entrepreneur and a special person. Ed had built Dick's from three bait and tackle stores his dad started into a uniquely positioned, nationwide chain of 730 sporting goods stores. In fact, Dick's is now the largest nationwide sporting goods chain. Ed had purchased the three bait and tackle stores, the foundation of Dick's business, from his dad. Ed's mother loaned him the money to buy his dad's stores! I'm not exactly sure what that signifies. But it may have something to do with Carl Icahn's proclamation that "everything I have is for sale except my children...and *maybe* my wife."

Ed and his newly appointed CEO Lauren Hobart visited us last month. Ed asked for the meeting to introduce us to Lauren, as well as to discuss the prospects for Dick's new, large format stores with attached outdoor, student athletic fields. Lauren then described how well its new format stores were doing in two smaller communities. We also spoke about the successes of Dick's omni-channel retailing efforts and how desirable Dick's stores have become to shopping centers trying to lure shoppers to return to their malls.

"I was always struck by your reference to 'we' when we visited Baron and were facing a vexing issue," Ed began. "It was always, 'How are *we* going to deal with this?' You were our partner, and you didn't expect us to work hard just to make you and your investors as much as possible by focusing on maximizing current profitability. You always encouraged us instead to invest in our business to make it substantially larger and more profitable over the long term…even if that meant sacrificing profit growth in the short term."

"I have known you since 1979 and have finally figured out how you choose businesses in which to invest. You meet lots of executives, you find individuals you think are really smart, work hard, you consider talented, and, most importantly, whom you trust…and then you find a way to invest in them." Tom Pritzker. Chairman. Hyatt Hotels Corp. 2021.

David Baron is responsible for our Firm's significant and very profitable long-term investments in well-managed and competitively advantaged travel and leisure businesses. Among them are **Hyatt Hotels Corp.**, **Vail Resorts, Inc.**, **Choice Hotels International, Inc.**, **Red Rock Resorts, Inc.**, **Marriott Vacations Worldwide Corp.**, and **Penn National Gaming, Inc.** We believe these businesses all have significant barriers to competition...and exceptional managers who take unusual care of their structural advantages.

Tom Pritzker is the Chairman and largest investor in hotelier Hyatt. We have been friendly since our first meeting in a coffee shop at The Hyatt Regency at Chicago's O'Hare Airport in the late 1970's with his dad, Jay. Jay Pritzker was one of the first business executives to mentor me at the start of my analyst career. Tom is just like Jay. A terrific executive who is surrounded by others, like Mark Hoplamazian, who are also incredibly talented. Finally, whatever Tom says he will do, he will do. Always. A handshake, not a contract, is all that is required. And, he always has great stories...which David Baron and I just love.

Postscript 1. "*You never stop taking notes on your Microsoft Surface computer. If you want to make sure your sons are wealthy, let them publish your notes on your death. You are right in the middle of so many important trends. It would be so interesting to read about your opinions real time." Tom Pritzker. "Thanks for the compliment, Tom. While what I learn is interesting to me, I'm not sure anyone else, except my family and those with whom I work, would find these notes interesting." January 2022.*

Postscript 2. *Reacting to our decisions not to invest in Theranos' Elizabeth Holmes who was recently convicted of fraud and will likely to go to prison… movie producer Harvey Weinstein who is now in prison for sex crimes… ponzi schemer Bernie Madoff who was tried for fraud and died in prison…and, last but not least, WeWork's Adam Neuman whom I read recently had been assessed as "a potential billionaire or fraudster"….Anita Nagler, Independent Director of our family-owned investment management company, Baron Capital Group, told me that I "have a great b.s. detector." Anita was the former head of enforcement at the SEC in Chicago.*

Postscript 3. *My wife Judy and I recently watched the popular Netflix drama, "Inventing Anna." This tale about a make-believe oligarch heiress Anna Delvey was advertised as "a true story except for the parts that are made up." On more than a few occasions, I have felt we met such people…and fortunately due to the intense research we perform on our investments and their executives, we chose not to invest with them. I have written in previous "Letters from Ron" about our meetings with Elizabeth Holmes (September 2017)…Harvey Weinstein (September 2017)…and Bernie Madoff (December 2008). When I decided to write about this topic, I found those letters. Since I thought you could find those discussions of interest as illustrative of our investment process, we have attached those paragraphs as addenda to this letter.*

"You bought a Tesla car?!!! Mike, I told you to buy Tesla's stock, not the car!" Ron Baron. Palm Beach, Florida. Conversation with doorman. December 2021.

In 2018, the doorman in our Florida apartment building told me he had been investing in Bitcoin. Curious, I asked how he was doing. "Great, Ron. I purchased Bitcoins at $14 to $600 each more than eight years ago. They are now selling for more than $20,000!" "Wow, that is fantastic Mike. I don't know very much about crypto currencies, but I do know that your Bitcoin profits could be life changing for you and your family. If I were you, I would sell your Bitcoin and buy Tesla." Several months later the price of Bitcoin fell to $13,000. When I next saw Mike, he told me he had taken my advice, sold his Bitcoins and had purchased a red Model 3 Tesla!!! His wife loves their Tesla so much, he went on, that Mike hardly has an opportunity to drive it! "Mike, I'm really glad you and your wife like your Tesla Model 3, but I told you to buy Tesla stock, not the car!!!"

There is a postscript to this story. When we saw Mike recently, I asked how he was doing with his investments. "Fantastic, Ron. I am now investing in Bitcoin, again.. and Ether, too." My wife Judy responded, "Gee, Mike, maybe you could help Ronnie. He has never really understood how to invest in Bitcoin." "I can do better than that, Mrs. Baron. There is a website that tells you all you need to know about crypto. All Ron needs to do is go there and he can trade Bitcoin just like me..."

The moral of this tale? Make investment decisions based upon your own work, careful study and fundamental research or observations, not on what others recommend or how they are investing for themselves. Regardless of whether the "others" you are copying are Elon Musk...Warren Buffet...Ron Baron...or your doorman.

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

Respectfully,

Ronald Baron
CEO and Portfolio Manager
March 31, 2022

P.S. One more thing. The first quarter of 2022 has been a difficult one for many mutual funds. Especially for funds like Baron mutual funds which have significant investments in rapidly growing technology businesses. We believe current market volatility and lower stock prices are principally a consequence of persistent above normal inflation. This inflation is causing the United States Federal Reserve Bank to increase interest rates and reduce their holdings of government debt. Those actions hurt stock prices in the short term but in the past have substantially reduced inflation. Generally speaking, inflation historically has increased significantly above trend around wars, pandemics and economic recessions. Soon after inflation ebbs, interest rates have typically fallen and stock prices have increased materially. We expect that to again be the case. In the meantime, the businesses in which we have invested have continued to grow substantially. This is although their stock prices in most instances have declined.

Seven Baron Funds have a 5-Star Morningstar Overall Rating™; seven Baron Funds have a 4-Star Rating; one has a 3-Star Rating; and one has a 2-Star Rating. Three are unrated because they do not have a 3-year track record yet. As of 3/31/2022, 15 of 17 Baron Funds, representing 98.5% of Baron Funds' assets under management have outperformed their respective passive benchmarks since their inceptions[1]. That is highly unusual. Further, Baron Growth Fund is ranked number 1 of 53 Mid-Cap Growth funds since inception in 1994, Baron Small Cap Fund is ranked number 12 of 89 Small Growth funds since inception in 1998, Baron Real Estate Fund is ranked number 1 of 127 U.S. Real Estate funds since inception in 2009, Baron Wealth Builder Fund is ranked number 1 of 165 Allocation Equity–85%+ funds since inception in 2017.[2]

In addition, Baron Partners Fund is ranked number 1 out of 2,166 equity mutual funds since its conversion to a mutual fund from a partnership in 2003.[3] Baron Focused Growth Fund is ranked number 1 out of 3,436 equity mutual funds since conversion from a partnership in 2008.[4]

Baron Capital's AUM on March 31, 2022 approximates $48.6 billion. We have earned more than $44 *billion* realized and unrealized gains since 1992 when our firm had approximately $100 *million* assets under management.

Addendum 1. Ron's conversations with Harvey Weinstein. August 2009. Letter from Ron. September 30, 2017.

"…we didn't invest with Harvey Weinstein in The Weinstein Company…

Reading about Harvey Weinstein during the last week reminded me of two high profile investments that we chose NOT to make. The Weinstein Company was one, Theranos was the other. First, The Weinstein Company. In August 2009, Harvey Weinstein and his brother Robert visited us to discuss Baron Funds making a modest investment in privately owned The Weinstein Company. This was shortly after the brothers had sold their interest in Miramax to Disney. After nearly a day and a half meeting with the Weinsteins, we were convinced that Harvey was an enormously talented producer. Further, when we questioned Harvey closely about governance issues involving the characterization of expenses as business or personal (for which he had been criticized), he promised that that would never again be an issue. When the Weinsteins left our office, we were intrigued enough by Harvey's ability to produce successful movies and television programs to continue our diligence. During the next two days, we spoke to several media executives who knew Harvey well. All warned us about the governance issues about which we had expressed concerns and recounted, in graphic detail, allegations that the press has been widely reporting eight years later. When I called Harvey in August 2009 following our diligence to tell him we had decided not to invest with him, he screamed at me admonishing us for wasting his time. I don't remember whether he hung up on me or I on him, but I do remember an incredibly unpleasant conversation."

Addendum 2. Ron's conversations with Theranos' Founder Elizabeth Holmes. May 2011. Letter from Ron. September 30, 2017.

"…we didn't invest with Elizabeth Holmes in Theranos, either…

The second high profile investment we avoided was Theranos. One of my best friends from high school, who now lives in Palo Alto, suggested we research Theranos after he read about that company and its high profile CEO and founder, Elizabeth Holmes. In 2011, Elizabeth was the youngest female billionaire on Forbes' list of the 400 wealthiest Americans. Theranos' business premise was to disrupt blood testing labs by pricking your finger at a local Walgreens' pharmacy and using the internet to transmit markers in your blood to a remote Theranos machine for analysis. We contemplated making a $25 million investment in that privately held $6 billion company. However, since we believed Theranos' business opportunity was sizeable, and if Theranos were to become a publicly owned business we could make a much larger investment, we felt a significant diligence effort was justified. We studied Theranos for 10 months, visited the company in Palo Alto, had its executives visit us several times in New York, spoke to one of its clients, and tried to understand Theranos' technology. Regardless, we could not get comfortable with numerous issues, including no FDA filings and data that didn't seem to prove their case, and we chose not to invest. When I informed Elizabeth during her last visit to our office that we could not invest, she, like Harvey Weinstein, began to yell at me until I left our conference room. When I was writing this "Letter from Ron," I showed Pat Patalino, our Firm's General Counsel, an e-mail sent in June 2011 by Sunny Balwani, then Theranos' COO, to Randy Gwirtzman, then a senior Baron analyst and now a co-manager of Baron Discovery Fund. That letter criticized Baron research and our failure to understand Theranos' value proposition/valuation. Susan Robbins, one of our health care analysts, termed this "breathtaking chutzpah." ("Chutzpah" is Jewish for "what incredible nerve.")

Pat told me that soon after our decision not to invest, Sunny and Elizabeth called him on his cell phone while he was waiting for a commuter train in White Plains. "They spent the first 10 minutes scolding me for wasting their time." They then told Pat they provided us with unprecedented access and were "particularly upset about Andrew's skepticism and his unwillingness to accept what they were telling us at face value. It was not pleasant." The postscript to this story is that the Wall Street Journal and The New York Times in 2015 published a series of articles questioning whether or not Theranos' technology worked; the FDA investigated the company and suspended Elizabeth from any involvement with Theranos for three years; Sunny resigned; and the value of Theranos' business has fallen from more than $6 billion to $800 million! Finally, Jennifer Lawrence will star as Elizabeth Holmes in Bad Blood a movie about Theranos…which there is no way I will miss. One more thing. Andrew Peck, the "Andrew" Pat referred to above, is the portfolio manager of Baron Asset Fund; a graduate of Yale College, Stanford Business School, and Stanford Law School, with high honors from each; a senior executive at our Firm for 20 years; and one of the brightest individuals I know."

Addendum 3. Ron's conversations with Bernie Madoff. Early 2000. Letter from Ron. December 31, 2008.

"Baron Funds has never invested either directly or indirectly with Bernie Madoff or Bernard L. Madoff Investment Securities LLC. As a result, we have not been affected by that individual's alleged criminal activity. I did, however, have a meeting with Mr. Madoff several years ago to try to understand his investment strategy. This was in order to learn if there was something about it that could help us. I thought you might find the following story about that meeting of interest. I have used literary license to quote from conversations that took place nearly nine years ago as I recall them.

Baron Funds has been a shareholder in investment firm Charles Schwab, since 1992. The chief executive of Schwab's market-making business with whom I had long ago become friendly called me in early 2000. "I'm leaving Schwab," he began, "but, I'm not going to retire. I'm going to consult for the market-making operation of a good friend since high school, Bernie Madoff." "I've been hearing for years about how successful and consistent Madoff's investment returns have been," I replied. "He manages money for people I know. Could you introduce me? I'd love to learn about what he does." "Of course," my friend answered. "I don't know very much about the investment side of Bernie's business, but I'm sure he would enjoy meeting you. I'll arrange for him to come over for lunch."

Soon afterwards Madoff visited and outlined the history of his firm and his investment strategy. Although he did not show me any documentation of that strategy, a flaw was quickly apparent to me. His strategy would work best in advancing markets but returns if the market was flat could be problematic and if markets fell, could be negative. "How can you make money in all markets? And how do you make virtually identical returns month after month whether stocks are rising, flat, or falling?" Madoff then described how the order flow of his market-making business gave him a competitive advantage that enabled his computers to guess the short-term direction of markets and "leg into" stock or option positions. I didn't understand how initially unhedged positions could produce consistent monthly returns, we don't have computers able to predict the direction of markets, and we don't have order flow to help computers make those predictions, so I didn't think there was anything we learned about his strategy that could be useful to us.

Because this individual was prominent, highly regarded, successful, and rich, most assumed as did Tevye in Fiddler, that "when you're rich, they think you really know." At Baron Funds, we pride ourselves on "investing in people, not just buildings." Although we think we've been right about people a lot more than we've been wrong, despite a lifetime spent judging individuals, we still don't always get it right. Although we could not understand Madoff's investment strategy and did not invest with him, he seemed to be a pleasant and knowledgeable man, and I clearly misjudged him as a person.

Perhaps the most important lesson we think you can learn from Madoff's alleged Ponzi "investment" scam is the importance of diversification. Owning a portfolio of investments and of not having all your eggs in one basket should be your goal."

Addendum 4. Baron Capital was founded on March 16, 1982. Many of our 173 employees are long tenured and have been sharing "Happy 40th!!!" emails to share our culture with our younger, newer associates. All made me smile. David Kaplan's made me laugh.

"I was fortunate to have traveled quite a bit with Ron, visiting prospects and clients. One of our first business trips was to Pittsburgh. I think it was 1994 and I remember it was a very sunny day. We had a full day of meetings and as we were rushing from one meeting to the next, Ron spotted a pretzel vendor. 'Want a pretzel?' Ron asked. Without waiting for my reply he made a bee line to the pretzel guy. Ordering two pretzels, Ron started drilling the guy with questions. 'How many pretzels do you sell a day? Why this spot and not down the street? Do you sell more at different times of the day?' Ron must have asked him six or seven questions in a about two minutes. The pretzel guy could barely finish responding before Ron hit him with his next question. I'm sure the guy was glad when I told Ron we need to get going so we wouldn't be late to our next meeting. The pretzel was good.

"After our morning meetings were finished, we had time for lunch. 'Do you like Italian?' Ron asked me. 'Sure' I said and with that, Ron turned to two, maybe homeless, people sitting on a nearby bench and asked, 'What's the best Italian restaurant near here?' They pointed us to a nearby restaurant. 'Obviously they know,' Ron explained. 'That is probably where they are given the best leftover food every evening.' The lunch was good.

It's been an amazing adventure. Thanks for letting me be a part of it, Ron."

[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.

[2] The Morningstar Large Growth Category consisted of 1,236, 1,025, and 765 share classes for the 1-, 5-, and 10-year periods. 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 on 4/30/2003, and the category consisted of 405 share classes.

The Morningstar Small Growth Category consisted of 614, 521, and 391 share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Small Cap Fund in the 35th, 38th, 42nd, and 14th percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 9/30/1997, and the category consisted of 89 share classes.

The Morningstar Mid-Cap Growth Category consisted of 592, 503, and 386 share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Growth Fund in the 20th, 23rd, 20th, 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 53 share classes. Morningstar ranked Baron Focused Growth Fund 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 6/30/2008, and the category consisted of 311 share classes.

The Morningstar Real Estate Category consisted of 255, 205, and 149 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 since inception periods, respectively. The Fund launched 12/31/2009, and the category consisted of 127 share classes.

The Morningstar Allocation—85%+ Equity Category consisted of 188 share classes for the 1-year period. Morningstar ranked Baron WealthBuilder Fund in the 96th and 2nd percentiles for the 1-year and since inception periods, respectively. The Fund launched 12/29/2017, and the category consisted of 165 share classes.

Morningstar calculates the Morningstar 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.

[3] This is a hypothetical ranking created by Baron Capital using Morningstar data and is as of 3/31/2022. There were 2,166 share classes in these nine Morningstar Categories for the period from 4/30/2003 to 3/31/2022.

[4] This is a hypothetical ranking created by Baron Capital using Morningstar data and is as of 3/31/2022. There were 3,436 share classes in these nine Morningstar Categories for the period from 6/30/2008 to 3/31/2022.

Note, the peer group used for these analyses 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.

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 3/31/2022

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	13.64%	8.19%	12/31/1994	3.17%	16.96%	16.93%	14.35%	1.03%(3)	$8.21 billion
Baron Small Cap Fund	Russell 2000 Growth Index	10.76%	6.57%	9/30/1997	-4.87%	14.59%	15.10%	12.92%	1.03%(3)	$4.60 billion
Baron Discovery Fund†	Russell 2000 Growth Index	15.86%	9.48%	9/30/2013	-18.31%	15.62%	17.76%	N/A	1.05%(3)	$1.54 billion
SMALL/MID CAP										
Baron Focused Growth Fund(1)	Russell 2500 Growth Index	14.32%	8.60%	5/31/1996	9.47%	41.57%	31.02%	19.00%	1.05%(4)	$796.61 million
MID CAP										
Baron Asset Fund†	Russell Midcap Growth Index	11.92%	10.57%(2)	6/12/1987	-1.34%	14.26%	15.60%	14.14%	1.03%(3)	$5.38 billion
LARGE CAP										
Baron Fifth Avenue Growth Fund†	Russell 1000 Growth Index	10.21%	12.04%	4/30/2004	-10.75%	14.43%	17.15%	14.48%	0.75%(3)(6)	$575.35 million
Baron Durable Advantage Fund	S&P 500 Index	15.81%	15.25%	12/29/2017	15.07%	20.57%	N/A	N/A	1.48%/0.70%(3)(7)	$47.90 million
ALL CAP										
Baron Partners Fund(1)	Russell Midcap Growth Index	16.62%	10.32%	1/31/1992	24.51%	56.69%	39.02%	25.80%	1.11%(4)(5)	$8.04 billion
Baron Opportunity Fund†	Russell 3000 Growth Index	9.80%	6.82%	2/29/2000	-6.52%	27.39%	27.19%	17.26%	1.05%(3)	$1.26 billion
INTERNATIONAL										
Baron Emerging Markets Fund	MSCI EM Index	4.30%	2.32%	12/31/2010	-19.20%	3.44%	4.68%	5.31%	1.08%(4)	$7.65 billion
Baron Global Advantage Fund†	MSCI ACWI Index	15.26%	10.21%	4/30/2012	-20.62%	17.25%	20.20%	N/A	0.90%(4)(8)	$1.73 billion
Baron International Growth Fund	MSCI ACWI ex USA Index	10.91%	7.45%	12/31/2008	-8.35%	10.80%	10.23%	8.42%	0.96%/0.95%(4)(9)	$632.97 million
SECTOR										
Baron Real Estate Fund†	MSCI USA IMI Extended Real Estate Index	15.85%	12.27%	12/31/2009	-0.09%	24.76%	17.08%	15.14%	1.05%(4)	$1.86 billion
Baron Real Estate Income Fund	MSCI US REIT Index	15.86%	9.14%	12/29/2017	16.97%	21.24%	N/A	N/A	1.08%/0.80%(4)(11)	$145.85 million
Baron Health Care Fund†	Russell 3000 Health Care Index	19.20%	15.01%	4/30/2018	3.62%	21.98%	N/A	N/A	0.89%/0.85%(4)(12)	$214.20 million
Baron FinTech Fund†	S&P 500 Index	16.68%	18.09%	12/31/2019	-2.62%	N/A	N/A	N/A	1.18%/0.95%(4)(13)	$52.01 million
EQUITY ALLOCATION										
Baron WealthBuilder Fund	S&P 500 Index	19.12%	15.25%	12/29/2017	-0.18%	23.66%	N/A	N/A	1.08%/1.05%(4)(15)	$524.96 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 March 31, 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.

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 1-year, **Baron Discovery Fund's** 3- and 5-year, **Baron Fifth Avenue Growth Fund's** 1- and 3-year, **Baron FinTech Fund's** 1-year, **Baron Global Advantage Fund's** 3- and 5-year, **Baron Health Care Fund's** 1-year, **Baron Opportunity Fund's** 1-, 3-, 5- and 10-year and **Baron Real Estate Fund's** 1-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 March 31, 2022 for securities mentioned are as follows: **The Carlyle Group Inc.** – Baron Growth Fund (1.1%); **Choice Hotels International, Inc.** – Baron Asset Fund (1.4%), Baron Growth Fund (5.2%), Baron Focused Growth Fund (2.8%); **Dick's Sporting Goods, Inc.** – Baron Partners Fund (0.2%*); **Hyatt Hotels Corp.** – Baron Asset Fund (1.0%), Baron Partners Fund (3.6%*), Baron Focused Growth Fund (6.0%), Baron Real Estate Fund (1.9%); **Marriott Vacations Worldwide Corp.** – Baron Partners Fund (1.2%*), Baron Growth Fund (2.4%), Baron Real Estate Fund (3.6%), Baron Real Estate Income Fund (2.6%); **Red Rock Resorts, Inc.** – Baron Asset Fund (1.0%), Baron Partners Fund (0.5%*), Baron Small Cap Fund (2.4%), Baron Focused Growth Fund (2.3%), Baron Real Estate Fund (2.9%), Baron Discovery Fund (1.0%), Baron Real Estate Income Fund (1.6%); **Space Exploration Technologies Corp.** – Baron Asset Fund (1.0%), Baron Partners Fund (5.2%*), Baron Opportunity Fund (1.5%), Baron Fifth Avenue Growth Fund (0.5%), Baron Focused Growth Fund (8.5%), Baron Global Advantage Fund (1.1%); **Tesla, Inc.** - Baron Partners Fund (49.0%*), Baron Opportunity Fund (4.5%), Baron Fifth Avenue Growth Fund (4.0%), Baron Focused Growth Fund (27.7%) Baron Global Advantage Fund (1.6%), Baron Technology Fund (2.4%); **Penn National Gaming, Inc.** – Baron Partners Fund (0.3%*), Baron Growth Fund (2.9%), Baron Small Cap Fund (0.9%), Baron Focused Growth Fund (2.5%), Baron Real Estate Fund (1.7%); **Vail Resorts, Inc.** – Baron Asset Fund (2.9%), Baron Partners Fund (3.1%*), Baron Growth Fund (6.3%), Baron Focused Growth Fund (4.4%), Baron Real Estate Fund (2.3%), Baron Real Estate Income Fund (1.0%).

Portfolio holdings may change over time.

* % of Long Positions

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

For the period ended 3/31/2022:

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 542, 542, 503 and 386 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 1,124, 1,124, 1,025, and 765 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 1,124, 1,124, 1,025, and 765 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 236, 236, 205 and 149 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 236 and 236 funds in the category, respectively.

Baron Global Advantage Fund received a 4-Star Overall Morningstar Rating™, 3-Star 3-Year Rating, and 5-Star 5-Year Rating. The Morningstar Ratings are based on the Morningstar Risk-Adjusted Return measures of 306, 306 and 265 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 168 and 168 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 141 and 141 funds in the category, respectively.

Baron Small Cap Fund received a 3-Star Overall Morningstar Rating™, 3-Star 3-Year Rating, 3-Star 5-Year Rating, and 3-Star 10-Year Rating. The Morningstar Ratings are based on the Morningstar Risk-Adjusted Return measures of 580, 580, 521 and 391 funds in the category, respectively.

Baron Discovery 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 580, 580, and 521 funds in the category, respectively.

Baron Asset 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 542, 542, 503 and 386 funds in the category, respectively.

Baron Fifth Avenue Growth Fund received a 2-Star Overall Morningstar Rating™, 1-Star 3-Year Rating, 2-Star 5-Year Rating, and 2-Star 10-Year Rating. The Morningstar Ratings are based on the Morningstar Risk-Adjusted Return measures of 1,124, 1,124, 1,025 and 765 funds in the category, respectively.

Baron Durable Advantage Fund received a 4-Star Overall Morningstar Rating™ and 4-Star 3-Year Rating. The Morningstar Ratings are based on the Morningstar Risk-Adjusted Return measures of 1,124 and 1,124 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.

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

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

LINDA MARTINSON
CHAIRMAN, PRESIDENT AND COO

For more than two years, the world has been living with the COVID pandemic and its effects on lives, livelihoods, and lifestyles globally. And just when we thought the pandemic was waning and we could start to return to normality, a new crisis shook the globe: Russia invaded Ukraine.

Baron Capital stands in support of Ukraine, Ukrainian refugees, and all those needlessly uprooted from their homes and separated from loved ones due to Russia's attack on Ukraine. Baron Capital has committed to divesting from all Russian securities as soon as possible. As of March 31, 2022, the total percentage of Russian securities owned across all Baron Funds constituted 0.003% of assets.

Acts of war are incredibly costly, chiefly for the parties directly involved but also indirectly for many others. For Ukraine, the loss of many lives, the destroyed future of an entire generation, the devastation of cities and infrastructure, and the loss of sense of freedom and security are the real tragedy. But there are also significant lasting economic repercussions that both Ukraine and Russia will face, which will also affect many other economies, including the U.S. We are already feeling the pain of rising oil and gas prices due to the disruption of global supply. Other commodity prices are rising too and news about a resurgence of COVID, including, the shutdown of Shanghai, may further affect global supply chains, adding to already strong inflation pressures.

Besides the war, inflation remains top of mind for investors. Nine months ago, when we wrote about inflation[1], the general view of market participants and Fed officials was that high inflation was largely a result of the post-pandemic normalization and was going to be short-lived. Yet, inflation has only accelerated since and expectations have changed, which is why we thought it is timely to provide an update on our thoughts.

In the first half of last year, as global economies were recovering from the pandemic, it was reasonable to expect that, with the restoration of production capacities and supply chains, price pressures would subside, and inflation would soon begin to trend down. After annual consumer inflation peaked at 5.4% in June 2021, it moderated over the next two months. However, prices started climbing back up in the fall as supply chains remained under pressure and shortages persisted.

In November, Fed Chairman Jerome Powell appeared in front of the Senate Banking Committee and suggested that the term "transitory" should no longer be used to describe inflation. This was a key moment that increased inflation expectations and changed the market's perception of the Fed's future monetary and interest rate policy.

Nearly three months later, Russia's invasion of Ukraine instantly added significant cost pressures to the already existing ones. Ukraine and Russia's temporary removal from commodities markets is likely going to cause significant lasting shortages and supply chain strains around the world, resulting in prolonged inflation and lower economic growth. This does not necessarily mean that inflation is likely to increase significantly above the current level of 8.5% per year. Yet, in our view, it seems highly likely that it will remain above the Fed's 2.0% target level for the next few years.

The economic pressures that many countries are experiencing as a result of the pandemic and the war have caused governments and corporations to rethink their dependence on international trading partners. Discussions about deglobalization have become more frequent in recent months. While it is still early to tell whether and to what degree there may be shifts from global to local, a secular deglobalization shift is likely to put additional pressure on prices, since cost efficiencies may have to be sacrificed in exchange for more economic independence.

Recent data has indicated that the U.S. has been experiencing robust economic health. Unemployment is currently at 3.6%, close to its lowest point in 60 years; industrial activity is growing; and real gross domestic product recorded a 37-year high of 5.6% in 2021. However, such indicators are a reflection in the rear-view mirror, and what lies ahead may not be as positive. A full labor market, for example, could lead to growing wage pressures, which could further exacerbate inflation. At the same time, wages have grown, but the prices of many goods and services have grown faster, which will eventually result in weaker demand and slower economic activity.

The mounting concerns over inflation, slowing growth, the Fed's monetary policy, and the war have weighed on consumer and investor sentiment in recent months. Many investors are wondering how to position their portfolios to protect against inflation or a potential global economic slowdown.

Just like the pandemic, macroeconomic factors such as inflation and geopolitical events are outside of our control. We do not try to time or predict their course. Nevertheless, we actively monitor ongoing developments, and, as we receive new information, we test our investment theses. For our domestic non-specialty Funds, we may make some marginal changes. For our international and specialty Funds, we may make more material adjustments, depending on the specific risks to which these portfolios are exposed. In all cases, our focus remains on the long-term potential of our investments, and we continue to believe that our portfolios have attractive long-term growth potential.

1 *See Linda's Letter from 6/30/2021*

Inflation Is a Complex Subject

Inflation measures the general increase in prices. As we have written previously[2], while the concept sounds simple, defining inflation is a complicated matter, and there are multiple ways to measure it. The two most popular measures of inflation in the U.S are the Consumer Price Index (CPI) and the Personal Consumption Expenditures Index (PCE). Broadly speaking, the CPI reflects the price changes of what people are buying, while the PCE looks at price changes of what businesses are selling. Each index also has a "core" version that excludes food and energy prices, which tend to be more volatile. The Federal Open Markets Committee (FOMC), which sets the Federal Reserve's (the Fed's) monetary policy, primarily references the PCE index when discussing inflation.

CPI inflation is calculated using a fixed-weight basket of goods and services consumed by households. PCE inflation captures a broader picture of spending, including services paid for on behalf of consumers (e.g., Medicare), and can change as people substitute away from some goods and services toward others. Neither index is a perfect representation of the price changes experienced by the population. In fact, since everyone's consumption pattern is different, a single inflation index will always be imperfect because everyone faces his/her own inflation rate. Yet, investors and economists often rely on a single index for decision making. Having a solid understanding of the underlying index methodology and its strengths and weaknesses is important when making investment decisions. We discussed this point in greater detail in Linda's Letter from 6/30/2021.

What Does Higher Inflation Mean for Investors?

For fixed income investors, higher inflation can be detrimental. Inflation erodes the real value of a bond's face value and diminishes real returns. Inflation can be particularly damaging when it exceeds bond yields, as it currently does, since the real yield for bonds investors becomes negative. Yet, investors may still choose to buy or keep bonds for other reasons, including short-term cash flow management or because they believe inflation is transitory.

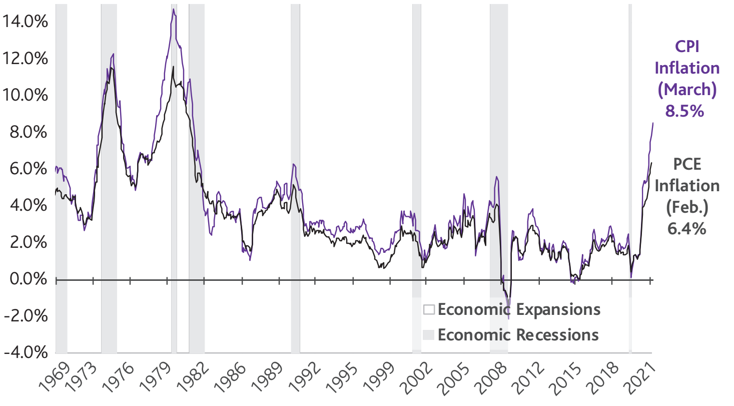
For traditional equity investors, the analysis is less straightforward, and there is no definitive rule of thumb. While there is no doubt that inflation affects stock prices, the impact very much depends on what else is going on in the economy and the market. Inflation is only one of many factors that drive the stock market, and its effects on stock prices are hard to isolate or predict. The level and rate of change of inflation affect companies differently, depending on their idiosyncrasies, industry, competitive landscape, and capital structure, among other things. The overall economic environment may also counter or amplify the effects of rising/high inflation.

Inflation could increase during times of improving economic conditions or when conditions are worsening. Just because inflation is rising or surpassing a certain level does not mean equity investors should reflexively buy or sell.

The chart below shows that over the past 50-plus years inflation, as measured by the two most popular indicators, has increased or declined during periods of both economic expansions and recessions.

Inflation Has Increased During Economic Expansions and Recessions

1-Year CPI and PCE Inflation, 12/31/1969 – 3/31/2022



Sources: CPI inflation data from the U.S. Bureau of Labor Statistics, PCE inflation data from the U.S. Bureau of Economic Analysis, U.S. Business Cycle Expansions and Contractions data from The National Bureau of Economic Research. All data retrieved from the Federal Reserve Bank of St. Louis.

At the end of March 2022, one-year CPI inflation in the U.S. stood at 8.5%, the highest level in over 40 years. One-year PCE inflation increased to 6.4% in February, also a 40-year high, and is expected to reach 6.5% by the end of March[3].

The last time in recent history when inflation rose to a more significant level and lasted was 2002-2005, a period of stable economic expansion and employment growth after the recession in the early 2000s. As the housing market entered a correction in 2006, inflation retracted for about a year before jumping back up when the financial crisis began unfolding.

The table on the next page shows the periods of rising one-year inflation since the '70s and how some key economic variables and the stock market changed during these periods. In our view, there is no obvious pattern behind this data, and any period of rising inflation should be interpreted in context.

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[2] *See Linda's Letter from 6/30/2021*

[3] *According to the inflation expectation from the Federal Reserve Bank of Cleveland as of 4/11/2022.*

Inflation Has Increased in Different Economic Environments

Changes in Select Economic Variables and the Stock Market during Rising PCE Inflation Periods

Trough Date	Peak Date	1-Yr PCE Inflation Trough	1-Yr PCE Inflation Peak	1-Yr PCE Inflation Change	10-Yr Treasury Yield Change	Unempl. Rate Change	1-Yr Industrial Production Change	1-Yr Consumer Spending Change	S&P 500 Index Return (cumulative)	S&P 500 Index - 1-Yr Return After Peak
Jun-72	Oct-74	3.01%	11.58%	8.57%	1.6%	0.3%	9.0%	25.9%	–25.1%	26.0%
Nov-76	Mar-80	5.06%	11.59%	6.53%	5.6%	–1.5%	14.3%	43.7%	18.8%	40.1%
Dec-86	Oct-90	1.57%	5.17%	3.60%	1.4%	–0.7%	11.3%	29.1%	43.1%	33.5%
Sep-98	Mar-00	0.63%	2.93%	2.30%	1.6%	–0.6%	7.1%	12.1%	50.2%	–21.7%
Jan-02	Sep-05	0.67%	3.83%	3.16%	–0.7%	–0.7%	7.7%	23.9%	15.9%	10.8%
Oct-06	Jul-08	1.68%	4.14%	2.46%	–0.6%	1.4%	0.3%	8.4%	–4.8%	–20.0%
Jul-09	Sep-11	–1.47%	3.02%	4.49%	–1.6%	–0.5%	10.9%	9.1%	19.8%	30.2%
Sep-15	Jul-18	0.08%	2.44%	2.36%	0.9%	–1.2%	3.0%	13.0%	55.5%	8.0%
Apr-20	Mar-22	0.41%	6.54%	6.13%	1.8%	–11.1%	23.0%^	38.2%^	60.3%	?

Sources: PCE Inflation and Consumer Spending data from the U.S. Bureau of Economic Analysis, except for March 2022 where the PCE inflation level is represented by the inflation expectation from the Federal Reserve Bank of Cleveland as of 4/11/2022. The actual PCE data for March 2022 will be released by the U.S. Bureau of Economic Analysis on 4/29/2022. 10-Yr Treasury Yield and Industrial Production data from the Board of Governors of the Federal Reserve System (US); Unemployment Rate data from the U.S. Bureau of Labor Statistics; S&P 500 Index data via FactSet and Morningstar Direct.

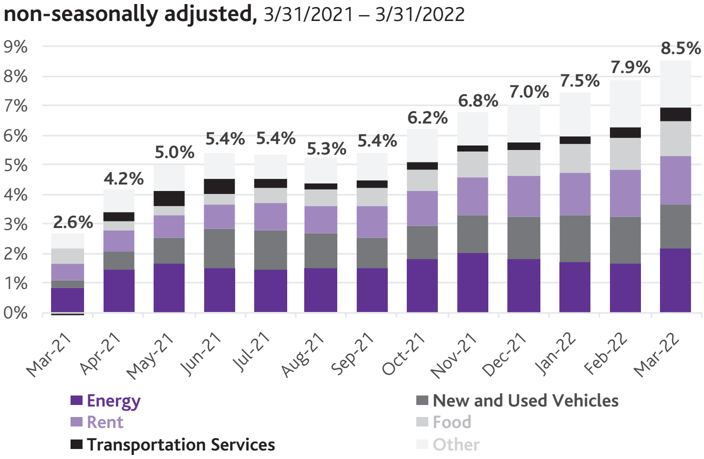
Note: The S&P 500 Index performance includes dividends. Total returns were not available in FactSet for the period 6/30/1972 – 1/31/1988; the total returns for the Ibbotson SBBI US Large Stock Index (via Morningstar Direct) were used during this period. The performance data quoted represents past performance. Past performance is no guarantee of future results. Current performance may be lower or higher than the performance data quoted.

^ Data as of 2/28/2022, the most recent available data at the time of this publication.

As we discussed earlier, the recent increase in consumer inflation has been broadbased. The chart below shows how major categories have been contributing to one-year CPI inflation over the past year.

The Increase in Inflation Has Been Broadbased

Contributions to year-over-year % change in CPI, non-seasonally adjusted, 3/31/2021 – 3/31/2022



Source: U.S. Bureau of Labor Statistics.

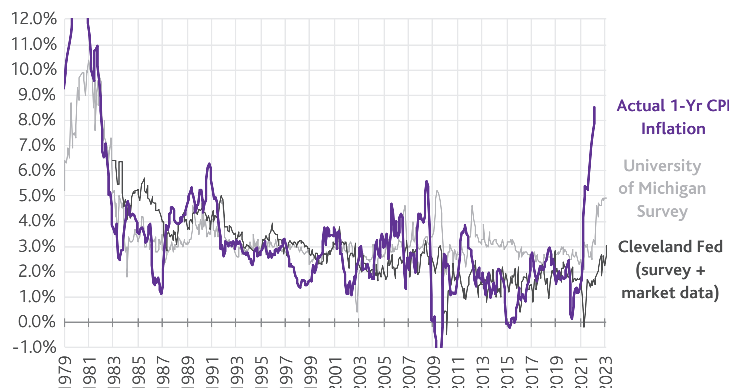
Virtually every major category has experienced higher prices and, as a result, contributed more to inflation. For prices to stabilize or decline, one or more of these groups will have to see a change in current price trends. It seems likely that energy prices will remain elevated or rise further in the near term because of the war. Vehicle prices also seem likely to remain high or increase, due to the rising costs of raw materials and wages, as well as continued supply-chain issues. With the rising prices of real estate, rent prices also don't seem likely to decline; and, when they do, it typically happens slowly, so it does not seem likely that they will be the driver of lower inflation.

Even though this may sound logical, it is hard to assess with accuracy how prices overall or for particular categories may evolve. A comparison of historical inflation expectations and actual inflation levels confirms this. There are several survey-based measures of expected inflation that are closely followed, some of the popular ones are plotted on the chart below. The data clearly shows that it is very difficult to predict inflation consistently. Reminds us that even a broken clock tells the time correctly twice a day.

Inflation Expectations Are Not Always a Reliable Indicator

1-Yr Inflation Expectations vs. Actual 1-Yr CPI Inflation

1/31/1979 – 3/31/2022



Sources: CPI Inflation data from the U.S. Bureau of Labor Statistics via the Federal Reserve Bank of St. Louis. University of Michigan Survey via the University of Michigan; Cleveland Fed data via the Federal Reserve Bank of Cleveland 1-year expected inflation estimates.

Investors also consider market-based measures of inflation expectations derived from treasury yields. One common metric is the breakeven inflation rate, which is calculated as the difference between the yields of regular and inflation indexed treasury bonds with the same maturity. As of 3/31/2022, the five-year breakeven inflation rate was at 3.34%, meaning that over the next five years market participants expect inflation to average out to 3.34% per year.

The chart below shows that the five-year breakeven inflation rate increased steadily since the start of the pandemic and had two notable jumps in late 2021 and at the start of the war.

The Market Expects Inflation of Around 3.3% Over the Next Five Years*

5-Year Breakeven Inflation Rate

Source: Federal Reserve Bank of St. Louis.
**annualized average over five years*

Inflation expectations are important, but they are simply a prediction of what may happen and should be considered with caution.

Regardless of inflation levels, historically equities have delivered strong performance and positive returns most of the time. The charts below examine the forward performance of major asset classes following periods of high (>4%), moderate (2% – 4%), and low (<2%) inflation over the past 50-plus years. Each asset class's performance was calculated as the median of the 12-month returns following periods when 1-year PCE inflation was in the respective bucket. For example, in the first chart (left), following periods when inflation was 4% or more, the median 12-month performance of U.S. Small Cap Equities was 23.5%.

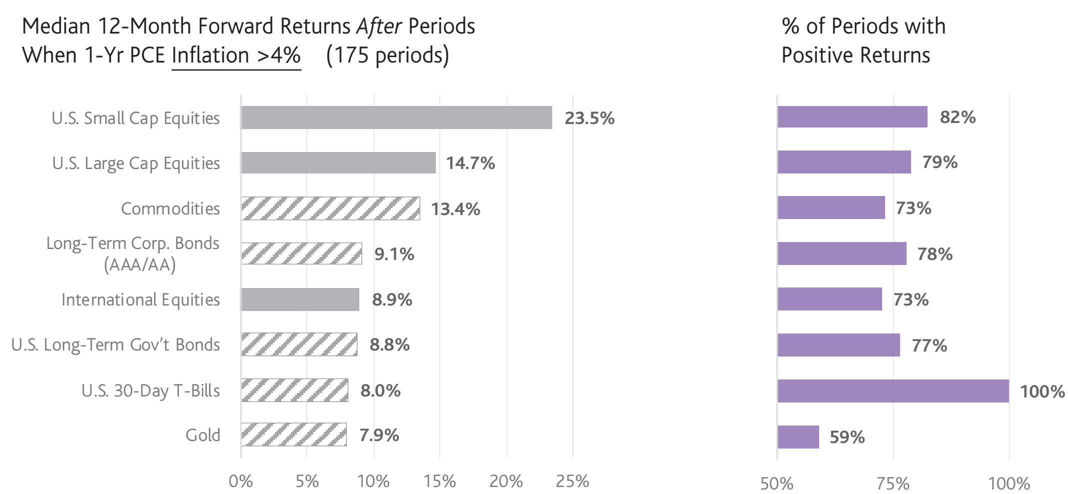
In addition, when inflation was 4% or higher, small caps generated positive returns a year later 82% of the time (chart on the right). For most of the periods where inflation was 4% or higher, it tended to last longer than 12 months and was not transitory. The majority of these datapoints were in the '70s and the '80s.

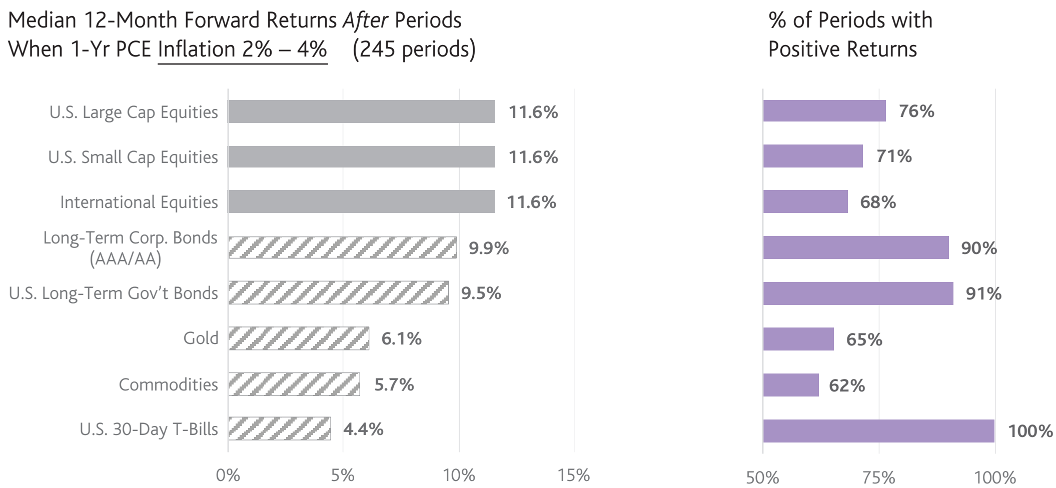
While we acknowledge that this is a simplistic analysis, there is one outcome that stands out: equities have generated strong positive future returns a majority of the time, regardless of inflation levels.

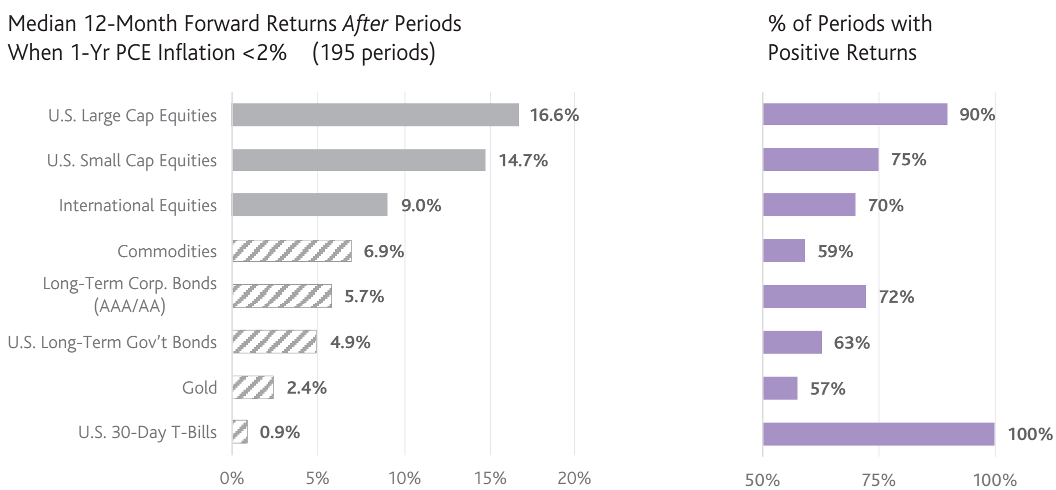
On Average, Equities Have Delivered Strong Returns Regardless of Inflation Regimes

Inflation Regimes vs. 1-Yr. Forward Returns

Based on Monthly Observations for the Period 12/31/1970 – 3/31/2022







Sources: FactSet, Morningstar Direct, Federal Reserve Bank of St. Louis, Baron Capital.
Notes: U.S. Small Cap Equities are represented by the Ibbotson® U.S. Small Stock Index; U.S. Large Cap Equities are represented by the Ibbotson® U.S. Large Stock Index; Long-Term Corporate Bonds are represented by the Ibbotson® Long-Term Corporate Bond Index; U.S. Long-Term Gov't Bonds are represented by the Ibbotson® U.S. Long-Term Government Bond Index (approximate bond maturity 21.5 years); U.S. 30-Day T-Bills are represented by the Ibbotson® U.S. 30-Day T-Bill Index; Commodities are represented by the S&P GSCI Index; International Equities are represented by the MSCI EAFE Index (net); and Gold is represented by the London Bullion Market Gold Fixing Price per Troy Ounce in USD. The performance data quoted represents past performance. Past performance is no guarantee of future results. Current performance may be lower or higher than the performance data quoted.

The high and rising concerns around inflation have prompted the Fed to take action. As we have discussed before[4], although it is virtually impossible to control inflation precisely, the Fed can guide inflation to some degree through monetary policy. Achieving long-term price stability and an inflation level of around 2% is one of the Fed's main objectives. By raising interest rates, for example, the Fed can make borrowing less appealing, which in turn would reduce demand for goods and services and bring down their prices. Higher rates can be an effective tool to lower inflation, but lower demand will slow the economy and may even result in a recession. The Fed understands this needs to be done carefully, like pitching to Aaron Judge.

In the past few months, and most recently during its mid-March meeting, the Fed has unequivocally signaled that it is planning to increase interest rates several times this year in an effort to tame persistent inflation. Market participants expect that the Fed Funds Rate reaches around 2% by year-end from its current target range of 0.25% – 0.50%. During its March discussion, Fed officials also revised their 2022 real GDP growth expectations from 4.0% to 2.8% and expected PCE inflation was revised higher for the year, to 4.3%.

Rising interest rates may slow down prices, but some equity investors may see a material downside as well. Many businesses rely on borrowing to fund and grow their activities. Even companies with no debt on their balance sheets can be affected by changing rates, due to the broad impact on the economy. Conventional wisdom dictates that higher interest rates should translate into higher operating costs for companies, thus lower business values and stock prices. Similarly, if we think about the value of a business as the sum of its discounted cash flows, higher rates should lead to lower valuations. While this makes sense, it is not always what happens.

[4] *See Linda's Letter from 6/30/2021, section Inflation and the Fed*

Similar to inflation, interest rates are only one of many factors that move company stock prices. Companies will be impacted differently depending on their idiosyncrasies, industry, competitive landscape, and capital structure, among other things. The relationship between interest rates and equities is complex, and oversimplifying may lead to misleading advice and negative investment implications. The table below shows that the S&P 500 Index generated positive returns in 11 of the 13 rising rate periods since 1967, a remarkable record.

Stocks Tend to Increase in Rising Rate Periods

From	To	10-Yr Treasury Rate Start	End	Change	PCE Inflation (cumulative)	PCE Inflation (annualized)	S&P 500 Index Return (cumulative)
3/31/67	5/31/70	4.50%	7.95%	3.45%	14.17%	4.28%	–6.08%
10/31/71	9/30/75	5.87%	8.48%	2.61%	30.76%	7.11%	2.68%
12/31/76	9/30/81	6.81%	15.84%	9.03%	47.91%	8.61%	38.26%
4/30/83	5/31/84	10.27%	13.91%	3.64%	4.39%	4.04%	–3.89%
8/31/86	9/30/87	6.95%	9.63%	2.68%	3.94%	3.65%	31.57%
9/30/93	11/30/94	5.40%	7.91%	2.51%	2.62%	2.25%	2.15%
12/31/95	8/31/96	5.58%	6.96%	1.38%	1.47%	2.21%	7.45%
9/30/98	1/31/00	4.44%	6.68%	2.24%	2.67%	1.99%	39.44%
5/31/03	6/30/06	3.37%	5.14%	1.77%	9.11%	2.88%	39.33%
12/31/08	3/31/10	2.06%	3.84%	1.78%	2.46%	1.97%	33.28%
7/31/12	12/31/13	1.47%	2.97%	1.50%	2.35%	1.65%	38.34%
7/31/16	10/31/18	1.45%	3.15%	1.70%	4.54%	2.00%	30.50%
6/30/20	3/31/22	0.55%	2.32%	1.77%	9.04%*	5.08%*	50.00%

Sources: FactSet, Board of Governors of the Federal Reserve System (U.S.), Federal Reserve Bank of Cleveland.

** Calculated using the March 2022 PCE inflation expectation from the Federal Reserve Bank of Cleveland (0.75% m/m as of 4/11/2022). The actual PCE data for March 2022 will be released by the U.S. Bureau of Economic Analysis on 4/29/2022.*

The S&P 500 Index performance includes dividends. Total returns were not available in FactSet for the period 3/31/1967 – 1/31/1988; the total returns for the Ibbotson SBBI US Large Stock Index (via Morningstar Direct) were used during this period. The performance data quoted represents past performance. Past performance is no guarantee of future results. Current performance may be lower or higher than the performance data quoted.

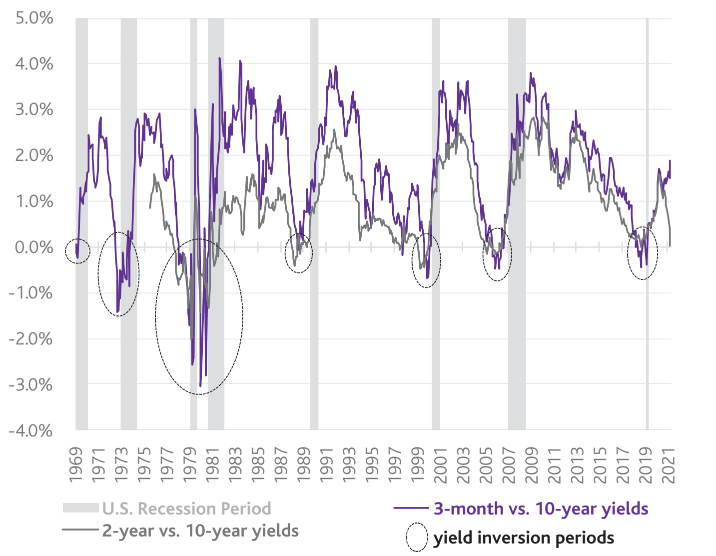
Over very short periods, like a single day, when the 10-Year rate changes significantly, the stock market tends to change significantly too. These changes would more often than not tend to be in the same direction, although there have been multiple instances when the rate moved significantly up or down and stocks moved in the opposite direction. While a highly skilled (and lucky) day trader may benefit from this, such information should not be relevant to long-term investors as it pertains to market timing rather than investing.

As a result of the shifting expectations for higher interest rates in the near term, shorter-dated Treasury yields rose notably, and the spread between the 10-Year Treasury yield and 2-Year Treasury yield narrowed. When short-term interest rates exceed long-term interest rates, a phenomenon known as yield curve inversion, short-term borrowing becomes more expensive than long-term borrowing which many economists and investors interpret as a sign of near-term turbulence. Higher near-term rates are also likely to put pressures on bank profitability, which in turn may result in constrained lending, further impacting economic growth.

Most often, investors gauge the likelihood of a near-term recession by the difference between 10-Year and 2-Year yields. Nevertheless, research has shown that the 10-Year/3-Month relationship has been a better predictor of economic downturns[5]. The chart below shows both sets of yield differences and their relationship to recessions. In both cases, the data suggests that it takes months, sometimes over a year, from yield curve inversion until the beginning of a recession. Currently, the 10-Year/3-Month yield difference remains strongly positive, not necessarily signaling trouble ahead. The 10-Year/2-Year yield difference is close to zero and not clearly indicating an immediate recession. The low level, however, is flashing warning signs, and time will tell how things evolve.

An Inverted Yield Curve Has Often Preceded Recessions

Treasury Yield Spreads – 10-Year/3-Month and 10-Year/2-Year, 1969 – 2022



Source: FactSet, Board of Governors of the Federal Reserve System (U.S.), National Bureau of Economic Research.

While yield curve inversions may be a good predictor of recessions, they have not been a reliable predictor of stock market downturns. With the risk of repeating ourselves, the market is a complicated machine that is driven by a multitude of factors and interest rate movements alone cannot be relied on to consistently predict which directions stocks may go.

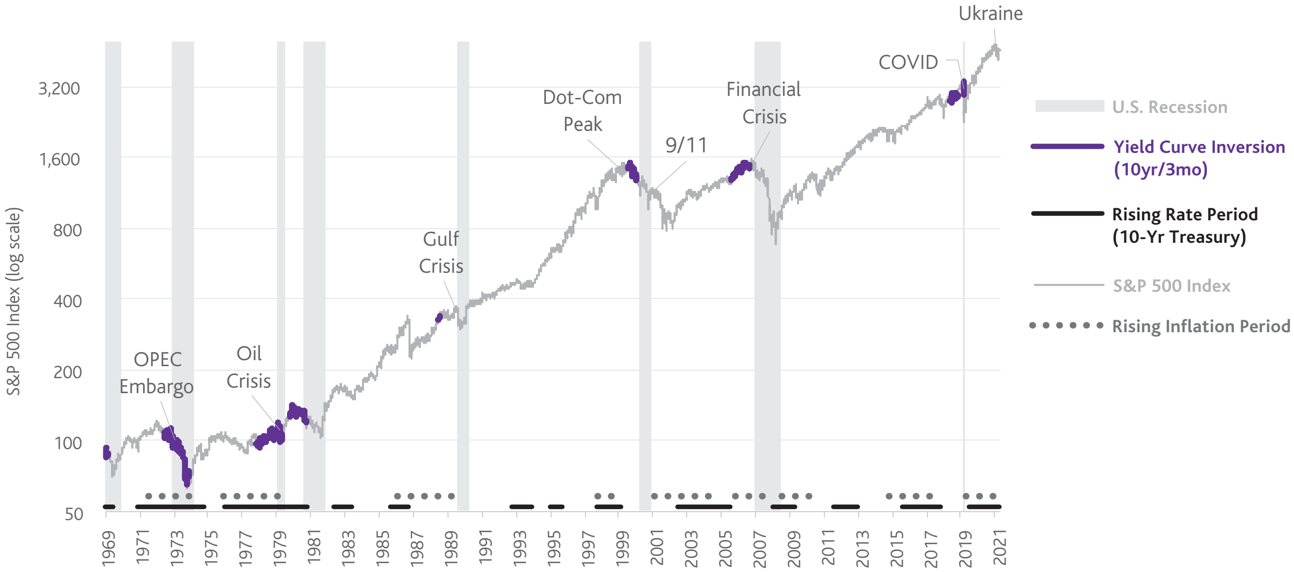
Notwithstanding the turbulence of macroeconomic and geopolitical events, some of which we have described above, the stock market has consistently gone up over the long term, generating significant returns for investors who stayed invested. Over the past 50 years, there have been eight recessions, eight yield curve inversions, 12 rising rates periods, nine periods of rising inflation, and several global crises, as shown in the next chart. Yet, the stock market, as measured by the S&P 500 Index, was up 4,821%, or 7.74% annualized. When we add dividends, these figures increase to 22,276% and 10.91%, respectively.

[5] *Federal Reserve Bank of New York, The Yield Curve as a Leading Indicator: Frequently Asked Questions, A. Estrella, 10/2005*

U.S. Equities Have Increased Over the Long Term Despite Various Crises

S&P 500 Index

12/31/1969 – 3/31/2022



Sources: FactSet, Board of Governors of the Federal Reserve System (U.S.), National Bureau of Economic Research, U.S. Bureau of Economic Analysis.

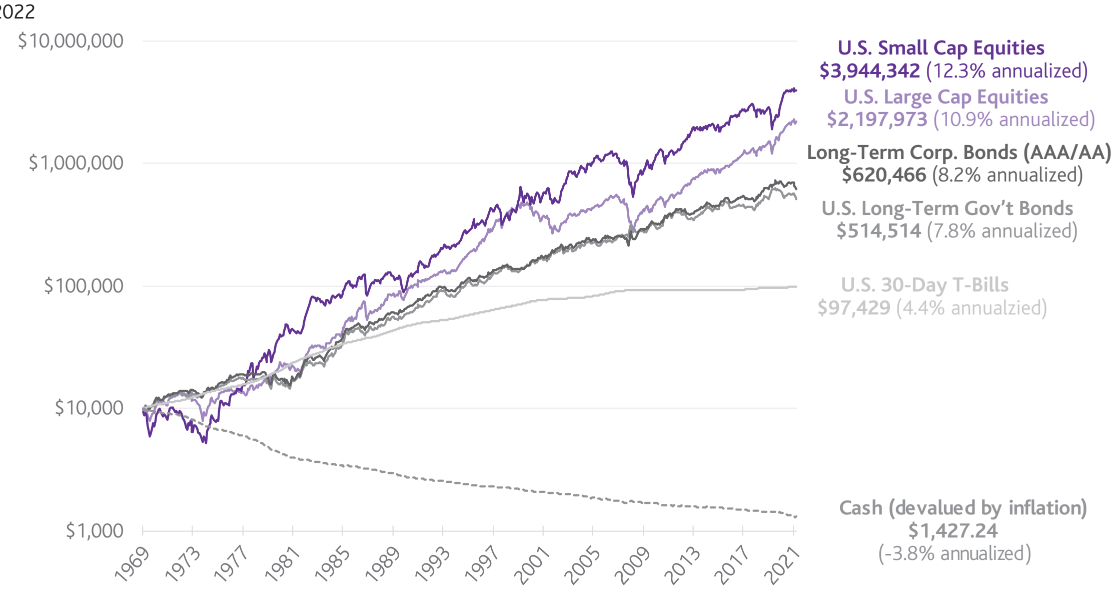
The performance data quoted represents past performance. Past performance is no guarantee of future results. Current performance may be lower or higher than the performance data quoted.

Stay Invested, Stay Active

While macroeconomic factors and the stock market are unpredictable over short periods, there is a consistent historical outcome over the long term: equities have provided solid returns, well in excess of inflation. The chart below shows that since the beginning of the 1970s a hypothetical investment of $10,000 could have turned into several million dollars if invested in equities or it could have lost 85% of its value if it were held in cash.

Value of $10,000 Over Time

12/31/1969 – 3/31/2022



Source: Morningstar Direct.

Notes: U.S. Small Cap Equities are represented by the Ibbotson® U.S. Small Stock Index; U.S. Large Cap Equities are represented by the Ibbotson® U.S. Large Stock Index; Long-Term Corporate Bonds are represented by the Ibbotson® Long-Term Corporate Bond Index; U.S. Long-Term Gov't Bonds are represented by the Ibbotson® U.S. Long-Term Government Bond Index (approximate bond maturity 21.5 years); U.S. 30-Day T-Bills are represented by the Ibbotson® U.S. 30-Day T-Bill Index; and the value of Cash (devalued by inflation) was calculated using the Ibbotson® U.S. Inflation Index. The performance data quoted represents past performance. Past performance is no guarantee of future results. Current performance may be lower or higher than the performance data quoted.

We believe that over the long term, equities will continue to provide the attractive returns and solid inflation protection they have delivered in the past. Of course, equities may underperform on occasion, but it is virtually impossible to trade around those periods profitably. We do not think it is possible to time market swings, yet sitting on the sidelines is also not a good strategy. In our view, staying invested throughout uncertain times is the most effective approach for long-term investors.

The elevated uncertainty over the past six months has been unexpected, but it has not affected Baron's long-term views, stock selection, and portfolio management strategies. While we see elevated risks in the near term, we remain optimistic about the long-term prospects of the economy and stock market and continue to position our portfolios to potentially benefit from the secular growth trends we have identified. Our objective remains delivering exceptional long-term performance.

As an active manager, we are able to construct and manage our portfolios to be less exposed to downward market pressures. As the table below shows, 11 out of the 15 Baron Funds with at least three-year track records have achieved a downside capture lower than 100%. In addition, the majority of the Baron Funds have achieved strong upside/downside capture ratios over shorter- and longer-term periods. The upside/downside capture ratio is a rough estimate of the Fund's historical performance during up and down markets.

Baron Funds Have Delivered Strong Up/Down Capture Ratios

Upside and Downside Capture Ratios Over Various Periods

as of 3/31/2021

	3 Years ended 3/31/2022					5 Years ended 3/31/2022					10 Years ended 3/31/2022				
Fund Name	# Up Months Fund / Bench.	# Down Months Fund / Bench.	Fund Up Capture	Fund Down Capture	Fund Up/Down Ratio	# Up Months Fund / Bench.	# Down Months Fund / Bench.	Fund Up Capture	Fund Down Capture	Fund Up/Down Ratio	# Up Months Fund / Bench.	# Down Months Fund / Bench.	Fund Up Capture	Fund Down Capture	Fund Up/Down Ratio
Baron Growth Fund	22 / 23	14 / 13	96%	71%	1.35	40 / 40	20 / 20	100%	75%	1.34	80 / 79	39 / 41	89%	69%	1.29
Baron Small Cap Fund	23 / 23	13 / 13	100%	84%	1.19	41 / 40	19 / 20	100%	82%	1.22	80 / 79	40 / 41	92%	81%	1.14
Baron Discovery Fund	23 / 23	13 / 13	112%	96%	1.16	40 / 40	20 / 20	117%	96%	1.23					
Baron Focused Growth Fund	21 / 24	13 / 12	161%	94%	1.71	37 / 42	21 / 18	139%	89%	1.56	78 / 82	40 / 38	112%	88%	1.27
Baron Partners Fund	22 / 23	14 / 13	211%	125%	1.68	38 / 41	22 / 19	177%	125%	1.42	79 / 77	41 / 43	153%	125%	1.23
Baron Asset Fund	22 / 23	14 / 13	101%	104%	0.97	41 / 41	19 / 19	102%	102%	1.01	81 / 77	39 / 43	103%	101%	1.01
Baron Opportunity Fund	21 / 24	15 / 12	106%	91%	1.16	40 / 44	20 / 16	113%	91%	1.24	77 / 81	42 / 39	110%	118%	0.94
Baron Fifth Avenue Growth Fund	21 / 24	15 / 12	83%	107%	0.78	39 / 43	21 / 17	92%	102%	0.90	73 / 80	45 / 40	98%	112%	0.87
Baron Durable Advantage Fund	26 / 24	10 / 12	103%	98%	1.05										
Baron Emerging Markets Fund	21 / 21	15 / 15	103%	109%	0.94	35 / 35	25 / 25	98%	104%	0.94	70 / 68	50 / 52	93%	83%	1.12
Baron International Growth Fund	22 / 22	14 / 14	109%	96%	1.13	34 / 39	26 / 21	109%	94%	1.17	70 / 73	49 / 47	101%	84%	1.19
Baron Global Advantage Fund	21 / 24	15 / 12	105%	92%	1.15	37 / 43	23 / 17	123%	90%	1.37					
Baron Real Estate Fund	23 / 26	12 / 10	116%	75%	1.55	40 / 44	19 / 16	114%	89%	1.28	77 / 85	42 / 35	110%	95%	1.16
Baron Real Estate Income Fund	26 / 25	10 / 11	102%	54%	1.89										
Baron Health Care Fund	23 / 20	12 / 16	110%	82%	1.34										

Source: Morningstar Direct, Baron Capital.

Note: The upside and downside captures were calculated using monthly data for the institutional shares of the Baron Funds. Morningstar's calculation of Down Capture compounds all returns during down periods for the Fund and for the benchmark; the Down Capture is the ratio of these compounded returns. The performance data quoted represents past performance. Past performance is no guarantee of future results. Current performance may be lower or higher than the performance data quoted.

As of 3/31/2022, the annualized 1-, 5-, and 10-year (or since inception, for the Funds that do not have a 5-year track record or 10-year track record) performance of the Institutional Shares of the Funds shown in the chart above was as follows: **Baron Growth Fund**: 3.17%, 16.93%, and 14.35%, respectively; **Baron Small Cap Fund**: -4.87%, 15.10%, and 12.92%, respectively; **Baron Discovery Fund**: -18.31%, 17.76%, and 15.86% since inception, respectively; **Baron Focused Growth Fund**: 9.47%, 31.02%, and 19.00%, respectively; **Baron Asset Fund**: -1.34%, 15.60%, and 14.14%, respectively; **Baron Partners Fund**: 24.51%, 39.02%, and 25.80%, respectively; **Baron Opportunity Fund**: -6.52%, 27.19%, and 17.26%, respectively; **Baron Fifth Avenue Growth Fund**: -10.75%, 17.15%, and 14.48%, respectively; **Baron Durable Advantage Fund**: 15.07% for the 1-year and 15.81% since inception; **Baron Emerging Markets Fund**: -19.20%, 4.68%, and 5.31%, respectively; **Baron International Growth Fund**: -8.35%, 10.23%, and 8.42%, respectively; **Baron Global Advantage Fund**: -20.62%, 20.20%, and 15.26% since inception, respectively; **Baron Real Estate Fund**: -0.09%, 17.08%, and 15.14%, respectively; **Baron Real Estate Income Fund**: 16.97% for the 1-year and 15.86% since inception; **Baron Health Care Fund**: 3.62% for the 1-year and 19.20% since inception.

Fund Primary Benchmarks: *for Baron Growth Fund, Baron Small Cap Fund, and Baron Discovery Fund – Russell 2000 Growth Index; Baron Focused Growth Fund – Russell 2500 Growth Index; Baron Partners Fund and Baron Asset Fund – Russell Midcap Growth Index; Baron Opportunity Fund – Russell 3000 Growth Index; Baron Fifth Avenue Growth Fund – Russell 1000 Growth Index; Baron Durable Advantage Fund – S&P 500 Index; Baron Emerging Markets Fund – MSCI EM Index; Baron International Growth Fund – MSCI ACWI ex USA Index; Baron Global Advantage Fund – MSCI ACWI Index; Baron Real Estate Fund – MSCI USA IMI Extended Real Estate Index; Baron Real Estate Income Fund – MSCI US REIT Index; Baron Health Care Fund – Russell 3000 Health Care Index.* ***Fund Inception Dates:*** *Baron Growth Fund – 12/31/1994; Baron Small Cap Fund – 9/30/1997; Baron Discovery Fund – 9/30/2013; Baron Asset Fund – 6/12/1987; Baron Focused Growth Fund – 5/31/1996; Baron Partners Fund – 1/31/1992; Baron Opportunity Fund – 2/29/2000; Baron Fifth Avenue Growth Fund – 4/30/2004; Baron Durable Advantage Fund – 12/29/2017; Baron Emerging Markets Fund – 12/31/2010; Baron International Growth Fund – 12/31/2008; Baron Global Advantage Fund – 4/30/2012; Baron Real Estate Fund – 12/31/2009; Baron Real Estate Income Fund – 12/29/2017; Baron Health Care Fund – 4/30/2018.*

Continued from previous page.

Annual expense Ratios for Inst. shares as of 9/30/2021: Baron Asset Fund, 1.03%, Baron Growth Fund, 1.03%, Baron Small Cap Fund, 1.03%, Baron Opportunity Fund, 1.05%, Baron Fifth Avenue Growth Fund, 0.75%, Baron Discovery Fund, 1.05%, Baron Durable Advantage Fund, 1.48% but the net annual expense ratio was 0.70% (net of the Adviser's fee waivers). Annual expense Ratios for Inst. shares as of 12/31/2021: Baron Partners Fund, 1.11% (comprised of operating expense of 1.05% and interest expense of 0.06%), Baron Focused Growth Fund, 1.05%, Baron International Growth Fund, 0.96%, but the net annual expense ratio was 0.95% (net of the Adviser's fee waivers), Baron Real Estate Fund, 1.05%, Baron Emerging Markets Fund, 1.08%, Baron Global Advantage Fund, 0.90%, Baron Real Estate Income Fund, 1.08%, but the net annual expense ratio was 0.80% (net of the Adviser's fee waivers), Baron Health Care Fund, 0.89%, but the net annual expense ratio was 0.85% (net of the Adviser's fee waivers).

As we have written in previous letters, we are equity investors, not economists. We cannot control inflation and other macroeconomic and geopolitical developments. Our focus remains on the things we can control: investing in companies with strong growth prospects and attractive valuations, exceptional management teams, and durable competitive advantages. Independently of where the market goes, we believe there will always be attractive investment opportunities.

The markets may bounce up tomorrow or may remain volatile for a while – no one knows, but we are confident that they will reach new peaks in the future.

Over the 40-year history of Baron Capital, we have witnessed multiple crises, market shocks, and unprecedented global events. When you are in the middle of one of those events, it is hard to see where and how it ends. Speaking from experience, our best advice to other long-term investors is: keep your focus on the big picture, stay invested, and stay active.

Sincerely,

Linda S. Martinson
Chairman, President, and COO

The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser reimburses certain Baron Fund expenses pursuant to a contract expiring on August 29, 2032, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit www.BaronFunds.com or call 1-800-99BARON.

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.

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 1-year, **Baron Discovery Fund**'s 3- and 5-year, **Baron Fifth Avenue Growth Fund**'s 1- and 3-year, **Baron Global Advantage Fund**'s 3- and 5-year, **Baron Health Care Fund**'s 1-year, **Baron Opportunity Fund**'s 1-, 3-, 5- and 10-year and **Baron Real Estate Fund**'s 1-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.

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

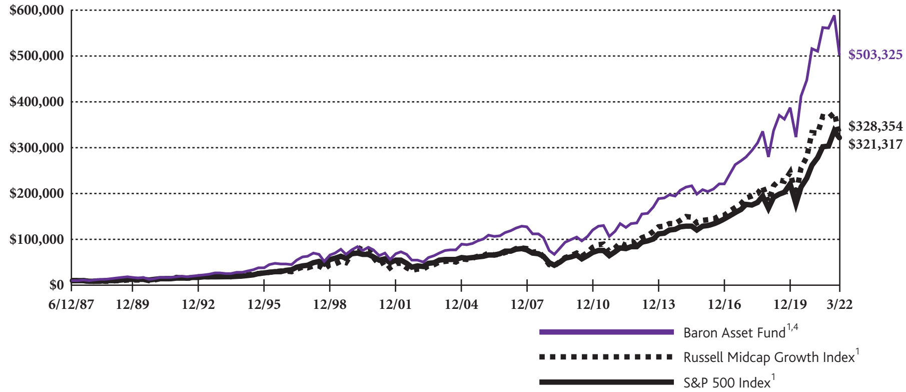
The **S&P 500 Index** measures the performance of 500 widely held large-cap U.S. companies. The index and the Funds include reinvestment of dividends, net of withholding taxes, which positively impact the performance results. The index is unmanaged. Index performance is not Fund performance; one cannot invest directly into an index.

Upside Capture explains how well a fund performs in time periods where the benchmark's returns are greater than zero. **Downside Capture** measures how well a fund performs in time periods where the benchmark's returns are less than zero.

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

Baron Asset Fund

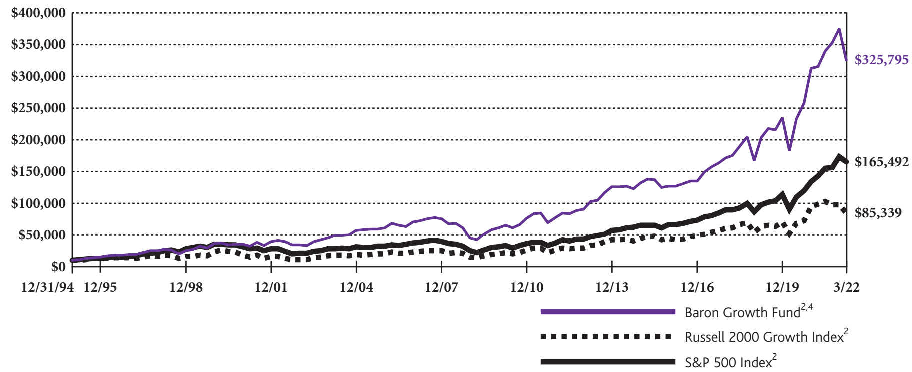
Comparison of the change in value of $10,000 investment in Baron Asset Fund (Institutional Shares)† in relation to the Russell Midcap Growth Index and the S&P 500 Index



Baron Asset Fund's annualized returns as of March 31, 2022: 3-month, (14.52)%; 1-year, (1.34)%; 3-year, 14.26%; 5-year, 15.60%; 10-year, 14.14%; and Since Inception, 11.92%.

Baron Growth Fund

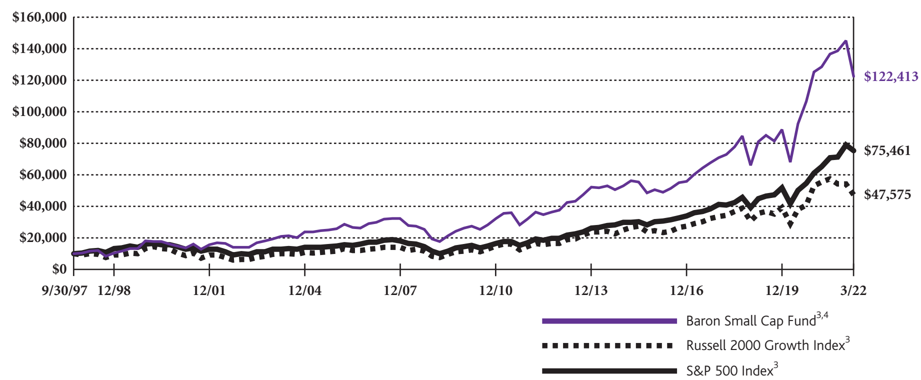
Comparison of the change in value of $10,000 investment in Baron Growth Fund (Institutional Shares)† in relation to the Russell 2000 Growth Index and the S&P 500 Index



Baron Growth Fund's annualized returns as of March 31, 2022: 3-month, (13.33)%; 1-year, 3.17%; 3-year, 16.96%; 5-year, 16.93%; 10-year, 14.35%; and Since Inception, 13.64%.

Baron Small Cap Fund

Comparison of the change in value of $10,000 investment in Baron Small Cap Fund (Institutional Shares)† in relation to the Russell 2000 Growth Index and the S&P 500 Index



Baron Small Cap Fund's annualized returns as of March 31, 2022: 3-month, (15.68)%; 1-year, (4.87)%; 3-year, 14.59%; 5-year, 15.10%; 10-year, 12.92%; and Since Inception, 10.76%.

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1 The Russell Midcap® Growth Index measures the performance of medium-sized U.S. companies that are classified as growth and the S&P 500 Index of 500 widely held large cap U.S. companies. The indexes and Baron Asset Fund are with dividends, which positively impact the performance results. The indexes are unmanaged. The Fund's 1-year historical performance was impacted by gains from IPOs, and 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.

2 The Russell 2000® Growth Index measures the performance of small-sized U.S. companies that are classified as growth and the S&P 500 Index of 500 widely held large cap U.S. companies. The indexes and Baron Growth Fund are with dividends, which positively impact the performance results. The indexes are unmanaged.

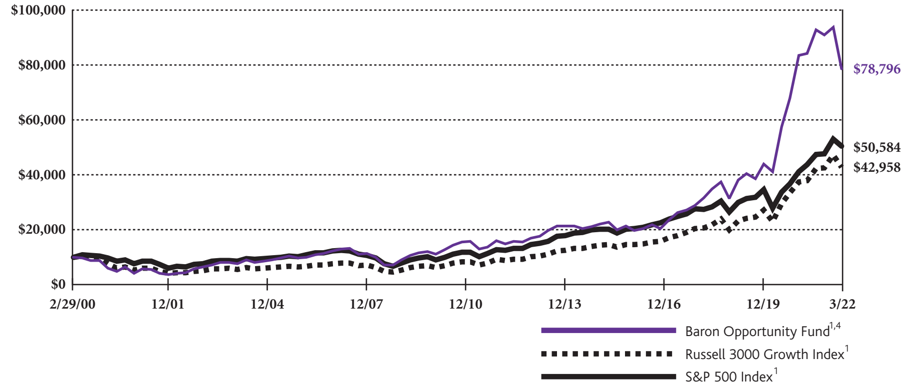
3 The Russell 2000® Growth Index measures the performance of small-sized U.S. companies that are classified as growth and the S&P 500 Index of 500 widely held large cap U.S. companies. The indexes and Baron Small Cap Fund are with dividends, which positively impact the performance results. The indexes are unmanaged.

4 Past performance is not predictive of future performance. The performance data does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemptions of Fund shares.

† Performance for the Institutional Shares prior to May 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 May 29, 2009 did not reflect this fee, the returns would be higher.

Baron Opportunity Fund

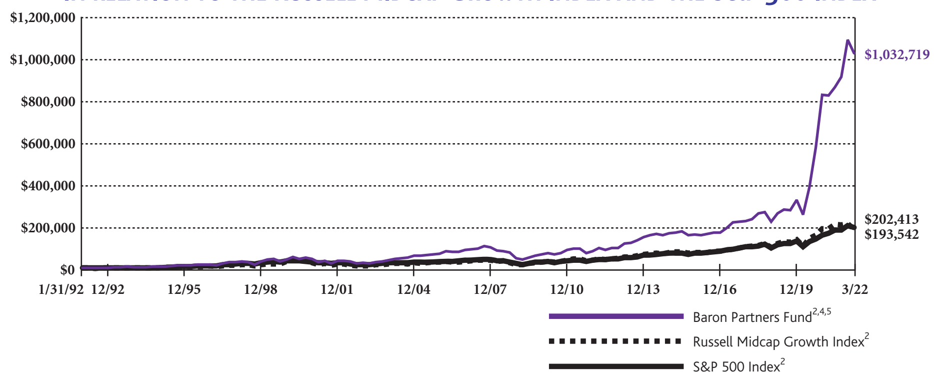
Comparison of the change in value of $10,000 investment in Baron Opportunity Fund (Institutional Shares)† in relation to the Russell 3000 Growth Index and the S&P 500 Index



Baron Opportunity Fund's annualized returns as of March 31, 2022: 3-month, (16.02)%; 1-year, (6.52)%; 3-year, 27.39%; 5-year, 27.19%; 10-year, 17.26%; and Since Inception, 9.80%.

Baron Partners Fund

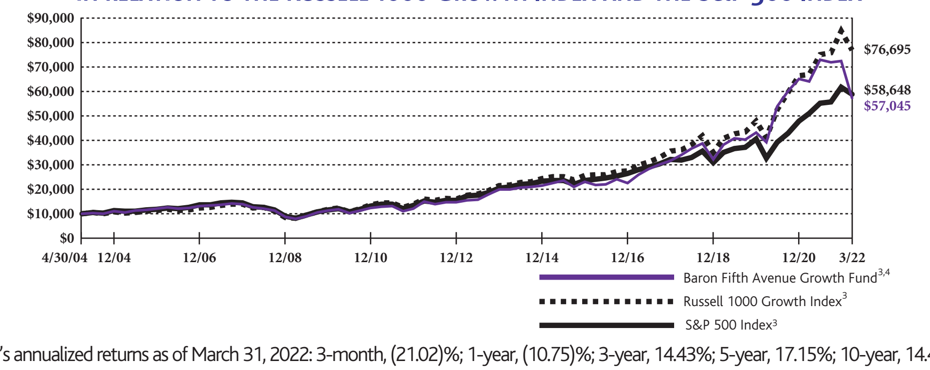
Comparison of the change in value of $10,000 investment in Baron Partners Fund (Institutional Shares)† in relation to the Russell Midcap Growth Index and the S&P 500 Index



Baron Partners Fund's annualized returns as of March 31, 2022: 3-month, (5.84)%; 1-year, 24.51%; 3-year, 56.69%; 5-year, 39.02%; 10-year, 25.80%; and Since Inception, 16.62%.

Baron Fifth Avenue Growth Fund

Comparison of the change in value of $10,000 investment in Baron Fifth Avenue Growth Fund (Institutional Shares)† in relation to the Russell 1000 Growth Index and the S&P 500 Index



Baron Fifth Avenue Growth Fund's annualized returns as of March 31, 2022: 3-month, (21.02)%; 1-year, (10.75)%; 3-year, 14.43%; 5-year, 17.15%; 10-year, 14.48%; and Since Inception, 10.21%.

1 The Russell 3000® Growth Index measures the performance of those companies classified as growth among the largest 3,000 U.S. companies and the S&P 500 Index of 500 widely held large cap U.S. companies. The indexes and Baron Opportunity Fund are with dividends, which positively impact the performance results. The indexes are unmanaged. The Fund's 1-, 3-, 5-, and 10-year historical performance was impacted by gains from IPOs, and 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.

2 The Russell Midcap® Growth Index measures the performance of medium-sized U.S. companies that are classified as growth and the S&P 500 Index of 500 widely held large cap U.S. companies. The indexes and Baron Partners Fund are with dividends, which positively impact the performance results. The indexes are unmanaged.

3 The Russell 1000® Growth Index measures the performance of large-sized U.S. companies that are classified as growth and the S&P 500 Index of 500 widely held large cap U.S. companies. The indexes and Baron Fifth Avenue Growth Fund are with dividends, which positively impact the performance results. The indexes are unmanaged. The Fund's 1- and 3-year historical performance was impacted by gains from IPOs, and 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.

4 Past performance is not predictive of future performance. The performance data does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

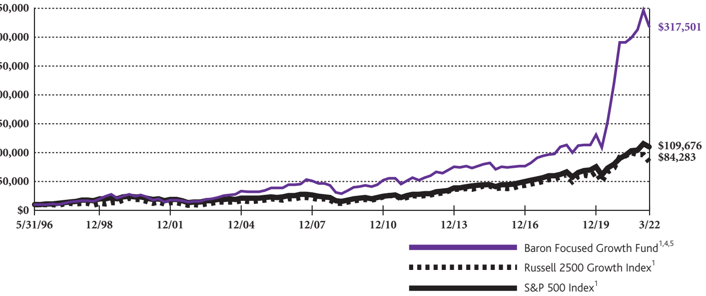
5 Reflects the actual fees and expenses that were charged when the Fund was a partnership. The predecessor partnership charged a 20% performance fee after reaching a certain performance benchmark. If the annual returns for the Fund did not reflect the performance fees for the years the predecessor partnership charged a performance fee, returns would be higher. The Fund's shareholders will not be charged a performance fee. The predecessor partnership's performance is only for periods before the Fund's registration statement was effective, which was April 30, 2003. During those periods, the predecessor partnership was not registered under the Investment Company Act of 1940 and was not subject to its requirements or the requirements of the Internal Revenue Code relating to registered investment companies, which, if it were, might have adversely affected its performance.

† Performance for the Institutional Shares prior to May 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 May 29, 2009 did not reflect this fee, the returns would be higher.

Baron Funds Performance

Baron Focused Growth Fund

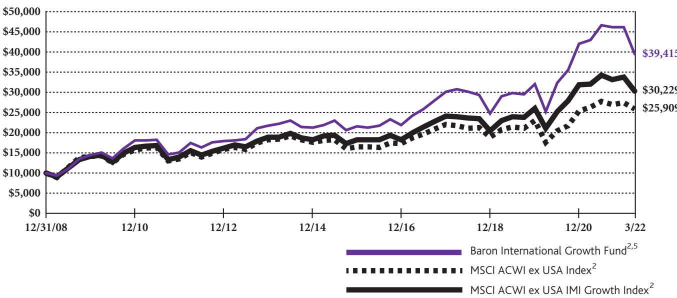
Comparison of the change in value of $10,000 investment in Baron Focused Growth Fund (Institutional Shares)† in relation to the Russell 2500 Growth Index and the S&P 500 Index



Baron Focused Growth Fund's annualized returns as of March 31, 2022: 3-month, (8.03)%; 1-year, 9.47%; 3-year, 41.57%; 5-year, 31.02%; 10-year, 19.00%; and Since Inception, 14.32%.

Baron International Growth Fund

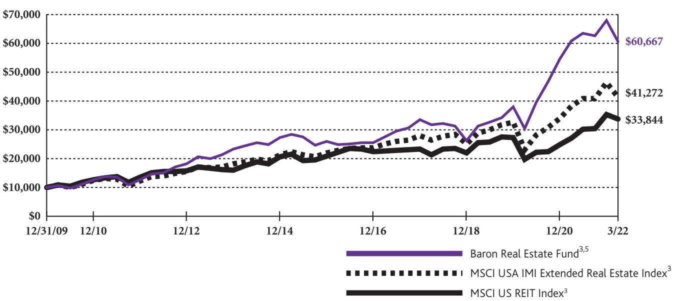
Comparison of the change in value of $10,000 investment in Baron International Growth Fund (Institutional Shares)† in relation to the MSCI ACWI ex USA Index and the MSCI ACWI ex USA IMI Growth Index



Baron International Growth Fund's annualized returns as of March 31, 2022: 3-month, (14.64)%; 1-year, (8.35)%; 3-year, 10.80%; 5-year, 10.23%; 10-year, 8.42%; and Since Inception, 10.91%.

Baron Real Estate Fund

Comparison of the change in value of $10,000 investment in Baron Real Estate Fund (Institutional Shares) in relation to the MSCI USA IMI Extended Real Estate Index and MSCI US REIT Index



Baron Real Estate Fund's annualized returns as of March 31, 2022: 3-month, (10.76)%; 1-year, (0.09)%; 3-year, 24.76%; 5-year, 17.08%; 10-year, 15.14%; and Since Inception, 15.85%.

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1 The Russell 2500™ Growth Index measures the performance of small- to medium-sized U.S. companies that are classified as growth and the S&P 500 Index of 500 widely held large-cap U.S. companies. The indexes and Baron Focused Growth Fund are with dividends, which positively impact the performance results. The indexes are unmanaged.

2 The MSCI ACWI ex USA Index Net USD is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of large- and mid-cap securities across developed and emerging markets, excluding the United States. The MSCI ACWI ex USA IMI Growth Index Net USD is a free float-adjusted market capitalization weighted index that is designed to measure the performance of large-, mid-, and small-cap growth securities across developed and emerging markets, excluding the United States. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. The indexes and Baron International Growth Fund include reinvestment of dividends, net of foreign withholding taxes, which positively impact the performance results. The indexes are unmanaged.

3 The MSCI USA IMI Extended Real Estate Index is a custom index calculated by MSCI for, and as requested by, BAMCO, Inc. The index includes real estate and real estate-related GICS classification securities. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indexes or any securities or financial products. This report is not approved, reviewed or produced by MSCI. The MSCI US REIT Index is a free float-adjusted market capitalization index that measures the performance of all equity REITs in the US equity market, except for specialty equity REITs that do not generate a majority of their revenue and income from real estate rental and leasing operations. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. The indexes and Baron Real Estate Fund are with dividends, which positively impact performance results. The indexes are unmanaged. The Fund's 1-year historical performance was impacted by gains from IPOs, and 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.

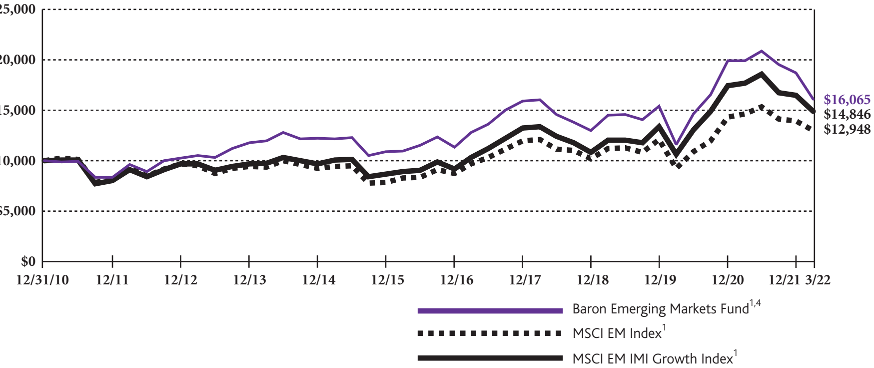
4 Reflects the actual fees and expenses that were charged when the Fund was a partnership. The predecessor partnership charged a 15% performance fee through 2003 after reaching a certain performance benchmark. If the annual returns for the Fund did not reflect the performance fees for the years the predecessor partnership charged a performance fee, the returns would be higher. The Fund's shareholders will not be charged a performance fee. The predecessor partnership's performance is only for the periods before the Fund's registration statement was effective, which was June 30, 2008. During those periods, the predecessor partnership was not registered under the Investment Company Act of 1940 and was not subject to its requirements or the requirements of the Internal Revenue Code relating to registered investment companies, which, if it were, might have adversely affected its performance.

5 Past performance is not predictive of future performance. The performance data does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

† Performance for the Institutional Shares prior to May 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 May 29, 2009 did not reflect this fee, the returns would be higher.

Baron Emerging Markets Fund

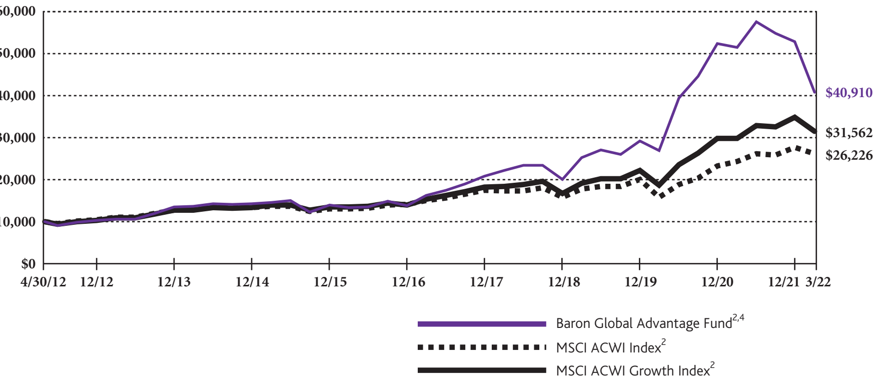
Comparison of the change in value of $10,000 investment in Baron Emerging Markets Fund (Institutional Shares) in relation to the MSCI EM Index and the MSCI EM IMI Growth Index



Baron Emerging Markets Fund's annualized returns as of March 31, 2022: 3-month, (14.11)%; 1-year, (19.20)%; 3-year, 3.44%; 5-year, 4.68%; 10-year, 5.31%; and Since Inception, 4.30%.

Baron Global Advantage Fund

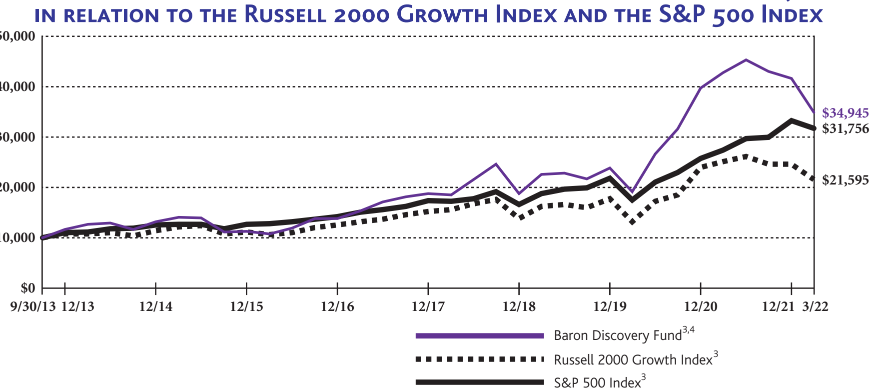
Comparison of the change in value of $10,000 investment in Baron Global Advantage Fund (Institutional Shares) in relation to the MSCI ACWI Index and the MSCI ACWI Growth Index



Baron Global Advantage Fund's annualized returns as of March 31, 2022: 3-month, (22.78)%; 1-year, (20.62)%; 3-year, 17.25%; 5-year, 20.20%; and Since Inception, 15.26%.

Baron Discovery Fund

Comparison of the change in value of $10,000 investment in Baron Discovery Fund (Institutional Shares) in relation to the Russell 2000 Growth Index and the S&P 500 Index



Baron Discovery Fund's annualized returns as of March 31, 2022: 3-month, (16.30)%; 1-year, (18.31)%; 3-year, 15.62%; 5-year, 17.76%; and Since Inception, 15.86%.

1 The MSCI EM (Emerging Markets) Index and the MSCI EM (Emerging Markets) IMI Growth Index are free float-adjusted market capitalization weighted indexes. The MSCI EM (Emerging Markets) Index Net USD and the MSCI EM (Emerging Markets) IMI Growth Index Net USD are designed to measure the equity market performance of large-, mid-, and small-cap securities in the emerging markets. The MSCI EM (Emerging Markets) IMI Growth Index Net USD screens for growth-style securities. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. The indexes and Baron Emerging Markets Fund include reinvestment of dividends, net of withholding taxes, which positively impact the performance results. The indexes are unmanaged.

2 The MSCI ACWI Index and the MSCI ACWI Growth Index are free float-adjusted market capitalization weighted indexes. The MSCI ACWI Index Net USD and the MSCI ACWI Growth Index Net USD are designed to measure the equity market performance of large- and mid-cap securities across developed and emerging markets, including the United States. The MSCI ACWI Growth Index Net USD screens for growth-style securities. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. The indexes and Baron Global Advantage Fund include reinvestment of dividends, net of foreign withholding taxes, which positively impact the performance results. The indexes are unmanaged. The Fund's 3- and 5-year historical performance was impacted by gains from IPOs, and 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.

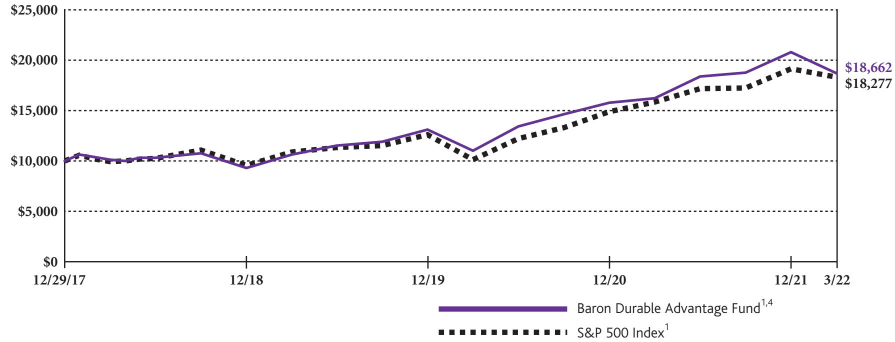
3 The Russell 2000® Growth Index measures the performance of small-sized U.S. companies that are classified as growth and the S&P 500 Index of 500 widely held large cap U.S. companies. The indexes and Baron Discovery Fund are with dividends, which positively impact the performance results. The indexes are unmanaged. The Fund's 3-, and 5-year historical performance was impacted by gains from IPOs, and 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.

4 Past performance is not predictive of future performance. The performance data does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

Baron Funds Performance

Baron Durable Advantage Fund

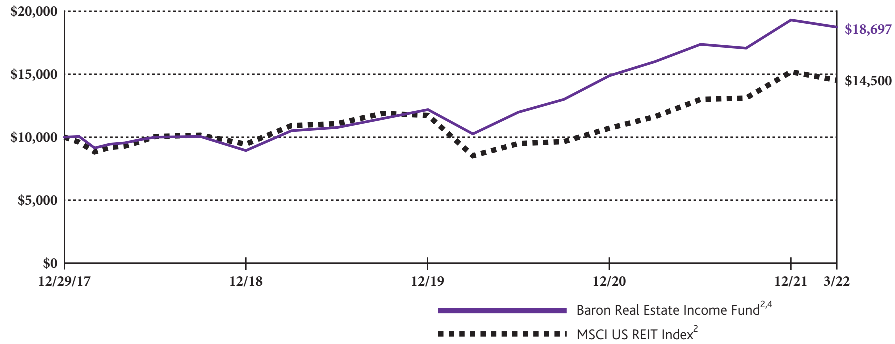
Comparison of the change in value of $10,000 investment in Baron Durable Advantage Fund (Institutional Shares) in relation to the S&P 500 Index



Baron Durable Advantage Fund's annualized returns as of March 31, 2022: 3-month, (10.32)%; 1-year, 15.07%; 3-year, 20.57%; and Since Inception, 15.81%.

Baron Real Estate Income Fund

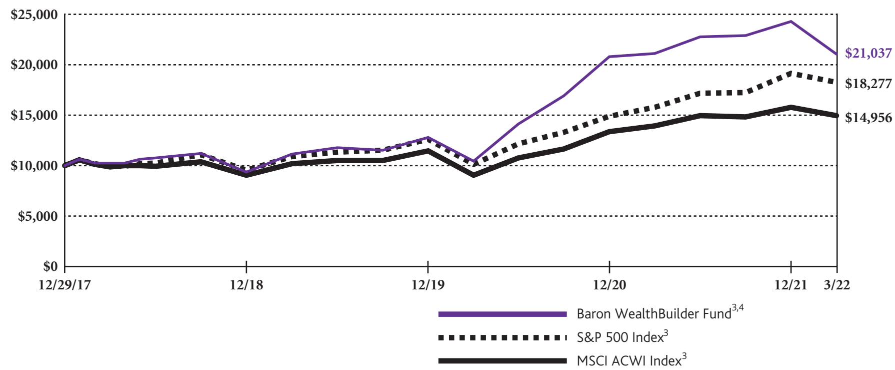
Comparison of the change in value of $10,000 investment in Baron Real Estate Income Fund (Institutional Shares) in relation to the MSCI US REIT Index



Baron Real Estate Income Fund's annualized returns as of March 31, 2022: 3-month, (2.89)%; 1-year, 16.97%; 3-year, 21.24%; and Since Inception, 15.86%.

Baron WealthBuilder Fund

Comparison of the change in value of $10,000 investment in Baron WealthBuilder Fund (Institutional Shares) in relation to the S&P 500 Index and the MSCI ACWI Index



Baron WealthBuilder Fund's annualized returns as of March 31, 2022: 3-month, (13.37)%; 1-year, (0.18)%; 3-year, 23.66%; and Since Inception, 19.12%.

1 The S&P 500 Index measures the performance of 500 widely held large cap U.S. companies. The index and Baron Durable Advantage Fund are with dividends, which positively impact the performance results. The index is unmanaged.

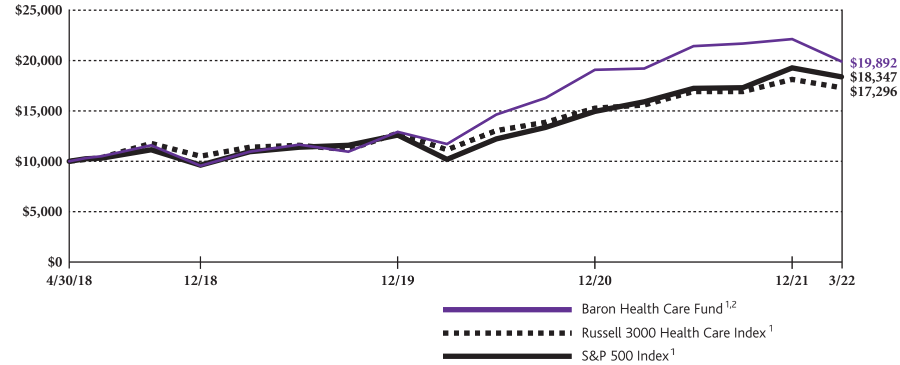
2 The MSCI US REIT Index is a free float-adjusted market capitalization index that measures the performance of all equity REITs in the US equity market, except for specialty equity REITs that do not generate a majority of their revenue and income from real estate rental and leasing operations. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. The index and Baron Real Estate Income Fund include reinvestment of interest, capital gains and dividends, which positively impact the performance results. The index performance is not Fund performance; one cannot invest directly into an index. The index is unmanaged.

3 The S&P 500 Index measures the performance of 500 widely held large cap U.S. companies. The MSCI ACWI Index is an unmanaged, free float-adjusted market capitalization weighted index reflected in US dollars that measures the equity market performance of large- and mid-cap securities across developed and emerging markets, including the United States. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. The indexes and Baron WealthBuilder Fund are with dividends, which positively impact the performance results. The MSCI ACWI Index is net of foreign withholding taxes. The indexes are unmanaged.

4 Past performance is not predictive of future performance. The performance data does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

Baron Health Care Fund

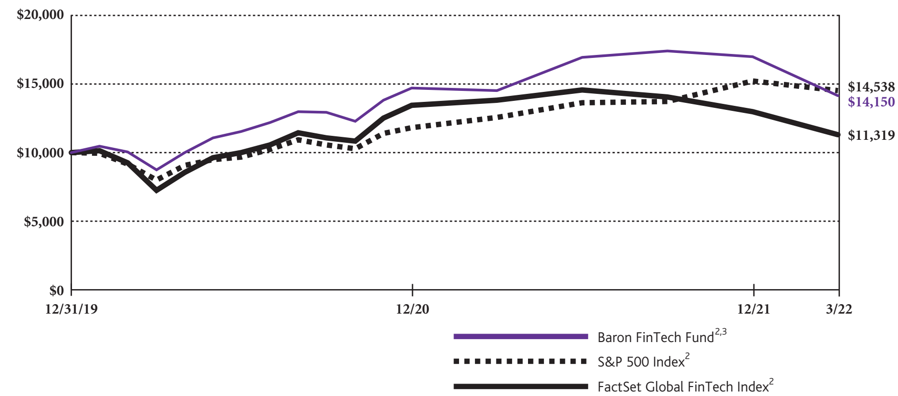
Comparison of the change in value of $10,000 investment in Baron Health Care Fund (Institutional Shares) in relation to the Russell 3000 Health Care Index and the S&P 500 Index



Baron Health Care Fund's annualized returns as of March 31, 2022: 3-month, (9.93)%; 1-year, 3.62%; 3-year 21.98%; and Since Inception, 19.20%.

Baron FinTech Fund

Comparison of the change in value of $10,000 investment in Baron FinTech Fund (Institutional Shares) in relation to the S&P 500 Index and the FactSet Global FinTech Index



Baron FinTech Fund's returns as of March 31, 2022: 3-month, (16.67)%; 1-year, (2.62)%; and Since Inception, 16.68%.

1 The Russell 3000® Health Care Index is a free float-adjusted market capitalization index that measures the performance of all equity in the US equity market. The S&P 500 Index measures the performance of 500 widely held large-cap U.S. companies. The indexes and Baron Health Care Fund are with dividends, which positively impact the performance results. The indexes are unmanaged. The Fund's 1-year historical performance was impacted by gains from IPOs, and 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.

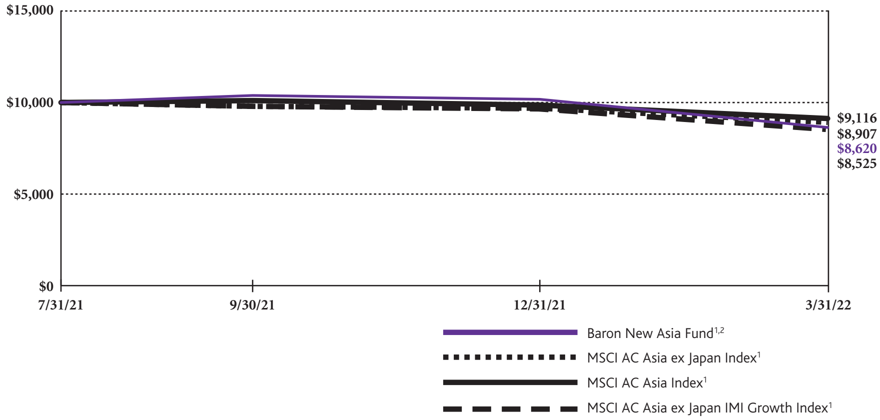
2 The S&P 500 Index measures the performance of 500 widely held large-cap U.S. companies. The FactSet Global Fintech Index is an unmanaged and equal-weighted index that measures the equity market performance of companies engaged in Financial Technologies, primarily in the areas of software and consulting, data and analytics, digital payment processing, money transfer, and payment transaction-related hardware, across 30 developed and emerging markets. The indexes and Baron FinTech Fund are with dividends, which positively impact the performance results. The indexes are unmanaged. The Fund's 1-year historical performance was impacted by gains from IPOs, and 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.

3 Past performance is not predictive of future performance. The performance data does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

Baron Funds Performance

Baron New Asia Fund

Comparison of the change in value of $10,000 investment in Baron New Asia Fund (Institutional Shares) in relation to the MSCI AC Asia ex Japan Index, the MSCI AC Asia Index, and the MSCI AC Asia ex Japan IMI Growth Index



Baron New Asia Fund's returns as of March 31, 2022: 3-month, (15.24)% and Since Inception (13.80)%.

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1 The **MSCI AC Asia ex Japan Index** measures the performance of large and mid cap equity securities representation across 2 of 3 developed markets countries (excluding Japan) and 8 emerging markets countries in Asia. The **MSCI AC Asia Index** measures performance of large and midcap securities representation across developed and emerging markets countries in Asia, including Japan. The **MSCI AC Asia ex Japan IMI Growth Index** measures the performance of large, mid, and small cap securities exhibiting overall growth style characteristics across 2 of 3 developed markets countries (excluding Japan) and 8 emerging markets countries in Asia. The MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. The indexes and the Fund include reinvestment of dividends, net of withholding taxes, which positively impact the performance results. The indexes are unmanaged. Index performance is not Fund performance; one cannot invest directly into an index.

2 Past performance is not predictive of future performance. The performance data does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell is a trademark of Russell Investment Group.

3-month returns for all funds are not annualized. Since inception return for Baron New Asia Fund is not annualized.

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

The 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 Fund expenses pursuant to a contract expiring on August 29, 2032, unless renewed for another 11-year term, and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit www.BaronFunds.com or call 1-800-99BARON

Risks: The Funds invest primarily in equity securities, which are subject to price fluctuations in the stock market. Non-U.S. investments may involve additional risks to those inherent in U.S. investments, including exchange-rate fluctuations, political or economic instability, the imposition of exchange controls, expropriation, limited disclosure and illiquid markets. This may result in greater share price volatility. Investments in developing countries may have increased risks due to a greater possibility of: settlement delays; currency and capital controls; interest rate sensitivity; corruption and crime; exchange rate volatility; and inflation or deflation. Investments in health care companies are subject to a number of risks, including the adverse impact of legislative actions and government regulations. Securities issued by small and medium sized companies may be thinly traded and may be more difficult to sell during market downturns. Companies propelled by innovation, including technology advances and new business models, may present the risk of rapid change and product obsolescence, and their success may be difficult to predict for the long term. In addition to general market conditions, the value of the real estate and real estate related investments will be affected by the strength of the real estate markets as well as by interest rate fluctuations, credit risk, environmental issues and economic conditions. Even though the Funds are diversified, they may establish significant positions where the Adviser has the greatest conviction. This could increase volatility of the Funds' returns.

The index performance is not Fund performance; one cannot invest directly into an index.

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

Dear Baron Asset Fund Shareholder:

Performance

U.S. equities declined during the first quarter over concerns that the Federal Reserve will aggressively raise interest rates to combat rising inflation levels. Equity markets were further unnerved by the uncertain geopolitical and macroeconomic implications of the Russian invasion of Ukraine, notably the surge in commodity prices and further disruptions to global supply chains. These unsettled conditions resulted in a flight to safety among investors, which contributed to value indexes outperforming growth indexes by significant margins.

The best-performing sectors included Energy and Materials, which were bolstered by rising commodity prices, and Financials, which generally benefited from rising interest rates. Traditionally defensive sectors, like Consumer Staples and Utilities, also benefited from investor rotation into these areas. In contrast, growth-oriented sectors, including Communication Services, Consumer Discretionary, and Information Technology (IT), were the largest detractors, as investors shunned many businesses with extended near-term valuations and businesses that had disproportionately benefited from changing consumer behavior during the pandemic.

ANDREW PECK

PORTFOLIO MANAGER

Retail Shares: BARAX
Institutional Shares: BARIX
R6 Shares: BARUX

Table I.
Performance
Annualized for periods ended March 31, 2022

	Baron Asset Fund Retail Shares[1,2]	Baron Asset Fund Institutional Shares[1,2,3]	Russell Midcap Growth Index[1]	S&P 500 Index[1]
Three Months[5]	(14.57)%	(14.52)%	(12.58)%	(4.60)%
One Year	(1.59)%	(1.34)%	(0.89)%	15.65%
Three Years	13.96%	14.26%	14.81%	18.92%
Five Years	15.31%	15.60%	15.10%	15.99%
Ten Years	13.83%	14.14%	13.52%	14.64%
Fifteen Years	9.87%	10.12%	10.41%	10.26%
Since Inception (June 12, 1987)	11.81%	11.92%	10.57%[4]	10.48%

Against this backdrop, Baron Asset Fund (the "Fund") fell 14.52% (Institutional Shares), while the Russell Midcap Growth Index (the "Index") fell 12.58%. The S&P 500 Index, which comprises both growth- and value-oriented large-cap stocks, fell 4.60%. The Fund faced a headwind from its limited exposure to the Energy and Consumer Staples sectors, and the negative contribution of some of its IT holdings. In addition, several of the Fund's best-performing stocks during 2021 performed poorly during this growth-driven sell-off.

Outperformance of the Fund's investments in Communication Services, Financials, and Industrials and lower exposure to the lagging Consumer Discretionary sector added the most value. Favorable stock selection in Communication Services came from marketing solutions provider **ZoomInfo Technologies Inc.**, which benefited from strong earnings and forward

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of September 30, 2021 was 1.29% and 1.03%, respectively. 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 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.

The Fund's 1-year 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.

1 The **Russell Midcap® Growth Index** measures the performance of medium-sized U.S. companies that are classified as growth and the **S&P 500 Index** of 500 widely held large cap U.S. companies. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell is a trademark of Russell Investment Group. The indexes and the Fund include reinvestment of dividends, net of withholding taxes, which positively impact the performance results. The indexes are unmanaged. Index performance is not Fund performance; one cannot invest directly into an index.

2 The performance data in the table does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

3 Performance for the Institutional Shares prior to May 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 May 29, 2009 did not reflect this fee, the returns would be higher.

4 For the period June 30, 1987 to March 31, 2022.

5 Not annualized.

BARON FUNDS 1987

commentary on sales bookings, and online travel company **Tripadvisor, Inc.**, which benefited from signs that travel demand is improving as the pandemic recedes. Within Financials, higher exposure to this outperforming sector and gains from online brokerage firm **The Charles Schwab Corp.** and specialty insurance company **Arch Capital Group Ltd.** bolstered relative results. Schwab's shares gained because of the positive impact higher interest rates will have on its future earnings. Arch gained after reporting above-consensus quarterly earnings results, coupled with an 11% increase in its book value per share. Strength in Industrials was driven by data and analytics vendor **Verisk Analytics, Inc.** and diversified technology company **Roper Technologies Inc.** Verisk reported solid quarterly earnings results led by ongoing strength in its core Insurance segment. Management also stated its intention to focus on expanding its products to the insurance industry, leading to a likely divestiture of its Financial Services and Energy segments. Roper's stock held up better than the broader market after its fiscal year 2022 guidance exceeded Wall Street expectations.

Underperformance of IT investments, lack of exposure to the Energy sector, which was driven sharply higher by spiking oil prices, and greater exposure to lagging life sciences tools & services stocks within Health Care detracted the most from relative results. Within IT, application software businesses **Ceridian HCM Holding Inc.**, **ANSYS, Inc.**, and **Guidewire Software, Inc.** accounted for a portion of the relative shortfall after selling off alongside other high-growth technology stocks during the quarter. Weakness in the sector also stemmed from outsourced software development provider **EPAM Systems, Inc.** and website development platform **Wix.com Ltd.** EPAM's shares fell because many of the company's employees were based in Ukraine and Russia, while Wix's stock declined after the company experienced a slowdown in new customer additions in the aftermath of pandemic-related trends.

Table II.
Top contributors to performance for the quarter ended March 31, 2022

	Year Acquired	Percent Impact
Arch Capital Group Ltd.	2003	0.15%
Aspen Technology, Inc.	2018	0.09
Teleflex Incorporated	2016	0.09
Fair Isaac Corporation	2020	0.07
Rollins, Inc.	2016	0.04

Arch Capital Group Ltd. is a Bermuda-based specialty insurer. Its stock increased after the company reported quarterly earnings that exceeded consensus estimates and 11% growth in book value per share. Pricing trends in the property & casualty insurance market remained favorable, and the margins for its mortgage insurance business improved substantially from last year's cyclically depressed levels as mortgage delinquencies declined. We remain optimistic that Arch's impressive management team can continue to achieve solid growth in the company's earnings and book value.

Shares of **Aspen Technology, Inc.**, a leader in process automation software, gained after the company reported a 6% acceleration in organic growth. We expect Aspen to close its transformative deal with industrial equipment manufacturer Emerson this quarter. We believe Aspen management will improve the growth, profitability, and cash flow of the acquired Emerson businesses by converting them to recurring revenue models, while leveraging Emerson's vast sales force to improve the entire company's growth rate. We also expect the company to become more aggressive with accretive acquisitions, and we believe the healthy environment for energy and other commodities should provide a supportive backdrop for sales growth.

Teleflex Incorporated is a medical device company that sells mostly single-use products to hospitals and health care providers for common diagnostic and therapeutic procedures in critical care and surgical applications. The pandemic had pressured the company's shares, as many discretionary surgical procedures were postponed, particularly in its urology business. Teleflex's shares recovered in the quarter, as the pandemic continued to subside. We continue to believe Teleflex can generate high single-digit organic revenue growth with ongoing margin expansion driven by several high-growth product lines.

Fair Isaac Corporation is a data and analytics company focused on predicting consumer behavior, best known for its algorithms used to gauge consumer credit. Its shares gained as the company reported solid earnings and management sounded optimistic regarding its outlook for the remainder of the year, driven by continued special price increases and improved growth and profitability in its software business. We believe that Fair Isaac will be a steady earnings compounder, which should drive solid returns for the stock over a multi-year period.

Rollins, Inc. is a leading provider of pest and termite control services. Shares contributed to performance as the company reported solid fourth quarter earnings and continued to grow its market share and modestly increase its pricing. We believe Rollins has a strong brand operating in an attractive and defensive end market (cockroaches will outlive us all) that should enable the company to compound its profitability for many years.

Table III.
Top detractors from performance for the quarter ended March 31, 2022

	Year Acquired	Percent Impact
IDEXX Laboratories, Inc.	2006	–1.07%
Mettler-Toledo International, Inc.	2008	–1.06
Ceridian HCM Holding Inc.	2018	–0.99
EPAM Systems, Inc.	2021	–0.88
ANSYS, Inc.	2009	–0.78

Shares of veterinary diagnostics leader **IDEXX Laboratories, Inc.** fell due to broader multiple compression in high-growth businesses. We believe that IDEXX's business remains healthy and that the veterinary industry should consistently grow at a faster rate than it experienced pre-pandemic. We believe that the long-term secular trends around pet ownership and spending on pet care structurally accelerated during the pandemic. The company's competitive position remains outstanding, and we expect new proprietary diagnostic tests and sales force expansion to meaningfully contribute to growth. We also expect the company's margins to continue to improve considerably over time.

Mettler-Toledo International, Inc. is a leading provider of precision instruments and services for life sciences, food, and chemicals companies, among others. Similar to IDEXX, we believe that Mettler's shares fell chiefly because of widespread investor rotation out of growth stocks. In addition, there were concerns about the potential negative impact of foreign currency fluctuation and the possibility of a European economic slowdown, where Mettler has significant business. We continue to believe Mettler is an exceptionally well-managed business with competitive advantages and attractive long-term growth prospects.

Shares of **Ceridian HCM Holding Inc.**, a leader in global payroll software, fell as valuations for high-growth technology stocks compressed. We retain conviction in Ceridian's long-term opportunity. Growth in Ceridian's flagship

Dayforce platform is reaccelerating toward 30% revenue growth, helped by continued market share gains, its ongoing ability to service larger-sized customers, and the broader recovery in employment trends. We expect Ceridian's growth to be enhanced by its Wallet suite, which allows all employees on Dayforce to request and receive their wages as soon as they are earned (not just at the end of a typical two-week pay cycle) at no cost to employer or employee. We think this feature has the potential to revolutionize the market for payroll software.

EPAM Systems, Inc. provides outsourced software development to business customers using highly skilled, generally low-cost employees across the developing world. It was founded and led by an American émigré from Minsk. The company has had great success in its niche, counting Google, UBS, and Expedia among its largest clients. During its most recent quarter, the company grew its revenues 53% (44% organically), among the best results in its history. The company has more than 50,000 employees, with a significant percentage in Ukraine and Russia. Prior to the ongoing conflict in Ukraine, EPAM had been diversifying its geographic footprint by rapidly expanding in India, Poland, and Latin America. The company has also been actively assisting employees in Ukraine and Russia who wished to relocate, and a meaningful number have done this. Although EPAM is facing significant uncertainty with a large segment of its workforce, we believe the company continues to have strong demand for its services, maintains many longstanding blue chip customer relationships, has historically demonstrated great flexibility in shifting work among geographies, and has $1 billion-plus in cash and no debt. Its share price has corrected considerably, and we believe the long-term risk/reward currently remains favorable.

ANSYS, Inc. is a leading provider of physics-based simulation software. Despite quarterly financial results that exceeded expectations, the stock was pressured because of management guidance for slower free-cash-flow growth next year, coupled with the general rotation away from growth stocks. We believe ANSYS remains well positioned to benefit from the increasing demand for simulation software by leveraging its growing product offerings, partnerships, expanding distribution, and deep customer relationships. In addition, management continues to describe attractive expansion opportunities within its largest customers across all key geographies.

Portfolio Structure

At March 31, 2022, Baron Asset Fund held 60 issuers. The Fund's 10 largest holdings represented 42.2% of assets, and the 20 largest represented 64.9% of assets. The Fund's largest weighting was in the IT sector at 29.5% of net assets. This sector includes software companies, IT consulting firms, and internet services companies. The Fund held 26.8% of its assets in the Health Care sector, which includes investments in life sciences companies, and health care equipment, supplies, and technology companies. The Fund held 15.6% of its assets in the Industrials sector, which includes investments in research and consulting companies, industrial conglomerates, and machinery companies. The Fund also had significant weightings in Financials at 12.3% of assets and Consumer Discretionary at 6.9% of assets.

As the chart below shows, the Fund's largest investments all have been owned for significant periods of time. This is consistent with our approach of investing for the *long term* in companies benefiting from secular growth with significant competitive advantages and best-in-class management teams.

Table IV.
Top 10 holdings as of March 31, 2022

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Gartner, Inc.	2007	$2.9	$24.5	$428.7	8.0%
IDEXX Laboratories, Inc.	2006	2.5	46.1	368.5	6.8
Mettler-Toledo International, Inc.	2008	2.4	31.2	266.6	5.0
Verisk Analytics, Inc.	2009	4.0	34.6	204.2	3.8
ANSYS, Inc.	2009	2.3	27.6	181.7	3.4
Bio-Techne Corporation	2015	4.0	17.0	173.2	3.2
West Pharmaceutical Services, Inc.	2014	2.9	30.5	166.1	3.1
CoStar Group, Inc.	2016	5.0	26.3	162.5	3.0
FactSet Research Systems, Inc.	2006	2.5	16.4	161.0	3.0
Vail Resorts, Inc.	1997	0.2	10.6	157.1	2.9

Recent Activity

Table V.
Top net purchases for the quarter ended March 31, 2022

	Quarter End Market Cap (billions)	Amount Purchased (millions)
Teleflex Incorporated	$16.6	$18.0
CoStar Group, Inc.	26.3	16.8
Fair Isaac Corporation	12.3	12.0
HubSpot, Inc.	22.6	0.9

Given the widespread and, in some cases, indiscriminate sell-off in growth stocks during the quarter, we chose to increase our stakes in a few companies that we thought had been unfairly penalized by an unforgiving market environment.

Teleflex Incorporated has a large product portfolio that includes primarily single-use medical devices sold to hospitals for use in various critical care and surgical applications, such as tools to administer intravenous medications and masks to administer anesthesia. It also owns UroLift System, a fast-growing technology used to treat enlarged prostates through a minimally invasive procedure. We believe that Teleflex's diversified portfolio of commonly used, relatively inexpensive medical devices, supplemented by fast-growing niche businesses like UroLift, should allow the company to grow its revenues over the long term at a high single-digit rate with ongoing margin expansion, while also making accretive, complementary acquisitions. The company's shares have been pressured by the reduction in various discretionary medical procedures during the pandemic, and we believe that this presented an attractive opportunity for long-term shareholders.

CoStar Group, Inc. is the leading provider of information and marketing services to the commercial real estate and apartment rental markets. During the first quarter, despite reporting strong financial results, the company's shares were down more than 50% from their high point during the previous quarter. The stock's weakness was attributed to the company's decision to invest aggressively in its emerging residential housing business. CoStar intends to use two of its recently acquired businesses, Homes.com and Homesnap, to build a compelling offering for potential home buyers and listing brokers. Management believes that this residential business could reach $1 billion in revenues within five years and that the ultimate revenue opportunity is considerably larger. We believe that this business could eventually achieve profitability on par with its other business (over 40% EBITDA margins). When the company made a similarly large investment during its expansion into the apartments market, the market initially punished its stock. The company proved skeptics wrong, as its apartments unit achieved considerable success. We believe that today's investment into residential real estate will prove skeptics wrong again. In the event the residential business does not achieve its goals, management will likely stop investing and divert those resources to other promising opportunities, such as international expansion.

Fair Isaac Corporation is a data and analytics company focused on predicting consumer behavior. It is best known for its Scores segment, which created the FICO Score, an algorithm widely used by businesses when considering whether to grant credit to individuals. The company also has a large financial software segment that has meaningfully penalized its recent profitability because the company has been aggressively investing to make its software available in the cloud. We believe the company has an underappreciated opportunity to increase the growth and profitability of its Scores unit through better price realization. We also believe its software business is poised to report much improved profitability as it reaps the benefits of its multi-year investment cycle.

Table VI.
Top net sales for the quarter ended March 31, 2022

	Amount Sold (millions)
RingCentral, Inc.	$33.6
SBA Communications Corp.	17.7
Farfetch Limited	14.7
Clarivate Plc	11.0
Gartner, Inc.	9.3

During the quarter, we sold our stake in **RingCentral, Inc.**, a cloud-based provider of communications software. We grew concerned that the company's products faced increased competition from Microsoft's Teams product, which is being bundled into other Microsoft software at little additional cost to customers. We reduced our stakes in **SBA Communications Corp.** and **Gartner, Inc.**, both successful long-term holdings, in order to appropriately manage their position sizes. We sold our stake in **Farfetch Limited**, a global luxury e-commerce platform, over concerns that its business in China, a key market for luxury goods, will be permanently impaired by changing governmental policies in that country. We reduced our stake in **Clarivate Plc**, an information services company focused on the scientific and academic markets, after the company reported particularly disappointing fourth quarter earnings results.

Outlook

Throughout its long history, Baron Asset Fund has confronted a variety of challenging market environments, characterized by many of the same concerns that currently preoccupy investors–rising interest rates, increasing inflation, changing monetary policy, and geopolitical uncertainty. We are not aware of any investors who have been able to consistently buy at the bottom of turbulent markets or consistently sell at the top. Instead, we believe that investors have been best served by taking a long-term view of their equity holdings, which have compounded at attractive rates over time.

Given that the most pressing concern for the stock market seems to be the expected series of interest rate hikes by the Federal Reserve, it is worth noting that there have been four previous tightening cycles during the past 30 years. The average return of the S&P 500 Index one year following the Fed's first interest rate hike has been *positive* 6.5%, while the Russell Midcap Growth Index's average return was *even higher* at 15.8%.

Despite the difficult market for growth stocks, we remain confident that our investments in businesses that we believe will benefit from long-lived secular growth drivers, with sustainable competitive advantages, led by best-in-class management, will generate good long-term results. We have not changed our view that the stocks in our Fund have the potential to double in value over a five-year period.

We have never maintained that we have differentiated insight into the impact that macroeconomic or geopolitical issues may have on the stock market, and our investment decisions are not premised on these issues. Instead, we believe that we have created value for our investors throughout the Fund's long history by understanding and analyzing businesses better than many others. We believe that this approach will continue to generate strong long-term performance for the Fund, regardless of volatility in the underlying economic and geopolitical climates.

Sincerely,

Andrew Peck
Portfolio Manager

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

Risks: The Adviser believes that there is more potential for capital appreciation in mid-sized companies, but there also may be more risk. Specific risks associated with investing in mid-sized companies include that the securities may be thinly traded and they may be more difficult to sell during market downturns. Even though the Fund is diversified, it may establish significant positions where the Adviser has the greatest conviction. This could increase volatility of the Fund's returns. The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

The discussions of the companies herein are not intended as advice to any person regarding the advisability of investing in any particular security. The views expressed in this report reflect those of the respective portfolio managers only through the end of the period stated in this report. The portfolio manager's views are not intended as recommendations or investment advice to any person reading this report and are subject to change at any time based on market and other conditions and Baron has no obligation to update them.

This report does not constitute an offer to sell or a solicitation of any offer to buy securities of Baron Asset Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

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

Dear Baron Growth Fund Shareholder:

Performance

Baron Growth Fund (the "Fund") declined 13.33% (Institutional Shares) during the quarter ended March 31, 2022. This is comparable to the Fund's primary benchmark, the Russell 2000 Growth Index (the "Benchmark"), which declined 12.63%. The Fund's performance modestly trailed that of the Benchmark primarily due to its lack of exposure to the Energy sector.

Energy stocks rallied 34.5% in the quarter due to the war in Ukraine and associated sanctions exacerbating already snarled supply chains. In general, we consider most energy businesses to be highly cyclical, lacking sustainable competitive advantages, and confronting negative secular trends. We exclusively allocate capital to high-quality growth stocks that boast sustainable competitive advantages and are run by exceptional management teams who reinvest back into their businesses to expand barriers to entry. We believe such businesses can generate durable growth, can prosper across economic cycles and despite geopolitical volatility, and offer investors compelling risk-adjusted returns over time.

NEAL ROSENBERG
CO-PORTFOLIO MANAGER

RONALD BARON
CEO AND LEAD PORTFOLIO MANAGER

Retail Shares: BGRFX
Institutional Shares: BGRIX
R6 Shares: BGRUX

Table I.
Performance
Annualized for periods ended March 31, 2022

	Baron Growth Fund Retail Shares[1,2]	Baron Growth Fund Institutional Shares[1,2,3]	Russell 2000 Growth Index[1]	S&P 500 Index[1]
Three Months[4]	(13.39)%	(13.33)%	(12.63)%	(4.60)%
One Year	2.90%	3.17%	(14.33)%	15.65%
Three Years	16.66%	16.96%	9.88%	18.92%
Five Years	16.63%	16.93%	10.33%	15.99%
Ten Years	14.06%	14.35%	11.21%	14.64%
Fifteen Years	10.24%	10.49%	8.81%	10.26%
Since Inception (December 31,1994)	13.50%	13.64%	8.19%	10.85%

The year began on a challenging note for most investors, with both equity and fixed income markets declining through March 31. In equities, the S&P 500 Index, which measures the performance of publicly traded large-cap U.S. companies, declined 4.60%, the Russell 2000 Growth Index declined 12.63%, and the MSCI ACWI ex USA Index, which measures stock performance across 47 different global markets, declined 5.44%. At the same time, fixed income markets posted significant losses, with U.S. Treasuries declining 5.6%, U.S. municipal bonds declining 6.2%, and U.S. investment grade credit declining 7.7% according to Bloomberg. All asset classes were adversely impacted by a more hawkish outlook from the Federal Reserve, which signaled its intention to decisively raise interest rates to combat faster-than-expected inflation. Investors' risk appetites were curbed by the Russian invasion of Ukraine, which sent energy prices soaring, further snarled supply chains, and elevated the possibility of a global macroeconomic slowdown. The war in Europe also caused investors to reassess global security conditions and the possibility of shifting international alliances and priorities, which may result in changes in business conditions or market access.

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail shares and Institutional shares as of September 30, 2021 was 1.29% and 1.03%, respectively. 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 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.

1 The **Russell 2000® Growth Index** measures the performance of small-sized U.S. companies that are classified as growth and the **S&P 500 Index** of 500 widely held large cap U.S. companies. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell is a trademark of Russell Investment Group. The indexes and the Fund include reinvestment of dividends, net of withholding taxes, which positively impact the performance results. The indexes are unmanaged. Index performance is not Fund performance; one cannot invest directly into an index.

2 The performance data in the table does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

3 Performance for the Institutional Shares prior to May 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 May 29, 2009 did not reflect this fee, the returns would be higher.

4 Not annualized.

While the aforementioned events dominated news cycles and investors' mindsets for the past three months, we do not believe that anyone–portfolio manager, politician, prognosticator, or Putin–can synthesize and predict the outcome of these interconnected risks. The challenge is further complicated by the need for investors to assess what is already reflected in equity prices, and divine how any one of an infinite number of uncertain outcomes may change valuations in the short term. As such, we do not seek to reposition the portfolio to react to potential changes in interest rates, energy prices, the presence or absence of war, or any of the other variables that populate some investors' playbooks. Instead, we focus on identifying and researching well-managed unique businesses with significant barriers to entry and compelling growth prospects, investing in them at attractive prices, and holding them for the long term.

As we have previously noted, we believe that inflation is a persistent and enduring feature of everyday life, regardless of when or how it is quantified by government statistics. We believe that all our businesses boast sustainable competitive advantages, which help to insulate them from competitors and enable them to consistently raise prices. Many of our investments have embedded price escalators directly into their contracts with customers. For example, annual contracts with **FactSet Research Systems, Inc.** and **Morningstar, Inc.** for research, data, or analytics permits these companies to pass along annual price increases. Companies like **West Pharmaceutical Services, Inc.** and **Dechra Pharmaceuticals PLC** offer such compelling products and services that they consistently raise prices without the need for a contract. The increases are nominal relative to the value of the services, and capital is reinvested in R&D, which yields a corresponding improvement to their products. Finally, our investments in REITs such as **Douglas Emmett, Inc.** and **Alexandria Real Estate Equities, Inc.** boast unique, competitively advantaged businesses that are benefiting from annual rent escalators.

We have seen our businesses exercise their pricing power more aggressively in 2022 after a noticeable increase in inflation in late 2021. During its most recent earnings call, market data vendor FactSet indicated that it realized $21 million of incremental revenue from price increases on clients based in the Americas. We estimate that this is almost 50% greater than its historical annual pricing realization. Index and analytics provider **MSCI, Inc.** similarly indicated that it expects to realize greater-than-historical price increases due to the inflationary environment. Veterinary diagnostics leader **IDEXX Laboratories, Inc.** estimated price realization of 3% to 4% in 2022, which we estimate is around a full 100 basis points greater than its historical average. Finally, **Vail Resorts, Inc.**'s 2022-2023 season pass prices reflect an approximate 7.5% increase vs. last year's levels. This is meaningfully higher than the company's pre-COVID annual price increases that trended in the 4% to 5% range. Importantly, we believe that all these pricing actions reflect largely inelastic demand for such products and services, and therefore won't have any adverse impact on volume or customer retention.

We have consistently highlighted favorable secular trends, sustainable competitive advantages, and durable pricing power as some of the attributes that we seek in investments. While we pursue businesses that possess these attributes, we actively avoid investing in businesses or sectors that lack these traits. We think that many Energy companies typify such undesirable characteristics. We see the industry beset by a growing range of secular challenges, as the world focuses on controlling greenhouse gases and shifting to renewable energy sources. This is best exemplified by exponential demand growth for electric vehicles, which will reduce demand for internal combustion engine vehicles and ultimately oil. Additionally, we believe that these businesses sell a commodity product or service. While some businesses might have modest differences in cost structures, the end-products of most energy companies are fungible almost by definition. Most energy companies are "price takers," rather than "price setters," with product pricing that is completely at the mercy of exogenous variables or trends that are far outside of their control. Finally, both prices and volumes for such commodity prices are ultimately highly cyclical, and largely inconsistent with our five-plus year investment horizon.

While we view this sector as inconsistent with our fundamentally oriented investment philosophy, there are periods of time when such assets increase dramatically. Such was the case this quarter, when the Energy sector of the Russell 2000 Growth Index rose 34.5%. During such periods, our relative performance is adversely impacted because we do not own these stocks.

However, we find these periods are short-lived and unpredictable. For example, over the past 10 calendar years the Energy sector of the Russell 2000 Growth Index generated a *negative* average annual return of 11.39%. This meaningfully trails the Fund's *positive* 17.01% annualized return during the same period. It also compares unfavorably to the Benchmark's *positive* 14.14% annualized return. Energy sector returns have been a net drag on the overall index in 8 of the prior 10 calendar years. Additionally, while the annualized return of the Energy sector has been a low double-digit rate, calendar year returns have included declines of 33.78% in 2020, 47.21% in 2018, 35.61% in 2015, and 32.71% in 2014, in addition to 2021's increase of 70.32%. Such results are akin to sugar highs, where a brief burst of vigor quickly gives way to a pronounced sense of lethargy and negative health consequences over the long term. Instead, we choose to continue to focus on discovering competitively advantaged businesses with durable growth prospects, purchasing them at compelling prices, and holding them for the long term.

Table II groups our portfolio based on our assessment of the attributes that best characterize each investment. While this does not perfectly correlate to the Global Industry Classification Standard, the industry standard nomenclature, we believe it provides added transparency into our thought process.

Table II.
Total returns by category for the three months ended March 31, 2022

	% of Net Assets (as of 3/31/2022)	Total Return (%)	Contribution to Return (%)
Financials	**36.1**	**–10.62**	**–3.68**
Arch Capital Group Ltd.	5.4	8.93	0.41
Kinsale Capital Group, Inc.	2.8	–4.09	–0.01
Cohen & Steers, Inc.	2.0	–6.51	–0.12
SS&C Technologies Holdings, Inc.	1.5	–8.25	–0.15
Essent Group Ltd.	0.3	–9.03	–0.03
Primerica, Inc.	2.7	–10.42	–0.32
The Carlyle Group Inc.	1.1	–10.43	–0.11
FactSet Research Systems, Inc.	6.3	–10.48	–0.59
Houlihan Lokey, Inc.	0.5	–14.83	–0.10
MSCI, Inc.	10.0	–17.77	–1.87
Morningstar, Inc.	3.2	–19.92	–0.72
Moelis & Company	0.3	–23.98	–0.09
Real/Irreplaceable Assets	**24.9**	**–11.49**	**–2.95**
American Assets Trust, Inc.	0.1	1.84	0.00
Manchester United plc	0.2	0.83	–0.01
Douglas Emmett, Inc.	1.5	0.58	–0.01
Boyd Gaming Corporation	0.4	0.56	0.00
Gaming and Leisure Properties, Inc.	3.1	–2.07	–0.03
OneSpa World Holdings Limited	0.0	–3.54	–0.00
Marriott Vacations Worldwide Corp.	2.4	–6.30	–0.16
Choice Hotels International, Inc.	5.2	–8.83	–0.46
Alexandria Real Estate Equities, Inc.	1.8	–9.22	–0.16
Red Rock Resorts, Inc.	1.0	–11.21	–0.11
Penn National Gaming, Inc.	2.9	–18.18	–0.58
Vail Resorts, Inc.	6.3	–20.04	–1.43
Russell 2000 Growth Index		**–12.63**	
Disruptive Growth	**12.1**	**–14.41**	**–1.78**
Velo3D, Inc.	0.4	12.64	0.06
Northvolt AB	0.2	3.48	0.01
Iridium Communications Inc.	3.9	–2.35	–0.01
Schrodinger, Inc.	0.1	–2.89	–0.03
Farmers Business Network, Inc.	0.3	–5.61	–0.01
Guidewire Software, Inc.	1.2	–16.66	–0.21
Altair Engineering Inc.	0.6	–16.71	–0.09
ANSYS, Inc.	4.2	–20.81	–1.00
Mirion Technologies, Inc.	0.1	–22.92	–0.04
Denali Therapeutics Inc.	0.1	–27.69	–0.08
Pegasystems, Inc.	1.0	–27.85	–0.35
Warby Parker Inc.	–	–34.70	–0.02
Core Growth	**27.4**	**–16.95**	**–4.67**
Bright Horizons Family Solutions, Inc.	2.1	5.41	0.11
Sweetgreen, Inc.	0.0	–2.23	–0.00
BrightView Holdings, Inc.	0.2	–3.34	–0.01
Gartner, Inc.	5.7	–11.02	–0.48
West Pharmaceutical Services, Inc.	2.5	–12.39	–0.23
Marel hf.	0.3	–13.11	–0.05
CoStar Group, Inc.	4.3	–15.71	–0.73
Bio-Techne Corporation	4.3	–16.23	–0.61
IDEXX Laboratories, Inc.	4.4	–16.92	–0.72
Mettler-Toledo International, Inc.	1.3	–19.10	–0.30
Littelfuse, Inc.	0.2	–20.57	–0.05
Krispy Kreme, Inc.	0.1	–21.29	–0.03
Dechra Pharmaceuticals PLC	0.4	–26.33	–0.12
Neogen Corp.	0.4	–32.09	–0.19
Trex Company, Inc.	1.2	–51.61	–1.27
Cash	**–0.5**	**–**	**0.00**
Fees	**–**	**–0.27**	**–0.27**
Total	**100.0**	**–13.35***	**–13.35***

Sources: FactSet PA, BAMCO, and Russell, Inc.

* Represents the blended return of all share classes of the Fund.

As demonstrated above, our investments in **Financials**, **Core Growth**, and **Real/Irreplaceable Assets** are in roughly equal balance. Individually, these three represent between 25% and 36% of the Fund's net assets, and aggregate to 88% of the portfolio. The remaining 12% of the portfolio is invested in businesses that we consider to be **Disruptive Growth** businesses, which we believe offer greater growth potential, albeit with more risk relative to other investments. We believe this balance appropriately reflects our goal to generate superior returns over time with less risk than our Benchmark.

We believe that this quarter demonstrates the merits of this balanced approach. The combination of meaningfully higher interest rate expectations and elevated risk from recent geopolitical developments led investors to aggressively sell higher growth stocks in favor of more value-oriented stocks. For example, the Russell 2000 Value Index outperformed the Russell 2000 Growth Index by more than 10% during the quarter. We note the same trends within our portfolio, where our investments in Financials and Real/Irreplaceable assets both declined by less than our Benchmark, while our investments in Core Growth and Disruptive Growth declined modestly more. Despite this quarter's volatility, we believe that each investment owned in the portfolio has the potential to approximately double in size, and corresponding in value, over the next five years, propelled by durable secular and idiosyncratic drivers and run by best-in-class management teams. We also believe that owning a well-diversified portfolio of secular growth businesses with pricing power will prove to be particularly compelling as inflation rises.

Table III.
Performance Based Characteristics as of March 31, 2022

	Millennium Internet Bubble to Financial Panic 12/31/1999 to 12/31/2008	Financial Panic to Present 12/31/2008 to 3/31/2022	Millennium Internet Bubble to Present 12/31/1999 to 3/31/2022	Inception 12/31/1994 to 3/31/2022
Alpha (%)	5.05	4.29	5.77	7.27
Beta	0.58	0.81	0.70	0.71

Table IV.
Performance
Millennium to COVID-19 Pandemic. The Impact of Not Losing Money.

	Millennium Internet Bubble to Financial Panic 12/31/1999 to 12/31/2008		Financial Panic to Present 12/31/2008 to 3/31/2022		Millennium Internet Bubble to Present 12/31/1999 to 3/31/2022		Inception 12/31/1994 to 3/31/2022	
	Value $10,000	Annualized	Value $10,000	Annualized	Value $10,000	Annualized	Value $10,000	Annualized
Baron Growth Fund	$12,448	2.46%	$70,751	15.91%	$88,075	10.27%	$325,795	13.64%
Russell 2000 Growth Index	$ 6,476	–4.71%	$55,248	13.77%	$35,776	5.90%	$ 85,340	8.19%
S&P 500 Index	$ 7,188	–3.60%	$65,672	15.25%	$47,133	7.22%	$165,492	10.85%

Performance data quoted represents past performance. Past performance is no guarantee of future results. The indexes are unmanaged. Index performance is not Fund performance; one cannot invest directly into an index.

The Fund has meaningfully outperformed its Benchmark over the long term. This is principally the result of not losing money during the nine years ended December 2008, when most others did, as well as robust absolute and relative performance during the most recent five-year period. The Fund has gained 13.64% on an annualized basis, since its inception on December 31, 1994, which exceeds that of the Benchmark by 5.45% annually. Performance exceeded that of the S&P 500 Index by 2.79% annually. While the Fund did not make much money from December 31, 1999 through December 31, 2008, a period which includes the highs of the Internet Bubble and the lows of the Financial Panic, it did generate a positive annualized return of 2.46%. Conversely, a hypothetical investment in a fund designed to track the Fund's Benchmark would have declined in value by 4.71% on an annualized basis over the same time, while a hypothetical investment in a fund designed to track the large-cap S&P 500 Index would have declined 3.60% annualized. (Please see Table IV–Millennium Internet Bubble to Financial Panic). From the Financial Panic to the present, the Fund generated an annualized return of 15.91%, which exceeded that of its Benchmark by 2.14% annually, and the S&P 500 Index by 0.66% annually. This includes the most recent five-year period when the Fund gained 16.93% on an annualized basis, and exceeded the Benchmark by 6.60% annually. This represents robust absolute and relative returns across a variety of market environments, driven primarily by favorable stock selection.

We believe that the power of compounding is better demonstrated by viewing these returns in dollar terms. A hypothetical investment of $10,000 in the Fund at its inception on December 31,1994 would be worth $325,795 at March 31, 2022. This is approximately 3.8 times greater than the $85,340 the same hypothetical investment made in a fund designed to track the Benchmark would be worth. Hypothetically, our returns were achieved with approximately 30% less volatility than the Benchmark, as represented by its beta. (Please see Tables III and IV.) Importantly, we believe that the returns in the portfolio have come primarily through compounded growth in the revenue and cash flow of the businesses in which we have invested rather than expansion of valuation multiples. We are pleased that our long-term investments in what we believe are competitively advantaged companies with sustainable growth prospects and exceptional management teams have generated attractive returns in good markets and have helped to protect capital during more challenging ones.

Table V.
Top contributors to performance for the quarter ended March 31, 2022

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
Arch Capital Group Ltd.	2002	$0.4	$18.3	8.93%	0.41%
Bright Horizons Family Solutions, Inc.	2013	1.8	7.9	5.41	0.11
Velo3D, Inc.	2021	1.5	1.7	12.64	0.06
Northvolt AB	2020	–	–	3.48	0.01

Arch Capital Group Ltd. is a specialty insurance company based in Bermuda. The stock increased after reporting quarterly earnings that exceeded consensus estimates and 11% growth in book value per share. Pricing trends remain favorable in the property & casualty insurance market, and margins for the mortgage insurance business improved substantially from last year's cyclically depressed levels as delinquencies decline. We continue to own the stock due to Arch's strong management team and our expectation of solid growth in earnings and book value.

Bright Horizons Family Solutions, Inc. is a leading provider of corporate childcare services. Shares rose on reinstated guidance and in-line fourth quarter results, signaling improved visibility into its post-COVID recovery. While labor shortages are a headwind, demand for full-time childcare is strengthening. During the pandemic, the company solidified relationships with clients, who are looking to childcare services as an employee benefit. We expect Bright Horizons to benefit from industry consolidation as the government's pandemic-related support recedes.

Shares of **Velo3D, Inc.**, a 3D printing manufacturer providing a full-stack hardware and software solution to enable support-free printing, rose during the quarter. The company continued delivering on its early financial commitments. Velo3D's proprietary technology unlocks a large addressable market previously inaccessible to 3D printing as it enables powder bed fusion printing without the need for supports, lowering cost and processing time and eliminating the need to "design for additive." We believe Velo3D's unique technology will drive strong future growth.

Northvolt AB designs battery cells, packs, and battery-active materials to be used in electric vehicles (EVs) and industrial and energy projects. Shares contributed on news of progress in its manufacturing ramp and the announcement of a major agreement with Volvo. Northvolt produced its first cell in its main facility, identified locations for future production facilities, and presented battery recycling capabilities. We expect Northvolt to benefit from the growing demand for EV, specifically in Europe where its capacity is maturing, and from its low-emission approach.

Table VI.
Top detractors from performance for the quarter ended March 31, 2022

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap or Market Cap When Sold (billions)	Total Return	Percent Impact
MSCI, Inc.	2007	$1.8	$40.9	–17.77%	–1.86%
Vail Resorts, Inc.	1997	0.2	10.6	–20.04	–1.43
Trex Company, Inc.	2014	1.2	7.5	–51.61	–1.27
ANSYS, Inc.	2009	2.3	27.6	–20.81	–1.00
CoStar Group, Inc.	2004	0.7	26.3	–15.71	–0.73

Shares of **MSCI, Inc.**, a leading provider of investment decision support tools, detracted from performance. MSCI does have exposure to global equity market performance (so volatility can impact near-term results), but there was no material negative company-specific news in the quarter. Instead, it seems that MSCI was caught up in the broader market rotation. We retain long-term conviction as MSCI owns strong, "all weather" franchises and remains well positioned to benefit from numerous secular tailwinds in the investment community.

Shares of ski resort owner **Vail Resorts, Inc.** declined due to poor early-season snow and labor shortages that negatively impacted customer service, raising investor concerns over season pass renewal rates. Vail recently announced an increase in its minimum wage to $20 per hour. We think this will enable Vail to fully staff next season and provide a better experience for skiers while leading to stable renewal rates on pass sales.

Trex Company, Inc. is a leading manufacturer of composite decking and railing, servicing the U.S. residential repair and remodel end market. Weakness in the quarter stemmed primarily from valuation multiple compression, as investors became concerned that demand for Trex's products would slow following two years of elevated growth. In addition, rising transportation and start-up costs temporarily weighed on the company's margins. We remain optimistic about Trex's differentiated business model and long-term growth prospects.

ANSYS, Inc. is a leading provider of physics-based simulation software. Despite quarterly financial results that exceeded expectations, the stock was under pressure due to guidance for slower free-cash-flow growth next year and broad-based multiple compression. We believe ANSYS remains well positioned to benefit from the increasing demand for simulation by leveraging its growing product offerings, partnerships, expanding distribution, and deep customer relationships. Management continues to describe attractive expansion opportunities within its largest customers across all key geographies.

Real estate data and marketing platform **CoStar Group, Inc.** detracted from performance as valuations for high-growth technology stocks compressed. The company is pushing into the residential market, which meaningfully expands its total addressable market. While this initiative requires meaningful short-term investment, it should ultimately yield high returns and enhance the company's growth and profitability.

Portfolio Structure and Investment Strategy

We seek to invest in businesses with attractive fundamental characteristics including sustainable competitive advantages, large addressable markets, and favorable secular tailwinds. We favor business models that have high levels of recurring revenue, generate attractive incremental margins, are cash generative, and are not dependent on third-party financing. We exclusively invest with exceptional management teams that consistently reinvest in their businesses to generate long-term profitable growth. We apply an iterative and holistic research process to verify, refine, or refute our assessment of these businesses and our expectations for durable growth over time.

We hold investments for the long term. As of March 31, 2022, the weighted average holding period of the Fund was 14.3 years. This is dramatically longer than most other small-cap growth funds, which, according to Morningstar, turn over about 75% of their portfolios annually. The portfolio's 10 largest positions have a weighted average holding period of 17.6 years, ranging from a 13.1 year investment in **Bio-Techne Corporation** and 13.2 year investment in **ANSYS, Inc.**, to investments in **Choice Hotels International, Inc.** and **Vail Resorts, Inc.** that now exceed 25 years. Twenty-one investments, representing 74.1% of the portfolio's total investments, have been held for more than 10 years. Fourteen investments, representing 22.3% of the portfolio's total investments, have been held between 5 and 10 years. A further 15 investments, representing 3.6% of the portfolio's total investments, have been owned for less than 5 years. We believe that Table VII and Table VIII quantify the merits of our long-term holding philosophy.

Table VII.
Top performing stocks owned more than five years

	Year of First Purchase	Cumulative Total Return Since First Date of Purchase
IDEXX Laboratories, Inc.	2005	3,701.0%
Choice Hotels International, Inc.	1996	2,876.7
MSCI, Inc.	2007	2,087.3
Mettler-Toledo International, Inc.	2008	1,803.5
Arch Capital Group Ltd.	2002	1,593.7
CoStar Group, Inc.	2004	1,563.6
Vail Resorts, Inc.	1997	1,505.4
Cohen & Steers, Inc.	2004	1,399.7

The cohort of investments that we have held for more than five years earned an annualized rate of return of 19.4% based on weighted average assets since we first purchased them. This exceeded the performance of the Fund's Benchmark by 9.6% annualized. Nine of these investments have achieved annualized returns that exceeded the Benchmark by more than 10% per year, including four that have achieved annualized returns that exceeded the Benchmark by more than 15% per year and two that have exceeded the benchmark by more than 20% annually. The subset of this cohort that we have held for more than 10 years has compounded at a similar 18.2% and exceeded the benchmark by 8.7% annualized.

Table VIII.
Top performing stocks owned less than five years

	Year of First Purchase	Cumulative Total Return Since First Date of Purchase
Altair Engineering Inc.	2017	251.7%
Schrodinger, Inc.	2018	224.9
Boyd Gaming Corporation	2017	169.3

The cohort of investments that we have held for less than five years has returned 16.4% annually based on weighted average assets since our initial purchase and exceeded the Benchmark by 10.8% annualized. Seven of these investments have achieved annualized returns that exceeded the Benchmark by more than 10% per year, including three that have achieved annualized returns that exceeded the Benchmark by more than 20% per year.

Portfolio Holdings

As of March 31, 2022, Baron Growth Fund had 50 investments. The top 10 holdings represented 55.7% of the Fund's total investments. All were small-cap businesses at the time of purchase and have become top 10 positions mostly through stock appreciation. Our holdings in these stocks have increased by a weighted average of 16.9 times since our initial investment and have exceeded the Benchmark by 8.2% annually. We attribute much of this relative outperformance to the superior growth rates and quality exhibited by these businesses relative to the Benchmark average. We believe all our positions offer significant further appreciation potential individually, and that the Fund's diversification offers potentially better-than-market returns with less risk than the market as measured by beta. Note that diversification cannot guarantee a profit or protect against loss.

While we only purchase small-cap companies, we tend to hold stocks as long as our investment thesis remains intact and we see a path to attractive compounded returns. This causes the Fund to own a significant percentage of assets in securities that have appreciated beyond their market capitalizations at the time of purchase. Baron Growth Fund's median market cap is $6.4 billion and its weighted average market cap is $18.2 billion. This compares to Morningstar's U.S. market cap breakpoints for small- and mid-cap funds of $7.5 billion and $40.8 billion, respectively, as of March 31, 2022.

Table IX.
Top 10 holdings as of March 31, 2022

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Total Investments
MSCI, Inc.	2007	$1.8	$40.9	$817.2	9.9%
FactSet Research Systems, Inc.	2006	2.5	16.4	521.0	6.3
Vail Resorts, Inc.	1997	0.2	10.6	520.5	6.3
Gartner, Inc.	2007	2.3	24.5	464.0	5.6
Arch Capital Group Ltd.	2002	0.4	18.3	443.0	5.4
Choice Hotels International, Inc.	1996	0.4	7.9	425.3	5.2
IDEXX Laboratories, Inc.	2005	1.9	46.1	358.3	4.3
Bio-Techne Corporation	2009	2.1	17.0	355.1	4.3
CoStar Group, Inc.	2004	0.7	26.3	354.4	4.3
ANSYS, Inc.	2009	2.3	27.6	341.5	4.1

Thank you for joining us as fellow shareholders in Baron Growth Fund. We are appreciative of the confidence you have shown in us, and we will continue to work hard to justify that confidence.

Respectfully,

Ronald Baron
CEO and Lead Portfolio Manager

Neal Rosenberg
Co-Portfolio Manager

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

Risks: The Adviser believes that there is more potential for capital appreciation in smaller companies, but there also may be more risk. Specific risks associated with investing in smaller companies include that the securities may be thinly traded, and they may be more difficult to sell during market downturns. The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

The discussions of the companies herein are not intended as advice to any person regarding the advisability of investing in any particular security. The views expressed in this report reflect those of the respective portfolio managers only through the end of the period stated in this report. The portfolio manager's views are not intended as recommendations or investment advice to any person reading this report and are subject to change at any time based on market and other conditions and Baron has no obligation to update them.

This report does not constitute an offer to sell or a solicitation of any offer to buy securities of Baron Growth Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

The portfolio manager defines "**Best-in-class**" as well-managed, competitively advantaged, faster growing companies with higher margins and returns on invested capital and lower leverage that are leaders in their respective markets. Note that this statement represents the manager's opinion and is not based on a third-party ranking.

Alpha: measures the difference between a fund's actual returns and its expected performance, given its level of risk as measured by beta.

Beta: measures a fund's sensitivity to market movements. The beta of the market (Russell 2000 Growth Index) is 1.00 by definition.

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

CLIFF GREENBERG

PORTFOLIO MANAGER

Retail Shares: BSCFX
Institutional Shares: BSFIX
R6 Shares: BSCUX

Dear Baron Small Cap Fund Shareholder:

Performance

Baron Small Cap Fund (the "Fund") did poorly in the first quarter, on both an absolute and relative basis. The Fund was down 15.68% (Institutional Shares), trailing the Russell 2000 Growth Index, which lost 12.63% and the S&P 500 Index, which fell 4.60%. The Fund's longer-term performance is still admirable as shown in the table below.... gaining 10.76% per year, on an annualized basis, over its almost 25-year history and besting the returns of its benchmark index for all relevant time periods.

Table I.
Performance
Annualized for periods ended March 31, 2022

	Baron Small Cap Fund Retail Shares[1,2]	Baron Small Cap Fund Institutional Shares[1,2,3]	Russell 2000 Growth Index[1]	S&P 500 Index[1]
Three Months[4]	(15.72)%	(15.68)%	(12.63)%	(4.60)%
One Year	(5.11)%	(4.87)%	(14.33)%	15.65%
Three Years	14.30%	14.59%	9.88%	18.92%
Five Years	14.81%	15.10%	10.33%	15.99%
Ten Years	12.63%	12.92%	11.21%	14.64%
Fifteen Years	9.56%	9.80%	8.81%	10.26%
Since Inception (September 30, 1997)	10.62%	10.76%	6.57%	8.60%

The market was very weak in the quarter for a plethora of reasons. Early in the quarter inflation was considerably higher than expected, pushing interest rates higher. The yield on 10-year U.S. Treasuries rose from 1.5% to 2.0%, which led to the first leg down for the market, as the trading multiples of growth stocks, particularly small caps and unprofitable companies, were all negatively affected. Still, the economy seemed super strong, and the earnings outlook unaffected, so the market action felt more like a rotation then a scary fall. But then inflation accelerated, caused by an imbalance of supply and demand. Strong consumer spending was spurred by prior expansionary fiscal and monetary policies and flush consumers unleashing pent-up spending desires coming out of COVID. However, supply is still constrained by persistent supply-chain issues, tight labor markets (the unemployment rate fell to 3.6%) and shortages of housing and goods, causing price spikes. This resulted in rates continuing to move higher. Then Russia invaded Ukraine, which resulted in...among other things...rising energy (oil rose to over $100/barrel), commodity, and food prices, exacerbating an already precarious inflationary situation. The Federal Reserve changed its stance to take a much more aggressive approach to raising interest rates and cutting back its balance sheet, signaling multiple and significant rate hikes to come over the next year. The yield on 10-year U.S. Treasuries rose to nearly 2.5% late in the quarter. Recession concerns flared as higher inflation and rates, a lower stock market, and knocks to consumers' psyches have created uncertainty about the future economic trajectory.

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of September 30, 2021 was 1.29% and 1.03%, respectively. 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 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.

1 The **Russell 2000® Growth Index** measures the performance of small-sized U.S. companies that are classified as growth and the **S&P 500 Index** of 500 widely held large cap U.S. companies. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell is a trademark of Russell Investment Group. The indexes and the Fund include reinvestment of dividends, net of withholding taxes, which positively impact the performance results. The indexes are unmanaged. Index performance is not Fund performance; one cannot invest directly into an index.

2 The performance data in the table does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

3 Performance for the Institutional Shares prior to May 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 May 29, 2009 did not reflect this fee, the returns would be higher.

4 Not annualized.

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Most stocks declined in the market, other than those in the Energy and Materials sectors. Defensive sectors, such as Consumer Staples, Utilities, and Health Care (ex-biotechnology), did better than growth sectors like Information Technology (IT) and Consumer Discretionary. In the first part of the quarter, growth did poorly but value hung in. Larger market caps did okay, and smaller ones fell. When concerns about future economic growth became more prevalent, even those sectors that had stood their ground fell as well.

The Fund was not set up well to weather the storm. We are overweight in IT and Consumer Discretionary, the two worst performing sectors for the quarter. We are growth oriented. We own many small-cap stocks that are somewhat thinly traded and declined along with that ilk of stock. The Fund usually performs relatively well in downdrafts, since we own stocks of higher quality, more established industry leading businesses with pricing power that usually don't lose investor confidence so quickly. That hasn't been the case this year. Even those holdings, which posted good results and outlooks, declined as their multiples shrunk. Also, some concern rightfully crept in on the question of whether earnings estimates would be in question in the more uncertain economic environment. As usually is the case, our worst performing stocks on a percentage basis either missed earnings estimates or are in end markets considered most negatively affected by higher rates. We did have some gainers, which bucked the trend because their outlooks were improved by higher interest rates, energy prices, or sales to the defense industry.

Table II.
Top contributors to performance for the quarter ended March 31, 2022

	Percent Impact
HealthEquity, Inc.	0.40%
Aspen Technology, Inc.	0.21
WEX Inc.	0.20
Nuvei Corporation	0.20
Mercury Systems, Inc.	0.19

Generally, fundamental company-specific results and developments are the most important drivers to stock performance in each period. That was not the case this past quarter when, for the most part, market, macro, and geopolitical considerations were more relevant to price action.

HealthEquity, Inc. is a leading administrator of Health Savings Accounts (HSA) and other consumer directed employee benefits. Shares rose in the quarter after the company reported strong results, especially in the core HSA business (accounts were up 25%) where they are taking market share. There is a long runway of growth as the HSA market grows around 10%, and HealthEquity expects to outperform. Shares of HealthEquity traded down last year because the sizeable acquisition of WageWorks stumbled out of the gate, as COVID negatively affected some of its products. Now we think the company is seeing success with cross-selling efforts and the deal will turn out to be a winner. Higher interest rates should also boost earnings, possibly in a meaningful way.

Shares of **Aspen Technology, Inc.**, a leader in process automation software, rose in the quarter after reporting a 6% acceleration in organic growth. Aspen should close its transformative deal with industrial equipment manufacturer Emerson before mid-year, after which Aspen will take over management of Emerson's undermanaged software offerings. We believe that Aspen management is uniquely qualified to run those products, convert them to recurring revenue offerings, and, over time, significantly improve their growth trajectory and profitability. We also believe that the new entity will be more acquisitive, which we think will drive additional shareholder value…so we are psyched for Aspen 2.0.

WEX Inc. is a diversified business service company, which provides fuel cards, payments services, and benefits administration services. The shares rose this quarter after the company reported strong results that beat on the top and bottom line. Higher fuel prices benefited reported earnings, which was a big driver of improved stock performance. The company hosted an investor day during which management reiterated its long-term targets of 10% to 15% revenue growth and 15% to 20% earnings growth. The stock trades at under 15 times earnings. Management also outlined how the business can transition to serve electric vehicles over time and how the payments business should prosper with the expected uptick in travel.

Shares of **Nuvei Corporation**, a global payments provider, rebounded in the quarter after reporting strong results. The company reported strong organic revenue growth of 55% and earnings growth of 43%, which flew in the face of a prior short report that predicted the demise of the business. At Nuvei's recent analyst day, management guided for near-term organic revenue growth of 30% and EBITDA margins that could climb from 43% to 50%, which is extraordinary. We are impressed by the quality and depth of the management team, the glowing testimonials of customers, and the logic and execution of the acquisition program.

Mercury Systems, Inc., a leading Tier 2 defense electronics contractor, bounced back, along with the broader defense industry, after the Russian invasion of Ukraine and a larger-than-expected U.S. defense budget for fiscal 2023. As Mercury is involved in all the key priorities of the current U.S. defense strategy, we believe that growth will accelerate in the future. Mercury has been struggling with program delays and supply-chain issues for much of the last year, and the stock has been under pressure for some time. Activists bought stakes recently, which we view as an indication of value in the stock. We are hopeful that the company will revert to its historic growth algorithm or high single-digit organic revenue growth, faster profit growth, and strategic and accretive acquisitions, which would drive much higher EBITDA and a higher valuation, in line with past norms.

Table III.
Top detractors from performance for the quarter ended March 31, 2022

	Percent Impact
Vertiv Holdings, LLC	–1.52%
Installed Building Products, Inc.	–1.46
Floor & Decor Holdings, Inc.	–1.16
SiteOne Landscape Supply, Inc.	–1.12
Trex Company, Inc.	–1.00

Our biggest losers were stocks that fell because of earnings misses (about 8% of the portfolio) or traded down because interest rates rose (around 11% of the portfolio). We believe both types were overly punished, causing the stocks to trade down to very cheap levels from which we expect to make strong returns over time.

Vertiv Holdings, LLC, a global provider of critical digital infrastructure, reported a terrible quarter and very weak guidance. The stock got obliterated. For the quarter, revenues were in line, but profits were much worse than expected. And earnings guidance for 2022 was $0.70 per share versus the $1.30 per share expected. The company suffered from a severe execution misstep related to insufficient price increases against significantly higher costs from inflation and supply-chain issues. We believe that the company has addressed the issue, raising selling prices ahead of cost increases, but mispriced orders taken late last year will penalize earnings in the first half of the upcoming year. The stock traded down to about 8 times our expectations for the earnings run rate in the back half of 2022. This is less than half the trading multiple of comparable industrials. If you recall, Vertiv came public by merging into a SPAC that was led by a highly respected executive of a leading industrial company, and his involvement gives us more confidence that this situation has been righted.

Installed Building Products, Inc. (IBP), the leading installer of insulation and complementary products for the residential housing industry, fell in the quarter over concerns that rising interest rates would change the housing outlook. IBP reported good results, featuring strong organic sales, a record year of acquisitions, positive price/mix and a robust demand environment. However, profit margins were negatively affected by continued supply-chain challenges, primarily the lack of availability of spray foam. But as mortgage rates have climbed toward 5%, the stock is trading like the party is over. We don't think it is. We believe this will be a strong year for IBP, since backlogs of homes already sold is so high, and completions will continue to grow. The outlook is foggy for next year and beyond, but we think that, even if housing development stalls, or home prices stop escalating because of higher rates, housing demand will remain strong due to a substantial lack of inventory. The stock has traded down to around 8 times our estimate for this year's EBITDA, which is cheap. Management agrees and has installed an opportunistic repurchase plan.

Floor & Decor Holdings, Inc., the category killing retailer of hard surface flooring, fell this quarter because of concern that higher interest rates would hurt its near-term results and because the stock had traded at a premium valuation (well deserved, in our opinion). Floor & Decor reported strong results for the fourth quarter and 2021, as EBITDA grew 50% and earnings grew 44%. Same-store sales grew 27%, some of which was aided by increased prices to pass on higher costs. The company is guiding to more modest growth this year but for very strong long-term growth of about 25% per year, as the store base grows from 160 today towards a goal of over 400. We are cognizant of market concerns that consumers will spend more on services than goods in the near future and that higher rates could negatively impact sales on the margin, but we don't think the affect will be significant. Floor & Decor is taking massive market share, should be able to continue to pass on higher costs, and has major competitive advantages. We certainly do not believe that the near-term headwinds will change the long-term growth path of the company. The stock has traded down to just over 20 times our estimate for earnings in 2023, which is half its historical trading multiple. The stock is trading at 10 times what we project the company will earn in five years. And there should be lots of growth from that point.

Shares of **SiteOne Landscape Supply, Inc.**, the largest distributor of wholesale landscape supplies, fell for similar reason as Floor & Decor…. concern about the possible impact of rising interest rates and multiple compression. The company reported strong results and had a blowout year in 2021…organic revenue growth of 20%, EBITDA growth of 60%, and free cash flow per share up 90%. SiteOne, too, is projecting more modest growth this year against the tough comparisons and flat margins after superb cost management last year. Maybe growth will be slower than expected this year because of the macro environment…maybe… but the stock has traded to a valuation level that is a discount to where we think it should trade on our estimates for 2022 results. We think this is a special company and management team. We think EBITDA will grow at about 15% a year from this base through organic growth and acquisitions, and the company will generate significant free cash flow to fund future growth.

Trex Company, Inc. is the leading provider of composite decking materials, which are taking market share from wood. Like SiteOne and Floor & Decor, the stock fell significantly this quarter over concerns about the impact higher mortgage rates could have on sales and because the stock has been a darling, trading at a high multiple. The company reported great results for 2021, with revenues, EBITDA, and EPS up 36%, 40%, and 38%, respectively. The demand outlook for composite decking remains strong, as the product continues to take market share and Trex leads the industry with 50% market share. Trex has added significant new capacity to support growth for the next five years, but startup costs and some other logistical challenges have modestly dampened margins. We acknowledge that if the economy were to slow and consumers radically reorient spending away from fixing their homes, that growth might slow, but the stock is now trading at 18 times our earnings estimate for next year, which is really low for a business of this quality, with this track record, and this opportunity for future growth.

Portfolio Structure & Recent Activity

As of March 31, 2022, the Fund had $4.6 billion under management. We owned 74 stocks. The top 10 holdings made up 30.9% of the Fund, in line with historical norms.

Table IV.
Top 10 holdings as of March 31, 2022

	Year Acquired	Quarter End Investment Value (millions)	Percent of Net Assets
Gartner, Inc.	2007	$260.3	5.7%
ASGN Incorporated	2012	180.9	3.9
ICON Plc	2013	170.3	3.7
Aspen Technology, Inc.	2015	132.3	2.9
SiteOne Landscape Supply, Inc.	2016	121.3	2.6
Installed Building Products, Inc.	2017	116.2	2.5
Guidewire Software, Inc.	2012	115.9	2.5
Kinsale Capital Group, Inc.	2019	114.0	2.5
Red Rock Resorts, Inc.	2016	109.3	2.4
Floor & Decor Holdings, Inc.	2017	101.3	2.2

As has been the case for some time, the Fund is most heavily invested in four sectors…. IT (25.5% of net assets at the end of the quarter), Industrials (23.8%), Consumer Discretionary (15.6%), and Health Care (14.5%). We build the portfolio on a bottom-up/stock by stock basis, so we differ materially from the composition of the Russell 2000 Growth Index, our benchmark index and the index to which we are most often compared. We are overweight in IT and Consumer Discretionary, well overweight in Industrials and significantly underweight in Health Care. We don't own Energy stocks, which worked against us this quarter, and are also underweight in Consumer Staples, Materials, and Utilities, which also held up better this quarter. Our cash position was about 3% on average during the quarter, which is somewhat higher than usual. With the market volatile and trending lower, we think this will enable us to take advantage of potential mispriced securities.

We are long-term investors, which we believe is a key differentiator. About half the assets we manage are in stocks that we have owned for over five years… 19% in stocks we have held for over 10 years. The annualized total return for these long-term holdings is about 24%, which we think is impressive and a proof statement to the long-term nature of our approach. Many of these long-held investments have had enormous returns. 31% of the assets under management are in stocks that have appreciated five times or more since their initial purchase price. Another 35% have gone up between two and five times. So, about two-thirds of the Fund is invested in stocks that have doubled or more since their initial purchase price. We are proud of this. It is gratifying that our "winners" continue to appreciate at high rates.

Holding onto our winners as they grow is another key differentiator. We don't necessarily sell when our holdings appreciate beyond small-cap market capitalizations. We believe that would detract from our absolute returns. After about 25 years of actively and carefully managing the portfolio to make sure we water our flowers and pull our weeds, 31% of our assets are in stocks that are over $10 billion in market cap. These stocks as a group have been held for 11 years on average and have returned 31% per year, on an annualized basis. And many of these stocks have been top performers for us in recent periods. We do, however, tactically reduce our holdings in our larger-cap positions to stay true to our small-cap mandate and manage position sizes.

We own on average 21% of our original position of the 10 largest cap positions. This past quarter, the weighted average market cap of stocks we purchased, both new positions and additions to existing positions was $3.2 billion. We sold out of or trimmed stocks with a weighted average market cap of $10.5 billion.

Table V.
Top net purchases for the quarter ended March 31, 2022

	Year Acquired	Quarter End Market Cap (billions)	Amount Purchased (millions)
The Beauty Health Company	2021	$2.5	$25.2
Progyny, Inc.	2022	4.7	21.2
The AZEK Company Inc.	2020	3.9	12.6
Janus International Group, Inc.	2021	1.3	9.1
Mercury Systems, Inc.	2016	3.7	6.3

More of our investments this quarter went into adding to existing positions, as opposed to buying new ideas. We found ourselves adding to names we felt were mispriced yet had confidence in their long-term prospects. There were very few IPOs in the quarter, with the market falling and valuation levels declining. IPOs have traditionally been a source of fresh ideas.

We recently established a position in **Progyny, Inc.**, a benefits management company specializing in fertility and family benefits solutions to large, self-insured employers in the U.S. We believe that such benefits provide access to clinically effective treatments, ensure healthier outcomes for employees, and lower an employer's overall health care spending. We believe the fertility benefit's uptake is accelerating, as companies seek to gain an edge in the war for talent and employee retention.

Launched in 2016, Progyny has become the brand of choice in the $7 billion fertility treatment market, amassing over 265 employer clients (including Google, Microsoft, 3M, and Unilever), up from 80 at its IPO in 2019, representing 4 million covered lives. Yet this represents a mere 3% of Progyny's target market, which is poorly served by managed care providers, giving the company a considerable growth runway. Since inception, its revenues are up five-fold, from $105 million to $500 million in 2021, with positive EBITDA, steady margin expansion, and a high rate of cash flow conversion.

Infertility is a significant societal/workforce issue, affecting one in eight U.S. couples according to the CDC. Its incidence is growing with the rising age of women pursuing pregnancy. Progyny allows a company to offer all its employees, regardless of sexual orientation or marital status, a more comprehensive fertility benefit than that afforded by traditional insurance. Among Progyny's many advantages is a network of independent fertility clinics that, utilizing the most current diagnostics and technology, consistently achieve better outcomes than national averages. A proprietary and differentiated treatment bundle, called the "Smart Cycle," is designed to give a doctor and patient the most appropriate and tailored approach to treatment choices rather than the more typical one-size-fits-all step therapy (where patient's benefits often run out before a pregnancy is achieved). An integrated pharmacy, with now over 90% client take rate, provides both lower costs and greater convenience, and high touch concierge support and counseling rounds out Progyny's value proposition. Progyny has high patient satisfaction, nearly 100% client retention rates, and healthier live singleton birthrates, while lowering the riskier, costlier multiple births frequently associated with fertility treatments. With greater adoption of the benefit and further market penetration, including recent expansion into Canada, we see potential for Progyny to grow its top line CAGR at approximately 35% for the next three to four years, scaling the business both rapidly and profitably, with EBITDA margins expanding from current low teens to around 20%.

Table VI.
Top net sales for the quarter ended March 31, 2022

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap or Market Cap When Sold (billions)	Amount Sold (millions)
Americold Realty Trust	2018	$2.4	$ 7.5	$20.2
Clarivate Plc	2019	0.9	11.5	19.2
Paya Holdings Inc.	2020	1.3	0.8	15.1
Shift4 Payments, Inc.	2020	1.4	3.3	12.3
WEX Inc.	2013	2.9	8.0	11.4

During the quarter, we sold out of **Shift4 Payments, Inc.**, a fast-growing payments company. The business is not yet profitable and is somewhat capital intensive. We also sold most of our position in **Paya Holdings Inc.**, another fintech operator, as we were less impressed by its growth and positioning than our other holdings in the same industry, Repay and Nuvei.

We reduced our positions in **Americold Realty Trust** and **Clarivate Plc** when business trends disappointed. **WEX Inc.** rallied on higher gas prices, and we took some profits. We sold some of our larger-cap positions, **IDEXX Laboratories, Inc.**, **DexCom, Inc.**, and **Waste Connections, Inc.**, as is our practice to sell down these holdings at what we deem a prudent time.

Outlook

We are writing this in early April, and it feels like the weight of the world is overhanging the market. Inflation is raging, with the last reading up 8.5%. Oil is over $100 per barrel. The unemployment rate is 3.6%, and wages are rising 5.6%. Interest rates are up significantly, with 10-year Treasuries now above 2.9%, and the Fed has signaled that it could raise the Fed Funds rate 10 times over the next year and a half, with 50 bp bumps likely. It seemed like COVID was under control, but new and highly contagious variants are causing lockdowns in China. And the war in Ukraine continues, with a new phase of heavy combat in the offing.

The Fed is in a tough position, as it needs to significantly tighten monetary policy to tame inflation without slowing growth too much. Though our economy remains strong, we are starting to see some signs of consumer slowdown. And European and global economies are bound to slow considerably, as energy and food inflation is more severe abroad.

We believe that we are entering a period of slower economic growth, secularly higher interest rates, and higher risks. However, though this is unnerving, and causing the market to trade down, there is a lot that is not certain. Concerning inflation/interest rates, we are seeing easing congestion in supply chains and declines in shipping costs and some inputs. As the economy softens, we think inflation will moderate as it will be harder to pass along higher prices in that environment. We very well could be at peak inflation now. And if this is the case, we will probably have fewer interest rate hikes than presently contemplated.

Against this, we believe that for the most part, the businesses in which we are invested will be able to weather the potentially more difficult conditions ahead. They are well-managed, high-quality businesses, in strong financial condition, with major competitive advantages, and business momentum coming into this period. They are market share gainers with ample pricing power. We would expect businesses of our market-leading secular growers to excel, gain share, and emerge stronger if times get tough, as they have in the past.

We are continuously speaking with management teams, and we remain confident in their growth plans and future earnings prospects. Many of the stocks we hold are down significantly already. We think we are well into this correction. Importantly, our stocks are cheap relative to our projections, especially in out years, which bodes well for long-term returns. Investor sentiment is terrible, which, by the way, is a good thing.

Thanks for investing in the Fund and your confidence in us as managers. We appreciate it.

Cliff Greenberg

Cliff Greenberg
Portfolio Manager

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

Risks: The Adviser believes that there is more potential for capital appreciation in smaller companies, but there also may be more risk. Specific risks associated with investing in smaller companies include that the securities may be thinly traded and they may be more difficult to sell during market downturns. Even though the Fund is diversified, it may establish significant positions where the Adviser has the greatest conviction. This could increase volatility of the Fund's returns. The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

The discussions of the companies herein are not intended as advice to any person regarding the advisability of investing in any particular security. The views expressed in this report reflect those of the respective portfolio manager only through the end of the period stated in this report. The portfolio manager's views are not intended as recommendations or investment advice to any person reading this report and are subject to change at any time based on market and other conditions and Baron has no obligation to update them.

This report does not constitute an offer to sell or a solicitation of any offer to buy securities of Baron Small Cap Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

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Baron Opportunity Fund

Dear Baron Opportunity Fund Shareholder:

Performance

Baron Opportunity Fund (the "Fund") fell sharply and significantly lagged the broader market during the first quarter. For the period, the Fund dropped 16.02% (Institutional Shares), trailing the Russell 3000 Growth Index, which fell 9.25%, and the S&P 500 Index, which declined 4.60%. As we emphasize at Baron with our philosophy, approach, and process, long-term returns are what really matter, and as shown in the chart below, the Fund continues to outperform its benchmarks across the three-year and longer annualized trailing periods.

Table I.
Performance†
Annualized for periods ended March 31, 2022

	Baron Opportunity Fund Retail Shares[1,2]	Baron Opportunity Fund Institutional Shares[1,2,3]	Russell 3000 Growth Index[1]	S&P 500 Index[1]
Three Months[4]	(16.08)%	(16.02)%	(9.25)%	(4.60)%
One Year	(6.77)%	(6.52)%	12.86%	15.65%
Three Years	27.06%	27.39%	22.68%	18.92%
Five Years	26.86%	27.19%	20.16%	15.99%
Ten Years	16.95%	17.26%	16.64%	14.64%
Fifteen Years	13.41%	13.67%	12.63%	10.26%
Since Inception (February 29, 2000)	9.63%	9.80%	6.82%	7.62%

MICHAEL A. LIPPERT

PORTFOLIO MANAGER

Retail Shares: BIOPX
Institutional Shares: BIOIX
R6 Shares: BIOUX

Review & Outlook

As discussed in our last quarterly letter (which I ask all our shareholders to re-read because I wrote at length about the current atmosphere and our Baron process, and don't wish to be overly repetitive), the first quarter of 2022 was dominated by macroeconomics and geopolitics – not secular growth trends or fundamentals – and proved to be a challenging environment for the Fund, as well as the broader stock market. Further developments over the last three months continued along the lines described in our prior letter, and include U.S. inflation reaching new peaks; Russia's invasion of Ukraine, and tougher and broader-than-expected economic sanctions by the West against Russia; the Federal Reserve turning formally hawkish, with an increase in the Federal Funds Rate, a higher-rate dot plot, obvious hints of a 50 basis point increase at the May meeting and potentially others, and disclosures regarding "Quantitative Tightening" and normalization of the Fed's balance sheet; and another surge of COVID breakouts hitting China, leading to the shutdown of cities and economic centers, such as Shanghai, consistent with the country's zero-COVID policy. This has led to a current setting that strikes most investors as highly uncertain and fraught with hard-to-measure risks (such as when will the war in Ukraine end, how far will Western sanctions go, will the Fed be able to fight inflation and engineer a soft landing). Uncertainty like this often drives investors to cling to the all-too human emotion of fear,

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Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of *September 30, 2021 was 1.31% and 1.05%, respectively. 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 The Adviser reimburses certain Baron Fund expenses pursuant to a contract expiring on August 29, 2032, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month-end, visit www.BaronFunds.com or call 1-800-99BARON.*

† The Fund's 1-, 3-, 5- and 10-year historical performance was impacted by gains from IPOs, and 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.

1 The **Russell 3000® Index** measures the performance of the broad segment of the U.S. equity universe comprised of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market. The **Russell 3000® Growth Index** measures the performance of those companies classified as growth among the largest 3,000 U.S. companies and the **S&P 500 Index** of 500 widely held large cap U.S. companies. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell is a trademark of Russell Investment Group. The indexes and the Fund include reinvestment of dividends, net of withholding taxes, which positively impact the performance results. The indexes are unmanaged. Index performance is not Fund performance; one cannot invest directly into an index.

2 The performance data in the table does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

3 Performance for the Institutional Shares prior to May 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 May 29, 2009 did not reflect this fee, the returns would be higher.

4 Not annualized.

embrace a myopic focus on the "right now," and join the herd-mentality rush to perceived safety. This is today's backdrop.

But…as described in detail in our last letter…we are "running our play." We are sticking with our long-term philosophy and our well-established and iteratively honed research and portfolio management processes. As long-term Baron shareholders know – and anyone who analyzes our long-term results can see – in the now 40-year history of Baron Capital, we have dealt with many other periods that felt bleak as we lived them – the Black Monday crash of October 1987, the bursting of the Dot-Com Bubble in March 2000, the 9/11 Attacks in 2001, the Great Recession of 2008, and the global COVID pandemic of the last two years – and have delivered outstanding long-term investment results for our shareholders. In today's challenging environment, we urge our shareholders to focus on the undeniable and powerful underlying secular growth trends disrupting industries and driving significant growth opportunities for our investments, as we are doing, and not try to time or trade the market volatility. Please re-read what Ron, my colleagues, and I have written over the years regarding the perils and irrefutably poor results for most market timers.[1] As one example, please re-read my fourth quarter 2016 letter, where I discussed the so-called Trump trade after the November election, and how we anchored ourselves against the market undertow to end that year, deciding to stick with our process and philosophy, and how the market reversed when the ball dropped to begin 2017, even before the new administration's inauguration, and look at our performance for 2017 and the next several years.

Now, I am not calling for the market to reverse on a dime. I have written for my entire tenure as a Baron portfolio manager, as I did last quarter, that it is virtually impossible to call market sentiment or volatility in the short term, especially when it is driven by macro and geopolitical concerns, unknowns, and fears. But, without trying to sound too much like a broken record, in backdrops like these, we remain focused on finding great companies, now trading at valuations (yes, assuming a normalization of long-term interest rates) that we believe will deliver solid returns for our portfolio and our investors.

This is our differentiated view. Not about inflation or interest rates. Not about domestic politics or international relationships. But on the key ingredients of a great long-term investment. A word we think about all the time, which for me has become another Baron-research catchphrase, is "durable" or "durability." Businesses with durable revenue and cash flow streams in today's uncertain world and economic environment. <u>And</u> (not or) businesses that will deliver durable growth for many years – our related mantra of "faster for longer." Faster for longer has key elements that we have discussed at length and are ingrained in our research and analytical processes and culture at Baron: significant growth opportunity or total addressable market (TAM); low penetration of the TAM and/or multiple TAMs (second or third acts); durable competitive advantages; a favorable competitive environment; product-market fit; go-to-market efficiency; long-term oriented management teams; and more. Of course, the second and critical piece of that is companies that will generate substantial free cash flow as they scale.

Here is a real-time snapshot of what I just described – a line, more poetic than mine, from a recent internal e-mail analyzing **CrowdStrike, Inc.**, a cybersecurity leader highlighted in top contributors below, in which we have a material investment and to which we added this quarter:

> <u>"Continue to View as a Must Own in SMID/Large Cap</u>. I continue to believe CrowdStrike has a strong chance to become the first broad security platform in the market…The company continues to disrupt the legacy end point protection (EPP) market where I estimate they have ~20% market share and now offer 22 modules addressing a TAM ~2.8x larger than at the time of the IPO or ~$71B today. With more than adequate market share to take in its core EPP market + the very strong early adoption and contribution to ARR we are already seeing from non-endpoint products such as cloud security, identity, observability, and SIEM I believe CrowdStrike can maintain growth rates <u>***stronger for longer***</u> and <u>***generate FCF margins of over 40%+***</u> as they scale." (Emphasis added)

As I have written so many times, including elements of the paragraphs just above, the best historical investments – across different market, economic, and geopolitical environments – are those companies that have delivered durable revenue growth (faster for longer) and meaningful levels of free cash flow. To demonstrate this point, I asked our analytics department to prepare the following chart, showing 10-year annualized growth rates and returns for select current holdings[2] of the Fund. As you can see, these companies have all grown faster for longer and delivered 10-year annualized returns two-times the level of the Russell 3000 Growth Index.

<u>Growth Rates and Annualized Returns – Last 10 Years</u>

Ticker	Company Name	Revenue Growth (%)	EBITDA Growth (%)	FCF Growth (%)	Annualized Return (%)
MSFT	Microsoft Corporation	9.2	10.5	8.6	36.8
GOOGL	Alphabet Inc.	21.1	20.5	19.7	27.6
AMZN	Amazon.com, Inc.	25.6	37.4	–	36.9
TSLA	Tesla, Inc.	74.6	–	–	62.8
NVDA	NVIDIA Corporation	21.0	29.8	26.6	50.2
IT	Gartner, Inc.	12.4	16.8	19.3	21.3
CSGP	CoStar Group, Inc.	22.7	33.0	40.1	25.3
NOW	ServiceNow, Inc.	51.5	44.7	51.2	38.1
Select Holdings		**24.9**	**22.7**	**19.4**	**35.8**
Russell 3000 Growth Index		16.8	15.9	14.7	16.6

In connection with "running our play," as explained above and in our last letter, we tactically responded to the sell-off by attempting to upgrade the quality of our portfolio by buying or adding to businesses that, based on our research and analysis, possess the faster for longer and FCF generation characteristics we look for. We bought or added to, among others:

Software: **Datadog, Inc.**, **MongoDB, Inc.**, **Snowflake Inc.**, **HubSpot, Inc.**, **CrowdStrike, Inc.**, **ServiceNow, Inc.**, and **Workday, Inc.**

1 For example, please see my Letter from Ron story in my first quarter 2021 letter.

2 This table is for illustrative purposes. Not all the above select holdings have been held by the Fund for the 10-year period shown. These are the actual holding periods (in years) for these companies: Microsoft (4.4 years), Alphabet (6.6 years), Amazon.com (7.3 years), Tesla (7.9 years), NVIDIA (3.5 years), Gartner (15.0 years), CoStar (20.4 years), and ServiceNow (6.6 years).

Internet/e-commerce: **Shopify Inc.**, **Figs Inc.**, and **MercadoLibre, Inc.**

Interactive gaming: **Take-Two Interactive Software, Inc.**

Technology services: **CoStar Group, Inc.** and **Endava plc**

Electric vehicles: **Tesla, Inc.**

Health Care/genomics: **Illumina, Inc.**

Below is a partial list of the secular megatrends we focus on. These themes will be the key drivers of revenue, earnings, and cash flow growth – and stock performance – for the companies in which we are invested:

- Cloud computing
- Software-as-a-service ("SaaS")
- Artificial Intelligence ("AI") and big data
- Mobile
- Digital communications
- Digital media/entertainment
- Targeted, people-based digital advertising
- E-commerce
- Genomics
- Genetic medicine
- Minimally invasive surgical procedures
- Cybersecurity
- Electric-drive vehicles/autonomous driving
- Electronic payments

By investing in businesses capitalizing on these potent trends, we have been able to build portfolios that have revenue growth rates that are multiples of the general economy, as reflected in broad market indexes. Below we compare the revenue growth rates of our Fund and three indexes for the trailing four quarters for which we have reliable data (please note that the data below for the most recent periods, particularly the broad market indexes, are skewed by reopening trends, not sustainable underlying growth):

Comparison of Revenue Growth (based on quarter-end holdings)

	Actual Q4 2021	Actual Q3 2021	Actual Q2 2021	Actual Q1 2021
Baron Opportunity Fund	20.7%	26.2%	36.5%	34.0%
S&P 500 Index	16.1%	16.6%	25.5%	12.7%
Russell 3000 Index	17.8%	17.7%	27.7%	12.0%
Russell 3000 Growth Index	19.9%	21.7%	34.2%	16.0%

Source: BAMCO and FactSet.

Table II.
Top contributors to performance for the quarter ended March 31, 2022

	Percent Impact
ShockWave Medical, Inc.	0.32%
CrowdStrike, Inc.	0.24
MongoDB, Inc.	0.17
Tesla, Inc.	0.13
Visa, Inc.	0.11

ShockWave Medical, Inc. provides intravascular lithotripsy for the minimally invasive treatment of arterial plaque. Shares increased on continued success with the rollout of its product for coronary artery disease in the U.S. For the fourth quarter, ShockWave reported revenue growth of 271%, with the U.S. coronary launch leading the way, and issued 2022 revenue guidance of 71% to 79%, both beating Wall Street expectations substantially. We think ShockWave has a differentiated technology serving a significant unmet need in arterial disease with potential to expand into treatment of heart valves.

CrowdStrike, Inc. is a cloud-native cybersecurity vendor, which we believe is evolving from an endpoint security vendor to a broader platform, with 22 modules in the market today, 69% of customers adopting four or more modules, and significant sales traction in cloud security, identity protection, log management, and other areas. Shares increased on the back of impressive fiscal fourth quarter results, with 63% total revenue growth and net new annual recurring revenue accelerating for the second straight quarter to 52% growth. Moreover, the company reported 37% adjusted free-cash-flow margins for the fiscal year (adjusted for a one-time acquisition-related intellectual property transfer tax payment). These results put CrowdStrike in rare company as a Rule of 100 company (revenue growth plus free-cash-flow margins), when 40 is considered a healthy number by software investors ("Rule of 40" is a term of art and a widely used measure by software analysts).

MongoDB, Inc. is the market leader in modern operational databases, with its differentiated document database model. Shares increased on strong fourth quarter results, with an acceleration across total revenue (up 56%), subscription revenue (up 58%), and Atlas cloud revenue, its database as a service or DBaaS offering, (up 85%), and improved profitability. Customer additions grew more than 30%. More importantly, customer spending was also strong, especially for customers spending above $1 million annually, demonstrating that the expansion aspect of MongoDB's business strategy is resonating as more companies are standardizing on MongoDB's application data platform.

Tesla, Inc. designs, manufactures, and sells fully electric vehicles ("EVs"), solar products, energy storage solutions, and battery cells. Tesla outperformed as it continues to report strong growth and record profitability despite a historically complex and challenging supply-chain environment, while the rest of the automotive industry continues to struggle. We believe this is due to Tesla's vertical integration, which provides flexibility in manufacturing and sourcing, while its direct-to-consumer model enables more control of pricing and product mix. Despite over 70% vehicle delivery growth during the second half of 2021, Tesla is experiencing such strong customer demand that it remains production constrained, allowing the company to raise prices and better address inflationary forces in its supply chain. This strong demand, together with operational efficiencies, enabled Tesla's automotive gross margins to expand to best-in-class levels exiting 2021, with fourth quarter margins (excluding regulatory credit revenue) coming in at just under 30%, a 40% increase year-over-year. Moreover, in a span of just a few years, Tesla has expanded its production capacity multiple times across all key geographies. Recently, it initiated production at new and strategic factories in Austin, Texas and Berlin, Germany, which we expect will help Tesla further penetrate Europe, drive additional manufacturing efficiencies, and serve as another stepping stone on a path to achieving CEO Elon Musk's goal of reaching 20% market share of new vehicles sold from just over 1% today. With these new factories, Tesla is also introducing its 4680 battery cells, as well as advanced underbody metal-casting (resulting in 2 metal pieces versus 171 and over 1,600 fewer welds) and structural battery-pack technologies, all of which we expect will further drive manufacturing improvements, cost efficiencies, and enhanced production quality. We remain as confident as ever in Tesla's ability to continue to grow its automotive business, and we also believe Tesla will achieve success over time with its newer initiatives, including full self-driving, robotaxi's, energy storage, solar roofs, insurance, and other software products.

Shares of global payment network **Visa, Inc.** contributed on strong quarterly results with 24% revenue growth and 27% earnings growth. Payment volume grew 20%, with notable strength in cross-border volumes as travel activity rebounded from depressed levels. Management raised full-year guidance to reflect high-teens revenue growth. Shares also likely benefited from a "flight to safety" during a volatile quarter for equities. We continue to own the stock due to Visa's long runway for growth and strong competitive advantages.

Table III.
Top detractors from performance for the quarter ended March 31, 2022

	Percent Impact
Rivian Automotive, Inc.	-4.10%
Ceridian HCM Holding Inc.	-0.92
Arrowhead Pharmaceuticals, Inc.	-0.65
Microsoft Corporation	-0.58
Shopify Inc.	-0.57

Rivian Automotive, Inc. designs, manufactures, and sells consumer and commercial EVs that share a similar underlying architecture, including differentiated software-enabled services. Though Rivian's IPO was initially received favorably by investors, market dynamics and a slower production ramp – due to unprecedented supply-chain challenges affecting the entire automotive industry – generated pressure on the stock during the quarter. To be sure, Rivian launched production of its R1 consumer vehicles at perhaps the most challenging time anyone could envision, the tightest automotive supply chain in decades, particularly for semiconductors, as the industry struggles to ramp supplies in the aftermath of the COVID pandemic. As a result, Rivian was unable to meet its initial production goals for the end of 2021 and lowered its guidance for 2022 to 25,000 units, which is still materially above the level Tesla achieved in its first year of production. In addition, Rivian reversed a price increase, aimed at offsetting inflationary forces, as Tesla and other manufacturers had done, when it faced resistance from the company's first 80,000 customers with vehicle pre-orders, which Rivian management view as brand ambassadors. We recently visited Rivian's Normal, Illinois manufacturing site and met with CEO R.J. Scaringe, key members of his team, test drove cars, and toured the factory. This was our second on-site visit in the past six months. We remain confident in Rivian's product innovation, manufacturing infrastructure and technology, authentic brand, and its deep and talented management team. Rivian's management has publicly expressed confidence in its ability to produce 50,000 vehicles in 2022 in the absence of supply constraints – twice its current projection – and the reasons for their confidence were apparent on our visit. Moreover, management has reiterated its ability to hit its longer-term production and margin goals and has stated that the pace of vehicle orders continues at healthy levels even with increased pricing for new orders. Further, we believe that over time the company's unique relationship with Amazon.com, as both its largest shareholder and keystone commercial customer, will translate into a material commercial vehicle and software revenue opportunities for Rivian.

Shares of **Ceridian HCM Holding Inc.**, a leader in global payroll software, fell as valuations for high-growth technology stocks compressed. We retain conviction. Growth in Ceridian's flagship Dayforce platform is reaccelerating toward 30%, helped by continued share gains, a move up-market, and the employment recovery. We expect Ceridian's growth to be amplified by its Wallet suite, which allows all employees on Dayforce to request and receive their wages as they are earned at no cost to employer or employee. We think this feature has the potential to revolutionize payroll.

Arrowhead Pharmaceuticals, Inc. is a developer of RNAi (interference) technologies for drug development. Arrowhead has a large pipeline of both internal and licensed drug candidates, and we expect this pipeline to drive continued success for the company. Shares fell given a lack of near-term catalysts to drive news flow and the lack of new disclosures regarding targeting tissues beyond the liver. We retain conviction in Arrowhead as we think RNAi as a modality is well established and believe it will lead to many important drugs in the future.

Shares of mega-cap software company **Microsoft Corporation** pulled back with the broader software sector. The company posted another solid quarter, highlighted by total revenues increasing 20% and Microsoft Cloud revenues, now 45% of total revenues, growing 32%. These results were driven, in large part, by strong demand for large Azure contracts. We believe Microsoft can compound revenue in the low double digits for the next three years, underpinned by its expansion in its total addressable market and market share gains.

Shopify Inc. is a cloud-based software provider offering an operating system for multi-channel commerce. Shopify has been adopted by over 2 million merchants who processed $175 billion of gross merchandise volume in 2021, making it the second largest e-commerce player in the U.S. The stock corrected sharply in the first quarter, as a result of the investor rotation out of fast-growing, long-duration stocks and after the company released quarterly results, expecting a normalization in the rapid growth it experienced during the early stages of the pandemic. We remain shareholders since we believe Shopify has a long runway for growth as it has less than 1% of global commerce spending. See top net purchases below for further discussion of Shopify.

Portfolio Structure

The Fund invests in secular growth and innovative businesses across all market capitalizations, with the bulk of the portfolio landing in the large-cap zone. The Fund is categorized as U.S. Large Growth by Morningstar. As of the end of the first quarter, the largest market cap holding in the Fund was $2.3 trillion and the smallest was $796 million. The median market cap of the Fund was $35.6 billion.

The Fund had $1.3 billion of assets under management. The Fund had investments in 51 securities. The Fund's top 10 positions accounted for 51.0% of net assets.

Fund flows were negative during the first quarter, a reversal from 2020 and 2021.

Table IV.
Top 10 holdings as of March 31, 2022

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Total Investments
Microsoft Corporation	$2,311.4	$150.7	11.9%
Alphabet Inc.	1,842.3	107.7	8.5
Amazon.com, Inc.	1,658.8	79.1	6.3
Tesla, Inc.	1,113.7	57.0	4.5
NVIDIA Corporation	684.9	52.8	4.2
Rivian Automotive, Inc.	45.2	47.9	3.8
ZoomInfo Technologies Inc.	24.1	46.5	3.7
Gartner, Inc.	24.5	36.9	2.9
argenx SE	17.0	34.3	2.7
Visa, Inc.	480.0	32.0	2.5

Recent Activity

Table V.
Top net purchases for the quarter ended March 31, 2022

	Quarter End Market Cap (billions)	Amount Purchased (millions)
MongoDB, Inc.	$30.0	$13.8
Datadog, Inc.	47.5	13.1
Illumina, Inc.	54.9	6.0
Snowflake Inc.	72.1	5.7
Shopify Inc.	85.2	5.1

Recent market dynamics provided us an opportunity to initiate and expand our holdings in **MongoDB, Inc.**, **Datadog, Inc.**, and **Snowflake Inc.** These companies offer highly differentiated solutions and are part of a core group of enablers for enterprises across the world to successfully execute their digitization initiatives. As we emphasized in our previous letters, our research increased our conviction that the pandemic accelerated the already strong secular trends of digital transformation and cloud computing. We expect these trends to fuel durable growth (faster for longer) for the leading software companies operating within the megatrends we have highlighted over the years. For example, big data, cloud computing, and a growing need for "DevSecOps" tools to provide tighter integration and collaboration among developer, security, and IT operational teams within companies. Data continues to grow rapidly, more distributed than ever before. IDC has estimated that between 2021 and 2025, the amount of digital data created "will be greater than twice the amount of data created since the advent of digital storage." While companies are looking to analyze this data for operational optimization and competitive differentiation initiatives, on-premises solutions lacked the elasticity, cost structure, and scale required to effectively act upon these initiatives. The rapid move to the cloud is now only gaining momentum, as demonstrated by a record year for the top three cloud hyperscale providers (Amazon Web Services, Microsoft Azure, and Google Cloud Platform) growing more than 40% at over $120 billion of annualized revenue.[3] These three companies sit at the intersections of our cloud computing, SaaS, and Big Data/AI themes.

MongoDB is the database powering a growing share of the new applications built by enterprises as they expand their digital footprints, benefiting from MongoDB's developer-friendly and differentiated document-oriented approach, thriving open-source community, and growing cloud functionality. The database market represents one of the largest areas of spending in all of IT with an estimated TAM of $70 billion in 2021 and expected to grow to $106 billion by 2024, according to IDC. MongoDB has become the clear market leader of independent "NoSQL" database pure-plays and is rapidly becoming a widely adopted general-purpose operational database, as it is seeing faster growth than competitors at much larger scale (its 50% growth at almost $900 million in annual recurring revenue is twice as fast as its closest competitor at 5 to 6 times the size). According to MongoDB's CEO Dev Ittycheria, who we recently met with at our offices, MongoDB wins deals because its proprietary "document" model is how developers think and code ("we have massive developer mind share"); its product is a general-purpose database with full features and a broad ecosystem of integrations; and its platform has proven to be "massively scalable, performant, and resilient." With the launch of its cloud DBaaS product, branded Atlas, in 2016, together with the high rate of innovation to the product since that time, MongoDB can now address a growing number of use cases, enabling developers and enterprise customers to standardize more workloads on the MongoDB platform. With Atlas now comprising 58% of the total revenue mix and growing substantially faster than the company average at 85%, we project faster for longer growth in the years ahead. Moreover, we believe 2022 will represent an important milestone year for the company, as we project an inflection in free cash flow generation later in the year.

Datadog provides a SaaS data analytics platform for cloud infrastructure monitoring, application performance monitoring (APM), and log management. These products give customers better visibility of their cloud IT environments, help improve application performance, and reduce downtime by solving problems faster after they occur. We have tracked Datadog closely since its IPO and decided to reinvest on its recent pullback, given a more attractive return profile, and after we built further conviction in the company's platform strategy, go-to-market advantages, and new product traction. Datadog's strong brand, ease of use, and compatibility with all major cloud computing environments have powered one of the most efficient go-to-market models in software, with sales growth significantly outpacing sales and marketing spending. This has led to expanding free-cash-flow margins and has enabled Datadog to invest more heavily than its competitors in new product development. Over the last three years, the company has released more than 30 new products in complementary areas like cloud security and database monitoring. Its APM and log products – both less than four years old – account for more than half a billion in run-rate revenue and are still in hypergrowth mode. New product cross-sells together with increased consumption of existing products have driven Datadog's existing customer base to increase their annual spending with Datadog at a 30%-plus rate for 18 straight quarters, resulting in a best-in-class 130%-plus net revenue retention rate, an important metric for software investors. We see a long runway for profitable growth as customers expand their cloud architectures and adopt more Datadog products.

Snowflake provides an efficient and elastic cloud-native data platform that is mainly used by customers today for large-scale data queries and analytics. As enterprises continue to rapidly digitize their operations, they are generating more data than ever before. Management teams are looking to

[3] Jeffries, Mega Cloud Q4 Update: Big 3 Grow Revs 42% in '21, dated February 6, 2022.

make better decisions by harnessing and harvesting their growing data assets. We believe Snowflake is well positioned to support customers on this data journey. Snowflake's ability to query data across multiple cloud platforms, ease of use, better performance at lower costs, and data sharing capabilities are some of the key reasons customers choose Snowflake over competitors. We decided to add to the position during the quarter as our conviction in Snowflake's growth and profitability potential continue to improve, as our confidence in its highly experienced management team strengthened, and as recent market dynamics offered a materially better risk/reward opportunity for long-term investors. Snowflake's recent results shattered industry records, including over 100% organic growth at over $1 billion revenue and earlier-than-anticipated profitability and FCF generation.

We added to our **Illumina, Inc.** position in the quarter. Illumina is the market-leading provider of next-generation DNA sequencing instruments and consumables to academic and clinical laboratories, genomic research centers, hospitals, and biopharmaceutical companies around the world. Customers use the company's products for genetic analysis. For example, the company's DNA sequencing platform has been used throughout the COVID pandemic to sequence the genomes of the SARS-CoV-2 virus and its variants, which has been critical to the development of vaccines, therapeutics, and diagnostics. We have been long-standing investors in Illumina based on the thesis that Illumina is a platform technology company with a dominant competitive position in a large and expanding market. During the quarter, the stock was under pressure because of investor concerns about increased competition and uncertainty about the ongoing legal proceedings and European Commission's merger review related to Illumina's acquisition of Grail, a company that sells a multi-cancer early detection blood test. We saw this as an opportunity to add to our investment. We think Illumina has attractive growth ahead of it driven by the adoption of its platform in clinical applications, most notably in oncology, where Illumina's platform is being used across the patient journey in cancer care (therapy selection, recurrence monitoring, and early detection). While we acknowledge the competitive efforts of emerging players and have never projected that Illumina would have 100% market share, we believe Illumina will continue to innovate and remain dominant, particularly in the fastest growing markets, biopharmaceutical and clinical, where the barriers to entry are high and where Illumina is entrenched. Moreover, we think there is a reasonable likelihood that the litigation regarding the Grail acquisition will be resolved favorably for Illumina, resulting in a substantial new market opportunity for Illumina in the blood-based early cancer detection market.

We sold half of our **Shopify Inc.** position on the sharp pullback in its stock to harvest a short-term tax loss and then began repurchasing shares at a lower level due to our long-term conviction in the company's secular growth opportunity, competitive advantages, and talented and focused management team. Shopify is a cloud-based software provider offering an operating system for multi-channel commerce. Shopify acknowledged hiccups during the quarter, telling investors that after growing revenues by 57% in 2021, it could not predict growth in 2022 due to post-COVID normalization. In addition, the company announced that as part of the ongoing development of the Shopify Fulfillment Network ("SFN"), it will take a greater percentage of the operations in house, which will require higher near-term capital expenditures (forecasted to total around $1.2 billion over the next three years). While this approach has risks and is more capital intensive, we view it as the right long-term strategy to exert more control over operations and the customer experience, as Amazon.com has done so successfully with its own fulfillment/shipping investments and differentiation (e.g., Amazon Prime). In our proprietary analysis, we view SFN as positive optionality in our sum-of-the-parts valuation of Shopify, while the market appears to be putting a negative multiple on these investments, which we view as wrongheaded. In our view, if successful, SFN will increase the lifetime value of merchants, helping them deliver products faster to consumers, which in turn would drive greater consumer spending, while also increasing merchant stickiness to Shopify's platform. Additionally, it would reduce the hurdles for merchants starting new businesses as fulfillment tends to be a significant challenge for startups (especially due to the ever-increasing consumer demands). Importantly, in our price target work, we see significant upside in Shopify's stock even in scenarios in which SFN fails and we deduct all losses from our valuation. In short, we believe Shopify has a long runway for growth addressing less than 1% of global commerce spending with a unique and competitively advantaged platform.

Table VI.
Top net sales for the quarter ended March 31, 2022

	Market Cap When Sold (billions)	Amount Sold (millions)
PayPal Holdings, Inc.	$144.8	$14.4
RingCentral, Inc.	11.0	14.1
Kratos Defense & Security Solutions, Inc.	2.1	11.6
Natera, Inc.	6.4	10.3
Tripadvisor, Inc.	4.0	9.0

To put it simply, we sold all the above to fund other investments for which we had more conviction. **PayPal Holdings, Inc.** and **Tripadvisor, Inc.** because of significant management and strategic changes. **Kratos Defense & Security Solutions, Inc.** because we had more conviction in other industry groups (such as software) and companies due to the difficulty in predicting the size, allocations, and time of Congressional defense budgets. **Natera, Inc.** to partially fund our purchases of Illumina. **RingCentral, Inc.** to fund investments in other software names, including those described just above.

To conclude, I remain confident in and committed to the strategy of the Fund: durable growth based on powerful, long-term, innovation-driven secular growth trends. We continue to believe that non-cyclical, sustainable, and resilient growth should be part of investors' portfolios and that our strategy will deliver solid long-term returns for our shareholders.

Sincerely,

Michael A. Lippert
Portfolio Manager

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

Risks: The Adviser believes that there is more potential for capital appreciation in securities of high growth businesses benefiting from innovation through development of pioneering, transformative or technologically advanced products or services, but there also is more risk. Companies propelled by innovation, including technological advances and new business models, may present the risk of rapid change and product obsolescence and their successes may be difficult to predict for the long term. Securities issued by small and medium sized companies may be thinly traded and may be more difficult to sell during market downturns. Even though the Fund is diversified, it may establish significant positions where the Adviser has the greatest conviction. This could increase volatility of the Fund's returns. The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

The discussions of the companies herein are not intended as advice to any person regarding the advisability of investing in any particular security. The views expressed in this report reflect those of the respective portfolio managers only through the end of the period stated in this report. The portfolio manager's views are not intended as recommendations or investment advice to any person reading this report and are subject to change at any time based on market and other conditions and Baron has no obligation to update them.

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Dear Baron Partners Fund Shareholder:

Performance

Baron Partners Fund (the "Fund") declined 5.84% (Institutional Shares) in the first quarter of 2022. Although disappointing on an absolute basis, the result did surpass its primary benchmark, the Russell Midcap Growth Index (the "Index"), and the Morningstar Large Growth Category Average (the equity mutual fund "Peer Group"). The Index and Peer Group declined 12.58% and 10.76%, respectively, in the quarter. The S&P 500 Index, a large-cap index, declined 4.60%.

The start of 2022 continues a long period of the Fund's performance meaningfully exceeding that of its primary benchmark. Over the prior 1-, 3- and 5-year periods the Fund had an annualized gain of 24.51%, 56.69%, and 39.02%, respectively. These returns compare to -0.89%, +14.81%, and +15.10% for the Index, respectively.

Table I.
Performance
Annualized for periods ended March 31, 2022

	Baron Partners Fund Retail Shares[1,2,3]	Baron Partners Fund Institutional Shares[1,2,3,4]	Russell Midcap Growth Index[2]	S&P 500 Index[2]
Three Months[5]	(5.90)%	(5.84)%	(12.58)%	(4.60)%
One Year	24.19%	24.51%	(0.89)%	15.65%
Three Years	56.28%	56.69%	14.81%	18.92%
Five Years	38.66%	39.02%	15.10%	15.99%
Ten Years	25.47%	25.80%	13.52%	14.64%
Fifteen Years	16.67%	16.94%	10.41%	10.26%
Since Conversion (April 30, 2003)	19.24%	19.46%	12.17%	11.00%
Since Inception (January 31, 1992)	16.49%	16.62%	10.32%	10.48%

MICHAEL BARON
CO-PORTFOLIO MANAGER

RON BARON
CEO AND LEAD PORTFOLIO MANAGER

Retail Shares: BPTRX
Institutional Shares: BPTIX
R6 Shares: BPTUX

The Fund's long-term absolute and relative performance for the more than 30 years since its inception has been exceptional. Since Baron Partners Fund's conversion from a partnership to a mutual fund nearly 19 years ago, Baron Partners Fund has been the **number one** performing U.S. equity mutual fund out of 2,166 share classes.* The Fund achieved a 19.46% annualized return over this time period.

*** This is a hypothetical ranking created by Baron Capital using Morningstar data and is as of 3/31/2022. There were 2,166 share classes in these nine Morningstar Categories for the period from 4/30/2003 to 3/31/2022.**

Note, the peer group used for these analyses 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 1,236, 1,025, and 765 share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Partners Fund (Retail Shares) 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 on 4/30/2003, and the category consisted of 405 share classes.

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares as of December 31, 2021 was 1.36% (comprised of operating expenses of 1.30% and interest expense of 0.06%) and Institutional Shares was 1.11% (comprised of operating expenses of 1.05% and interest expense of 0.06%). The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser reimburses certain Baron Fund expenses pursuant to a contract expiring on August 29, 2032, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit www.BaronFunds.com or call 1-800-99BARON.

1 Reflects the actual fees and expenses that were charged when the Fund was a partnership. The predecessor partnership charged a 20% performance fee after reaching a certain performance benchmark. If the annual returns for the Fund did not reflect the performance fees the returns would be higher. The Fund's shareholders will not be charged a performance fee. The predecessor partnership's performance is only for periods before the Fund's registration statement was effective, which was April 30, 2003. During those periods, the predecessor partnership was not registered under the Investment Company Act of 1940 and was not subject to its requirements or the requirements of the Internal Revenue Code relating to registered investment companies, which, if it were, might have adversely affected its performance.

2 The **Russell Midcap® Growth Index** measures the performance of medium-sized U.S. companies that are classified as growth and the **S&P 500 Index** of 500 widely held large cap U.S. companies. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell is a trademark of Russell Investment Group. The indexes and the Fund include reinvestment of dividends, net of withholding taxes, which positively impact the performance results. The indexes are unmanaged. Index performance is not Fund performance; one cannot invest directly into an index..

3 The performance data in the table does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

4 Performance for the Institutional Shares prior to May 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 May 29, 2009 did not reflect this fee, the returns would be higher.

5 Not annualized.

While the Fund has continued to outperform the Index and Peer Group, the current investment environment is very different than other recent ones. Since markets peaked in November 2021, a host of macroeconomic issues have given investors pause. Higher-than-anticipated inflation, continually rising interest rates, and supply-chain issues across multiple industries all weighed on investments. Additionally, the Russian invasion of sovereign Ukraine has exasperated simmering concerns about food and energy supplies, mass refugees, and a destabilized global economy (not to mention the huge humanitarian impact on those trapped by the invading army). Unlike the last (brief) downturn at the start of the COVID-19 pandemic, when investments declined significantly but largely in unison, this market retreat has been more focused. Today's macroeconomic concerns disproportionally impacted growth companies and caused an investor rotation towards value-oriented businesses. There is greater discounting of future revenue streams, more expensive financing for business initiatives, and operational challenges for companies attempting to disrupt entrenched incumbents. Yet the Fund, despite its focused growth investing approach, performed reasonably well and protected client assets during a difficult period.

Unlike others who may have tried to predict these events, their subsequent outcome on financial markets, and reposition portfolios accordingly, Baron Partners Fund has remained consistent in its low turnover, focused, growth investing approach in high quality competitively advantaged businesses. While the strategy is focused, the Fund does vary its investments across types of businesses. We believe this form of diversification has allowed the Fund to perform well in different environments. And we believe it also positions it well for a subsequent recovery when growth headwinds wane. In our quarterly analysis, we segment the Fund's portfolio into four categories (**Disruptive Growth**, **Financials**, **Real/Irreplaceable Assets**, and **Core Growth**) and attempt to explain how each has performed in the current period.

The Fund's Disruptive Growth businesses once again led performance, yet it had the greatest dispersion of results. **Tesla, Inc.**, **Space Exploration Technologies Corp.** (SpaceX), and **Iridium Communications Inc.** contributed the most to performance. Tesla reported deliveries that met expectations, despite a government-mandated factory shutdown in China as a COVID variant spread in that country. Additionally, new facilities in Berlin, Germany and Austin, Texas have been slower to ramp production than anticipated because of supply-chain issues. Despite these external pressures, the company delivered 68% more vehicles in the quarter than the previous year. Investors rewarded it for growth while other manufacturers faltered. And we believe growth could accelerate once these external pressures subside. The company's vertical integration and leading technology platform make it well positioned to dominate the electric vehicle industry. Its improving efficiency should result in expanding margins. We believe the 310,000 vehicles delivered in the first quarter are only the beginning of the opportunity that lies ahead. Within four years, we believe Tesla can deliver 1 million vehicles per quarter. And within 10 years, the company can deliver 5 million vehicles per quarter! SpaceX has broadened its Starlink network. There are approximately 20% more satellites in operation than at the end of 2021. The company also demonstrated its ability to quickly deploy and install its systems by outfitting the Ukrainian government and military with terminals. The service has been instrumental, enabling the Ukrainian government's ability to communicate and defend itself, and also proved the necessity for independent resilient broadband. The Ukrainian government was not charged for the approximately 5,000 terminals. Finally, Iridium, which has carved out a defensible niche in high mobility and resiliency satellite narrow-band connectivity, demonstrated growth and strong client demand. We believe revenue growth for this service, often used for safety and "internet of things" devices, should accelerate once supply-chain issues are resolved. We think margins are also poised to expand because of higher utilization with a stable cost structure.

These gains were offset by share price declines in high-growth companies like **Spotify Technology S.A.** and **Shopify Inc.** Investors (wrongly, in our opinion) believed that Spotify's success was purely driven by a COVID shift in behavior, and that listeners would revert to historical levels after the pandemic ended. We believe Spotify will retain its dominant share in music, and it will also make significant inroads in non-music listening. Podcasts and audio books allow for high-margin advertising potential. This revenue stream could comprise 30% to 40% of total revenue up from only 10% today. Shopify was also penalized by investors for spending to enhance its service. The company announced approximately $1.2 billion of investments in its fulfillment network. If successful, we expect that Shopify will match delivery levels offered by Amazon and put the e-commerce platform in a far superior position relative to other providers. Its client base should remain with the service. We modestly added to our investments in both Spotify and Shopify in the recent quarter when the stocks declined. While we retained conviction in these disruptive businesses, we exited small positions in more speculative and expensive growth businesses like **RingCentral, Inc.**, **Warby Parker Inc.**, and **Archer Aviation Inc.** These smaller positions helped reduce leverage (and risk) in the portfolio.

Our investments in Financials and Real/Irreplaceable Assets businesses provided more stability. While these groups declined during this period, the magnitude and dispersion of results was not as great as the market and other growth categories. Many of these companies benefited from the macro backdrop of increasing rates and higher inflation. Some of the businesses with high-growth technology elements (**FactSet Research Systems, Inc.** and **MSCI, Inc.**) or those that faced labor shortages (**Vail Resorts, Inc.**) declined more than others. But largely the group held up well in the difficult environment. An example is **Arch Capital Group Ltd.** The company accelerated writing premiums while competitors retrenched. An historically conservative management team put Arch in a good position to initiate more business when industry pricing improved (as exists in the current market). Their mortgage insurance business provided reliable revenue when property and casualty was less attractive.

Our Core Growth investments were consistently shunned during the quarter as investors fled to value and cyclical businesses. Two large investments in **CoStar Group, Inc.** and **IDEXX Laboratories, Inc.** demonstrated investors' lower appetite for growth companies. CoStar declined when the company announced a $200 million investment in marketing and software. We believe this investment could achieve $1 billion in revenue within five years and positions the company well in a $75 billion total addressable market. IDEXX accelerated revenue growth for many of its animal diagnostic tests. However, investors again sold businesses that spent to improve products and growth. IDEXX plans to enhance its research and development and expand its sales reach which will penalize short-term margins. However, it has successfully demonstrated value to customers and increased price of many tests. We believe the company should grow margins over time.

While the macro environment has resulted in a rotation away from our investment style, we believe diversification across business types has allowed the Fund to retain most of its value. Despite current (and what we believe will be temporary) headwinds, the long-term investment premise remains for the companies held in the portfolio. We believe the Fund is in a good position to perform well on both a relative and absolute basis in the future.

Table II.
Total returns by category for the three months ended March 31, 2022

	% of Net Assets (as of 3/31/2022)	Total Return (%)	Contribution to Return (%)
Disruptive Growth	**67.7**	**–2.28**	**–1.37**
Space Exploration Technologies Corp.	5.7%	3.35%	0.22%
Northvolt AB	0.1	3.29	0.00
Tesla, Inc.	54.3	2.02	1.14
Iridium Communications Inc.	2.0	–2.51	0.15
Guidewire Software, Inc.	1.1	–16.66	–0.22
Spotify Technology S.A.	2.8	–35.65	–1.25
RingCentral, Inc.	–	–35.79	–0.12
Warby Parker Inc.	–	–42.99	–0.13
Shopify Inc.	1.7	–49.69	–1.13
Archer Aviation Inc.	–	–55.47	–0.04
Financials	**14.4**	**–2.94**	**–0.28**
Arch Capital Group Ltd.	3.9	8.93	0.33
The Charles Schwab Corp.	4.1	0.46	0.03
Brookfield Asset Management Inc.	0.7	–6.10	–0.04
Cohen & Steers, Inc.	0.6	–6.49	–0.03
Brookfield Asset Management Reinsurance Partners Ltd.	–	–9.18	–0.03
FactSet Research Systems, Inc.	3.9	–10.46	–0.33
MSCI, Inc.	1.2	–17.94	–0.22
Real/Irreplaceable Assets	**11.6**	**–8.47**	**–1.08**
Manchester United plc	0.6	1.25	–0.01
Douglas Emmett, Inc.	0.4	0.58	–0.00
Hyatt Hotels Corp.	3.9	–0.49	–0.01
Gaming and Leisure Properties, Inc.	1.1	–2.07	–0.00
Marriott Vacations Worldwide Corp.	1.4	–6.30	–0.12
Red Rock Resorts, Inc.	0.5	–11.31	–0.05
Penn National Gaming, Inc.	0.3	–18.32	–0.06
Vail Resorts, Inc.	3.4	–20.07	–0.82
Russell Midcap Growth Index		–12.58	
Core Growth	**17.1**	**–16.29**	**–2.80**
Sweetgreen, Inc.	–	3.05	–0.00
HEICO Corporation	0.4	3.00	0.01
Dick's Sporting Goods, Inc.	0.2	–7.13	–0.01
On Holding AG	0.1	–11.01	–0.01
Gartner, Inc.	2.6	–11.03	–0.20
CoStar Group, Inc.	6.1	–15.72	–1.12
IDEXX Laboratories, Inc.	5.4	–16.92	–0.80
StubHub Holdings, Inc.	0.5%	–17.43%	–0.11%
Krispy Kreme, Inc.	0.2	–21.18	–0.06
Adyen N.V.	1.5	–24.54	–0.43
Applovin Corporation	0.1	–42.50	–0.07
Cash	**–10.8**	**–**	**0.00**
Fees	**–**	**–0.31**	**–0.31**
Total	**100.0**	**–5.87***	**–5.87***

Sources: FactSet PA, BAMCO, and Russell, Inc.

* Represents the blended return of all share classes of the Fund.

Table III.
Top contributors to performance for the quarter ended March 31, 2022

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
Tesla, Inc.	2014	$21.9	$1,113.7	2.02%	1.14%
Arch Capital Group Ltd.	2002	0.6	18.3	8.93	0.33
Space Exploration Technologies Corp.	2017	–	–	3.35	0.22
Iridium Communications Inc.	2019	3.0	5.2	–2.51	0.15
The Charles Schwab Corp.	1992	1.0	159.7	0.46	0.03

Tesla, Inc. designs, manufactures, and sells electric vehicles, solar products, energy storage solutions, and batteries. Despite a complex supply-chain environment, shares increased on continued strong growth and record profitability. Robust demand and operational optimization allow the company to offset inflationary pressure and vertical integration enables flexibility around supply bottlenecks. Moreover, we expect new localized manufacturing capacity to drive additional optimization while software initiatives, including the autonomous driving program, are accelerating.

Arch Capital Group Ltd. is a specialty insurance company based in Bermuda. The stock increased after reporting quarterly earnings that exceeded consensus estimates and 11% growth in book value per share. Pricing trends remain favorable in the property & casualty insurance market, and margins for the mortgage insurance business improved substantially from last year's cyclically depressed levels as delinquencies decline. We continue to own the stock due to Arch's strong management team and our expectation of solid growth in earnings and book value.

Space Exploration Technologies Corp. (SpaceX) designs, manufactures, and launches rockets, satellites, and spacecrafts. Its mission, ultimately, is to enable people to live on other planets. SpaceX is commercializing its broadband offering by rapidly deploying user terminals and its satellite constellation. It continues to reliably provide reusable launch capabilities, including crewed flights, and advancing the development of its newest and larger rocket, Starship. We value SpaceX using prices of recent transactions and a proprietary valuation model.

Iridium Communications Inc. is a leading mobile voice and data communications services vendor offering global coverage via satellite.

Shares contributed on solid performance against all key growth initiatives. Iridium's voice and Internet-of-Things segments remained strong while new product launches such as Certus 100 and 200 should support additional adoption of Iridium's broadband solutions. Management is leveraging strong profitability to execute its shareholder-friendly capital allocation program with an acceleration of repurchasing activity.

The Charles Schwab Corp., a brokerage company, contributed to performance in the quarter. With over $600 billion of interest-earning assets, investors expect interest rate increases to lead to higher profits for Schwab. Additionally, Schwab continues to take market share and grow organically. We also think it will be able to cross-sell newly acquired products and drive synergistic cost reductions from its mid-2020 acquisition of TD Ameritrade. We believe Schwab will become more profitable and have a stickier customer base as it continues to expand its offerings.

Table IV.
Top detractors from performance for the quarter ended March 31, 2022

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
Spotify Technology S.A.	2020	$22.6	$29.1	–35.65%	–1.25%
Shopify Inc.	2020	83.7	85.2	–49.69	–1.13
CoStar Group, Inc.	2005	0.7	26.3	–15.72	–1.12
Vail Resorts, Inc.	2008	1.6	10.6	–20.07	–0.82
IDEXX Laboratories, Inc.	2013	4.7	46.1	–16.92	–0.80

Spotify Technology S.A. is a leading digital music service available in over 175 international markets, offering on-demand audio streaming through paid premium subscriptions as well as a free ad-supported model. Shares were down given controversy around Joe Rogan, a podcaster exclusive to Spotify's platform, along with broader macro concerns. We view Spotify as a long-term winner in audio streaming with potential to reach more than one billion monthly active users, driven by its scalable core music product and growing library of spoken-word content.

Shopify Inc. is a cloud-based software provider offering an operating system for multi-channel commerce. Shopify has been adopted by over two million merchants that processed $175 billion of gross merchandise volume in 2021, making it the second largest e-commerce player in the U.S. The stock corrected due to the normalization in e-commerce from the early stages of the pandemic and the rotation out of fast-growth stocks. We believe Shopify has a long runway for growth as it has less than 1% of global commerce spending.

Real estate data and marketing platform **CoStar Group, Inc.** detracted from results as valuations for high-growth technology stocks compressed. The company is pushing into the residential market, which meaningfully expands its total addressable market. While this initiative requires meaningful short-term investment, it should ultimately yield high returns and enhance the company's growth and profitability.

Shares of ski resort owner **Vail Resorts, Inc.** declined due to poor early-season snow and labor shortages that negatively impacted customer service, raising investor concerns over season pass renewal rates. We retain conviction. Vail raised its minimum wage from $12 to $15 this season and announced plans to make serious inroads into the staff shortage situation for the 2022–2023 season with another minimum wage bump to $20. We think this move should enable Vail to fully staff next season and provide a better experience for skiers while leading to stable renewal rates on pass sales.

Shares of veterinary diagnostics leader **IDEXX Laboratories, Inc.** fell due to broader multiple compression in high-growth businesses. We remain shareholders. Veterinary practice revenue is growing at pre-pandemic rates as the long-term secular trends around pet ownership and spending on pet care were structurally accelerated during the pandemic. Competitive trends are outstanding, and we expect new proprietary innovations and field sales force expansion to meaningfully contribute to growth. Margins are moving higher, and we believe margins can approach 40% over time.

Investment Strategy and Portfolio Structure

Baron Partners Fund seeks to invest in businesses that we believe can double in value within five or six years. The Fund invests for the long term in a focused portfolio of appropriately capitalized, well-managed growth businesses at attractive prices across market capitalizations. We attempt to create a portfolio of approximately 30 securities diversified by GICS sectors, but with the top 10 positions representing a significant portion of net assets. These businesses are identified by our analysts and portfolio managers using our proprietary research. We think these well-managed businesses have sustainable competitive advantages and strong, long-term growth opportunities. We use leverage to enhance returns, which increases its volatility.

As of March 31, 2021, Baron Partners Fund held 31 investments. The median market capitalization of these growth companies was $14.3 billion. The top 10 positions represented 93.6% of net assets. Leverage was 10.8%.

Portfolio leverage is significantly below historical levels. We have traditionally managed the portfolio with 20% to 30% leverage (the average leverage over the prior 10 years was 22.6%). At the start of 2020, leverage was 27.0%. However, due to a combination of a rapidly rising market, higher market volatility, and increased concentration in our top holdings, we managed risk by reducing the amount of leverage used. Quarterly leverage bottomed at 3.3% at the end of March 2021 and has remained historically low at 10.8% currently. Market volatility enabled us to make a few new investments in companies we have long followed at what we believe are attractive prices. Therefore, leverage has slowly risen, but is still meaningfully below historical levels. While we expect legacy positions to be the main contributors of performance in the near term, we expect these new investments to be contributors in the future.

The long-term absolute and relative performance of the Fund has been very good. The Fund has returned 16.62% annualized since inception as a private partnership on January 31, 1992, beating its benchmark Index by 6.30% per year.

The Fund's performance has also exceeded its Index over the prior 1-, 3-, 5-, 10-, 15-, and 20-year periods. In addition to viewing the Fund's returns over various trailing periods, we believe it is helpful to understand how the Fund has performed over an economic cycle.

The Fund has appreciated considerably in good times (Table V)…

There have been two distinct periods over the life of the Fund with significant economic growth. The nearly 9-year period since the Fund's inception through the Internet Bubble (1/31/1992–12/31/2000) and the more recent 12-year period Post-Great Recession through the Macro Downturn (12/31/2008–12/31/2020). During both periods, the Index had strong returns, however, the Fund's returns were significantly better. Baron

Partners Fund's annualized return during the most recent strong economic 12-year period was 25.03% compared to the Index's 18.29%.

The Fund has retained value in difficult times (Table VI)…

But we believe what sets this Fund apart from other growth funds is its ability to perform in more challenged economic periods. The nine-year period from the Internet Bubble collapse through the Great Recession (12/31/1999–12/31/2008) saw lower returns for the Fund. It had annualized returns of 1.54%. However, the Index declined substantially. $10,000 hypothetically invested in the Fund at the start of this period would have been worth $11,479 after those nine years. A $10,000 hypothetical investment in funds designed to track the Index would be worth only $6,488. The Fund preserved (and slightly grew) capital during this difficult economic time because its investments in high-quality growth businesses were able to weather the environment and enhance their competitive positioning.

Today's environment is also challenging because of macroeconomics issues and an investor rotation from growth to value. And so far, the Fund has performed admirably in both protecting and growing clients' assets. Since the start of the Macro Downturn (12/31/2020–3/31/2022), the Fund has an annualized return of 18.81%. The Index has an annualized return of -1.16%.

During periods of strong economic expansion, investors often disregard these more challenging periods. Losing capital during those periods, we believe, makes it nearly impossible to have exceptionally strong returns over the long term. Baron Partners Fund has shown a prior ability to modestly grow capital during those tough times. We believe the high-quality growth portfolio should be able to perform well again in future difficult economic stretches, although there is no guarantee that will be the case.

A $10,000 hypothetical investment at the inception of the Fund would have been worth $1,032,719 on March 31, 2022. That same $10,000 hypothetical investment would be worth less than 20% that value had it been invested in a fund designed to track the Russell Midcap Growth Index. That investment would be worth only $193,542.

Table V.
Performance
The Good Times: Outpacing the Index

	Inception to Internet Bubble 1/31/1992 to 12/31/1999		Post-Financial Panic to Macro Downturn 12/31/2008 to 12/31/2020	
	Value $10,000	Annualized Return	Value $10,000	Annualized Return
Baron Partners Fund (Institutional Shares)	$49,685	22.45%	$145,984	25.03%
Russell Midcap Growth Index	$40,316	19.26%	$ 75,088	18.29%
S&P 500 Index	$42,945	20.21%	$ 53,403	14.98%

Table VI.
Performance
The Challenging Times: The Impact of Not Losing Money

	Internet Bubble to Financial Panic 12/31/1999 to 12/31/2008		Macro Downturn to Present 12/31/2020 to 3/31/2022	
	Value $10,000	Annualized Return	Value $10,000	Annualized Return
Baron Partners Fund (Institutional Shares)	$11,479	1.54%	$12,404	18.81%
Russell Midcap Growth Index	$ 6,488	(4.69)%	$ 9,855	(1.16)%
S&P 500 Index	$ 7,188	(3.60)%	$12,279	17.85%

Performance data quoted represents past performance. Past performance is no guarantee of future results. The indexes are unmanaged. Index performance is not Fund performance; one cannot invest directly into an index.

Portfolio Holdings

Table VII.
Top 10 holdings as of March 31, 2022

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Total Investments
Tesla, Inc.	2014	$21.9	$1,113.7	$4,364.3	49.0%
CoStar Group, Inc.	2005	0.7	26.3	489.6	5.5
Space Exploration Technologies Corp.	2017	–	–	462.6	5.2
IDEXX Laboratories, Inc.	2013	4.7	46.1	437.6	4.9
The Charles Schwab Corp.	1992	1.0	159.7	328.8	3.7
Hyatt Hotels Corp.	2009	4.2	10.5	317.4	3.6
Arch Capital Group Ltd.	2002	0.6	18.3	317.2	3.6
FactSet Research Systems, Inc.	2007	2.7	16.4	312.6	3.5
Vail Resorts, Inc.	2008	1.6	10.6	273.3	3.1
Spotify Technology S.A.	2020	22.6	29.1	226.5	2.5

Thank you for joining us as fellow shareholders in Baron Partners Fund. We continue to work hard to justify your confidence and trust in our stewardship of your hard-earned savings. We remain dedicated to providing you with the information we would like to have if our roles were reversed. We hope this letter enables you to make an informed decision about whether this Fund remains an appropriate investment.

Respectfully,

Ronald Baron
CEO and Lead Portfolio Manager

Michael Baron
Co-Portfolio Manager

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

Risks: The Fund is non-diversified which means, in addition to increased volatility of the Fund's returns, it will likely have a greater percentage of its assets in a single issuer or a small number of issuers, including in a particular industry than a diversified fund. Single issuer risk is the possibility that factors specific to an issuer to which the Fund is exposed will affect the market prices of the issuer's securities and therefore the net asset value of the Fund. As of the date of the latest prospectus supplement, about 48% of the Fund's assets are invested in Tesla stock. Therefore, the Fund is exposed to the risk that were Tesla stock to lose significant value, which could happen rapidly, the Fund's performance would be adversely affected. Specific risks associated with leverage include increased volatility of the Fund's returns and exposure of the Fund to greater risk of loss in any given period. The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

The discussions of the companies herein are not intended as advice to any person regarding the advisability of investing in any particular security. The views expressed in this report reflect those of the respective portfolio managers only through the end of the period stated in this report. The portfolio manager's views are not intended as recommendations or investment advice to any person reading this report and are subject to change at any time based on market and other conditions and Baron has no obligation to update them.

This report does not constitute an offer to sell or a solicitation of any offer to buy securities of Baron Partners Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

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

Dear Baron Fifth Avenue Growth Fund Shareholder:

Performance

Baron Fifth Avenue Growth Fund (the "Fund") declined 21.0% (Institutional Shares) during the first quarter, which compared to declines of 9.0% for the Russell 1000 Growth Index ("R1KG") and 4.6% for the S&P 500 Index ("SPX"), the Fund's benchmarks.

Table I.
Performance
Annualized for periods ended March 31, 2022

	Baron Fifth Avenue Growth Fund Retail Shares[1,2]	Baron Fifth Avenue Growth Fund Institutional Shares[1,2,3]	Russell 1000 Growth Index[1]	S&P 500 Index[1]
Three Months[4]	(21.06)%	(21.02)%	(9.04)%	(4.60)%
One Year	(10.99)%	(10.75)%	14.98%	15.65%
Three Years	14.15%	14.43%	23.60%	18.92%
Five Years	16.86%	17.15%	20.88%	15.99%
Ten Years	14.18%	14.48%	17.04%	14.64%
Fifteen Years	9.99%	10.23%	12.92%	10.26%
Since Inception (April 30, 2004)	10.01%	10.21%	12.04%	10.38%

"Ouch. It's been a brutal year for many in the capital markets and certainly for Amazon.com shareholders. As of this writing, our shares are down more than 80% from when I wrote you last year. Nevertheless, by almost any measure, Amazon.com the company is in a stronger position now than at any time in its past."

This is how Jeff Bezos started his letter to shareholders after Amazon.com finished year 2000, its fourth, as a public company. We've often borrowed from Jeff's writings in the past and find this introduction oddly resonates with our own perception of the situation we find ourselves in. Of course, starting with the "Ouch!"

ALEX UMANSKY
PORTFOLIO MANAGER

Retail Shares: BFTHX
Institutional Shares: BFTIX
R6 Shares: BFTUX

Growth stocks have been in favor for over a decade and the most common question we faced was when will this end and in what environment will you underperform. Well... we are here. The tailwinds turned into headwinds just about a year ago with value stocks' pronounced outperformance across most market cap segments beginning in early 2021. We held up exceedingly well in the early stages of this rotation, generating strong absolute and relative returns through November 16, 2021 (when the Fund was up 27.9% compared to the 27.7% and 26.7% gains for the R1KG and the SPX, respectively), and then we didn't. A commodity cycle driven by rapidly rising inflation, the regulatory crackdown in China, and the geopolitical crisis culminating with Russia's invasion of Ukraine led to a dramatic shift in investors' risk tolerance and time horizons. As a strategy focused on Big Ideas, we tend to do well when investors are confident in the present and optimistic about the future. By definition, companies we invest in for this

Performance listed in the table above is net of annual operating expenses. Annual expense ratio for the Retail and Institutional Shares as of September 30, 2021 was 1.02% and 0.75%, but the net annual expense ratio was 1.00% and 0.75% (net of the Adviser's fee waiver). The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser reimburses certain Baron Fund expenses pursuant to a contract expiring on August 29, 2032, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit www.BaronFunds.com or call 1-800-99BARON.

The Fund's 1- and 3-year historical performance was impacted by gains from IPOs and 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.

1 The **Russell 1000® Growth Index** measures the performance of large-sized U.S. companies that are classified as growth and the **S&P 500 Index** of 500 widely held large cap U.S. companies. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell is a trademark of Russell Investment Group. The indexes and the Fund include reinvestment of dividends, net of withholding taxes, which positively impact the performance results. The indexes are unmanaged. Index performance is not Fund performance; one cannot invest directly into an index.

2 The performance data in the table does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

3 Performance for the Institutional Shares prior to May 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 May 29, 2009 did not reflect this fee, the returns would be higher.

4 Not annualized.

Fund, believe they are creating or addressing huge markets in a unique, innovative, often disruptive way with a very long runway for growth. Because they believe their growth to be especially durable, they *overinvest* and *underearn today* forcing investors to value them on cash flows that will be generated in the future. When investors lose confidence in the present, the future suddenly becomes more uncertain and less relevant, and current free cash flow yield turns into the dominant valuation metric of choice. As Jeff Bezos and his shareholders found out in 2000, that is a tough environment to be overinvesting and underearning in. But stock prices aside (just for a moment), the fundamentals of many of our businesses resemble and "sound" just like Amazon did over 20 years ago.

Adyen grew revenues 46% last year with a… 63% profit margin. That's 109% on the Rule of 40. The stock was down 25% in the first quarter. **Adobe** grew revenues 23% with a 43% profit margin. The stock was down 20% in the first quarter. **Snowflake** grew revenues… 106% (to $1.2 billion – while new bookings in the fourth quarter alone were $1.2 billion in contract value) with 12% margins. The stock was down 32% in the first quarter. We believe that these companies, along with many others that we own, are the long-term beneficiaries of digital transformation, a multi-decade paradigm shift sweeping global economies today. Frank Slootman, Snowflake's CEO, explained it this way in his most recent earnings call with investors:

"Snowflake's growth is driven by digital transformation and long-term secular trends in data science and analytics, enabled by cloud-scale computing and Snowflake's cloud-native architecture. Snowflake is a single data operations platform that addresses a broad spectrum of workload types and incredible performance economy and governance. As a platform, Snowflake enables the data cloud, a world without silos and the promise of unfettered data science." In plain English it means that we want to make better decisions and we have all this data available to us. Snowflake will enable businesses to *utilize all* their data to improve their decision making.

Another example is **Datadog**, the leading infrastructure monitoring, application performance monitoring and log management software platform. Datadog's stock declined 15% during the quarter, despite reporting sparkling operational results, with revenues accelerating to a growth rate of 84% year-over-year with 33% free cash flow margins, while guiding for 2022 significantly above expectations. Datadog added 4,600 new customers *in the quarter* while existing customers continued to increase their spending on Datadog products at a rapid pace with the number of customers using four or more products increasing to 33% from 22% last year. While Datadog's stock was down, its intrinsic value has undoubtedly increased. This is enabled by rapid innovation (Datadog released 13 new products in 2021) into a market that is benefiting from the secular growth in cloud, digital transformation, and the explosion in complexity as the number of vendors, diversity of technologies and related infrastructure continued to expand.

Benjamin Graham famously said that *"in the short run, the market is a voting machine but in the long run, it is a weighing machine."* In his 2000 letter to shareholders Jeff Bezos wrote that Amazon is a *"company that wants to be weighed, and over time we will be – over the long term, all companies are. In the meantime, we have our heads down working to build a heavier and heavier company."* That too, resonates with us. Cycles will come and go. The booms, and the inevitable busts. At some point the focus will shift from the "here and now" to what will this look like when the dust settles, and the clouds dissipate? We have never been concerned with the market's voting and have tried to caution our investors against giving too much weight to our short-term returns, *especially* when they were impressive. Instead, we focus on optimizing for the long-term cumulative weight of our businesses. Investing in unique, competitively advantaged businesses with long-duration of growth and strong unit economics that enable rising returns on invested capital is the most proven way we know of getting it done.

Back to the "Ouch!" quarter. Despite the brutal headline numbers, we believe we have actually done a much better job from the capital preservation perspective than those numbers suggest. While 34 out of our 39 holdings saw their stock prices decline during the quarter, we have a high degree of confidence that the overwhelming majority of these businesses did NOT suffer permanent impairments and that the intrinsic values of many of them are actually higher today than they were at the end of last year. The stock prices were down largely due to multiple contractions as the negative macro environment shortened investors' time horizon causing long-duration assets (i.e., Big Ideas) to get hit the hardest. We have no idea how long the current "voting" environment will remain or when the proverbial bottom will be hit, but we have a lot of conviction that over the next decade, companies across industries will continue shifting workloads to the cloud, adopt zero-trust cybersecurity architectures, and continue to digitally transform. Penetration of e-commerce will continue to rise, and DNA sequencing and the use of genomics and proteomics will become pervasive in personalized medicine. Electric vehicles, autonomous driving, and shared mobility will disrupt transportation. Better decision making across every sector of the economy will be driven by the analysis and usage of actual, real-time data. These dynamics will enable the companies driving these trends to compound their intrinsic values and to accumulate weight, which over time will be reflected in their stock prices.

From a performance attribution standpoint, most of the Fund's underperformance was driven by stock selection, which was responsible for 93% of the underperformance relative to the R1KG. Information Technology (IT), Consumer Discretionary, and Health Care, which accounted for nearly 83% of the Fund's average assets were responsible for 91% of the shortfall. The rest came from our lower exposure to some of the better performing sectors during the quarter such as Energy (up 37.3%), Consumer Staples (down 2.5%), and Industrials (down 3.3%). Looking under the hood within IT, we were impacted by being overweight to IT consulting & other services, which was down 57.2% driven by the 55% decline in shares of **EPAM**, a long-term holding of the Fund. Results were also hurt by an overweight to internet services & infrastructure, which was down 48.6%, driven by the decline in shares of e-commerce companies such as **Shopify** whose stock declined 51%.

At the company-specific level, we had 32 detractors against 7 contributors, which was bad enough, but it was the 7 large detractors (**Rivian**, **EPAM**, **Shopify**, **PayPal**, **Meta Platforms**, **Snowflake**, and **Twilio**) costing over 100bps each in absolute losses that inflicted most of the pain. We did not have even a single 100bps contributor to offset this pain. We believe most of these stock declines are unlikely to result in permanent losses of capital and discuss specific reasons why we believe some of these stocks traded down later in the letter.

Table II.
Top contributors to performance for the quarter ended March 31, 2022

	Quarter End Market Cap (billions)	Percent Impact
Tesla, Inc.	$1,113.7	0.86%
CrowdStrike, Inc.	52.4	0.79
Endava plc	7.4	0.25
ZoomInfo Technologies Inc.	24.1	0.13
Cloudflare, Inc.	38.9	0.12

During the first quarter, we bought back shares in **Tesla, Inc.**, which designs, manufactures, and sells electric vehicles, solar products, energy storage solutions, and batteries. We believe that despite the run in the stock over the last few years, Tesla presents a favorable risk/reward profile and remains a Big Idea with only about 1% market share of the automotive market. Since we bought the stock during the first quarter, shares increased 27.1%, despite a complex supply-chain environment, on continued revenue growth and record profitability. Robust demand and operational optimization allow the company to offset inflationary pressures while vertical integration provides flexibility around supply bottlenecks. Moreover, we expect new localized manufacturing capacity to drive additional efficiencies while software initiatives, including the autonomous driving program, are accelerating, offering valuable optionality to the stock.

CrowdStrike, Inc. provides cloud-delivered, next generation security solutions via its Falcon platform consisting of end-point protection, advanced persistent threat, security information, event management, and cloud workload protection. Shares rose 10.7% in the first quarter, on the back of impressive quarterly results with net new annual recurring revenue (ARR) accelerating for the second straight quarter to 52% year-over-year and the company's favorable unit economics driving 30% free cash flow margins. Moreover, key new disclosures highlight how non-end-point products are seeing momentum with cloud product-generated ARR surpassing $100 million, representing 8% of net new ARR in the quarter. With more workloads migrating to or starting in the cloud, we believe CrowdStrike is well positioned to compound at high growth rates for years given its unique product platform and attractive go-to-market business model.

During the quarter we bought shares of **Endava plc**, a provider of consulting and outsourced software development for business customers. The company operates at the forefront of the digital revolution by helping clients find new ways to interact with their customers, enabling them to become more engaging, responsive, and efficient. Endava contributed 25bps to our quarterly results thanks to the timing of our purchases despite the decline in the share price over the whole quarter as it gave back some of the big gains from last year due to increased investor caution regarding Endava's work force in Central and Eastern Europe (even though it has no presence in Ukraine, Russia, or Belarus). Endava continues seeing strong business momentum with 50% revenue growth and 59% EPS growth in the recent quarter, and we believe it will continue gaining share in the large global market for IT services for years to come.

ZoomInfo Technologies Inc. operates a cloud based B2B platform that provides sales, marketing, and HR teams with comprehensive business intelligence, enabling shorter sales cycles and higher win rates. We added to our position as the stock corrected during the quarter, driving 13bps of contribution to our performance. The relative outperformance was driven by positive earnings results and strong forward bookings commentary, with 2021 revenues up 57% year-over-year and 46% free cash flow margins. New products are starting to build momentum, and we believe ZoomInfo can become a much larger company over time as it grows into its $70 billion total addressable market.

Cloudflare, Inc., another new purchase during the quarter, is a web infrastructure and website security provider. Cloudflare disrupts legacy networking vendors by enabling customers to rent their network solutions in the cloud (and pay for usage) instead of buying firewalls, load balancers and secure web gateway devices. Using a global network in over 100 countries, Cloudflare delivers content and security within 50 milliseconds of 95% of the internet-connected population in the world. Shares contributed 12bps to results on impressive fourth quarter earnings as it continues to successfully layer high-value services such as zero trust, network services, and edge programmability on top of its modern global network. The company is attracting a broader set of investors as Cloudflare now matches durable 50%-plus top-line growth (this was the fifth straight quarter of 50%-plus revenue growth, and 56% current bookings growth suggests strong durability into 2022) with positive operating margins and break-even free cash flow. We believe that Cloudflare will benefit from long-duration of growth disrupting a $100 billion addressable market across application services, network services, and zero-trust services.

Table III.
Top detractors from performance for the quarter ended March 31, 2022

	Quarter End Market Cap or Market Cap When Sold (billions)	Percent Impact
Rivian Automotive, Inc.	$ 45.2	–4.41%
EPAM Systems, Inc.	16.9	–2.85
Shopify Inc.	85.2	–2.52
PayPal Holdings, Inc.	117.3	–1.44
Meta Platforms, Inc.	605.3	–1.33

Rivian Automotive, Inc. designs, manufactures, and sells consumer and commercial electric vehicles. Shares of Rivian continued its volatile trading following the stock's IPO in late 2021, declining 51.7% in the first quarter as investors rotated out of fast-growing long-duration stocks and as industry-wide supply-chain issues delayed Rivian's production ramp. In addition, even while other automotive companies raised prices due to inflationary pressures, Rivian launched a price increase campaign that was not well communicated and, as a result, was met with dissatisfaction by existing reservation holders. While this was an unforced error, the company quickly corrected course, reversing its decision to raise prices for existing reservations, while maintaining the increase on new buyers (which has not caused a material impact to demand). We retain conviction in the shares given management's vision, Rivian's product positioning, the company's relationship with Amazon.com, and the company's strong balance sheet, which will help it overcome the current challenges while taking advantage of the long-term opportunity as the market transitions to electric vehicles.

EPAM Systems, Inc. is a leader in software-based digital platform transformation and engineering services to business customers. The stock fell 55.5% during the quarter as a result of a potential business disruption from Russia's military invasion of Ukraine, where many of EPAM's employees are based. EPAM is a U.S.-based company headquartered in Newtown, Pennsylvania with 53,000 employees, 24% of whom are based in Ukraine, 17% are based in Russia, and 18% are based in Belarus. On February 17, 2022, the company reported very strong financial results for calendar year 2021, releasing financial guidance for calendar year 2022 above expectations. On February 28, 2022, the company withdrew its guidance due to Russia's invasion of Ukraine. The magnitude and duration of the business disruption is unknown at this time. We believe EPAM is a highly resilient organization that can adapt to operational challenges by moving people and workflows to different regions – the company has further updated via an 8-K filing on April 7 that it has begun the process of exiting its operations in Russia with already a "significant number of employees have been relocated," while the company is also accelerating hiring in other regions. Early research from Gartner suggests that after years of delivering high-quality products, EPAM has built solid, trustful relationships with its clients, who are responding with high level of support for the company. EPAM has demonstrated strong execution and the ability to successfully manage through prior crises. Still, the range of outcomes is extremely wide, and we have reduced our position as a result. We continue to monitor the situation closely and reassess as facts emerge.

Shopify Inc. is a cloud-based software provider offering an operating system for multi-channel commerce. Shopify has been adopted by over 2 million merchants who processed $175 billion of gross merchandise volume in 2021, making it the second largest e-commerce player in the U.S. The stock corrected sharply in the first quarter, declining 51.1%, as a result of investor rotation out of fast-growing, long-duration stocks and after the company released quarterly results, expecting a normalization in the rapid growth it has experienced during the early stages of the pandemic. We remain shareholders as we believe Shopify has a long runway for growth addressing less than 1% of global commerce spending with a unique and competitively advantaged platform.

PayPal Holdings, Inc. is a digital payments provider for consumers and merchants worldwide. Shares declined 45.1% for the period held on financial results that missed Street forecasts on payments volume, new user additions, and EPS while also guiding below expectations and removing its medium-term targets. With the change in the company's strategy as a result of the deceleration in new user adoption, we decided to sell our shares and reallocate to higher conviction ideas.

Shares of **Meta Platforms, Inc.**, the owner of Facebook, the world's largest social network, fell 33.8% on the negative impact of Apple's new privacy changes in iOS mobile devices that make it more difficult for Facebook to measure the effectiveness of its advertising across its mobile apps, as well as on stronger competition from TikTok, which has been gaining significant traction with users over the last few years. Management estimated a $10 billion revenue impact for the year from Apple's changes and has repeatedly called out fierce competition from TikTok. We have been reducing our position in Meta Platforms over the last 6 months and are continuing to closely evaluate it as facts emerge.

Portfolio Structure

The Fund's portfolio is constructed on a bottom-up basis with the quality of ideas and conviction level determining the size of each investment. Sector weights tend to be an outcome of the portfolio construction process and are not meant to indicate a positive or a negative "view."

During times of volatility, while other market participants try to manage volatility by diversifying, we tend to concentrate the portfolio on our higher conviction ideas – this enables us to strengthen the risk/reward profile of the portfolio. We do not equate volatility to risk and hence do not try to manage it. Accordingly, the weight of our top 10 and top 20 positions continues to rise, representing 55.0% and 84.8% of the Fund, respectively, as of March 31, 2022. This compares to weightings of 51.6% and 78.0%, respectively, as of December 31, 2021, and 45.8% and 73.1%, respectively, as of September 30, 2021. At the same time, the total number of names in the portfolio is also declining, ending the quarter with 30 names, which compares to 36 names as of the end of December 2021 and 39 names as of the end of September 2021.

Information Technology, Consumer Discretionary, Communication Services, and Health Care made up 98.8% of net assets. The remaining 1.2% was made up of GM Cruise and SpaceX, our two private investments classified as Industrials, and cash.

Table IV.
Top 10 holdings as of March 31, 2022

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Amazon.com, Inc.	$1,658.8	$52.8	9.2%
Alphabet Inc.	1,842.3	45.9	8.0
NVIDIA Corporation	684.9	34.1	5.9
ServiceNow, Inc.	111.4	31.9	5.5
Mastercard Incorporated	349.3	30.2	5.3
CrowdStrike, Inc.	52.4	26.0	4.5
Rivian Automotive, Inc.	45.2	25.9	4.5
Snowflake Inc.	72.1	23.3	4.1
Shopify Inc.	85.2	23.2	4.0
Tesla, Inc.	1,113.7	22.9	4.0

Recent Activity

During the first quarter, we initiated three new investments: the leading electric vehicle manufacturer, **Tesla**, one of the leading digital transformation companies, **Endava**, and the leading cloud-based cybersecurity and content delivery platform, **Cloudflare**. We also took advantage of the market sell-off to add to 7 existing holdings in which our conviction level has increased. Lastly, we reduced 15 positions and liquidated 9 others as we continued consolidating the portfolio to our highest conviction big ideas.

Table V.
Top net purchases for the quarter ended March 31, 2022

	Quarter End Market Cap (billions)	Amount Purchased (millions)
Tesla, Inc.	$1,113.7	$18.1
Endava plc	7.4	10.5
Snowflake Inc.	72.1	9.9
Cloudflare, Inc.	38.9	9.2
Shopify Inc.	85.2	8.0

We re-initiated a medium-sized position in **Tesla, Inc.** Longer-tenured investors in the Fund may remember that we owned shares of Tesla from 2017 to 2019 and made an ill-fated decision to exit the stock primarily due to the company's mounting losses and management's reluctance to strengthen its balance sheet. While it was a costly mistake, one of the lessons we learned over time is that "I missed it" is one of the most common ways to compound a prior mistake (think of not buying Amazon in, say 2011 after the stock was up more than 20 times over the prior decade,

[1] https://www.iea.org/commentaries/electric-cars-fend-off-supply-challenges-to-more-than-double-global-sales?utm_content=bufferd90dd&utm_medium=social&utm_source=twitter.com&utm_campaign=buffer

only to miss the next 15 times). We believe that Tesla with a $1.1 trillion market cap is still a Big Idea, with the opportunity to be materially larger in the future. With electric vehicle penetration of only 8.6%[1] and Tesla's sales of 930,000 vehicles in 2021, representing just 1% market share of the global 80 million automobiles sold, we have a long way to go as the global public and private transportation fleet electrifies. Management targets another 20 times growth from here, reaching annual sales of 20 million vehicles by 2030.

While Tesla's leadership in Electric Vehicles (EVs) is well known, its mission is much broader: "Tesla's mission is to accelerate the world's transition to sustainable energy."[2] As an EV battery leader, the company already developed expertise that should help it penetrate the rapidly growing energy storage market including cells, packs, inverters, and energy management software solutions, opening significant new addressable markets over the next few decades, and helping the world transition to net-zero emissions. The company set a goal to sell 1.5 trillion Watt-hours (wh) of batteries through its energy storage division by 2030, up 375 times from the approximately 4Gwh of energy storage capacity sold in 2021.

In addition to Tesla's long duration of growth, it has also shown significant improvements in its unit economics over the last few years, with automotive gross margins, excluding credits, of 29.2% and EBIT margins of 14.6% in the fourth quarter of 2021, nearly double the industry average, and we believe many times higher than other EV programs, despite significant supply-chain headwinds.

In addition, with software as one of its core pillars, Tesla has a big opportunity in autonomous driving, from selling its Full Self Driving (FSD) offering to consumers for a one-time $12,000 fee or a subscription of $200/month. In the future, if Tesla is able to solve autonomous driving and build a shared mobility network, it could significantly increase the per-vehicle utilization rate (as cars are currently idle for most of the day), creating significant additional social and shareholder value. Moreover, Tesla's data advantage enables it to offer a potentially superior insurance product as it could better price risk to match with driving behavior. There is also a tangible benefit from the lower number of collisions per mile from the ongoing improvements in FSD and the positive self-reinforcing mechanism of fewer accidents when drivers are provided feedback and incentives for safer driving via lower premiums. Longer term, we believe Tesla has significant additional positive optionality as it could leverage its core competencies in software, artificial intelligence, batteries, and manufacturing to expand into new markets over time.

We also bought shares in **Endava plc** during the quarter. Endava provides outsourced software development to business customers. The company operates at the forefront of the digital revolution by helping clients find new ways to interact with their customers and enabling them to become more engaging, responsive, and efficient. Endava employs over 10,000 highly skilled, low-cost software engineers mostly in central Europe and Latin America who support clients from ideation to production. Endava works on a variety of projects, including helping a large electric utility to implement a new smart grid, building a new operating platform for a payment processing company, designing a personalized in-store shopping experience for a fashion retailer, and enabling a shipping company to remotely adjust the settings on shipping containers to speed up or slow down the ripening of fruit.

Over the last five years, Endava grew revenues by nearly 4 times and free cash flow by nearly 10 times and we believe its duration of growth remains long as the demand for digitization is becoming pervasive across industries, while the supply of highly skilled talent remains limited (a shortage that is exacerbated in industries outside of technology). We also believe that Endava's strong technical capabilities and differentiated labor pool enable the company to work on higher-value client projects with better pricing power than peers. We believe Endava will continue gaining share in a large, growing market by adding new clients and increasing wallet share with existing clients for years to come.

Our third new purchase in the quarter was **Cloudflare, Inc.** a SaaS provider for web, cybersecurity, and content delivery. Cloudflare disrupts legacy networking vendors by enabling customers to rent their network solutions in the cloud (and pay for usage) instead of buying firewalls, load balancers, and secure web gateway devices. Using a global network in over 100 countries, Cloudflare delivers content and security within 50 milliseconds of 95% of the internet-connected population in the world. This is important because users are not willing to wait for their websites to load (according to Akamai, a 100-millisecond delay in load time reduces conversion rates by 7%).

As companies transition to the cloud, Cloudflare's solutions enable them to save up to 50% in costs relative to legacy vendors without sacrificing performance and while enjoying the benefits of the cloud – faster innovation cycles, agility, and predictability in payments (opex vs. capex).

Cloudflare also employs a self-serve go-to-market strategy with a freemium model enabling it to achieve broad penetration into the long tail of customers with over 140,000 paying customers and millions of free users, powering Cloudflare's efficient go-to-market, product innovation and competitive advantages. This flywheel effect is depicted in Cloudflare's prospectus:

*"Free customers are an important part of our business. These customers sign up for our service through our self-serve portal and are typically individual developers, early stage startups, hobbyists, and other users. Our free customers **create scale, serve as efficient brand marketing**, and help us attract developers, customers, and potential employees. These free customers **expose us to diverse traffic, threats, and problems, often allowing us to see potential security, performance, and reliability issues at the earliest stage**. This knowledge allows us to **improve our products** and deliver more effective solutions to our paid customers. In addition, the added **scale and diversity of this traffic makes us valuable to a diverse set of global ISPs, improving the breadth and economic terms of our interconnections, bandwidth costs, and co-location expenses.** Finally, the enthusiastic engagement of our free customer base represents a "virtual quality assurance" function that allows us to maintain a high rate of product innovation, while ensuring products are extensively tested in real world environments before they are deployed to enterprise customers."*

With Cloudflare still less than 1% penetrated into its $100 billion opportunity, we believe the company has long-duration of growth ahead of it.

2 https://www.tesla.com/about Baron Capital Inc. bears no responsibility for the external website provided and makes no warranties, either express or implied, concerning the content of such site or any information, products or services linked to the website.

We also took advantage of price dislocations to add to several existing ideas including the leading cloud data platform, **Snowflake Inc.**, and the leading commerce platform, **Shopify Inc.**

Table VI.
Top net sales for the quarter ended March 31, 2022

	Quarter End Market Cap or Market Cap When Sold (billions)	Amount Sold (millions)
S&P Global Inc.	$ 135.6	$17.9
PayPal Holdings, Inc.	117.3	15.0
Alphabet Inc.	1,842.3	14.0
RingCentral, Inc.	14.9	13.4
Dynatrace Holdings LLC	12.7	11.7

We have sold 9 names in the quarter: **S&P Global Inc.**, **PayPal Holdings, Inc.**, **RingCentral, Inc.**, **Dynatrace Holdings LLC**, **Wix.com Ltd.**, **Splunk, Inc.**, **Sea Limited**, **Toast, Inc.**, and **UiPath, Inc.**; and reduced 15 existing positions in order to meet investor redemptions as well as reallocate capital to our higher conviction ideas. As discussed above, we sold our PayPal shares due to a thesis change after the company removed its guidance and shifted its strategy.

OUTLOOK

In the aforementioned, year 2000 letter, Jeff Bezos was wise not to tell his shareholders that the 80% decline in their stock was "overdone" or was near a bottom. In fact, he offered no prediction or outlook at all. History would show that the economy entered a recession in March of 2001 and that six months later America would be attacked leading to wars in Iraq and Afghanistan. It did in fact get worse before it got better.

Everywhere we turn, we hear people explain to us how the world has changed. "Today" is apparently very different from the way the world was "yesterday." Inflation is running dangerously high, the Fed is hopelessly behind, COVID-19 is still here, and there is a possibility that World War III has already begun. There are arguments being made that "tomorrow" will likely be more challenging than "today." We are neither deaf nor blind to these arguments. We readily acknowledge that the range of outcomes has widened considerably and that the tail risks in particular have increased, which is one of the reasons why this significant multiple contraction has occurred. But at the risk of overusing our Bezo'isms (and being accused of sticking our head into the proverbial sand), we will quote Jeff once again in trying to explain how we are approaching the current crisis.

"I very frequently get the question: 'What's going to change in the next 10 years?' And that is a very interesting question; it's a very common one. I almost never get the question: ***'What's not going to change in the next 10 years?'*** *And I submit to you that that second question is actually the more important of the two – because you can build a business strategy around the things that are stable in time. ... [I]n our retail business, we know that customers want low prices, and I know that's going to be true 10 years from now. They want fast delivery; they want vast selection. It's impossible to imagine a future 10 years from now where a customer comes up and says, 'Jeff I love Amazon; I just wish the prices were a little higher,' [or] 'I love Amazon; I just wish you'd deliver a little more slowly.' Impossible. And so the effort we put into those things, spinning those things up, we know the energy we put into it today will still be paying off dividends for our customers 10 years from now.* ***When you have something that you know is true, even over the long term, you can afford to put a lot of energy into it."***

We are fundamental, bottom-up investors with a long-term ownership mindset that is core to our philosophy. Identifying, researching, and investing in unique, competitively advantaged businesses, that enable or benefit from disruptive change, have solid business models with attractive unit economics, and are managed by talented entrepreneurs with proven track records of capital allocation and executional/operational excellence – is what will drive our long-term results. We believe that our ability to assess these factors and make good investment decisions is what accounted for our success over the last 10 and 20 years and for the success of Baron Capital Group overall over the last 40 years. Because we know this to be true, this is what we will continue to pour all our energy into.

Every day we live and invest in an uncertain world. Well-known conditions and widely anticipated events, such as Federal Reserve rate changes, ongoing trade disputes, government shutdowns, and the unpredictable behavior of important politicians the world over, are shrugged off by the financial markets one day and seem to drive them up or down the next. We often find it difficult to know why market participants do what they do over the short term. The constant challenges we face are real and serious, with clearly uncertain outcomes. History would suggest that most will prove passing or manageable. The business of capital allocation (or investing) is the business of taking risk, managing the uncertainty, and taking advantage of the long-term opportunities that those risks and uncertainties create.

We are optimistic about the long-term prospects of the companies in which we are invested and continue to search for new ideas and investment opportunities while remaining patient and investing only when we believe the target companies are trading at attractive prices relative to their intrinsic values.

Sincerely,

Alex Umansky
Portfolio Manager

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

Risks: The Fund invests primarily in large cap equity securities which are subject to price fluctuations in the stock market. Even though the Fund is diversified, it may establish significant positions where the Adviser has the greatest conviction. This could increase volatility of the Fund's returns. The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk. There is no guarantee that these objectives will be met.

The discussions of the companies herein are not intended as advice to any person regarding the advisability of investing in any particular security. The views expressed in this report reflect those of the respective portfolio managers only through the end of the period stated in this report. The portfolio manager's views are not intended as recommendations or investment advice to any person reading this report and are subject to change at any time based on market and other conditions and Baron has no obligation to update them.

This report does not constitute an offer to sell or a solicitation of any offer to buy securities of Baron Fifth Avenue Growth Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

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

Baron Focused Growth Fund

Dear Baron Focused Growth Fund Shareholder:

Performance

Baron Focused Growth Fund (the "Fund") declined 8.03% (Institutional Shares) in the quarter ended March 31, 2022. The Fund's primary benchmark, the Russell 2500 Growth Index (the "Index"), fell 12.30% in the period. The S&P 500 Index, which measures the performance of large-cap companies, fell 4.60%.

The Fund and markets, in general, were negatively impacted in the three months by several factors. First, as a result of 8.5% annualized inflation in the U.S., the Federal Reserve now plans to increase interest rates faster than had previously been expected. Further, the war in Ukraine impaired supply chains and exacerbated inflation, which remains higher than its long-term average. Finally, concerns became more widespread that "tapering" the Federal Reserve Bank's balance sheet (i.e., reducing its holdings of government debt, could cause a recession). Higher interest rates and "tapering" in the past have reduced inflationary pressures.

The Fund has remained steadfast in its commitment to long-term investments in competitively advantaged, growth businesses managed by exceptional executives. We believe such investments are an effective way to protect and increase the purchasing power of our currency. One more thing. After wars...pandemics...higher than normal inflation...and significant market declines, in the past equity stock prices have increased substantially.

The Fund has outperformed its benchmarks for the 3-, 5-, and 10-year periods…as well as since its inception as a private partnership on May 31, 1996. Since its inception nearly 26 years ago, the Fund has increased 14.32% annualized. This compares to an 8.60% annualized return for the Index and 9.71% annualized return for the S&P 500 Index.

DAVID BARON
CO-PORTFOLIO MANAGER

RONALD BARON
CEO AND LEAD PORTFOLIO MANAGER

Retail Shares: BFGFX
Institutional Shares: BFGIX
R6 Shares: BFGUX

Further, since the Fund's conversion to an open end, no-load mutual fund on June 30, 2008, the Fund has increased 15.10% annualized. This compares to 11.23% annualized for the Index and 11.90% for the S&P 500 Index. At March 31, 2022, the Fund is ranked number 29 of 3,436 equity mutual fund share classes. This places the Fund in the top 1% of equity mutual funds.* The Baron Firm and family are the largest shareholders in Baron Focused Growth Fund.

* **This is a hypothetical ranking created by Baron Capital using Morningstar data and is as of 3/31/2022. There were 3,436 share classes in these nine Morningstar Categories for the period from 6/30/2008 to 3/31/2022.**

Note, the peer group used for these analyses 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 Mid-Cap Growth Category consisted of 592, 503, and 386 share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Focused Growth Fund 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 6/30/2008, and the category consisted of 311 share classes.

Table I.
Performance
Annualized for periods ended March 31, 2022

	Baron Focused Growth Fund Retail Shares[1,2,3]	Baron Focused Growth Fund Institutional Shares[1,2,3,4]	Russell 2500 Growth Index[2]	S&P 500 Index[2]
Three Months[5]	(8.09)%	(8.03)%	(12.30)%	(4.60)%
One Year	9.20%	9.47%	(10.12)%	15.65%
Three Years	41.18%	41.57%	12.99%	18.92%
Five Years	30.69%	31.02%	13.22%	15.99%
Ten Years	18.69%	19.00%	12.69%	14.64%
Fifteen Years	13.79%	14.03%	10.03%	10.26%
Since Inception (May 31, 1996)	14.18%	14.32%	8.60%	9.71%

While first quarter performance was disappointing, we believe stock prices are not fully reflecting companies' growth prospects or strong balance sheets as they emerge from the COVID pandemic in a stronger position than when they went into it just two years ago. Many are using their strong balance sheets to continue to invest in growth opportunities and accelerate revenue growth. Included in this category are **Tesla, Inc.**, **FactSet Research Systems, Inc.**, **Penn National Gaming, Inc.**, and **CoStar Group, Inc.** Others are using their strong cash flows to boost shareholders' returns through increased dividends and share buybacks. Included in this group are **Arch Capital Group Ltd.**, **Jefferies Financial Group Inc.**, **Boyd Gaming Corporation**, and **MGM Resorts International**.

Tesla's stock price gained 2.0% in the quarter as its electric car deliveries and production continued to increase significantly, enabled by substantial increases in capacity in Berlin, Shanghai, and Austin. These sales increases were despite supply-chain issues principally for computer chips and battery cells and a shutdown of its factory in Shanghai for a few days due to a COVID-related government-imposed lockdown in the region. The company overcame those issues due to its own battery cell manufacturing facility, its ability to redesign computer chip software, and its success with a more vertically integrated supply chain than competitors. Tesla's share price increase boosted the Fund's performance by 51 basis points in the quarter. Tesla remains the Fund's largest holding and at quarter end represented 27.7% of the Fund's net assets. We believe Tesla sales could increase substantially as additional production capacity is added this year in Berlin, Germany and Austin, Texas. Demand for Tesla cars remains extremely strong.

FactSet declined 10.5% in the quarter and penalized performance in the period by 43 basis points. FactSet shares fell despite accelerated revenue growth with improved margins, as recent investments continue to generate strong returns. FactSet's revenue growth accelerated due to the introduction of new tools, which the company has begun to sell to both new and existing clients. This has led to increased pricing power and new use cases. We expect further revenue and earnings growth in 2022 and beyond, as well as improved cash flow, which the company will likely use for additional acquisitions and share repurchases. FactSet's prospects remain favorable due to its large addressable market, consistent execution on both new product development and financial results, and robust free cash flow.

Penn declined 18.2% in the quarter and penalized performance by 54 basis points. This was due to investor concerns over continuing losses from its Barstool business. We believe the $50 million of losses this year from its digital business is modest in relation to Penn's $1 billion of brick and mortar EBITDA. The losses from its digital business represent customer acquisition costs incurred as additional states legalize online gambling. Since it is far less expensive to retain existing customers than to acquire new ones, we expect marketing costs to decline as Penn builds its customer base. Penn's core bricks and mortar casino business remains strong, and the company has a healthy regional casino business and a strong balance sheet to fund digital losses.

Real estate data and marketing platform CoStar declined 15.7% in the quarter and penalized performance by 87 basis points. We believe CoStar's share price decline was due to investor concerns over the company's accelerated investment in its residential platform. We believe this investment should meaningfully accelerate CoStar's revenue growth through

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2021 was 1.32% and 1.05%, respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser reimburses certain Baron Fund expenses pursuant to a contract expiring on August 29, 2032, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit www.BaronFunds.com or call 1-800-99BARON.

1 Reflects the actual fees and expenses that were charged when the Fund was a partnership. The predecessor partnership charged a 15% performance fee through 2003 after reaching a certain performance benchmark. If the annual returns for the Fund did not reflect the performance fees for the years the predecessor partnership charged a performance fee, the returns would be higher. The Fund's shareholders will not be charged a performance fee. The performance is only for the periods before the Fund's registration statement was effective, which was June 30, 2008. During those periods, the predecessor partnership was not registered under the Investment Company Act of 1940 and was not subject to its requirements or the requirements of the Internal Revenue Code relating to registered investment companies, which, if it were, might have adversely affected its performance.

2 The **Russell 2500™ Growth Index** measures are classified as growth and the S&P 500 Index of 500 widely the performance of small to medium-sized U.S. companies that held large cap U.S. companies. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell is a trademark of Russell Investment Group. The index and the Fund include reinvestment of dividends, net of withholding taxes, which positively impact the performance results. The index is unmanaged. Index performance is not Fund performance; one cannot invest directly into an index..

3 The performance data does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

4 Performance for the Institutional Shares prior to May 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 May 29, 2009 did not reflect this fee, the returns would be higher.

5 Not annualized.

the expansion of the addressable market. Over the next five years, this expenditure could add as much as a billion dollars to revenue at a significantly accretive margin. This would result in a 50% increase to today's $2 billion of revenue and an approximate 75% increase in EBITDA.

The Fund's portfolio companies that have pricing power to combat inflation such as Arch Capital and **Hyatt Hotels Corp.** as well as those that returned excess free cash flow to investors such as Boyd Gaming, performed well in the period.

Arch's share price increased 8.9% in the quarter and contributed 45 basis points to performance. This was as the company continued to increase premiums written while raising prices. Arch generated an 11% increase in book value per share from last year. This strong pricing is resulting in robust returns on investments with increased earnings and cash flow that the company is using to repurchase its shares. We continue to believe the company should continue to generate mid-teens returns on capital. Arch's valuation remains attractive.

Hyatt was a relative outperformer in the quarter and declined just 0.5%. The strong relative performance was in part because the company has important attributes that make it a good hedge against inflation. This is since Hyatt is able to reprice its rooms on a daily basis. This should lead to stronger margins as management expects hotel-level margins to be between 100 basis points and 300 basis points above pre-COVID levels. As a result, the company should generate strong free cash flow that, coupled with cash proceeds from asset sales, it can use to pay down the debt taken on to complete its acquisition of Apple Leisure Group. Hyatt still has a strong balance sheet since the start of the COVID pandemic. Hyatt's balance sheet, cash flow, and further asset sales will enable the company to restart a return of capital program by the end of the year. We think its pivot to an increasingly asset-light business with an improved balance sheet and cash flow profile should also result in more stable earnings that could result in multiple expansion over time.

Shares of Boyd, a regional casino gaming company, was another relative outperformer in the quarter, rising 0.6%. The strong relative performance was due to an increase in revenue and margins. Boyd's accelerated demand growth was due in part to the end of mask mandates across its regional properties. Boyd used strong free cash flow to launch a programmatic stock buyback program of $100 million per quarter. Boyd also reinstituted a dividend above pre-COVID levels. Boyd's underleveraged financials at just 2.5 times lease-adjusted net leverage gives it the ability to continue to invest in its assets, pursue accretive acquisitions, and return capital to shareholders.

In terms of our categories of investments, performance was led by our **Financials** investments. This was given the expected rise in interest rates over the near term as well as the pricing power inherent in the businesses. These stocks fell less than the market at 4.9% in the quarter and represented 14.7% of the portfolio. The outperformance was led by our investment in Arch as mentioned above.

Our **Disruptive Growth** investments: rapid, early-stage growth businesses that are disruptive to their industries, declined 6.2% in the quarter and represent 49.4% of the Fund. Performance was led by our investment in Tesla as mentioned above, offset somewhat by declines in several smaller, fast-growing businesses including **Guidewire Software, Inc.** and **Spotify Technology S.A.**

Spotify is a leading digital music service available in over 175 countries. The company offers on-demand audio streaming through paid premium subscriptions as well as through a free ad-supported model. Shares fell due to controversy surrounding Joe Rogan, a podcaster exclusive to Spotify's platform, along with broader macro concerns. We view Spotify as a long-term winner in audio streaming with potential to reach more than 1 billion monthly active users because of its scalable core music product and growing library of podcasts. Further, its 5 million creative artists could increase to 50 million while its advertising potential is several multiples of its current revenue levels.

Shares of P&C insurance software vendor Guidewire fell due to multiple compression in high-growth cloud technology stocks. The company has crossed the mid-point of its cloud transition, which should correspond with dramatically improving financial results. We believe Guidewire has tripled its addressable market through new products and cloud delivery. We also believe Guidewire will be the critical software vendor for the global P&C insurance industry, capturing 30% to 50% of its $15 billion to $30 billion total addressable market and generating margins above 40%. This should lead to strong free cash flow which the company can use to continue to invest in its business and create new products and services for its customers.

Our **Real/Irreplaceable Assets** are those companies with assets that generally have strong pricing power and are hedges against inflation. They declined 9.3% in the quarter and represent 22.4% of the Fund. The category was led by our investments in lodging companies Hyatt (as noted above) and **Choice Hotels International, Inc.** Results were penalized by declines in Penn (as stated above) and **Vail Resorts, Inc.**, both of which we believe are unusually attractively priced.

Shares of ski resort owner Vail declined 20.3% and hurt performance by 93 basis points. This was due to poor early-season snow and labor shortages that negatively impacted customer service, raising investor concerns over season pass renewal rates. However, we retain conviction. Vail raised its minimum wage from $12 to $15 per hour this season and announced plans to make serious inroads into the staff shortage situation for the 2022–2023 season with another minimum wage bump to $20. We think this should enable Vail to fully staff next season and provide a better experience for skiers while leading to stable renewal rates on pass sales.

The Fund's **Core Growth** investments, which are companies that can continue to grow revenue and earnings steadily, while returning excess cash flow to investors through dividends and share repurchases, declined 12.4% in the quarter. These investments represent 7.4% of the Fund. The decline was mainly due to declines in CoStar, which declined 15.7% in the quarter and hurt performance by 87 basis points. CoStar indicated it would accelerate its investment in its residential business, which will hurt earnings in the short term but will significantly expand its addressable market. This investment could add as much as another billion dollars in revenue to the company, a 50% increase from today's levels at a 50% margin, meaningfully accretive from today's 30% margin levels. We believe the investment should yield high returns and enhance the company growth and free cash flow profile in the future.

Table II.
Total returns by category for the quarter ended March 31, 2022

	% of Net Assets (as of 3/31/2022)	Total Return (%)	Contribution to Return (%)
Financials	**14.7**	**–4.87**	**–0.57**
Arch Capital Group Ltd.	5.5	8.93	0.45
FactSet Research Systems, Inc.	4.5	–10.48	–0.43
Jefferies Financial Group Inc.	2.2	–14.86	–0.42
MSCI, Inc.	2.5	–18.00	–0.16
Disruptive Growth	**49.4**	**–6.20**	**–3.57**
Velo3D, Inc.	0.8	18.74	0.22
Space Exploration Technologies Corp.	8.5	3.35	0.29
Tesla, Inc.	27.7	1.97	0.51
Iridium Communications Inc.	3.2	–2.55	0.06
BioNTech SE	–	–11.15	–0.04
Guidewire Software, Inc.	4.2	–16.66	–0.80
SmartRent, Inc.	–	–18.22	–0.10
Mirion Technologies, Inc.	1.7	–22.92	–0.53
Pegasystems, Inc.	–	–23.71	–0.49
Figs Inc.	–	–30.20	–0.35
Spotify Technology S.A.	3.3	–35.72	–1.76
Warby Parker Inc.	–	–45.99	–0.59
Real/Irreplaceable Assets	**22.4**	**–9.29**	**–2.29**
Las Vegas Sands Corporation	–	4.96	0.01
Boyd Gaming Corporation	1.2	0.56	0.03
Hyatt Hotels Corp.	6.0	–0.47	–0.02
Manchester United plc	–	–1.03	–0.19
MGM Resorts International	2.1	–6.71	–0.20
American Homes 4 Rent	1.1	–7.78	–0.09
Choice Hotels International, Inc.	2.8	–8.83	–0.26
Red Rock Resorts, Inc.	2.3	–12.09	–0.11
Penn National Gaming, Inc.	2.5	–18.19	–0.54
Vail Resorts, Inc.	4.4	–20.25	–0.93
Russell 2500 Growth Index		**–12.30**	
Core Growth	**7.4**	**–12.43**	**–1.34**
Sweetgreen, Inc.	–	11.29	–0.23
HEICO Corporation	0.7	6.53	0.04
CoStar Group, Inc.	4.9	–15.72	–0.87
Krispy Kreme, Inc.	1.8	–21.97	–0.28
Cash	**6.1**	**–**	**0.00**
Fees	**–**	**–0.28**	**–0.28**
Total	**100.0**	**–8.05***	**–8.05***

Sources: FactSet PA, BAMCO, and Russell, Inc.

* Represents the blended return of all share classes of the Fund.

Table III.
Performance
Periods Baron Focused Growth Fund underperformed

	Internet Bubble	Baron Growth Stocks Underperform 2014-2016
	Annualized Returns	
	10/8/1998 to 3/9/2000	12/31/2013 to 12/31/2016
Baron Focused Growth Fund (Institutional Shares)	41.77%	0.45%
Russell 2500 Growth Index	126.53%	5.45%
S&P 500 Index	32.29%	8.87%

Performance data quoted represents past performance. Past performance is no guarantee of future results. The indexes are unmanaged. Index performance is not Fund performance; one cannot invest directly into an index.

From 2014 through 2016, the Fund invested in several companies whose stocks underperformed while they were investing in their businesses to enable them to grow. **Iridium Communications Inc.** and **Tesla, Inc.** were among those businesses. Their stocks outperformed in 2020, 2021, and so far in 2022, as those investments have started generating strong returns. These companies continue to invest in their businesses and now that they are financially stronger, are even better able to finance investments while continuing to grow their core businesses.

We believe the Fund's underperformance from 2014 through 2016 is analogous to instances when, after brief periods of underperformance, the Fund subsequently outperformed for an extended period. For example, in the 18-month period from October 1998 through March 2000, at the height of the Internet Bubble, the Fund, which owned no internet stocks, increased 41.77% annualized while the Index increased 126.53% annualized. This was immediately prior to the Internet Bubble bursting and the Index fell materially over the next eight years. The Fund increased in value during that same period. (Please see Tables III and IV.)

Similar to the Fund's relatively strong performance in the post-Internet Bubble period, we expect the Fund to perform well over the next several years. This is despite our expectation that there will be periods when value stocks outperform the growth stocks in which we have invested. We can certainly give no assurance this will be the case. Currently, we believe several of our growth companies are trading as if they were value stocks. So, despite unusually strong balance sheets and favorable growth prospects, we believe the market is giving these businesses little credit for future earnings growth. Their consumer facing businesses are already recovering quickly as vaccines and boosters are administered and people return to their normal activities. This is further amplified by $2 trillion of consumer savings built up over the past two years.

Since its inception as a private partnership on May 31, 1996 through March 31, 2022, the Fund's **14.32% annualized performance** has **exceeded** that of its Index by **572 basis points per year**!

The Fund's beta has averaged 0.83 since inception. This means the Fund has been 83% as volatile as the Index. As a result of the Fund's strong absolute and relative returns and lower risk, the Fund has achieved 7.40% annual alpha, a measure of risk-adjusted performance, since inception.

Table IV.
Performance
Millennium to COVID-19 Pandemic. The Impact of Not Losing Money.

	Millennium Internet Bubble to Financial Panic 12/31/1999 to 12/31/2008		Financial Panic to Present 12/31/2008 to 3/31/2022		Millennium Internet Bubble to Present 12/31/1999 to 3/31/2022		Inception 5/31/1996 to 3/31/2022	
	Value $10,000	Annualized	Value $10,000	Annualized	Value $10,000	Annualized	Value $10,000	Annualized
Baron Focused Growth Fund (Institutional Shares)	$12,732	2.72%	$103,344	19.28%	$131,578	12.28%	$317,501	14.32%
Russell 2500 Growth Index	$ 6,931	–3.99%	$ 68,019	15.57%	$ 47,143	7.22%	$ 84,283	8.60%
S&P 500 Index	$ 7,188	–3.60%	$ 65,572	15.25%	$ 47,133	7.22%	$109,676	9.71%

Performance data quoted represents past performance. Past performance is no guarantee of future results. The indexes are unmanaged. Index performance is not Fund performance; one cannot invest directly into an index.

We did not make much money from December 31, 1999, through December 31, 2008 (amid the highs of the Internet Bubble and the lows of the Financial Crisis). But…we did make something…which gave investors a much better outcome than if they had hypothetically invested in a passive index fund mirroring either the Index or the S&P 500 Index. Both indexes lost a material amount of money during that period. (Please see Table IV.)

Due to the power of compounding and of not losing money from the Millennium Internet Bubble to the Financial Panic period and outperforming the market during upswings from the Financial Panic to Present, $10,000 hypothetically invested in Baron Focused Growth Fund at the Fund's inception on May 31, 1996, was worth $317,501 on March 31, 2022. That is almost four times the value of a hypothetical investment of the same amount in funds designed to track the Russell 2500 Growth Index and almost three times the value of a hypothetical investment of the same amount in funds designed to track the S&P 500 Index. (Please see Table IV.)

Table V.
Top contributors to performance for the quarter ended March 31, 2022

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
Tesla, Inc.	2014	$31.2	$1,113.7	1.97%	0.51%
Arch Capital Group Ltd.	2003	0.9	18.3	8.93	0.45
Space Exploration Technologies Corp.	2017	–	–	3.35	0.29
Velo3D, Inc.	2021	2.0	1.7	18.74	0.22
Iridium Communications Inc.	2014	0.6	5.2	-2.55	0.06

Tesla, Inc. designs, manufactures, and sells electric vehicles, solar products, energy storage solutions, and batteries. Despite a complex supply-chain environment, shares increased on continued strong growth and record profitability. Robust demand and operational optimization allow the company to offset inflationary pressure, and vertical integration enables flexibility around supply bottlenecks. Moreover, we expect new localized manufacturing capacity to drive additional optimization while software initiatives, including the autonomous driving program, are accelerating.

Arch Capital Group Ltd. is a specialty insurance company based in Bermuda. The stock increased after reporting quarterly earnings that exceeded consensus estimates and 11% growth in book value per share. Pricing trends remain favorable in the property & casualty insurance market, and margins for the mortgage insurance business improved substantially from last year's cyclically depressed levels as delinquencies decline. We continue to own the stock due to Arch's strong management team and our expectation of solid growth in earnings and book value.

Space Exploration Technologies Corp. (SpaceX) designs, manufactures, and launches rockets, satellites, and spacecrafts. Its mission, ultimately, is to enable people to live on other planets. SpaceX is commercializing its broadband offering by rapidly deploying user terminals and its satellite constellation. It continues to reliably provide reusable launch capabilities, including crewed flights, and advancing the development of its newest and larger rocket, Starship. We value SpaceX using prices of recent transactions and a proprietary valuation model.

Shares of **Velo3D, Inc.**, a 3D printing manufacturer providing a full-stack hardware and software solution to enable support-free printing, rose during the quarter. The company continued delivering on its early financial commitments. Velo3D's proprietary technology unlocks a large addressable market previously inaccessible to 3D printing as it enables powder bed fusion printing without the need for supports, lowering cost and processing time and eliminating the need to "design for additive." We believe Velo3D's unique technology will drive strong future growth.

Iridium Communications Inc. is a leading mobile voice and data communications services vendor offering global coverage via satellite. Shares contributed on solid performance against all key growth initiatives. Iridium's voice and Internet-of-Things segments remained strong while new product launches such as Certus 100 and 200 should support additional adoption of Iridium's broadband solutions. Management is leveraging strong profitability to execute its shareholder-friendly capital allocation program with an acceleration of repurchasing activity.

Table VI.
Top detractors from performance for the quarter ended March 31, 2022

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
Spotify Technology S.A.	2020	$45.4	$29.1	–35.72%	–1.76%
Vail Resorts, Inc.	2013	2.3	10.6	–20.25	–0.93
CoStar Group, Inc.	2014	6.2	26.3	–15.72	–0.87
Guidewire Software, Inc.	2013	2.7	7.9	–16.66	–0.80
Warby Parker Inc.	2021	6.0	3.1	–45.99	–0.59

Spotify Technology S.A. is a leading digital music service available in over 175 international markets, offering on-demand audio streaming through paid premium subscriptions as well as a free ad-supported model. Shares were down given controversy around Joe Rogan, a podcaster exclusive to Spotify's platform, along with broader macro concerns. We view Spotify as a long-term winner in audio streaming with potential to reach more than one billion monthly active users, driven by its scalable core music product and growing library of spoken-word content.

Shares of ski resort owner **Vail Resorts, Inc.** declined due to poor early-season snow and labor shortages that negatively impacted customer service, raising investor concerns over season pass renewal rates. We retain conviction. Vail raised its minimum wage from $12 to $15 this season and announced plans to make serious inroads into the staff shortage situation for the 2022–2023 season with another minimum wage bump to $20. We think this move should enable Vail to fully staff next season and provide a better experience for skiers while leading to stable renewal rates on pass sales.

Real estate data and marketing platform **CoStar Group, Inc.** detracted from results as valuations for high-growth technology stocks compressed. The company is pushing into the residential market, which meaningfully expands its total addressable market. While this initiative requires meaningful short-term investment, it should ultimately yield high returns and enhance the company's growth and profitability.

Shares of P&C insurance software vendor **Guidewire Software, Inc.** fell due to multiple compression in high-growth technology stocks. We retain conviction. The company has crossed the midpoint of its cloud transition, which should correspond with improving financial results. We believe Guidewire has tripled its addressable market through new products and cloud delivery and will be the critical software vendor for the global P&C insurance industry, capturing 30% to 50% of its $15 billion to $30 billion total addressable market and generating margins above 40%.

Warby Parker Inc. is an omnichannel retailer that sells eyewear, contact lenses, eye exams, and accessories. Sales typically peak between Christmas and New Year's Day as consumers rush to spend leftover money in their Flexible Spending Accounts. Shares fell during the quarter, as the spike in Omicron resulted in lower foot traffic and store closures during the company's peak sales season. We exited our position.

Investment Strategy & Portfolio Structure

Despite current market volatility and investor angst, we have continued to manage the Fund the same way we have historically, searching for companies with large addressable market opportunities that have the potential to disrupt industries and take market share given strong competitive advantages inherent in their businesses.

In the first quarter, we added to our position in **MSCI, Inc.**, a leading provider of investment decision support tools to investment institutions. The company is seeing strong organic revenue growth of 20% and is generating margins of almost 60% with a healthy pipeline across new products and regions. The company has a strong balance sheet and generates strong free cash flow that it uses to continue to invest in the business and to buyback its shares. We believe this strong earnings and free cash flow grower with a robust balance sheet and free cash flow profile should make MSCI an attractive investment for the next several years.

We also added to our positions in **Spotify Technology S.A.** and **Krispy Kreme, Inc.** Both companies have large addressable markets with strong brands that should allow them to take significant market share over time. We believe they are both appropriately financed and should generate significant cash to continue investing in their businesses for further growth.

While we have made other changes on the margin, the Fund's strategy remains the same. We continue to invest for the long term in a focused portfolio of what we believe are appropriately capitalized, competitively advantaged, well-managed, small- and mid-cap growth businesses at attractive prices. We attempt to create a portfolio of between 20 and 30 securities diversified by GICS sectors that will be approximately 80% as volatile (as measured by beta) as the market. Since inception, the Fund has generated approximately 99% of the upside when the market rises but just 79% of the downside when the market declines. Businesses in which the Fund invests are identified by our analysts and portfolio managers using our proprietary research and time-tested investment approach.

As of March 31, 2022, we held 22 investments. The Fund's average portfolio turnover for the past three years was 26.3%. This means the Fund has an average holding period for its investments of nearly four years. This contrasts sharply with the average mid-cap growth mutual fund, which typically turns over its portfolio every 16 months. From a quality standpoint, the Fund's investments have stronger sales growth than the holdings in the Index, higher EBITDA, operating, and free cash flow margins with stronger returns on invested capital. We believe these metrics are important to limit risk in this focused portfolio.

While focused, the Fund is diversified by sector. The Fund's weightings are significantly different than those of the Index. For example, the Fund is heavily weighted in Consumer Discretionary businesses with 50.8% of its net assets in this sector versus 14.5% for the Index. The Fund also has no exposure to Energy or Health Care stocks versus 23.9% for the Index, as we believe the sectors change too quickly, making it difficult to invest in these stocks in a concentrated portfolio. The Fund is further diversified by investments in businesses at different stages of growth and development as discussed above and shown below.

Table VII.
Disruptive Growth Companies as of March 31, 2022

	Percent of Net Assets	Year Acquired	Cumulative Return Since Initial Purchase
Tesla, Inc.	27.7%	2014	2,051.67%
Space Exploration Technologies Corp.	8.5	2017	315.16
Guidewire Software, Inc.	4.2	2013	104.72
Spotify Technology S.A.	3.3	2020	–36.89
Iridium Communications Inc.	3.2	2019	49.06
Mirion Technologies, Inc.	1.7	2021	–26.64
Velo3D, Inc.	0.8	2021	–15.29

Disruptive Growth firms accounted for 49.4% of the Fund's net assets. On current metrics, these businesses may appear expensive; however, we think they will continue to grow significantly and, if we are correct, they have the potential to generate exceptional returns over time. Examples of these companies include electric vehicle leader **Tesla, Inc.**, commercial satellite company **Iridium Communications Inc.**, and systems software provider to the insurance industry **Guidewire Software, Inc.** All of these companies have large addressable markets relative to the current size of those competitively advantaged businesses.

Table VIII.
Investments with Real/Irreplaceable Assets as of March 31, 2022

	Percent of Net Assets	Year Acquired	Cumulative Return Since Initial Purchase
Hyatt Hotels Corp.	6.0%	2009	247.93%
Vail Resorts, Inc.	4.4	2013	390.65
Choice Hotels International, Inc.	2.8	2010	595.40
Penn National Gaming, Inc.	2.5	2019	102.10
Red Rock Resorts, Inc.	2.3	2017	146.55
MGM Resorts International	2.1	2021	–6.31
Boyd Gaming Corporation	1.2	2021	0.76
American Homes 4 Rent	1.1	2018	98.97

Companies that own what we believe are **Real/Irreplaceable Assets** represented 22.4% of net assets. **Vail Resorts, Inc.**, owner of the premier ski resort portfolio in the world, upscale lodging brand **Hyatt Hotels Corp.**, and the largest U.S. regional casino gaming company **Penn National Gaming, Inc.** are examples of companies we believe possess meaningful brand equity and barriers to entry that equate to pricing power over time. Penn's state-granted licenses for its regional casinos provide important protection from competitors. Online sports betting and i-casino gaming offer large opportunities for future growth for the company.

Table IX.
Financials Investments as of March 31, 2022

	Percent of Net Assets	Year Acquired	Cumulative Return Since Initial Purchase
Arch Capital Group Ltd.	5.5%	2003	1,229.81%
FactSet Research Systems, Inc.	4.5	2008	885.23
MSCI, Inc.	2.5	2021	–22.87
Jefferies Financial Group Inc.	2.2	2021	–13.39

Financials investments accounted for 14.7% of the Fund's net assets. These businesses generate strong recurring earnings through subscriptions and premiums that generate highly predictable earnings and cash flow that they use to continue to invest in new products and services while returning capital to shareholders through share buybacks. Examples of these companies include insurer **Arch Capital Group Ltd.**, and **FactSet Research Systems, Inc.**, a financial intelligence provider to the investment community.

As one of the leading financial intelligence systems for the asset management industry, FactSet continues to grow into new areas via fixed income, risk management, and, most recently, private equity. This should enable the company to grow while generating a steady stream of recurring cash flow that it uses for acquisitions, dividends, and buybacks.

Table X.
Core Growth Investments: Growth, Dividends, and Share Repurchases as of March 31, 2022

	Percent of Net Assets	Year Acquired	Cumulative Return Since Initial Purchase
CoStar Group, Inc.	4.9%	2014	211.26%
Krispy Kreme, Inc.	1.8	2021	5.21
HEICO Corporation	0.7	2021	10.94

Core Growth investments, steady growers that continually return excess free cash flow to shareholders, represented 7.4% of net assets. Examples of these companies include **CoStar Group, Inc.** CoStar continues to add new services in the commercial and residential areas of real estate, which have grown its addressable market and enhance services for its clients further improving retention and cash flow. It continues to invest its cash flow in its business to accelerate growth, which we believe should generate strong returns over time.

Portfolio Holdings

As of March 31, 2022, the Fund's top 10 holdings represented 72.2% of net assets. A number of these investments have been successful and were purchased when they were much smaller businesses. We believe they continue to offer significant further appreciation potential, although we cannot guarantee that will be the case.

The top five positions in the portfolio, **Tesla, Inc.**, **Space Exploration Technologies Corp.**, **Hyatt Hotels Corp.**, **Arch Capital Group Ltd.**, and **CoStar Group, Inc.** all have, in our view, significant competitive advantages due to irreplaceable assets, strong brand awareness, technologically superior industry expertise, or exclusive data that is integral to their operations. We think these businesses cannot be easily duplicated, which enhances their potential for superior earnings growth and returns over time.

Table XI.
Top 10 holdings as of March 31, 2022

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Tesla, Inc.	2014	$31.2	$1,113.7	$220.9	27.7%
Space Exploration Technologies Corp.	2017	–	–	67.5	8.5
Hyatt Hotels Corp.	2009	4.2	10.5	47.7	6.0
Arch Capital Group Ltd.	2003	0.9	18.3	43.6	5.5
CoStar Group, Inc.	2014	6.2	26.3	38.6	4.9
FactSet Research Systems, Inc.	2008	2.5	16.4	35.8	4.5
Vail Resorts, Inc.	2013	2.3	10.6	35.1	4.4
Guidewire Software, Inc.	2013	2.7	7.9	33.1	4.2
Spotify Technology S.A.	2020	45.4	29.1	26.4	3.3
Iridium Communications Inc.	2014	0.6	5.2	25.7	3.2

Thank you for investing in Baron Focused Growth Fund. We continue to work hard to justify your confidence and trust in our stewardship of your family's hard-earned savings. We also continue to try to provide you with information we would like to have if our roles were reversed. This is so you can make an informed judgment about whether Baron Focused Growth Fund remains an appropriate investment for your family.

Respectfully,

Ronald Baron
CEO and Lead Portfolio Manager

David Baron
Co-Portfolio Manager

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

Risks: The Fund is non-diversified which means, in addition to increased volatility of the Fund's returns, it will likely have a greater percentage of its assets in a single issuer or a small number of issuers, including in a particular industry than a diversified fund. Single issuer risk is the possibility that factors specific to an issuer to which the Fund is exposed will affect the market prices of the issuer's securities and therefore the net asset value of the Fund. As of the date of the latest prospectus supplement, about 40% of the Fund's assets are invested in Tesla stock. Therefore, the Fund is exposed to the risk that were Tesla stock to lose significant value, which could happen rapidly, the Fund's performance would be adversely affected. Specific risks associated with investing in small and medium-sized companies include that the securities may be thinly traded and more difficult to sell during market downturns. The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future holdings are subject to risk.

The discussions of the companies herein are not intended as advice to any person regarding the advisability of investing in any particular security. The views expressed in this report reflect those of the respective portfolio managers only through the end of the period stated in this report. The portfolio manager's views are not intended as recommendations or investment advice to any person reading this report and are subject to change at any time based on market and other conditions and Baron has no obligation to update them.

This report does not constitute an offer to sell or a solicitation of any offer to buy securities of Baron Focused Growth Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

Beta: measures a fund's sensitivity to market movements. The beta of the market (Russell 2500 Growth Index) is 1.00 by definition.

Alpha: measures the difference between a fund's actual returns and its expected performance, given its level of risk as measured by beta.

Upside Capture explains how well a fund performs in time periods where the benchmark's returns are greater than zero.

Downside Capture measures how well a fund performs in time periods where the benchmark's returns are less than zero.

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

DEAR BARON INTERNATIONAL GROWTH FUND SHAREHOLDER:

PERFORMANCE

Baron International Growth Fund (the "Fund") declined 14.64% (Institutional Shares) during the first quarter of 2022, while its principal benchmark index, the MSCI ACWI ex USA Index, declined 5.44%. The MSCI ACWI ex USA IMI Growth Index, our all-cap growth proxy, declined 10.72% for the quarter. The Fund underperformed its principal benchmark index, as well as the all-cap growth proxy, during the quarter, particularly following Russia's large-scale invasion of Ukraine and its associated atrocities. In our view, the invasion and Western response of unprecedented sanctions–akin to firing financial weapons of mass destruction–caused significant short-term uncertainty and put stress on global financial markets, with Europe perhaps the epicenter, while also triggering a write-down of Russian equity investments to near zero and a short-lived equity market capitulation in China. Growth stocks worldwide markedly underperformed during the quarter, as the war in Ukraine exacerbated supply disruptions and inflation concerns, particularly in energy, commodity, and agricultural markets. While disappointed with our relative performance during the quarter, we believe the historic scale of underperformance of growth stocks that began last year is reaching extremes, while fixed income markets have already likely discounted more tightening than global authorities will ultimately administer. We believe many of our underlying investments are now trading below intrinsic value given our assessment of long-term fundamentals, and we remain optimistic regarding the relative outlook for international and emerging market ("EM") economies and equities. We see the collective European response to the war in Ukraine as further evidence that a shift towards fiscal union and debt mutualization will prove beneficial to earnings growth and equity performance in coming years. Notwithstanding the emergence of Omicron BA.2 and its rapid spread through mainland China, which triggered lockdowns, we believe the associated short-term earnings interruption will prove temporary, and we view the related weakness across several of our portfolio holdings as offering long-term opportunity to investors. We remain confident that we have invested in many well-positioned and well-managed companies on a bottom-up basis that are poised to benefit from long-term and attractive investment themes.

MICHAEL KASS

PORTFOLIO MANAGER

Retail Shares: BIGFX
Institutional Shares: BINIX
R6 Shares: BIGUX

Table I.
Performance
Annualized for periods ended March 31, 2022

	Baron International Growth Fund Retail Shares[1,2]	Baron International Growth Fund Institutional Shares[1,2,3]	MSCI ACWI ex USA Index[1]	MSCI ACWI ex USA IMI Growth Index[1]
Three Months[4]	(14.69)%	(14.64)%	(5.44)%	(10.72)%
One Year	(8.56)%	(8.35)%	(1.48)%	(5.75)%
Three Years	10.53%	10.80%	7.51%	9.43%
Five Years	9.96%	10.23%	6.76%	8.67%
Ten Years	8.15%	8.42%	5.55%	6.84%
Since Inception (December 31, 2008)	10.63%	10.91%	7.45%	8.71%

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2021 was 1.23% and 0.96%, but the net annual expense ratio was 1.20% and 0.95% (net of the Adviser's fee waivers), respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser reimburses certain Baron Fund expenses pursuant to a contract expiring on August 29, 2032, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit www.BaronFunds.com or call 1-800-99BARON.

1 The MSCI ACWI ex USA indexes cited are unmanaged, free float-adjusted market capitalization weighted indexes. The **MSCI ACWI ex USA Index Net USD** measures the equity market performance of large- and mid-cap securities across developed and emerging markets, excluding the United States. The **MSCI ACWI ex USA IMI Growth Index Net USD** measures the equity market performance of large-, mid- and small-cap growth securities across developed and emerging markets, excluding the United States. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. The indexes and the Fund include reinvestment of dividends, net of foreign withholding taxes, which positively impact the performance results. Index performance is not Fund performance; one cannot invest directly into an index..

2 The performance data does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

3 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.

4 Not annualized.

BARON FUNDS 1987

For the first quarter of 2022, we underperformed our primary benchmark, while also trailing our all-cap international growth proxy. Within the international markets landscape, the equity market correction was largely dominated by Russia's full-scale invasion of Ukraine. While Russian equities were written down to near zero and will be excluded from major indexes going forward, our European and China holdings were also adversely impacted as investors ascribed higher risk premiums. While European equities began to recover along with global markets on hopes of de-escalation or settlement, China-related equities remained more subdued on what we view is a misplaced concern that China might play a more direct role in supporting Russia in the war. China's current challenge with the spread of COVID cases given its "zero COVID" tolerance has also adversely impacted certain portfolio holdings, particularly our A-share, China value-added investments. We believe this weakness will prove transitory. During the period, investors continued to favor more economically sensitive stocks, particularly energy and commodity producers, which represents a material headwind to performance for growth investors globally. From a sector or theme perspective, our relative underperformance was broad-based, reflecting our growth bias, but primarily driven by adverse stock selection in the Communication Services sector, owing to our digitization-related investments (**S4 Capital plc**, **Future plc**, **Z Holdings Corporation**, and **Spotify Technology S.A.**), and in the Financials sector, most notably due to our Russian fintech holdings (**TCS Group Holding PLC** and **Sberbank of Russia PJSC**), which were written down to near zero during the quarter. A decline in stock prices of some of our EU mutualization investments (**BNP Paribas S.A.**, **UniCredit S.p.A.**, and **Credit Suisse Group AG**) due to concerns of financial contagion and growth constraints from the ongoing Ukrainian war also stood out as detractors within the Financials sector. Partially offsetting the above, the Materials sector was a positive contributor to absolute and relative performance, given solid gains from several investments related to our sustainability/ESG theme (**AMG Advanced Metallurgical Group N.V.**, **Glencore PLC, Grupo México, S.A.B. de C.V.**, and **Suzano S.A.**). In addition, our cash position was a positive contributor to relative performance during the quarter.

From a country perspective, poor stock selection in the U.K., China, and Japan, where many of our highest-growth, long-duration and higher-multiple investments reside, drove the majority of relative underperformance this quarter. We remain cautiously optimistic about a recovery in our China holdings, as we believe growing signs of policy easing and support and a lack of evidence that China will directly support Russia's campaign in Ukraine will eventually overcome current skepticism. Partly offsetting the above was positive stock selection effect in the Netherlands, and favorable allocation effect and good stock selection effect in Germany, Mexico, and Korea.

Table II.
Top contributors to performance for the quarter ended March 31, 2022

	Percent Impact
AMG Advanced Metallurgical Group N.V.	0.47%
Glencore PLC	0.41
Waga Energy SA	0.36
AstraZeneca PLC	0.27
Grupo México, S.A.B. de C.V.	0.27

AMG Advanced Metallurgical Group N.V. is a European specialty metals and minerals company. Shares increased due to a rally in lithium prices. We retain conviction. AMG has a captive customer base and is poised to benefit from increasing demand driven by environmental regulations to reduce hazardous waste. We also like AMG's growth opportunity in lithium, an essential metal used in electric vehicle batteries and energy storage. AMG is planning to build its own lithium hydroxide refining plant, which we think should lead to a better margin profile for this business.

Glencore PLC is a diversified natural resources company operating in metals, mining, and commodities trading. It is a large producer of copper, cobalt, and other key metals for batteries used in electric vehicles and energy storage. Shares increased due to the rise in copper prices. We expect a multi-year supply deficit for copper driven by a structural demand increase. Electric vehicles and wind/solar power plants require four to five times more copper than their conventional counterparts.

Waga Energy SA is an independent producer specializing in upgrading landfill gas into biomethane. Shares rallied after Waga announced its successful entry in the U.S. market and commissioned one of the largest biomethane units in France. Waga benefits from a secular growth opportunity for biomethane, which contributes to the fight against climate change by cutting methane emissions from landfills and substituting fossil fuels. Waga's proprietary patented technology, WAGABOX®, allows the company to capture biomethane from almost any landfill site, positioning it well for success.

AstraZeneca PLC is a pharmaceutical company developing products across a range of indications including oncology, cardiovascular, and respiratory. AstraZeneca is widely recognized as having the best top-line and bottom-line growth profiles in the pharmaceutical space without a discernable patent cliff this decade. Given consistent new product outperformance (Calquence and Enhertu are recent examples), we expect continued share appreciation as AstraZeneca's financials compound.

Grupo México, S.A.B de C.V. is a conglomerate that owns copper mines, railroads, and infrastructure projects in Mexico and South America. Shares increased on a rally in copper prices. We remain shareholders, as we believe Grupo México is a well-managed company trading at a meaningful discount to the sum of its parts. The copper segment includes some of the world's largest, lowest-cost copper mines in safe jurisdictions. Copper production should grow significantly over the next several years from brownfield expansions and construction of a new mine, in our view.

Table III.
Top detractors from performance for the quarter ended March 31, 2022

	Percent Impact
S4 Capital plc	-1.08%
Future plc	-0.77
BNP Paribas S.A.	-0.56
Keyence Corporation	-0.52
Industria de Diseno Textil, S.A.	-0.46

S4 Capital plc is a global marketing services business founded by Sir Martin Sorrell, the founder and former CEO of WPP, the largest ad agency in the world. S4 encompasses creative production firm MediaMonks and data-driven media consultancy MightyHive. Shares were down on broader concerns about a weakening advertising environment and the fact that the company's auditor, PwC, said they were unable to complete the work needed for S4 to release their 2021 results. It is our view that the delay in the release will not end up being material to the company's long term growth opportunities.

Future plc is a special-interest publisher of digital content, magazines, and events with a brand portfolio including TechRadar, PC Gamer, and Gizmodo. Shares of Future were down on broad concerns about a weakening advertising environment. We remain investors. We have yet to see a deceleration in advertising activity. Long term, we believe Future can continue to grow both organically and through M&A, with potential to complete meaningfully in the $150 billion global B2B market with lead generation and business intelligence offerings.

Shares of **BNP Paribas S.A.**, a France-based universal bank, declined in the quarter after its fourth quarter results missed on revenues and expenses. Shares were also pressured by the negative impact of the Russia-Ukraine war on European growth, interest rate, and inflation expectations. We retain conviction in BNP given the bank's diversified revenue base, achievable medium-term targets, and capital optionality from the December 2021 sale of its U.S. retail operations.

Keyence Corporation detracted during the quarter, primarily driven by the likely near-term business slowdown in Europe due to Russia's invasion of Ukraine and an outbreak of COVID in China. We retain conviction. As a global leader in machine vision and factory automation solutions, we believe the company is positioned to benefit from rising adoption of industrial automation equipment to enhance productivity. We believe it can sustain mid-teens earnings growth over the next three to five years.

Industria de Diseno Textil, S.A., owner of Zara and other apparel brands, detracted in the quarter, on expectations of depressed consumer spending in Europe given its reliance on Russian raw material exports. We remain investors, as we think Industria is among the best operators of apparel businesses globally, with a unique supply chain that has driven industry-leading growth and returns for decades, which we believe will continue.

Portfolio Structure

Table IV.
Top 10 holdings as of March 31, 2022 – Developed Countries

	Percent of Net Assets
AstraZeneca PLC	2.1%
Glencore PLC	2.1
AMG Advanced Metallurgical Group N.V.	2.1
Linde plc	2.0
Befesa S.A.	2.0
Arch Capital Group Ltd.	1.9
Nestle S.A.	1.8
Pernod Ricard SA	1.7
eDreams ODIGEO SA	1.7
Keyence Corporation	1.6

Table V.
Top five holdings as of March 31, 2022 – Emerging Countries

	Percent of Net Assets
Taiwan Semiconductor Manufacturing Company Ltd.	1.6%
Suzano S.A.	1.4
Reliance Industries Limited	1.4
Korea Shipbuilding & Offshore Engineering Co., Ltd.	1.3
Grupo México, S.A.B. de C.V.	1.2

Table VI.
Percentage of securities in Developed Markets as of March 31, 2022

	Percent of Net Assets
United Kingdom	16.3%
Japan	8.2
France	8.2
Netherlands	5.9
Switzerland	4.6
Spain	3.7
Germany	3.5
Canada	3.2
United States	2.9
Sweden	2.2
Italy	2.1
Australia	1.7
Israel	1.5
Hong Kong	0.9
Denmark	0.9
Norway	0.8

Table VII.
Percentage of securities in Emerging Markets as of March 31, 2022

	Percent of Net Assets
China	9.7%
India	6.0
Brazil	3.7
Korea	2.3
Taiwan	1.6
Poland	1.3
Mexico	1.2
Peru	0.8

The table above does not include the Fund's negligible exposure to Russia (Less than 0.1%) because the country falls outside of MSCI's developed/emerging/frontier framework.

Exposure by Market Cap: The Fund may invest in companies of any market capitalization, and we strive to maintain broad diversification by market cap. At the end of the first quarter of 2022, the Fund's median market cap was $15.8 billion. We were invested 62.3% in large- and giant-cap companies, 18.1% in mid-cap companies, and 12.8% in small- and micro-cap companies, as defined by Morningstar, with the remainder in cash.

Recent Activity

During the first quarter, we added several new investments to existing and new themes, while also increasing exposure to several positions that were established in earlier periods. We continue our endeavor to add to our highest conviction ideas.

We were active in conceptualizing and investing in our newly minted *Global Security* theme by initiating a position in **Tenaris S.A.** In our view, Russia's unprecedented invasion of Ukraine has triggered a paradigm shift in capital allocations worldwide, toward energy, commodity, and food/agricultural security and infrastructure, as well as an increase in defense spending, especially by European countries such as Germany and Italy. The discrediting of Russia as a reliable trade partner and ongoing de-globalization require redundancy and localization of key commodities and investments in commercial and industrial supply chains. Accordingly, we seek to identify and invest in businesses that we believe will be key beneficiaries of such investments. Tenaris manufactures seamless steel pipe products with primary operations in the U.S., Latin America, and the Middle East. Most of its products are specialized oil country tubular goods ("OCTG") supplied to the energy industry. The war in Ukraine highlights the need to reorient supply chains away from reliance on Russia, while greater energy security in the near term requires increased domestic supply of hydrocarbons, particularly U.S. shale gas. In our view, Tenaris is one of the lowest-cost OCTG producers and will be a key beneficiary of increased drilling capex, which is required to reduce global reliance on Russian oil and gas.

During the quarter, we also made several investments in our sustainability/ESG theme, most notably **Aker Carbon Capture AS**, **Ceres Power Holdings plc**, **Meyer Burger Technology Ltd**, and **IGO Limited**, all of which are also derivative beneficiaries of the global security theme outlined above. Russia's invasion of Ukraine will accelerate plans by many nations, particularly in Europe, to deploy renewables as part of their energy security agenda. Aker develops carbon capture products that reduce CO_2 emissions from industrial flue gases. The company is a market leader in Europe and has a proprietary low-cost technology ("Just Catch") to capture CO_2 from small industrial plants. Aker's patented solvents are one of the most environmentally safe products on the market, which is a key competitive advantage. There is a secular growth opportunity in carbon capture that will play an important role in CO_2 emissions reduction, particularly in hard to de-carbonize industries such as cement, gas-to-power/hydrogen, and waste-to-energy. Ceres is a fuel cell technology and engineering company. Hydrogen fuel cells and electrolyzers could potentially help reduce emissions in the power, steel, trucking, marine shipping, and other hard to de-carbonize industries. Ceres has a proprietary solid oxide fuel technology and partnerships with leading OEMs in Germany, China, and Korea. We also like the company's asset-light business model, licensing its technology to partner OEMs, which generates revenue principally through high-margin royalties and licensing fees.

Meyer is a Swiss-based supplier of solar modules. The company's next generation, heterojunction solar modules are more efficient than competing products, thereby garnering premium pricing. Meyer has strong order momentum for these new products and is currently ramping up capacity at both its German and U.S. facilities. In our view, Meyer is a long-term beneficiary of greater localization of alternative energy supply chains as nations across the globe seek to reduce reliance on China, which currently produces roughly 80% of global solar modules. IGO is an Australian mining company focused on the development of key battery metals such as nickel, lithium, and copper. Among the company's principal assets is its ownership stake in the Greenbushes lithium deposit, which is one of the largest, lowest-cost lithium projects in the world. In addition, IGO is also one of the largest independent nickel producers globally. We expect IGO to deliver sustainable growth over the long term, driven by the multi-year deficits in battery metals implied by structural demand from electrification/EVs.

During the quarter, we also increased exposure to our digitization theme, by investing in **Baidu, Inc.** and **Renesas Electronics Corporation**. Baidu is a leading Chinese artificial intelligence ("AI") company. The company's mobile ecosystem, which includes China's dominant search engine, has over 620 million monthly active users. In our view, this ecosystem will benefit from the secular growth of China's digital advertising industry, as well as the expansion of searchable content as established social media and e-commerce platforms are forced to share content as a result of regulatory reforms. Beyond its core search business, Baidu has invested heavily in cutting-edge technologies including cloud, autonomous driving, smart devices, and AI chips. The company's cloud business is one of the largest and fastest growing in China and is differentiated by its AI solutions and higher-value PaaS/SaaS offerings. Baidu has also developed leading autonomous driving technologies, which it is commercializing through partnerships with top-tier Chinese auto manufacturers. We see significant upside for Baidu, given its strong competitive position across several of China's key growth industries. Renesas is a Japanese semiconductor company. As a global leader in microcontrollers, analog, and power devices, we believe the company will be a major beneficiary of the secular growth of semiconductor content in automotive, industrial, data center, and IoT applications. Through a series of acquisitions in recent years, Renesas has transformed its product portfolio and diversified its end-market and geographic exposures. In our view, the company will continue to expand its margins due to its improving product mix and operational efficiency. We expect Renesas to generate strong double-digit earnings growth over the next several years.

Finally, we added to several of our existing positions during the quarter, including **Z Holdings Corporation**, **AstraZeneca PLC**, **Epiroc AB**, **Suzano S.A.**, **Telefonaktiebolaget LM Ericsson**, **Estun Automation Co., Ltd.**, **eDreams ODIGEO SA**, **InPost S.A.**, and **Grupo México, S.A.B. de C.V.**

During the quarter, we also exited several positions, the largest being **Advantest Corporation**, **Autostore Holdings Ltd.**, **Housing Development Finance Corporation Limited**, and **Zhejiang Dingli Machinery Co., Ltd.** In our endeavor to increase concentration in holdings where we have highest conviction in quality and return potential and eliminating lower conviction or smaller positions over time, we also exited positions in **Galaxy Entertainment Group Limited**, **DLocal Limited**, **Niu Technologies**, **Wise Plc**, and **Kanzhun Limited**.

Outlook

"There are decades where **nothing happens**; and there are weeks where decades **happen**." Vladimir Ilyich Lenin

The last week of February 2022 was one of such weeks. Prior to February 24, 2022, we would have argued that equity investing is principally about fundamentals; choosing great entrepreneurs, management teams, and companies that are positioned to prosper from years of growth potential while leveraging sustained competitive advantage or barriers to entry. While we largely still believe this to be true, we also recognize that something changed in the first quarter of 2022, and going forward we must be prepared to embrace greater uncertainty and volatility in the capital markets. In our view, we have exited the 30-plus years of post-Iron Curtain prosperity and peace, and the curtailment of globalization is likely to accelerate. If we are correct that February 24, 2022 marks the beginning of a bull market in geopolitics and security concerns, geopolitical priorities will, from time to time and without warning, subjugate economic and financial interests, a line we seem to have crossed in the aftermath of Russia's invasion of Ukraine. There will be opportunity in this new paradigm, though we believe forward-looking and thematic investors such as ourselves will be advantaged.

As portfolio managers of international and EM investment strategies, we have had a ground level view of the war and humanitarian crisis in Ukraine as well as the sea change taking place. Vladimir Putin seeks a total victory in Ukraine, though he appears to have grossly miscalculated his hand. China, a recently self-described partner of Russia, likely spoke too soon and would like to be seen as a neutral "Switzerland," but there is no "Switzerland" on the issue of human atrocities and tragedy. As such, we conclude that China prefers de- escalation and Russia's withdrawal, which relieves the pressure to publicly choose a side. NATO would prefer to see regime change in Russia, which is an outcome Putin would seek to avoid at all costs. Regardless of how the war evolves in the coming weeks and months, we believe there are some lasting conclusions:

1. Putin has overplayed his position and leaves himself and Russia more vulnerable than before February 24, 2022. Russia has quickly achieved the international pariah status of North Korea, its role outside of the energy and commodity spectrum has been severely diminished, and unfortunately, the Russian people will bear the brunt of the domestic economic pain resulting from Putin's actions.
2. The European Union, NATO, and the U.S./EU alliance have been greatly fortified–the opposite of Putin's intention to split Europe and divide NATO over Russia's invasion of Ukraine. NATO, and in particular, German/EU defense and security spending will rise materially and indefinitely going forward. The financial and economic mutualization of Europe, which is a theme we have invested in, will advance to a new level given shared security concerns.
3. A new global theme has emerged, which we have dubbed *Global Security*. The new paradigm requires a shift in capital allocations worldwide, toward energy, commodity, and food/agricultural security and infrastructure, as well as an increase in defense spending, perhaps at the expense of industries that prospered most from the fall of the Iron Curtain. The discrediting of Russia as a reliable commercial partner and ongoing de-globalization requires redundancy and localization of key commodities and investments in commercial and industrial supply chains.
4. NATO responded to Putin's conventional "hardware" war by wielding financial weapons of mass destruction, the likes of which had never been seen. In our view, this is likely to accelerate the decline in global demand for dollars that we often reference, while encouraging the longer-term emergence of alternative reserve currencies. We reiterate that we are nearing the end of a multi-year dollar bull market, which ultimately encourages capital flows out of the dollar and favors international and EM equities on a relative basis.
5. India, to us the most attractive of EM jurisdictions for long-term investment, is a likely geopolitical winner in this new paradigm, as its strategic value is on the rise as the largest developing world democracy and ally of the U.S. and other NATO members, while it also is the greatest likely beneficiary of multi-national manufacturers' intent to diversify production and supply chains.

The past quarter was a challenging one for investors–and despite a solid start to the year prior to February 24, 2022, particularly challenging for international and EM investors. Russian equities were written down to near zero, and Russia will be excluded from the major indexes going forward. While the collateral financial and market impact of Russia's invasion of Ukraine resonated far and wide, perhaps the more pressing questions for investors going forward relate to how the conflict will economically and financially impact Europe in the long term, and whether China remains an attractive and viable investment jurisdiction. We believe that while the conflict presents challenges and financial risk to Europe in the short term, which was quickly discounted by the capital markets, in the longer term, we see the war in Ukraine as a unifying event for Europe that is likely to stimulate years of investment and *reduce* political and financial risk. During the quarter, shortly after experiencing a wholesale loss of capital on Russian exposures, some investors began to fear that investments in China may also present Russia-related geopolitical risk, given China's previous statements regarding its sturdy partnership with Russia. Would China provide military or financial support to directly aid Russia's aggression, and in effect, would China suffer from retaliatory sanctions such as those levied against Russia? While there were several leaks suggesting China might consider such assistance, we consider such reports dangerous and provocative, and discount the likelihood of such events for several reasons, but in sum, *it simply is not in China's interest nor demeanor to do so*. While Russia has always been about chaos and disruption, China's mantra is about stability and peace. Russia is a country of minor economic significance with little to lose, while China is a rising superpower with everything to lose. Direct support for Putin's war would surely trigger a strong reaction and substantial isolation, reverse decades of economic progress, and compromise China's strong desire to become the Asian hegemony with a competitive reserve currency. In our view, market speculation regarding China's intentions became wildly exaggerated, but also triggered direct messaging that China desires Russia de-escalate and seeks peace, while economic and regulatory policymakers strongly signaled that they remain sensitive to the concerns of the investor class. We remain encouraged by pervasive evidence of impending regulatory relief, financial easing, and economic stimulus in China. While the recent escalation of COVID-related challenges defers China's economic and equity market recovery somewhat, in our view, the mid-March equity market capitulation likely represents a bottom for this asset class. We remain optimistic regarding the longer-term outlook for international equities and of course, we remain confident that we have invested in a portfolio of well-positioned and well-managed companies with substantial opportunity ahead.

Thank you for investing in the Baron International Growth Fund.

Sincerely,

Michael Kass
Portfolio Manager

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

Risks: Non-U.S. investments may involve additional risks to those inherent in U.S. investments, including exchange-rate fluctuations, political or economic instability, the imposition of exchange controls, expropriation, limited disclosure and illiquid markets. This may result in greater share price volatility. Securities of small and medium-sized companies may be thinly traded and more difficult to sell. Even though the Fund is diversified, it may establish significant positions where the Adviser has the greatest conviction. This could increase volatility of the Fund's returns. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

The discussions of the companies herein are not intended as advice to any person regarding the advisability of investing in any particular security. The views expressed in this report reflect those of the respective portfolio manager only through the end of the period stated in this report. The portfolio manager's views are not intended as recommendations or investment advice to any person reading this report and are subject to change at any time based on market and other conditions and Baron has no obligation to update them.

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DEAR BARON REAL ESTATE FUND SHAREHOLDER:

The Baron Real Estate Fund (the "Fund") declined 10.76% (Institutional Shares) in the first quarter of 2022, modestly outperforming its primary benchmark, the MSCI USA IMI Extended Real Estate Index (the "MSCI Real Estate Index"), which declined 11.03%. The Fund underperformed the MSCI US REIT Index (the "REIT Index"), which declined 4.28%.

Several factors weighed on performance in the first three months of 2022 (detailed in the letter below). While we are disappointed with the challenging start to the year, we remain optimistic about the prospects for the Fund. The fundamentals of many of the businesses we own remain strong, and we are taking advantage of opportunities to invest in and add to quality real estate companies, many of which are now trading at attractive valuations.

We are pleased to report that as of March 31, 2022, the Fund has maintained its:

- **#1 real estate fund Morningstar ranking for each of its 10-year, 5-year, and 3-year performance periods**
- **5-Star Morningstar Rating™ for each of its 10-year, 5-year, and 3-year performance periods**
- **5-Star Overall Morningstar Rating™**

JEFFREY KOLITCH
PORTFOLIO MANAGER

Retail Shares: BREFX
Institutional Shares: BREIX
R6 Shares: BREUX

We will address the following topics in this letter:

- Our current top of mind thoughts
- A review of recent activity managing the Fund and 2022 year-to-date performance
- Our 2022 investment themes and portfolio composition
- Examples of attractively valued real estate companies
- Concluding thoughts on the prospects for real estate and the Fund (*preview:* we remain bullish)

As of 3/31/2022, the Morningstar Ratings™ were based on 236, 205, 149, and 236 share classes for the 3-year, 5-year, 10-year, and Overall periods, respectively. The Baron Real Estate Fund received 5, 5, 5, and 5 stars, 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.

As of 3/31/2022, the Morningstar Real Estate Category consisted of 255, 236, 205, and 149 share classes for the 1-, 3-, 5-, and 10-year periods. Morningstar ranked Baron Real Estate Fund Institutional Share Class in the 96th, 1st, 1st, and 1st percentiles, respectively. On an absolute basis, Morningstar ranked Baron Real Estate Fund Institutional Share Class as the 245th, 2nd, 2nd, and 1st best performing share class in its Category, for the 1-, 3-, 5-, and 10-year periods, respectively.

Morningstar ranked Baron Real Estate Fund R6 Share Class in the 95th, 1st, and 1st percentiles, for the 1-, 3-, and 5 year periods, respectively. On an absolute basis, Morningstar ranked Baron Real Estate Fund R6 Share Class as the 244th, 1st, and 1st best performing share class in its Category for the 1-, 3-, and 5-year periods, respectively.

Morningstar calculates the Morningstar Real Estate 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.

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.

Table I.
Performance†
Annualized for periods ended March 31, 2022

	Baron Real Estate Fund Retail Shares[1,2]	Baron Real Estate Fund Institutional Shares[1,2]	MSCI USA IMI Extended Real Estate Index[1]	MSCI US REIT Index[1]
Three Months[3]	(10.79)%	(10.76)%	(11.03)%	(4.28)%
One Year	(0.33)%	(0.09)%	8.28%	25.02%
Three Years	24.45%	24.76%	12.50%	9.92%
Five Years	16.78%	17.08%	10.44%	8.36%
Ten Years	14.86%	15.14%	11.51%	8.42%
Since Inception (December 31, 2009) (Annualized)	15.56%	15.85%	12.27%	10.46%
Since Inception (December 31, 2009) (Cumulative)[3]	488.30%	506.67%	312.72%	238.44%

OUR CURRENT TOP OF MIND THOUGHTS

1. **We expect 2022 will continue to be a difficult year.**

   In our year-end 2021 shareholder letter, we stated that we believed **2022 would be arduous to navigate** in part due to the prospects of a more hawkish Federal Reserve, higher interest rates, and the possibility of moderating growth and valuation compression in some segments of commercial and residential real estate.

   Early in 2022, we also stated our expectation that **this year would be a normalization or transition year**–a normalization in interest rates, inflation, valuation multiples, stock market returns, the ongoing reopening of the U.S. economy, the COVID-19 pandemic, and a transition in Federal Reserve policy from accommodation to contraction. Many of these anticipated considerations and the unanticipated Russia/Ukraine war have contributed to a challenging market environment in the first few months of 2022.

2. Though we are mindful of many of the key risks to the equity and real estate market outlook, **we remain optimistic about the prospects for several segments of public real estate–more so today than three months ago given the sharp correction in many stocks since the start of the year.**

3. **Several real estate companies are on sale.**

   - A good portion of public real estate is attractively valued relative to prior periods.
   - Several segments of public real estate are "on sale" relative to private real estate alternatives. In other words, *valuations for several real estate companies are cheaper on "Wall Street than on Main Street."*
   - For examples of attractively valued real estate companies, please refer to "Examples of attractively valued real estate companies" later in this letter.

4. **There is a strong case to include an allocation to real estate in a diversified investment portfolio.**

   - ***Near-term case for real estate****:* Demand in most cases continues to outstrip supply, favorable business conditions do not portend a recession, strong and liquid balance sheets, substantial private capital in pursuit of real estate ownership, and several attractively valued public real estate companies.
   - ***Long-term case for real estate***: Strong long-term return potential, diversification benefits due to low correlations to equities and bonds, and inflation protection.

5. **A well-crafted real estate portfolio can perform well in a rising interest rate and elevated inflationary environment.**

   - ***Interest rates****:* If business conditions are improving and both the rate of change in interest rates and the ultimate level of interest rates does not create consumer sticker shock and/or become a headwind to operating performance, then real estate equities can perform well.

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2021 was 1.31% and 1.05%, respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser reimburses certain Baron Fund expenses pursuant to a contract expiring on August 29, 2032, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit www.BaronFunds.com or call 1-800-99BARON.

† The Fund's 1-year 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.

1 The **MSCI USA IMI Extended Real Estate Index** is a custom index calculated by MSCI for, and as requested by, BAMCO, Inc. The index includes real estate and real estate-related GICS classification securities. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indexes or any securities or financial products. This report is not approved, reviewed or produced by MSCI. The **MSCI US REIT Index** is a free float-adjusted market capitalization index that measures the performance of all equity REITs in the US equity market, except for specialty equity REITs that do not generate a majority of their revenue and income from real estate rental and leasing operations. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. The indexes and the Fund include reinvestment of dividends, net of withholding taxes, which positively impact the performance results. The indexes are unmanaged. Index performance is not Fund performance; one cannot invest directly into an index.

2 The performance data in the table does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

3 Not annualized.

The performance of Baron Real Estate Fund in rising rate environments: Since the launch of the Fund at the end of 2009, there have been six periods when the U.S. 10-year Treasury yield increased by at least 80 basis points. During these rising interest rate periods, the Baron Real Estate Fund:

- Generated positive absolute performance in five of the six periods. The only period the Fund did not generate a positive return was a 13-month period when it declined 1.82% (September 7, 2017 to October 5, 2018).
- Outperformed the REIT Index 100% of the time (in six out of six periods).

• ***Inflation***: Certain real estate businesses have the ability to raise prices to provide partial inflation protection – well-located real estate in supply-constrained markets, real estate with short-lease durations, and leases with contractual annual rent escalators.

The performance of Baron Real Estate Fund in rising inflationary environments: Since the launch of the Fund at the end of 2009, there have been six periods when the one-year inflation increased at least 100 basis points. During these inflationary periods, the Baron Real Estate Fund has proven to be an effective inflation hedge:

- Generated positive absolute performance in five of the six periods. The only period the Fund did not generate a positive return was a 10-month period beginning on November 30, 2010, when it declined 7.51%.
- Outperformed the REIT Index in four of six periods with an average outperformance of 197 basis points.
- Outperformed the MSCI Real Estate Index in four of six periods with an average outperformance of 147 basis points.

• **Playbook for rising interest rate and inflationary environments**:

- Prioritize short-lease duration real estate that can reprice more often to partially offset interest rate and inflationary pressures.
- Emphasize real estate-related companies that will benefit disproportionately from an improvement in the economy.
- Emphasize companies with strong pipelines of projects to supplement organic growth.
- Invest in companies with strong balance sheets that can weather a rise in interest rates.
- Monitor companies that are more susceptible to higher borrowing costs (REIT and non-REIT).

6. **We believe the Baron Real Estate Fund – with the demonstrated merits of our broader, more flexible, and actively managed investment approach – is a highly compelling real estate mutual fund choice.**

A REVIEW OF RECENT ACTIVITY MANAGING THE FUND AND 2022 YEAR-TO-DATE PERFORMANCE

Recent Activity

We have maintained our elevated active approach to managing the Fund in the first three months of 2022 due to:

- The ongoing evolution of tailwinds and headwinds in certain segments of real estate
- Company-specific considerations
- The emergence of several macro headwinds such as the recent spike in interest rates and mortgage rates
  - According to Freddie Mac, the 30-year fixed mortgage rate increased by 156 basis points in the first three months of 2022 from 3.11% on December 31, 2021, to 4.67% on March 31, 2022
- High stock market volatility

We believe our actions have positioned the Fund for strong long-term performance: They included:

- Raising cash by trimming or exiting expensive real estate securities, especially businesses that could face operational headwinds
- Purchasing best-in-class real estate-related securities that were on sale

Examples: **Brookfield Asset Management Inc.**, **CBRE Group, Inc.**, **American Tower Corp.**, **Equity Residential**, **Public Storage Incorporated**, **Vail Resorts, Inc.**, and **Blackstone Inc.**

- Purchasing cyclical real estate stocks–travel and hospitality-related and a few housing-related real estate stocks–that had declined sharply (*in some cases by 40% to 50% from 2021 share price highs!*) but possess the potential to appreciate significantly over the new few years

Examples: **Las Vegas Sands Corporation**, **Boyd Gaming Corporation**, **Caesars Entertainment Corporation**, **Six Flags Entertainment Corporation**, **Madison Square Garden Entertainment Corp.**, **Trex Company, Inc.**, **The AZEK Company Inc.**, and **Floor & Decor Holdings, Inc.**

Table II.
Top net purchases for the quarter ended March 31, 2022

	Quarter End Market Cap (billions)	Amount Purchased (millions)
Vail Resorts, Inc.	$ 10.6	$44.7
Public Storage Incorporated	68.4	40.3
Blackstone Inc.	151.9	29.4
GDS Holdings Limited	7.5	28.2
Las Vegas Sands Corporation	29.7	27.0

In the most recent quarter, we initiated positions in three best-in-class real estate companies that are new to the Baron Real Estate Fund:

We have been monitoring and researching **Vail Resorts, Inc.** for several months. Following a steep correction in its share price from a peak of $376 in November 2021, we acquired shares approximately $100 lower at an average cost basis of $276 per share. The company has assembled an irreplaceable portfolio of mountain resorts that include Vail, Beaver Creek, Breckinridge, Park City, Whistler Blackcomb, and Keystone. We believe Vail's long-term prospects will be supported by attractive supply and demand trends (e.g., no new ski resorts, strong consumer demand for outdoor experiences versus goods), strong pricing power and free cash flow generation, a customer advance commitment strategy that leads to recurring cash flows and financial stability even if weather and macroeconomic conditions change, and strategic acquisitions. After peaking at a valuation of approximately 18 to 20 times cash flow (its long-term average is approximately 15 times cash flow), we believe Vail's shares are now attractively valued at approximately 13 times cash flow and offer prospects for compelling returns over the next few years.

Public Storage Incorporated is a REIT that is the world's largest owner, operator, and developer of self-storage facilities. The company's nearly 2,500 self-storage facilities across the U.S. serve more than one million customers. The company has achieved the number one market position in 14 of its top 15 markets and the leading brand among consumers. We are encouraged about the company's prospects due to our expectations for the continuation of strong occupancy and rent trends, limited new supply, mid-teens organic cash flow growth, the potential for mergers and acquisitions activity in part due to the company's well-capitalized and low leverage balance sheet, and the ability to increase rents monthly to combat inflation headwinds. We believe Public Storage's shares are currently valued at a discount to private market self-storage values and offer prospects for mid-teens total returns over the next few years.

Since the inception of the Baron Real Estate Fund in December 2009, we have invested in Brookfield Asset Management Inc., a leading alternative asset management company focused on investing in high-quality assets that tend to generate predictable and growing cash flows. We remain optimistic on the multi-year prospects for Brookfield and certain other alternative asset management companies because we believe the growth opportunity is a secular one that will continue to be fueled by institutions shifting a large portion of their capital away from fixed income investment options due to persistently low global interest rates and insufficient fixed income returns. Much of this capital continues to be reallocated to alternative asset management companies that are expected to generate attractive relative and absolute returns with less volatility.

In the most recent quarter, we expanded the Fund's exposure to the alternative asset management category with our purchase of **Blackstone Inc.** We have long admired Blackstone because we believe the company embodies several of the characteristics of a truly great business. Blackstone has a premier brand, a global franchise, and loyal customers. The company is fast growing with limited needs for capital, produces high cash flow margins, and is anchored by a recurring revenue base. Led by the highly talented CEO Stephen Schwarzman and President Jon Gray, the company attracts and retains excellent talent. The company is the largest real estate manager in the world with an impressive investment track record. Approximately 40% of its fee-earning inflows are derived from real estate. Following a more than 20% correction in Blackstone's share price, we recently began acquiring shares. With its 4.6% dividend yield and strong prospects for growth, we are optimistic about the long-term potential for the Fund's investment in Blackstone.

Following a 66% correction in its share price from a peak of $117 per share in February 2021, we recently reacquired shares in **GDS Holdings Limited** at an average cost of $39 per share. GDS is the leading developer and operator of data centers in China. Following several years of strong share price performance, the shares of GDS corrected sharply in 2021 due to investor concerns about China's increased regulatory scrutiny of the technology industry and a slowdown in its economy, increased competition, evidence of further tensions with U.S. regulatory agencies, and a substantial correction in technology shares broadly. At our average purchase price of $39, we believe these concerns are sufficiently discounted in the shares and remain optimistic about the company's long-term potential to generate strong growth and increase the intrinsic value of the business.

In February 2021, three highly respected institutional investors–Sequoia China, ST Telemedia Global Data Centers, and an Asian sovereign wealth fund–invested $620 million dollars in GDS at a slight premium to the Fund's purchase price. This was a major vote of confidence in the management team and the growth opportunity ahead (we suspect there is meaningful additional capital available to support GDS's expansion plan should volatility in the public equity markets persist). We continue to believe that GDS is well positioned to benefit from the Chinese digital economy, which is in its early growth phase, with relatively low national internet access penetration and expectations for ongoing strong growth in public cloud spending.

GDS' shares are valued at a discounted cash flow multiple to its global data center peers despite the fact that the company is projected to grow its cash flow 3 to 4 times faster over the next few years.

Following a 50%-plus decline in the share price of **Las Vegas Sands Corporation** from its 2021 peak share price of $67 to $34, we began acquiring shares of this global leader in the development and operation of luxury casino resorts in the fourth quarter of 2021 and continued to acquire shares in the most recent quarter. We believe Las Vegas Sands' market-leading resorts in Macau and Singapore position the company for strong growth when travel and tourism spending rebounds. Las Vegas Sands maintains a liquid and investment grade balance sheet and is currently valued at a significant discount to our assessment of replacement cost.

Table III.
Top net sales for the quarter ended March 31, 2022

	Quarter End Market Cap or Market Cap When Sold (billions)	Amount Sold (millions)
Lennar Corporation	$ 23.4	$38.1
D.R. Horton, Inc.	26.4	33.5
Lowe's Companies, Inc.	133.8	24.0
Simon Property Group, Inc.	43.2	21.6
Installed Building Products, Inc.	3.4	21.2

In our year-end 2021 shareholder letter, we noted that we were mindful of the potential risks to the Fund's investments in residential-related real estate companies.

In the first quarter of 2022, following exceptionally strong share price performance for the three-year period ended December 31, 2021 for many of the Fund's investments in residential-related real estate companies, we trimmed the Fund's holdings in homebuilders **Lennar Corporation** and **D.R. Horton, Inc.**, and home improvement center **Lowe's Companies, Inc.** We also exited the Fund's investment in residential building product and services company, **Installed Building Products, Inc.**

Though we remain optimistic about the long-term prospects for the U.S. housing market, we are cautious near term about the possibility of a slowdown in the for-sale portion of the U.S. housing market due, in part, to affordability concerns and material and labor bottle necks. In addition to the spike in mortgage rates mentioned above, home prices increased almost 20% in 2021 (the biggest annual gain in at least 34 years according to Case Shiller) following a more than 10% increase in home prices in 2020.

Following first quarter declines of 30% to 50% for several residential-related real estate companies, we believe the valuations of many housing-related companies now reflect a good portion of a possible temporary slowdown in the U.S. housing market and have begun to offer compelling multi-year return prospects.

For our more complete thoughts on residential real estate and attractively valued real estate, please see "Our 2022 investment themes and portfolio composition" and "Examples of attractively valued real estate companies" later in this letter.

Following a share price gain of more than 97% in 2021, we recently trimmed the Fund's holdings in **Simon Property Group, Inc.**, the largest and premier mall operator in the U.S. Though we are also tempered by the expectation for modest earnings growth in 2022, we remain optimistic about the company's long-term prospects. Simon owns A-quality malls in A-quality geographic locations. We expect Simon to benefit from the ongoing economic recovery and believe management is well positioned to acquire real estate assets given its strong balance sheet and low cost of capital.

Recent Performance

Though we are disappointed with the Fund's challenging start to 2022 – in part due to some unexpected "curve balls" such as a rapid and steep spike in mortgage rates, a further spike in inflation, ongoing COVID-related lockdowns, and an unexpected war – there have been prior periods when the Fund has temporarily trailed its benchmark. We have a track record of bouncing back. Our team remains driven, hard at work, and we are optimistic that we will, once again, deliver strong long-term relative performance for our shareholders as we have done for more than 12 years.

Table IV.
Top contributors to performance for the quarter ended March 31, 2022

	Quarter End Market Cap (billions)	Percent Impact
Madison Square Garden Entertainment Corp.	$ 2.8	0.22%
Travel + Leisure Co.	5.0	0.18
Blackstone Inc.	151.9	0.18
Boyd Gaming Corporation	7.2	0.09
Six Flags Entertainment Corporation	3.8	0.08

We recently acquired shares in **Madison Square Garden Entertainment Corp.** ("MSGE") at what we believe was a highly discounted average price of only $68 per share. From its peak of $121 per share in March 2021, the stock declined more than 40% due to setbacks in indoor live entertainment amid the COVID-19 resurgence and real estate construction delays. The company owns iconic sports and entertainment real estate venues such as Madison Square Garden, the Chicago Theater, and is building a new state-of-the-art venue in Las Vegas, the MSG Sphere at The Venetian (slated to open in 2023). In addition, MSGE has long-term leases at Radio City Music Hall and the Beacon Theatre, while also maintaining a controlling stake in restaurant group TAO.

Our investment thesis in MSGE is based on the following:

1. We believe cash flow will quickly meet or exceed 2019 levels with live events and entertainment returning to normalized levels. This trend should be aided by meaningful tailwinds due to easing COVID restrictions and receding health concerns combined with substantial consumer savings and prioritization of experiences over goods.
2. We believe the Sphere in Las Vegas will not only lead to incremental cash flow growth for the company but will also allow for further value creation.
3. We believe the company is trading a substantial discount to our estimate of intrinsic value of $100 in a base case and $150 in an upside case. We believe the ramp in live entertainment cash flow combined with the Sphere completion and visibility on development returns should help shine a light on this value.

Following strong quarterly business results, the shares of **Travel + Leisure Co.**, a leading timeshare and hospitality company, performed well in the most recent quarter. We participated in the company's investor day in September 2021 and remain encouraged by management's four-year growth plan, which includes expectations to grow earnings at a compound annual growth rate of 17% to 22%. Management also expects to generate approximately $3 billion of cumulative cash flow in the next four years that can be used for dividends, share repurchases, strategic mergers and acquisitions, and reinvesting in the business. We believe the shares are attractively valued at only 12.5 times estimated 2022 earnings per share and offer compelling prospects for strong shareholder returns over the next few years.

Please refer to our commentary on **Blackstone Inc.** which can be found below Table II – Top net purchases for the quarter ended March 31, 2022 earlier in this letter.

Following strong share price performance in 2021, the shares of **Boyd Gaming Corporation** continued to perform well in the first quarter of 2022. Boyd is one of the largest and most successful casino entertainment companies in the U.S. The company owns and operates 28 casino gaming properties in 10 states with a large presence in Las Vegas and a geographic focus on the drive-to, leisure gaming customer. We remain optimistic about the prospects for Boyd's shares because business conditions are strong, management maintains a liquid and conservatively capitalized balance sheet, insiders own approximately 27% of the company, the shares remain attractively valued at only 7.5 times 2022 estimated cash flow and a double-digit free cash flow yield, and we believe the company could be an attractive acquisition candidate should its current valuation remain discounted relative to recent private market casino and gaming transactions.

The shares of **Six Flags Entertainment Corporation** increased modestly in the most recent quarter following encouraging business results. The company is the largest operator of regional theme parks in the world with 30 parks across the U.S., Mexico, and Canada and hosts approximately 30 million visitors annually. Six Flags enjoys robust unaided consumer awareness due to its 60-year operating history and enduring brand.

We have recently spent time with newly appointed CEO Selim Bassoul. Selim spent over 20 years as the former CEO of The Middleby Corporation where he engineered a successful turnaround, implementing an accretive acquisition strategy and reinvigorating organic growth. Middleby ultimately grew sales from approximately $100 million to over $2.5 billion at his retirement in 2019. Six Flags also has elements of a turnaround situation, yet also has the ability to leverage its well-known brand and long operating history.

We believe there are multiple avenues to win with Six Flags:

1. **Attendance growth:** Attendance recovery post-COVID has been robust, but we believe there are further opportunities to drive quality guest volume and increase the attendance mix toward higher spending guests.

2. **Premiumization:** We believe Six Flags has tremendous pricing power and is under-monetizing its core offerings. While per capita in-park spending has been strong (growing approximately 30% from 2019 levels), we believe there is further room to drive guest spending through initiatives such as better food and beverage selections and technology adoption (e.g., mobile ordering, ability to pay to skip line, personalization of guest experience). We also believe there is an opportunity to drive ticket pricing through a dynamic pricing model based on the day of the week and point in the season in addition to simplifying the season pass and membership offerings. At approximately $55 per day ($30 admission and $25 in-park spending), Six Flags remains one of the lower cost leisure-entertainment options.

3. **Corporate initiatives:** Selim has proven to be a thoughtful and charismatic leader. We believe there is ample opportunity to reset the company culture, reduce layers of management, make quicker decisions, and empower employees.

We believe a combination of these initiatives as well as others will allow Six Flags to grow cash flow from $500 million in 2021 to approximately $600 million in the near term. As a result, we believe the stock may reach $70 or approximately 80% higher than its recent price in the next few years.

Table V.
Top detractors from performance for the quarter ended March 31, 2022

	Quarter End Market Cap (billions)	Percent Impact
The AZEK Company Inc.	$ 3.9	–0.76%
Lowe's Companies, Inc.	133.8	–0.53
Floor & Decor Holdings, Inc.	8.6	–0.52
Jones Lang LaSalle Incorporated	11.9	–0.50
CBRE Group, Inc.	30.4	–0.49

As noted earlier in this letter, several residential-related real estate companies corrected sharply in the first quarter of 2022, in part due to concerns about the possibility of a slowdown in the for-sale portion of the U.S. housing market due to consumer affordability concerns and material and labor bottlenecks. Examples of residential-related companies that declined in the first quarter include:

- **The AZEK Company Inc.**: A leading manufacturer of outdoor, non-wood building products including decking, railing, trim, and other leading outdoor products.
- **Lowe's Companies, Inc.**: One of the largest home improvement retailers in the world.
- **Floor & Decor Holdings, Inc.**: A high-growth specialty flooring retailer.

We believe current valuations for each of these companies now reflect a good portion of a possible temporary slowdown in the U.S. housing market and have begun to offer compelling multi-year return prospects. We will have more to say about each of these companies in future letters.

For our more complete thoughts on residential real estate and attractively valued real estate, please see "Our 2022 investment themes and portfolio composition" and "Examples of attractively valued real estate companies" later in this letter.

Following strong share price performance in 2021, the shares of leading commercial real estate services firms, **Jones Lang LaSalle Incorporated** and **CBRE Group, Inc.** declined in the most recent quarter. We believe the current valuations of both companies are compelling. Further, we believe both companies are well-positioned to benefit from long-term growth opportunities that include a growing list of companies looking to outsource their commercial real estate needs, the growth in institutional ownership of commercial real estate, and attractive acquisition opportunities given their highly desirable global platforms and strong balance sheets.

OUR 2022 INVESTMENT THEMES AND PORTFOLIO COMPOSITION

Investment Themes

We have continued to structure the Fund to take advantage of three real estate-related themes. They are:

- COVID-19 recovery beneficiaries
- Opportunities in residential real estate
- The intersection of technology and real estate

In the first quarter of 2022, we increased the Fund's exposure to COVID-19 recovery beneficiaries (52.5% to 60.4%), lowered the Fund's exposure in residential real estate (from 27.9% to 15.6%) and technology-related real estate (14.9% to 11.1%), and raised cash from 3.3% to 9.1%.

1. COVID-19 recovery beneficiaries

This investment theme encompasses real estate companies at the epicenter of the pandemic.

Since the onset of the COVID-19 pandemic, certain REITs and other real estate-related businesses that rely on the assembly of people have been severely impacted by COVID-19 as they were forced to shut down all or a large part of operations almost without exception.

For several months, the share prices of many of these companies have moved up and down in a roller coaster fashion mirroring the onset and path of COVID-19 variants (Delta, Omicron, BA.2) and many remain significantly below their peak prices.

We remain optimistic about the prospects for the Fund's COVID-19 recovery beneficiaries, many of which are leisure and travel-related real estate companies, because we believe the businesses remain cyclically depressed, not secularly challenged and there is strong pent-up demand. We expect business conditions and the share prices to improve as more people receive booster shots and the FDA-authorized Pfizer and Merck COVID treatment pills come into use.

We believe the Fund's COVID-19 recovery beneficiaries offer prospects for at least 15% to 20% annual returns in the next few years.

Examples of the Fund's COVID-19 recovery beneficiaries include:

Casinos & gaming operators
Red Rock Resorts, Inc., **Boyd Gaming Corporation**, **Caesars Entertainment Corporation**, **MGM Resorts International**, **Las Vegas Sands Corporation**, and **Penn National Gaming, Inc.**

Vacation timeshare companies
Marriott Vacations Worldwide Corp., **Travel + Leisure Co.**, and **Hilton Grand Vacations Inc.**

Amusement park operators
Six Flags Entertainment Corporation

<u>*Real estate operating companies*</u>
Brookfield Asset Management Inc., **Blackstone Inc.**, and **Madison Square Garden Entertainment Corp.**

<u>*Commercial real estate services companies*</u>
CBRE Group, Inc. and **Jones Lang LaSalle Incorporated**

<u>*Land development companies*</u>
The Howard Hughes Corporation

<u>*Certain REITs (office, apartment, mall, shopping center, hotel, health care, and gaming REITs)*</u>
Equity Residential, **Kite Realty Group Trust**, **Gaming and Leisure Properties**, **Inc.**, **Douglas Emmett, Inc.**, **Simon Property Group, Inc.**, and **Alexandria Real Estate Equities, Inc.**

On March 31, 2022, COVID-19 recovery beneficiary companies represented 60.4% of the Fund's net assets.

Table VI.
COVID-19 recovery beneficiaries as of March 31, 2022

	Percent of Net Assets
Casinos & Gaming Operators	19.4%
Hotels, Timeshare Operators, and Other Leisure Companies	12.6
Real Estate Operating Companies	8.4
Certain REITs	7.6
Commercial Real Estate Services Companies	6.9
Amusement Park Companies	2.8
Land Development Companies	2.2
OTAs	0.5
Total	60.4%

2. **Opportunities in residential real estate**

Beginning in the first week of 2022, we began to lower the Fund's exposure to certain residential real estate companies because many shares had appreciated significantly the last few years and were vulnerable to the possibility of an eventual temporary slowdown in housing-related purchase activity due to a combination of consumer affordability concerns driven by the sharp rise in home prices and higher mortgage rates, and a dearth of new housing inventory.

The shares of several residential-related companies (homebuilders, home centers, and building product and service companies) declined 30% to 50% in the first quarter of 2022. Though we avoided some of the damage, in hindsight, we should have been even more aggressive trimming our positions in the first week of 2022.

Following the first quarter sharp decline in several residential-related real estate companies, we believe the valuations of many housing-related companies now reflect a good portion of a possible temporary slowdown in the U.S. housing market and have begun to offer compelling multi-year return prospects. We may look for opportunities to increase the Fund's exposure to housing-related securities over the balance of 2022. Stay tuned.

For a few examples of attractively valued residential-related real estate companies, please see "Examples of attractively valued real estate companies" later in this letter.

Though we are cautious about the possibility of a slowdown in the U.S. housing market, investment opportunities in the housing market will likely remain a multi-year investment theme. The underpinning of our multi-year optimism is two-fold:

- There has been a **structural underinvestment in the construction of residential real estate relative to the demographic needs of our country** that should continue to reverse in the years ahead.

  In the last three years, the U.S. has been building a similar number of homes annually as it did in 1959–approximately 1.5 million homes, which also equals the 60-year average. This annual construction figure is shockingly low considering that the U.S. population has grown by more than 150 million people since 1959–330 million people today versus 178 million people in 1959!

  Ever since the housing crisis from 2007 to 2010, housing supply has not kept pace with housing demand, household formation, and population growth leading to a structural shortage of housing. According to the U.S. Census, 12.3 million American households were formed from January 2012 to June 2021, but just 7 million new single-family homes were built during that time. The result? The U.S. is short more than 5 million homes.

  Long-term housing-related demand prospects are also encouraging, especially from the approximately 73 million millennials–ages 25 to 40–many of whom are now looking to buy or rent a home. Millennials are the largest generation in the workforce–many have jobs, their wages are increasing, and their multi-year delay of household formation is reversing. There are clear signs that millennials are debunking the view that the American Dream to own or rent a home is over.

  The large imbalance between pent-up housing demand and low construction levels bodes well, long term, for new single-family home purchases, though a spike in home prices and mortgage rates may temporarily deter would-be homebuyers. It also bodes well for home and apartment rentals.

- There are **powerful cyclical AND secular tailwinds** that should aid the housing market in the years ahead.

Cyclical tailwinds

In addition to cyclically depressed levels of construction activity and pent-up demand, low inventory levels, still relatively low mortgage rates by long-term average historical standards, high consumer savings, and strong job and wage growth should continue to benefit the U.S. housing market. The current situation is nothing like what occurred during the global Financial Crisis when our country's inventory of homes was significantly oversupplied relative to demand.

Secular tailwinds

COVID-19 has also given rise to secular tailwinds that may aid the U.S. housing market for several years:

<u>*Suburban may become the new urban*</u>: More U.S. families have been moving out of urban areas to suburban towns. We expect demand for single-family homes, to purchase or rent, to remain strong.

<u>*Work from home or anywhere*</u>: If work-from-home arrangements become more permanent, people will have more flexibility to relocate away from urban centers. This should lead to an increase in new home sales and demand for single-family rentals.

More time at home may lead to more investment in the home: Homeowners are likely to spend more time at home than ever before as more employees work from home. This trend should contribute to homeowners spending more on home repair and remodeling activity (home office, outdoor decks and living spaces, pools, kitchens, and refreshing paint jobs). The Fund currently has investments in several companies that should benefit from this trend including **Lowe's Companies, Inc.**, **Home Depot, Inc.**, **Floor & Decor Holdings, Inc.**, **Fortune Brands Home & Security, Inc.**, **The AZEK Company Inc.**, **Hillman Solutions Corp.**, **SiteOne Landscape Supply, Inc.**, **Pool Corporation**, and **Trex Company, Inc.**

Our research around (and investment in) non-REIT residential-related real estate companies such as homebuilders, land developers, building products/services companies, and home centers is an important differentiator versus REIT funds.

As of March 31, 2022, residential-related real estate companies represented 15.6% of the Fund's net assets.

Table VII.
Residential-related real estate companies as of March 31, 2022

	Percent of Net Assets
Building Products/Services	7.9%
Home Centers	2.5
Homebuilders	1.3
REITs	
Single-Family Rental	2.5
Manufactured Housing	1.4
Total	15.6%

3. **The intersection of technology and real estate**

Recently, the Fund has maintained modest exposure to technology-centric real estate-related companies such as data centers and wireless tower companies due to our view of elevated valuations and superior return prospects in other segments of real estate.

The shares of several data center, wireless tower, and other technology-related real estate companies have lagged, and valuations are becoming more attractive. We may look for opportunities to increase the Fund's exposure in the months ahead.

We remain long-term bullish on the prospects for companies that embrace the intersection of technology and real estate.

The growth in cloud computing, the internet, mobile data and cellphones, wireless infrastructure, and e-commerce are powerful secular developments that should continue unabated for years and are impacting real estate, along with many other industries.

If anything, the pandemic has accelerated these secular trends as more people conduct business, leisure, residential, and commercial activities online.

Real estate-related companies that embrace and adopt the latest technological advances and innovations remain an important focus for us. Key beneficiaries of the technology revolution include data center companies, wireless tower companies, last mile logistics warehouses (or industrial REITs), and real estate data analytic companies.

On March 31, 2022, technology-related real estate companies represented 11.1% of the Fund's net assets.

Table VIII.
Technology-related real estate companies as of March 31, 2022

	Percent of Net Assets
Data Centers	2.3%
Real Estate Data Analytics Companies	1.6
Residential-Related Technology Companies	0.3
REITs	
Wireless Tower REITs	3.4
Industrial REITs	2.5
Data Center REITs	1.0
Total	11.1%

Portfolio Composition

In addition to prioritizing the three investment themes cited above, we have continued to implement a **barbell approach to the Fund's portfolio construction** that includes a mix between best-in-class real estate growth companies and real estate value opportunities.

We believe our barbell approach remains prudent because COVID-19 and the recent spike in interest rates and inflation have led to a wide disparity in share price performance and valuation for many real estate companies.

The Fund's long-term investment bias remains the prioritization of competitively advantaged best-in-class real estate companies with long runways for growth. Examples currently held in the Fund include:

American Tower Corp., **CBRE Group, Inc.**, **CoStar Group, Inc.**, **Equinix, Inc.**, **Lowe's Companies, Inc.**, **Prologis, Inc.**, **Public Storage Incorporated**, and **Alexandria Real Estate Equities, Inc.**

The Fund is also comprised of several real estate companies that are attractively valued and on sale. Examples include:

Brookfield Asset Management Inc., **Jones Lang LaSalle Incorporated**, **MGM Resorts International**, **Boyd Gaming Corporation**, **Marriott Vacations Worldwide Corp.**, **Caesars Entertainment Corporation**, **Six Flags Entertainment Corporation**, **Las Vegas Sands Corporation**, and **Madison Square Garden Entertainment Corp.**

We currently have investments in REITs, plus seven additional real estate-related categories (not including Unclassified securities). Our percentage allocations to these categories vary, and they are based on our research and assessment of opportunities in each category (See Table IX. below).

Table IX.
Fund investments in real estate-related categories as of March 31, 2022

	Percent of Net Assets
REITs	20.6%
Casinos & Gaming Operators	19.4
Hotels & Leisure	15.5
Building Products/Services	10.4
Real Estate Service Companies	9.2
Real Estate Operating Companies	8.4
Homebuilders & Land Developers	3.6
Data Centers[1]	2.3
Unclassified	1.5
Cash and Cash Equivalents	9.1
Total	100.0%

[1] Total would be 3.3% if included data center REIT Equinix, Inc.

EXAMPLES OF ATTRACTIVELY VALUED REAL ESTATE COMPANIES

We believe that many real estate companies are attractively valued relative to their historical levels and are on sale relative to private real estate alternatives.

Notable declines in several real estate companies in the first quarter of 2022

A portion of the value in public real estate surfaced in the first quarter of 2022. In the first three months of the year, an abundance of mostly macro developments–a spike in interest rates and mortgage rates, increases in food, oil, gas, and housing prices–contributed to sharp declines in the share prices of several real estate companies, in some cases by as much as 30% to 50%. A sampling includes:

- Homebuilder companies declined 30% to 40%
  Examples: **Lennar Corporation**, **D.R. Horton, Inc.**, and **Toll Brothers, Inc.**
- Residential building product and services companies declined 30% to 55%
  Examples: **Floor & Decor Holdings, Inc.**, **Trex Company, Inc.**, **SiteOne Landscape Supply, Inc.**, and **The AZEK Company Inc.**
- Home centers declined 20% to 30%
  Examples: **Home Depot, Inc.** and **Lowe's Companies, Inc.**
- Certain travel-related companies declined 10% to 20%
  Examples: **Vail Resorts, Inc.** and **Caesars Entertainment Corporation**
- Commercial real estate services companies corrected 11% to 16%
  Examples: **CBRE Group, Inc.** and **Jones Lang LaSalle Incorporated**
- Wireless tower and data center companies corrected 10% to 15%
  Examples: **Equinix, Inc.** and **American Tower Corp.**

At this stage, we believe several public real estate companies offer **compelling long-term return prospects that, in some cases, may include a trifecta combination of growth, dividends, and an improvement in valuation.**

Examples of public real estate companies that are attractively valued

Brookfield Asset Management Inc.

- A leading alternative asset manager that is one of the largest owners and operators of real estate and infrastructure assets in the world.
- At the company's September 2021 investor day, the management team laid out a multi-year growth plan with expectations for its shares to increase from its recent price of $54 to more than $150 over the next five years. Management has a track record of under-promising and over-delivering.

Jones Lang LaSalle Incorporated

- One of the leading commercial real estate services firms in the world currently valued at only 12 times 2022 estimated earnings versus a long-term average of approximately 15 times earnings.

Boyd Gaming Corporation

- One of the largest and most successful casino entertainment companies in the U.S. The company owns and operates 28 casino gaming properties in 10 states with a large presence in Las Vegas.
- Business conditions remain strong, yet the shares are valued at only 7.5 times 2022 estimated cash flow and a double-digit free cash flow yield versus a long-term average of more than 9 times cash flow.

Travel + Leisure Co.

- A leading timeshare and hospitality company that is valued at only 12.5 times 2022 estimated earnings despite management's expectations to grow earnings per share by approximately 20% per year for the next 4 years.

MGM Resorts International

- Leading global casino and entertainment company.
- At its recent price of $40 per share, we believe the company is valued at a significant discount to our reasonable $60 per share estimate of the sum-of-the-parts value of its business.

The Howard Hughes Corporation

- One of the largest and leading residential and commercial real estate land developers in the country.
- At its recent price of only $100 per share, the company is valued at a steep discount to management's conservative estimate of the liquidation value of its portfolio of $170 per share.

Toll Brothers, Inc.

- The leading luxury homebuilder in the U.S. that corrected more than 30% in the first quarter of 2022 and is currently valued at only 1.1 times tangible book value versus a long-term average of approximately 1.4 times book value and a peak multiple of approximately 2.0 times book value.

Vail Resorts, Inc.

- Leading real estate portfolio of ski resorts currently valued at only 13 times cash flow versus a long-term average multiple of approximately 15 times cash flow.

The AZEK Company Inc.

- Residential-related outdoor living products manufacturer that has declined approximately 50% in the first quarter of 2022 and is valued at only 12.5 times 2022 estimated cash flow versus a long-term average of more than 20 times cash flow.

Other

We believe there are several other REIT and non-REIT real estate-related companies that are attractively valued and, in some cases, highly discounted. A few additional examples include:

– Certain hotel REITs are currently valued at 30% to 50% discounts to estimated replacement cost.
– Office landlords, despite expectations for occupancy and rental pressures, are, in our opinion, cheap at 40% to 50% discounts to replacement cost.
– Certain shopping centers are currently valued at steep discounts to intrinsic value.

Examples of public real estate categories and companies that are on sale relative to private real estate alternatives

We closely monitor the valuations paid for private real estate.

Currently, much of public real estate is on sale relative to the private real estate market. In other words, it's cheaper to buy on *"Wall Street than on Main Street."*

The current favorable arbitrage between public and private real estate valuations may bode well for the return prospects for public real estate companies and investors. We anticipate that one of two scenarios is likely to unfold:

1. The share prices of discounted public real estate companies will increase organically to a more appropriate valuation; or,
2. Private equity, with its more than $300 billion of capital that has been raised and targeted for real estate purchases, will acquire the discounted public real estate companies at premium valuations to current prices.

Below is a sampling of the capitalization rates paid in private real estate transactions for several real estate categories. Note: Capitalization rate ("cap rate") is a real estate valuation measure used to compare different real estate investments. The cap rate is generally calculated as the ratio between the annual rental income produced by a real estate asset to its current market value. The lower the cap rate, the more expensive the headline valuation and vice versa.

The data below highlights the clear premium ascribed to private real estate and the valuation disconnect between public real estate and private real estate.

- **Multi-Family REITs:** Private market transactions in the mid-high 3% capitalization rate range versus current public market valuations for best-in-class apartment REITs in the low 4% capitalization rate range.
- **Single-Family Rental REITs:** Private market transactions in the mid-3% capitalization rate range vs. current public market valuations for best-in-class single-family rental REITs in the mid-4% capitalization rate range. Analysts estimate that in 2021 Blackstone purchased Home Partners of America for $6 billion or an estimated 3.5% capitalization rate while the Fund's investment in Invitation Homes is currently valued at only a 4.5% capitalization rate.
- **Office REITs:** Private market transactions have occurred at or below a 5% capitalization rate for high-quality properties in several markets versus current public market valuations for "best-in-class" office REITs in the mid-5% to mid-7% capitalization rate range. Certain office REITs are valued in the public market on a per square foot basis at approximately 40% to 60% of estimated replacement cost.
- **Shopping Centers:** Private market transactions below 5% capitalization rates, versus current public market valuations in the mid-5% to mid-7% capitalization rate range.
- **Self-Storage REITs:** Private market transactions in the mid-3% capitalization rate range, versus current public market valuations for REITs in the low-4% range (notwithstanding having higher-quality portfolios and more significant embedded growth).
- **Life Sciences Real Estate:** Analysts estimate that Blackstone and Ventas purchased life science office buildings at $1,300-$1,500 per square foot in the private market, yet the Fund owns the public REIT with the premier life science real estate portfolio in the country, Alexandria Real Estate, which is currently valued at only $900 per square foot.
- **Data Center REITs:** Data center REITs QTS and CoreSite were acquired last year at 25 to 27 times EBITDA, yet the Fund owns the premier data center company in the world, Equinix, and it is currently valued at only 23 times EBITDA.
- **Las Vegas-centric Casinos:** Private equity firms continue to acquire casino gaming real estate assets in Las Vegas and are paying 16 to 20 times cash flow, yet the Fund's holdings in Red Rock Resorts and MGM Resorts (both with significant Las Vegas exposure) are currently valued at only 7.5 to 10 times cash flow.
- **Hotels:** Many individual and bulk hotel transactions have traded in the private market in the 13 to 17 times cash flow range, representing large premiums to several public hotel companies. Also, several hotels have been acquired in the private market at $600,000 - $1 million per key versus publicly traded hotel REITs valued on average at $350,000 per key.
- **Regional Gaming Companies:** Bally's recently received a privatization offer for 9 times EBITDA (30% premium to market price) versus Boyd Gaming's current valuation of only 7.5 times EBITDA. In our opinion, Boyd maintains a far superior real estate portfolio, and if valued at 9 times cash flow, it's shares would appreciate by approximately 40% to 50%.
- **Timeshare Operators:** Private market transactions in the 12.5 times to 15 times cash flow range (10 times for lower quality) versus high-quality public companies currently valued at 9 to 10 times cash flow.

CONCLUDING THOUGHTS ON THE PROSPECTS FOR REAL ESTATE AND THE FUND

In our year-end 2021 shareholder letter, we said that we anticipate that 2022 may be arduous to navigate in part due to the prospects of a more hawkish Federal Reserve, higher interest rates, and the possibility of moderating growth and valuation multiple compression in some segments of commercial and residential real estate. If the aforementioned materialized, we would anticipate lower returns relative to the elevated returns of the last three calendar years when the Fund, on average, gained approximately 37%, per year.

Regarding the prospects for the stock market and real estate, we also posited that there were cases to be made for the glass being half full or the glass being half empty.

The first quarter of 2022 was certainly challenging to navigate, and the market generally took a glass half empty view.

We recognize that in the months ahead there will likely be ongoing elevated volatility and choppy periods in the market. Yet, we remain incrementally positive, in part because of the recent sharp correction in share prices in several real estate companies and ***believe there are valid reasons for optimism for the stock market, public real estate, and the Baron Real Estate Fund***.

Stock Market Outlook

We believe the end of the global pandemic may be reached as broad population immunity is achieved and with the help of new therapeutics. This may produce a global cyclical recovery, an improvement in employment, a release of consumer pent-up demand for travel and other activities, and increased corporate investments (capital expenditures, mergers and acquisitions, and share buybacks). We also believe an eventual easing of supply chain bottlenecks and labor tightness and moderating economic growth will contribute to a reduction from elevated inflation. Negative real interest rates and several reasonably valued stocks continue to bode well for equities relative to bonds. For these reasons, **we remain positive on the outlook for the stock market.**

Real Estate Market Outlook

We continue to believe the conditions are in place for much of real estate to perform well in the year ahead. As detailed earlier in this letter, real estate business prospects remain favorable for most segments of commercial and residential real estate. Inventory and new construction activity remain modest relative to demand. Balance sheets are in solid shape. Several segments of real estate offer inflation protection characteristics and serve as a partial inflation hedge. Many real estate stocks remain attractively valued relative to equities, bonds, and the private real estate market. There is a staggering amount of private equity capital that continues to target real estate and may drive public real estate asset values higher. For these reasons, **we remain positive on the outlook for real estate.**

Baron Real Estate Fund Outlook

We believe the benefits of the Fund's broader approach and flexibility will shine bright in the years ahead in part due to the new and evolving real estate landscape. Some companies will experience an acceleration in tailwinds and others are likely to face ongoing headwinds. We believe we have constructed a portfolio that is populated with competitively advantaged real estate companies. We have structured the Fund to capitalize on compelling investment themes. Valuations and return prospects are attractive. For these reasons, **we remain positive on the outlook for the Baron Real Estate Fund.**

Table X.
Top 10 holdings as of March 31, 2022

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Boyd Gaming Corporation	$ 7.2	$101.0	5.4%
Brookfield Asset Management Inc.	88.6	95.8	5.1
Jones Lang LaSalle Incorporated	11.9	71.7	3.9
MGM Resorts International	18.3	69.9	3.8
Marriott Vacations Worldwide Corp.	6.6	67.5	3.6
American Tower Corp.	114.5	64.1	3.4
Equity Residential	33.8	57.3	3.1
CBRE Group, Inc.	30.4	56.3	3.0
Travel + Leisure Co.	5.0	55.6	3.0
Red Rock Resorts, Inc.	5.2	53.5	2.9

Final Thoughts

I would like to acknowledge the ongoing immense contribution of our top-notch real estate team–David Baron, David Kirshenbaum, and George Taras–for their dedication and excellent work. Thank you.

And I thank you, our loyal shareholders, and express my utmost gratitude for your past and continuing support of Baron Real Estate Fund. I, and our team, remain driven and committed to doing our best to deliver outstanding long-term results, and I proudly continue as a major shareholder, alongside you.

Sincerely,

Jeffrey Kolitch
Portfolio Manager

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

Risks: In addition to general market conditions, the value of the Fund will be affected by the strength of the real estate markets as well as by interest rate fluctuations, credit risk, environmental issues and economic conditions. The Fund invests in companies of all sizes, including small and medium sized companies whose securities may be thinly traded and more difficult to sell during market downturns.. The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

Discussions of the companies herein are not intended as advice to any person regarding the advisability of investing in any particular security. The views expressed in this report reflect those of the respective portfolio managers only through the end of the period stated in this report. The portfolio manager's views are not intended as recommendations or investment advice to any person reading this report and are subject to change at any time based on market and other conditions and Baron has no obligation to update them.

This report does not constitute an offer to sell or a solicitation of any offer to buy securities of Baron Real Estate Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such an offer or solicitation.

The portfolio manager defines "**Best-in-class**" as well-managed, competitively advantaged, faster growing companies with higher margins and returns on invested capital and lower leverage that are leaders in their respective markets. Note that this statement represents the manager's opinion and is not based on a third-party ranking.

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

DEAR BARON EMERGING MARKETS FUND SHAREHOLDER:

PERFORMANCE

Baron Emerging Markets Fund (the "Fund") declined 14.11% (Institutional Shares) during the first quarter of 2022, while its principal benchmark index, the MSCI EM Index, declined 6.97%. The MSCI EM IMI Growth Index retreated 9.86% for the quarter. The Fund underperformed its principal benchmark index, as well as the all-cap growth proxy, during the quarter, particularly following Russia's large-scale invasion of Ukraine and its associated atrocities. In our view, the invasion and Western response of unprecedented sanctions–akin to firing financial weapons of mass destruction–caused significant short-term uncertainty and put stress on global financial markets, while also triggering a write-down of Russian equity investments to near zero, and a short-lived equity market capitulation in China. Growth stocks worldwide markedly underperformed during the quarter, as the war in Ukraine exacerbated supply disruptions and inflation concerns, particularly in energy, commodity, and agricultural markets. While disappointed with our relative performance during the quarter, we believe the historic scale of underperformance of growth stocks that began last year is reaching extremes, while fixed income markets have already likely discounted more tightening than global authorities will ultimately administer. We believe many of our underlying investments are now trading below intrinsic value given our assessment of long-term fundamentals, and we remain optimistic regarding the longer-term relative outlook for international and emerging market ("EM") economies and equities. Notwithstanding the emergence of Omicron BA.2 and its rapid spread through mainland China, which triggered lockdowns, we believe the associated short-term earnings interruption will prove temporary, and we view the related weakness across several of our portfolio holdings as offering long-term opportunity to investors. We remain confident that we have invested in many well-positioned and well-managed companies on a bottom-up basis that are poised to benefit from long-term and attractive investment themes.

Table I.
Performance
Annualized for periods ended March 31, 2022

	Baron Emerging Markets Fund Retail Shares[1,2]	Baron Emerging Markets Fund Institutional Shares[1,2]	MSCI EM Index[1]	MSCI EM IMI Growth Index[1]
Three Months[3]	(14.16)%	(14.11)%	(6.97)%	(9.86)%
One Year	(19.36)%	(19.20)%	(11.37)%	(15.90)%
Three Years	3.19%	3.44%	4.94%	7.28%
Five Years	4.42%	4.68%	5.98%	7.62%
Ten Years	5.04%	5.31%	3.36%	5.00%
Since Inception (December 31, 2010)	4.04%	4.30%	2.32%	3.57%

MICHAEL KASS

PORTFOLIO MANAGER

Retail Shares: BEXFX
Institutional Shares: BEXIX
R6 Shares: BEXUX

For the first quarter of 2022, we underperformed our primary benchmark, while also trailing our all-cap EM growth proxy. Within the EM landscape, the equity market correction was largely dominated by Russia's full-scale invasion of Ukraine. While Russian equities were written down to near zero and will be excluded from major indexes going forward, our China holdings were also adversely impacted as investors ascribed a higher risk premium to what we believe is a misplaced concern that China might play a more direct role in supporting Russia in the war. China's current challenge with the spread of COVID cases given its "zero COVID" tolerance has also adversely impacted our holdings, particularly our A-share, China value-added investments. We believe this weakness will prove transitory. During the period, investors continued to favor more economically sensitive stocks, particularly energy and commodity producers, which represents a substantial headwind to performance for growth investors globally. From a sector or theme perspective, our relative underperformance was mainly due to adverse stock selection and allocation effect in the Financials sector, most notably our Russian fintech holdings (**Sberbank of Russia PJSC** and **TCS Group Holding PLC**), which were written down to near zero during the quarter. A decline in stock prices of our India consumer finance/wealth management investments (**Max Financial Services Limited** and **Edelweiss Financial Services Limited**) also stood out as detractors within the sector. Weak stock selection in the Industrials sector, related to positions in our China value-added/automation themes (**Zhejiang Dingli Machinery Co.,**

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2021 was 1.33% and 1.08%, respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser reimburses certain Baron Fund expenses pursuant to a contract expiring on August 29, 2032, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit www.BaronFunds.com or call 1-800-99BARON.

1 The **MSCI EM (Emerging Markets) Index Net USD** is designed to measure equity market performance of large and mid-cap securities across 24 Emerging Markets countries. The **MSCI EM (Emerging Markets) IMI Growth Index Net USD** is a free float-adjusted market capitalization index designed to measure equity market performance of large-, mid- and small-cap securities exhibiting overall growth characteristics across 24 Emerging Markets countries. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. The indexes and the Fund include reinvestment of dividends, net of foreign withholding taxes, which positively impact the performance results. The indexes are unmanaged. Index performance is not Fund performance; one cannot invest directly into an index.

2 The performance data does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

3 Not annualized.

BARON FUNDS 1987

Ltd., **Han's Laser Technology Industry Group Co., Ltd.**, and **Estun Automation Co., Ltd.**) and digitization theme (**InPost S.A.** and **Full Truck Alliance Co. Ltd.**), also adversely impacted relative performance. Partially offsetting the above, Materials and Consumer Staples were positive contributors to relative performance, given solid gains from several investments in our sustainability/ESG theme (**Glencore PLC**, **Grupo México, S.A.B. de C.V.**, and **Suzano S.A.**), along with select holdings in our EM consumer theme (**Wal-Mart de México, S.A.B. de C.V.** and **Budweiser Brewing Company APAC Limited**). In addition, our cash position in a weak market environment was also a positive contributor to relative performance during the quarter.

From a country perspective, poor stock selection in China and Russia drove the majority of relative underperformance this quarter. Our lack of exposure to Saudi Arabia also detracted from relative performance. In our view, while material impairment to Russian equities will likely be permanent, we remain cautiously optimistic about a recovery in our China holdings, as we believe growing signs of policy easing and support, as well as a lack of evidence that China will directly support Russia's war in Ukraine, will eventually overcome current skepticism. We are encouraged by recent investor-friendly announcements made by China's State Council, calling for supportive measures to stabilize the property sector and bring closure to the ongoing regulatory tightening of the technology industry, and by a major concession in addressing the uncertainty of ADR listings. Partly offsetting the above was positive allocation and stock selection effect in Mexico and Korea. Favorable allocation effect in the U.K., driven by our single investment in **Glencore PLC**, as part of our sustainability/ESG theme, was also a key positive contributor to relative performance.

Table II.
Top contributors to performance for the quarter ended March 31, 2022

	Percent Impact
Glencore PLC	0.57%
Grupo México, S.A.B. de C.V.	0.34
Gold Fields Limited	0.32
Localiza Rent a Car S.A.	0.29
Credicorp Ltd.	0.26

Glencore PLC is a diversified natural resources company operating in metals, mining, and commodities trading. It is a large producer of copper, cobalt, and other key metals for batteries used in electric vehicles and energy storage. Shares increased due to the rise in copper prices. We expect a multi-year supply deficit for copper driven by a structural demand increase. Electric vehicles and wind/solar power plants require four to five times more copper than their conventional counterparts.

Grupo México, S.A.B de C.V. is a conglomerate that owns copper mines, railroads, and infrastructure projects in Mexico and South America. Shares increased on a rally in copper prices. We remain shareholders, as we believe Grupo México is a well-managed company trading at a meaningful discount to the sum of its parts. The copper segment includes some of the world's largest, lowest-cost copper mines in safe jurisdictions. Copper production should grow significantly over the next several years from brownfield expansions and construction of a new mine, in our view.

South Africa-based **Gold Fields Limited** is one of the world's largest gold mining companies. Shares increased during the period held due to a rally in gold prices driven by increased inflation and downward pressure on real yields. We remain shareholders as we expect more than 20% production growth over the next two years as the company ramps up volumes from its high-quality Salares Norte project in Peru, which should drive a re-rating for the company. We are positive on gold prices and expect improvements in the company's cash costs.

Localiza Rent a Car S.A. is the largest car rental and fleet rental company in Brazil. Shares rallied due to an increase in car rental prices driven by strong post-pandemic demand and the improved Brazil macro environment. We remain investors. Localiza has been a beneficiary of a consolidating car rental industry in Brazil. The company enjoys competitive advantages in purchasing vehicles due to its size, operational efficiencies, and the ability to sell its vehicles with high residual value.

Credicorp, Ltd. is Peru's largest financial holding company. Shares advanced on a guidance beat for 2022, driven by expanding net interest margins, accelerating loan demand, and lower provision costs. The stock was further bolstered by better economic prospects and an appreciating currency resulting from higher prices in the commodities that the country exports. Lastly, Credicorp provided more details about its fintech initiatives, which we believe improve the company's competitive advantage and can bring upside to its long-term valuation.

Table III.
Top detractors from performance for the quarter ended March 31, 2022

	Percent Impact
Novatek PJSC	–1.19%
Sberbank of Russia PJSC	–0.90
Tencent Holdings Limited	–0.78
Taiwan Semiconductor Manufacturing Company Ltd.	–0.66
PJSC Polyus	–0.64

Russia-based **Novatek PJSC** is one of the largest and lowest-cost liquified natural gas producers in the world. The company's shares collapsed following Russia's invasion of Ukraine and subsequent package of economic sanctions including those on the Central Bank of Russia. London-listed depository receipts of Novatek are suspended from trading, and we have marked the shares at a price that is close to zero.

Sberbank of Russia PJSC is Russia's largest lender. Shares of Sberbank plummeted following Russia's invasion of Ukraine and the subsequent economic sanctions imposed by Western governments. London-listed depository receipts of Sberbank are currently suspended from trading, and we have marked the shares at a price that is close to zero.

Tencent Holdings Limited operates the leading social network and messaging platforms (QQ, WeChat), the largest online entertainment and media business, and the largest online gaming business in China. Shares of Tencent were down given crackdowns by Chinese regulators on aspects of digital technology and consumerism in an attempt to re-focus investment in China on the community. Despite the near-term regulatory uncertainty, we retain conviction that Tencent can sustain durable growth given its track record of execution, scale, and unique and diversified online assets.

Semiconductor giant **Taiwan Semiconductor Manufacturing Company Ltd.** detracted in the first quarter due to rising geopolitical tensions, macroeconomic uncertainties, and concerns over softening demand for consumer electronics. We retain conviction that Taiwan Semi's technological leadership, pricing power, and exposure to secular growth markets, including high-performance computing, automotive, and IoT, will allow the company to deliver above its 15% to 20% revenue growth target over the next several years.

PJSC Polyus is a Russian metals and mining company focused on the exploration and production of gold. Shares of Polyus collapsed following Russia's invasion of Ukraine and subsequent package of economic sanctions including those on the Central Bank of Russia. London-listed depository receipts of Polyus are suspended from trading, and shares are now marked close to zero.

Portfolio Structure

Table IV.
Top 10 holdings as of March 31, 2022

	Percent of Net Assets
Taiwan Semiconductor Manufacturing Company Ltd.	5.2%
Samsung Electronics Co., Ltd.	3.7
Tencent Holdings Limited	3.5
Glencore PLC	3.1
Alibaba Group Holding Limited	2.7
Reliance Industries Limited	2.5
Bajaj Finance Limited	2.2
Suzano S.A.	1.9
Wal-Mart de México, S.A.B. de C.V.	1.8
Korea Shipbuilding & Offshore Engineering Co., Ltd.	1.8

Exposure by Country

Table V.
Percentage of securities by country as of March 31, 2022

	Percent of Net Assets
China	32.3%
India	23.1
Brazil	7.7
Korea	7.1
Taiwan	6.3
Mexico	3.3
United Kingdom	3.1
Hong Kong	2.8
Philippines	1.8
Indonesia	1.8
South Africa	1.3
Italy	1.3
Peru	1.1
Japan	1.0
Poland	0.7
United States	0.3
United Arab Emirates	0.3
Spain	0.1
Russia	0.0*

* Represents less than 0.1%

Exposure by Market Cap: The Fund may invest in companies of any market capitalization, and we have generally been broadly diversified across large-, mid-, and small-cap companies, as we believe developing world companies of all sizes can exhibit attractive growth potential. At the end of the first quarter of 2022, the Fund's median market cap was $10.1 billion, and we were invested 46.3% in giant-cap companies, 38.1% in large-cap companies, 8.7% in mid-cap companies, and 2.3% in small- and micro-cap companies as defined by Morningstar, with the remainder in cash.

Recent Activity

During the first quarter, we added several new investments to existing and new themes, while also increasing exposure to several positions that were established in earlier periods. We continue our endeavor to add to our highest conviction ideas.

We were active in conceptualizing and populating our newly minted *Global Security* theme by initiating positions in **Korea Aerospace Industries, LTD.** (KAI) and **Tenaris S.A.** In our view, Russia's unprecedented invasion of Ukraine has triggered a paradigm shift in capital allocations worldwide, toward energy, commodity and food/agricultural security and infrastructure, as well as an increase in defense spending. The discrediting of Russia as a reliable trade partner and ongoing de-globalization require redundancy and localization of key commodities and investments in commercial and industrial supply chains. Accordingly, we seek to identify and invest in businesses that we believe will be key beneficiaries of such investments. KAI is South Korea's leading aviation technology company. KAI assembles world-class aircraft for defense and satellite systems and provides life-cycle support for its products within three core businesses: domestic aircraft defense, defense exports, and commercial aircraft parts. In our view, the company is well positioned to benefit from two major global trends: a recovery in civilian aircraft demand and an increase in international defense budgets following the Russian invasion of Ukraine. Leading global aircraft manufacturers are expecting a sharp increase in deliveries as economies reopen and travel rebounds, following two years of anemic demand amid the COVID-19 pandemic. On the defense side, we expect increased demand for combat aircraft and service contracts as countries boost defense budgets and look to modernize their equipment. Tenaris manufactures seamless steel pipe products with primary operations in the U.S., Latin America, and the Middle East. Most of its products are specialized oil country tubular goods (OCTG) supplied to the energy industry. The war in Ukraine highlights the need to reorient supply chains away from reliance on Russia, while greater energy security in the near term requires increased domestic supply of hydrocarbons, particularly U.S. shale gas. In our view, Tenaris is one of the lowest-cost OCTG producers and will be a key beneficiary of increased drilling capex, which is required to reduce global reliance on Russian oil and gas.

During the quarter, we also increased exposure to our digitization theme, by investing in **Baidu, Inc.** and **Bundl Technologies Private Limited**. Baidu is a leading Chinese artificial intelligence ("AI") company. The company's mobile ecosystem, which includes China's dominant search engine, has over 620 million monthly active users. In our view, this ecosystem will benefit from the secular growth of China's digital advertising industry, as well as the expansion of searchable content as established social media and e-commerce platforms are forced to share content as a result of regulatory reforms. Beyond its core search business, Baidu has invested heavily in cutting-edge technologies including cloud, autonomous driving, smart devices, and AI chips. The company's cloud business is one of the largest and fastest growing in China and is differentiated by its AI solutions and higher-value PaaS/SaaS offerings. Baidu has also developed leading autonomous driving technologies, which it is commercializing through partnerships with top-tier Chinese auto manufacturers. We see significant upside for Baidu, given its strong competitive position across several of China's key growth industries.

We also participated in a late-stage private funding round of Bundl Technologies, which is the parent entity of Swiggy, India's leading food delivery platform with nearly a 50% market share. Bundl Technologies is our third private investment, and we are excited to partner with founder Harsha Majety and his entrepreneurial team as the company continues to grow its user base and diversify into new business verticals such as hyper-delivery (Instamart). Harsha's vision to transform Swiggy into a consumer-centric technology platform, offering multiple convenience and delivery services, resonates with our investment philosophy of investing behind value creating private sector entrepreneurs that are creating and/or disrupting large market opportunities. In our view, India's food and hyper-delivery industry is still in its infancy and is expected to scale significantly over the next several years, driven by a growing middle class, rising disposable income, higher smartphone/4G penetration, and a structural shift in consumer preferences by a tech savvy younger population. We expect online food delivery to grow from $5 billion to $6 billion GMV to more than $15 billion over the next three to five years.

During the quarter, we increased exposure to our EM consumer theme by building a position in **AIA Group Limited**. AIA is the largest pan-Asian life insurance company with over 55 million customers and over $330 billion of assets. The company operates in 18 Asian markets including China, Hong Kong, Thailand, Philippines, and Taiwan, among others. In our view, AIA is uniquely positioned to benefit from long-term structural growth opportunities in Asia's insurance sector. Penetration of life and protection insurance remains low throughout the region. An aging population and low fertility rates create a higher need for protection and savings insurance products. At the same time, a growing middle class and rising levels of income per capita across the region suggest there will be higher demand and affordability for such products. AIA has a well-recognized brand and has the largest agency distribution network, which provides a competitive advantage and supports new business growth. In addition, the company is one of the only foreign-owned entities with licenses to operate in select regions of mainland China, allowing it to compete in this large addressable market. With a conservative balance sheet and a history of delivering consistent growth, we believe AIA will yield long-term and high-quality compound returns. The resurgence of COVID cases and new mobility restrictions in China and Hong Kong have negatively impacted near-term growth expectations, which, in our view, creates an attractive opportunity to build a position given our primary focus on the long-term growth opportunity at hand.

Finally, we added to several of our existing positions during the quarter, including **Estun Automation Co., Ltd.**, **Alibaba Group Holding Limited**, **Full Truck Alliance Co. Ltd.**, **Samsung Electronics Co., Ltd.**, **PT Bank Rakyat Indonesia (Persero) Tbk**, **Hangzhou Tigermed Consulting Co., Ltd.**, **JD.com, Inc.**, **NARI Technology Co. Ltd.**, **Credicorp, Ltd.**, and **Yum China Holdings Inc.**

During the quarter, we also exited several positions, the largest of which were **OTP Bank Plc**, **Hindustan Unilever Limited**, **Dr. Reddy's Laboratories Ltd.**, and **S. F. Holding Co., Ltd.** In our endeavor to increase concentration in holdings where we have the highest conviction in their quality and return potential and eliminating lower conviction or smaller holdings over time, we also exited positions in **Winning Health Technology Group Co., Ltd.**, **New Frontier Health Corporation**, **Kanzhun Limited**, **Zomato Limited**, **Hemisphere Properties India Limited**, and **PB Fintech Ltd.**

Outlook

"There are decades where **nothing happens**; and there are weeks where decades **happen**." Vladimir Ilyich Lenin

The last week of February 2022 was one of such weeks. Prior to February 24, 2022, we would have argued that equity investing is principally about fundamentals; choosing great entrepreneurs, management teams, and companies that are positioned to prosper from years of growth potential while leveraging sustained competitive advantage or barriers to entry. While we largely still believe this to be true, we also recognize that something changed in the first quarter of 2022, and going forward we must be prepared to embrace greater uncertainty and volatility in the capital markets. In our view, we have likely exited 30-plus years of post-Iron Curtain prosperity and peace, and the curtailment of globalization is likely to accelerate. If we are correct that February 24, 2022 marks the beginning of a bull market in geopolitics and security concerns, geopolitical priorities will, from time to time and without warning, subjugate economic and financial interests, a line we seem to have crossed in the aftermath of Russia's invasion of Ukraine. There will be opportunity in this new paradigm, though we believe forward-looking and thematic investors such as ourselves will be advantaged.

As portfolio managers international and EM investment strategies, we have had a ground level view of the war and humanitarian crisis in Ukraine as well as the sea change taking place. Vladimir Putin seeks a total victory in Ukraine, though he appears to have grossly miscalculated his hand. China, a recently self-described partner of Russia, likely spoke too soon and would like to be seen as a neutral "Switzerland," but there is no "Switzerland" on the issue of human atrocities and tragedy. As such, we conclude that China prefers de-escalation and Russia's withdrawal, which relieves the pressure to publicly choose a side. NATO would prefer to see regime change in Russia, which is an outcome Putin would seek to avoid at all costs. Regardless of how the war evolves in the coming weeks and months, we believe there are some lasting conclusions:

1. Putin has overplayed his position and leaves himself and Russia more vulnerable than before February 24, 2022. Russia has quickly achieved the international pariah status of North Korea, its role outside of the energy and commodity spectrum has been severely diminished, and unfortunately, the Russian people will bear the brunt of the domestic economic pain resulting from Putin's actions.

2. The European Union, NATO, and the U.S./EU alliance have been greatly fortified–the opposite of Putin's intention to split Europe and divide NATO over Russia's invasion of Ukraine. NATO, and in particular, German/EU defense and security spending will rise materially and indefinitely going forward. The financial and economic mutualization of Europe, which is a theme we have invested in, will advance to a new level given shared security concerns.

3. A new global theme has emerged, which we have dubbed *Global Security*. The new paradigm requires a shift in capital allocations worldwide, toward energy, commodity and food/agricultural security and infrastructure, as well as an increase in defense spending, perhaps at the expense of industries that prospered most from the fall of the Iron Curtain. The discrediting of Russia as a reliable commercial partner and ongoing de-globalization requires redundancy and localization of key commodities and investments in commercial and industrial supply chains.

4. NATO responded to Putin's conventional "hardware" war by wielding financial weapons of mass destruction, the likes of which had never been seen. In our view, this is likely to accelerate the decline in global demand for dollars that we often reference, while encouraging the longer-term emergence of alternative reserve currencies. We reiterate that we are nearing the end of a multi-year dollar bull market, which ultimately encourages capital flows out of the dollar and favors international and EM equities on a relative basis.

5. India, to us the most attractive of EM jurisdictions for long-term investment, is a likely geopolitical winner in this new paradigm, as its strategic value is on the rise as the largest developing world democracy and ally of the U.S. and other NATO members, while it also is the greatest likely beneficiary of multi-national manufacturers' intent to diversify production and supply chains.

The past quarter was a challenging one for investors–and despite a solid start to the year prior to February 24, 2022, particularly challenging for international and EM investors. Russian equities were written down to near zero, and Russia will be excluded from the major indexes going forward. While the collateral financial and market impact of Russia's invasion of Ukraine resonated far and wide, perhaps the more pressing question for EM investors going forward relates to whether China remains an attractive and viable investment jurisdiction. During the quarter, shortly after experiencing a wholesale loss of capital on Russian exposures, some investors began to fear that investments in China may also present Russia-related geopolitical risk, given China's previous statements regarding its sturdy partnership with Russia. Would China provide military or financial support to directly aid Russia's aggression, and in effect, would China suffer from retaliatory sanctions such as those levied against Russia? While there were several leaks suggesting China might consider such assistance, we consider such reports dangerous and provocative, and discount the likelihood of such events for several reasons, but in sum, *it simply is not in China's interest or demeanor to do so*. While Russia has always been about chaos and disruption, China's mantra is about stability and peace. Russia is a country of minor economic significance with little to lose, while China is a rising superpower with everything to lose. Direct support for Putin's war would surely trigger a strong reaction and substantial isolation, reverse decades of economic progress and compromise China's strong desire to become the Asian hegemony with a competitive reserve currency. In our view, market speculation regarding China's intentions became wildly exaggerated, but also triggered direct messaging that China desires Russia de-escalate and seeks peace, while economic and regulatory policymakers strongly signaled that they remain sensitive to the concerns of the investor class. We remain encouraged by pervasive evidence of impending regulatory relief, financial easing, and economic stimulus in China. While the recent escalation of COVID-related challenges defers China's economic and equity-market recovery somewhat, in our view, the mid-March equity market capitulation likely represents a bottom for this asset class, and perhaps by extension, for EM equities in general. We remain optimistic regarding the longer-term outlook for EM and international equities and of course, we remain confident that we have invested in a portfolio of well-positioned and well-managed companies with substantial opportunity ahead.

Thank you for investing in the Baron Emerging Markets Fund.

Sincerely,

Michael Kass
Portfolio Manager

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

Risks: In addition to the general stock market risk that securities may fluctuate in value, investments in developing countries may have increased risks due to a greater possibility of: settlement delays; currency and capital controls; interest rate sensitivity; corruption and crime; exchange rate volatility; and inflation or deflation. The Fund invests in companies of all sizes, including small and medium sized companies whose securities may be thinly traded and more difficult to sell during market downturns. The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

The discussions of the companies herein are not intended as advice to any person regarding the advisability of investing in any particular security. The views expressed in this report reflect those of the respective portfolio manager only through the end of the period stated in this report. The portfolio manager's views are not intended as recommendations or investment advice to any person reading this report and are subject to change at any time based on market and other conditions and Baron has no obligation to update them.

This report does not constitute an offer to sell or a solicitation of any offer to buy securities of Baron Emerging Markets Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

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Dear Baron Global Advantage Fund Shareholder:

Performances

Baron Global Advantage Fund (the "Fund") declined 22.8% (Institutional Shares), during the first quarter, compared to the 5.4% loss for the MSCI ACWI Index (the "Index"), and the 9.7% loss for the MSCI ACWI Growth Index, the Fund's benchmarks.

Table I.
Performance
Annualized for periods ended March 31, 2022

	Baron Global Advantage Fund Retail Shares[1,2]	Baron Global Advantage Fund Institutional Shares[1,2]	MSCI ACWI Index[1]	MSCI ACWI Growth Index[1]
Three Months[3]	(22.81)%	(22.78)%	(5.36)%	(9.72)%
One Year	(20.81)%	(20.62)%	7.28%	5.42%
Three Years	16.96%	17.25%	13.75%	17.87%
Five Years	19.91%	20.20%	11.64%	15.47%
Since Inception (April 30, 2012)	15.01%	15.26%	10.21%	12.29%

ALEX UMANSKY

PORTFOLIO MANAGER

Retail Shares: BGAFX
Institutional Shares: BGAIX
R6 Shares: BGLUX

"Ouch. It's been a brutal year for many in the capital markets and certainly for Amazon.com shareholders. As of this writing, our shares are down more than 80% from when I wrote you last year. Nevertheless, by almost any measure, Amazon.com the company is in a stronger position now than at any time in its past."

This is how Jeff Bezos started his letter to shareholders after Amazon.com finished year 2000, its fourth as a public company. We've often borrowed from Jeff's writings in the past and find this intro oddly resonates with our own perception of the situation we find ourselves in. Of course, starting with the "Ouch!"

Growth stocks have been in favor for over a decade and the most common questions we faced were "When will this end?" and "In what environment will you underperform?" Well... we are here. The tailwinds turned into headwinds just about a year ago with value stocks' pronounced outperformance across most market cap segments beginning in early 2021. We held up exceedingly well in the early stages of this rotation, generating strong absolute and relative returns through November 16, 2021 (when the Fund was up 21.5% compared to 19.0% gain for its Index), and then we didn't. A commodity cycle driven by rapidly rising inflation, the regulatory crackdown in China, and the geopolitical crisis culminating with Russia's invasion of Ukraine led to a dramatic shift in investors' risk tolerance and time horizons. As a strategy focused on Big Ideas, we tend to do well when investors are confident in the present and optimistic about the future. By definition, companies we invest in for this Fund believe they are creating or addressing huge markets in a unique, innovative, and often disruptive way with a very long runway for growth. Because they believe their growth to be especially durable, they *overinvest* and *underearn today* forcing investors to value them on cash flows that will be generated in the future. When investors lose confidence in the present, the future suddenly becomes more uncertain and less relevant, and current free cash flow yield turns into the dominant valuation metric of choice. As Jeff Bezos and his shareholders

Performance listed in the table above is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2021 was 1.15% and 0.90%, respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser reimburses certain Baron Fund expenses pursuant to a contract expiring on August 29, 2032, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit www.BaronFunds.com or call 1-800-99BARON.

The Fund's 3- and 5-year 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.

1 The MSCI ACWI indexes cited are unmanaged, free float-adjusted market capitalization weighted indexes reflected in US dollars. **The MSCI ACWI Growth Index Net USD** measures the equity market performance of large- and mid-cap growth securities across developed and emerging markets. **The MSCI ACWI Index Net USD** measures the equity market performance of large- and mid-cap securities across developed and emerging markets. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes The indexes and the Fund include reinvestment of dividends, net of foreign withholding taxes, which positively impact the performance results. Index performance is not Fund performance; one cannot invest directly into an index.

2 The performance data in the table does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

3 Not annualized.

found out in 2000, that is a tough environment to be overinvesting and underearning in. But stock prices aside (just for a moment), the fundamentals of many of our businesses resemble and "sound" just like Amazon did over 20 years ago.

Adyen grew revenues 46% last year with a…63% profit margin. That's 109% on the Rule of 40. The stock was down 25% in the first quarter. **Zscaler** grew revenues 60% with a 23% profit margin. The stock was down 25% in the first quarter. **Snowflake** grew revenues…106% (to $1.2 billion – while new bookings in the fourth quarter alone were $1.2 billion in contract value) with 12% margins. The stock was down 32% in the first quarter. We believe that these companies, along with many others that we own, are the long-term beneficiaries of digital transformation, a multi-decade paradigm shift sweeping global economies today. Frank Slootman, Snowflake's CEO, explained it this way in his most recent earnings call with investors:

"Snowflake's growth is driven by digital transformation and long-term secular trends in data science and analytics, enabled by cloud-scale computing and Snowflake's cloud-native architecture. Snowflake is a single data operations platform that addresses a broad spectrum of workload types and incredible performance economy and governance. As a platform, Snowflake enables the data cloud, a world without silos and the promise of unfettered data science." In plain English it means that we want to make better decisions and we have all this data available to us. Snowflake will enable businesses to *utilize all* their data to improve their decision-making.

Another example is **Datadog**, the leading infrastructure monitoring, application performance monitoring and log management software platform. Datadog's stock declined 15% during the quarter, despite reporting sparkling operational results, with revenues accelerating to a growth rate of 84% year-over-year with 33% free cash flow margins, while guiding for 2022 significantly above expectations. Datadog added *4,600 new customers in the quarter*, while existing customers continued to increase their spending on Datadog products at a rapid pace with the number of customers using four or more products increasing to 33% from 22% last year. While Datadog's stock was down, its intrinsic value has undoubtedly increased. This is enabled by rapid innovation (Datadog released 13 new products in 2021) into a market that is benefiting from the secular growth in cloud, digital transformation, and the explosion in complexity as the number of vendors, diversity of technologies and related infrastructure continued to expand.

Benjamin Graham famously said that *"in the short run, the market is a voting machine but in the long run, it is a weighing machine."* In his 2000 letter to shareholders, Jeff Bezos wrote that Amazon is a *"company that wants to be weighed, and over time we will be – over the long term, all companies are. In the meantime, we have our heads down working to build a heavier and heavier company."* That too, resonates with us. Cycles will come and go. The booms, and the inevitable busts. At some point, the focus will shift from the "here and now" to what will this look like when the dust settles, and the clouds dissipate? We have never been concerned with the market's voting and have tried to caution our investors against giving too much weight to our short-term returns, *especially* when they were impressive. Instead, we focus on optimizing for the long-term *cumulative weight* of our businesses. Investing in unique, competitively advantaged businesses with long duration of growth and strong unit economics that enable rising returns on invested capital is the most proven way we know of getting it done.

Back to the "Ouch!" quarter. Despite the brutal headline numbers, we believe we have actually done a much better job from the capital preservation perspective than those numbers suggest. While 52 out of our 58 holdings saw their stock prices decline during the quarter, we have a high degree of confidence that the overwhelming majority of these businesses did NOT suffer permanent impairments and that the intrinsic values of many of them are actually higher today than they were at the end of last year. The stock prices were down largely due to multiple contractions as the negative macro environment shortened investors' time horizon causing long-duration assets (i.e., Big Ideas) to get hit the hardest. We have no idea how long the current "voting" environment will remain or when the proverbial bottom will be hit, but we have a lot of conviction that over the next decade, companies across industries will continue shifting workloads to the cloud, adopt zero-trust cybersecurity architectures, and continue to digitally transform. Penetration of e-commerce will continue to rise, and DNA sequencing and the use of genomics and proteomics will become pervasive in personalized medicine. Electric vehicles, autonomous, shared mobility will disrupt transportation. Better decision making across every sector of the economy will be driven by the analysis and usage of actual, real-time data. These dynamics will enable the companies driving these trends to compound their intrinsic values and to "accumulate weight," which over time will be reflected in their stock prices.

From a performance attribution standpoint, almost 80% of the Fund's underperformance relative to its Index was driven by stock selection, with the balance coming from allocation effect. Information Technology ("IT") and Consumer Discretionary were two of the hardest hit sectors during the quarter and were responsible for over 60% of our relative shortfall, with Health Care and Financials accounting for another 24%. The rest came from our minimal exposure to the best performing sectors in the quarter: Energy, Materials, and Utilities, which were up 21.2%, 2.8%, and 1.2%, respectively. Looking under the hood within IT, we were hurt by an overweight to IT consulting, where our stocks were down 35%, driven largely by the 56% decline in **EPAM**, a long-term, core holding in the Fund. An overweight to internet services & infrastructure, the worst performing sub-industry within IT (down 38%), also detracted driven by the 51% decline in **Shopify**'s stock. From a geographical perspective, we lost money everywhere, except for India where a 3.8% relative overweight along with positive stock selection contributed 37bps to our relative returns. At the company-specific level, we had several large detractors that accounted for most of our underperformance. **Rivian**, **EPAM**, **Shopify**, **Natera**, and **Snowflake**, our five largest detractors combined for a loss of 11.6%. We believe only one of them, Natera, by far the smallest investment of the five, resulted in a permanent loss of capital. We discuss all five of these companies in more detail later in this letter.

In March 2022, we were notified that, along with four other Baron Funds, Baron Global Advantage Fund was named by Lipper Analytics as the best fund in its category for consistent risk-adjusted returns over the last five years.* This is the second consecutive year the Fund has received this honor, in addition to being named the best fund in its category for consistent

* The **Refinitiv Lipper Fund Awards**, granted annually, highlight funds and fund companies that have excelled in delivering consistently strong risk-adjusted performance relative to their peers. The Refinitiv Lipper Fund Awards are based on the Lipper Leader for Consistent Return rating, which is a risk-adjusted performance measure calculated over 36, 60 and 120 months. The fund with the highest Lipper Leader for Consistent Return (Effective Return) value in each eligible classification wins the Refinitiv Lipper Fund Award. For more information, see lipperfundawards.com. Although Refinitiv Lipper makes reasonable efforts to ensure the accuracy and reliability of the data contained herein, the accuracy is not guaranteed by Refinitiv Lipper.

risk-adjusted returns over the last three years in 2019, 2020, and 2021. We recognize that this may be of little consolation to the more recent investors in the Fund, but it supports and reinforces the conviction that we have in our philosophy and process. We know that our process works and that if we execute it well it will enable us to make good investment decisions over time.

Table II.
Top contributors to performance for the quarter ended March 31, 2022

	Quarter End Market Cap (billions)	Percent Impact
Think & Learn Private Limited	$ 22.0	0.78%
CrowdStrike, Inc.	52.4	0.66
Nuvei Corporation	10.7	0.36
Tesla, Inc.	1,113.7	0.34
ZoomInfo Technologies Inc.	24.1	0.18

Think & Learn Private Limited is the parent company of "Byju's – the Learning App," India's largest edtech player with over 85% market share. The outperformance during the quarter was primarily driven by continued strong business growth and the successful close of a late-stage private funding round that valued the company at around $22 billion, resulting in a fair value markup of our holding. We retain conviction in Byju's due to the company's dominant position in a large addressable market that is in the early innings of its penetration curve. We expect the company to sustain high double-digit growth for the next several years as it is well positioned to benefit from structural growth in online education services in the country. As it aspires to become a global edtech platform, the company accelerated its international expansion plans with a series of strategic acquisitions.

CrowdStrike, Inc. provides cloud-delivered, next generation security solutions via its Falcon platform consisting of end-point protection, advanced persistent threat, security information, event management, and cloud workload protection. Shares rose 11% in the first quarter, on the back of impressive quarterly results with net new annual recurring revenue (ARR) accelerating for the second straight quarter to 52% year-over-year and the company's favorable unit economics driving 30% free cash flow margins. Moreover, key new disclosures highlight how non-end-point products are seeing momentum with cloud product-generated ARR surpassing $100 million, representing 8% of net new ARR in the quarter. With more workloads migrating to or starting in the cloud, we believe CrowdStrike is well positioned to compound at high growth rates for years given its unique product platform and attractive go-to-market business model.

Nuvei Corporation is a Canadian-based payment processor that serves online merchants around the world. The stock rose 16% during the first quarter driven by continued strong financial results with revenues growing 83% year-over-year and 55% organically, while EBITDA margins were 43%. Nuvei also hosted an upbeat investor day, in which it reiterated its medium-term goals of growing revenues organically above 30% with improving EBITDA margins. We continue to own the stock due to Nuvei's numerous growth opportunities driven by growing e-commerce penetration, expansion into the U.S. market, accelerating investments in direct sales, and strong competitive advantages driven by its modular platform and land and expand business model.

During the first quarter, we bought back shares of **Tesla, Inc.**, which designs, manufactures, and sells electric vehicles, solar products, energy storage solutions, and batteries. We believe that despite the run in the stock over the last few years, Tesla presents a favorable risk/reward profile and remains a Big Idea with only a roughly 1% share of the automotive market. Since we bought the stock during the first quarter, shares increased 27%, despite a complex supply-chain environment, on continued revenue growth and record profitability. Robust demand and operational optimization allow the company to offset inflationary pressures while vertical integration provides flexibility around supply bottlenecks. Moreover, we expect new localized manufacturing capacity to drive additional efficiencies while software initiatives, including the autonomous driving program, are accelerating, offering a valuable optionality to the stock.

ZoomInfo Technologies Inc. operates a cloud-based B2B platform that provides sales, marketing, and HR teams with comprehensive business intelligence, enabling shorter sales cycles and higher win rates. While the stock was down 7% over the course of the first quarter, well-timed purchases turned it into a contributor that added 18bps to absolute returns. The company continues to execute well with another positive quarterly earnings surprise and strong forward bookings, with 2021 revenues growing 57% year-over-year, and with 46% free-cash-flow margins. New products are starting to build momentum, and we believe ZoomInfo can become a much larger company over time as it penetrates its $70 billion total addressable market.

Table III.
Top detractors from performance for the quarter ended March 31, 2022

	Quarter End Market Cap or Market Cap When Sold (billions)	Percent Impact
Rivian Automotive, Inc.	$45.2	–4.55%
EPAM Systems, Inc.	16.9	–2.66
Shopify Inc.	85.2	–2.21
Natera, Inc.	3.3	–1.12
Snowflake Inc.	72.1	–1.02

Rivian Automotive, Inc. designs, manufactures, and sells consumer and commercial electric vehicles. Shares of Rivian continued its volatile trading following the stock's IPO in late 2021, declining 52% in the first quarter as investors rotated out of fast-growing long-duration stocks and as industry-wide supply-chain issues delayed Rivian's production ramp. In addition, even while other automotive companies raised prices due to inflationary pressures, Rivian launched a price increase campaign that was not well communicated and, as a result, was met with dissatisfaction by existing reservation holders. While this was an unforced error, the company quickly corrected course, reversing its decision to raise prices for existing reservations, while maintaining the increase on new buyers (which has not caused a material impact to demand). We retain conviction in the shares given management's vision, Rivian's product positioning, the company's relationship with Amazon.com, and the company's strong balance sheet, which will help it overcome the current challenges while taking advantage of the long-term opportunity as the market transitions to electric vehicles.

EPAM Systems, Inc. is a leader in software-based digital platform transformation and engineering services to business customers. The stock fell 56% during the quarter as a result of a potential business disruption from Russia's military invasion of Ukraine, where many of EPAM's employees are based. EPAM is a U.S.-based company headquartered in Newtown, Pennsylvania with 53,000 employees, 24% of whom are based in Ukraine, 17% are based in Russia and 18% in Belarus. On February 17, 2022, the company reported strong financial results for calendar year 2021, releasing financial guidance for calendar year 2022 above expectations. On February 28, 2022, the company withdrew its guidance due to Russia's invasion of Ukraine. The magnitude and duration of the business disruption is unknown at this time. We believe EPAM is a highly resilient organization that can adapt to operational challenges by moving people and workflows to different regions – the company has further updated via an 8-K filing on April 7 that it has begun the process of exiting its operations in Russia with already a "significant number of employees who have been relocated," while the company is also accelerating hiring in other regions. Early research from Gartner suggests that after years of delivering high-quality products, EPAM has built solid, trustful relationships with its clients, who are responding with a high level of support for the company. EPAM has demonstrated strong execution and the ability to successfully manage through prior crises. Still, the range of outcomes is extremely wide, and we have reduced our position as a result. We continue to monitor the situation closely and reassess it as facts emerge.

Shopify Inc. is a cloud-based software provider offering an operating system for multi-channel commerce. Shopify has been adopted by over two million merchants who processed $175 billion of gross merchandise volume in 2021, making it the second largest e-commerce player in the U.S. The stock corrected sharply in the first quarter, declining 51%, as a result of investor rotation out of fast-growing, long-duration stocks and after the company released quarterly results, expecting a normalization in the rapid growth it has experienced during the early stages of the pandemic. We remain shareholders as we believe Shopify has a long runway for growth addressing less than 1% of global commerce spending with a unique and competitively advantaged platform.

Natera, Inc. is a leader in non-invasive prenatal testing whose proprietary technology has also been applied to cancer recurrence detection. Shares dropped 67% during the quarter on disappointing quarterly results and a short report alleging aggressive sales practices. We sold our shares as the inflection point to profitability will take longer to materialize, resulting in heavier cash burn rates than we originally expected.

Snowflake Inc. provides a data platform for large-scale data analytics. Shares fell 32% during the first quarter despite reporting strong results, finishing 2021 with 106% year-over-year revenue growth, while booking $1.2 billion of new business in the fourth quarter alone. Shares declined due to the rotation out of fast-growing long-duration stocks as well as concerns over the company's newly introduced infrastructure improvements, which make customers more efficient in using the Snowflake platform (lowering cost on a per usage basis). While some investors viewed that negatively due to the near-term impact on usage-based revenues, we see this as a positive development, since putting customers first tends to create a lot of value over the long term. We believe that by reducing costs to customers, they will migrate more workloads to Snowflake, making the company better positioned to capture a bigger portion of its large market opportunity and extending its technology leadership over competitors. We remain excited about Snowflake's best-in-class growth at scale with favorable unit economics, addressing one of the largest opportunities in technology.

Portfolio Structure

The portfolio is constructed on a bottom-up basis with the quality of ideas and conviction level having the most significant roles in determining the size of each individual investment. Sector and country weights are an outcome of the stock selection process and are not meant to indicate a positive or a negative "view."

As of March 31, 2022, the top 10 positions represented 42.4% of the Fund, and the top 20 represented 65.9%. As we articulated in prior letters, we expected to return to a higher conviction, more concentrated portfolio (top 10 and top 20 positions represented 42.5% and 61.9% of the Fund in December 2021 and 35.0% and 58.0% of the Fund in December 2020, respectively) and to reduce the number of holdings towards our preferred range of 40 to 50. We ended the first quarter with 52 investments, 5 of which were private.

Our investments in the IT, Consumer Discretionary, Health Care, Communication Services, and Financials sectors, as classified by GICS, represented 95.5% of the Fund's net assets. Our investments in non-U.S. companies represented 41.5% of net assets, and our investments in emerging markets totaled 12.5%.

Table IV.
Top 10 holdings as of March 31, 2022

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Amazon.com, Inc.	$1,658.8	$104.4	6.0%
Endava plc	7.4	96.7	5.6
Alphabet Inc.	1,842.3	92.4	5.3
Rivian Automotive, Inc.	45.2	79.6	4.6
CrowdStrike, Inc.	52.4	66.0	3.8
MercadoLibre, Inc.	60.0	65.2	3.8
ZoomInfo Technologies Inc.	24.1	62.6	3.6
argenx SE	17.0	61.9	3.6
Bajaj Finance Limited	58.0	53.5	3.1
Snowflake Inc.	72.1	51.3	3.0

Exposure By Country

Table V.
Percentage of securities by country as of March 31, 2022

	Percent of Net Assets
United States	58.2%
Netherlands	6.9
India	6.0
United Kingdom	5.6
Argentina	5.0
Israel	4.9
Canada	4.8
China	2.5
Uruguay	1.3
Brazil	1.2
Korea	1.0
Indonesia	1.0
Poland	0.8
Spain	0.5

Recent Activity

During the first quarter, we initiated one new position – buying back shares of **Tesla**. We also added to six existing investments, taking advantage of the market correction to add to several of our higher conviction Big Ideas such as **Snowflake** and **Datadog**.

We sold out of six investments, which became lower conviction ideas.

Table VI.
Top net purchases for the quarter ended March 31, 2022

	Quarter End Market Cap (billions)	Amount Purchased (millions)
Tesla, Inc.	$1,113.7	$22.0
Snowflake Inc.	72.1	12.0
Datadog, Inc.	47.5	6.7
Zomato Limited	8.5	3.4
CrowdStrike, Inc.	52.4	2.3

We re-initiated a medium-sized position in **Tesla, Inc.** Longer-tenured investors in the Fund may remember that we owned shares of Tesla from 2017 to 2019 and made an ill-fated decision to exit the stock primarily due to the company's mounting losses and management's reluctance to strengthen its balance sheet. While it was a costly mistake, one of the lessons we learned over time is that "I missed it" is one of the most common ways to compound a prior mistake (think of not buying Amazon in, say 2011 after the stock was up more than 20 times over the prior decade, only to miss the next 15 times). We believe that Tesla with a $1.1 trillion market cap is still a Big Idea, with the opportunity to be materially larger in the future. With electric vehicle penetration of only 8.6%[1] and Tesla's sales of 930,000 vehicles in 2021, representing just 1% market share of the global 80 million automobiles sold, we have a long way to go as the global public and private transportation fleet electrifies. Management targets another 20 times growth from here, reaching annual sales of 20 million vehicles by 2030.

While Tesla's leadership in Electric Vehicles ("EVs") is well known, its mission is much broader: "Tesla's mission is to accelerate the world's transition to sustainable energy."[2] As an EV battery leader, the company already developed expertise that should help it penetrate the rapidly growing energy storage market including cells, packs, inverters, and energy management software solutions, opening significant new addressable markets over the next few decades, and helping the world transition to net-zero emissions. The company set a goal to sell 1.5 trillion Watt-hours (wh) of batteries through its energy storage division by 2030, up 375 times from the approximately 4Gwh of energy storage capacity sold in 2021.

In addition to Tesla's long duration of growth, it has also shown significant improvements in its unit economics over the last few years, with automotive gross margins, excluding credits, of 29.2% and EBIT margins of 14.6% in the fourth quarter of 2021, nearly double the industry average, and we believe many times higher than other EV programs, despite significant supply-chain headwinds.

In addition, with software as one of its core pillars, Tesla has a big opportunity in autonomous driving, from selling its Full Self Driving (FSD) offering to consumers for a one-time $12,000 fee or a subscription of $200/month. In the future, if Tesla is able to solve autonomous driving and build a shared mobility network, it could significantly increase the per-vehicle utilization rate (as cars are currently idle for most of the day), creating significant additional social and shareholder value. Moreover, Tesla's data advantage enables it to offer a potentially superior insurance product as it could better price risk to match with driving behavior. There is also a tangible benefit from the lower number of collisions per mile from the ongoing improvements in FSD and the positive self-reinforcing mechanism of fewer accidents when drivers are provided feedback and incentives for safer driving via lower premiums. Longer term, we believe Tesla has significant additional positive optionality as it could leverage its core competencies in software, artificial intelligence, batteries, and manufacturing to expand into new markets over time.

We also took advantage of the market correction to add to several high conviction investments including the leading cloud data platform, **Snowflake Inc.**, and the leading infrastructure and application performance management solution provider, **Datadog, Inc.** We added to our position in the Indian food delivery platform, **Zomato Limited**, and to the leading cybersecurity platform, **CrowdStrike, Inc.**

Table VII.
Top net sales for the quarter ended March 31, 2022

	Quarter End Market Cap or Market Cap When Sold (billions)	Amount Sold (millions)
Alphabet Inc.	$1,842.3	$69.0
RingCentral, Inc.	14.9	42.7
Dynatrace Holdings LLC	13.0	41.0
Alibaba Group Holding Limited	292.6	26.8
Amazon.com, Inc.	1,658.8	18.6

We have eliminated 6 holdings during the first quarter: **RingCentral**, **Dynatrace**, **Alibaba**, **Opendoor Technologies**, **Natera**, and **StoneCo** and reduced 19 existing positions in order to meet investor redemptions as well as reallocate capital to our higher conviction ideas. We have modestly reduced the size of our position in **Alphabet Inc.** (from 6.5% at the end of the fourth quarter of 2021 to 5.3% as of the end of the first quarter of 2022), after the stock rallied 64% in 2021 and continued outperforming during the first quarter, declining just 3%.

We have sold our **Alibaba Group Holding Limited** position as the company continues to face competitive challenges and regulatory pressures remain, making it difficult (if not impossible) to appropriately assess the range of outcomes and associated probabilities for the future profitability of the business.

1 https://www.iea.org/commentaries/electric-cars-fend-off-supply-challenges-to-more-than-double-global-sales?utm_content=bufferd90dd&utm_medium=social&utm_source=twitter.com&utm_campaign=buffer

2 https://www.tesla.com/about Baron Capital Inc. bears no responsibility for the external website provided and makes no warranties, either express or implied, concerning the content of such site or any information, products or services linked to the website.

Outlook

In the aforementioned, year 2000 letter, Jeff Bezos was wise not to tell his shareholders that the 80% decline in their stock was "overdone" or was near a bottom. In fact, he offered no prediction or outlook at all. History would show that the economy entered a recession in March of 2001 and that six months later America would be attacked leading to wars in Iraq and Afghanistan. It did in fact get worse, before it got better.

Everywhere we turn, we hear people explain to us how the world has changed. "Today" is apparently very different from the way the world was "yesterday." Inflation is running dangerously high, the Fed is hopelessly behind, COVID-19 is still here, and there is a possibility that World War III has already begun. There are arguments being made that "tomorrow" will likely be more challenging than "today." We are neither deaf nor blind to these arguments. We readily acknowledge that the range of outcomes has widened considerably and that the tail risks in particular have increased, which is one of the reasons why this significant multiple contraction has occurred. But at the risk of overusing our Bezo'isms (and being accused of sticking our head into the proverbial sand), we will quote Jeff once again in trying to explain how we are approaching the current crisis.

"I very frequently get the question: 'What's going to change in the next 10 years?' And that is a very interesting question; it's a very common one. I almost never get the question: ***'What's not going to change in the next 10 years?'*** *And I submit to you that that second question is actually the more important of the two – because you can build a business strategy around the things that are stable in time. ... [I]n our retail business, we know that customers want low prices, and I know that's going to be true 10 years from now. They want fast delivery; they want vast selection. It's impossible to imagine a future 10 years from now where a customer comes up and says, 'Jeff I love Amazon; I just wish the prices were a little higher,' [or] 'I love Amazon; I just wish you'd deliver a little more slowly.' Impossible. And so the effort we put into those things, spinning those things up, we know the energy we put into it today will still be paying off dividends for our customers 10 years from now.* ***When you have something that you know is true, even over the long term, you can afford to put a lot of energy into it."***

We are fundamental, bottom-up investors with a long-term ownership mindset that is core to our philosophy. Identifying, researching, and investing in unique, competitively advantaged businesses, that enable or benefit from disruptive change, have solid business models with attractive unit economics, and are managed by talented entrepreneurs with proven track records of capital allocation and executional/operational excellence – is what will drive our long-term results. We believe that our ability to assess these factors and make good investment decisions is what accounted for our success over the last 10 and 20 years and for the success of Baron Capital Group over the last 40 years. Because we know this to be true, this is what we will continue to pour all our energy into.

Every day we live and invest in an uncertain world. Well-known conditions and widely anticipated events, such as Federal Reserve rate changes, ongoing trade disputes, government shutdowns, and the unpredictable behavior of important politicians the world over, are shrugged off by the financial markets one day and seem to drive them up or down the next. We often find it difficult to know why market participants do what they do over the short term. The constant challenges we face are real and serious, with clearly uncertain outcomes. History would suggest that most will prove passing or manageable. The business of capital allocation (or investing) is the business of taking risk, managing the uncertainty, and taking advantage of the long-term opportunities that those risks and uncertainties create.

We are optimistic about the long-term prospects of the companies in which we are invested and continue to search for new ideas and investment opportunities while remaining patient and investing only when we believe the target companies are trading at attractive prices relative to their intrinsic values.

Sincerely,

Alex Umansky
Portfolio Manager

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

Risks: Growth stocks can react differently to issuer, political, market and economic developments than the market as a whole. Non-U.S. investments may involve additional risks to those inherent in U.S. investments, including exchange-rate fluctuations, political or economic instability, the imposition of exchange controls, expropriation, limited disclosure and illiquid markets, resulting in greater share price volatility. Securities of small and medium-sized companies may be thinly traded and more difficult to sell. The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

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Dear Baron Discovery Fund Shareholder:

Performance

In what turned out to be a challenging first quarter, Baron Discovery Fund (the "Fund") decreased 16.30% (Institutional Shares), which was 3.67% below the Russell 2000 Growth Index (the "Benchmark"). The stock market tends to dislike unknowns and 2022 has so far shown itself to have more "unknowns" than a typical year. The year started out with the Federal Reserve expressing the need for tighter monetary policy in an effort to quell the highest inflation the U.S. economy has seen since 1982. While the market was attempting to digest how the Federal Reserve's actions were going to impact earnings (as a result of higher borrowing costs) and valuation multiples, Russian troops invaded Ukraine causing further market volatility. Ironically, COVID was not even in the top two factors influencing the market so far in 2022! Who would have thought that at the start of the year?

Table I.
Performance†
Annualized for periods ended March 31, 2022

	Baron Discovery Fund Retail Shares[1,2]	Baron Discovery Fund Institutional Shares[1,2]	Russell 2000 Growth Index[1]	S&P 500 Index[1]
Three Months[3]	(16.39)%	(16.30)%	(12.63)%	(4.60)%
One Year	(18.55)%	(18.31)%	(14.33)%	15.65%
Three Years	15.30%	15.62%	9.88%	18.92%
Five Years	17.45%	17.76%	10.33%	15.99%
Since Inception (September 30, 2013) (Annualized)	15.56%	15.86%	9.48%	14.56%
Since Inception (September 30, 2013) (Cumulative)[3]	241.98%	249.45%	115.95%	217.56%

RANDY GWIRTZMAN AND LAIRD BIEGER

PORTFOLIO MANAGERS

Retail Shares: BDFFX
Institutional Shares: BDFIX
R6 Shares: BDFUX

Despite the volatility, we continue to methodically execute our investment process. For investors who are newer to the Fund, here is a short refresher:

Our Investment Process

We have gone through volatile periods in the market before and we certainly will again. We have spoken about how we manage the portfolio during these periods in prior letters but, at the risk of sounding like a broken record, we think it is important that we reiterate our process:

1) We are not traders, return chasers, or month-to-month stock jockeys. We are investors who take a long-term view.

2) We invest in earlier-stage, competitively advantaged businesses, and we focus our investment analysis not just on a company's prospects but, importantly, on the people who are managing that company.

3) We use a bottom-up approach where we "get our hands dirty" in performing deep due diligence before investing in a business.

4) We manage risk by dynamically monitoring our portfolio holdings' short-, medium-, and long-term price targets, and adjusting position sizes based on the return profile of individual investments in the portfolio.

We certainly try to evolve and improve our process every day. That being said, the core tenets of our philosophy have been unchanged since the Fund's launch. While we certainly will not outperform in every period, we believe this investment process will help us outperform our Benchmark over the long term.

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of September 30, 2021 was 1.31% and 1.05%, respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser reimburses certain Baron Fund expenses pursuant to a contract expiring on August 29, 2032, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit www.BaronFunds.com or call 1-800-99BARON.

† The Fund's 3- and 5-year 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.

1 The **Russell 2000® Growth Index** measures the performance of small-sized U.S. companies that are classified as growth and the **S&P 500 Index** of 500 widely held large cap U.S. companies. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell is a trademark of Russell Investment Group. The indexes and the Fund include reinvestment of dividends, net of withholding taxes, which positively impact the performance results. The indexes are unmanaged. Index performance is not Fund performance; one cannot invest directly into an index.

2 The performance data in the table does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

3 Not annualized.

BARON FUNDS 1987

First Quarter Review

There were a few factors that caused a challenging first quarter for the Fund. First, some of the strongest performing sectors during the quarter were sectors the Fund generally avoids such as Energy (up 34% in the Benchmark for the first quarter) and Materials (up 1% in the Benchmark for the quarter). We avoid these sectors because businesses in these sectors typically do not meet our secular growth criteria. On the opposite side of the equation, the Health Care and Information Technology sectors, two sectors that in combination typically represent about half of the Fund's net assets, were two of the worst performing sectors in the first quarter (each down 15% in the Benchmark). Given these crosscurrents, it is not surprising that we underperformed in the quarter.

So how are we managing through this period? It is important to understand that when a manager underperforms in any period, it is usually due to one of two scenarios. Scenario A is when the multiples of the market are relatively constant, but the manager(s) invests in stocks that are underperforming because they are not executing on their business plans (i.e., the manager is making too many investment mistakes). Scenario B is when the manager is choosing investments that are performing in line with or better than the market's fundamental expectations, however the valuation multiples of these investments compress more than the overall market (i.e., there is a dislocation between fundamentals and valuation or simply "the baby gets thrown out with the bathwater"). We believe we are experiencing Scenario B and, in our opinion, this is a good thing for the longer-term potential of the portfolio. The reason for this is while our style of investing in high-growth, earlier-stage businesses is not in vogue today, we know that there will be a point in the future where the opposite will be true. In between now and then, as long as we have properly assessed the fundamental outlook of our investments, our companies will continue to grow revenues and/or profits at a rapid rate. This means that when valuation multiples one day recover, these multiples will be applied to a much higher revenue or profit level. Simplistically, every day that goes by, our portfolio is accruing value as a result of the consistently high-growth characteristics of the Fund's investments. We will never know when that accrued value will be reflected appropriately in stock prices, but it is our belief that when it does, we will outperform once again.

Table II.
Top contributors to performance for the quarter ended March 31, 2022

	Percent Impact
Mercury Systems, Inc.	0.46%
Revance Therapeutics, Inc.	0.31
Axonics, Inc.	0.28
Ping Identity Corporation	0.27
Velo3D, Inc.	0.24

Mercury Systems, Inc., a leading Tier 2 defense electronics integration company, rebounded along with the broader defense industry after Russia invaded Ukraine, and the new fiscal 2023 government defense budget was stronger than the market expected. We had estimated higher funding than consensus. Mercury is involved in all key priorities of the current U.S. defense strategy including electronic warfare, radar, missile defense, and carrier defense. We continue to expect acceleration in revenues over the next year.

Revance Therapeutics, Inc. is a pharmaceutical company developing a long-lasting injectable botulinum toxin that it calls Daxibotulinum toxin (Daxi). Daxi has aesthetic and therapeutic applications. Although the FDA delayed certification of its manufacturing plant in the third quarter of 2021, Revance filed its updated application in March 2022 and now expects approval by the third quarter of 2022 (ahead of consensus). The U.S. market for Daxi for aesthetic uses is now $1.7 billion and there is a $1 billion market for non-Daxi dermal fillers as well, which Revance can address via an acquired product line. Additionally, Daxi is currently in clinical trials for various therapeutics indications in markets worth over $2 billion.

Axonics, Inc., a designer and manufacturer of medical devices that treat incontinence, was a positive contributor in the first quarter. In line with its pre-announcement in January 2022, Axonics posted revenues for the fourth quarter of 2021, as well as guidance for 2022 that exceeded consensus. The company's rechargeable, implantable devices for urge incontinence via sacral neuromodulation (SNM), and its new product (Bulkamid) which is an injectable bulking agent for urinary stress incontinence, are exceeding investor expectations for growth and market penetration. In addition, the company recently obtained approval for its new non-rechargeable SNM device which is expected to be competitive with Medtronic's, which has the only other product on the market. The rechargeable category represents about 40% of the market for implantable products, so this is a meaningful launch. While COVID (Omicron variant) is expected to have a small impact in the first quarter (to be reported this spring), this should dissipate through the year, and we are excited to see how the company's newly launched consumer advertising campaign drives demand for its products. The SNM market currently consists of just 45,000 implants annually, which is less than 1% of the 7 million patients who can benefit. Meanwhile, Bulkamid offers a minimally invasive alternative to surgical sling procedures. Surgical slings have not gained much traction and treat only 125,000 women annually vs. the 29 million who can benefit, so we see a significant growth runway for Bulkamid as a safer, easier, and more attractive option. We are excited about the company's future growth prospects.

Ping Identity Corporation offers identity and access management security software. Shares appreciated due to strong fourth quarter financial results and upbeat guidance for 2022. Annual recurring revenue growth accelerated for a third straight quarter driven by strong adoption of Ping's SaaS software products and cross selling new customer identity-focused products to existing customers. Management guided to further acceleration next year driven by healthy demand for the SaaS platform and for newer products such as online fraud detection, identity security orchestration, and Ping's federal government solutions. Longer term, we maintain conviction in Ping due to growing demand for identity-oriented cybersecurity, Ping's continued market share gains from legacy on-premise tools, and management's focus on expanding distribution through new channel partners. Ping also trades at a reasonable valuation relative to other leading cybersecurity peers.

Shares of **Velo3D, Inc.**, which provides hardware and software to enable 3D metal printing, rose during the quarter. Shares rallied after the company reported a solid quarter and continued to deliver on its backlog and revenue growth projections in its early stages as a public company. Velo3D's proprietary metal parts printing technology unlocks a large addressable market previously inaccessible by 3D printing as it enables printing without the need for internal structural supports. This is unique to Velo3D and is a major competitive advantage in our opinion. The technology lowers the cost and processing time to print parts and eliminates the need to "design for additive" which entails changing the optimal structure of a part so it works with a 3D printer. Because of the design flexibility provided by Velo3D's solution, companies can 3D print complex metal parts like rocket engines or heat exchangers, where in the past they would have to use traditional casting or machining (or else have a compromised 3D printed part). Because 3D printing is "monolithic" (it prints an entire complex part at once), it can combine multiple parts into one, saving cost, weight, and design complexity. For this reason, Velo3D's solution is used by some well-known customers in the aerospace, defense, and energy industries. We believe the company's unique technology will drive strong future growth especially as it begins to sell its larger and faster Sapphire XC system in 2022 in volume.

Table III.
Top detractors from performance for the quarter ended March 31, 2022

	Percent Impact
S4 Capital plc	–1.18%
Floor & Decor Holdings, Inc.	–1.00
Kornit Digital Ltd.	–0.98
Trex Company, Inc.	–0.91
SiteOne Landscape Supply, Inc.	–0.77

S4 Capital plc is a global marketing services business founded by Sir Martin Sorrell, the founder and former CEO of WPP, the largest ad agency in the world. S4 encompasses creative production firm MediaMonks and data-driven media consultancy MightyHive. Shares were down on broader concerns about a weakening advertising environment and the fact that the company's auditor, PwC, said it was unable to complete the work needed for S4 to release its 2021 results. It is our view that the delay in the release will not end up being material to the company's long-term growth opportunities.

Floor & Decor Holdings, Inc. is a differentiated, high-growth, multi-surface specialty retailer of hard surface flooring and accessories. Shares of the company underperformed during the quarter due to the combination of the sell-off in stocks with high valuation multiples coupled with concerns around a potential slowdown of housing-related spending after two years of strong growth. We have factored in the headwinds associated with a slowing housing market into our model. Despite this, we still believe Floor & Decor will grow operating profit at a 25% CAGR over the next few years as the company takes market share and continues to grow its store base.

Shares of **Kornit Digital Ltd**. fell during the quarter. Kornit develops, designs, and markets digital printing solutions for the global textile industry including direct-to-garment and roll-to-roll solutions. The stock fell as valuation multiples for growth stocks contracted meaningfully during the quarter, and the stock is expensive based on near-term metrics. Despite the valuation contraction, the company continues to report strong financial results and is more confident than ever in its medium- and longer-term outlook with new products launching this year. We believe Kornit will continue to gain incremental share of the massive global textile market as each new product addresses additional market segments.

Trex Company, Inc. underperformed during the first quarter. Trex is a leading manufacturer of composite decking materials for the U.S. residential market. Underperformance was driven by valuation multiple compression amid concerns that demand for Trex's products would slow following two years of outsized growth. In addition, Trex provided full-year margin guidance that fell slightly below expectations as a result of ongoing investments in new capacity. We remain bullish on Trex's long-term prospects as the brand and share leader in composite decking, an underpenetrated category that we believe will continue to take share versus wood for many years to come.

Shares of **SiteOne Landscape Supply, Inc.**, the largest distributor of wholesale landscape supplies in the U.S., fell during the quarter as outdoor living-related stocks that benefited from stay-at-home demand during the pandemic experienced valuation multiple compression as investors contemplated a slowdown in robust demand from 2021 levels. The company again reported strong quarterly financial results despite the tougher comparisons from the prior year and highlighted a continued robust acquisition pipeline and an improved long-term margin opportunity. We continue to believe the company is in the early innings of consolidating the industry and benefiting from its investments in technology and operational efficiency to drive organic growth and margin expansion over time.

Portfolio Structure

Table IV.
Top 10 holdings as of March 31, 2022

	Year Acquired	Quarter End Investment Value (millions)	Percent of Net Assets
Mercury Systems, Inc.	2015	$59.1	3.8%
Kinsale Capital Group, Inc.	2016	57.0	3.7
Rexford Industrial Realty, Inc.	2019	48.5	3.1
Boyd Gaming Corporation	2021	42.8	2.8
Progyny, Inc.	2019	41.5	2.7
Axonics, Inc.	2020	39.9	2.6
Endava plc	2018	39.9	2.6
Clearwater Analytics Holdings, Inc.	2021	36.8	2.4
Advanced Energy Industries, Inc.	2019	36.6	2.4
SailPoint Technologies Holdings, Inc.	2020	35.1	2.3

Our top 10 holdings represented 28.4% of net assets in the first quarter. This is consistent with our historical exposure.

Recent Activity

Table V.
Top net purchases for the quarter ended March 31, 2022

	Year Acquired	Quarter End Market Cap (billions)	Amount Purchased (millions)
American Campus Communities, Inc.	2022	$7.8	$31.0
Axon Enterprise, Inc.	2022	9.8	23.6
Clearwater Analytics Holdings, Inc.	2021	5.0	14.5
Chart Industries, Inc.	2022	6.3	13.5
Definitive Healthcare Corp.	2021	3.8	8.1

We initiated a new position in **American Campus Communities, Inc.**, the nation's largest developer, owner, and manager of high-quality student housing communities. The company's 166 properties (approximately 112,000 beds) are located either on-campus or pedestrian-to-campus (94% of the company's net operating income comes from properties that are within ½ mile of campus) in submarkets with high barriers to entry. Emerging from a difficult COVID environment when many students took classes virtually and were not on campus, the company is now poised to benefit from a much more favorable fundamental backdrop. Over the next several years, we expect strong demand driven by growing student enrollment. Combined with limited new supply deliveries since many new developments were cancelled during COVID, the net result is significant growth in occupancy, rent, and cash flow. In addition to the organic growth we expect in the next few years, the company also has several greenfield developments that are underway and are expected to supplement growth as they open. As it relates to valuation, currently the company is trading at a discount to both private market values for comparable properties and to the publicly traded multi-family operators. We believe this valuation discrepancy will narrow as the company executes on its business plan. Following the completion of the quarterly letter, American Campus Communities agreed to be acquired by Blackstone for $65.47 per share.

Axon Enterprise, Inc. is a public safety-oriented company that sells its products to governments and law enforcement agencies around the world. Its mission is to "…make the bullet obsolete" using non-lethal TASER® devices combined with digital cameras, cloud-based software, and virtual reality training. This array of technology aims to provide better relationships between law enforcement and its constituent communities, and to reduce fatal outcomes dramatically when stressful confrontations occur. Axon takes its mission seriously and has an extensive ethics committee that includes members of law enforcement and activist communities. Axon claims that with usage of body cameras, complaints against police departments are down 88% and use of force is down 58%. We believe the company is a premier part of the solution to prevent bad actors in law enforcement and the mistrust that has resulted from those bad actors.

The company has three major product lines: first, high-definition cameras (sensor division) worn on the body or mounted on vehicles (newer products incorporate live streaming and automated license plate readers); second, subscription-based digital evidence software (evidence.com) that stores body camera and third-party video allowing for evidentiary chain of custody, search, and report writing (officer court time reduced by 70%); and third, non-lethal TASER devices (that can temporarily incapacitate dangerous and violent actors using an electrical shock) that save lives by avoiding discharging firearms (the company claims 258,000 lives have been saved so far). When used in combination, its cameras provide GPS officer location and live streaming, while its software can provide real-time operations mapping of active situations. In the future, Axon seeks to add consumer safety products (launching in 2022) that will automatically notify 911 if deployed, drone-based camera products, more VR training, and additional cloud-based software, including evidence software usable by prosecutors and defense attorneys, which could be a $1 billion market on its own.

From a financial perspective, the company is really built upon recurring revenue – it is not a one-time device sales company. Software made up 28.5% of 2021 revenues. And while hardware made up 43% of 2021 sales, about two-thirds of that is now bundled under long-term deals, so really only about 15% of the company's total revenue is one time in nature. The remaining 27% of sales is warranty and cartridge consumables, which are largely recurring as well. As software grows as a proportion of revenue (to what we believe will be over 40% by 2026), margins should expand. We believe that EBITDA margins can expand from 20% in 2021 to nearly 30% by 2026. Revenue growth, which was nearly 27% in 2021, should continue at over 20%, given that the company is less than 2% penetrated into its $52 billion addressable market. Finally, the company has over $400 million of cash and no debt on its balance sheet. When combined with its significant free cash flow (about 75% of EBITDA converts to free cash flow), Axon has significant capital to grow its business, complete accretive acquisitions, and potentially return capital to shareholders.

We initiated a position in **Chart Industries, Inc.**, a leader in cryogenic technology and equipment manufacturing for gas-to-liquid processing and storage. Its primary products are heat exchanging and cryogenic transportation and storage equipment serving the industrial gas, natural gas, and liquified natural gas (LNG) markets. Several recent acquisitions and a new internal commercial focus have expanded its revenue opportunities into high-growth markets such as hydrogen, carbon capture, water treatment, and others. Chart has strong competitive positioning in its core product categories and is well positioned to benefit as the world moves towards decarbonization and clean energy. While Chart's core business supplying equipment to industrial gas majors will continue to be a highly profitable business growing above global GDP, emerging applications in clean energy and other specialty products will drive overall revenue and profit growth well above that (especially because these emerging applications generally carry higher margins). Finally, the war in Ukraine is accelerating the European Union's plans to decrease its dependence on Russian natural gas while increasing the importation of liquefied natural gas. Successfully achieving this transition will require a multi-year investment in new LNG infrastructure, which should benefit Chart in future years.

During the quarter, we used the pull-back in the market to add to our existing positions in **Clearwater Analytics Holdings, Inc.** and **Definitive Healthcare Corp**. We remain bullish on the long-term prospects of both companies.

While not highlighted in our top purchases, this quarter we also initiated a position in **GitLab Inc.** GitLab provides a software development and IT operations (DevOps) platform that developers, product managers, IT operations teams, and security professionals use to collaborate throughout the software development lifecycle. For developers, the GitLab platform addresses the planning, creation, verification, testing, and deployment of code. Once code is shipped into production, IT operations professionals can use GitLab to continuously protect and monitor code and identify any issues or bugs for further updates. The GitLab platform helps more than 15,000 customers reduce time to market for new applications, automate continuous feature updates, reduce security vulnerabilities, and retain developer talent. GitLab is the only end-to-end DevOps platform that addresses all stages of the software lifecycle using a single codebase and unified data model, giving it a competitive advantage over point solutions. GitLab employs an open-source model, which has led to viral adoption among 30 million developers. More than 2,600 of these developers are active contributors to GitLab's product, enabling the company to release upgrades much faster than competitors. These consistent product enhancements have led to low churn and strong expansion in GitLab's existing customer base, driving a best-in-class 150%-plus dollar-based net retention rate (a measure of current customer average growth, where a value over 100% equals positive growth).

GitLab is in the early innings of monetizing its large active user base, and with only 0.5% penetration of the $43 billion application development software market, we see a long runway for growth ahead. The company also has a unique remote-first culture (its workers can work anywhere) that allows it to attract and retain talented engineers and salespeople from all over the globe with very little overhead, giving us confidence in its ability to grow profitably over time.

Table VI.
Top net sales for the quarter ended March 31, 2022

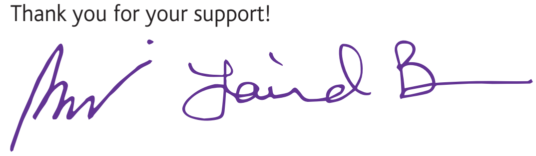
	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap or Market Cap When Sold (billions)	Amount Sold (millions)
Biohaven Pharmaceutical Holding Company Ltd.	2020	$2.7	$8.0	$21.8
Future plc	2019	1.1	4.1	13.3
Tripadvisor, Inc.	2021	4.8	3.8	13.0
Endava plc	2018	1.3	7.4	11.2
JBG SMITH Properties	2021	4.4	3.6	10.1

We sold our position in **Biohaven Pharmaceutical Holding Company Ltd.** as valuations were stretching toward our long-term goals, and we grew uncomfortable with recent acquisitions of early-stage clinical assets which we believe distract from the core migraine business. We trimmed our positions in **Future plc**, **Tripadvisor, Inc.**, and **Endava plc** and used the proceeds to help fund purchases of other investment ideas. We sold our position in **JBG SMITH Properties** as the recovery in the office market was taking much longer than we expected. We used the proceeds of that sale to purchase **American Campus Communities, Inc.** where we felt the company had better near-term fundamentals and a better longer-term return profile.

Outlook

While 2022 has started off as a challenging year for small-cap growth investors, you can have confidence that we are not "changing our stripes" regarding how we invest. We think the Baron team combined with our investment process makes us great investors in earlier-stage growth companies and we are going to focus on doing that to the best of our ability. As we mentioned, we do not know when our style of investing will come back into vogue, but in the meantime our portfolio investments continue to grow their revenues and/or profits at healthy rates. It is our belief that this growth will, at some point, be reflected in our portfolio company stock prices.

Thank you for your support!



Randy Gwirtzman & Laird Bieger
Portfolio Managers

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

Risks: The Adviser believes that there is more potential for capital appreciation in smaller companies, but there also may be more risk. Specific risks associated with investing in smaller companies include that the securities may be thinly traded and they may be more difficult to sell during market downturns. Even though the Fund is diversified, it may establish significant positions where the Adviser has the greatest conviction. This could increase volatility of the Fund's returns. The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

The discussions of the companies herein are not intended as advice to any person regarding the advisability of investing in any particular security. The views expressed in this report reflect those of the respective portfolio manager only through the end of the period stated in this report. The portfolio managers' views are not intended as recommendations or investment advice to any person reading this report and are subject to change at any time based on market and other conditions and Baron has no obligation to update them.

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

Dear Baron Durable Advantage Fund Shareholder:

Performance

After three years of strong absolute and relative returns, we had a tough quarter.

Baron Durable Advantage Fund (the "Fund") declined 10.3% (Institutional Shares) during the first quarter, compared to the 4.6% decline for the S&P 500 Index (the "Index"), the Fund's benchmark.

Table I.
Performance
Annualized for periods ended March 31, 2022

	Baron Durable Advantage Fund Retail Shares[1,2]	Baron Durable Advantage Fund Institutional Shares[1,2]	S&P 500 Index[1]
Three Months[3]	(10.37)%	(10.32)%	(4.60)%
One Year	14.81%	15.07%	15.65%
Three Years	20.29%	20.57%	18.92%
Since Inception (December 29, 2017)	15.55%	15.81%	15.25%

ALEX UMANSKY

PORTFOLIO MANAGER

Retail Shares: BDAFX
Institutional Shares: BDAIX
R6 Shares: BDAUX

This quarter's return, a loss of 10.3%, was almost a mirror image of last quarter, when the Fund posted a gain of 11.1%. "Through the lens of the Fund, the fourth quarter was uneventful and almost boring compared to the action taking place around it. We admit that's how we like it…" was how we described it in our last shareholder letter. Well… this quarter, was anything but. Starting with alarmingly persistent inflation leading to the increasingly hawkish Fed, a significant COVID wave in China with renewed lockdowns, continued supply-chain disruptions from the well-covered semiconductor shortages to the eye-opening increases in the cost of raw materials impacting industries from automotive/EVs to agriculture, to of course, the absolutely shocking and disturbing war in Ukraine. The past three months were extreme, in every regard.

The modest headline index declines of the S&P 500 Index, which was down less than 5%, and even the NASDAQ Composite, which was down just under 9%, would likely fool a casual observer into thinking that this was your "normal/typical" pull back after a broad and prolonged market rise. Not so this time. Underneath the benign headline numbers, 34% of the S&P 500 Index companies saw their stocks post double-digit losses with many well-known and well-owned household names experiencing violent stock price declines. Netflix was down 38%, PayPal down 39%, Home Depot down 27%, Sherwin-Williams down 29%, Moderna down 32%, Etsy down 43% and so on…

At the other extreme, companies that are either benefiting from this environment (think Energy and Materials) or that are considered safe heavens (think Utilities and gold), posted outsized gains. The *Energy sector was up 39% in the Index for the quarter with every single name in the sector up above 20%* – not surprising with oil trading above $100 per barrel for the first time since 2014. Companies that are levered to commodities were up strong double digits (by sub-industry: fertilizers +35.2%, steel +30.7%, copper +19.6%) and Utilities were up a tidy 4.7%.

If we were asked to describe an environment in which we were unlikely to do well – this would be it. And so, while the result is still disappointing, it is not at all surprising to us. While this Fund is measured against a "core" benchmark, we differ from a typical core portfolio that employs a blend of fast-growing, high-multiple stocks, and cheap value stocks. We concentrate solely on the middle, investing in what we believe are the highest-quality businesses that are at the later stages of their growth lifecycles, and foregoing the tail ends of both sides of the Bell Curve. As a result, we tend to

Performance listed in the table above is net of annual operating expenses. Annual expense ratio for the Retail and Institutional Shares as of September 30, 2021 was 1.91% and 1.48%, respectively, but the net annual expense ratio was 0.95% and 0.70% (net of the Adviser's fee waivers), respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser reimburses certain Baron Fund expenses pursuant to a contract expiring on August 29, 2032, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit www.BaronFunds.com or call 1-800-99BARON.

1 The **S&P 500 Index** measures the performance of 500 widely held large cap U.S. companies. The index and the Fund include reinvestment of dividends, net of withholding taxes, which positively impact the performance results. The index is unmanaged. Index performance is not Fund performance; one cannot invest directly into an index..

2 The performance data in the table does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

3 Not annualized.

BARON FUNDS 1987

struggle during market melt-ups (think second half of 2020 when no multiple was high enough for fast-growing growth stocks) or during extreme corrections when risk-off sentiment drives investors to deep value stocks (think gold miners, utilities, and commodities in recent cycles). On the other hand, living under the thickest part of the normal distribution of the Bell Curve (68%) should enable this strategy to do reasonably well most of the time, except for those high-sigma events. Our process enables us to take advantage of time arbitrage allowing the intrinsic values of our businesses to compound over time and creating opportunities for us to generate alpha over full-market cycles. We have expended a significant amount of ink on this subject in our last quarterly letter which would be a good source for anyone wishing to read a more detailed explanation on this subject, with this first quarter of 2022 serving as a case study. While a 10% draw down is hardly an achievement, it is significantly better than many of our growth strategies had experienced over the same period of time.

From a performance attribution standpoint, stock selection was responsible for almost 80% of the Fund's relative underperformance versus the Index. The overweight to two of the worst performing sectors in the Index, Information Technology (IT) and Communication Services, hurt our results, while not having exposure to the best performing sectors (Energy up 39.0%, and Utilities up 4.7%) also detracted from relative returns. At a high level, we simply had no exposure to beneficiaries of the supply-chain disruption or areas that are considered safe havens – from Energy and Utilities stocks to commodities and agricultural products, and to defense companies. We rarely find attractive businesses in those parts of the economy as they tend to be more capital intensive, have narrower competitive advantages, earn lower returns on invested capital, and rarely benefit from secular growth trends.

At the company specific level, with 59% of our holdings posting double-digit declines during the quarter, we had no chance to hold up against the Index that was down less than 5%. The good news is that for the most part, this draw-down did not result in permanent loss of capital and in many cases, we believe fundamentals have remained robust or improved even though stock prices declined. One example is **Intuit**, the leading provider of accounting software, and our second largest detractor in the quarter. The stock lost 25% of its value (*or over $45 billion*) due to a miss in quarterly revenues, which was driven by a slower start to the tax season, leading the company to miss consensus estimates for consumer revenues by about $190 million. The slower start to the tax season is of course insignificant to the intrinsic value of the business, as everyone knows there are only two certainties in life and one of them is – TAXES! And so, naturally Intuit reaffirmed its annual projections. Moreover, results in other segments were ahead of expectations. CEO Sasan Goodarzi explained the outperformance during its quarterly conference call by saying:

"We have a nearly $300 billion addressable market driven by tailwinds that include a shift to virtual solutions, an acceleration to online and omni-channel capabilities, and digital money offerings. This, combined with the team's excellence and execution is contributing to the strength of our performance."

More specifically, Intuit is gaining market share in tax filings (*"we are on track to gain share overall again this season"*), continues expanding its QuickBooks online offering, which was up 35% year-over-year, and is seeing strong synergies from its Credit Karma acquisition, driven by Intuit's Lightbox technology, which allows better personalization of offerings to customers (for example, it *"doubles the average approval rate for members who apply for credit cards on Credit Karma versus outside of Credit Karma"*). The bottom line is that our estimates of Intuit's intrinsic value were up while the stock price was down and therefore our future expected return has increased.

Another good example is the leading consulting company, **Accenture, plc**, whose stock was down 18% during the quarter despite the company reporting sparkling results with mid-20's year-over-year growth rates in revenues, EBIT and EPS, driven by double-digit growth across all markets, industries, and services while continuing to gain market share (growing at nearly 3 times the market rate). In addition to expected strength in smaller deals, Accenture had *36 clients booking over $100 million worth of business in the last quarter alone*. While most investors remain concerned about a pullforward of demand, the company is not seeing a slowdown as digital transformations became a must for organizations to remain competitive as described by the company in its latest earnings conference call:

*"Pre-pandemic, what we saw were clients much more into – **they did transformation quite sequentially**, right? The pandemic was a major shock. You saw the leaders who were kind of coming into that saying we've got to go even faster, and you saw a bunch of companies saying **we need to leapfrog**, right? We need to move online. We need to do digital transformation. And that meant that we saw companies starting to **take on not sequential transformation but what we call compressed transformation**, where they're at the same time doing manufacturing as well as sales".*

Jeff Bezos sums up the current market behavior well in his 2000 shareholder letter where he quoted Benjamin Graham's famous statement that, in the short term, the stock market is a voting machine, while in the long term, it is a weighing machine, saying that Amazon is a *"company that wants to be weighed, and over time we will be – over the long term, all companies are. In the meantime, we have our heads down working to build a heavier and heavier company."*

We have a lot of conviction that our businesses are doing the same – working to build heavier and heavier companies.

Table II.
Top contributors to performance for the quarter ended March 31, 2022

	Quarter End Market Cap (billions)	Percent Impact
Arch Capital Group Ltd.	$ 18.3	0.42%
Fair Isaac Corporation	12.3	0.16
Visa, Inc.	480.0	0.16
UnitedHealth Group Incorporated	479.8	0.15
CME Group, Inc.	85.5	0.13

Arch Capital Group Ltd. is a specialty insurance company based in Bermuda. The stock increased 9.0% after reporting quarterly earnings that exceeded consensus estimate, achieving 11% year-over-year growth in book value per share. Pricing trends remain favorable in the property & casualty insurance market, and margins for the mortgage insurance business improved substantially from last year's cyclically depressed levels as delinquencies decline. We continue to own the stock due to Arch's strong management team, underwriting expertise and discipline, long-term ownership mindset, and focus on underwriting profitability rather than premium growth or market share, which in our view, will support solid sustainable growth in earnings and book value per share for years to come.

Shares of **Fair Isaac Corporation,** a data and analytics company focused on predicting consumer behavior, increased 7.3% during the first quarter. The company reported solid results with 9% revenue growth (excluding divestitures) and 35% EPS growth on strong margin uplift and share repurchases and management sounded optimistic regarding their outlook for the remainder of the year. We believe that Fair Isaac will be a steady earnings compounder, as it continues optimizing pricing in its Scores segment, and as it transitions its software business to the cloud. These dynamics should drive solid returns for the stock over a multi-year period, in our view.

Shares of global payment network **Visa, Inc.** were up 2.5% on strong quarterly results with 24% revenue growth and 27% EPS growth. Payment volume grew 20% with notable strength in cross-border volumes as travel activity rebounded from depressed levels. Management raised full-year guidance to reflect high-teens revenue growth. Shares also likely benefited from a "flight to safety" during a volatile quarter for equities. We continue to own the stock due to Visa's long runway for growth underpinned by the continued migration from cash transactions to card/digital and strong competitive advantages, operating in a duopoly with Mastercard.

UnitedHealth Group Incorporated is a leading diversified health and well-being company whose divisions include insurance arm, United Healthcare and healthcare services arm, Optum, which offers care delivery and other services. Shares increased 1.8% on good fourth quarter results with revenues up 12.5% year-over-year, operating margins of 7.5% and EPS up 78% while also reaffirming its 2022 guidance. We believe UnitedHealth leads the health care industry in innovation and execution as evidenced by its strong value proposition leading to Medicare Advantage share gains, strong cost controls, and its leadership position in the shift to value-based care.

CME Group, Inc. operates the world's largest and most diversified derivatives marketplace. Shares rose 4.6%, contributing to results as elevated market volatility and rising interest rates led to higher trading activity on CME's exchanges. Average daily trading volume increased 19% year-over-year with notable strength in Interest Rates and Equities products. We continue to own the stock due to CME's strong competitive moats, underpinned by its product breadth and liquidity depth, as well as its sustainable growth characteristics driven by the secular shift from uncleared over-the-counter trading to exchange-traded futures while also benefiting from the rising rate environment.

Table III.
Top detractors from performance for the quarter ended March 31, 2022

	Quarter End Market Cap or Market Cap When Sold (billions)	Percent Impact
Meta Platforms, Inc.	$605.3	–1.46%
Intuit Inc.	136.0	–0.91
BlackRock Inc.	116.9	–0.74
Iqvia Holdings Inc.	41.8	–0.68
Adobe Inc.	215.3	–0.66

Shares of **Meta Platforms, Inc.**, the owner of Facebook, the world's largest social network, fell 32.5% on the negative impact of Apple's new privacy changes in iOS mobile devices that make it more difficult for Facebook to measure the effectiveness of its advertising across its mobile apps, as well as on stronger competition from TikTok, which has been gaining significant traction with users during the last few years. Management estimated a $10 billion revenue impact for the year from the Apple changes and has also repeatedly called out fierce competition from TikTok. We have been reducing our position in Meta Platforms and are continuing to closely evaluate it as facts emerge.

Intuit Inc. is the leading provider of accounting software for small businesses and tax preparation software for individuals and tax professionals. Shares corrected 25.1% after a slower start to the tax season resulted in quarterly revenue that missed analyst estimates despite stronger growth across the rest of the company. Management believes revenue softness in the consumer tax business is purely timing related, so full-year guidance was maintained. We own the stock due to Intuit's strong competitive advantages and durable growth opportunities as the company continues expanding its platform and ecosystem.

BlackRock Inc., the $10 trillion asset manager, offers a variety of products across equities, fixed income, alternatives, and cash management to institutional and retail investors worldwide. BlackRock shares declined 15.5% in the quarter driven by the weak financial markets which led to client hesitation and declining portfolio values. We believe these trends are temporary. With most of its assets in index funds and ETFs, BlackRock is a prime beneficiary of the ongoing shift to passive investing. The company also benefits from increasing demand for sustainable investment strategies as well as the adoption of its leading technology platform and its higher-fee value-added products.

Shares of **Iqvia Holdings Inc.**, the leading global contract research organization offering outsourced drug development services to biopharmaceutical companies, fell 23.2% on a rotation out of higher-valued 2021 outperformers as well as growing concerns over moderating biotechnology funding levels and a potential shift in competitive dynamics with the growing focus on healthcare data solutions by competitors. We decided to exit our position and reallocate to higher conviction ideas.

Shares of **Adobe Inc.**, the leading provider of content creation, document management, and marketing software, were weak in the quarter, down 19.7% along with the overall software industry. Continued investor fears around the possibility of pandemic-driven pullforward in demand, increasing competition, and earnings results that were in line with expectations also weighed on shares. While Adobe is seeing slower year-over-year volume growth due to tougher compares, it continues to execute well, with management calling out strong engagement and retention rates in Digital Media, in line with pre-COVID levels while the company continues innovating rapidly, broadening its offering. We continue to believe that Adobe is well positioned given its marquee brand and best-in-class technology, which helps content creators and marketing professionals better reach, communicate, and sell their companies' products in an increasingly digitally connected world.

Portfolio Structure

The portfolio is constructed on a bottom-up basis with the quality of ideas and conviction level (rather than benchmark composition and weights) determining the size of each individual investment. Sector weights tend to be an outcome of the stock selection process and are not meant to indicate a positive or a negative "view."

While many market participants try to manage increased market volatility by diversifying across more holdings, we tend to do the opposite and gravitate towards our highest conviction ideas. As a reminder, we do not equate market volatility to risk (which we think of in the context of probability of permanent loss of capital) and view market volatility as an opportunity to upgrade the risk-reward profile of the portfolio. Accordingly, the weight of our top 10 and top 20 positions has increased, representing 54.0% and 81.4% of the Fund, respectively, as of March 31, 2022. This compares to weightings of 46.3% and 77.3% as of December 31, 2021.

Similarly, we have reduced the number of names in the portfolio, exiting the quarter with 30 investments (compared to 33 as of the end of 2021). IT and Financials, our biggest sectors, represented 60.9% of the Fund. Health Care, Communication Services, Consumer Staples, and Industrials represented another 32.0% of the Fund. Cash and Ecolab Inc., which is classified under Materials, were the remaining 7.1%.

Table IV.
Top 10 holdings as of March 31, 2022

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Microsoft Corporation	$2,311.4	$4.4	9.3%
Alphabet Inc.	1,842.3	4.1	8.6
Arch Capital Group Ltd.	18.3	2.5	5.2
S&P Global Inc.	142.3	2.4	5.1
UnitedHealth Group Incorporated	479.8	2.3	4.9
Mastercard Incorporated	349.3	2.2	4.7
Accenture plc	223.7	2.1	4.5
Thermo Fisher Scientific Inc.	231.1	1.9	4.0
Danaher Corporation	210.0	1.9	3.9
Visa, Inc.	480.0	1.8	3.8

Recent Activity

During the first quarter, we initiated one new investment: the alternative asset manager, **Brookfield Asset Management**. We also utilized the market correction to add to 4 existing positions in which our conviction level has increased: Alphabet, Accenture, Ecolab and Nice. Lastly, we reduced 22 positions and liquidated 3 others as we further consolidated the portfolio in our higher conviction ideas.

Table V.
Top net purchases for the quarter ended March 31, 2022

	Quarter End Market Cap (billions)	Amount Purchased (millions)
Brookfield Asset Management Inc.	$ 88.6	$0.7
Alphabet Inc.	1,842.3	0.6
Accenture plc	223.7	0.3
Ecolab Inc.	50.5	0.1
Nice Ltd.	13.8	0.1

We acquired a new position in **Brookfield Asset Management Inc.** during the first quarter. Brookfield is one of the largest alternative asset managers in the world focused on infrastructure, real estate, credit, and private equity investments and has approximately $700 billion of assets under management. We have admired what CEO Bruce Flatt and his managing partners, all of whom have significant equity ownership in the business, have accomplished over the last 20-plus years with the shares compounding at a 20% annualized rate driven by the growing allocation to real assets and alternatives (which have grown from about 5% of portfolios in 2000 to 30% in 2021) while maintaining a conservative balance sheet with downside protection.

We believe Brookfield remains well-positioned for continued solid growth due to: i) secular growth opportunity in the alternative asset management space as a "fixed income alternative" with the top 10 asset managers capturing a bigger portion of the pie; and ii) Brookfield's ability to take share due to its superior investment track record, global reach and operating platform, and scale and diverse product offering. Lastly, we believe management is intent about maximizing the value of its asset management arm or pure "fee business" with a plan to spin-out this business in the near future. We have long believed that Brookfield's asset management business has been under-appreciated in the public market due to the complex structure of the company with its on-balance sheet investments. Brookfield's closest peers that have pure "asset-light" business models are trading at material premiums in the public markets and we believe there is a minimum of 30% value upside on in-place earnings solely through this value crystallization event (not taking into consideration any future growth). In addition, management has laid out a credible plan at its most recent investor day to more than double AUM over the next five years, which we believe will result in material equity value creation.

During the quarter, we also increased our position in **Accenture plc**, taking advantage of the recent price correction while the prospects of the business continue improving – with revenues growing 25% year-over-year and 23% organically (on our estimate), bookings up 22.5% and EPS up 25%. While consensus expectations call for a material deceleration in growth over the next few years back into the single digits, we believe that Accenture can sustain faster growth rates for longer, as clients remain early in their digital transformation process with only 13% of enterprises using the full potential of the cloud today and as we see no slowdown in the demand for digitization and cloud adoption.

We also added to our **Alphabet Inc.** (the parent company of Google) position, increasing it from 6.2% of net assets as of the end of 2021 to 8.6% of net assets as of the end of the first quarter. Alphabet reported great quarterly results with revenue growth of 32% year-over-year, operating income growth of 40% and EPS growth of 38% on broad-based strength in advertiser spend while Google Cloud revenues grew 45% year-over-year. The company also announced a meaningful increase in its capital expenditures plans to support the strong demand in YouTube and Google Cloud. This last quarter further strengthens our conviction in Alphabet's merits as it continues to benefit from growth in mobile and online video advertising, which accrues to its core assets of search, YouTube, and the Google ad network, while also advancing its cloud business to become more competitive with Amazon's AWS and Microsoft's Azure. Google's autonomous driving subsidiary also reached a significant milestone this quarter, starting to offer driverless rides to its San Francisco employees. We continue treating Waymo as a free option at this stage, however.

Lastly, we added to our position in the leading water, hygiene and infection prevention company, **Ecolab Inc.**, as the stock sold off on concerns over rising raw material costs. We believe the sell-off is overdone as Ecolab's strong competitive positioning and proven pricing power would enable it to offset the rising costs (though with a lag). We think that the company will continue benefiting from the secular growth trends towards sustainability, while still having a long runway for growth with only an 8% share of its estimated $147 billion addressable market.

Table VI.
Top net sales for the quarter ended March 31, 2022

	Quarter End Market Cap or Market Cap When Sold (billions)	Amount Sold (millions)
Iqvia Holdings Inc.	$ 41.8	$1.3
BlackRock Inc.	116.9	0.9
Constellation Brands, Inc.	40.8	0.8
Meta Platforms, Inc.	605.3	0.8
UnitedHealth Group Incorporated	479.8	0.6

We have sold 3 names in the quarter: **Iqvia Holdings Inc.**, **Constellation Brands, Inc.**, and **Stevanato Group S.p.A**, while the merger of **IHS Markit Ltd.** with **S&P Global Inc.** also closed during the quarter. We have also reduced 22 existing positions, reallocating capital to our higher conviction ideas, while reducing the number of names in the portfolio (ending the quarter with 30 holdings).

Outlook

We believe that the future is inherently uncertain. Different sectors of the economy, different asset classes, and different investment styles go in and out of favor all the time. There is no one sector, asset class, or style that can reasonably be expected to be in favor or to outperform at all times. We think the investment philosophy and process of this Fund, which is rooted in the ownership of high-quality, well-managed, competitively advantaged businesses for the long term, when executed well, should enable us to come as close to an *all-weather portfolio* as possible.

This is NOT to suggest that it will be immune to volatility, market corrections, or even periods of underperformance. This is to suggest that we have high conviction that our process works and that it should enable us to generate attractive returns over full-market cycles with a relatively low risk of permanent loss of capital.

In addition to the tragedy unfolding in Ukraine, market participants' immediate preoccupation appears to be with the runaway inflation and the impending increases in the Fed Funds rates. Rising interest rates are generally a headwind to high-growth companies, which could be thought of as longer duration assets. And so, we continue to see a meaningful rotation out of software, fintech, and Health Care stocks into Energy, Utilities, Materials, and Industrials in early 2022. We tend to own more of the former and virtually none of the latter. We have no idea how long this rotation will last. While this could potentially become a headwind, current interest rates are still low (real interest rates are actually negative) and we expect the environment to remain reasonably accommodating for years to come. While we have neither the expertise nor a view on how transitory the current inflationary burst is, we believe that the types of businesses we hold in the Fund will perform just fine under most scenarios. If inflation persists, the inherent pricing power of our holdings will help them offset rising costs. Our investments are not highly levered and have stable growth profiles, so we also think higher interest rates should be less of a headwind for them. In any case, the market will do what it will do. We think rotations, pullbacks, and corrections are generally necessary and healthy, and they often create attractive opportunities for long-term investors like ourselves. We continue to focus on the quality of our decisions, and on taking what we believe are high percentage shots.

Every day, we live and invest in an uncertain world. Well-known conditions and widely anticipated events, such as Federal Reserve rate changes, ongoing trade disputes, government shutdowns, and the unpredictable behavior of important politicians the world over, are shrugged off by the financial markets one day and seem to drive them up or down the next. We often find it difficult to know why market participants do what they do over the short term. The constant challenges we face are real and serious, with clearly uncertain outcomes. History would suggest that most will prove passing or manageable. The business of capital allocation (or investing) is the business of taking risk, managing the uncertainty, and taking advantage of the long-term opportunities that those risks and uncertainties create. We are confident that our process is the right one, and we believe that it will enable us to make good investment decisions over time.

Our goal is to invest in large-cap companies with, in our view, strong and durable competitive advantages, proven track records of successful capital allocation, high returns on invested capital, and high free cash flow generation, a significant portion of which is regularly returned back to shareholders in the form of dividends or share repurchases. It is our belief that investing in great businesses at attractive valuations will enable us to earn excess risk-adjusted returns for our shareholders over the long term. We are optimistic about the prospects of the companies in which we are invested and continue to search for new ideas and investment opportunities.

Sincerely,

Alex Umansky
Portfolio Manager

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

Risks: The Fund invests primarily in large cap equity securities which are subject to price fluctuations in the stock market. In addition, because the Fund invests primarily in large-cap company securities, it may underperform other funds during periods when the Fund's securities are out of favor. The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

The discussions of the companies herein are not intended as advice to any person regarding the advisability of investing in any particular security. The views expressed in this report reflect those of the respective portfolio managers only through the end of the period stated in this report. The portfolio manager's views are not intended as recommendations or investment advice to any person reading this report and are subject to change at any time based on market and other conditions and Baron has no obligation to update them.

This report does not constitute an offer to sell or a solicitation of any offer to buy securities of Baron Fifth Avenue Growth Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

Alpha measures the difference between a fund's actual returns and its expected performance, given its level of risk as measured by beta. **Earnings before interest and taxes (EBIT)** is an indicator of a company's profitability. **Earnings per share (EPS)** is calculated as a company's profit divided by the outstanding shares of its common stock. The resulting number serves as an indicator of a company's profitability.

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

DEAR BARON REAL ESTATE INCOME FUND SHAREHOLDER:

Baron Real Estate Income Fund (the "Fund") declined 2.89% (Institutional Shares) in the first quarter of 2022, outperforming its primary benchmark, the MSCI US REIT Index (the "REIT Index") which declined 4.28%.

Several factors contributed to a volatile market in the first three months of 2022 (detailed in the letter below). Despite our expectations for a challenging year, we remain optimistic about the prospects for the Fund. The fundamentals of many of the businesses we own remain strong, and we are taking advantage of opportunities to invest in and add to quality REITs and other income-oriented real estate companies, many of which are trading at attractive valuations.

We are pleased to report that Baron Real Estate Income Fund was chosen as the winner of the 2022 Refinitiv Lipper Fund Award for the best real estate fund for the three-year period ending December 31, 2022.

We are also pleased to report that as of March 31, 2022, the Fund has maintained its:

- **5-Star Overall Morningstar Rating™**
- **Top 3% ranking among all real estate funds for its 3-year performance**

Since inception, the Fund's cumulative return of 86.97% is almost double the 45.00% cumulative return of the REIT Index.

We will address the following topics in this letter:

- Our current top of mind thoughts
- A review of recent activity managing the Fund
- A REIT market update
- Our 2022 portfolio priorities and investment themes
- Examples of attractively valued REITs and other income-oriented real estate companies
- Concluding thoughts on the prospects for real estate and the Fund (*preview*: we remain bullish)

JEFFREY KOLITCH

PORTFOLIO MANAGER

Retail Shares: BRIFX
Institutional Shares: BRIIX
R6 Shares: BRIUX

As of 3/31/2022, the Morningstar Ratings™ were based on 236 share classes for the 3-year and Overall periods. The Baron Real Estate Income Fund received 5 Stars for both periods. 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.

As of 3/31/2022, the Morningstar Real Estate Category consisted of 255 and 236 share classes for the 1- and 3-year periods. Morningstar ranked Baron Real Estate Income Fund in the 84th and 3rd percentiles for the 1- and 3-year periods, respectively

Morningstar calculates the Morningstar Real Estate 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.

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.

BARON FUNDS 1987

BARON REAL ESTATE INCOME FUND PERFORMANCE

Table I.
Performance
For periods ended March 31, 2022

	Baron Real Estate Income Fund Retail Shares[1,2]	Baron Real Estate Income Fund Institutional Shares[1,2]	MSCI US REIT Index[1]
Three Months[3]	(3.02)%	(2.89)%	(4.28)%
One Year	16.60%	16.97%	25.02%
Three Years	21.04%	21.24%	9.92%
Since Inception (December 29, 2017)	15.62%	15.86%	9.14%
Since Inception (December 29, 2017) (Cumulative)[3]	85.30%	86.97%	45.00%

OUR CURRENT TOP OF MIND THOUGHTS

1. **We expect 2022 will continue to be a difficult year.**

   We believe **2022 will continue to be arduous to navigate** in part due to the prospects of a more hawkish Federal Reserve, higher interest rates, and the possibility of moderating growth and valuation compression in some segments of real estate.

   Early in 2022, we stated our expectation that **this year would be a normalization or transition year** – a normalization in interest rates, inflation, valuation multiples, stock market returns, the ongoing reopening of the U.S. economy, the COVID-19 pandemic, and a transition in Federal Reserve policy from accommodation to contraction. Many of these anticipated considerations and the Russia/Ukraine war have contributed to a challenging market environment in the first few months of 2022.

2. Though we are mindful of many of the key risks to the equity and real estate market outlook, **we remain optimistic about the prospects for REITs and other income-oriented real estate companies–in some cases, more so today than three months ago given the correction in certain share prices since the start of the year.**

3. **Several REITs and other income-oriented real estate companies are on sale.**

   - A good portion of public real estate is attractively valued relative to history.
   - Several segments of public real estate are on sale relative to private real estate alternatives. In other words, *valuations for several real estate companies are cheaper on "Wall Street than on Main Street."*
   - For examples of attractively valued REITs and income-oriented real estate companies, please refer to "Examples of attractively valued REITs and income-oriented real estate companies" later in this letter.

4. **There is a strong case to include an allocation to real estate in a diversified investment portfolio.**

   - Near-term case for real estate: Demand in most cases continues to outstrip supply, favorable business conditions do not portend a recession, strong and liquid balance sheets, substantial private capital in pursuit of real estate ownership, and several attractively valued public real estate companies.
   - Long-term case for real estate: Strong long-term return potential, diversification benefits due to low correlations to equities and bonds, and inflation protection.

5. **A well-crafted real estate portfolio can perform well in a rising interest rate and elevated inflationary environment.**

   - Interest rates: Real estate can perform well in a rising interest rate environment if business conditions are improving and both the rate of change in interest rates and the ultimate level of interest rates does not create consumer sticker shock and/or become a headwind to operating performance.
   - **The performance of Baron Real Estate Income Fund in rising rate environments – most recent case study:** Since bottoming at 0.50% on March 9, 2020, the 10-year Treasury yield increased nearly 200 basis points to a recent peak of 2.49% as of March 25, 2022. During this period of rising interest rates, the Baron Real Estate Income Fund increased 67.51% on a cumulative basis, which compares favorably to the REIT Index, which increased 37.47%.
   - **Inflation**: Certain real estate has the ability to raise prices to provide partial inflation protection – well-located real estate in supply constrained markets, real estate with short-lease durations, and leases with contractual annual rent escalators.
   - ***More than 50% of the Fund is currently structured with companies that offer elements of inflation protection***

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2021 was 1.42% and 1.08%, respectively, but the net annual expense ratio was 1.05% and 0.80% (net of the Adviser's fee waivers), respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost The Adviser reimburses certain Baron Fund expenses pursuant to a contract expiring on August 29, 2032, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit www.BaronFunds.com or call 1-800-99BARON.

1 The **MSCI US REIT Index** is a free float-adjusted market capitalization index that measures the performance of all equity REITs in the US equity market, except for specialty equity REITs that do not generate a majority of their revenue and income from real estate rental and leasing operations. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. The index and the Fund include reinvestment of dividends, net of withholding taxes, which positively impact the performance results. The index is unmanaged. Index performance is not Fund performance; one cannot invest directly into an index.

2 The performance data in the table does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

3 Not annualized.

characteristics. Examples include: the Fund's investments in several REIT types including apartments, self-storage, single-family home rental, manufactured housing, health care, and hotels and other income-producing real estate companies.

- **Playbook for rising interest rate and inflationary environments**
  - Prioritize short-lease duration real estate that can reprice more often to partially offset interest rate and inflationary pressures
  - Emphasize real estate-related companies that will benefit disproportionately from an improvement in the economy
  - Emphasize companies with strong pipelines of projects to supplement organic growth
  - Invest in companies with strong balance sheets that can weather a rise in interest rates
  - Monitor companies that are more susceptible to higher borrowing costs

6. We believe the Baron Real Estate Income Fund – with the demonstrated merits of our actively managed REIT and income-oriented investment approach – is a highly compelling real estate mutual fund choice.

A REVIEW OF RECENT ACTIVITY MANAGING THE FUND AND PERFORMANCE

Recent Activity

We have maintained an elevated active approach to managing the Fund in the first three months of 2022 due to:

- The ongoing evolution of tailwinds and headwinds in certain segments of real estate
- Company-specific considerations
- The emergence of several macro headwinds such as the recent spike in interest rates and persistently high inflation
- High stock market volatility

We believe our action steps have positioned the Fund for strong long-term performance. They include:

- Purchasing "best-in-class" REITs and real estate income-producing stocks that were on sale
  - Examples: **Public Storage Incorporated**, **AvalonBay Communities, Inc.**, **Equity Residential**, **Pebblebrook Hotel Trust**, **Boston Properties, Inc.**, **Blackstone Inc.**, and **Brookfield Asset Management Inc.**
- Purchasing cyclical REIT and other real estate income-producing stocks such as travel and hospitality-related real estate stocks that had declined sharply from 2021 share price highs but possess the potential to appreciate significantly over the new few years
  - Examples: **Park Hotels & Resorts Inc.**, **Host Hotels & Resorts, Inc.**, **MGM Resorts International**, **Boyd Gaming Corporation**, and **Travel + Leisure Co.**

Table II.
Top net purchases for the quarter ended March 31, 2022

	Quarter End Market Cap (billions)	Amount Purchased (millions)
Vornado Realty Trust	$ 8.7	$5.3
Ventas, Inc.	24.7	3.4
Las Vegas Sands Corporation	29.7	3.2
Public Storage Incorporated	68.4	3.0
Kilroy Realty Corporation	8.9	2.9

In the most recent quarter, we re-acquired shares in **Vornado Realty Trust**, a REIT that owns a high-quality portfolio of office and street retail assets concentrated in New York City. As economic activity improves and employees return to work, we expect leasing and occupancy trends to improve. At its recent price of only $42, we believe the shares are attractively valued at a 50% discount to our estimate of net asset value of $85 per share.

We acquired additional shares in **Ventas, Inc.**, a health care REIT that owns a $30 billion portfolio of senior housing, medical office, hospitals, and life science properties. The company's scale allows it to swiftly act on large investment opportunities. We believe the company's senior housing portfolio, which represents approximately 45% of assets, should deliver improved operating results as the headwinds from COVID-19 and the Delta/Omicron variants subside. We also believe the shares remain attractively valued and offer prospects for strong total shareholder returns.

Following a close to 50% decline in the share price of **Las Vegas Sands Corporation** from its 2021 peak share price of $67 to $34, we began re-acquiring shares of this global leader in the development and operation of luxury casino resorts in the most recent quarter. We believe Las Vegas Sands' market-leading resorts in Macau and Singapore position the company for strong growth when travel and tourism spending rebound. Las Vegas Sands maintains a liquid and investment grade balance sheet and is currently valued at a significant discount to our assessment of replacement cost.

Public Storage Incorporated is a REIT that is the world's largest owner, operator, and developer of self-storage facilities. The company's nearly 2,500 self-storage facilities across the U.S. serve more than one million customers. The company has achieved the #1 market position in 14 of its top 15 markets. We are encouraged about the company's prospects due to our expectations for the continuation of strong occupancy and rent trends, limited new supply, mid-teens organic cash flow growth, the potential for mergers and acquisitions activity in part due to the company's well-capitalized and low leverage balance sheet, and the ability to increase rents monthly to combat inflation headwinds. We believe Public Storage's shares are currently valued at a discount to private market self-storage values and offer prospects for mid-teens total returns in the next few years.

This past quarter, we re-acquired shares in West Coast office REIT, **Kilroy Realty Corporation**. Kilroy owns, develops, acquires, and manages real estate assets (primarily office buildings) in the coastal regions of San Francisco, Los Angeles, and San Diego. In 2021, the company added Austin, Texas as a new market.

We are optimistic about the prospects for the Fund's investment in Kilroy because the company owns one of the highest quality portfolios of office buildings (i.e., newer buildings with amenities, well-located buildings) that we believe will continue to have strong interest from tenants and investors. We believe the company is poised to generate solid growth in cash flow from occupancy gains and increases in rents (in-place rents are approximately 15% below market rents) as economic activity improves and employees return to work. Further, we expect additional growth to be generated from its active development pipeline which is approximately 50% leased and will result in an expansion of its assets by more than 10%. The company maintains a strong and liquid balance sheet.

We believe the shares of Kilroy are attractively valued at a 6.5% implied cap rate and a 30% discount to our estimate of net asset value and offer compelling return potential in the next few years.

Table III.
Top net sales for the quarter ended March 31, 2022

	Quarter End Market Cap (billions)	Amount Sold (millions)
Rexford Industrial Realty, Inc.	$ 12.0	$3.9
Prologis, Inc.	119.5	3.4
Simon Property Group, Inc.	43.2	2.5
Invitation Homes, Inc.	24.4	2.0
Duke Realty Corporation	22.2	1.6

Following exceptionally strong share price performance over the last few years, we recently reduced the Fund's positions in industrial REITs **Rexford Industrial Realty, Inc.**, **Prologis, Inc.**, and **Duke Realty Corporation**. These companies are, in our opinion, best-in-class industrial REITs that have long runways for growth. Rexford, Prologis, and Duke continue to benefit from robust demand for their warehouse facilities driven by the growth of e-commerce and the need for infill real estate locations to service last mile deliveries.

Following a share price gain of nearly 93% in 2021, we recently trimmed the Fund's holdings in **Simon Property Group, Inc.**, the largest and premier mall operator in the U.S. Though we are also tempered by the expectation for modest earnings growth in 2022, we remain optimistic about the company's long-term prospects. Simon owns A-quality malls in A-quality geographic locations. We expect Simon to benefit from the ongoing economic recovery and believe management is well positioned to acquire real estate assets given its strong balance sheet and low cost of capital.

We recently reduced the Fund's large holding in **Invitation Homes, Inc.** Invitation Homes is the largest single-family home leasing company in the U.S. with approximately 80,000 homes concentrated in California, Florida, Georgia, Arizona, Washington, and the Carolinas. Its primary business strategy focuses on acquiring, renovating, leasing, and operating single-family homes as rentals. We remain bullish about the long-term prospects for the company given multiple growth opportunities which include: i) significant pent-up demand from the millennial generation to rent single-family homes against a backdrop of constrained inventory (which we expect will lead to rental and occupancy growth); ii) acquisitions of homes in high-growth geographic markets; and iii) the expansion of ancillary home services for residents (e.g., enhanced smart home, pest control, landscaping, and pet services).

Recent Performance

Top contributors and detractors to performance in the first quarter of 2022 are detailed below.

Table IV.
Top contributors to performance for the quarter ended March 31, 2022

	Quarter End Market Cap (billions)	Percent Impact
Ventas, Inc.	$24.7	0.86%
NexPoint Residential Trust, Inc.	2.3	0.29
Brookfield Infrastructure Partners L.P.	29.3	0.28
Public Storage Incorporated	68.4	0.28
Kilroy Realty Corporation	8.9	0.27

The shares of **Ventas, Inc.**, a health care REIT that owns a $30 billion portfolio of senior housing, medical office, hospitals, and life science properties gained more than 21% in the first quarter following strong quarterly business results and an encouraging business outlook from management. We believe the company's senior housing portfolio, which represents approximately 45% of assets, will continued to deliver improved operating results given its attractive cyclical and secular growth prospects. We believe the shares remain attractively valued and continue to offer prospects for strong total shareholder returns.

Following strong quarterly results and an encouraging update from management, the shares of **NexPoint Residential Trust, Inc.,** a sunbelt-focused apartment REIT, performed well in the most recent quarter. The company owns and operates approximately 15,000 apartment units across 10 geographic markets primarily geared toward "workforce housing" with average rents of $1,300 per month. The company has substantial insider ownership and has been one of the most successful apartment operators in terms of equity value creation among its peers.

Despite the recent robust share price performance, we still believe the company is trading at a meaningful discount to its private market value. In addition, we believe NexPoint will achieve above average organic growth and are optimistic about the prospects for the company due to: i) its favorable market exposure in the sunbelt (attractive job growth, household formation, net migration, and increasing cost of ownership); ii) a shortage of affordable housing broadly, which is more acute in the sunbelt; iii) relative affordability both to other apartment or single-family rental options and the cost of home ownership; and iv) its ability to deploy capital into attractive value-add opportunities such as kitchen upgrades and washer/dryer installations at high returns on capital (around 20%) to augment organic growth. Lastly, we believe the NexPoint platform remains an attractive acquisition candidate given recent transactions in the market of similar or greater size. These transactions were completed at more attractive valuations than where the company is currently being valued in the public markets.

Brookfield Infrastructure Partners L.P. is one of the largest globally diversified owners and operators of high-quality infrastructure assets in the world. The company's core infrastructure investments include utilities, data centers, wireless towers, energy, and transportation (ports and rails).

Since its public listing in 2008, Brookfield's management team has achieved an impressive track record of growing the company's earnings per share

17% annually and its dividend by approximately 10% annually. Over this period, the company's shares have increased, on average, 19% per year.

We remain optimistic about the company's long-term prospects. Brookfield generates stable and growing cash flows–95% of its cash flow is either regulated or under long-term contracts. The company, with its well-capitalized balance sheet and deep and experienced management team, is well- positioned to capitalize on several years of infrastructure investment opportunities around the world, which should enhance future growth. We view Brookfield's organic and acquisition-related growth prospects, current valuation, and 3.2% dividend as attractive.

The shares of both **Public Storage Incorporated** and **Kilroy Realty Corporation** generated solid gains in the first quarter of 2022, in part due to solid quarterly business results. We remain optimistic about the prospects for both companies. For our more complete thoughts on both companies, please refer to our discussion of each company earlier in this letter below Table II.

Table V.
Top detractors from performance for the quarter ended March 31, 2022

	Quarter End Market Cap (billions)	Percent Impact
Simon Property Group, Inc.	$ 43.2	–0.72%
American Tower Corp.	114.5	–0.64
Invitation Homes, Inc.	24.4	–0.59
Sun Communities, Inc.	20.4	–0.43
Equinix, Inc.	67.3	–0.42

Following exceptionally strong share price performance for several of the Fund's holdings the last few years, many declined in the first quarter of 2022, along with declines in the broader market. Examples of some of the companies that were detractors to performance in the most recent quarter include **Simon Property Group, Inc.**, **American Tower Corp.**, **Invitation Homes, Inc.**, **Sun Communities, Inc.**, and **Equinix, Inc.** We believe each of these companies are exceptionally well managed and own and operate quality real estate and remain optimistic about their long-term prospects. We will have more to say about them in future letters.

A REIT MARKET UPDATE

In the first few months of 2022, we have remained busy attending several real estate conferences and meetings and furthering our research. The updates from real estate companies encompassing most real estate categories remain broadly encouraging.

Though we are mindful of macro-economic, geopolitical, and certain company-specific challenges, **we continue to believe the prospects for REITs and several non-REIT real estate-related companies remain attractive.**

1. **Business fundamentals are, in most cases, solid and the outlook does not portend a recession (for now).**

2. **REIT growth prospects are encouraging.**

   We believe REITs, on average, will grow earnings approximately 10% in 2022, far more than its 15-year average of approximately 4%.

   Growth should be fueled by broadly improving demand and constrained supply and growth through acquisitions, development, and redevelopment.

   Regarding the demand outlook, commercial occupancy and rents, in most cases, remain strong against a backdrop of modest inventory levels.

   Regarding the supply outlook, we are not witnessing warning signs of excess inventory and sharp increases in new construction.

   Commercial real estate construction activity and inventory levels remain modest due, in part, to elevated construction costs and labor shortages.

3. **Balance sheets are strong.**

   Most REITs are maintaining strong and liquid balance sheets and are not using debt excessively relative to company-generated cash flow.

4. **Many REITs remain on sale in the public markets.**

   We see a shift from multiple expansion or cap rate compression to earnings growth as the key driver of REIT returns going forward. However, the valuations of several REITs and non-REIT real estate-related companies remain discounted and offer prospects for cap rate compression and growth.

   For our more complete thoughts on attractively valued real estate, please see "Examples of attractively valued REITs and other income-oriented real estate companies" later in this letter.

5. Should inflation continue to rear its head, **some REITs and other income-oriented real estate companies serve as a hedge and provide inflation-protection characteristics** such as annual rent escalators, short-lease durations, and pricing power within supply-constrained markets.

6. **Substantial private capital is still in pursuit of real estate ownership supported by widely available debt capital at low interest rates.**

   We continue to believe that real estate merger and acquisition activity will remain strong.

   We estimate that more than $300 billion of capital has been raised by private equity sources to invest in real estate, which equates to approximately $1 trillion of total real estate purchasing capacity, assuming typical 70% financing!

   We anticipate that large amounts of capital from private equity investors such as Blackstone and Brookfield Asset Management, sovereign wealth funds, endowments, pension funds, and others will continue to step in and capitalize on the opportunity to buy quality public real estate when it is valued at a discount relative to private real estate. This embedded put scenario should limit the downside for public valuations and stock prices.

And, so, **we remain bullish.**

OUR 2022 INVESTMENT THEMES AND PORTFOLIO COMPOSITION

We have continued to structure the Fund to take advantage of three real estate-related themes. They are:

- COVID-19 recovery beneficiaries
- Residential-related real estate
- The intersection of technology and real estate

1. COVID-19 recovery beneficiaries

This investment theme encompasses REITs and non-REIT real estate companies at the epicenter of the pandemic.

Since the onset of pandemic, certain REITs and other real estate-related businesses that rely on the assembly of people have been severely impacted by COVID-19 as they were forced to shut down all or a large part of operations almost without exception.

For several months, the share prices of many of these companies have moved up and down in a roller coaster fashion mirroring the onset and path of COVID-19 variants (Delta, Omicron, BA.2) and many remain significantly below their peak prices.

We remain optimistic about the prospects for the Fund's COVID-19 recovery beneficiaries because we believe the businesses remain cyclically depressed, not secularly challenged and there is strong pent-up demand. We expect business conditions and the share prices of these businesses to improve as more people receive booster shots and the FDA-authorized Pfizer and Merck COVID treatment pills come into use.

There is a broad swath of COVID-19 recovery beneficiaries including hotel, office, apartment, gaming, mall, and health care REITS as well as casinos & gaming operators and real estate operating companies.

We believe the Fund's COVID-19 recovery beneficiaries offer prospects for strong annual returns over the next few years.

Examples of the Fund's COVID-19 recovery beneficiaries include:

Timeshare, Gaming, and Leisure Companies

Marriott Vacations Worldwide Corp., **Travel + Leisure Co.**, **Boyd Gaming Corporation**, **MGM Resorts International**, **Las Vegas Sands Corporation**, **Red Rock Resorts, Inc.**, and **Vail Resorts, Inc.**

Office REITs

Vornado Realty Trust, **Kilroy Realty Corporation**, **Boston Properties, Inc.**, and **Alexandria Real Estate Equities, Inc.**

Hotel REITs

Park Hotels & Resorts Inc., **Host Hotels & Resorts, Inc.**, and **Pebblebrook Hotel Trust**

Health Care REITs

Ventas, Inc. and **Welltower Inc.**

Mall REITs

Simon Property Group, Inc.

Shopping Center REITs

Kite Realty Group Trust

Gaming REITs

Gaming and Leisure Properties, **Inc.**

Commercial Real Estate Services Companies

Kennedy-Wilson Holdings, Inc.

On March 31, 2022, COVID-19 recovery beneficiary companies represented 46.5% of the Fund's net assets.

Table VI.
COVID-19 recovery beneficiaries as of March 31, 2022

	Percent of Net Assets
Timeshare, Gaming, and Leisure Operators	16.5%
Office REITs	8.0
Hotel REITs	7.0
Health Care REITs	6.8
Mall REITs	3.1
Shopping Center REITs	2.1
Gaming REITs	1.6
Commercial Real Estate Services Companies	1.4
Total	46.5%

2. Residential-related real estate

We remain optimistic about the prospects for residential real estate that revolves around rental apartments, single-family homes, and the land for affordable manufactured homes.

- **Robust demand**

  We believe that current demand drivers remain supportive for apartment rentals, single-family rental homes, and manufactured homes.

  Multi-Family REITs

  Demand for apartments has snapped back faster than anyone could have anticipated with current market rents at or above pre-COVID levels and landlord rental concessions virtually non-existent today. Near-term demand is being supported by:

  - New households that cannot afford to buy a home in part due to the inability to meet mortgage down payment requirements and other affordability concerns such as the recent spike in mortgage rates and the on-going sharp increases in home prices
  - Residents who temporarily left, returning to cities once they could enjoy their entertainment and social aspects
  - Roommates taking the opportunity to decouple with a desire for more space given work-from-home flexibility
  - Bargain hunters taking advantage of vacant inventory and landlord concessions during COVID to trade up or move to neighborhoods that were unaffordable before
  - Demand from two classes of graduates (2020 and 2021) hitting the market simultaneously with offices beginning to reopen in the fall

  All these trends are rapidly leading to limited inventory availability and significant pricing power for landlords. Note that most of the urban apartment demand is driven by tenants who are in their early 30s or younger.

  Single-Family Rental REITs

  Demand for suburban life or the American Dream also continues unabated. The typical renter of a single-family home is 39 years old, has two kids, a pet, and is seeking good schools with an easy commute. While some families may have pulled forward their decision to move during the pandemic, we expect the multi-year demand drivers to endure. Recently signed new leases approached 20% year-over-year growth with high single-digit growth on renewals and nearly full occupancy. There remain 73 million millennials who represent future demand for single-family rental homes. Key drivers of demand include a "rentership" culture among millennials while prioritizing experiences over possessions, limited supply of entry level housing, high student debt burdens/limited savings for a down payment and the increasing institutionalization of the asset class with professionally managed homes.

Manufactured Housing REITs

In the aftermath of the economic impact from COVID-19, we expect demand for affordable housing to continue to benefit manufactured housing REITs.

- **Few affordability concerns**

  Affordability remains a key topic of conversation given the historically high absolute rental growth we are witnessing in the reported results of both single-family and multi-family landlords. While rents have increased, the monthly income to rent ratios remain at or even above historical levels (approximately 5 times). Wage growth has remained strong and many of our companies target an affluent demographic that has saved a significant amount of money over the last 12 to 18 months. In other words, tenant credit quality has improved despite the unprecedent rent growth, which should give landlords the ability to increase rents further, once again, on renewals. Apartment landlords are also benefiting from relative affordability advantages vs. the for-sale housing market.

- **Strong absolute and relative growth**

  The growth outlook for residential real estate is one of the strongest across most categories of REITs given: i) strong imbedded mark-to-market rents; ii) cycling leases that were signed with heavy concessions during pandemic lows; and iii) burning off bad debt expense. These factors, combined with strong continued demand, should lead to outsized overall growth relative to REITs overall.

- **Short-lease duration real estate**

  With the ability to reset rents every year, we believe apartment, single-family home rental, and manufactured housing landlords will continue to enjoy pricing power that could lead to strong top-line growth and margin expansion.

- **Attractive values**

  Despite strong stock performance in 2021, we believe, based on transactions we have observed, that residential real estate REITs still offer compelling value relative to their imbedded growth and private market comparables. We believe if some of these assets traded in the private market today, they could fetch premiums of 20% or more.

On March 31, 2022, residential-related real estate represented 25.3% of the Fund's net assets.

Table VII.
Residential-related real estate as of March 31, 2022

	Percent of Net Assets
Multi-Family REITs	15.5%
Single-Family Rental REITs	5.2
Manufactured Housing REITs	2.7
Student Housing REITs	1.9
Total	25.3%

3. The Intersection of technology and real estate

This quarter we reduced our exposure to technology-centric real estate-related companies such as data center REITs and wireless tower REITs due to elevated valuations and lower return prospects than other segments of real estate.

The shares of several data center, wireless tower, and other technology-related real estate companies have lagged, and valuations are becoming more attractive. As a result, we continue to look for opportunities to increase the Fund's exposure to these segments of real estate.

Despite short-term headwinds, we remain long-term bullish on the prospects for companies that embrace the intersection of technology and real estate.

The growth in cloud computing, the internet, mobile data and cellphones, wireless infrastructure, and e-commerce are powerful secular developments that should continue unabated for years and are impacting real estate, along with many other industries.

If anything, the pandemic has accelerated these secular trends as more people conduct business, leisure, residential, and commercial activities online.

Real estate-related companies that embrace and adopt the latest technological advances and innovations remain an important thematic focus for us. Key beneficiaries of the technology revolution include data center REITs, wireless tower REITs, and last mile logistics warehouses (or industrial REITs).

Wireless Tower REITs

Our tower REITs, **American Tower Corp.** and **Crown Castle International Corp.**, are, in our view, positioned to grow for several years as the demand for data intensive devices accelerates, and new wireless technologies continue to emerge and improve.

New technological innovations and greater data demand require a greater number of antennae rental space that will continue to benefit tower companies. Like data centers, we expect wireless towers to continue to benefit from increased home-based consumer and commercial activity (e.g., online shopping, video streaming, and working from home).

Data Center REITs

Our data center REIT, **Equinix, Inc.**, is benefiting from the meteoric growth in the outsourcing of information technology, increased cloud computing adoption, and the growth in U.S. mobile data and internet traffic.

The rapid transition to a world of computer screen meetings and conferencing should also benefit data centers due to the need to store a greater library of data to conduct and support these virtual online meetings.

Industrial REITs

We expect business conditions for the Fund's industrial REIT holdings (**Prologis, Inc.**, **Rexford Industrial Realty, Inc.**, **Duke Realty Corporation**, and **First Industrial Realty Trust, Inc.**) to remain strong for several years.

Each of these companies is expected to continue to benefit from robust warehouse demand and increased rents. This is due, in part, to broader e-commerce needs resulting from the accelerated growth of online sales as businesses and consumers relentlessly seek faster delivery.

On March 31, 2022, technology-centric REITs that we expect to directly benefit from long-term technology growth represented 13.4% of the Fund's net assets.

Table VIII.
Intersection of technology and real estate as of March 31, 2022

	Percent of Net Assets
Industrial REITs	6.3%
Wireless Tower REITs	5.4
Data Center REITs	1.7
Total	13.4%

Baron Real Estate Income Fund currently has investments in several REIT categories and non-REIT real estate companies. Our percentage allocations to these categories are based on our research and assessment of opportunities in each category on a bottom-up basis (See Table IX below).

Table IX.
Fund investments in REIT categories as of March 31, 2022

	Percent of Net Assets
Non-REIT Real Estate Companies	24.2%
Multi-Family REITs	15.5
Office REITs	7.2
Hotel REITs	7.0
Health Care REITs	6.8
Industrial REITs	6.3
Self-Storage REITs	5.7
Wireless Tower REITs	5.5
Single-Family Rental REITs	5.2
Mall REITs	3.1
Manufactured Housing REITs	2.7
Shopping Center REITs	2.1
Student Housing REITs	1.9
Data Center REITs	1.7
Triple Net REITs	1.6
Other REITs	0.7
Cash and Cash Equivalents	2.8
Total	100.0%

EXAMPLES OF ATTRACTIVELY VALUED REITS AND OTHER INCOME-ORIENTED REAL ESTATE COMPANIES

We believe that several REITs and other income-oriented real estate companies are attractively valued relative to history and are on sale relative to private real estate alternatives.

A portion of the value in public real estate surfaced in the first quarter of 2022. In the first three months of the year, an abundance of mostly macro developments – a spike in interest rates and mortgage rates, increases in food, oil, gas, and housing prices – contributed to declines in the share prices of several real estate companies.

We believe several public real estate companies now offer **compelling long-term return prospects that, in some cases, may include a trifecta combination of growth, dividends, and an improvement in valuation.**

Examples of REITs and other income-oriented real estate companies that are attractively valued

Ventas, Inc.

- A leading health care REIT that owns a $30 billion portfolio of senior housing, medical office, hospitals, and life science properties
- Currently valued at a discount to net asset value and significant discount to a key public competitor

Invitation Homes, Inc.

- Leading single-family rental REIT that is currently valued at a discounted value to several REITs despite its superior growth prospects

NexPoint Residential Trust, Inc.

- A sunbelt-focused apartment REIT that is currently valued at a significant discount to our assessment of net asset value

Vornado Realty Trust

- A REIT that owns a high-quality portfolio of office and street retail assets concentrated in New York City
- At its recent price of only $41 and with more than a 5% dividend yield, we believe the shares are attractively valued at a 50% discount to our estimate of net asset value of $85 per share

Pebblebrook Hotel Trust

- Premier hotel REIT that was recently valued at only $22 per share, while management's estimate of current net asset value is $32.50 per share or approximately 50% higher than the current price

Gaming and Leisure Properties, Inc.

- A gaming REIT that is a geographically diversified owner of casino gaming assets
- Currently valued at a 6% dividend yield and at a significant discount to the private market value for its real estate assets

Brookfield Asset Management Inc.

- A leading alternative asset manager that is one of the largest owners and operators of real estate and infrastructure assets in the world

- At the company's September 2021 investor day, the management team laid out a multi-year growth plan with expectations for its shares to increase from its recent price of $55 to more than $150 in the next five years
- Management has a track record of under-promising and over-delivering

Boyd Gaming Corporation

- One of the largest and most successful casino entertainment companies in the U.S.
- The company owns and operates 28 casino gaming properties in 10 states with a large presence in Las Vegas
- Business conditions remain strong, yet the shares are valued at only 7.0 times 2022 estimated cash flow and a double-digit free cash flow yield relative to its long-term average of more than 9 times cash flow

Travel + Leisure Co.

- A leading timeshare and hospitality company that is valued at only 12.5 times 2022 estimated earnings despite management's expectations to grow earnings per share by approximately 20% per year for the next four years

MGM Resorts International

- Leading global casino and entertainment company
- At its recent price of $41 per share, we believe the company is valued at a significant discount to our base case $60 per share estimate of the sum-of-the-parts value of its business

Vail Resorts, Inc.

- Leading real estate portfolio of ski resorts currently valued at only 13 times cash flow vs. its long-term average multiple of approximately 15 times cash flow

We believe there are several other REIT and income-oriented real estate companies that are attractively valued and, in some cases, highly discounted. A few additional examples include:

- Certain hotel REITs are currently valued at 30% to 50% discounts to estimated replacement cost
- Office landlords, despite expectations for occupancy and rental pressures, are, in our opinion, cheap at 40% to 50% discounts to replacement cost
- Certain shopping centers are currently valued at steep discounts to intrinsic value

Examples of REITs and other income-oriented real estate companies that are on sale relative to private real estate alternatives

We closely monitor the valuations paid for private real estate.

Currently, much of public real estate is on sale relative to private real estate. In other words, it's cheaper to buy on *"Wall Street than on Main Street."*

The current favorable arbitrage between public and private real estate valuations may bode well for the return prospects for public real estate companies and investors. We anticipate that one of two scenarios is likely to unfold:

1. The share prices of discounted public real estate companies will increase organically to a more appropriate valuation; or,
2. Private equity, with its more than $300 billion of capital that has been raised and targeted for real estate purchases, will acquire the discounted public real estate companies at premium valuations to current prices.

Below is a sampling of the capitalization rates paid in private real estate transactions for several REIT and non-REIT real estate categories. Note: Capitalization rate ("cap rate") is a real estate valuation measure used to compare different real estate investments. The cap rate is generally calculated as the ratio between the annual rental income produced by a real estate asset to its current market value. The lower the cap rate, the more expensive the headline valuation and vice versa.

The data below highlights the clear premium ascribed to private real estate and the valuation disconnect between public real estate and private real estate.

Multi-Family REITs: Private market transactions in the mid-high 3% capitalization rate range vs. current public market valuations for best-in-class apartment REITs in the low 4% capitalization rate range.

Single-Family Rental REITs: Private market transactions in the mid-3% capitalization rate range vs. current public market valuations for best-in-class single-family rental REITs in the mid-4% capitalization rate range. Analysts estimated that in 2021 Blackstone purchased Home Partners of America for $6 billion or an estimated 3.5% capitalization rate vs. the Fund's investment in Invitation Homes which is currently valued at only a 4.5% capitalization rate.

Office REITs: Private market transactions have occurred at or below a 5% capitalization rates for high-quality properties in several markets vs. current public market valuations for best-in-class office REITs in the mid-5% to mid-7% capitalization rate range. Certain office REITs are valued in the public market on a per square foot basis at approximately 40% to 60% of estimated replacement cost.

Shopping Centers: Private market transactions below 5% capitalization rates, vs. current public market valuations in the mid-5% to mid-7% capitalization rate range.

Self-Storage REITs: Private market transactions in the mid-3% capitalization rate range, vs. current public market valuations for REITs in the low-4% range (notwithstanding having higher-quality portfolios and more significant embedded growth).

Life Sciences Real Estate: Analysts estimated that Blackstone and Ventas purchased life science office buildings at $1,300 to $1,500 per square foot in the private market, yet the Fund owns the public REIT with the premier life science real estate portfolio in the country, Alexandria Real Estate, which is currently valued at only $900 per square foot.

Data Center REITs: Data center REITs QTS and CoreSite were acquired last year at 25 to 27 times EBITDA yet the Fund owns the premier data center company in the world, Equinix, and it is currently valued at only 23 times EBITDA.

Las Vegas-centric Casinos: Private equity firms continue to acquire casino gaming real estate assets in Las Vegas and are paying 16 to 20 times cash flow, yet the Fund's holdings in Red Rock Resorts and MGM Resorts (both with significant Las Vegas exposure) are currently valued at only 7.5 to 10 times cash flow.

Hotels: Many individual and bulk hotel transactions have traded in the private market in the 13 to 17 times cash flow range, representing large premiums to several public hotel companies. Also, several hotels have been acquired in the private market at $600,000 – $1 million per key vs. publicly traded hotel REITs valued on average at $350,000 per key.

Regional Gaming Companies: Bally's recently received a privatization offer for 9 times EBITDA (30% premium to market price) vs. Boyd Gaming's current valuation of only 7.5 times EBITDA. In our opinion, Boyd maintains a far superior real estate portfolio, and if valued at 9 times cash flow, it's shares would appreciate by approximately 40% to 50%.

Timeshare Operators: Private market transactions in the 12.5 times to 15 times cash flow range (10 times for lower quality) vs. high-quality public companies currently valued at 9 to 10 times cash flow.

CONCLUDING THOUGHTS ON THE PROSPECTS FOR REAL ESTATE AND THE FUND

In our year-end 2021 shareholder letter, we said that we anticipated that 2022 may be arduous to navigate in part due to the prospects of a more hawkish Federal Reserve, higher interest rates, and the possibility of moderating growth and valuation multiple compression in some segments of commercial and residential real estate. If the aforementioned materialized, we would anticipate lower returns relative to the elevated returns of the last three calendar years when the Fund, on average, gained approximately 30% per year.

Regarding the prospects for the stock market and real estate, we also posited that there were cases to be made for the glass being half full or the glass being half empty.

The first quarter of 2022 was certainly challenging to navigate, and the market generally took a glass half empty view.

We recognize that in the months ahead there will likely be ongoing elevated volatility and choppy periods in the market. Yet, we remain incrementally positive, in part because of the recent sharp correction in share prices in several real estate companies and ***believe there are valid reasons for optimism for the stock market, REITs and other public real estate companies, and the Baron Real Estate Income Fund***.

U.S. Stock Market Outlook

We believe the end of the global pandemic may be reached as broad population immunity is achieved and with the help of new therapeutics. This may produce a global cyclical recovery, an improvement in employment, a release of consumer pent-up demand for travel and other activities, and increased corporate investments (capital expenditures, mergers and acquisitions, share buybacks). We also believe an eventual easing of supply-chain bottlenecks and labor tightness and moderating economic growth will contribute to a reduction in inflation. Negative real interest rates and reasonably valued stocks continue to bode well for equities relative to bonds. For these reasons, **we remain positive on the outlook for the U.S. stock market.**

Real Estate Market Outlook

We continue to believe the conditions are in place for much of real estate to perform well in the year ahead. As detailed earlier in this letter, real estate business prospects remain favorable for most segments of commercial and residential real estate. Inventory and new construction activity remain modest relative to demand. Balance sheets are in solid shape. Several segments of real estate offer inflation protection characteristics and serve as a partial inflation hedge. Many REITs and real estate-related stocks remain attractively valued relative to equities, bonds, and the private real estate market. There is a staggering amount of private equity capital that continues to target real estate and may drive public real estate asset values higher. For these reasons, **we remain positive on the outlook for real estate.**

Baron Real Estate Income Fund Outlook

We believe the benefits of the Fund's broader and more flexible approach (e.g., we typically invest 75% to 80% of the Fund in REITs rather than 100% and we pursue a more expansive approach to investing in the REIT universe) will continue to shine bright in the years ahead. Amid the evolving real estate landscape, some companies will experience an acceleration in tailwinds and others are likely to face ongoing headwinds. We believe we have constructed a portfolio that is populated with competitively advantaged REITs and non-REIT real estate-related companies. We have structured the Fund to capitalize on compelling investment themes. Valuations and return prospects are attractive. For these reasons, **we remain positive about the outlook for the Baron Real Estate Income Fund.**

Table X.
Top 10 holdings as of March 31, 2022

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Public Storage Incorporated	$ 68.4	$8.4	5.7%
Equity Residential	33.8	7.9	5.4
AvalonBay Communities, Inc.	34.7	7.9	5.4
Ventas, Inc.	24.7	7.1	4.9
American Tower Corp.	114.5	6.1	4.2
Vornado Realty Trust	8.7	5.3	3.6
Boyd Gaming Corporation	7.2	5.3	3.6
Brookfield Infrastructure Partners L.P.	29.3	5.0	3.5
Invitation Homes, Inc.	24.4	4.7	3.2
Travel + Leisure Co.	5.0	4.1	2.8

Final Thoughts

I would like to thank my assistant portfolio manager, David Kirshenbaum, and the other primary members of our real estate research team, David Baron and George Taras, for their excellent work and partnership. Our team remains focused, hardworking, clear minded, and energized. Thank you.

And I thank you, our loyal shareholders, and express my utmost gratitude for your past and continuing support of Baron Real Estate Income Fund. I, and our team, remain driven and committed to doing our best to deliver outstanding long-term results, and I proudly continue as a major shareholder, alongside you.

Sincerely,

Jeffrey Kolitch

Jeffrey Kolitch
Portfolio Manager

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

Risks: In addition to general market conditions, the value of the Fund will be affected by the strength of the real estate markets as well as by interest rate fluctuations, credit risk, environmental issues and economic conditions. The Fund invests in companies of all sizes, including small and medium sized companies whose securities may be thinly traded and more difficult to sell during market downturns. Prices of equity securities may decline significantly over short or extended period. Debt or fixed income securities such as those held by the Fund, are also subject to derivatives risk, liquidity risk, and income risk. As interest rates rise, bond prices fall. The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

Discussions of the companies herein are not intended as advice to any person regarding the advisability of investing in any particular security. The views expressed in this report reflect those of the respective portfolio managers only through the end of the period stated in this report. The portfolio manager's views are not intended as recommendations or investment advice to any person reading this report and are subject to change at any time based on market and other conditions and Baron has no obligation to update them.

This report does not constitute an offer to sell or a solicitation of any offer to buy securities of Baron Real Estate Income Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such an offer or solicitation.

The **Refinitiv Lipper Fund Awards**, granted annually, highlight funds and fund companies that have excelled in delivering consistently strong risk-adjusted performance relative to their peers. The Refinitiv Lipper Fund Awards are based on the Lipper Leader for Consistent Return rating, which is a risk-adjusted performance measure calculated over 36, 60 and 120 months. The fund with the highest Lipper Leader for Consistent Return (Effective Return) value in each eligible classification wins the Refinitiv Lipper Fund Award. For more information, see lipperfundawards.com. Although Refinitiv Lipper makes reasonable efforts to ensure the accuracy and reliability of the data contained herein, the accuracy is not guaranteed by Refinitiv Lipper.

The portfolio manager defines "**Best-in-class**" as well-managed, competitively advantaged, faster growing companies with higher margins and returns on invested capital and lower leverage that are leaders in their respective markets. Note that this statement represents the manager's opinion and is not based on a third-party ranking.

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

Baron WealthBuilder Fund

Dear Baron WealthBuilder Fund Shareholder:

Performance

We are disappointed with Baron WealthBuilder Fund's (the "Fund") performance over the prior quarter. The Fund declined 13.37% (Institutional Shares). The S&P 500 Index (the "Index") and MSCI ACWI Index ("MSCI ACWI") posted more modest declines of 4.60% and 5.36%, respectively. The Morningstar Allocation–85%+ Equity Category (the "Peer Group") average declined 6.52%.

This quarter's return contributed to trailing 12-month performance that failed to meet our long-term goals on either an absolute or relative basis. While the Fund protected capital during a very volatile 12-month period, its returns were -0.18% while the Index and MSCI ACWI rose 15.65% and 7.28%, respectively.

Table I.
Performance
Annualized for periods ended March 31, 2022

	Baron WealthBuilder Fund Retail Shares[1,2]	Baron WealthBuilder Fund Institutional Shares[1,2]	Baron WealthBuilder Fund TA Shares[1,2]	S&P 500 Index[1]	MSCI ACWI Index[1]
Three Months[3]	(13.45)%	(13.37)%	(13.37)%	(4.60)%	(5.36)%
One Year	(0.41)%	(0.18)%	(0.12)%	15.65%	7.28%
Three Years	23.34%	23.66%	23.62%	18.92%	13.75%
Since Inception (December 29, 2017)	18.85%	19.12%	19.12%	15.25%	9.93%

MICHAEL BARON
CO-PORTFOLIO MANAGER

RONALD BARON
CEO AND PORTFOLIO MANAGER

Retail Shares: BWBFX
Institutional Shares: BWBIX
TA Shares: BWBTX

While we continuously reevaluate the composition of the Fund and have made marginal changes to the portfolio over the past quarter (and throughout the prior 12 months), the investment philosophy of Baron WealthBuilder Fund and its underlying Baron mutual fund holdings has not changed. In fact, the investment philosophy for Baron Capital has not

As of 3/31/2022, the Morningstar Allocation–85%+ Equity Category consisted of 188, 168, and 165 share classes for the 1-year, 3-year, and since inception (12/29/2017) periods. Morningstar ranked Baron WealthBuilder Fund Institutional Share Class in the 95th, 1st, and 1st percentiles, respectively. On an absolute basis, Morningstar ranked Baron WealthBuilder Fund Institutional Share Class as the 181st, 1st, and 1st best performing share class in its category for the 1-year, 3-year, and since inception (12/29/2017) periods, respectively.

As of 3/31/2022, the annualized returns of the Morningstar Allocation–85%+ Equity Category Average were 4.52%, 12.59%, and 8.45% for the 1-year, 3-year, and since inception 12/29/2017) periods, respectively.

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares, Institutional Shares, and TA Shares as of December 31, 2021 was 1.33%, 1.08%, and 1.08%, respectively, but the net annual expense ratio was 1.30%, 1.05%, and 1.05% (includes acquired fund fees of 1.00%, net of the Adviser's fee waivers), respectively. 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. BAMCO, Inc. ('BAMCO" or the "Adviser") has agreed that, pursuant to a contract expiring on August 29, 2032, unless renewed for another 11-year term, it will reimburse certain expenses of the Fund, limiting net annual operating expenses (portfolio transaction costs, interest, dividend, acquired fund fees and expenses and extraordinary expenses are not subject to the operating expense limitation) to 0.30% of average daily nest assets of Retail Shares, 0.05% of average daily net assets of Institutional Shares and 0.05% of average daily net assets of TA Shares, 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.

1 The **S&P 500 Index** measures the performance of 500 widely held large cap U.S. companies. The **MSCI ACWI Index** is an unmanaged, free float-adjusted market capitalization weighted index reflected in US dollars that measures the equity market performance of large- and mid-cap securities across developed and emerging markets. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. The indexes and the Fund include reinvestment of dividends, net of withholding taxes, which positively impact the performance results. The indexes are unmanaged. Index performance is not Fund performance; one cannot invest directly into an index.

2 The performance data in the table does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

3 Not annualized.

BARON FUNDS 1987

changed since its founding 40 years ago. And it is this investment approach that has resulted in our family of funds performing quite well throughout its history. As of 3/31/2022, 15 of 17 Baron Funds, representing 98.5% of Baron Funds' assets under management (AUM) have outperformed their respective passive benchmarks since their inceptions. In addition, 14 of those funds, representing 98.4% of Baron Funds' AUM, rank in the top 18% of their respective Morningstar categories; and 11 funds, representing 73.6% of AUM, rank in the top 10%.

The Fund's long-term track record is very good. Its annualized return over the prior three years is 23.66%. That compares to 18.92% for the Index. Over the prior three years and since the Fund's inception, it ranks as number one fund in the Morningstar Allocation-85% Equity Category.

But Baron WealthBuilder Fund's composition is quite different than its primary Index. The Fund was designed to provide investors exposure to Baron Fund investments across market caps, geographies, and sectors. We focus on growth equity investing. We believe this area and our approach provide higher return potential with better risk management than other styles of investing. But when this segment is out of favor (like in the current period), it is not unexpected that we could trail the Index. Each of the underlying funds' primary benchmark growth indexes trailed the Index in the most recent quarter. We do not anticipate this environment to persist indefinitely.

The current investment environment is distinct from recent prior downturns. Since markets peaked in November 2021, a host of macroeconomic issues have given investors pause. Higher-than-anticipated inflation, rising interest rates, and supply-chain issues across multiple industries all weighed on investments. Additionally, the Russian invasion of sovereign Ukraine has exasperated simmering concerns about food and energy supplies, mass refugees, and a destabilized global economy (not to mention the huge humanitarian impact on those trapped by the invading army). Unlike the last (brief) downturn at the start of the COVID-19 pandemic, when investments declined significantly but largely in unison, this market retreat has been more concentrated. Today's macroeconomic concerns disproportionally impacted growth companies and caused investor rotation towards value-oriented businesses. There is greater discounting of future revenue streams, more expensive financing for business initiatives, and operational challenges for companies taking on entrenched incumbents. As a result, our smaller-market cap, higher-growth and non-U.S. investments suffered in this environment. Conversely, the Index benefited from better performance in sectors like Energy, Materials, and Utilities. We have an unfavorable view about limited growth prospects and competitive advantages for companies in these sectors, and the underlying funds have largely avoided them.

Our high-growth underlying Baron Funds suffered in this environment. Baron Fifth Avenue Growth, Baron Opportunity, and Baron Global Advantage Funds declined between 16% and 23% in the quarter. These declines were despite each fund owning stocks of businesses with projected one-year sales growth exceeding 20%. Fundamentals of most of these holdings have remained intact. Businesses held in these funds have largely performed. **Snowflake Inc.**, **Zscaler, Inc.**, and **Adyen N.V.**, grew revenue last year 106%, 60%, and 46%, respectively. We believe substantial growth will continue. Yet, their stocks were each down approximately 25% in the quarter. These funds took steps to exit positions where the fundamentals have changed or the prospects are not as certain. Baron WealthBuilder has also marginally lowered its exposure to underlying higher-growth Baron Funds given the market environment.

Our underlying Baron Funds investing in smaller sized companies like Baron Discovery, Baron Small Cap and Baron Growth Funds had meaningful contraction in multiples despite continued growth in many businesses. For example, investors have shunned housing-related companies due to fear of a potential slowdown in new construction and remodeling. The difficult comparisons and macro environment may result in temporarily lower sales growth (not yet experienced). However, we believe these businesses now possess advantages in their respective categories that makes it difficult for other companies to offer a competitive alternative. **Floor & Decor Holdings, Inc.**, **Trex Company, Inc.**, and **SiteOne Landscape Supply, Inc.** all have improved positioning and increased market shares in large addressable markets. Yet, these investments detracted from performance.

Global events also disproportionately impacted the Baron Emerging Markets Fund. Once promising investments in Russian financial businesses like **Sberbank of Russia PJSC** and **TCS Group Holding PLC** have become effectively worthless following the severe economic sanctions placed on that country following its invasion of Ukraine. Further, that underlying fund's holdings in Chinese companies have also been significantly impacted following that country's "zero COVID" policy and speculation about their support of Russia. We believe these external factors will eventually fade. The Chinese government has already indicated a more favorable approach to its private sector. The predominant themes Baron Emerging Markets Fund focuses on, like China value-added, digitalization, EM consumer, automation/robotics, and digitalization, remain intact.

While all underlying funds declined in the period, not all funds had poor relative performance. Baron Partners (the Fund's largest holding), Baron Focused Growth and Baron Real Estate Income Funds exceeded their respective benchmarks. Baron Partners and Focused Growth Funds had investments in Disruptive Growth businesses such as **Tesla, Inc.** that were able to grow despite challenging supply chains. Their Financials and Real/Irreplaceable Asset companies benefited from a macro trend of higher rates and inflation. Tesla reported deliveries that met expectations, despite a government-mandated factory shutdown in China as a COVID variant spread there. Additionally, new facilities in Berlin, Germany and Austin, Texas have been slower to ramp production than anticipated because of supply-chain issues. Despite these external pressures, the company delivered 68% more vehicles than the previous year. Investors rewarded it for growth while other manufacturers faltered. We believe growth could further accelerate once these external pressures pass. The company's vertical integration and leading technology platform make it well positioned to dominate the automobile industry. Its improving efficiency should result in expanding margins. We believe the 310,000 vehicles delivered this quarter is only the beginning of the opportunity that lies ahead. These three underlying Baron Funds also had investments in Financials and Real/Irreplaceable Asset type businesses that provided some stability. Many of these companies benefited from the macro backdrop of increasing rates and higher inflation. An example is **Arch Capital Group Ltd.** The company accelerated writing premiums while competitors retrenched. An historically conservative management team put Arch in a good position to initiate more business when industry pricing improved (as exists in the current market). Their mortgage insurance business provided reliable revenue when property and casualty was less attractive in previous years.

We encourage you to read the various quarterly letters found in this report for a deeper understanding of the underlying Baron Funds that make up Baron WealthBuilder Fund.

Table II.
Baron Funds Performance
As of March 31, 2022

Institutional Share Class Data

% of Net Assets of Fund			First Quarter of 2022*	Annualized 12/29/2017 to 3/31/2022	Primary Benchmark	First Quarter of 2022*	Annualized 12/29/2017 to 3/31/2022
29.9%		**Small Cap**					
	4.6%	Baron Discovery Fund	(16.30)%	**15.75%**	Russell 2000 Growth Index	(12.63)%	**8.41%**
	13.2%	Baron Growth Fund	(13.33)%	**16.23%**			
	12.1%	Baron Small Cap Fund	(15.68)%	**13.62%**			
5.4%		**Small/Mid Cap**					
	5.4%	Baron Focused Growth Fund	(8.03)%	**32.54%**	Russell 2500 Growth Index	(12.30)%	**11.50%**
13.0%		**Mid Cap**					
	13.0%	Baron Asset Fund	(14.52)%	**14.81%**	Russell Midcap Growth Index	(12.58)%	**13.67%**
6.8%		**Large Cap**					
	4.7%	Baron Fifth Avenue Growth Fund	(21.02)%	**14.88%**	Russell 1000 Growth Index	(9.04)%	**19.85%**
	2.1%	Baron Durable Advantage Fund	(10.32)%	**14.91%†**	S&P 500 Index	(4.60)%	**14.99%†**
20.7%		**All Cap**					
	4.9%	Baron Opportunity Fund	(16.02)%	**26.54%**	Russell 3000 Growth Index	(9.25)%	**19.07%**
	15.8%	Baron Partners Fund	(5.84)%	**41.82%**	Russell Midcap Growth Index	(12.58)%	**13.67%**
11.1%		**International**					
	3.6%	Baron Emerging Markets Fund	(14.11)%	**0.24%**	MSCI EM Index	(6.97)%	**1.94%**
	4.9%	Baron Global Advantage Fund	(22.78)%	**15.98%†**	MSCI ACWI Index	(5.36)%	**9.24%†**
	2.6%	Baron International Growth Fund	(14.64)%	**6.50%**	MSCI ACWI ex USA Index	(5.44)%	**3.89%**
13.1%		**Specialty**					
	5.4%	Baron Real Estate Fund	(10.76)%	**14.88%**	MSCI USA IMI Extended Real Estate Index	(11.03)%	**9.52%**
	2.1%	Baron Real Estate Income Fund	(2.89)%	**12.59%*†**	MSCI US REIT Index	(4.28)%	**17.82%*†**
	3.0%	Baron Health Care Fund	(9.93)%	**19.62%†**	Russell 3000 Health Care Index	(4.56)%	**13.06%†**
	2.6%	Baron FinTech Fund	(16.67)%	**17.63%†**	S&P 500 Index	(4.60)%	**24.18%†**

* Not annualized.

† Performance is calculated from the time the Fund was added to Baron WealthBuilder Fund: Baron Durable Advantage Fund – 3/13/2018; Baron Global Advantage Fund – 1/9/2018; Baron Health Care Fund – 10/18/2018; Baron FinTech Fund – 2/27/2020 and Baron Real Estate Income Fund – 5/17/2021. *Performance data quoted represents past performance. Past performance is no guarantee of future results.* The indexes are unmanaged. The index performance is not Fund performance; one cannot invest directly into an index.

Fund Structure and Investment Strategy

The Fund's three-year performance characteristics were significantly impacted this quarter. The rotation away from growth companies caused a material drop in alpha and Sharpe ratio and increased downside capture. Three-year alpha fell from 5.10% to 0.70%. Sharpe ratio fell from 1.58 to 0.93 and downside capture rose from 94.61% to 112.95%. We believe these results are temporary and caused because the Fund is significantly different than the Index (active share was 84.8%). We believe the underlying Baron Funds' performance characteristics are a better representation of results. 74.0% of the Fund's assets are in underlying portfolios with a three-year alpha greater than 2.0%. 60.3% of the Fund's assets are in underlying portfolios with a downside capture less than 100%. And 38.7% of the Fund's assets are in underlying portfolios with a three-year Sharpe ratio greater than 1.0.

Baron WealthBuilder Fund closely mimics how we would incrementally invest across our various funds and strategies. The Fund allows investors to diversify across Baron Funds, gain exposure to various market caps, sectors, and geographies in a single product, and benefit from our rebalancing in a tax efficient manner. The portfolio managers of each underlying Baron Fund abide by the same core investment process and philosophy, focused on proprietary research to discover competitively advantaged businesses with immense opportunities and exceptional management teams. These businesses are led by executives who we think are talented and ethical.

The makeup of the underlying investments is very different from the Fund's key indexes. We feel the diversity in regions and sectors should mitigate risk while providing strong absolute returns. While holding nearly the same number of securities as its primary benchmark (496 in the underlying funds vs. 502 in the Index), the similarity ends there. The holdings in the underlying funds have a lower dividend yield on average (0.5% vs. 1.4% for the Index), with companies electing to reinvest earnings in their businesses for growth. And the approach is working; *the projected earnings per share growth rate over the next three to five years is 21.4% for the Fund's underlying holdings vs. 13.9% for the Index*. We think that many of our investments could exceed external projections. Many of these businesses have depressed margins as they sacrifice current profitability for more sustainable and higher long-term growth. We believe higher and prolonged growth should reward long-term investors.

The Fund also favors higher-growth sectors and companies with unique attributes and competitive advantages. Consumer Discretionary, Information Technology, and Health Care are the top three sectors by weight in the Fund. Companies in these sectors possess some of the highest growth rates in the global economy. The portfolio is also distinct in its industry weightings. The Index has a higher share of companies in industries that we believe have lower growth prospects and fewer defensible advantages. The Index has a greater weight in technology hardware storage & peripherals, semiconductors & semiconductor equipment, banks, and oil gas & consumable fuels. The Fund favors higher-growth and competitively advantaged industries like (electronic and autonomous) automobiles, hotels restaurants & leisure, and IT services. We believe companies in these industries have greater growth potential and advantages that can be maintained over the long term.

The Fund has exposure to non-U.S. companies while the Index's constituents are solely domestic. We believe geographic diversity provides benefits, such as lower volatility over time. The Fund is also differentiated from the global coverage of the MSCI ACWI Index. The U.S. is 61.3% of the MSCI ACWI Index compared to 85.7% for the Fund. The non-U.S. exposure for the MSCI ACWI Index is skewed towards slower growth developed countries, whereas the Fund seeks faster growth in emerging economies. Of the Fund's non-U.S. exposure, 38.0% was in emerging and other countries. These countries represented 28.9% of the MSCI ACWI Index's non-U.S. investments. The MSCI ACWI Index had larger exposure to lower growth economies like Japan and France. Of its non-U.S. investments, Japan and France represented 14.1% and 7.2%, respectively, of the MSCI ACWI Index while they represented only 1.0% and 0.5% for the Fund, respectively. Instead, the Fund favors emerging and fast-growing economies like China and India. Of its non-U.S. investments, China and India represented 12.0% and 9.3% of the Fund, respectively, while they represented 8.6% and 3.7% for the MSCI ACWI Index, respectively.

We believe the portfolio allocation among the underlying Baron Funds, their exposure to various industries, and their geographic diversification should continue to produce good returns over the long term.

Table III.
Performance based characteristics for the 3-year period ended March 31, 2022

	Baron WealthBuilder Fund	S&P 500 Index	Morningstar Allocation 85%+ Equity Category
Alpha (%) – Annualized	0.70	0.00	–5.49
Beta	1.25	1.00	0.95
Sharpe Ratio	0.93	1.02	0.62
Standard Deviation (%) – Annualized	24.50	17.76	17.38
Upside Capture (%)	118.39	100.00	82.86
Downside Capture (%)	112.95	100.00	103.56

Source: FactSet SPAR. Except for Standard Deviation and Sharpe Ratio, the performance based characteristics above were calculated relative to the S&P 500 Index. *The index is unmanaged. Index performance is not Fund performance; one cannot invest directly into an index.*

Table IV.
Sector exposures as of March 31, 2022

	Percent of Net Assets	S&P 500 Index	MSCI ACWI Index
Consumer Discretionary	25.2%	12.0%	11.7%
Information Technology	21.8	28.0	22.4
Health Care	14.1	13.6	11.9
Financials	12.8	11.1	14.6
Industrials	11.1	7.9	9.5
Communication Services	6.0	9.4	8.1
Real Estate	5.7	2.7	2.7
Materials	1.4	2.6	5.0
Consumer Staples	0.8	6.1	6.9
Energy	0.3	3.9	4.3
Unclassified	0.1	—	—
Utilities	0.1	2.7	2.9

Table V.
Country exposures as of March 31, 2022

	Percent of Net Assets	S&P 500 Index	MSCI ACWI Index
United States	85.7%	100.0%	61.3%
United Kingdom	2.2	—	3.7
China	1.7	—	3.3
Canada	1.6	—	3.2
Netherlands	1.4	—	1.1
India	1.3	—	1.4
Sweden	0.7	—	0.9
Israel	0.6	—	0.2
Argentina	0.5	—	0.1
Ireland	0.5	—	0.1
Other	3.2	—	24.7

Table VI.
Fund of fund holdings as of March 31, 2022

	Percent of Net Assets
Baron Partners Fund	15.8%
Baron Growth Fund	13.2
Baron Asset Fund	13.0
Baron Small Cap Fund	12.1
Baron Real Estate Fund	5.4
Baron Focused Growth Fund	5.4
Baron Global Advantage Fund	4.9
Baron Opportunity Fund	4.9
Baron Fifth Avenue Growth Fund	4.7
Baron Discovery Fund	4.6
Baron Emerging Markets Fund	3.6
Baron Health Care Fund	3.0
Baron FinTech Fund	2.6
Baron International Growth Fund	2.6
Baron Real Estate Income Fund	2.1
Baron Durable Advantage Fund	2.1

Baron WealthBuilder Fund

Thank you for joining us as fellow shareholders in Baron WealthBuilder Fund. We continue to work hard to justify your confidence and trust in our stewardship of your hard-earned savings. We remain dedicated to providing you with the information we would like to have if our roles were reversed. We hope this letter enables you to make an informed decision about whether this Fund remains an appropriate investment.

Respectfully,

Ronald Baron
CEO and Portfolio Manager

Michael Baron
Co-Portfolio Manager

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

Risks: The Fund is a non-diversified fund because it invests, at any given time, in the securities of a select number of Baron mutual funds (the "Underlying Funds"), representing specific investment strategies. The Fund can invest in funds holding U.S. and international stocks; small-cap, small to mid-cap, large-cap, all-cap stocks; and specialty stocks. Each of the Underlying Funds has its own investment risks, and those risks can affect the value of the Fund's investments and therefore the value of the Fund's shares. To the extent that the Fund invests more of its assets in one Underlying Fund than in another, it will have greater exposure to the risks of that Underlying Fund. For further information regarding the investment risks of the Underlying Funds, please refer to the Underlying Funds' prospectus.

The discussions of the companies herein are not intended as advice to any person regarding the advisability of investing in any particular security. The views expressed in this report reflect those of the respective portfolio managers only through the end of the period stated in this report. The portfolio manager's views are not intended as recommendations or investment advice to any person reading this report and are subject to change at any time based on market and other conditions and Baron has no obligation to update them. This report does not constitute an offer to sell or a solicitation of any offer to buy securities of Baron WealthBuilder Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

Ranking information provided is calculated for the Retail Share Class and is as of 3/31/2022. 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 1,236, 1,025, and 765 share classes for the 1-, 5-, and 10-year periods. Morningstar ranked *Baron Opportunity Fund* in the 92nd, 2nd, 10th, and 5th percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 2/29/2000, and the category consisted of 259 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 405 share classes. The **Morningstar Mid-Cap Growth Category** consisted of 592, 503, and 386 share classes for the 1-, 5-, and 10-year periods. Morningstar ranked *Baron Asset Fund* in the 43rd, 40th, 23rd 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 20th, 23rd, 20th, 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 53 share classes. Morningstar ranked *Baron Focused Growth Fund* 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 6/30/2008, and the category consisted of 311 share classes. The **Morningstar Small Growth Category** consisted of 614, 521, and 391 share classes for the 1-, 5-, and 10-year time periods. Morningstar ranked *Baron Small Cap Fund* in the 35th, 38th, 42nd, and 14th percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 9/30/1997, and the category consisted of 89 share classes. Morningstar ranked *Baron Discovery Fund* in the 89th, 16th, and 4th percentiles for the 1-, 5-year, and since inception periods, respectively. The Fund launched 9/30/2013, and the category consisted of 430 share classes. The **Morningstar Real Estate Category** consisted of 255, 205, and 149 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 since inception periods, respectively. The Fund launched 12/31/2009, and the category consisted of 127 share classes. Morningstar ranked *Baron Real Estate Income Fund* in the 85th and 1st percentiles for the 1-year and since inception periods, respectively. The Fund launched

12/29/2017, and the category consisted of 219 share classes. The **Morningstar Foreign Large Growth Category** consisted of 454, 339, 224, and 197 share classes for the 1-, 5-, 10-year, and since inception (12/31/2008) periods. Morningstar ranked *Baron International Growth Fund* in the 68th, 31st, 25th, and 13th percentiles, respectively. The **Morningstar Diversified Emerging Markets Category** consisted of 805, 625, 352, and 277 share classes for the 1-, 5-, 10-year, and since inception (12/31/2010) periods. Morningstar ranked *Baron Emerging Markets Fund* in the 85th, 72nd, 16th, and 10th percentiles, respectively. The **Morningstar World Large-Stock Growth Category** consisted of 356, 265, and 169 share classes for the 1-, 5-year, and since inception (4/30/2012) periods. Morningstar ranked *Baron Global Advantage Fund* in the 94th, 3rd, and 7th percentiles, respectively. The **Morningstar Health Category** consisted of 167 and 138 share classes for the 1-year and since inception (4/30/2018) periods. Morningstar ranked *Baron Health Care Fund* in the 48th and 2nd percentiles, respectively. The **Morningstar Allocation—85%+ Equity Category** consisted of 188 and 165 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.

Active Share: a term used to describe the share of a portfolio's holdings that differ from that portfolio's benchmark index. It is calculated by comparing the weight of each holding in the Fund to that holding's weight in the benchmark. Positions with either a positive or negative weighting versus the benchmark have Active Share. An Active Share of 100% implies zero overlap with the benchmark. Active Share was introduced in 2006 in a study by Yale academics, M. Cremers and A. Petajisto, as a measure of active portfolio management. **Alpha** measures the difference between a fund's actual returns and its expected performance, given its level of risk as measured by beta. **Beta** measures a fund's sensitivity to market movements. The beta of the market is 1.00 by definition. **EPS Growth Rate** (3-5-year forecast) indicates the long term forecasted EPS growth of the companies in the portfolio, calculated using the weighted average of the available 3-to-5 year forecasted growth rates for each of the stocks in the portfolio provided by FactSet Estimates. The EPS Growth rate does not forecast the Fund's performance. **Sharpe Ratio** is a risk-adjusted performance statistic that measures reward per unit of risk. The higher the Sharpe ratio, the better a fund's risk adjusted performance. **Upside Capture** explains how well a fund performs in time periods where the benchmark's returns are greater than zero. **Downside Capture** measures how well a fund performs in time periods where the benchmark's returns are less than zero. **Standard Deviation (Std. Dev)** measures the degree to which a fund's performance has varied from its average performance over a particular time period. The greater the standard deviation, the greater a fund's volatility (risk).

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

Baron Funds (Institutional Shares) and Benchmark Performance 3/31/2022

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	13.64%	8.19%	12/31/1994	3.17%	16.96%	16.93%	14.35%	1.03%(3)	$8.21 billion
Baron Small Cap Fund	Russell 2000 Growth Index	10.76%	6.57%	9/30/1997	-4.87%	14.59%	15.10%	12.92%	1.03%(3)	$4.60 billion
Baron Discovery Fund†	Russell 2000 Growth Index	15.86%	9.48%	9/30/2013	-18.31%	15.62%	17.76%	N/A	1.05%(3)	$1.54 billion
SMALL/MID CAP										
Baron Focused Growth Fund(1)	Russell 2500 Growth Index	14.32%	8.60%	5/31/1996	9.47%	41.57%	31.02%	19.00%	1.05%(4)	$796.61 million
MID CAP										
Baron Asset Fund†	Russell Midcap Growth Index	11.92%	10.57%(2)	6/12/1987	-1.34%	14.26%	15.60%	14.14%	1.03%(3)	$5.38 billion
LARGE CAP										
Baron Fifth Avenue Growth Fund†	Russell 1000 Growth Index	10.21%	12.04%	4/30/2004	-10.75%	14.43%	17.15%	14.48%	0.75%/0.75%(3)(6)	$575.35 million
Baron Durable Advantage Fund	S&P 500 Index	15.81%	15.25%	12/29/2017	15.07%	20.57%	N/A	N/A	1.48%/0.70%(3)(7)	$47.90 million
ALL CAP										
Baron Partners Fund(1)	Russell Midcap Growth Index	16.62%	10.32%	1/31/1992	24.51%	56.69%	39.02%	25.80%	1.11%(4)(5)	$8.04 billion
Baron Opportunity Fund†	Russell 3000 Growth Index	9.80%	6.82%	2/29/2000	-6.52%	27.39%	27.19%	17.26%	1.05%(3)	$1.26 billion
INTERNATIONAL										
Baron Emerging Markets Fund	MSCI EM Index	4.30%	2.32%	12/31/2010	-19.20%	3.44%	4.68%	5.31%	1.08%(4)	$7.65 billion
Baron Global Advantage Fund†	MSCI ACWI Index	15.26%	10.21%	4/30/2012	-20.62%	17.25%	20.20%	N/A	0.90%(4)(8)	$1.73 billion
Baron International Growth Fund	MSCI ACWI ex USA Index	10.91%	7.45%	12/31/2008	-8.35%	10.80%	10.23%	8.42%	0.96%/0.95%(4)(9)	$632.97 million
Baron New Asia Fund	MSCI AC Asia ex Japan Index	-13.80%*	-10.93%*	7/30/2021	N/A	N/A	N/A	N/A	8.59%/1.20%(4)(10)	$4.05 million
SECTOR										
Baron Real Estate Fund†	MSCI USA IMI Extended Real Estate Index	15.85%	12.27%	12/31/2009	-0.09%	24.76%	17.08%	15.14%	1.05%(4)	$1.86 billion
Baron Real Estate Income Fund	MSCI US REIT Index	15.86%	9.14%	12/29/2017	16.97%	21.24%	N/A	N/A	1.08%/0.80%(4)(11)	$145.85 million
Baron Health Care Fund†	Russell 3000 Health Care Index	19.20%	15.01%	4/30/2018	3.62%	21.98%	N/A	N/A	0.89%/0.85%(4)(12)	$214.20 million
Baron FinTech Fund†	S&P 500 Index	16.68%	18.09%	12/31/2019	-2.62%	N/A	N/A	N/A	1.18%/0.95%(4)(13)	$52.01 million
Baron Technology Fund	MSCI ACWI Information Technology Index	-16.40%*	-10.28%*	12/31/2021	N/A	N/A	N/A	N/A	1.73%/0.95%(4)(14)	$3.87 million
EQUITY ALLOCATION										
Baron WealthBuilder Fund	S&P 500 Index	19.12%	15.25%	12/29/2017	-0.18%	23.66%	N/A	N/A	1.08%/1.05%(4)(15)	$524.96 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 March 31, 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.

DEAR BARON HEALTH CARE FUND SHAREHOLDER:

PERFORMANCE

In the quarter ended March 31, 2022, Baron Health Care Fund (the "Fund") declined 9.93% (Institutional Shares), compared with the 4.56% decline for the Russell 3000 Health Care Index (the "Benchmark") and the 4.60% decline for the S&P 500 Index. Since inception (April 30, 2018), the Fund increased 19.20% on an annualized basis compared with the 15.01% gain for the Benchmark and the 16.76% gain for the S&P 500 Index.

Table I.
Performance†
For periods ended March 31, 2022

	Baron Health Care Fund Retail Shares[1,2]	Baron Health Care Fund Institutional Shares[1,2]	Russell 3000 Health Care Index[1]	S&P 500 Index[1]
Three Months[3]	(10.03)%	(9.93)%	(4.56)%	(4.60)%
One Year	3.33%	3.62%	10.83%	15.65%
Three Years	21.68%	21.98%	14.92%	18.92%
Since Inception (April 30, 2018)	18.89%	19.20%	15.01%	16.76%

NEAL KAUFMAN

PORTFOLIO MANAGER

Retail Shares: BHCFX
Institutional Shares: BHCHX
R6 Shares: BHCUX

The Fund underperformed the Benchmark by 537 basis points due to stock selection and, to a lesser extent, differences in sub-industry weights.

Investments in health care distributors, health care services, and health care facilities along with cash exposure in a down market contributed to relative results. Within health care distributors, higher exposure to this strong performing sub-industry and outperformance of pharmaceutical distributor and technology solutions provider **McKesson Corporation** added value. McKesson was the top contributor as investors rotated into value stocks that were trading at low multiples of earnings. We continue to believe that McKesson's stock is inexpensive in light of the company's strong competitive position in growing end markets and earnings growth potential. Favorable stock selection in health care services and health care facilities was driven by gains from **LHC Group, Inc.** and **Tenet Healthcare Corporation**, respectively. Shares of LHC were up more than 22% after a unit of **UnitedHealth Group Incorporated** agreed to acquire the company, while Tenet's stock was up single digits as investors began to value the stock more highly on a sum-of-the parts basis.

Investments in life sciences tools & services, pharmaceuticals, and biotechnology detracted the most from relative performance. Weakness in life sciences tools & services was partly due to the underperformance of clinical research organization **ICON Plc** and genetic testing provider **Natera, Inc.** Despite reporting in-line quarterly results and issuing strong 2022 guidance, ICON's shares pulled back due to fears about early-stage biotechnology funding and the rotation out of strong 2021 performers. We continue to have conviction in ICON. We sold Natera because the profit inflection we had anticipated is likely to take longer to materialize, resulting in heavier cash burn rates than we originally expected. Higher exposure to this lagging sub-industry and underperformance of life sciences tools developer **Bio-Techne Corporation**, weighing instruments provider **Mettler-Toledo International, Inc.**, and liquid biopsy testing leader **Guardant Health, Inc.**, also hampered performance. Adverse stock selection in pharmaceuticals came from animal health specialists **Dechra Pharmaceuticals PLC** and **Zoetis Inc.**, whose shares declined as investors rotated out of standout performers from the prior year and into value

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2021 was 1.17% and 0.89%, respectively, but the net annual expense ratio was 1.10% and 0.85% (net of the Adviser's fee waivers), respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser reimburses certain Baron Fund expenses pursuant to a contract expiring on August 29, 2032, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit www.BaronFunds.com or call 1-800-99BARON.

† The Fund's 1-year 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.

1 The **Russell 3000® Health Care Index** is an unmanaged index representative of companies involved in medical services or health care in the **Russell 3000 Index**, which is comprised of the 3,000 largest U.S. companies as determined by total market capitalization. The **S&P 500 Index** measures the performance of 500 widely held large cap U.S. companies. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell is a trademark of Russell Investment Group. The indexes and the Fund include reinvestment of dividends, net of withholding taxes, which positively impact the performance results. The indexes are unmanaged. Index performance is not Fund performance; one cannot invest directly into an index.

2 The performance data in the table does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemptions of Fund shares.

3 Not annualized.

BARON FUNDS 1987

names. The Fund's lower exposure to strong performing large-cap pharmaceutical companies such as Johnson & Johnson and **Merck & Co., Inc.** detracted another 55-plus basis points from relative performance. The Fund's biotechnology holdings underperformed after declining 14%, with **Arrowhead Pharmaceuticals, Inc.**, **Mirati Therapeutics, Inc.**, and **argenx SE** leading the group lower during the period.

Our strategy is to identify competitively advantaged growth companies that we can own for years. Similar to the other Baron Funds, we remain focused on finding businesses that we believe have open-ended secular growth opportunities, durable competitive advantages, and strong management teams. We conduct independent research and take a long-term perspective. We are particularly focused on businesses that solve problems in health care, whether by reducing costs, enhancing efficiency and/or improving patient outcomes.

We continue to think the Health Care sector will offer attractive investment opportunities over the next decade and beyond. Health Care is one of the largest and most complex sectors in the U.S. economy, accounting for approximately 18% of GDP and encompassing a diverse array of sub-industries. Health Care is also a dynamic industry undergoing changes driven by legislation, regulation, and advances in science and technology. We think navigating these changes requires investment experience and sector expertise, which makes the Health Care sector particularly well suited for active management.

Table II.
Top contributors to performance for the quarter ended March 31, 2022

	Percent Impact
McKesson Corporation	0.61%
AstraZeneca PLC	0.58
AbbVie Inc.	0.38
UnitedHealth Group Incorporated	0.31
Eli Lilly and Company	0.25

McKesson Corporation is a leading distributor of pharmaceuticals and medical supplies and also provides prescription technology solutions that connect pharmacies, providers, payers, and customers. Shares increased as investors rotated into value stocks like McKesson that are trading at low multiples of earnings. We continue to believe the stock is inexpensive in light of the company's strong competitive position in growing end markets and earnings growth potential.

AstraZeneca PLC is a pharmaceutical company developing products across a range of indications including oncology, cardiovascular, and respiratory. AstraZeneca is widely recognized as having the best top-line and bottom-line growth profiles in the pharmaceutical space without a discernable patent cliff this decade. Given consistent new product outperformance (Calquence and Enhertu are recent examples), we expect continued share appreciation as AstraZeneca's financials compound.

AbbVie Inc. is a large pharmaceutical company best known for its product Humira, which has been the largest selling drug for over a decade. There has been investor concern around the Humira patent cliff starting in 2023, but AbbVie has done a nice job diversifying its pipeline with its acquisition of Allergan and development of other drugs. Investors have begun to rotate into AbbVie, given a single-digit earnings multiple in an environment of greater uncertainty. We retain conviction in AbbVie given its durable cash flow streams.

UnitedHealth Group Incorporated is a leading diversified health and well-being company whose divisions include insurance arm United Healthcare and Optum, which offers care delivery and other services. Shares increased on a fourth quarter beat and a reaffirmation of what is likely conservative guidance for 2022. We believe UnitedHealth leads the health care industry in innovation and execution, as evidenced by its strong value proposition leading to Medicare Advantage share gains, strong cost controls, and its leadership position in the shift to value-based care.

Eli Lilly and Company is a global pharmaceutical company with a diverse offering primarily focused on therapeutics. Performance was strong mostly due to consistent financial growth powered by its core diabetes (and future obesity) franchise, as well as the constant drumbeat surrounding the Alzheimer's therapeutic market, of which Eli Lilly has one of the three potential winning blockbuster candidates in Donanemab. We retain conviction in Eli Lilly given the company's strong long-term growth outlook.

Table III.
Top detractors from performance for the quarter ended March 31, 2022

	Percent Impact
ICON Plc	–1.18%
Natera, Inc.	–1.06
Dechra Pharmaceuticals PLC	–0.85
Zoetis Inc.	–0.67
Bio-Techne Corporation	–0.63

ICON Plc is the second largest global contract research organization (CRO) of outsourced drug development services. Despite in-line quarterly results and strong 2022 guidance, shares fell due to a rotation out of higher-valued 2021 outperformers. Concern over lower biotechnology funding levels also weighed on CRO stocks. We retain conviction, as we believe ICON's merger with PRA Health Sciences will drive attractive cost and revenue synergies, as greater scale, expanded capabilities, and a broader geographic footprint facilitate new client wins and expanded relationships.

Natera, Inc. is a leader in non-invasive prenatal testing whose proprietary technology has also been applied to cancer recurrence detection. Shares declined during the period we owned the stock. We sold our shares, as the profit inflection we had anticipated is likely to take longer than we had originally expected to materialize, resulting in heavier cash burn rates than we had estimated.

Shares of animal pharmaceutical company **Dechra Pharmaceuticals PLC** declined as part of larger rotation out of high-multiple, strong 2021 performers into more value names. We retain conviction. Recent financial results and guidance beat Street expectations, with particular strength in North America. Dechra's balance sheet remains underlevered despite several attractive one-off product acquisitions that will expand its portfolio of specialty drugs; we expect larger transactions are possible in the near term.

Shares of **Zoetis Inc.**, the global leader in the discovery, development, and manufacturing of companion and farm animal health medicine and vaccines, fell along with shares of other high-multiple 2021 standout performers. We retain conviction as Zoetis recently reported a top and bottom line beat with more than 21% growth driven by dermatology, parasiticides, and recently launched monoclonal osteoarthritic treatments. The company's 2022 guidance was in line with Street expectations, calling for 9% to 11% operational revenue growth and modest margin expansion despite heavy investment in core growth drivers.

Bio-Techne Corporation is a leading provider of life sciences tools, such as high-quality purified proteins and protein analysis tools, which are sold to biomedical researchers and clinical research laboratories. Shares fell in concert with a broad rotation out of high-growth and life sciences tools stocks that had performed well in 2021. We continue to believe Bio-Techne can generate strong revenue growth driven by its research reagents, cell and gene therapy tools, and protein platform business.

Portfolio Structure

We build the portfolio from the bottom up, one stock at a time, using the Baron investment approach. We do not try to mimic an index, and we expect the Fund to look very different from the Benchmark. We loosely group the portfolio into three categories of stocks: earnings compounders, high-growth companies, and biotechnology companies. We define earnings compounders as companies that we believe can compound earnings at double-digit rates over the long term. We define high-growth stocks as companies we expect to generate mid-teens or better revenue growth and which may not be profitable today, but which we believe can be highly profitable in the future. We expect the portfolio to have a mix of earnings compounders, high-growth, and biotechnology companies. During the quarter, we increased the percentage of the portfolio invested in earnings compounders and decreased the Fund's biotechnology and high-growth company exposure.

As of March 31, 2022, the Fund's active share was 65.0%. The Fund may invest in stocks of any market capitalization and may hold both domestic and international stocks. As of March 31, 2022, the Fund held 50 issuers. This compares with 644 positions in the Benchmark. International stocks represented 20.9% of the Fund's net assets. The Fund's 10 largest holdings represented 41.3% of net assets. Compared with the Benchmark, the Fund was overweight in life sciences tools & services, health care distributors, and health care technology, and underweight in biotechnology, pharmaceuticals, and health care equipment. The market cap range of the investments in the Fund was $165 million to $480 billion with a weighted average market cap of $124 billion. This compared with the Benchmark's weighted average market cap of $181 billion.

We continue to invest in multiple secular growth themes in Health Care, such as genomics/genetic testing/genetic medicine, technology-enabled drug development/discovery, minimally invasive surgery, diabetes devices and therapeutics, anti-obesity medications, "picks and shovels" life sciences tools providers, value-based health care, Medicare Advantage, home health care, and animal health, among others. To be clear, this list is not exhaustive: we own stocks in the portfolio that do not fit neatly into these themes and there are other themes not mentioned here that are in the portfolio. We evaluate each stock on its own merits.

Table IV.
Top 10 holdings as of March 31, 2022

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
UnitedHealth Group Incorporated	2018	$227.2	$479.8	$18.3	8.6%
Thermo Fisher Scientific Inc.	2019	117.4	231.1	11.2	5.2
Bio-Techne Corporation	2018	5.7	17.0	11.1	5.2
Eli Lilly and Company	2021	187.4	272.7	9.2	4.3
AstraZeneca PLC	2021	188.4	205.6	8.4	3.9
Dechra Pharmaceuticals PLC	2018	3.9	5.8	7.1	3.3
McKesson Corporation	2021	34.2	45.9	6.0	2.8
argenx SE	2018	2.8	17.0	6.0	2.8
Edwards Lifesciences Corp.	2018	26.8	73.1	5.6	2.6
ICON Plc	2018	8.0	19.8	5.5	2.6

Table V.
Fund investments in GICS sub-industries as of March 31, 2022

	Percent of Net Assets
Life Sciences Tools & Services	19.6%
Pharmaceuticals	18.8
Health Care Equipment	17.3
Managed Health Care	12.4
Biotechnology	9.3
Health Care Supplies	3.4
Health Care Technology	3.3
Health Care Distributors	2.8
Specialized REITs	2.4
Health Care Facilities	1.8
Health Care Services	1.2
Specialty Stores	0.6
Cash and Cash Equivalents	7.1
Total	100.0%

Recent Activity

During the first quarter, we established 7 new positions and exited 16 positions. In this time of high inflation and rising interest rates, we are particularly focused on ensuring the companies in which we invest have pricing power, strong balance sheets, and strong cash flows. Below we discuss some of our top net purchases and sales.

Table VI.
Top net purchases for the quarter ended March 31, 2022

	Quarter End Market Cap (billions)	Amount Purchased (millions)
The Cooper Companies, Inc.	$ 20.6	$4.6
Anthem, Inc.	118.5	4.3
AbbVie Inc.	286.3	4.2
Novo Nordisk A/S	256.5	3.0
Roche Holding AG	324.5	2.5

We established a position in **The Cooper Companies, Inc.**, a medical device company that is a global leader in its two verticals, contact lenses and women's health/fertility products and services. On the contact lens side, Cooper is enjoying above-market growth driven by the company's wide range of specialty lens offerings and the multi-year trend of users trading up to daily silicone hydrogel lenses where Cooper is under-indexed. The contact lens market is an oligopoly with high barriers to entry and long product cycles. Especially exciting is Cooper's portfolio of myopia management products, including MiSight, the first FDA approved contact lens indicated to slow the progression of near-sightedness in children between the ages of 8 and 12 at the initiation of treatment. We believe MiSight addresses a potentially large and growing market. Cooper is in the process of launching MiSight globally and we believe it has the potential to become the standard of care. On the women's health side, Cooper Surgical has positioned itself, primarily through niche acquisitions, to be a one-stop-shop for obstetricians/gynecologists, and has built a strong and expanding franchise in the rapidly growing global fertility market. We believe Cooper is a high-quality, well-managed company that is well positioned to achieve solid high single-digit organic revenue growth, expanding margins, and strong free cash flows.

We initiated a position in **Anthem, Inc.** (which recently announced plans to change its name to Elevance Health), one of the largest health benefits companies in the U.S. in terms of medical membership, serving more than 45 million medical members through its affiliated health plans. Anthem serves its members through the Blue Cross and Blue Shield brand name. Similar to many managed care peers, Anthem generates its revenue from the U.S. (which avoids risks related to foreign country exposure) and has pricing power (which enables it to more than offset inflation). More specific to Anthem, the company has multiple growth drivers, including its Medicare Advantage business, its in-house pharmacy benefit management business, and its Diversified Business Group, which includes behavioral health, advanced analytics, and complex and chronic care services. Over the long term, management targets 12% to 15% annual EPS growth. We think Anthem is a high-quality growth company trading at a reasonable valuation.

We initiated a position in **AbbVie Inc.**, a leading global biopharmaceutical company. AbbVie's key product Humira, a drug used in multiple immunology indications, represented roughly 37% of total sales in 2021. Humira loses patent protection and sales will begin to erode in 2023. Management expects 2023 to be the company's trough earnings year and moving forward we note AbbVie has limited binary event risk. Beyond 2023, immunology drugs Skyrisi and Rinvoq are expected to reach $15 billion in sales in 2025 with combined peak sales in later years expected to exceed Humira's peak revenues. AbbVie also has a durable growth business in aesthetics with its Botox franchise. As a result, management expects a return to strong top-line growth in 2025 with a high single-digit CAGR from 2025 through the remainder of the decade. We think the stock's valuation will expand as the Humira patent cliff fades and the company returns to growth.

We initiated a position in **Novo Nordisk A/S**, a leading global biopharmaceutical company headquartered in Denmark that specializes in treatments for diabetes, obesity, and other chronic diseases. Novo Nordisk and Eli Lilly, another holding in the Fund, are leaders in the GLP-1 (glucagon-like peptide 1 agonists) class of diabetes treatments, a $15 billion market that is growing rapidly but still has just 3% penetration of diabetes prescriptions globally. Diabetes drugs in the GLP-1 class include Trulicity (Eli Lilly), Ozempic (Novo Nordisk), and Rybelsus (Novo Nordisk). These drugs stimulate insulin secretion and inhibit glucagon secretion, which helps lower blood sugar levels. GLP-1s also slow stomach emptying and increase how full you feel after eating, which reduces appetite and can lead to weight loss. We believe Novo Nordisk's diabetes franchise will continue to generate solid growth driven by Ozempic and Rybelsus. We are particularly excited about the growth prospects for Novo Nordisk's anti-obesity franchise, which is just getting started with the launch of Wegovy. In a 68-week clinical study of adults living with obesity or excess weight with a medical problem, adults taking Wegovy lost on average 35 pounds or roughly 15% body weight. There are over 650 million people living with obesity globally and only 2% are treated with an anti-obesity medication. Even with more conservative assumptions about the addressable patient population, we think Novo Nordisk's obesity franchise can exceed $10 billion in sales over time. Novo Nordisk launched Wegovy in June 2021 but faced supply constraints due to overwhelming demand and manufacturing constraints at a contract manufacturer. Management has indicated supply issues will ease in the second half of 2022. Novo Nordisk's pipeline includes new diabetes and anti-obesity medications that improve upon its existing portfolio. We think Novo Nordisk can generate double-digit revenue and earnings growth for many years.

We initiated a position in **Roche Holding AG**, a leading global biopharmaceutical company. We believe Roche has best-in-class R&D capabilities based on its track record of successfully discovering and developing novel, game changing products in diseases like oncology, neuroscience, hematology, and ophthalmology. Roche also has a world class diagnostics business that helps improve the probability of success of its internal R&D efforts. In recent years, growth has been impacted by the loss of exclusivity on several key products (Herceptin, Rituxan, and Avastin) and the launch of competing biosimilars. This created a dynamic where Roche's strong new product launches (Ocrevus, Hemlibra, Evrysdi, and Vabysmo) are fighting to drive growth against a backdrop of legacy product erosion. However, Roche has multiple novel late-stage compounds in the pipeline that are expected to have important data readouts in 2022, including tiragolumab for certain oncology indications (in particular lung cancer) and gantenerumab for Alzheimer's disease, among many others. We think Roche's robust new product pipeline has the potential to drive an acceleration in revenue and earnings growth.

Table VII.
Top net sales for the quarter ended March 31, 2022

	Amount Sold (millions)
Natera, Inc.	$8.2
ICON Plc	5.4
Ascendis Pharma A/S	2.3
Mirati Therapeutics, Inc.	1.9
Establishment Labs Holdings Inc.	1.8

Our largest sales in the quarter included **Natera, Inc.**, which we sold because the profit inflection that we had anticipated is likely to take longer to materialize, resulting in heavier cash burn rates than we expected. We reduced our position in **ICON Plc** to manage risk after strong performance the prior year. We continue to have a high level of conviction in the ICON investment thesis. We sold **Ascendis Pharma A/S** and **Mirati Therapeutics, Inc.** and reduced **Establishment Labs Holdings Inc.** to harvest tax losses after the stocks fell.

Outlook

Although COVID variants continue to circulate, medical procedure volumes have been recovering. Some companies face near-term earnings headwinds due to inflation, supply-chain challenges, and foreign currency exposure, but we expect these headwinds to subside in the coming months. The capital markets environment for early-stage biotechnology companies has become more challenging than in the recent past, but biotechnology companies with promising later stage pipelines continue to raise capital. For example, argenx SE recently raised $800 million in an upsized equity offering to fund its expanding pipeline. We expect M&A activity in the biotechnology sector to pick up given the significant amount of cash sitting on large-cap biopharmaceutical company balance sheets and the need for these companies to replenish their pipelines. The outlook for scientific research funding from the government remains positive due to continued bipartisan support, which bodes well for life sciences tools companies in the Fund. On the health care reform front, the drug pricing provisions of the Build Back Better law may resurface over the coming months in some form, but there are high hurdles to passage, and even if some version of the law passes, we think the reforms will be manageable. On the positive side, the federal agency that administers the Medicare program recently finalized rates for Medicare Advantage companies for fiscal 2023, and the rate increase is the highest in the last decade, which bodes well for the managed care companies in the Fund.

Overall, despite some near-term headwinds, our long-term outlook for Health Care remains bullish. After the recent growth stock sell-off, valuations are more reasonable. Innovation in the sector and the themes we have been investing in are very much intact. We believe the Fund includes competitively advantaged growth companies with pricing power, strong management, and excellent balance sheets.

As always, I would like to thank my colleague Josh Riegelhaupt, Assistant Portfolio Manager of Baron Health Care Fund, for his invaluable contributions to the Fund.

Thank you for investing in Baron Health Care Fund. I remain an investor in the Fund, alongside you.

Sincerely,

Neal Kaufman

Neal Kaufman
Portfolio Manager

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

Risks: In addition to general market conditions, the value of the Fund will be affected by investments in health care companies which are subject to a number of risks, including the adverse impact of legislative actions and government regulations. The Fund is non-diversified, which means it may have a greater percentage of its assets in a single issuer than a diversified fund. The Fund invests in small and medium sized companies whose securities may be thinly traded and more difficult to sell during market downturns. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

The discussions of the companies herein are not intended as advice to any person regarding the advisability of investing in any particular security. The views expressed in this report reflect those of the respective portfolio manager only through the end of the period stated in this report. The portfolio manager's views are not intended as recommendations or investment advice to any person reading this report and are subject to change at any time based on market and other conditions and Baron has no obligation to update them.

This report does not constitute an offer to sell or a solicitation of any offer to buy securities of Baron Health Care Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

Active Share a term used to describe the share of a portfolio's holdings that differ from that portfolio's benchmark index. It is calculated by comparing the weight of each holding in the Fund to that holding's weight in the benchmark. Positions with either a positive or negative weighting versus the benchmark have Active Share. An Active Share of 100% implies zero overlap with the benchmark. Active Share was introduced in 2006 in a study by Yale academics, M. Cremers and A. Petajisto, as a measure of active portfolio management.

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

Dear Baron FinTech Fund Shareholder:

Performance

In the quarter ended March 31, 2022, Baron FinTech Fund (the "Fund") fell 16.67% (Institutional Shares) compared with a 4.60% decline for the S&P 500 Index (the "Benchmark") and a 12.78% decline for the FactSet Global FinTech Index. Since inception (December 31, 2019), the Fund has risen 16.68% on an annualized basis compared with an 18.09% gain for the Benchmark and a 5.66% gain for the FactSet Global FinTech Index.

Table I.
Performance
For period ended March 31, 2022

	Baron FinTech Fund Retail Shares[1,2]	Baron FinTech Fund Institutional Shares[1,2]	S&P 500 Index[1]	FactSet Global FinTech Index[1]
Three Months[3]	(16.69)%	(16.67)%	(4.60)%	(12.78)%
One Year	(2.83)%	(2.62)%	15.65%	(18.28)%
Since Inception (December 31, 2019)	16.42%	16.68%	18.09%	5.66%

U.S. equities were down in the first quarter as concerns about more aggressive monetary tightening to combat higher inflation were exacerbated by headline risk from Russia's invasion of Ukraine and its related economic implications. Businesses are facing margin headwinds from wage growth and supply-chain disruptions, dampening expectations for future earnings growth. Energy and Materials were among the few sectors to finish in positive territory as escalating geopolitical tensions pushed commodity prices sharply higher. The Financials sector also outperformed due to rising Treasury yields, while defensive sectors such as Utilities and Consumer Staples benefited from a flight to safety during the quarter. Communication Services, Consumer Discretionary, and Information Technology (IT) were the largest decliners as investors rotated out of growth-oriented sectors that benefited from changing consumption patterns in the early stages of the pandemic. Small caps led the market lower after declining more than 7% in the period.

JOSH SALTMAN
PORTFOLIO MANAGER

Retail Shares: BFINX
Institutional Shares: BFIIX
R6 Shares: BFIUX

In a difficult quarter for FinTech stocks, the Fund underperformed the FactSet Global FinTech Index by 3.89% due to stock selection and, to a lesser extent, differences in exposures to various themes. All seven of the Fund's investment themes were in negative territory and underperformed the S&P 500 Index. Against the more comparable FactSet Global FinTech Index, three themes outperformed: Payments (-8.04%), Capital Markets (-10.51%), and Information Services (-10.64%); and four themes underperformed: Tech-Enabled Financials (-14.62%), Enterprise Software (-22.57%), E-commerce (-24.29%), and Digital IT Services (-32.02%). Leaders outperformed Challengers (-10.33% vs. -26.87%, respectively) in a risk-off market environment where small-cap growth stocks were out of favor.

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2021 was 1.57% and 1.18%, respectively, but the net annual estimated expense ratio was 1.20% and 0.95% (net of the Adviser's fee waivers), respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser reimburses certain Baron Fund expenses pursuant to a contract expiring on August 29, 2032, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit www.BaronFunds.com or call 1-800-99BARON.

The Fund's 1-year 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.

1 The **S&P 500 Index** measures the performance of 500 widely held large cap U.S. companies. The **FactSet Global FinTech Index™** is an unmanaged and equal-weighted index that measures the equity market performance of companies engaged in Financial Technologies, primarily in the areas of software and consulting, data, and analytics, digital payment processing, money transfer, and payment transactional-related hardware across 30 developed and emerging markets. The indexes and the Fund include reinvestment of dividends, net of withholding taxes, which positively impact the performance results. The indexes are unmanaged. Index performance is not Fund performance; one cannot invest directly into an index..

2 The performance data in the table does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemptions of Fund shares.

3 Not annualized.

BARON FUNDS 1987

The Fund's Digital IT Services holdings were responsible for roughly two-thirds of the relative shortfall vs. the FactSet Global FinTech Index, with most of the weakness coming from **EPAM Systems, Inc.** and **Grid Dynamics Holdings, Inc.** whose shares were negatively impacted by Russia's invasion of Ukraine where many of their employees are based. Unfavorable stock selection in E-commerce was largely due to the underperformance of cloud-based commerce platform **Shopify Inc.** and payment processor **PayPal Holdings, Inc.** Shopify was the second largest detractor due to the normalization in e-commerce activity from the early stages of the pandemic and the rotation out of high-growth stocks, while PayPal's shares were down sharply after management provided disappointing guidance and reduced user growth targets. Several of the Fund's Enterprise Software holdings were hurt by the rotation out of fast-growing stocks during the quarter, including **Intuit Inc.**, **Ceridian HCM Holding Inc.**, **Expensify, Inc.**, and **Toast, Inc.** Performance in Tech-Enabled Financials was hindered by notable declines from international money transfer provider **Wise Plc** and Russian online retail financial services provider **TCS Group Holding PLC**. Wise shares suffered due to a worsening outlook for the European economy following Russia's invasion of Ukraine, while TCS's shares plummeted after Russia was hit with harsh economic sanctions for its actions in Ukraine.

Cash exposure in a down market, higher exposure to strong performing Capital Markets businesses, and outperformance of investments in Information Services and Payments were the few material contributors to relative performance. Strength in Information Services was mainly due to the outperformance of data and analytics company **Fair Isaac Corporation**, whose shares were lifted by solid quarterly earnings and optimistic commentary from management. Global payment networks **Visa, Inc.** and **Mastercard Incorporated** led the way in Payments due to rebounding cross-border volumes and positive management outlooks.

Table II.
Top contributors to performance for the quarter ended March 31, 2022

	Percent Impact
LPL Financial Holdings Inc.	0.49%
Nuvei Corporation	0.42
Fair Isaac Corporation	0.22
Visa, Inc.	0.21
CI&T Inc	0.20

LPL Financial Holdings Inc. is the largest independent broker-dealer in the U.S. Shares contributed after the company reported strong financial results with 20% gross profit growth and 34% growth in assets under management. Organic net new asset growth reached 13% in 2021, up from 7% in 2020. Shares also benefited from expectations of higher interest rates, which would increase the yield that LPL earns on cash held in client accounts. We continue to own the stock because of LPL's strong competitive position, market share gains, and tailwinds from higher interest rates.

Nuvei Corporation provides payment processing services mostly for online merchants around the world. Following a significant decline at the end of last year, shares contributed after the company reported strong quarterly results and solid 2022 guidance that called for 30%-plus growth in revenue and earnings. The company also provided enhanced financial disclosures, which bolstered investor confidence in management's long-term growth targets. We continue to own the stock due to Nuvei's numerous growth opportunities and strong execution.

Fair Isaac Corporation is a data and analytics company that provides consumer credit risk scores and decisioning software. Shares contributed to performance after the company reported solid financial results and management provided an optimistic outlook for the remainder of the year. The stock also likely benefited from an elevated pace of share repurchases during the quarter. We continue to own the stock because of Fair Isaac's significant competitive advantages and our expectation of mid-to-high-teens earnings growth over a multi-year period.

Shares of global payment network **Visa, Inc.** contributed on strong quarterly results with 24% revenue growth and 27% EPS growth. Payment volume grew 20%, with notable strength in cross-border volumes as travel activity rebounded from depressed levels. Management raised full-year guidance to reflect high-teens revenue growth. Shares also likely benefited from a flight to safety during a volatile quarter for equities. We continue to own the stock due to Visa's long runway for growth and significant competitive advantages.

CI&T Inc provides consulting and outsourced software development for business customers. Shares contributed after the company reported strong quarterly results with 72% revenue growth and 62% earnings growth. Management provided an optimistic outlook for 2022 with revenue growth guidance of 56%, reflecting high demand for digital IT services. The stock also likely benefited from a strengthening of the Brazilian Real and less geopolitical risk than publicly traded peers with operations in Eastern Europe. We believe CI&T will continue growing rapidly in a large global market for IT services.

Table III.
Top detractors from performance for the quarter ended March 31, 2022

	Percent Impact
EPAM Systems, Inc.	–2.55%
Shopify Inc.	–1.79
Intuit Inc.	–1.13
PayPal Holdings, Inc.	–0.92
Endava plc	–0.89

EPAM Systems, Inc. provides outsourced software development to business customers. The stock fell sharply due to anticipated business disruption from Russia's military invasion of Ukraine, where many of EPAM's employees are based. Despite reporting excellent financial results for the prior quarter with 53% growth in both revenue and earnings, management withdrew financial guidance due to war-related uncertainty. We exited our position but continue to monitor the company's ability to adapt to geopolitical adversity.

Shopify Inc. is a cloud-based software company that provides an operating system for multi-channel commerce. Shopify has been adopted by over 2 million merchants that processed $175 billion of gross merchandise volume in 2021, making it the second largest e-commerce player in the U.S. The stock fell due to a normalization in e-commerce from the early stages of the pandemic and a rotation out of high-growth stocks. We believe Shopify has a long runway for growth as it has less than 1% of global commerce spend.

Intuit Inc. is the leading provider of accounting software for small businesses and tax preparation software for individuals and tax professionals. Following a strong run last year, shares detracted after a slower start to the tax season resulted in quarterly revenue that missed analyst estimates despite stronger growth across the rest of the company. Management believes quarterly revenue softness in the consumer tax business was purely timing related, so full-year guidance was maintained. We own the stock due to Intuit's strong competitive position and numerous growth opportunities.

PayPal Holdings, Inc. enables digital payments for consumers and merchants worldwide. Shares fell on disappointing 2022 guidance that called for 15% to 17% revenue growth but flat EPS growth due to higher credit costs and a higher tax rate. Management also tempered user growth expectations due to a strategic shift toward improving engagement of existing users and away from less-productive new user acquisition. Despite reduced earnings expectations, we believe the share price decline is overdone given PayPal's growth opportunities and competitive advantages.

Endava plc provides consulting and outsourced software development for business customers. Shares gave back some of the big gains from last year due to increased investor caution regarding Endava's work force in Central and Eastern Europe, despite having no presence in Ukraine, Russia, or Belarus. We retain conviction. Endava reported strong business momentum with 50% revenue growth and 59% EPS growth in the recent quarter and a positive full-year outlook. We believe Endava will continue gaining share in a large global market for IT services.

Portfolio Structure

The Fund seeks to invest in competitively advantaged, growing FinTech companies that we can own for years. We conduct independent, fundamental research and take a long-term perspective. The Fund invests in companies across all market capitalizations and geographies. The quality of the ideas and level of conviction determine the position size of each investment. We do not try to mimic an index, and we expect the Fund will look very different from the Benchmark.

As of March 31, 2022, the Fund held 47 positions. International stocks represented 21.4% of the Fund's net assets. The Fund's 10 largest holdings represented 40.9% of net assets, and the 20 largest holdings represented 66.5% of net assets. The market capitalization range of the investments in the Fund was $1.3 billion to $480.0 billion with a median of $14.6 billion and weighted average of $88.6 billion. The Fund's active share was 95.3%.

We segment the Fund's holdings into seven investment themes. Some companies have characteristics that span more than one theme, but we classify each company by a single theme that we believe is most representative.

1. **Payments:** The world is moving to electronic payments, but $18 trillion of consumer payments each year are still made with cash or check. **Visa, Inc.** and **Mastercard Incorporated** operate leading global networks that facilitate electronic payments for consumers, merchants, and banks. We own several companies that facilitate electronic payments, including **Block, Inc.**, **Bill.com Holdings, Inc.**, **Paymentus Holdings, Inc.**, **Global Payments Inc.**, and **Marqeta, Inc.**

2. **Information Services:** We have several investments in companies that provide critical data to help financial institutions improve performance and fulfill regulatory requirements. Rating agencies **S&P Global Inc.** and **Moody's Corporation** provide credit ratings and **MSCI, Inc.** manages equity indexes that are deeply embedded in the financial ecosystem. **Equifax Inc.** and **TransUnion** provide the consumer data and **Fair Isaac Corporation** provides the rating methodology used by lenders for credit and marketing decisions. The insurance industry relies on **Verisk Analytics, Inc.** for underwriting data, and the real estate industry relies on **CoStar Group, Inc.** for property data.

3. **Enterprise Software:** We have several investments in software companies that help businesses manage their financial processes and operations. **Intuit Inc.** provides accounting and payroll solutions for small businesses as well as tax preparation software for consumers and tax professionals. **Fidelity National Information Services, Inc.**, **Jack Henry & Associates, Inc.**, and **nCino Inc.** provide software for banks to manage account and transaction data. **Guidewire Software, Inc.** and **Duck Creek Technologies, Inc.** are leading providers of core systems software for the global insurance industry.

4. **Digital IT Services:** Many banks, insurers, and other businesses have decades-old technology that is difficult to maintain. Disruption from new tech-enabled entrants is forcing incumbents to either upgrade their legacy systems or risk losing customers. **Endava plc**, **Accenture plc**, **Globant, S.A.**, and **CI&T Inc** provide consulting and outsourced software development for business customers to help them modernize their systems and navigate complex digital transformations.

5. **E-commerce:** We have several investments that benefit from the secular growth of e-commerce. Online sales have historically grown much faster than in-store sales, but e-commerce penetration is still low at only around 15% of U.S. retail sales. As payment processors for mostly online merchants, **Adyen N.V.**, **Nuvei Corporation**, **DLocal Limited**, and **PayPal Holdings, Inc.** benefit from the growth of e-commerce around the world. **MercadoLibre, Inc.** operates a leading online marketplace and payment service in Latin America, while **Shopify Inc.** provides software and services that make it easier for merchants to sell online.

6. **Capital Markets:** Investing decisions and trade execution increasingly rely on digital solutions to improve performance and reduce costs. **Tradeweb Markets Inc.** and **MarketAxess Holdings Inc.** operate the leading electronic trading platforms for fixed income markets and benefit from the ongoing shift from voice-based trading to electronic trading. **CME Group, Inc.** is the world's largest and most diversified derivatives marketplace whose electronic exchanges are used by traders around the world to manage risk.

7. **Tech-Enabled Financials:** Forward-thinking financial institutions are using technology in particularly innovative ways to better serve their customers and operate more efficiently. **BlackRock Inc.** uses technology to evaluate risk for institutional investors and manage trillions of dollars' worth of ETF assets at very low cost. **Kinsale Capital Group, Inc.** is an insurance company that uses proprietary technology to enable faster underwriting and create meaningful cost advantages over the competition. **LPL Financial Holdings Inc.** is a broker-dealer that uses technology to help financial advisors run their practices more efficiently and serve their investors more effectively.

As of March 31, 2022, Information Services represented 23.0% of net assets, Payments represented 18.0%, Enterprise Software represented 14.4%, Digital IT Services represented 12.3%, E-commerce represented 12.0%, Tech-Enabled Financials represented 10.9%, and Capital Markets represented 6.7%, with the remainder in cash.

We also segment the Fund's holdings between Leaders and Challengers. Leaders are generally larger, more established companies with stable growth rates, higher margins, and moderate valuation multiples. Challengers are generally smaller, earlier-stage companies with higher growth rates, lower margins, and higher valuation multiples. Leaders include **Visa, Inc.**, **Intuit Inc.**, **S&P Global Inc.**, **LPL Financial Holdings Inc.**, and **Accenture plc**. Challengers include **Endava plc**, **Block, Inc.**, **MercadoLibre, Inc.**, **Adyen N.V.**, and **Shopify Inc.** We expect stocks in both categories to outperform over time, but Leaders tend to have more predictable performance than less-proven Challengers. As of March 31, 2022, Leaders represented 59.1% of net assets and Challengers represented 38.2%, with the remainder in cash.

Table IV.
Top 10 holdings as of March 31, 2022

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Visa, Inc.	2020	$376.2	$480.0	$2.6	4.9%
Intuit Inc.	2020	69.3	136.0	2.4	4.6
S&P Global Inc.	2020	67.9	142.3	2.4	4.6
Mastercard Incorporated	2020	306.1	349.3	2.3	4.5
Endava plc	2020	2.6	7.4	2.3	4.5
LPL Financial Holdings Inc.	2021	12.9	14.6	2.2	4.3
Accenture plc	2020	133.7	223.7	2.1	4.0
BlackRock Inc.	2021	116.4	116.9	1.7	3.2
MSCI, Inc.	2020	22.5	40.9	1.7	3.2
Equifax Inc.	2022	29.6	29.1	1.6	3.1

Table V.
Fund investments in GICS sub-industries as of March 31, 2022

	Percent of Net Assets
Data Processing & Outsourced Services	28.4%
Financial Exchanges & Data	15.8
Application Software	15.3
IT Consulting & Other Services	12.3
Research & Consulting Services	8.0
Investment Banking & Brokerage	5.9
Asset Management & Custody Banks	3.2
Internet & Direct Marketing Retail	2.7
Internet Services & Infrastructure	2.0
Interactive Media & Services	1.7
Property & Casualty Insurance	1.1
Insurance Brokers	0.9
Cash and Cash Equivalents	2.7
Total	100.0%

Recent Activity

During the quarter, the Fund initiated two new positions and exited six positions. Below we discuss some of our top net purchases and sales.

Table VI.
Top net purchases for the quarter ended March 31, 2022

	Quarter End Market Cap (billions)	Amount Purchased (thousands)
Equifax Inc.	$29.1	$1,565.7
Globant, S.A.	11.0	1,534.8
Global Payments Inc.	38.6	323.7
LPL Financial Holdings Inc.	14.6	301.6
CME Group, Inc.	85.5	6.2

We initiated a position in **Equifax Inc.**, a leading consumer credit bureau and information services company. It collects and manages large databases of consumer data, such as credit, employment, and income records. Equifax uses these assets to provide data and analytics services to businesses and governments to make credit and marketing decisions. Credit bureaus have numerous competitive advantages, including economies of scale, regulatory barriers, and high switching costs as customers rely on their mission-critical solutions. Following a data breach in 2017, the senior management team was replaced and over $1.5 billion was spent on modernizing Equifax's technology infrastructure and migrating it to the cloud. In addition to strengthening the company's cyber defenses, we believe this technology transformation will enable a faster pace of product innovation and drive higher organic growth.

Unique to Equifax is its Workforce Solutions business, which maintains a database of employment and income records sourced from employers and payroll processors. Equifax has over 136 million active records representing over 60% of U.S. non-farm payrolls. Businesses and government agencies use this data for employment and income verification, which is needed when someone applies for a mortgage, requests government benefits, or changes jobs. We believe Equifax has by far the largest repository of this valuable data and continues to add new records at a faster pace than competitors. With durable growth coming from new product innovation and its Workforce Solutions business, we believe that Equifax is a high-quality business that is well positioned to grow earnings per share at a mid-teens rate over a multi-year period.

We also initiated a position in **Globant, S.A.**, a provider of outsourced software development, design, and digital marketing services for business customers. Globant helps companies such as Disney, Electronic Arts, and Banco Santander pursue digital transformations using a highly skilled workforce of over 23,000 software engineers and consultants primarily based in Latin America. These employees are trained in the latest technologies, including cloud infrastructure, cybersecurity, data analytics, artificial intelligence, digital marketing, enterprise software platforms, blockchain, connected devices, and metaverse. The company was founded in 2003 by four friends in Argentina who still run the company, including Chairman and CEO Martín Migoya. Globant serves over 1,100 customers across a variety of sectors, but its largest vertical is financial services. The company helps financial institutions adopt digital lending practices, improve operational efficiency, optimize risk management practices, comply with changing regulations, and launch new payment and open banking solutions.

We have long admired Globant's success and used a recent valuation pullback to buy the stock. Like our other digital IT services companies (e.g., Endava, Accenture, and CI&T), Globant benefits from the growing need for digital transformation from businesses around the world. Revenue and earnings per share have grown at annualized rates of 32% and 29%, respectively, over the last five years. Management noted on the most recent earnings call that "demand for our end-to-end digital services and platforms is much stronger now than it was before the COVID-19 pandemic," which should support robust growth in the coming years. Globant operates in a large and fast-growing global market that IDC estimates is approximately $650 billion in size growing at a mid-teens rate. Globant is growing much faster than the market from both organic expansion and accretive acquisitions. While barriers to entry are low in the IT services industry, barriers to success are high due to long sales cycles, the importance of strong reputations and personal relationships, and a global shortage of IT talent. In contrast to other digital IT services companies based in central and eastern Europe, Globant's presence in Latin America confers advantages from being in the same time zone as North American clients and from lower geopolitical risk around the Russia-Ukraine war.

Table VII.
Top net sales for the quarter ended March 31, 2022

	Amount Sold (thousands)
PayPal Holdings, Inc.	$1,034.3
EPAM Systems, Inc.	869.4
Fair Isaac Corporation	849.3
Endava plc	655.4
TransUnion	639.6

We reduced **PayPal Holdings, Inc.** as it became clear that strong growth trends during the early part of the pandemic were not persisting in a more normal environment. We trimmed **Fair Isaac Corporation**, **Endava plc**, and **TransUnion** solely to raise cash to meet redemptions and not because of any fundamental concerns about the businesses.

We sold our positions in **EPAM Systems, Inc.** and **Grid Dynamics Holdings, Inc.** due to operational challenges from Russia's military invasion of Ukraine. At the end of last year, 58% of EPAM's workforce was in Ukraine, Belarus, and Russia, and we estimate a similarly high percentage of Grid Dynamics' workforce was in Ukraine and Russia. While both companies are highly adaptable and are aggressively recruiting in other parts of the world, we were concerned about their abilities to continue operating from these warring countries. Both companies have announced plans to close their Russian delivery centers while relocating many of their Russian employees to other countries. We have great sympathy and admiration for the employees of EPAM and Grid Dynamics, and we will continue to monitor their progress.

We exited our position in **TCS Group Holding PLC**, a digital-only provider of banking and brokerage services in Russia. We reduced over half of our shares last year due to rising geopolitical risk, and we sold the remainder before the Russian invasion of Ukraine. TCS is an excellent business, but it's facing significant headwinds from international sanctions on Russia and the resulting slowdown of the domestic economy. Following our sale, the stock dropped precipitously and international trading was suspended. We also exited small positions in **Riskified Ltd.** and **Toast, Inc.**, which both went public last year, to raise capital for higher-conviction ideas.

We successfully exited our position in **IHS Markit Ltd.** upon the closing of the company's acquisition by **S&P Global Inc.** and the stock's subsequent delisting. We are optimistic about the growth prospects for the combined company and retain a meaningful position in S&P Global.

Outlook

The market outlook is always hazy but seems even more uncertain today. On the one hand, corporate earnings remain strong, and the average U.S. consumer is in excellent financial shape with low leverage, plentiful jobs, rising wages, and more than $2 trillion in excess savings. On the other hand, inflation has risen to the highest level in over 40 years, forcing the Federal Reserve to tighten monetary policy more aggressively. Rapidly rising interest rates have pressured valuation multiples, particularly for fast-growing companies with projected cash flows far in the future. There are signs that inflation has peaked and may soon moderate, so the Fed might not need to raise interest rates quite as much as markets are expecting, which would provide a welcome reprieve for growth stocks.

Rather than make fruitless macroeconomic projections, we invest in companies that can weather a broad range of outcomes. These businesses operate in large and growing markets, are gaining market share, enjoy durable competitive advantages, and are run by excellent managers that foster positive corporate cultures. While our investment philosophy remains unchanged, we have recently made the following portfolio refinements:

- We've been leaning more into our Leaders, which are generally more stable and predictable businesses than our earlier-stage Challengers. Leaders represent 59.1% of Fund assets, up from 53.9% three months ago.
- We've increased portfolio concentration by focusing on our highest-conviction ideas. The Fund has 47 positions, down from 51 three months ago. The 10 largest positions represent 40.9% of Fund assets, up from 37.9% three months ago.
- As the cost of capital has been rising, we've reduced exposure to companies that rely on external capital for growth, including lenders and highly acquisitive companies. Our portfolio companies generate strong free cash flow and/or have sufficient capital on their balance sheets to fund growth initiatives.
- We constantly monitor the competitive landscape and have reduced exposure to companies that are losing market share or are otherwise not keeping pace with industry innovation.

We are optimistic about the growth prospects for our holdings and the prospective returns for the Fund. U.S. retail sales ex-auto grew 8% in the first quarter, stable from the prior quarter, according to Mastercard SpendingPulse. Credit and debit card payment volumes from the largest U.S. banks grew 17% in the first quarter, a slight deceleration from the prior quarter due to tough comparisons against last year's government stimulus payments but still robust. Accenture's CEO on the most recent earnings call attributed the company's rapid growth to "compressed transformations" where clients are undertaking simultaneous digital transformation projects across multiple areas and in accelerated time frames "as they recognize the need to transform every part of their enterprise with technology, data and AI, and new ways of working." Globant's CFO noted that demand for digital services and platforms is much stronger now than it was before the start of the COVID-19 pandemic. Visa's CFO noted that cross-border payment volumes (including e-commerce) are now above pre-pandemic levels, while international travel is expected to return to 2019 levels this year. These data points indicate strong momentum for our holdings despite an uncertain macroeconomic backdrop.

In his annual letter, JPMorgan's CEO Jamie Dimon wrote about intensifying competition to banks from each other, shadow banks, fintechs, and large technology companies, necessitating a 30% increase in JPMorgan's investment spending this year. Most of this incremental spending will fund technology investments to sustain the bank's operations, improve products and services, and for R&D. JPMorgan has spent billions of dollars building cloud-based systems that will ultimately be faster, cheaper, more flexible, and AI-enabled compared to legacy systems. Dimon noted that technology modernization is a never-ending process, and once you build a modern system, investment spending rarely falls. Rather, the pace of spending continues as new platforms "create a whole new set of investment opportunities to be analyzed. Technology always drives change, but now the waves of technological innovation come in faster and faster." JPMorgan is just one of example of the thousands of financial institutions and other businesses around the world that need to aggressively invest in technology just to remain competitive, much less gain an advantage against others making similar investments. We believe our Fund's investments in service providers, technology companies, and other fintech businesses will benefit from this digital arm's race.

Thank you for investing in Baron FinTech Fund. We are working hard to identify good investment ideas that we expect will generate attractive returns over the long term.

Sincerely,

Josh Saltman
Portfolio Manager

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

Risks: In addition to general market conditions, FinTech Companies may be adversely impacted by government regulations, economic conditions and deterioration in credit markets. Companies in the information technology sector are subject to rapid changes in technology product cycles; rapid product obsolescence; government regulation; and increased competition, both domestically and internationally, including competition from foreign competitors with lower production costs. The IT services industry can be significantly affected by competitive pressures, such as technological developments, fixed-rate pricing, and the ability to attract and retain skilled employees, and the success of companies in the industry is subject to continued demand for IT services. The Fund is non-diversified, which means it may have a greater percentage of its assets in a single issuer than a diversified fund. The Fund invests in companies of all sizes, including small and medium sized companies whose securities may be thinly traded and more difficult to sell during market downturns. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

The discussions of the companies herein are not intended as advice to any person regarding the advisability of investing in any particular security. The views expressed in this report reflect those of the respective portfolio manager only through the end of the period stated in this report. The portfolio manager's views are not intended as recommendations or investment advice to any person reading this report and are subject to change at any time based on market and other conditions and Baron has no obligation to update them.

This report does not constitute an offer to sell or a solicitation of any offer to buy securities of Baron FinTech Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

Active Share a term used to describe the share of a portfolio's holdings that differ from that portfolio's benchmark index. It is calculated by comparing the weight of each holding in the Fund to that holding's weight in the benchmark. Positions with either a positive or negative weighting versus the benchmark have Active Share. An Active Share of 100% implies zero overlap with the benchmark. Active Share was introduced in 2006 in a study by Yale academics, M. Cremers and A. Petajisto, as a measure of active portfolio management.

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

Dear Baron New Asia Fund Shareholder:

Performance

Baron New Asia Fund (the "Fund") declined 15.24% (Institutional Shares) during the first quarter of 2022, while its principal benchmark index, the MSCI Asia ex Japan Index, declined 7.99%. The MSCI AC Asia ex Japan IMI Growth Index retreated 11.50% for the quarter. The Fund underperformed its principal benchmark index, as well as the all-cap growth proxy, during the quarter, particularly following Russia's large-scale invasion of Ukraine and its associated atrocities. In our view, the invasion and Western response of unprecedented sanctions–akin to firing financial weapons of mass destruction–caused significant short-term uncertainty and put stress on global financial markets, while also triggering a write-down of Russian equity investments to near zero, and a short-lived equity market capitulation in China. On the other hand, we believe Russia's invasion of Ukraine likely enhances the attraction of India from a strategic/geopolitical perspective, and as a candidate for supply-chain diversification/security and foreign direct investment in general. Growth stocks worldwide markedly underperformed during the quarter, as the war in Ukraine exacerbated supply disruptions and inflation concerns, particularly in energy, commodity and agricultural markets. While disappointed with our relative performance during the quarter, we believe the historic scale of underperformance of growth stocks that began last year is reaching an extreme, while fixed income markets have already likely discounted more tightening than global authorities will ultimately administer. We believe many of our underlying investments are now trading below intrinsic value given our assessment of long-term fundamentals, and we remain optimistic regarding the longer-term relative outlook for Asian economies and equities. Notwithstanding the emergence of Omicron BA.2 and its rapid spread through mainland China, which triggered lockdowns, we believe that the associated short-term earnings interruption will prove temporary, and we view the related weakness across several of our portfolio holdings as offering long-term opportunity to investors. We remain confident that we have invested in many well-positioned and well-managed companies on a bottom-up basis that are poised to benefit from long-term and attractive investment themes.

MICHAEL KASS AND ANUJ AGGARWAL

PORTFOLIO MANAGERS

Retail Shares: BNAFX
Institutional Shares: BNAIX
R6 Shares: BNAUX

Table I.
Performance
Annualized for periods ended March 31, 2022

	Baron New Asia Fund Retail Shares[1,2]	Baron New Asia Fund Institutional Shares[1,2]	MSCI AC Asia ex Japan Index[1]	MSCI AC Asia Index[1]	MSCI AC Asia ex Japan IMI Growth Index[1]
Three Months[3]	(15.34)%	(15.24)%	(7.99)%	(7.50)%	(11.50)%
Since Inception (July 30, 2021)[3]	(13.90)%	(13.80)%	(10.93)%	(8.84)%	(14.75)%

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2021 was 10.06% and 8.59%, respectively, but the net annual estimated expense ratio was 1.45% and 1.20% (net of the Adviser's fee waivers), respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser reimburses certain Baron Fund expenses pursuant to a contract expiring on August 29, 2032, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit www.BaronFunds.com or call 1-800-99BARON.

1 The **MSCI AC Asia ex Japan Index** measures the performance of large and mid cap equity securities representation across 2 of 3 developed markets countries (excluding Japan) and 8 emerging markets countries in Asia. The **MSCI AC Asia Index** measures performance of large and midcap securities representation across developed and emerging markets countries in Asia, including Japan. The **MSCI AC Asia ex Japan IMI Growth Index** measures the performance of large, mid, and small cap securities exhibiting overall growth style characteristics across 2 of 3 developed markets countries (excluding Japan) and 8 emerging markets countries in Asia. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. The indexes and the Fund include reinvestment of dividends, net of withholding taxes, which positively impact the performance results. The indexes are unmanaged. Index performance is not Fund performance; one cannot invest directly into an index.

2 The performance data does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

3 Not annualized.

For the first quarter of 2022, we underperformed our primary benchmark, while also trailing our all-cap Asia growth proxy. During the quarter, we believe our China holdings were adversely impacted by Russia's full-scale invasion of Ukraine, as investors ascribed a higher risk premium to what, in our view, is a misplaced concern that China might play a more direct role in supporting Russia in the war. China's current challenge with the spread of COVID cases given its "zero COVID" tolerance has also adversely impacted our holdings, particularly our A-share, China value-added investments. We believe this weakness will prove transitory. During the period, investors continued to favor more economically sensitive stocks, particularly energy and commodity producers, which represents a substantial headwind to performance for growth investors globally. From a sector or theme perspective, our relative underperformance was broad based, reflecting our growth bias, but was primarily driven by adverse stock selection in the Information Technology (IT) and Industrials sectors. Within IT, our China value-added positions, particularly our semiconductor-related holdings (**Will Semiconductor Co., Ltd.**, **Silergy Corp.**, and **Hua Hong Semiconductor Limited**), as well as our SaaS/software (**Yonyou Network Technology Co., Ltd.** and **Venustech Group Inc.**) and advanced manufacturing/robotics (**Keyence Corporation**) sub-themes were key detractors to relative performance. Weak stock selection effect in the Industrials sector was also related to our China-value added investments, particularly our advanced manufacturing/robotics sub-theme (**Zhejiang Dingli Machinery Co., Ltd.**, **Han's Laser Technology Industry Group Co., Ltd.**, and **Estun Automation Co., Ltd.**) in addition to a decline in the stock price of **Full Truck Alliance Co. Ltd.**, which is part of our digitization theme. Lastly, negative allocation effect and poor stock selection in the Financials sector (**Max Financial Services Limited** and **AIA Group Limited**) also adversely impacted relative performance during the quarter. Partially offsetting the above, our cash position in a weak market was a positive contributor to relative performance during the quarter.

From a country perspective, weak stock selection in China and India drove the vast majority of relative underperformance in the first quarter. Partly offsetting the above was positive allocation and stock selection effect in Korea. We remain cautiously optimistic about a recovery in our China holdings, as we believe growing signs of policy easing and support, as well as a lack of evidence that China will directly support Russia's aggression in Ukraine, will eventually overcome current skepticism. We are encouraged by recent investor friendly announcements made by China's State Council, calling for supportive measures to stabilize the property sector and bring closure to the ongoing regulatory tightening of the technology industry, and a major concession in addressing the uncertainty of ADR listings. We are also excited about our investments in India driven by landmark economic reforms implemented by the Modi administration over the past few years that are accelerating formalization of the economy, yielding higher tax collections, attracting foreign direct investment, and driving financial inclusion, all of which collectively forms the bedrock of our multiple investment themes within the country. We also believe that India's digital economy, which, in our view, is 10 to 15 years behind that of China, is beginning to inflect and will create significant opportunities for growth investors like us.

Table II.
Top contributors to performance for the quarter ended March 31, 2022

	Percent Impact
Reliance Industries Limited	0.27%
Bharti Airtel Limited	0.24
Hyundai Heavy Industries Co., Ltd.	0.20
PT Bank Rakyat Indonesia (Persero) Tbk	0.20
Galaxy Entertainment Group Limited	0.08

Reliance Industries Limited is India's leading conglomerate, with business interests in telecommunications, retail, oil refining, and petrochemicals. Reliance is fast transforming into a digital services company, leveraging its telco network to offer online and e-commerce services. Shares increased due to improving earnings visibility as India's economy continues to recover post-COVID. In addition, the company is gaining telco market share and benefiting from rising oil prices. We believe earnings will sustain 18% to 20% growth over the next three to five years.

Bharti Airtel Limited contributed during the quarter. As India's dominant mobile operator, the company is benefiting from ongoing industry consolidation, as Vodafone Idea, a key player, is on the verge of bankruptcy amid severe pricing pressure and an unsustainable balance sheet. Performance was driven by market share gains and the company's targeted plan to expand into other digital services such as Enterprise and Cloud. We retain conviction in Bharti as it transforms into a digital services company and potentially benefits from rising mobile tariffs as well.

Hyundai Heavy Industries Co., Ltd. is the world's largest shipbuilder and global leader of eco-friendly LNG powered ships. Shares rallied on increased demand for LNG carriers given the rise in natural gas prices. We remain investors as we believe Hyundai Heavy will be the leading beneficiary of the trend in decarbonization of shipping given its technological leadership and dominant market position. We expect tightening carbon emission regulations to drive much higher demand for LNG fuel-propelled ships and carbon-free ammonia-fueled ships.

PT Bank Rakyat Indonesia (Persero) Tbk is a lender serving Indonesia's micro and small-to-medium enterprises. Shares rose as higher commodity prices provided tailwinds for economic growth expectations, which translates into a better loan growth, net interest income, and provision outlook for the bank. These macro tailwinds complement our thesis of improving profitability driven by normalized loan provisions, cost efficiencies from technology investments, increasing proportion of higher yielding loans in the portfolio, and cost fund synergies at two recently acquired lending firms.

Macau casino operator **Galaxy Entertainment Group Limited** contributed to performance. Galaxy's stock lagged in the second half of 2021 on concerns around potential adverse changes in gaming regulation. During the first quarter of 2022, it became clearer that regulatory changes would be relatively benign and some of the low-margin junket revenues would be retained as VIP direct volume at much higher margins. We believe Galaxy owns the best assets in Macau, the most attractive intermediate-term development pipeline on the island, and the cleanest balance sheet among its peers.

Table III.
Top detractors from performance for the quarter ended March 31, 2022

	Percent Impact
Tencent Holdings Limited	–0.81%
Taiwan Semiconductor Manufacturing Company Ltd.	–0.75
Zhejiang Dingli Machinery Co., Ltd.	–0.69
Han's Laser Technology Industry Group Co., Ltd	–0.62
Sea Limited	–0.59

Tencent Holdings Limited operates the leading social network and messaging platforms (QQ, WeChat), the largest online entertainment and media business, and the largest online gaming business in China. Shares of

Tencent were down given crackdowns by Chinese regulators on aspects of digital technology and consumerism in an attempt to re-focus investment in China on the community. Despite the near-term regulatory uncertainty, we retain conviction that Tencent can sustain durable growth given its track record of execution, scale, and unique and diversified online assets.

Semiconductor giant **Taiwan Semiconductor Manufacturing Company Ltd.** detracted in the first quarter due to rising geopolitical tensions, macroeconomic uncertainties, and concerns over softening demand for consumer electronics. We retain conviction that Taiwan Semi's technological leadership, pricing power, and exposure to secular growth markets, including high-performance computing, automotive, and IoT, will allow the company to deliver above its 15% to 20% revenue growth target over the next several years.

Zhejiang Dingli Machinery Co., Ltd. is China's largest manufacturer of Aerial Work Platforms (AWPs). Shares fell due to stiff U.S. tariffs and an economic slowdown in China. We remain investors. Dingli is the largest player in the AWP industry, with premium products and 40% market share. The AWP market is significantly underpenetrated in China, and, in our view, there is a long-term structural growth opportunity for rising adoption due to the increasing relative affordability of AWP rentals and a growing focus on worker safety and productivity.

Han's Laser Technology Industry Group Co., Ltd. is the largest Chinese and second largest global laser equipment manufacturer. Shares fell as a result of pandemic-related supply disruptions that impacted orders from large clients. We remain investors. Han's Laser is benefiting from secular trends in industrial automation, a product mix upgrade, and growth in battery equipment sales. The company has an attractive valuation among automation peers, and, in our view, shares do not reflect rapid growth potential in battery equipment sales.

Sea Limited, a global digital gaming and e-commerce company, detracted from performance for the period held. Similar to other online consumer businesses, Sea faced significant multiple compression in the quarter, exacerbated by a slowdown in user growth at its key Free Fire digital game and mounting investments in its e-commerce operation, particularly in new markets like Brazil. We exited our position as we lost confidence in the long-term unit economics in some of Sea's new markets and were concerned by the simultaneous slowdown in revenue growth and increase in underlying cash burn.

Portfolio Structure

Table IV.
Top 10 holdings as of March 31, 2022

	Percent of Net Assets
Taiwan Semiconductor Manufacturing Company Ltd.	5.9%
Tencent Holdings Limited	3.8
Samsung Electronics Co., Ltd.	3.5
Reliance Industries Limited	3.2
Alibaba Group Holding Limited	2.9
Bharti Airtel Limited	2.9
HDFC Bank Limited	2.7
Bajaj Finance Limited	2.5
ICICI Bank Limited	2.4
Yum China Holdings Inc.	2.1

Exposure by Country

Table V.
Percentage of securities by country as of March 31, 2022

	Percent of Net Assets
China	34.7%
India	34.4
Taiwan	7.4
Korea	6.8
Hong Kong	4.0
Japan	3.8
Indonesia	1.7
Thailand	1.0

Exposure by Market Cap: The Fund may invest in companies of any market capitalization, and we have generally been broadly diversified across large-, mid-, and small-cap companies, as we believe developing world companies of all sizes can exhibit attractive growth potential. At the end of the first quarter of 2022, the Fund's median market cap was $15.1 billion, and we were invested 54.3% in giant-cap companies, 31.6% in large-cap companies, 7.0% in mid-cap companies, and 0.9% in small-cap companies as defined by Morningstar, with the remainder in cash.

Recent Activity

As this is our introductory Baron New Asia Fund letter, we will utilize this section to detail our investment philosophy and portfolio positioning across multiple themes and sub-themes that, in our view, differentiate the Fund from other Asia ex-Japan dedicated strategies. We seek to emphasize higher-growth, strategic and forward-looking investment opportunities that are consistent with Asia's pivot in economic development, growing embrace of innovation and intellectual capital, and shift toward greater reliance on domestic consumption. As part of our differentiated strategy, we will typically remain underweight traditional index heavyweights such as **Alibaba Group Holding Limited**, **Taiwan Semiconductor Manufacturing Company Ltd.**, **Samsung Electronics Co., Ltd.**, and **Tencent Holdings Limited**, which together account for over 20% of the MSCI AC Asia ex Japan Index. In our view, these are maturing businesses with longer-term growth and profitability potentially compromised due to regulatory concerns or the evolving relationship between the U.S. and China. The focus of the Fund is to identify and invest in the next generation of local industry leaders that are positioned to emerge as national champions. We believe many such companies are currently under the radar, and generally are smaller in size and market capitalization than typical companies populating the Index and/or peer portfolios. Many of our investments will typically be domiciled in mainland China and trade in the local A share market or are other growth-oriented businesses domiciled in India that are emerging as dominant players in their respective industry verticals. The Fund will also emphasize higher-growth and reform-oriented countries, with China and India comprising the majority of invested capital.

Accordingly, we anticipate that our China value-added theme will comprise a large percentage (12% to 15% as of 3/31/2022) of the portfolio, spanning across multiple investments in strategically important industries that align with China's policy agenda. China is pivoting from lower-value, capital intensive and export-oriented economic activity towards innovation and intellectual capital-based industries and development, particularly targeting advanced manufacturing and technology self-sufficiency. We have identified several sector verticals, which we categorize as sub-themes, that will be key beneficiaries and have populated the portfolio with entrepreneurial, best-in-class businesses with strong competitive moats that are emerging leaders and/or gaining market share. Our China value-added investments are categorized as follows:

- Semiconductors and their related ecosystem
- Advanced manufacturing/industrial
- Artificial Intelligence (AI)/automation/robotics
- SaaS/software/cloud
- Biotechnology/health care
- Sustainability/decarbonization/clean environment

As part of our China semiconductor sub-theme, we have made a few investments, most notably **NAURA Technology Group Co., Ltd.** and **Hua Hong Semiconductor Limited**. According to third-party estimates, China consumes over 25% of the world's semiconductor content (35% including exports), but accounts for only 6% of supply. The significant mismatch creates a structural, long-term opportunity for leading domestic semiconductor foundry and equipment players in China. NAURA is a leading Chinese supplier of semiconductor equipment, including etching, deposition, oxidation/diffusion, and cleaning. We expect that China's continued foundry capacity expansion will boost demand for NAURA's products. Furthermore, we estimate that China's semiconductor equipment localization rate is below 10%, providing NAURA with a long-term opportunity to continue capturing share from foreign suppliers. Hua Hong is China's second-largest foundry and is differentiated by its focus on specialty technology, particularly embedded memory and power discretes. The company's scale, track record of execution, unique process technology, flexible product solutions, and global customer base have allowed it to achieve faster revenue growth with less margin volatility than its local foundry peers. We believe Hua Hong will be a key beneficiary of China's semiconductor localization push over the next decade.

We have also initiated several positions in our China SaaS/software vertical, including **Yonyou Network Technology Co., Ltd.** and **Kingsoft Corporation Ltd.** China's software industry is at an early growth stage. In our view, slowing macroeconomic growth and rising labor costs will continue to drive Chinese companies toward technology adoption to increase operating efficiency. Furthermore, we expect the industry to benefit from government policy support, as IT and software will play a pivotal role in upgrading China's economy from labor-intensive to value-added industries. Yonyou is China's largest Enterprise Resource Planning (ERP) provider. The ERP market is significantly underpenetrated in China, and we believe that Yonyou will be a major beneficiary of Chinese enterprises' digital transformation and software localization. In our view, Yonyou will continue to gain market share from foreign ERP providers, while successfully transitioning to a subscription, cloud-based model, leading to increased recurring revenue and earnings visibility. Kingsoft is a leading Chinese office software, interactive entertainment, and cloud computing company. China's office software market is a duopoly between Kingsoft and Microsoft, with high barriers to entry. We believe this market will grow rapidly over the next decade, driven by increasing productivity software adoption by individuals and businesses, as well as steadily declining software piracy levels. In our view, Kingsoft will capture an outsized portion of this growth, given its strong product offering, cloud collaboration capabilities, and the shift towards domestic software providers.

We were also active in populating our China health care/biotechnology investments by building positions in **WuXi Biologics Cayman Inc.** and **Shenzhen Mindray Bio-Medical Electronics Co., Ltd.**, among others. WuXi is China's largest outsourced manufacturer of biologics drug development with over 75% market share. The company is a key beneficiary of China's booming biotechnology industry as local biotechnology/pharmaceutical players are increasingly outsourcing development and manufacturing to trusted partners such as WuXi. The company has four key innovative technical platforms: 1) WuXiBody Bispecific platform; 2) WuXia (cell line development); 3) WuXiUP (continuous perfusion cell culture); and 4) WuXi Bio ADC, each of which provides a superior service offering to clients. We expect WuXi to deliver over 40% EBITDA growth per annum over the next three to five years. Mindray is China's leading medical devices manufacturer and distributor. The company is benefiting from growing demand for health care services and equipment in China and is gaining market share from multi-national players as various government policies encourage import substitution with high-quality local products and services. Mindray has a strong execution track record and invests meaningfully in R&D, which creates a sustainable competitive moat relative to peers. In our view, the company should generate 20% earnings growth over the next three to five years.

We are also excited about India as an investment destination driven by the implementation of several productivity enhancing economic reforms (GST, PLI, RERA, corporate tax cuts) by the Modi government over the past several years, which are now beginning to yield meaningful results. Such policy initiatives are accelerating formalization of the economy, yielding higher tax collections, attracting foreign direct investment, and driving financialization of household savings, all contributing to the foundation of our investment themes within India. In our view, India is entering a virtuous investment cycle that is further supported by growing domestic consumption owing to attractive demographics, a rising middle class, and growing disposable income. As a result, we believe India is well positioned to be the fastest growing major economy this decade. We are also enthusiastic about India's fast-growing digital ecosystem, which, in our view, is 10 to 15 years behind that of China and is powered by over 600 million (and growing) people who now have access to the internet/mobile broadband. We expect significant investment opportunities to evolve over time as the country's digital economy continues to flourish and scale. As of March 31, India comprised roughly 34% of the portfolio. Our principal investment themes within the country are as follows:

- Digitization
- India consumer finance
- Financialization of savings
- Supply-chain diversification
- Formalization of the economy

As part of our broad digitization theme, which includes e-commerce, logistics, AI, and cloud-related businesses across various countries and industry verticals, we initiated several investments in India, most notably **Reliance Industries Limited** and **Tata Communications Limited**. Reliance is India's leading conglomerate, with business interests in telecommunications, retail, oil refining, and petrochemicals. The company is fast transforming into a digital services platform, leveraging its broadband telco network to offer various internet and e-commerce services to its 400 million-plus mobile subscribers. In addition, Reliance is India's largest organized retailer with growing ambitions to become a dominant omnichannel player as it further scales its online and logistics/delivery capabilities. We believe earnings will sustain 20% growth over the next several years. Tata Communications is a leading enterprise solutions provider in India that also operates one of the largest sub-sea fiber networks across the globe. Over the past few years, the company has transformed from a voice service provider to a customized data enterprise solutions player, offering cloud connectivity, firewall security, VPN, among other high-growth digital services, with a primary focus on small and mid-sized clients.

We were also active in initiating positions in our India consumer finance theme, most notably **Bajaj Finance Limited** and **ICICI Bank Limited**. In our view, consumer credit in India remains underpenetrated, creating secular growth opportunities for best-in-class privately owned banks and financial institutions. Bajaj offers various financial services including consumer durables financing and housing loans, among other products. The company's data analytics platform is a key competitive advantage, which enables it to earn high risk-adjusted returns (ROEs can sustain at over 20%, in our view). Bajaj is fast transforming into India's largest fintech player by creating an ecosystem of apps offering credit, insurance, brokerage services, and wealth management, among many other new products and services. We expect Bajaj to grow earnings by roughly 25% to 30% over the next five years. ICICI is India's second largest private sector bank with a strong capital base and an attractive liability franchise. The company's profitability is improving due to favorable trends in consumer credit and asset quality. We are encouraged by management's focus on improving their customers' experience, partnering with fintech operators via an open architecture, and leveraging data analytics to better tailor product offerings and modernize its mobile banking app to serve customer needs better. We believe these initiatives will allow ICICI to gain share, improve efficiency, and narrow the valuation gap versus other high-quality, private-sector banks in India.

Beyond our China value-added and India-related holdings, we also seek to identify and invest in attractive growth businesses across Asia, particularly in Korea, Taiwan, Indonesia, and Thailand, several of which also stand to benefit from China's drive to achieve technology self-sufficiency. In addition, we are also enthusiastic regarding our sustainability theme, which, in our view, will be a multi-decade growth opportunity as world economies transition from fossil fuels to alternative forms of energy. While regulatory momentum varies across countries, corporate and industry leaders, institutional investors, and consumers are increasingly pivoting toward a lower carbon global footprint, often outrunning regulatory guidance or mandates. A notable investment in our sustainability theme is held through **Hyundai Heavy Industries Co., Ltd.** and **Korea Shipbuilding & Offshore Engineering Co., Ltd.** Hyundai Heavy is a subsidiary of Korea Shipbuilding and both trade publicly. Together they form the world's largest and most technologically advanced marine engine and shipbuilder, which is leading the transition away from diesel towards lower carbon emitting/lower cost LNG powered ships. In our view, the company, headquartered in South Korea, will be a key beneficiary of the "decarbonization of shipping," an industry with much progress to be made. Hyundai Heavy has technology leadership and a dominant market position in eco-friendly LNG dual fueled ships as well as first-mover advantage in next generation ammonia, methanol, and hydrogen shipbuilding. Due to this technological lead and intellectual property, we believe the company is poised to extract substantially greater pricing power and profitability than it has historically, which should also drive multiple expansion for investors. We expect tightening international maritime emission regulations to drive much higher demand for LNG-propelled, and ultimately, carbon-free ships for many years as much of the existing fleet must be replaced.

In addition to the themes highlighted above, we have also made several investments in our Asia consumer theme and actively seek to identify and populate new themes as opportunities arise.

Outlook

"There are decades where **nothing happens**; and there are weeks where decades **happen**." Vladimir Ilyich Lenin

The last week of February 2022 was one of such weeks. Prior to February 24, 2022, we would have argued that equity investing is principally about fundamentals; choosing great entrepreneurs, management teams, and companies that are positioned to prosper from years of growth potential while leveraging sustained competitive advantage or barriers to entry. While we largely still believe this to be true, we also recognize that something changed in the first quarter of 2022 and going forward we must be prepared to embrace greater uncertainty and volatility in the capital markets. In our view, we have exited the 30-plus years of post-Iron Curtain prosperity and peace dividend, and the curtailment of globalization is likely to accelerate. If we are correct that February 24, 2022, marks the beginning of a bull market in geopolitics and security concerns, geopolitical priorities will, from time to time and without warning, subjugate economic and financial interests, a line we seem to have crossed in the aftermath of Russia's invasion of Ukraine. There will be opportunity in this new paradigm, and we believe that forward-looking and thematic investors such as ourselves will have an advantage over others.

As portfolio managers of international and emerging market investment strategies, we have had a ground level view of the war in Ukraine as well as the sea change taking place. Vladimir Putin seeks a total victory in Ukraine, though appears to have grossly miscalculated his hand; China, a recently self-described partner of Russia, likely spoke too soon and would like to be seen as a neutral "Switzerland," but there is no "Switzerland" on the issue of human atrocities and tragedy. As such, we conclude that China prefers de-escalation and Russia's withdrawal, which relieves the pressure to publicly choose a side. NATO would prefer to see regime change in Russia, which is an outcome Putin would seek to avoid at all costs. Regardless of how the war evolves in coming weeks and months, we believe there are some lasting conclusions:

1. Putin has overplayed his position and leaves himself and Russia more vulnerable than before February 24, 2022. Russia has quickly achieved the international pariah status of North Korea, its role outside of the energy and commodity spectrum has been severely diminished, and unfortunately, the Russian people will bear the brunt of the domestic economic pain resulting from Putin's actions.

2. The European Union, NATO, and the U.S./EU alliance have been greatly fortified–the opposite of Putin's intention to split Europe and divide NATO over Russia's invasion of Ukraine. NATO, and in particular, German/EU defense and security spending will rise materially and indefinitely going forward.

3. A new global theme has emerged, which we have dubbed *Global Security*. The new paradigm requires a shift in capital allocation worldwide, toward energy, commodity, and food/agricultural security and infrastructure, as well as an increase in defense spending, perhaps at the expense of industries that prospered most from the fall of the Iron Curtain. The discrediting of Russia as a reliable commercial partner and ongoing de-globalization requires redundancy and localization of key commodities, and investments in commercial and industrial supply chains.

4. NATO responded to Putin's conventional "hardware" war by wielding financial weapons of mass destruction, the likes of which had never been seen. In our view, this is highly likely to accelerate the decline in global demand for dollars that we often reference, while encouraging the longer-term emergence of alternative reserve currencies. We reiterate that we are nearing the end of a multi-year dollar bull market, which ultimately encourages capital flows out of the dollar and favors international and emerging market/Asian equities on a relative basis.

5. India, to us the most attractive of emerging market jurisdictions for long-term investment, is a likely geopolitical winner in this new paradigm, as its strategic value is on the rise as the largest developing world democracy and ally of the U.S. and other NATO members, while it also is the greatest likely beneficiary of multi-national manufacturers' intent to diversify production and supply chains.

The past quarter was a challenging one for investors–and despite a solid start to the year prior to February 24, 2022, particularly challenging for international and emerging market investors. Russian equities were written down to near zero, and Russia will be excluded from the major indexes going forward. While the collateral financial and market impact of Russia's invasion of Ukraine resonated far and wide, perhaps the more pressing question for investors in Asia going forward relates to whether China remains an attractive and viable investment jurisdiction. During the quarter, shortly after experiencing a wholesale loss of capital on Russian exposures, some investors began to fear that investments in China may also present Russia-related geopolitical risk, given China's previous statements regarding its sturdy partnership with Russia. Would China provide military or financial support to directly aid Russia's aggression, and in effect, would China suffer from retaliatory sanctions such as those levied against Russia? While there were several leaks suggesting China might consider such assistance, we consider such reports dangerous and provocative, and discount the likelihood of such events for several reasons, but in sum, *it simply is not in China's interest or demeanor to do so*. While Russia has always been about chaos and disruption, China's mantra is about stability and peace. Russia is a country of minor economic significance with little to lose, while China is a rising superpower with everything to lose. Direct support for Putin's war would surely trigger a strong reaction and substantial isolation, reverse decades of economic progress, and compromise China's strong desire to become the Asian hegemony with a competitive reserve currency. In our view, market speculation regarding China's intentions became wildly exaggerated, but also triggered direct messaging that China desires that Russia de-escalate and seek peace, while economic and regulatory policymakers strongly signaled that they remain sensitive to the concerns of the investor class. We remain encouraged by pervasive evidence of impending regulatory relief, financial easing and economic stimulus in China. While the recent escalation of COVID-related challenges defer China's economic and equity-market recovery somewhat, in our view, the mid-March equity market capitulation represents a bottom for this asset class. We remain optimistic regarding the longer-term outlook for Asian equities, and of course, we remain confident that we have invested in a portfolio of well-positioned and well-managed companies with substantial opportunity ahead.

Thank you for investing in the Baron New Asia Fund.

Sincerely,

Michael Kass and Anuj Aggarwal
Portfolio Managers

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

Risks: Non-U.S. investments may involve additional risks to those inherent in U.S. investments, including exchange-rate fluctuations, political or economic instability, the imposition of exchange controls, expropriation, limited disclosure and illiquid markets. In addition, investments in developing countries may have increased risks due to a greater possibility of settlement delays; currency and capital controls; interest rate sensitivity; corruption and crime; exchange rate volatility; and inflation or deflation. Government actions, bureaucratic obstacles and inconsistent economic reform within the Indian government have had a significant effect on the Indian economy and could adversely affect market conditions, economic growth and the profitability of private enterprises in India. The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

The discussions of the companies herein are not intended as advice to any person regarding the advisability of investing in any particular security. The views expressed in this report reflect those of the respective portfolio manager only through the end of the period stated in this report. The portfolio manager's views are not intended as recommendations or investment advice to any person reading this report and are subject to change at any time based on market and other conditions and Baron has no obligation to update them.

This report does not constitute an offer to sell or a solicitation of any offer to buy securities of Baron New Asia Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

The portfolio manager defines "**Best-in-class**" as well-managed, competitively advantaged, faster growing companies with higher margins and returns on invested capital and lower leverage that are leaders in their respective markets. Note that this statement represents the manager's opinion and is not based on a third-party ranking.

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

Portfolio Market Capitalization (Unaudited)

Baron Asset Fund

Baron Asset Fund invests in mid-sized growth companies with market capitalizations above $2.5 billion or the smallest market cap stock in the Russell Midcap Growth Index at reconstitution, whichever is larger, and below the largest market cap stock in the Russell Midcap Growth Index at reconstitution.

Company	Equity Market Cap (in millions)	% of Net Assets
The Charles Schwab Corp.	$159,676	2.9%
Equinix, Inc.	67,281	1.0
Fidelity National Information Services, Inc.	61,215	1.1
Illumina, Inc.	54,882	1.4
Roper Technologies Inc.	49,869	2.3
DexCom, Inc.	49,825	1.6
IDEXX Laboratories, Inc.	46,089	6.8
Rivian Automotive, Inc.	45,244	0.4
Amphenol Corporation	45,130	1.3
MSCI, Inc.	40,868	0.3
SBA Communications Corp.	37,169	2.0
Verisk Analytics, Inc.	34,616	3.8
T. Rowe Price Group, Inc.	34,443	0.7
The Trade Desk	33,575	0.8
Veeva Systems Inc.	32,795	1.8
Alexandria Real Estate Equities, Inc.	32,189	0.8
Mettler-Toledo International, Inc.	31,220	5.0
West Pharmaceutical Services, Inc.	30,508	3.1
CBRE Group, Inc.	30,414	0.9
First Republic Bank	29,026	0.6
Willis Towers Watson Public Limited Company	27,814	0.7
ANSYS, Inc.	27,644	3.4
CoStar Group, Inc.	26,310	3.0
Verisign, Inc.	24,508	2.4
Gartner, Inc.	24,477	8.0
CDW Corporation	24,140	1.3
ZoomInfo Technologies Inc.	24,099	1.9
Liberty Broadband Corporation	22,617	0.6
HubSpot, Inc.	22,593	0.6
The Cooper Companies, Inc.	20,588	1.7
Tradeweb Markets Inc.	$20,576	0.5%
TransUnion	19,883	2.8
SS&C Technologies Holdings, Inc.	19,235	1.1
Arch Capital Group Ltd.	18,330	2.0
Rollins, Inc.	17,261	1.1
argenx SE	17,027	0.3
Bio-Techne Corporation	17,013	3.2
EPAM Systems, Inc.	16,871	0.6
Teleflex Incorporated	16,642	1.4
FactSet Research Systems, Inc.	16,410	3.0
IDEX Corporation	14,592	1.2
MarketAxess Holdings Inc.	12,872	1.6
Fair Isaac Corporation	12,258	1.3
Clarivate Plc	11,457	0.5
Aspen Technology, Inc.	11,024	1.2
Vail Resorts, Inc.	10,555	2.9
Hyatt Hotels Corp.	10,498	1.0
Ceridian HCM Holding Inc.	10,262	2.1
Avalara, Inc.	8,706	0.7
Guidewire Software, Inc.	7,905	2.5
Choice Hotels International, Inc.	7,877	1.4
Bright Horizons Family Solutions, Inc.	7,866	0.4
Guardant Health, Inc.	6,748	0.4
Wix.com Ltd.	5,950	0.7
Clearwater Analytics Holdings, Inc.	4,976	0.4
Warby Parker Inc.	3,886	0.1
Tripadvisor, Inc.	3,761	0.6
Diversey Holdings, Ltd.	2,454	0.2
		97.4%

Baron Growth Fund

Baron Growth Fund invests in small-sized growth companies with market capitalizations up to the largest market cap stock in the Russell 2000 Growth Index at reconstitution, or companies with market capitalizations up to $2.5 billion, whichever is larger.

Company	Equity Market Cap (in millions)	% of Net Assets
IDEXX Laboratories, Inc.	$46,089	4.3%
MSCI, Inc.	40,868	9.9
Alexandria Real Estate Equities, Inc.	32,189	1.8
Mettler-Toledo International, Inc.	31,220	1.3
West Pharmaceutical Services, Inc.	30,508	2.5
ANSYS, Inc.	27,644	4.1
CoStar Group, Inc.	26,310	4.3
Gartner, Inc.	24,477	5.6
SS&C Technologies Holdings, Inc.	19,235	1.5
Arch Capital Group Ltd.	18,330	5.4
The Carlyle Group Inc.	17,428	1.1
Bio-Techne Corporation	17,013	4.3
FactSet Research Systems, Inc.	16,410	6.3
Morningstar, Inc.	11,736	3.2
Gaming and Leisure Properties, Inc.	11,617	3.1
Vail Resorts, Inc.	10,555	6.3
Guidewire Software, Inc.	7,905	1.2
Choice Hotels International, Inc.	7,877	5.2
Bright Horizons Family Solutions, Inc.	7,866	2.1
Trex Company, Inc.	7,471	1.2
Boyd Gaming Corporation	7,234	0.3
Penn National Gaming, Inc.	7,140	2.9
Marriott Vacations Worldwide Corp.	6,640	2.4
Pegasystems, Inc.	6,584	1.0
Littelfuse, Inc.	6,158	0.2

Company	Equity Market Cap (in millions)	% of Net Assets
Houlihan Lokey, Inc.	$5,915	0.5%
Douglas Emmett, Inc.	5,873	1.5
Dechra Pharmaceuticals PLC	5,775	0.4
Primerica, Inc.	5,348	2.7
Red Rock Resorts, Inc.	5,208	1.0
Kinsale Capital Group, Inc.	5,208	2.8
Iridium Communications Inc.	5,176	3.9
Altair Engineering Inc.	5,130	0.6
Marel hf.	4,521	0.3
Essent Group Ltd.	4,485	0.3
Cohen & Steers, Inc.	4,181	2.0
Denali Therapeutics Inc.	3,952	0.1
Moelis & Company	3,541	0.3
Sweetgreen, Inc.	3,528	0.0
Neogen Corp.	3,323	0.4
Krispy Kreme, Inc.	2,484	0.1
Schrodinger, Inc.	2,424	0.1
Manchester United plc	2,383	0.2
American Assets Trust, Inc.	2,293	0.1
Velo3D, Inc.	1,709	0.4
Mirion Technologies, Inc.	1,679	0.1
BrightView Holdings, Inc.	1,352	0.2
OneSpa World Holdings Limited	939	0.0
		99.5%

Baron Small Cap Fund

Baron Small Cap Fund invests 80% of its net assets in small-sized growth companies with market capitalizations up to the largest market cap stock in the Russell 2000 Growth Index at reconstitution, or companies with market capitalizations up to $2.5 billion, whichever is larger.

Company	Equity Market Cap (in millions)	% of Net Assets
DexCom, Inc.	$49,825	1.9%
IDEXX Laboratories, Inc.	46,089	0.7
SBA Communications Corp.	37,169	1.9
TransDigm Group, Inc.	36,136	1.8
Waste Connections, Inc.	35,949	1.4
The Trade Desk	33,575	1.1
Mettler-Toledo International, Inc.	31,220	1.0
Gartner, Inc.	24,477	5.7
Liberty Broadband Corporation	22,617	0.8
ICON Plc	19,836	3.7
Liberty Media Corporation – Liberty Formula One	15,966	1.8
Liberty SiriusXM Group	15,245	0.6
Cognex Corporation	13,416	2.0
Clarivate Plc	11,457	1.0
Aspen Technology, Inc.	11,024	2.9
Nuvei Corporation	10,745	1.2
Ceridian HCM Holding Inc.	10,262	1.3
Floor & Decor Holdings, Inc.	8,574	2.2
WEX Inc.	8,000	1.0
DraftKings, Inc.	7,957	0.4
Guidewire Software, Inc.	7,905	2.5
Bright Horizons Family Solutions, Inc.	7,866	1.8
Berry Global Group, Inc.	7,832	0.7
Planet Fitness, Inc.	7,691	1.5
Americold Realty Trust	7,490	1.1
Trex Company, Inc.	7,471	1.0
Endava plc	7,413	2.2
SiteOne Landscape Supply, Inc.	7,256	2.6
Penn National Gaming, Inc.	7,140	0.9
Inspire Medical Systems, Inc.	7,072	1.7
Guardant Health, Inc.	6,748	0.4
ASGN Incorporated	6,022	3.9
Wix.com Ltd.	5,950	0.5
Houlihan Lokey, Inc.	5,915	1.2
Dechra Pharmaceuticals PLC	5,775	1.2
HealthEquity, Inc.	5,653	1.2
RBC Bearings Incorporated	5,599	1.1

Company	Equity Market Cap (in millions)	% of Net Assets
Vertiv Holdings, LLC	$5,264	1.9%
Red Rock Resorts, Inc.	5,208	2.4
Kinsale Capital Group, Inc.	5,208	2.5
Altair Engineering Inc.	5,130	1.0
Clearwater Analytics Holdings, Inc.	4,976	0.4
Progyny, Inc.	4,690	0.6
Avient Corporation	4,403	1.9
Driven Brands Holdings Inc.	4,402	1.1
Madison Square Garden Sports Corp.	4,344	0.9
Jamf Holding Corp.	4,163	0.1
The AZEK Company Inc.	3,851	0.8
John Bean Technologies Corporation	3,764	1.3
Mercury Systems, Inc.	3,658	1.5
Figs Inc.	3,544	0.3
Sweetgreen, Inc.	3,528	0.4
First Advantage Corporation	3,088	1.3
BRP Group, Inc.	3,084	1.7
Axonics, Inc.	2,940	1.4
Madison Square Garden Entertainment Corp.	2,850	0.3
Shoals Technologies Group, Inc.	2,847	0.4
Installed Building Products, Inc.	2,811	2.5
E2open Inc.	2,655	1.3
Kratos Defense & Security Solutions, Inc.	2,553	1.0
The Beauty Health Company	2,542	0.7
Hillman Solutions Corp.	2,305	0.8
The Cheesecake Factory, Inc.	2,099	1.1
UTZ Brands, Inc.	2,022	1.0
European Wax Center, Inc.	1,876	1.0
CryoPort, Inc.	1,735	0.2
Holley Inc.	1,641	1.3
Membership Collective Group Inc.	1,576	0.2
Repay Holdings Corporation	1,336	1.2
Janus International Group, Inc.	1,319	0.8
SmartRent, Inc.	982	0.4
Grid Dynamics Holdings, Inc.	943	0.5
Paya Holdings Inc.	774	0.1
MaxCyte, Inc.	716	0.3
		96.5%

Baron Opportunity Fund

Baron Opportunity Fund invests in high growth businesses of any market capitalization selected for their capital appreciation potential.

Company	Equity Market Cap (in millions)	% of Net Assets
Microsoft Corporation	$2,311,359	11.9%
Alphabet Inc.	1,842,326	8.5
Amazon.com, Inc.	1,658,807	6.3
Tesla, Inc.	1,113,708	4.5
NVIDIA Corporation	684,879	4.2
Visa, Inc.	480,023	2.5
Mastercard Incorporated	349,331	2.0
Adobe Inc.	215,281	0.9
Netflix, Inc.	166,304	0.7
ServiceNow, Inc.	111,378	1.9
Intuitive Surgical, Inc.	108,362	1.2
Shopify Inc.	85,211	0.7
Atlassian Corporation Plc	74,482	1.1
Edwards Lifesciences Corp.	73,141	1.2
Snowflake Inc.	72,084	1.0
Equinix, Inc.	67,281	0.8
Adyen N.V.	61,202	0.5
Workday, Inc.	60,583	1.9
MercadoLibre, Inc.	59,972	0.8
Snap Inc.	58,458	1.3
Illumina, Inc.	54,882	1.1
CrowdStrike, Inc.	52,403	1.5
Datadog, Inc.	47,548	1.0
Rivian Automotive, Inc.	45,244	3.8
Electronic Arts Inc.	35,577	1.3
The Trade Desk	$33,575	0.8%
MongoDB, Inc.	29,972	1.3
CoStar Group, Inc.	26,310	1.9
Gartner, Inc.	24,477	2.9
ZoomInfo Technologies Inc.	24,099	3.7
HubSpot, Inc.	22,593	1.2
Take-Two Interactive Software, Inc.	17,744	1.0
argenx SE	17,027	2.7
Endeavor Group Holdings, Inc.	13,363	1.5
Ceridian HCM Holding Inc.	10,262	2.1
Guidewire Software, Inc.	7,905	1.4
Endava plc	7,413	2.1
ShockWave Medical, Inc.	7,393	2.0
Wix.com Ltd.	5,950	0.6
Arrowhead Pharmaceuticals, Inc.	4,850	1.6
Figs Inc.	3,544	1.2
CareDx, Inc.	1,961	0.8
Navitas Semiconductor Corporation	1,210	0.6
indie Semiconductor, Inc.	1,141	1.1
eDreams ODIGEO SA	1,136	0.3
PAR Technology Corporation	1,087	0.9
similarweb Ltd.	969	1.0
Innovid Corp.	796	0.8
		96.1%

Baron Partners Fund

Baron Partners Fund is a non-diversified fund that invests primarily in U.S. companies of any size with significant growth potential.

Company	Equity Market Cap (in millions)	% of Total Investments
Tesla, Inc.	$1,113,708	49.0%
The Charles Schwab Corp.	159,676	3.7
Brookfield Asset Management Inc.	88,634	0.6
Shopify Inc.	85,211	1.5
Adyen N.V.	61,202	1.3
IDEXX Laboratories, Inc.	46,089	4.9
MSCI, Inc.	40,868	1.0
Spotify Technology S.A.	29,095	2.5
CoStar Group, Inc.	26,310	5.5
Gartner, Inc.	24,477	2.3
Applovin Corporation	20,697	0.1
HEICO Corporation	18,688	0.4
Arch Capital Group Ltd.	18,330	3.6
FactSet Research Systems, Inc.	16,410	3.5
Gaming and Leisure Properties, Inc.	11,617	1.0
Vail Resorts, Inc.	$10,555	3.1%
Hyatt Hotels Corp.	10,498	3.6
Dick's Sporting Goods, Inc.	7,987	0.2
On Holding AG	7,911	0.1
Guidewire Software, Inc.	7,905	1.0
Penn National Gaming, Inc.	7,140	0.3
Marriott Vacations Worldwide Corp.	6,640	1.2
Douglas Emmett, Inc.	5,873	0.4
Red Rock Resorts, Inc.	5,208	0.5
Iridium Communications Inc.	5,176	1.8
Cohen & Steers, Inc.	4,181	0.5
Krispy Kreme, Inc.	2,484	0.2
Manchester United plc	2,383	0.5
		94.3%

Baron Fifth Avenue Growth Fund

Baron Fifth Avenue Growth Fund invests in large-sized growth companies with market capitalizations no smaller than the top 85th percentile by total market capitalization of the Russell 1000 Growth Index at June 30, or companies with market capitalizations above $10 billion, whichever is smaller.

Company	Equity Market Cap (in millions)	% of Net Assets
Alphabet Inc.	$1,842,326	8.0%
Amazon.com, Inc.	1,658,807	9.2
Tesla, Inc.	1,113,708	4.0
NVIDIA Corporation	684,879	5.9
Meta Platforms, Inc.	605,251	2.1
Mastercard Incorporated	349,331	5.3
ASML Holding N.V.	274,295	2.4
Adobe Inc.	215,281	3.7
ServiceNow, Inc.	111,378	5.5
Intuitive Surgical, Inc.	108,362	3.8
Shopify Inc.	85,211	4.0
Block, Inc.	78,656	2.8
Snowflake Inc.	72,084	4.1
Adyen N.V.	61,202	2.1
MercadoLibre, Inc.	59,972	2.3
Illumina, Inc.	$54,882	2.5%
CrowdStrike, Inc.	52,403	4.5
Datadog, Inc.	47,548	3.0
Rivian Automotive, Inc.	45,244	4.5
Cloudflare, Inc.	38,939	1.7
Veeva Systems Inc.	32,795	2.9
Twilio Inc.	29,917	2.6
ZoomInfo Technologies Inc.	24,099	3.6
argenx SE	17,027	2.2
EPAM Systems, Inc.	16,871	2.5
10X Genomics, Inc.	8,584	1.0
GitLab Inc.	7,998	0.6
Endava plc	7,413	2.0
		98.8%

Baron Focused Growth Fund

Baron Focused Growth Fund is a non-diversified fund that invests in small and mid-sized growth companies with market capitalizations up to the largest market cap stock in the Russell Midcap Growth Index at reconstitution.

Company	Equity Market Cap (in millions)	% of Net Assets
Tesla, Inc.	$1,113,708	27.7%
MSCI, Inc.	40,868	2.5
Spotify Technology S.A.	29,095	3.3
CoStar Group, Inc.	26,310	4.9
HEICO Corporation	18,688	0.7
Arch Capital Group Ltd.	18,330	5.5
MGM Resorts International	18,258	2.1
FactSet Research Systems, Inc.	16,410	4.5
American Homes 4 Rent	13,941	1.1
Vail Resorts, Inc.	10,555	4.4
Hyatt Hotels Corp.	10,498	6.0
Guidewire Software, Inc.	$7,905	4.2%
Jefferies Financial Group Inc.	7,891	2.2
Choice Hotels International, Inc.	7,877	2.8
Boyd Gaming Corporation	7,234	1.2
Penn National Gaming, Inc.	7,140	2.5
Red Rock Resorts, Inc.	5,208	2.3
Iridium Communications Inc.	5,176	3.2
Krispy Kreme, Inc.	2,484	1.8
Velo3D, Inc.	1,709	0.8
Mirion Technologies, Inc.	1,679	1.7
		85.4%

Baron International Growth Fund

Baron International Growth Fund is a diversified fund that invests in non-U.S companies with significant growth potential. Investments may be made across all market capitalizations. The Fund invests principally in companies of developed countries and may invest up to 35% in companies of developing countries.

Company	Equity Market Cap (in millions)	% of Net Assets
Taiwan Semiconductor Manufacturing Company Ltd.	$540,729	1.6%
Tencent Holdings Limited	446,207	1.0
Nestle S.A.	366,174	1.8
LVMH Moet Hennessy Louis Vuitton SE	362,617	1.0
Alibaba Group Holding Limited	294,947	1.0
Reliance Industries Limited	235,233	1.4
AstraZeneca PLC	205,579	2.1
Linde plc	162,247	2.0
AIA Group Limited	127,332	0.5
Keyence Corporation	115,471	1.6
HDFC Bank Limited	107,607	0.7
JD.com, Inc.	90,219	0.3
Glencore PLC	86,508	2.1
Tokyo Electron Limited	80,794	0.9
Recruit Holdings Co., Ltd.	75,297	1.1
Compagnie Financiere Richemont SA	73,325	0.7
BNP Paribas S.A.	70,909	1.5
Industria de Diseno Textil, S.A.	68,197	1.1
Midea Group Co., Ltd.	62,860	0.6
Shenzhen Mindray Bio-Medical Electronics Co., Ltd.	58,729	0.4
Bajaj Finance Limited	58,002	1.1
Pernod Ricard SA	57,737	1.7
Bharti Airtel Limited	56,767	0.5
China Tourism Group Duty Free Corporation Limited	50,595	0.3
Universal Music Group N.V.	48,536	0.9
Grupo Mexico, S.A.B. de C.V.	46,577	1.2
Baidu, Inc.	45,716	0.7
Lloyds Banking Group plc	43,384	1.1
Agilent Technologies, Inc.	39,714	1.0
Constellation Software, Inc.	36,225	1.6
Experian plc	35,749	1.0
Z Holdings Corporation	32,989	1.3
Cellnex Telecom, S.A.	32,848	0.9
Koninklijke DSM N.V.	31,421	1.3
Telefonaktiebolaget LM Ericsson	30,607	0.3
Techtronic Industries Co. Ltd.	29,719	0.4
Spotify Technology S.A.	29,095	0.4
Agnico Eagle Mines Limited	27,829	1.1
Will Semiconductor Co., Ltd.	26,701	0.2
Epiroc AB	24,789	1.5
Genmab A/S	23,783	0.9
Renesas Electronics Corporation	22,287	1.0
Credit Suisse Group AG	21,056	0.3
B3 S.A. – Brasil, Bolsa, Balcao	20,125	0.7
Eurofins Scientific SE	19,128	1.4
Yum China Holdings Inc.	18,885	0.5
Arch Capital Group Ltd.	18,330	1.9
Newcrest Mining Limited	18,035	0.5
Hapvida Participacoes e Investimentos S.A.	17,762	0.4
Tenaris S.A.	17,749	1.2
argenx SE	17,027	1.6
XP Inc.	16,842	0.5
Symrise AG	16,730	1.2
Credicorp Ltd.	16,222	0.8
Suzano S.A.	15,768	1.4

Company	Equity Market Cap (in millions)	% of Net Assets
Vivendi SA	$14,520	0.9%
Yonyou Network Technology Co., Ltd.	12,406	0.3
MonotaRO Co., Ltd.	11,040	0.6
Hyundai Heavy Industries Co., Ltd.	8,533	1.0
CAE Inc.	8,251	0.5
IGO Limited	8,129	0.8
Dino Polska S.A.	7,945	0.6
Kingdee International Software Group Co. Ltd.	7,725	0.4
GDS Holdings Limited	7,479	0.3
Endava plc	7,413	0.9
Full Truck Alliance Co. Ltd.	7,243	0.6
B&M European Value Retail S.A.	7,026	1.0
Han's Laser Technology Industry Group Co., Ltd	6,360	0.5
Godrej Properties Limited	6,135	0.7
Stevanato Group S.p.A	5,992	1.0
Wix.com Ltd.	5,950	0.3
Clariant AG	5,780	1.0
Dechra Pharmaceuticals PLC	5,775	0.8
Hua Hong Semiconductor Limited	5,533	0.3
China Conch Venture Holdings Ltd.	5,340	0.6
Korea Shipbuilding & Offshore Engineering Co., Ltd.	5,074	1.3
Kingsoft Corporation Ltd.	4,443	0.6
Zai Lab Limited	4,240	0.5
Future plc	4,129	1.5
NEXTDC Limited	4,023	0.5
Watches of Switzerland Group Limited	3,588	1.1
Max Financial Services Limited	3,434	0.5
InPost S.A.	3,186	0.7
Befesa S.A.	3,146	2.0
Nippon Life India Asset Management Limited	2,854	0.5
Estun Automation Co., Ltd.	2,754	0.6
SMS Co., Ltd.	2,405	1.2
China Conch Environment Protection Holdings Limited	2,285	0.3
S4 Capital plc	2,109	0.9
Ceres Power Holdings plc	1,849	0.6
Aker Carbon Capture AS	1,571	0.8
AMG Advanced Metallurgical Group N.V.	1,407	2.1
J D Wetherspoon plc	1,322	0.7
Afya Limited	1,310	0.7
Taboola.com Ltd.	1,228	0.3
eDreams ODIGEO SA	1,136	1.7
Meyer Burger Technology Ltd	1,124	0.7
similarweb Ltd.	969	0.2
JM Financial Limited	851	0.3
Innovid Corp.	796	0.3
Waga Energy SA	789	1.6
Edelweiss Financial Services Limited	731	0.3
TCS Group Holding PLC	636	0.0
Okamoto Industries, Inc.	611	0.5
Mister Spex SE	335	0.4
ION Acquisition Corp. 3 Ltd.	315	0.2
Sberbank of Russia PJSC	245	0.0
WANdisco plc	234	0.3
Novatek PJSC	197	0.0
		93.2%

Baron Real Estate Fund

Baron Real Estate Fund is a diversified fund that invests 80% of its net assets in equity securities of U.S. and non-U.S. real estate and real estate-related companies of any size. The Fund's investment in non-U.S. companies will not exceed 25%.

Company	Equity Market Cap (in millions)	% of Net Assets
Home Depot, Inc.	$309,313	0.4%
Blackstone Inc.	151,888	1.7
Lowe's Companies, Inc.	133,761	2.1
Prologis, Inc.	119,454	1.3
American Tower Corp.	114,527	3.4
Brookfield Asset Management Inc.	88,634	5.1
Public Storage Incorporated	68,438	2.2
Equinix, Inc.	67,281	1.0
Simon Property Group, Inc.	43,198	1.1
Equity Residential	33,803	3.1
Alexandria Real Estate Equities, Inc.	32,189	0.9
CBRE Group, Inc.	30,414	3.0
Las Vegas Sands Corporation	29,696	2.8
D.R. Horton, Inc.	26,403	0.3
CoStar Group, Inc.	26,310	1.6
Galaxy Entertainment Group Limited	26,158	0.6
Invitation Homes, Inc.	24,416	2.5
Vulcan Materials Company	24,413	2.6
Lennar Corporation	23,413	0.6
MGM Resorts International	18,258	3.8
Pool Corporation	16,967	0.5
Caesars Entertainment Corporation	16,565	2.1
Equity Lifestyle Properties, Inc.	14,226	1.3
Rexford Industrial Realty, Inc.	11,974	1.2
Jones Lang LaSalle Incorporated	11,946	3.9
Gaming and Leisure Properties, Inc.	11,617	1.1
Vail Resorts, Inc.	10,555	2.3
Hyatt Hotels Corp.	$10,498	1.9%
Fortune Brands Home & Security, Inc.	9,831	0.4
Floor & Decor Holdings, Inc.	8,574	1.1
GDS Holdings Limited	7,479	1.5
Trex Company, Inc.	7,471	0.6
SiteOne Landscape Supply, Inc.	7,256	1.0
Boyd Gaming Corporation	7,234	5.4
Penn National Gaming, Inc.	7,140	1.7
Marriott Vacations Worldwide Corp.	6,640	3.6
Hilton Grand Vacations Inc.	6,248	1.9
Douglas Emmett, Inc.	5,873	0.1
The Howard Hughes Corporation	5,604	2.3
Toll Brothers, Inc.	5,515	0.5
Red Rock Resorts, Inc.	5,208	2.9
Kite Realty Group Trust	4,989	1.2
Travel + Leisure Co.	4,966	3.0
NEXTDC Limited	4,023	0.8
The AZEK Company Inc.	3,851	1.3
Tripadvisor, Inc.	3,761	0.5
Six Flags Entertainment Corporation	3,752	2.9
Madison Square Garden Entertainment Corp.	2,850	1.5
Hillman Solutions Corp.	2,305	0.4
SmartRent, Inc.	982	0.3
RXR Acquisition Corp.	420	0.7
Tishman Speyer Innovation Corp. II	368	0.2
Fifth Wall Acquisition Corp III	343	0.7
		90.9%

Baron Emerging Markets Fund

Baron Emerging Markets Fund is a diversified fund that invests 80% of its net assets in non-U.S. companies of all sizes domiciled, headquartered or whose primary business activities or principal trading markets are in developing countries. The Fund may invest up to 20% in companies in developed market countries and in Frontier Countries.

Company	Equity Market Cap (in millions)	% of Net Assets
Taiwan Semiconductor Manufacturing Company Ltd.	$540,729	5.2%
Tencent Holdings Limited	446,207	3.5
Samsung Electronics Co., Ltd.	340,342	3.7
Alibaba Group Holding Limited	294,947	2.7
Reliance Industries Limited	235,233	2.5
AIA Group Limited	127,332	0.8
Keyence Corporation	115,471	1.0
HDFC Bank Limited	107,607	1.1
JD.com, Inc.	90,219	1.0
Glencore PLC	86,508	3.1
Wal-Mart de Mexico, S.A.B. de C.V.	71,918	1.8
ICICI Bank Limited	66,930	1.0
Midea Group Co., Ltd.	62,860	1.3
Hong Kong Exchanges and Clearing Limited	60,112	0.2
Shenzhen Mindray Bio-Medical Electronics Co., Ltd.	58,729	0.7
Bajaj Finance Limited	58,002	2.2
Housing Development Finance Corporation Limited	57,194	0.5
Bharti Airtel Limited	56,767	1.5
China Tourism Group Duty Free Corporation Limited	50,595	0.7
PT Bank Rakyat Indonesia (Persero) Tbk	49,174	1.4
Grupo Mexico, S.A.B. de C.V.	46,577	1.5
Baidu, Inc.	45,716	1.3
Asian Paints Limited	38,988	0.5
Budweiser Brewing Company APAC Limited	35,250	0.9
WuXi Biologics Cayman Inc.	35,006	0.5
Techtronic Industries Co. Ltd.	29,719	0.8
Titan Company Limited	29,714	0.6
NARI Technology Co. Ltd.	27,696	0.7
Will Semiconductor Co., Ltd.	26,701	0.4
Galaxy Entertainment Group Limited	26,158	0.8
Delta Electronics, Inc.	24,342	1.1
China Mengniu Dairy Co. Ltd.	21,297	1.4
B3 S.A. – Brasil, Bolsa, Balcao	20,125	0.9
Shenzhou International Group Holdings Ltd.	20,111	0.9
Yum China Holdings Inc.	18,885	1.2
Beijing Oriental Yuhong Waterproof Technology Co., Ltd.	17,851	0.7
Hapvida Participacoes e Investimentos S.A.	17,762	0.7
Tenaris S.A.	17,749	1.3
XP Inc.	16,842	0.7
China Molybdenum Co., Ltd.	16,563	0.8
Yunnan Baiyao Group Co., Ltd.	16,546	1.0
Credicorp Ltd.	16,222	1.1
Suzano S.A.	15,768	1.9
Divi's Laboratories Ltd.	15,422	1.1
SBI Life Insurance Company Limited	14,805	1.1
Hangzhou Tigermed Consulting Co., Ltd.	14,210	0.8
Gold Fields Limited	13,779	1.3
Yonyou Network Technology Co., Ltd.	12,406	0.4
BDO Unibank, Inc.	11,247	1.0
Godrej Consumer Products Limited	10,085	0.4
Ayala Land, Inc.	$10,022	0.8%
Localiza Rent a Car S.A.	9,734	1.2
Tata Consumer Products Limited	9,449	0.6
Glodon Company Limited	9,316	0.4
ICICI Lombard General Insurance Company Limited	8,605	0.7
Hyundai Heavy Industries Co., Ltd.	8,533	1.0
Kingdee International Software Group Co. Ltd.	7,725	0.7
GDS Holdings Limited	7,479	0.6
Full Truck Alliance Co. Ltd.	7,243	0.9
PT Merdeka Copper Gold Tbk	7,224	0.4
Muthoot Finance Ltd.	7,049	0.9
Yandex N.V.	6,794	0.0
Yantai Jereh Oilfield Services Group Co., Ltd.	6,365	0.6
Han's Laser Technology Industry Group Co., Ltd	6,360	1.3
Godrej Properties Limited	6,135	0.8
Americanas S.A.	6,123	0.5
Hua Hong Semiconductor Limited	5,533	0.6
China Conch Venture Holdings Ltd.	5,340	1.4
Fix Price Group Ltd.	5,104	0.0
Korea Shipbuilding & Offshore Engineering Co., Ltd.	5,074	1.8
Tata Communications Limited	4,621	1.1
Jubilant FoodWorks Limited	4,592	0.5
Aarti Industries Limited	4,577	0.7
Kingsoft Corporation Ltd.	4,443	1.0
Zai Lab Limited	4,240	0.7
Banco Inter S.A.	3,791	0.3
StoneCo Ltd.	3,615	0.4
Zhejiang Dingli Machinery Co., Ltd.	3,583	0.7
Max Financial Services Limited	3,434	1.0
Korea Aerospace Industries, LTD.	3,390	0.6
InPost S.A.	3,186	0.7
Venustech Group Inc.	3,075	0.7
Nippon Life India Asset Management Limited	2,854	0.8
Estun Automation Co., Ltd.	2,754	1.1
Ozon Holdings PLC	2,509	0.0
China Conch Environment Protection Holdings Limited	2,285	0.7
Network International Holdings Ltd.	2,064	0.3
Azul S.A.	1,739	0.3
Shanghai Henlius Biotech, Inc.	1,443	0.1
Afya Limited	1,310	0.4
ACM Research, Inc.	1,145	0.3
PJSC Polyus	1,061	0.0
Aeris Industria Comercio Equipamentos Geracao Energia SA	933	0.4
JM Financial Limited	851	0.5
Edelweiss Financial Services Limited	731	0.4
TCS Group Holding PLC	636	0.0
Sberbank of Russia PJSC	245	0.0
Codere Online Luxembourg, S.A.	229	0.2
Novatek PJSC	197	0.0
		92.8%

Baron Global Advantage Fund

Baron Global Advantage Fund is a diversified fund that invests primarily in established and emerging markets companies located throughout the world with capitalization within the range of companies included in the MSCI ACWI Index.

Company	Equity Market Cap (in millions)	% of Net Assets
Alphabet Inc.	$1,842,326	5.3%
Amazon.com, Inc.	1,658,807	6.0
Tesla, Inc.	1,113,708	1.6
NVIDIA Corporation	684,879	2.2
ASML Holding N.V.	274,295	1.5
Meituan Inc.	122,793	1.0
Shopify Inc.	85,211	3.0
Snowflake Inc.	72,084	3.0
Sea Limited	66,484	1.0
Adyen N.V.	61,202	1.8
MercadoLibre, Inc.	59,972	3.8
Bajaj Finance Limited	58,002	3.1
Illumina, Inc.	54,882	2.1
CrowdStrike, Inc.	52,403	3.8
Datadog, Inc.	47,548	2.4
Rivian Automotive, Inc.	45,244	4.6
Cloudflare, Inc.	38,939	2.6
Zscaler, Inc.	34,041	1.7
Veeva Systems Inc.	32,795	2.3
Coupang, LLC	31,040	1.1
Twilio Inc.	29,917	2.1
ZoomInfo Technologies Inc.	24,099	3.6
Okta, Inc.	23,655	0.9
Bill.com Holdings, Inc.	23,492	1.8
argenx SE	$17,027	3.6%
EPAM Systems, Inc.	16,871	2.5
Globant, S.A.	10,979	1.3
Nuvei Corporation	10,745	1.8
DLocal Limited	9,223	1.3
SoFi Technologies, Inc.	8,604	1.3
10X Genomics, Inc.	8,584	1.1
Zomato Limited	8,550	0.5
GDS Holdings Limited	7,479	0.7
Endava plc	7,413	5.6
Guardant Health, Inc.	6,748	1.0
Wix.com Ltd.	5,950	1.4
Arrowhead Pharmaceuticals, Inc.	4,850	1.0
Zai Lab Limited	4,240	0.8
InPost S.A.	3,186	0.8
Fiverr International Ltd.	2,796	1.4
Schrodinger, Inc.	2,424	0.9
Afya Limited	1,310	1.2
Taboola.com Ltd.	1,228	0.8
Innovid Corp.	796	1.2
MaxCyte, Inc.	716	0.8
Sarissa Capital Acquisition Corp.	248	0.8
Codere Online Luxembourg, S.A.	229	0.5
		94.6%

Baron Discovery Fund

Baron Discovery Fund invests in small-sized growth companies with market capitalizations up to the largest market cap stock in the Russell 2000 Growth Index at reconstitution, or companies with market capitalizations up to $2.5 billion, whichever is larger.

Company	Equity Market Cap (in millions)	% of Net Assets
Liberty Media Corporation – Liberty Formula One	$15,966	0.8%
Dynatrace Holdings LLC	13,459	0.9
Rexford Industrial Realty, Inc.	11,974	3.1
Axon Enterprise, Inc.	9,778	1.6
Floor & Decor Holdings, Inc.	8,574	2.0
GitLab Inc.	7,998	0.5
American Campus Communities, Inc.	7,789	2.1
Trex Company, Inc.	7,471	0.9
Endava plc	7,413	2.6
SiteOne Landscape Supply, Inc.	7,256	1.8
Boyd Gaming Corporation	7,234	2.8
Inspire Medical Systems, Inc.	7,072	0.8
Chart Industries, Inc.	6,287	1.0
Azenta, Inc.	6,209	0.9
RBC Bearings Incorporated	5,599	0.6
Qualys, Inc.	5,558	2.0
Allegro MicroSystems, Inc.	5,394	1.3
Red Rock Resorts, Inc.	5,208	1.0
Kinsale Capital Group, Inc.	5,208	3.7
Petco Health and Wellness Company, Inc.	5,191	2.1
Varonis Systems, Inc.	5,111	1.9
Novanta Inc.	5,070	0.1
Clearwater Analytics Holdings, Inc.	4,976	2.4
SailPoint Technologies Holdings, Inc.	4,821	2.3
Inari Medical, Inc.	4,769	0.7
Progyny, Inc.	4,690	2.7
Future plc	4,129	1.1
Kornit Digital Ltd.	4,108	1.4
Braze, Inc.	3,866	0.4
Definitive Healthcare Corp.	3,768	1.6
Tripadvisor, Inc.	3,761	0.5
Mercury Systems, Inc.	3,658	3.8
Advanced Energy Industries, Inc.	3,233	2.4
Nova Ltd.	3,112	1.2
BRP Group, Inc.	3,084	1.2
Axonics, Inc.	$2,940	2.6%
Fevertree Drinks plc	2,742	0.8
Helios Technologies, Inc.	2,602	0.5
Kratos Defense & Security Solutions, Inc.	2,553	1.9
The Beauty Health Company	2,542	2.2
ACV Auctions Inc.	2,314	1.2
Nextdoor.com, Inc.	2,312	0.9
Ping Identity Corporation	2,301	1.4
S4 Capital plc	2,109	1.0
The Cheesecake Factory, Inc.	2,099	1.8
UTZ Brands, Inc.	2,022	1.4
Veracyte, Inc.	1,964	1.4
CareDx, Inc.	1,961	1.8
ForgeRock, Inc.	1,837	0.9
CryoPort, Inc.	1,735	0.5
Velo3D, Inc.	1,709	1.0
Montrose Environmental Group, Inc.	1,571	2.1
Silk Road Medical, Inc.	1,446	1.7
Enfusion, Inc.	1,438	0.4
Revance Therapeutics, Inc.	1,393	1.6
Alkami Technology Inc.	1,291	1.0
Navitas Semiconductor Corporation	1,210	1.2
Accolade, Inc.	1,176	1.1
indie Semiconductor, Inc.	1,141	1.5
PAR Technology Corporation	1,087	1.6
Ichor Holdings, Ltd.	1,019	1.1
SmartRent, Inc.	982	0.7
Cerus Corporation	954	0.9
Seer, Inc.	947	0.1
Couchbase, Inc.	770	2.0
Markforged Holding Corporation	747	0.4
Inogen, Inc.	737	1.7
ViewRay Incorporated	703	1.0
Sientra, Inc.	139	0.3
		97.9%

Baron Funds

Baron Durable Advantage Fund

Baron Durable Advantage Fund invests primarily in large-sized companies with market capitalizations no smaller than the top 90th percentile by market capitalization of the S&P 500 Index at June 30, or companies with market capitalizations above $10 billion, whichever is smaller.

Company	Equity Market Cap (in millions)	% of Net Assets
Microsoft Corporation	$2,311,359	9.3%
Alphabet Inc.	1,842,326	8.6
Meta Platforms, Inc.	605,251	1.0
Visa, Inc.	480,023	3.8
UnitedHealth Group Incorporated	479,830	4.9
Mastercard Incorporated	349,331	4.7
Costco Wholesale Corporation	255,231	3.2
Thermo Fisher Scientific Inc.	231,057	4.0
Accenture plc	223,716	4.5
Adobe Inc.	215,281	2.9
Danaher Corporation	209,994	3.9
Texas Instruments Incorporated	169,452	2.7
S&P Global Inc.	142,344	5.1
Intuit Inc.	135,988	2.6
BlackRock Inc.	116,925	1.5
The Estee Lauder Companies Inc.	97,672	1.0
Brookfield Asset Management Inc.	$88,634	1.5%
CME Group, Inc.	85,492	3.2
Moody's Corporation	62,548	3.0
Ecolab Inc.	50,548	1.2
TE Connectivity Ltd.	42,644	2.6
MSCI, Inc.	40,868	2.8
Agilent Technologies, Inc.	39,714	1.8
Mettler-Toledo International, Inc.	31,220	1.3
Monolithic Power Systems, Inc.	22,589	2.1
SS&C Technologies Holdings, Inc.	19,235	0.9
HEICO Corporation	18,688	2.3
Arch Capital Group Ltd.	18,330	5.2
Nice Ltd.	13,824	1.1
Fair Isaac Corporation	12,258	1.4
		94.1%

Baron Real Estate Income Fund

Baron Real Estate Income Fund is a non-diversified fund that under normal circumstances, invests at least 80% of its net assets in real estate income-producing securities and other real estate securities of any market capitalization, including common stocks and equity securities, debt and preferred securities, non-U.S. real estate income-producing securities, and any other real estate-related yield securities.

Company	Equity Market Cap (in millions)	% of Net Assets
Blackstone Inc.	$151,888	1.4%
Prologis, Inc.	119,454	1.9
American Tower Corp.	114,527	4.2
Brookfield Asset Management Inc.	88,634	1.4
Crown Castle International Corp.	79,937	1.3
Public Storage Incorporated	68,438	5.7
Equinix, Inc.	67,281	1.7
Simon Property Group, Inc.	43,198	2.0
Welltower Inc.	43,002	1.9
AvalonBay Communities, Inc.	34,710	5.4
Equity Residential	33,803	5.4
Alexandria Real Estate Equities, Inc.	32,189	0.7
Las Vegas Sands Corporation	29,696	2.2
Brookfield Infrastructure Partners L.P.	29,340	3.5
Ventas, Inc.	24,676	4.9
Invitation Homes, Inc.	24,416	3.2
Duke Realty Corporation	22,224	1.7
Sun Communities, Inc.	20,373	1.3
Boston Properties, Inc.	20,180	1.4
MGM Resorts International	18,258	2.7
Camden Property Trust	17,543	2.1
Equity Lifestyle Properties, Inc.	$14,226	1.3%
American Homes 4 Rent	13,941	1.9
Host Hotels & Resorts, Inc.	13,876	2.3
Rexford Industrial Realty, Inc.	11,974	1.7
Gaming and Leisure Properties, Inc.	11,617	1.6
Vail Resorts, Inc.	10,555	1.0
Kilroy Realty Corporation	8,919	2.2
Vornado Realty Trust	8,689	3.6
First Industrial Realty Trust, Inc.	8,159	1.0
American Campus Communities, Inc.	7,789	2.0
Boyd Gaming Corporation	7,234	3.6
Marriott Vacations Worldwide Corp.	6,640	2.6
Red Rock Resorts, Inc.	5,208	1.6
Kite Realty Group Trust	4,989	2.1
Travel + Leisure Co.	4,966	2.8
Park Hotels & Resorts Inc.	4,613	2.7
Kennedy-Wilson Holdings, Inc.	3,363	1.4
Pebblebrook Hotel Trust	3,219	2.1
NexPoint Residential Trust, Inc.	2,308	2.6
RPT Realty	1,169	1.1
		97.2%

Baron Health Care Fund

Baron Health Care Fund is a non-diversified fund that under normal circumstances, invests at least 80% of its net assets in equity securities in the form of common stock of companies engaged in the research, development, production, sale, delivery or distribution of products and services related to the health care industry.

Company	Equity Market Cap (in millions)	% of Net Assets
UnitedHealth Group Incorporated	$479,830	8.6%
Roche Holding AG	324,456	2.2
AbbVie Inc.	286,333	2.3
Eli Lilly and Company	272,724	4.3
Novo Nordisk A/S	256,526	1.4
Thermo Fisher Scientific Inc.	231,057	5.2
Abbott Laboratories	208,726	1.9
Merck & Co., Inc.	207,401	1.1
AstraZeneca PLC	205,579	3.9
Anthem, Inc.	118,534	2.2
Intuitive Surgical, Inc.	108,362	1.9
Zoetis Inc.	88,977	2.5
Edwards Lifesciences Corp.	73,141	2.6
Humana Inc.	55,155	1.6
Illumina, Inc.	54,882	0.5
DexCom, Inc.	49,825	1.0
IDEXX Laboratories, Inc.	46,089	1.3
McKesson Corporation	45,858	2.8
Veeva Systems Inc.	32,795	0.4
Alexandria Real Estate Equities, Inc.	32,189	2.4
Mettler-Toledo International, Inc.	31,220	2.0
West Pharmaceutical Services, Inc.	30,508	1.4
Genmab A/S	23,783	1.7
The Cooper Companies, Inc.	20,588	2.2
ICON Plc	19,836	2.6
Alnylam Pharmaceuticals, Inc.	19,629	0.9
Insulet Corp.	$18,439	1.1%
argenx SE	17,027	2.8
Bio-Techne Corporation	17,013	5.2
Teleflex Incorporated	16,642	1.7
Tenet Healthcare Corporation	9,388	1.8
Envista Holdings Corporation	7,883	0.5
ShockWave Medical, Inc.	7,393	1.0
Inspire Medical Systems, Inc.	7,072	1.1
Guardant Health, Inc.	6,748	0.4
Stevanato Group S.p.A	5,992	1.5
Dechra Pharmaceuticals PLC	5,775	3.3
LHC Group, Inc.	5,230	1.2
Arrowhead Pharmaceuticals, Inc.	4,850	0.4
Inari Medical, Inc.	4,769	2.2
Warby Parker Inc.	3,886	0.6
Definitive Healthcare Corp.	3,768	1.1
Figs Inc.	3,544	0.7
Certara, Inc.	3,430	0.7
Cytokinetics, Inc.	3,124	0.7
Schrodinger, Inc.	2,424	1.0
Establishment Labs Holdings Inc.	1,626	0.5
Xenon Pharmaceuticals Inc.	1,587	0.6
MaxCyte, Inc.	716	0.9
Opsens Inc.	165	1.0
		92.9%

Baron FinTech Fund

Baron FinTech Fund is a non-diversified fund that, under normal circumstances, invests at least 80% of its net assets in securities of companies that develop, use, or rely on innovative technologies or services, in a significant way, for banking, lending, capital markets, financial data analytics, insurance, payments, asset management, or wealth management. The Fund may purchase securities of companies of any market capitalization and may invest in foreign stocks, including emerging market securities.

Company	Equity Market Cap (in millions)	% of Net Assets
Visa, Inc.	$480,023	4.9%
Mastercard Incorporated	349,331	4.5
Accenture plc	223,716	4.0
S&P Global Inc.	142,344	4.6
Intuit Inc.	135,988	4.6
PayPal Holdings, Inc.	134,733	1.0
BlackRock Inc.	116,925	3.2
CME Group, Inc.	85,492	1.6
Shopify Inc.	85,211	1.9
Block, Inc.	78,656	2.9
Moody's Corporation	62,548	2.9
Fidelity National Information Services, Inc.	61,215	2.1
Adyen N.V.	61,202	2.7
MercadoLibre, Inc.	59,972	2.7
MSCI, Inc.	40,868	3.2
Global Payments Inc.	38,585	1.6
Verisk Analytics, Inc.	34,616	1.7
Equifax Inc.	29,142	3.1
CoStar Group, Inc.	26,310	1.3
ZoomInfo Technologies Inc.	24,099	1.7
Bill.com Holdings, Inc.	23,492	1.7
Tradeweb Markets Inc.	20,576	2.5
TransUnion	19,883	2.0
LPL Financial Holdings Inc.	14,609	4.3
Jack Henry & Associates, Inc.	$14,350	1.3%
MarketAxess Holdings Inc.	12,872	1.0
Fair Isaac Corporation	12,258	2.6
Globant, S.A.	10,979	2.8
Nuvei Corporation	10,745	2.4
Ceridian HCM Holding Inc.	10,262	1.0
DLocal Limited	9,223	1.3
Guidewire Software, Inc.	7,905	1.9
Endava plc	7,413	4.5
Wise Plc	6,663	1.4
Marqeta, Inc.	5,993	0.5
Houlihan Lokey, Inc.	5,915	1.6
Kinsale Capital Group, Inc.	5,208	1.1
Clearwater Analytics Holdings, Inc.	4,976	1.1
nCino Inc.	3,965	1.1
BRP Group, Inc.	3,084	0.9
Duck Creek Technologies, Inc.	2,922	0.5
Paymentus Holdings, Inc.	2,551	0.7
CI&T Inc	2,118	1.1
Network International Holdings Ltd.	2,064	0.6
Expensify, Inc.	1,433	0.5
Repay Holdings Corporation	1,336	0.4
Alkami Technology Inc.	1,291	0.3
		97.3%

Baron New Asia Fund

Baron New Asia Fund is a diversified fund that seeks capital appreciation through investments primarily in equity securities located in Asia, but including all other developed, developing, and frontier countries in the Asian region.

Company	Equity Market Cap (in millions)	% of Net Assets
Taiwan Semiconductor Manufacturing Company Ltd.	$540,729	5.9%
Tencent Holdings Limited	446,207	3.8
Kweichow Moutai Co., Ltd.	340,434	1.3
Samsung Electronics Co., Ltd.	340,342	3.5
Alibaba Group Holding Limited	294,947	2.9
Reliance Industries Limited	235,233	3.2
AIA Group Limited	127,332	1.2
Keyence Corporation	115,471	1.7
HDFC Bank Limited	107,607	2.7
JD.com, Inc.	90,219	0.9
Tokyo Electron Limited	80,794	1.1
ICICI Bank Limited	66,930	2.4
Midea Group Co., Ltd.	62,860	1.3
Hong Kong Exchanges and Clearing Limited	60,112	0.8
Shenzhen Mindray Bio-Medical Electronics Co., Ltd.	58,729	0.8
Bajaj Finance Limited	58,002	2.5
Bharti Airtel Limited	56,767	2.9
WuXi AppTec Co., Ltd	51,669	0.8
China Tourism Group Duty Free Corporation Limited	50,595	0.7
MediaTek Inc.	50,508	0.4
PT Bank Rakyat Indonesia (Persero) Tbk	49,174	1.7
Baidu, Inc.	45,716	1.3
Xiaomi Corporation	44,454	0.8
Hoya Corporation	42,117	0.9
Asian Paints Limited	38,988	1.5
Budweiser Brewing Company APAC Limited	35,250	1.2
WuXi Biologics Cayman Inc.	35,006	0.7
Techtronic Industries Co. Ltd.	29,719	0.8
Titan Company Limited	29,714	1.4
NARI Technology Co. Ltd.	27,696	0.8
Will Semiconductor Co., Ltd.	26,701	0.5
Galaxy Entertainment Group Limited	26,158	1.1
NAURA Technology Group Co., Ltd.	22,714	0.7
Yum China Holdings Inc.	18,885	2.1
Yunnan Baiyao Group Co., Ltd.	16,546	0.9
Divi's Laboratories Ltd.	15,422	1.4
SBI Life Insurance Company Limited	14,805	1.8
Hangzhou Tigermed Consulting Co., Ltd.	$14,210	0.8%
Yonyou Network Technology Co., Ltd.	12,406	0.9
Silergy Corp.	11,296	0.6
Energy Absolute PCL	10,994	1.0
Godrej Consumer Products Limited	10,085	0.5
Tata Consumer Products Limited	9,449	1.0
ICICI Lombard General Insurance Company Limited	8,605	1.6
Apollo Hospitals Enterprise Limited	8,569	0.9
Zomato Limited	8,550	0.4
Hyundai Heavy Industries Co., Ltd.	8,533	1.6
Kingdee International Software Group Co. Ltd.	7,725	0.5
GDS Holdings Limited	7,479	0.8
Full Truck Alliance Co. Ltd.	7,243	0.7
Airtac International Group	6,499	0.5
Yantai Jereh Oilfield Services Group Co., Ltd.	6,365	0.7
Han's Laser Technology Industry Group Co., Ltd	6,360	1.4
Godrej Properties Limited	6,135	1.2
PI Industries Limited	5,646	0.8
Hua Hong Semiconductor Limited	5,533	0.7
China Conch Venture Holdings Ltd.	5,340	1.5
Korea Shipbuilding & Offshore Engineering Co., Ltd.	5,074	1.0
Tata Communications Limited	4,621	1.5
Jubilant FoodWorks Limited	4,592	0.9
Aarti Industries Limited	4,577	2.1
Kingsoft Corporation Ltd.	4,443	1.1
Zai Lab Limited	4,240	0.7
Zhejiang Dingli Machinery Co., Ltd.	3,583	0.7
Max Financial Services Limited	3,434	1.2
Korea Aerospace Industries, LTD.	3,390	0.9
Dixon Technologies Ltd.	3,374	0.7
Venustech Group Inc.	3,075	0.8
Estun Automation Co., Ltd.	2,754	1.2
China Conch Environment Protection Holdings Limited	2,285	0.7
Amber Enterprises India Ltd.	1,567	0.9
Neogen Chemicals Limited	574	0.9
		93.8%

Baron Asset Fund — PORTFOLIO HOLDINGS

March 31, 2022 (Unaudited)

Shares		Cost	Value
Common Stocks (97.32%)			
Communication Services (3.09%)			
	Cable & Satellite (0.59%)		
235,000	Liberty Broadband Corporation, Cl C[1]	$ 16,481,956	$ 31,800,200
	Interactive Media & Services (2.50%)		
1,127,141	Tripadvisor, Inc.[1]	38,751,807	30,568,064
1,735,709	ZoomInfo Technologies Inc., Cl A[1]	43,840,818	103,691,256
		82,592,625	134,259,320
Total Communication Services		99,074,581	166,059,520
Consumer Discretionary (6.19%)			
	Automobile Manufacturers (0.40%)		
425,305	Rivian Automotive, Inc., Cl A[1]	33,173,790	21,367,323
	Education Services (0.37%)		
150,000	Bright Horizons Family Solutions, Inc.[1]	16,921,054	19,903,500
	Hotels, Resorts & Cruise Lines (2.41%)		
546,442	Choice Hotels International, Inc.	5,198,084	77,463,618
543,233	Hyatt Hotels Corp., Cl A[1]	16,817,762	51,851,590
		22,015,846	129,315,208
	Leisure Facilities (2.92%)		
603,538	Vail Resorts, Inc.	11,683,688	157,082,835
	Specialty Stores (0.09%)		
150,000	Warby Parker, Inc., Cl A[1]	4,661,403	5,071,500
Total Consumer Discretionary		88,455,781	332,740,366
Financials (12.30%)			
	Asset Management & Custody Banks (0.67%)		
237,514	T. Rowe Price Group, Inc.	5,729,987	35,909,742
	Financial Exchanges & Data (5.44%)		
370,725	FactSet Research Systems, Inc.	19,898,420	160,950,259
257,267	MarketAxess Holdings, Inc.	31,487,484	87,522,233
30,000	MSCI, Inc.	7,783,774	15,086,400
326,189	Tradeweb Markets, Inc., Cl A	11,978,713	28,662,228
		71,148,391	292,221,120
	Insurance Brokers (0.70%)		
158,421	Willis Towers Watson plc[2]	19,439,430	37,422,209
	Investment Banking & Brokerage (2.86%)		
1,825,936	The Charles Schwab Corp.	1,609,715	153,944,664
	Property & Casualty Insurance (1.98%)		
2,203,444	Arch Capital Group Ltd.[1,2]	7,933,936	106,690,758
	Regional Banks (0.65%)		
216,421	First Republic Bank	5,518,736	35,081,844
Total Financials		111,380,195	661,270,337

Shares		Cost	Value
Common Stocks (continued)			
Health Care (26.77%)			
	Biotechnology (0.34%)		
58,366	argenx SE, ADR[1,2]	$ 18,854,201	$ 18,403,383
	Health Care Equipment (9.91%)		
173,000	DexCom, Inc.[1]	55,276,880	88,506,800
673,630	IDEXX Laboratories, Inc.[1]	12,186,829	368,516,028
213,644	Teleflex, Inc.	47,613,406	75,807,300
		115,077,115	532,830,128
	Health Care Supplies (1.67%)		
215,418	The Cooper Companies, Inc.	36,713,299	89,956,403
	Health Care Technology (1.82%)		
459,386	Veeva Systems, Inc., Cl A[1]	27,115,596	97,601,150
	Life Sciences Tools & Services (13.03%)		
399,986	Bio-Techne Corporation	39,595,545	173,209,937
314,000	Guardant Health, Inc.[1,4]	27,540,662	20,799,360
212,552	Illumina, Inc.[1]	9,061,707	74,265,669
194,117	Mettler-Toledo International, Inc.[1]	11,674,111	266,559,523
404,404	West Pharmaceutical Services, Inc.	17,498,069	166,092,767
		105,370,094	700,927,256
Total Health Care		303,130,305	1,439,718,320
Industrials (14.62%)			
	Environmental & Facilities Services (1.07%)		
1,643,418	Rollins, Inc.	24,597,482	57,601,801
	Industrial Conglomerates (2.26%)		
257,192	Roper Technologies, Inc.	26,184,327	121,453,778
	Industrial Machinery (1.22%)		
340,760	IDEX Corporation	24,525,881	65,333,915
	Research & Consulting Services (10.07%)		
1,480,474	Clarivate Plc[1,2]	23,687,584	24,812,744
2,439,930	CoStar Group, Inc.[1]	59,005,227	162,523,737
1,453,500	TransUnion	78,426,049	150,204,690
951,206	Verisk Analytics, Inc.	23,582,787	204,157,344
		184,701,647	541,698,515
Total Industrials		260,009,337	786,088,009
Information Technology (29.45%)			
	Application Software (14.00%)		
571,856	ANSYS, Inc.[1]	20,310,482	181,650,058
395,300	Aspen Technology, Inc.[1]	40,628,908	65,370,761
400,000	Avalara, Inc.[1]	57,489,016	39,804,000
1,636,093	Ceridian HCM Holding, Inc.[1]	64,026,866	111,843,317
924,656	Clearwater Analytics Holdings, Inc., Cl A[1]	20,534,625	19,417,776
150,000	Fair Isaac Corp.[1]	63,616,939	69,969,000
1,421,809	Guidewire Software, Inc.[1]	77,473,157	134,531,568
65,861	HubSpot, Inc.[1]	39,133,172	31,280,023
771,076	SS&C Technologies Holdings, Inc.	20,933,204	57,846,122
594,000	The Trade Desk, Inc., Cl A[1]	11,554,017	41,134,500
		415,700,386	752,847,125

Baron Asset Fund — PORTFOLIO HOLDINGS (Continued)

March 31, 2022 (Unaudited)

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (continued)			
	Data Processing & Outsourced Services (1.10%)		
589,217	Fidelity National Information Services, Inc.	$ 33,648,187	$ 59,169,171
	Electronic Components (1.26%)		
900,000	Amphenol Corp., Cl A	42,881,684	67,815,000
	Internet Services & Infrastructure (3.16%)		
592,103	Verisign, Inc.[1]	27,318,889	131,719,233
365,000	Wix.com Ltd.[1,2]	30,731,208	38,127,900
		58,050,097	169,847,133
	IT Consulting & Other Services (8.61%)		
115,000	EPAM Systems, Inc.[1]	64,962,944	34,110,150
1,441,323	Gartner, Inc.[1]	31,107,253	428,735,940
		96,070,197	462,846,090
	Technology Distributors (1.32%)		
397,363	CDW Corp.	26,228,965	71,084,267
Total Information Technology		672,579,516	1,583,608,786
Materials (0.21%)			
	Specialty Chemicals (0.21%)		
1,503,529	Diversey Holdings Ltd.[1,2]	22,552,935	11,381,715
Real Estate (4.69%)			
	Real Estate Services (0.92%)		
542,323	CBRE Group, Inc., Cl A[1]	6,067,334	49,633,401
	Specialized REITs (3.77%)		
205,000	Alexandria Real Estate Equities, Inc.[4]	30,958,643	41,256,250
75,416	Equinix, Inc.	4,951,691	55,930,014
306,856	SBA Communications Corp.	7,734,438	105,589,149
		43,644,772	202,775,413
Total Real Estate		49,712,106	252,408,814
TOTAL COMMON STOCKS		**1,606,894,756**	**5,233,275,867**
Private Common Stocks (0.71%)			
Consumer Discretionary (0.71%)			
	Internet & Direct Marketing Retail (0.71%)		
197,613	StubHub Holdings, Inc., Cl A[1,3,4]	**50,000,041**	**38,285,543**
Private Preferred Stocks (1.03%)			
Industrials (1.03%)			
	Aerospace & Defense (1.03%)		
96,298	Space Exploration Technologies Corp., Cl N[1,3,4]	**26,000,460**	**55,285,163**

Principal Amount		Cost	Value
Short Term Investments (0.65%)			
$35,076,597	Repurchase Agreement with Fixed Income Clearing Corp., dated 3/31/2022, 0.00% due 4/1/2022; Proceeds at maturity - $35,076,597; (Fully collateralized by $35,907,200 U.S. Treasury Note, 2.375% due 03/31/2029 Market value - $35,778,150)	**$ 35,076,597**	**$ 35,076,597**
TOTAL INVESTMENTS (99.71%)		**$1,717,971,854**	**5,361,923,170**
CASH AND OTHER ASSETS LESS LIABILITIES (0.29%)			**15,610,357**
NET ASSETS			**$5,377,533,527**
RETAIL SHARES (Equivalent to $100.34 per share based on 24,409,186 shares outstanding)			**$2,449,152,376**
INSTITUTIONAL SHARES (Equivalent to $105.75 per share based on 26,052,993 shares outstanding)			**$2,754,993,423**
R6 SHARES (Equivalent to $105.72 per share based on 1,639,993 shares outstanding)			**$ 173,387,728**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 At March 31, 2022, the market value of restricted and fair valued securities amounted to $93,570,706 or 1.74% of net assets. These securities are not deemed liquid.
4 The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI (unaudited).
ADR American Depositary Receipt.

Baron Growth Fund — PORTFOLIO HOLDINGS

March 31, 2022 (Unaudited)

Shares		Cost	Value
Common Stocks (100.01%)			
Communication Services (4.11%)			
	Alternative Carriers (3.88%)		
7,900,000	Iridium Communications, Inc.[1,4]	$ 48,702,979	$ 318,528,000
	Movies & Entertainment (0.23%)		
1,297,110	Manchester United plc, Cl A[2]	17,077,993	18,769,182
Total Communication Services		65,780,972	337,297,182
Consumer Discretionary (20.47%)			
	Casinos & Gaming (4.27%)		
440,000	Boyd Gaming Corporation	11,056,072	28,943,200
5,650,000	Penn National Gaming, Inc.[1]	70,123,607	239,673,000
1,695,000	Red Rock Resorts, Inc., Cl A	31,464,689	82,309,200
		112,644,368	350,925,400
	Education Services (2.12%)		
1,310,000	Bright Horizons Family Solutions, Inc.[1]	41,415,154	173,823,900
	Hotels, Resorts & Cruise Lines (7.59%)		
3,000,000	Choice Hotels International, Inc.[4]	72,782,127	425,280,000
1,255,000	Marriott Vacations Worldwide Corp.	67,098,661	197,913,500
		139,880,788	623,193,500
	Leisure Facilities (6.34%)		
2,000,000	Vail Resorts, Inc.	56,102,209	520,540,000
	Restaurants (0.15%)		
600,000	Krispy Kreme, Inc.	10,015,645	8,910,000
100,000	Sweetgreen, Inc., Cl A[1]	2,839,373	3,199,000
		12,855,018	12,109,000
Total Consumer Discretionary		362,897,537	1,680,591,800
Financials (34.49%)			
	Asset Management & Custody Banks (3.12%)		
1,900,000	The Carlyle Group, Inc.	38,825,707	92,929,000
1,900,000	Cohen & Steers, Inc.	41,176,154	163,191,000
		80,001,861	256,120,000
	Financial Exchanges & Data (19.50%)		
1,200,000	FactSet Research Systems, Inc.	59,954,575	520,980,000
960,000	Morningstar, Inc.	19,610,765	262,243,200
1,625,000	MSCI, Inc.	30,348,303	817,180,000
		109,913,643	1,600,403,200
	Investment Banking & Brokerage (0.77%)		
450,000	Houlihan Lokey, Inc.	19,625,873	39,510,000
500,000	Moelis & Co., Cl A	9,070,381	23,475,000
		28,696,254	62,985,000
	Life & Health Insurance (2.67%)		
1,600,000	Primerica, Inc.	33,522,261	218,912,000
	Property & Casualty Insurance (8.17%)		
9,150,000	Arch Capital Group Ltd.[1,2]	28,563,829	443,043,000
1,000,000	Kinsale Capital Group, Inc.	35,007,763	228,020,000
		63,571,592	671,063,000
	Thrifts & Mortgage Finance (0.26%)		
520,000	Essent Group Ltd.[2]	14,300,210	21,429,200
Total Financials		330,005,821	2,830,912,400

Shares		Cost	Value
Common Stocks (continued)			
Health Care (13.59%)			
	Biotechnology (0.14%)		
350,000	Denali Therapeutics, Inc.[1]	$ 6,236,522	$ 11,259,500
	Health Care Equipment (4.36%)		
655,000	IDEXX Laboratories, Inc.[1]	9,242,525	358,324,300
	Health Care Supplies (0.43%)		
1,147,434	Neogen Corp.[1]	13,141,410	35,386,865
	Health Care Technology (0.10%)		
250,000	Schrödinger, Inc.[1]	2,785,688	8,530,000
	Life Sciences Tools & Services (8.17%)		
820,000	Bio-Techne Corporation	43,273,300	355,092,800
80,000	Mettler-Toledo International, Inc.[1]	3,660,212	109,855,200
500,000	West Pharmaceutical Services, Inc.	17,009,689	205,355,000
		63,943,201	670,303,000
	Pharmaceuticals (0.39%)		
598,076	Dechra Pharmaceuticals PLC (United Kingdom)[2]	18,422,044	31,753,082
Total Health Care		113,771,390	1,115,556,747
Industrials (6.44%)			
	Building Products (1.23%)		
1,550,000	Trex Company, Inc. [1]	13,965,800	101,261,500
	Environmental & Facilities Services (0.21%)		
1,253,077	BrightView Holdings, Inc.[1]	15,579,166	17,054,378
	Industrial Machinery (0.68%)		
4,275,000	Marel hf (Netherlands)[2]	18,281,670	24,925,616
239,507	Velo3D, Inc.[1]	1,943,249	2,229,810
3,303,044	Velo3D, Inc. PIPE[1,3]	33,030,440	28,934,665
		53,255,359	56,090,091
	Research & Consulting Services (4.32%)		
5,320,000	CoStar Group, Inc.[1]	22,233,732	354,365,200
Total Industrials		105,034,057	528,771,169
Information Technology (14.38%)			
	Application Software (8.40%)		
725,000	Altair Engineering, Inc., Cl A[1]	11,330,019	46,690,000
1,075,000	ANSYS, Inc.[1]	24,674,410	341,473,750
1,025,000	Guidewire Software, Inc.[1]	31,789,104	96,985,500
1,000,000	Pegasystems, Inc.	13,997,009	80,650,000
1,650,000	SS&C Technologies Holdings, Inc.	12,506,469	123,783,000
		94,297,011	689,582,250
	Electronic Components (0.18%)		
60,000	Littelfuse, Inc.	6,452,400	14,964,600
	Electronic Equipment & Instruments (0.15%)		
1,500,000	Mirion Technologies, Inc.[1]	15,000,000	12,105,000
	IT Consulting & Other Services (5.65%)		
1,560,000	Gartner, Inc.[1]	21,805,590	464,037,600
Total Information Technology		137,555,001	1,180,689,450
Real Estate (6.53%)			
	Diversified REITs (0.09%)		
200,000	American Assets Trust, Inc.	3,437,271	7,578,000
	Office REITs (1.51%)		
3,700,000	Douglas Emmett, Inc.	39,249,426	123,654,000

Baron Growth Fund — PORTFOLIO HOLDINGS (Continued)

March 31, 2022 (Unaudited)

Shares		Cost	Value
Common Stocks (continued)			
Real Estate (continued)			
	Specialized REITs (4.93%)		
750,000	Alexandria Real Estate Equities, Inc.[5]	$ 26,054,963	$ 150,937,500
5,400,000	Gaming and Leisure Properties, Inc.	114,745,147	253,422,000
		140,800,110	404,359,500
Total Real Estate		183,486,807	535,591,500
TOTAL COMMON STOCKS		**1,298,531,585**	**8,209,410,248**
Private Convertible Preferred Stocks (0.48%)			
Industrials (0.21%)			
	Electrical Components & Equipment (0.21%)		
59,407,006	Northvolt AB, Series E (Sweden)[2,3,5]	9,374,988	17,142,426
Materials (0.27%)			
	Fertilizers & Agricultural Chemicals (0.27%)		
341,838	Farmers Business Network, Inc., Series F[1,3,5]	11,300,002	18,120,833
80,440	Farmers Business Network, Inc., Series G[1,3,5]	5,000,000	4,338,129
Total Materials		16,300,002	22,458,962
TOTAL PRIVATE CONVERTIBLE PREFERRED STOCKS		**25,674,990**	**39,601,388**
Warrants (0.01%)			
Consumer Discretionary (0.01%)			
	Hotels, Resorts & Cruise Lines (0.01%)		
96,515	OneSpaWorld Holdings Ltd. Warrants, Exp 3/19/2024[1,2,5]	**0**	**289,545**
TOTAL INVESTMENTS (100.50%)		**$1,324,206,575**	**8,249,301,181**
LIABILITIES LESS CASH AND OTHER ASSETS (-0.50%)			**(40,860,649)**
NET ASSETS			**$8,208,440,532**
RETAIL SHARES (Equivalent to $100.60 per share based on 26,454,457 shares outstanding)			**$2,661,340,042**
INSTITUTIONAL SHARES (Equivalent to $105.43 per share based on 50,629,807 shares outstanding)			**$5,338,023,363**
R6 SHARES (Equivalent to $105.44 per share based on 1,982,845 shares outstanding)			**$ 209,077,127**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 At March 31, 2022, the market value of restricted and fair valued securities amounted to $68,536,053 or 0.83% of net assets. These securities are not deemed liquid.
4 An “Affiliated” investment may include any company in which the Fund owns 5% or more of its outstanding shares.
5 The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI (unaudited).

Baron Small Cap Fund — PORTFOLIO HOLDINGS

March 31, 2022 (Unaudited)

Shares		Cost	Value
Common Stocks (96.52%)			
Communication Services (4.39%)			
	Cable & Satellite (1.42%)		
75,000	Liberty Broadband Corporation, Cl A[1]	$ 298,828	$ 9,829,500
200,000	Liberty Broadband Corporation, Cl C[1]	772,163	27,064,000
625,000	Liberty Media Corp. – Liberty SiriusXM, Cl C[1]	1,322,732	28,581,250
		2,393,723	65,474,750
	Movies & Entertainment (2.97%)		
1,200,000	Liberty Media Corporation – Liberty Formula One, Cl C[1]	21,262,385	83,808,000
150,000	Madison Square Garden Entertainment Corp.[1]	2,346,185	12,496,500
225,000	Madison Square Garden Sports Corp.[1]	8,416,556	40,356,000
		32,025,126	136,660,500
Total Communication Services		34,418,849	202,135,250
Consumer Discretionary (15.63%)			
	Auto Parts & Equipment (1.28%)		
4,250,000	Holley, Inc.[1]	42,725,069	59,117,500
	Casinos & Gaming (3.69%)		
875,000	DraftKings, Inc., Cl A[1]	11,187,787	17,036,250
1,025,000	Penn National Gaming, Inc.[1]	18,170,393	43,480,500
2,250,000	Red Rock Resorts, Inc., Cl A	56,514,491	109,260,000
		85,872,671	169,776,750
	Education Services (1.80%)		
625,000	Bright Horizons Family Solutions, Inc.[1]	19,174,147	82,931,250
	Home Improvement Retail (2.20%)		
1,250,000	Floor & Decor Holdings, Inc., Cl A[1]	44,151,665	101,250,000
	Homebuilding (2.52%)		
1,375,000	Installed Building Products, Inc.	73,961,325	116,173,750
	Hotels, Resorts & Cruise Lines (0.17%)		
1,000,000	Membership Collective Group, Inc., Cl A[1]	13,900,478	7,760,000
	Leisure Facilities (1.47%)		
800,000	Planet Fitness, Inc., Cl A[1]	28,416,505	67,584,000
	Restaurants (1.54%)		
1,300,000	The Cheesecake Factory, Inc.[1]	34,336,169	51,727,000
594,000	Sweetgreen, Inc., Cl A[1,4]	17,963,876	19,002,060
		52,300,045	70,729,060
	Specialized Consumer Services (0.96%)		
1,500,000	European Wax Center, Inc., Cl A[1]	29,559,506	44,340,000
Total Consumer Discretionary		390,061,411	719,662,310
Consumer Staples (1.77%)			
	Packaged Foods & Meats (1.04%)		
3,250,000	UTZ Brands, Inc.	52,760,273	48,035,000
	Personal Products (0.73%)		
2,000,000	The Beauty Health Co.[1]	37,683,293	33,760,000
Total Consumer Staples		90,443,566	81,795,000

Shares		Cost	Value
Common Stocks (continued)			
Financials (5.41%)			
	Insurance Brokers (1.75%)		
3,000,000	BRP Group, Inc., Cl A[1]	$ 48,364,954	$ 80,490,000
	Investment Banking & Brokerage (1.19%)		
625,000	Houlihan Lokey, Inc.	28,909,333	54,875,000
	Property & Casualty Insurance (2.47%)		
500,000	Kinsale Capital Group, Inc.	72,425,817	114,010,000
Total Financials		149,700,104	249,375,000
Health Care (14.51%)			
	Health Care Equipment (5.92%)		
1,000,000	Axonics, Inc.[1]	35,459,918	62,600,000
300,000	CryoPort, Inc.[1]	13,683,573	10,473,000
175,000	DexCom, Inc.[1]	2,321,073	89,530,000
60,000	IDEXX Laboratories, Inc.[1]	829,217	32,823,600
300,000	Inspire Medical Systems, Inc.[1,3]	15,398,159	77,007,000
		67,691,940	272,433,600
	Health Care Supplies (0.35%)		
750,000	Figs, Inc., Cl A[1]	19,269,865	16,140,000
	Life Sciences Tools & Services (5.36%)		
250,000	Guardant Health, Inc.[1,3]	4,953,266	16,560,000
700,000	ICON plc[1,2]	38,492,341	170,254,000
2,186,090	MaxCyte, Inc.[1]	25,381,884	15,280,769
32,500	Mettler-Toledo International, Inc.[1]	1,571,421	44,628,675
		70,398,912	246,723,444
	Managed Health Care (1.73%)		
800,000	HealthEquity, Inc.[1]	13,208,487	53,952,000
500,000	Progyny, Inc[1]	21,183,189	25,700,000
		34,391,676	79,652,000
	Pharmaceuticals (1.15%)		
1,000,000	Dechra Pharmaceuticals PLC (United Kingdom)[2]	28,027,985	53,092,051
Total Health Care		219,780,378	668,041,095
Industrials (23.83%)			
	Aerospace & Defense (4.35%)		
2,350,000	Kratos Defense & Security Solutions, Inc.[1]	35,335,984	48,128,000
1,100,000	Mercury Systems, Inc.[1]	32,157,703	70,895,000
125,000	TransDigm Group, Inc.[1]	0	81,442,500
		67,493,687	200,465,500
	Building Products (2.67%)		
1,500,000	The AZEK Co., Inc.[1]	37,683,893	37,260,000
4,250,000	Janus International Group, Inc.[1]	42,271,540	38,250,000
725,000	Trex Company, Inc.[1]	27,101,408	47,364,250
		107,056,841	122,874,250
	Diversified Support Services (1.14%)		
2,000,000	Driven Brands Holdings, Inc[1]	49,781,951	52,560,000
	Electrical Components & Equipment (2.27%)		
1,000,000	Shoals Technologies Group, Inc., Cl A[1]	26,144,538	17,040,000
6,250,000	Vertiv Holdings Co.	61,620,882	87,500,000
		87,765,420	104,540,000

Baron Small Cap Fund — PORTFOLIO HOLDINGS (Continued)

March 31, 2022 (Unaudited)

Shares		Cost	Value
Common Stocks (continued)			
Industrials (continued)			
	Environmental & Facilities Services (1.37%)		
450,000	Waste Connections, Inc.[2]	$ 19,650,000	$ 62,865,000
	Human Resource & Employment Services (5.22%)		
1,550,000	ASGN, Inc.[1]	34,021,695	180,900,500
2,950,000	First Advantage Corp.[1]	49,805,039	59,560,500
		83,826,734	240,461,000
	Industrial Machinery (2.34%)		
500,000	John Bean Technologies Corp.	42,775,111	59,235,000
250,000	RBC Bearings, Incorporated[1]	28,984,544	48,470,000
		71,759,655	107,705,000
	Research & Consulting Services (1.00%)		
2,750,000	Clarivate Plc[1,2]	29,075,838	46,090,000
	Trading Companies & Distributors (3.47%)		
3,241,500	Hillman Solutions Corp.[1,3]	37,070,531	38,509,020
750,000	SiteOne Landscape Supply, Inc.[1]	17,970,318	121,267,500
		55,040,849	159,776,520
Total Industrials		571,450,975	1,097,337,270
Information Technology (25.48%)			
	Application Software (10.97%)		
750,000	Altair Engineering, Inc., Cl A[1]	11,935,619	48,300,000
800,000	Aspen Technology, Inc.[1]	29,983,938	132,296,000
850,000	Ceridian HCM Holding, Inc.[1]	23,711,721	58,106,000
850,000	Clearwater Analytics Holdings, Inc., Cl A[1]	17,993,951	17,850,000
6,886,792	E2open Parent Holdings, Inc.[1]	70,859,467	60,672,638
1,225,000	Guidewire Software, Inc.[1]	31,269,359	115,909,500
4,000,000	SmartRent, Inc.[1,3]	44,329,709	20,240,000
750,000	The Trade Desk, Inc., Cl A[1]	2,662,500	51,937,500
		232,746,264	505,311,638
	Data Processing & Outsourced Services (3.50%)		
750,000	Nuvei Corp., 144A (Canada)[1,2]	20,780,312	56,542,500
768,150	Paya Holdings, Inc., Cl A[1]	7,913,082	4,501,359
3,750,000	Repay Holdings Corporation[1]	33,928,047	55,387,500
250,000	WEX, Inc.[1]	10,329,020	44,612,500
		72,950,461	161,043,859
	Electronic Equipment & Instruments (2.01%)		
1,200,000	Cognex Corp.	9,420,069	92,580,000
	Internet Services & Infrastructure (0.51%)		
225,000	Wix.com Ltd.[1,2]	11,474,117	23,503,500
	IT Consulting & Other Services (8.36%)		
750,000	Endava plc (United Kingdom), ADR[1,2]	23,557,249	99,772,500
875,000	Gartner, Inc.[1]	12,606,753	260,277,500
1,750,000	Grid Dynamics Holdings, Inc.[1]	17,114,054	24,640,000
		53,278,056	384,690,000
	Systems Software (0.13%)		
175,000	Jamf Holding Corp.[1,3]	4,591,479	6,091,750
Total Information Technology		384,460,446	1,173,220,747
Materials (2.57%)			
	Metal & Glass Containers (0.69%)		
550,000	Berry Global Group, Inc.[1]	8,652,147	31,878,000
	Specialty Chemicals (1.88%)		
1,800,000	Avient Corp.	57,431,587	86,400,000
Total Materials		66,083,734	118,278,000

Shares		Cost	Value
Common Stocks (continued)			
Real Estate (2.93%)			
	Specialized REITs (2.93%)		
1,750,000	Americold Realty Trust[3]	$ 31,429,914	$ 48,790,000
250,000	SBA Communications Corp.	1,006,880	86,025,000
Total Real Estate		32,436,794	134,815,000
TOTAL COMMON STOCKS		**1,938,836,257**	**4,444,659,672**

Principal Amount		Cost	Value
Short Term Investments (3.75%)			
Repurchase Agreement (3.32%)			
$152,961,566	Repurchase Agreement with Fixed Income Clearing Corp., dated 03/31/2022, 0.00% due 4/1/2022; Proceeds at maturity - $152,961,566; (Fully collateralized by $122,315,200 U.S. Treasury Bond, 4.375% due 2/15/2038 Market value - $154,164,977) and $1,486,800 U.S. Treasury Bond, 4.25% due 5/15/2039 Market value - $1,855,828)	152,961,566	152,961,566
Securities Lending Collateral (0.43%)			
19,848,400	State Street Navigator Securities Lending Prime Portfolio[5]	19,848,400	19,848,400
Total Short Term Investments		**172,809,966**	**172,809,966**
TOTAL INVESTMENTS (100.27%)		**$2,111,646,223**	**4,617,469,638**
LIABILITIES LESS CASH AND OTHER ASSETS (-0.27%)			**(12,490,277)**
NET ASSETS			**$4,604,979,361**
RETAIL SHARES (Equivalent to $31.89 per share based on 48,225,821 shares outstanding)			**$1,537,850,841**
INSTITUTIONAL SHARES (Equivalent to $34.09 per share based on 82,752,906 shares outstanding)			**$2,821,065,473**
R6 SHARES (Equivalent to $34.08 per share based on 7,220,576 shares outstanding)			**$ 246,063,047**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI (unaudited).
4 The value of all securities loaned at March 31, 2022 amounted to $17,760,848 or 0.39% of net assets.
5 Represents investment of cash collateral received from securities lending transactions.
ADR American Depositary Receipt.
144A Security is exempt from registration pursuant to Rule 144A under the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. At March 31, 2022, the market value of Rule 144A securities amounted to $56,542,500 or 1.23% of net assets.

Baron Opportunity Fund — PORTFOLIO HOLDINGS

March 31, 2022 (Unaudited)

Shares		Cost	Value
Common Stocks (96.10%)			
Communication Services (18.88%)			
	Advertising (0.76%)		
1,600,000	Innovid Corp.[1]	$ 16,000,000	$ 9,664,000
	Interactive Home Entertainment (2.33%)		
129,000	Electronic Arts, Inc.	15,273,979	16,319,790
85,000	Take-Two Interactive Software, Inc.[1]	11,392,892	13,067,900
		26,666,871	29,387,690
	Interactive Media & Services (13.55%)		
38,550	Alphabet, Inc., Cl C[1]	51,063,702	107,669,764
473,000	Snap, Inc., Cl A[1]	8,695,816	17,023,270
778,369	ZoomInfo Technologies Inc., Cl A[1]	25,572,629	46,499,764
		85,332,147	171,192,798
	Movies & Entertainment (2.24%)		
650,000	Endeavor Group Holdings, Inc., Cl A[1]	15,600,000	19,188,000
24,425	Netflix, Inc.[1]	3,966,732	9,149,361
		19,566,732	28,337,361
Total Communication Services		147,565,750	238,581,849
Consumer Discretionary (15.73%)			
	Automobile Manufacturers (8.30%)		
391,829	Rivian Automotive, Inc., Cl A[1]	30,562,662	19,685,489
606,300	Rivian Automotive, Inc., Cl A[1,3]	12,000,006	28,192,950
52,900	Tesla, Inc.[1]	3,163,928	57,005,040
		45,726,596	104,883,479
	Hotels, Resorts & Cruise Lines (0.32%)		
458,333	eDreams ODIGEO SA (Spain)[1,2]	4,447,092	4,045,059
	Internet & Direct Marketing Retail (7.11%)		
24,275	Amazon.com, Inc.[1]	29,742,116	79,135,286
9,029	MercadoLibre, Inc.[1]	5,446,863	10,739,815
		35,188,979	89,875,101
Total Consumer Discretionary		85,362,667	198,803,639
Health Care (11.73%)			
	Biotechnology (4.29%)		
108,639	argenx SE, ADR[1,2]	11,575,600	34,254,963
432,600	Arrowhead Pharmaceuticals, Inc.[1]	17,960,006	19,895,274
		29,535,606	54,150,237
	Health Care Equipment (4.39%)		
125,300	Edwards Lifesciences Corp.[1]	7,054,705	14,750,316
49,505	Intuitive Surgical, Inc.[1]	6,724,756	14,934,669
124,600	Shockwave Medical, Inc.[1]	6,169,288	25,837,056
		19,948,749	55,522,041
	Health Care Supplies (1.15%)		
675,779	Figs, Inc., Cl A[1]	19,966,710	14,542,764
	Life Sciences Tools & Services (1.90%)		
282,500	CareDx, Inc.[1,4]	10,217,675	10,449,675
38,715	Illumina, Inc.[1]	9,409,204	13,527,021
		19,626,879	23,976,696
Total Health Care		89,077,944	148,191,738
Common Stocks (continued)			
Industrials (1.86%)			
	Research & Consulting Services (1.86%)		
353,330	CoStar Group, Inc.[1]	$ 14,974,268	$ 23,535,311
Information Technology (47.07%)			
	Application Software (12.31%)		
23,700	Adobe, Inc.[1]	4,199,063	10,798,194
49,000	Atlassian Corp. PLC, Cl A[1,2]	11,935,490	14,397,670
383,070	Ceridian HCM Holding, Inc.[1]	28,971,891	26,186,665
183,600	Guidewire Software, Inc.[1]	6,634,335	17,372,232
32,200	HubSpot, Inc.[1]	16,682,167	15,293,068
42,200	ServiceNow, Inc.[1,4]	11,057,710	23,500,758
993,086	SimilarWeb Ltd.[1,2]	17,059,115	12,860,464
152,410	The Trade Desk, Inc., Cl A[1]	2,846,756	10,554,393
102,900	Workday, Inc., Cl A[1]	25,384,358	24,640,434
		124,770,885	155,603,878
	Data Processing & Outsourced Services (4.98%)		
3,000	Adyen N.V., (Netherlands), 144A[1,2]	2,422,754	5,942,080
69,800	MasterCard Incorporated, Cl A	15,595,187	24,945,124
144,300	Visa, Inc., Cl A	23,990,038	32,001,411
		42,007,979	62,888,615
	Electronic Equipment & Instruments (0.95%)		
297,133	PAR Technology Corp.[1]	12,121,242	11,986,345
	Internet Services & Infrastructure (1.25%)		
13,000	Shopify, Inc., Cl A[1,2]	10,927,630	8,787,480
67,043	Wix.com Ltd.[1,2]	3,803,923	7,003,312
		14,731,553	15,790,792
	IT Consulting & Other Services (4.99%)		
196,368	Endava plc, ADR [1,2]	6,765,549	26,122,835
124,087	Gartner, Inc.[1]	5,794,585	36,910,919
		12,560,134	63,033,754
	Semiconductors (5.85%)		
1,770,000	indie Semiconductor, Inc., Cl A[1]	17,169,776	13,823,700
720,000	Navitas Semiconductor Corp.[1]	8,324,990	7,401,600
193,400	NVIDIA Corp.	16,952,127	52,771,124
		42,446,893	73,996,424
	Systems Software (16.74%)		
83,223	Crowdstrike Holdings, Inc., Cl A[1]	7,258,503	18,898,279
86,000	Datadog, Inc., Cl A[1,4]	13,092,843	13,026,420
488,900	Microsoft Corporation	77,215,554	150,732,759
35,700	MongoDB, Inc.[1,4]	13,796,186	15,836,163
57,008	Snowflake, Inc., Cl A[1,4]	9,565,302	13,062,243
		120,928,388	211,555,864
Total Information Technology		369,567,074	594,855,672
Real Estate (0.83%)			
	Specialized REITs (0.83%)		
14,225	Equinix, Inc.	2,122,124	10,549,545
TOTAL COMMON STOCKS		**708,669,827**	**1,214,517,754**

Baron Opportunity Fund — PORTFOLIO HOLDINGS (Continued)

March 31, 2022 (Unaudited)

Shares		Cost	Value
Private Common Stocks (0.62%)			
Industrials (0.62%)			
	Aerospace & Defense (0.62%)		
105,020	Space Exploration Technologies Corp., Cl A[1,3,4]	$ 4,607,169	$ 6,029,303
31,890	Space Exploration Technologies Corp., Cl C[1,3,4]	1,392,972	1,830,837
TOTAL PRIVATE COMMON STOCKS		6,000,141	7,860,140
Private Convertible Preferred Stocks (0.92%)			
Materials (0.92%)			
	Fertilizers & Agricultural Chemicals (0.92%)		
219,321	Farmers Business Network, Inc., Series F[1,3,4]	7,250,007	11,626,206
Private Preferred Stocks (1.27%)			
Industrials (1.27%)			
	Aerospace & Defense (0.84%)		
18,519	Space Exploration Technologies Corp., Cl N[1,3,4]	5,000,130	10,631,851
	Trucking (0.43%)		
266,956	GM Cruise Holdings, Cl G[1,3,4]	7,034,290	5,363,146
TOTAL PRIVATE PREFERRED STOCKS		12,034,420	15,994,997

Principal Amount		Cost	Value
Short Term Investments (1.23%)			
$15,562,709	Repurchase Agreement with Fixed Income Clearing Corp., dated 3/31/2022, 0.00% due 4/1/2022; Proceeds at maturity - $15,562,709; (Fully collateralized by $15,786,800 U.S. Treasury Note, 2.375% due 5/15/2029 Market value - $15,874,017)	$ 15,562,709	$ 15,562,709
TOTAL INVESTMENTS (100.14%)		$749,517,104	1,265,561,806
LIABILITIES LESS CASH AND OTHER ASSETS (-0.14%)			(1,776,296)
NET ASSETS			$1,263,785,510
RETAIL SHARES (Equivalent to $34.71 per share based on 19,587,427 shares outstanding)			$ 679,918,233
INSTITUTIONAL SHARES (Equivalent to $36.80 per share based on 15,001,781 shares outstanding)			$ 552,068,172
R6 SHARES (Equivalent to $36.85 per share based on 863,047 shares outstanding)			$ 31,799,105

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 At March 31, 2022, the market value of restricted and fair valued securities amounted to $63,674,293 or 5.04% of net assets. These securities are not deemed liquid.
4 The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI (unaudited).
ADR American Depositary Receipt.
144A Security is exempt from registration pursuant to Rule 144A under the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. At March 31, 2022, the market value of Rule 144A securities amounted to $5,942,080 or 0.47% of net assets.

Baron Partners Fund — PORTFOLIO HOLDINGS

March 31, 2022 (Unaudited)

Shares		Cost	Value
Common Stocks (104.50%)			
Communication Services (5.42%)			
	Alternative Carriers (2.01%)		
4,000,000	Iridium Communications, Inc.[1]	$ 130,869,959	$ 161,280,000
	Movies & Entertainment (3.41%)		
3,306,236	Manchester United plc, Cl A[2]	57,607,472	47,841,235
1,500,000	Spotify Technology SA[1,2]	308,098,506	226,530,000
		365,705,978	274,371,235
Total Communication Services		496,575,937	435,651,235
Consumer Discretionary (64.39%)			
	Automobile Manufacturers (54.27%)		
4,050,000	Tesla, Inc.[1,5]	183,531,738	4,364,280,000
	Casinos & Gaming (0.83%)		
550,000	Penn National Gaming, Inc.[1]	31,008,131	23,331,000
900,000	Red Rock Resorts, Inc., Cl A	27,057,051	43,704,000
		58,065,182	67,035,000
	Footwear (0.16%)		
500,000	On Holding AG, Cl A[1,2]	13,437,328	12,620,000
	Hotels, Resorts & Cruise Lines (5.32%)		
3,325,000	Hyatt Hotels Corp., Cl A[1]	115,871,183	317,371,250
700,000	Marriott Vacations Worldwide Corp.	81,762,309	110,390,000
		197,633,492	427,761,250
	Leisure Facilities (3.40%)		
1,050,000	Vail Resorts, Inc.	64,124,520	273,283,500
	Restaurants (0.22%)		
1,200,000	Krispy Kreme, Inc.	20,354,500	17,820,000
	Specialty Stores (0.19%)		
150,000	Dick's Sporting Goods, Inc.	16,324,152	15,003,000
Total Consumer Discretionary		553,470,912	5,177,802,750
Financials (14.37%)			
	Asset Management & Custody Banks (1.29%)		
1,000,000	Brookfield Asset Management, Inc., Cl A[2]	35,923,845	56,570,000
551,753	Cohen & Steers, Inc.	43,367,586	47,390,065
		79,291,431	103,960,065
	Financial Exchanges & Data (5.05%)		
720,000	FactSet Research Systems, Inc.	55,503,768	312,588,000
185,000	MSCI, Inc.	56,540,114	93,032,800
		112,043,882	405,620,800
	Investment Banking & Brokerage (4.09%)		
3,900,000	The Charles Schwab Corp.	86,233,677	328,809,000
	Property & Casualty Insurance (3.94%)		
6,550,000	Arch Capital Group Ltd.[1,2]	30,153,581	317,151,000
Total Financials		307,722,571	1,155,540,865

Shares		Cost	Value
Common Stocks (continued)			
Health Care (5.44%)			
	Health Care Equipment (5.44%)		
800,000	IDEXX Laboratories, Inc.[1]	$ 35,048,047	$ 437,648,000
Industrials (6.51%)			
	Aerospace & Defense (0.42%)		
125,625	HEICO Corp.	9,632,520	19,288,463
116,875	HEICO Corp., Cl A	7,586,429	14,823,256
		17,218,949	34,111,719
	Research & Consulting Services (6.09%)		
7,350,000	CoStar Group, Inc.[1]	98,974,400	489,583,500
Total Industrials		116,193,349	523,695,219
Information Technology (6.86%)			
	Application Software (1.13%)		
100,000	AppLovin Corp., Cl A[1]	8,000,000	5,507,000
900,000	Guidewire Software, Inc.[1]	73,150,321	85,158,000
		81,150,321	90,665,000
	Data Processing & Outsourced Services (1.46%)		
59,246	Adyen N.V., 144A (Netherlands)[1,2]	53,544,383	117,348,165
	Internet Services & Infrastructure (1.68%)		
200,000	Shopify, Inc., Cl A[1,2]	178,813,134	135,192,000
	IT Consulting & Other Services (2.59%)		
700,000	Gartner, Inc.[1]	83,980,674	208,222,000
Total Information Technology		397,488,512	551,427,165
Real Estate (1.51%)			
	Office REITs (0.45%)		
1,085,000	Douglas Emmett, Inc.	29,698,261	36,260,700
	Specialized REITs (1.06%)		
1,819,296	Gaming and Leisure Properties, Inc.	57,529,251	85,379,561
Total Real Estate		87,227,512	121,640,261
TOTAL COMMON STOCKS		**1,993,726,840**	**8,403,405,495**
Private Common Stocks (2.27%)			
Consumer Discretionary (0.47%)			
	Internet & Direct Marketing Retail (0.47%)		
197,613	StubHub Holdings, Inc., Cl A[1,3,4]	50,000,041	38,285,542
Industrials (1.80%)			
	Aerospace & Defense (1.80%)		
2,216,310	Space Exploration Technologies Corp., Cl A[1,3,4]	29,920,185	127,240,574
302,210	Space Exploration Technologies Corp., Cl C[1,3,4]	4,079,835	17,350,178
Total Industrials		34,000,020	144,590,752
TOTAL PRIVATE COMMON STOCKS		**84,000,061**	**182,876,294**

Baron Partners Fund — PORTFOLIO HOLDINGS (Continued)

March 31, 2022 (Unaudited)

Shares		Cost	Value
Private Convertible Preferred Stocks (0.10%)			
Industrials (0.10%)			
	Electrical Components & Equipment (0.10%)		
21,213,656	Northvolt AB, Series E2 (Sweden)[1,2,3,4]	$ 7,843,621	$ 7,810,656
Private Preferred Stocks (3.96%)			
Industrials (3.96%)			
	Aerospace & Defense (3.96%)		
311,111	Space Exploration Technologies Corp., Cl H[1,3,4]	41,999,985	178,610,380
131,657	Space Exploration Technologies Corp., Cl I[1,3,4]	22,250,032	75,584,942
111,111	Space Exploration Technologies Corp., Cl N[1,3,4]	29,999,970	63,789,381
TOTAL PRIVATE PREFERRED STOCKS		**94,249,987**	**317,984,703**

Principal Amount		Cost	Value
Short Term Investments (0.00%)			
$109,451	Repurchase Agreement with Fixed Income Clearing Corp., dated 3/31/2022, 0.00% due 4/1/2022; Proceeds at maturity - $109,451; (Fully collateralized by $121,300 U.S. Treasury Note, 1.375% due 11/15/2031 Market value - $111,730)	109,451	109,451
TOTAL INVESTMENTS (110.83%)		**$2,179,929,960**	**8,912,186,599**
LIABILITIES LESS CASH AND OTHER ASSETS (-10.83%)			**(870,658,564)**
NET ASSETS			**$8,041,528,035**
RETAIL SHARES (Equivalent to $187.26 per share based on 19,348,128 shares outstanding)			**$3,623,130,832**
INSTITUTIONAL SHARES (Equivalent to $193.93 per share based on 19,751,949 shares outstanding)			**$3,830,416,884**
R6 SHARES (Equivalent to $193.91 per share based on 3,032,158 shares outstanding)			**$ 587,980,319**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 At March 31, 2022, the market value of restricted and fair valued securities amounted to $508,671,653 or 6.33% of net assets. These securities are not deemed liquid.
4 The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI (unaudited).
5 Investors in the Fund may view Tesla, Inc.'s financial statements on the EDGAR website of the U.S. Securities and Exchange Commission by going to https://www.sec.gov/cgi-bin/browse-edgar?CIK=1318605&owner=exclude. Please note that the Fund is not responsible for Tesla's financial statements and can provide no assurances as to their accuracy or completeness.
144A Security is exempt from registration pursuant to Rule 144A under the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. At March 31, 2022, the market value of Rule 144A securities amounted to $117,348,165 or 1.46% of net assets.

Baron Fifth Avenue Growth Fund — PORTFOLIO HOLDINGS

March 31, 2022 (Unaudited)

Shares		Cost	Value
Common Stocks (98.79%)			
Communication Services (13.63%)			
	Interactive Media & Services (13.63%)		
11,490	Alphabet, Inc., Cl A[1]	$ 17,696,237	$ 31,957,712
4,994	Alphabet, Inc., Cl C[1]	1,245,172	13,948,192
52,815	Meta Platforms Inc., Cl A1	1,282,259	11,743,943
348,023	ZoomInfo Technologies Inc., Cl A[1]	12,177,461	20,790,894
Total Communication Services		32,401,129	78,440,741
Consumer Discretionary (19.97%)			
	Automobile Manufacturers (8.48%)		
439,572	Rivian Automotive, Inc., Cl A[1]	34,286,616	22,084,097
81,411	Rivian Automotive, Inc., Cl A[1,4]	2,999,995	3,785,612
21,275	Tesla, Inc.[1]	18,118,441	22,925,940
		55,405,052	48,795,649
	Internet & Direct Marketing Retail (11.49%)		
16,190	Amazon.com, Inc.[1]	3,277,033	52,778,590
11,172	MercadoLibre, Inc.[1]	6,296,449	13,288,871
		9,573,482	66,067,461
Total Consumer Discretionary		64,978,534	114,863,110
Health Care (12.45%)			
	Biotechnology (2.23%)		
40,756	argenx SE, ADR[1,2]	12,223,325	12,850,774
	Health Care Equipment (3.84%)		
73,176	Intuitive Surgical, Inc.[1]	8,405,327	22,075,736
	Health Care Technology (2.90%)		
78,616	Veeva Systems, Inc., Cl A[1]	5,541,991	16,702,755
	Life Sciences Tools & Services (3.48%)		
75,455	10X Genomics, Inc., Cl A[1]	6,999,703	5,739,862
40,799	Illumina, Inc.[1]	4,178,618	14,255,171
		11,178,321	19,995,033
Total Health Care		37,348,964	71,624,298
Information Technology (52.74%)			
	Application Software (9.86%)		
46,661	Adobe, Inc.[1]	23,251,749	21,259,685
66,675	Gitlab, Inc., Cl A[1,3]	5,133,975	3,630,454
57,199	ServiceNow, Inc.[1,3]	22,291,419	31,853,551
		50,677,143	56,743,690
	Data Processing & Outsourced Services (10.22%)		
6,218	Adyen N.V., 144A (Netherlands)[1,2]	4,711,862	12,315,952
119,978	Block, Inc., Cl A[1]	24,977,891	16,269,017
84,535	MasterCard Incorporated, Cl A	9,859,109	30,211,118
		39,548,862	58,796,087
	Internet Services & Infrastructure (4.04%)		
34,355	Shopify, Inc., Cl A[1,2]	41,427,934	23,222,606
	IT Consulting & Other Services (4.47%)		
87,068	Endava plc, ADR[1,2]	10,484,110	11,582,656
47,658	EPAM Systems, Inc.[1]	4,533,338	14,135,839
		15,017,448	25,718,495
	Semiconductor Equipment (2.41%)		
20,813	ASML Holding N.V.[2]	1,293,130	13,901,627

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (continued)			
	Semiconductors (5.92%)		
124,857	NVIDIA Corp.	$ 19,486,945	$ 34,068,481
	Systems Software (15.82%)		
82,239	Cloudflare, Inc., Cl A[1,3]	9,174,782	9,844,008
114,467	Crowdstrike Holdings, Inc., Cl A[1]	9,838,034	25,993,167
112,074	Datadog, Inc., Cl A[1,3]	6,351,200	16,975,849
101,579	Snowflake, Inc., Cl A[1,3]	19,565,695	23,274,796
90,472	Twilio, Inc., Cl A[1,3]	12,400,515	14,910,690
		57,330,226	90,998,510
Total Information Technology		224,781,688	303,449,496
TOTAL COMMON STOCKS		**359,510,315**	**568,377,645**
Private Common Stocks (0.53%)			
Industrials (0.53%)			
	Aerospace & Defense (0.53%)		
41,330	Space Exploration Technologies Corp., Cl A[1,3,4]	1,932,253	2,372,796
12,240	Space Exploration Technologies Corp., Cl C[1,3,4]	567,691	702,711
TOTAL PRIVATE COMMON STOCKS		**2,499,944**	**3,075,507**
Private Preferred Stocks (0.47%)			
Industrials (0.47%)			
	Trucking (0.47%)		
133,288	GM Cruise Holdings, Cl G[1,3,4]	**3,512,139**	**2,677,756**
TOTAL INVESTMENTS (99.79%)		**$365,522,398**	**574,130,908**
CASH AND OTHER ASSETS LESS LIABILITIES (0.21%)			**1,214,353**
NET ASSETS			**$575,345,261**
RETAIL SHARES (Equivalent to $42.65 per share based on 3,199,645 shares outstanding)			**$136,477,352**
INSTITUTIONAL SHARES (Equivalent to $43.89 per share based on 9,280,656 shares outstanding)			**$407,359,932**
R6 SHARES (Equivalent to $43.91 per share based on 717,547 shares outstanding)			**$ 31,507,977**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI (unaudited).
4 At March 31, 2022, the market value of restricted and fair valued securities amounted to $9,538,875 or 1.66% of net assets. These securities are not deemed liquid.
ADR American Depositary Receipt.
144A Security is exempt from registration pursuant to Rule 144A under the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. At March 31, 2022, the market value of Rule 144A securities amounted to $12,315,952 or 2.14% of net assets.

Baron Focused Growth Fund — PORTFOLIO HOLDINGS

March 31, 2022 (Unaudited)

Shares		Cost	Value
Common Stocks (85.40%)			
Communication Services (6.54%)			
	Alternative Carriers (3.22%)		
637,064	Iridium Communications, Inc.[1]	$ 12,123,685	$ 25,686,420
	Movies & Entertainment (3.32%)		
175,000	Spotify Technology SA[1,2]	39,353,920	26,428,500
Total Communication Services		51,477,605	52,114,920
Consumer Discretionary (50.79%)			
	Automobile Manufacturers (27.73%)		
205,000	Tesla, Inc.[1,5]	8,168,271	220,908,000
	Casinos & Gaming (8.13%)		
150,000	Boyd Gaming Corporation	9,824,271	9,867,000
400,000	MGM Resorts International	18,189,958	16,776,000
470,000	Penn National Gaming, Inc.[1]	8,830,397	19,937,400
375,000	Red Rock Resorts, Inc., Cl A	8,591,776	18,210,000
		45,436,402	64,790,400
	Hotels, Resorts & Cruise Lines (8.75%)		
155,000	Choice Hotels International, Inc.	5,375,923	21,972,800
500,000	Hyatt Hotels Corp., Cl A[1]	24,424,809	47,725,000
		29,800,732	69,697,800
	Leisure Facilities (4.41%)		
135,000	Vail Resorts, Inc.	14,955,931	35,136,450
	Restaurants (1.77%)		
950,000	Krispy Kreme, Inc.	13,763,703	14,107,500
Total Consumer Discretionary		112,125,039	404,640,150
Financials (14.66%)			
	Financial Exchanges & Data (7.02%)		
82,500	FactSet Research Systems, Inc.	9,125,395	35,817,375
40,000	MSCI, Inc.	21,837,989	20,115,200
		30,963,384	55,932,575
	Investment Banking & Brokerage (2.17%)		
525,000	Jefferies Financial Group, Inc.	20,234,210	17,246,250
	Property & Casualty Insurance (5.47%)		
900,000	Arch Capital Group Ltd.[1,2]	25,104,585	43,578,000
Total Financials		76,302,179	116,756,825
Industrials (6.40%)			
	Aerospace & Defense (0.70%)		
36,250	HEICO Corp.	4,997,345	5,565,825
	Industrial Machinery (0.85%)		
725,000	Velo3D, Inc.[1]	7,846,643	6,749,750
	Research & Consulting Services (4.85%)		
580,000	CoStar Group, Inc.[1]	10,184,660	38,633,800
Total Industrials		23,028,648	50,949,375
Information Technology (5.88%)			
	Application Software (4.16%)		
350,000	Guidewire Software, Inc.[1]	34,820,618	33,117,000
	Electronic Equipment & Instruments (1.72%)		
1,700,000	Mirion Technologies, Inc.[1]	17,664,153	13,719,000
Total Information Technology		52,484,771	46,836,000

Shares		Cost	Value
Common Stocks (continued)			
Real Estate (1.13%)			
	Residential REITs (1.13%)		
225,000	American Homes 4 Rent, Cl A	$ 4,700,804	$ 9,006,750
TOTAL COMMON STOCKS		**320,119,046**	**680,304,020**
Private Common Stocks (5.57%)			
Industrials (5.57%)			
	Aerospace & Defense (5.57%)		
629,570	Space Exploration Technologies Corp., Cl A[1,3,4]	26,390,845	36,144,243
143,170	Space Exploration Technologies Corp., Cl C[1,3,4]	6,808,820	8,219,533
TOTAL PRIVATE COMMON STOCKS		**33,199,665**	**44,363,776**
Private Preferred Stocks (2.91%)			
Industrials (2.91%)			
	Aerospace & Defense (2.91%)		
29,630	Space Exploration Technologies Corp., Cl H[1,3,4]	4,000,050	17,010,731
1,479	Space Exploration Technologies Corp., Cl I[1,3,4]	249,951	849,102
9,259	Space Exploration Technologies Corp., Cl N[1,3,4]	2,499,930	5,315,638
TOTAL PRIVATE PREFERRED STOCKS		**6,749,931**	**23,175,471**

Principal Amount		Cost	Value
Short Term Investments (6.42%)			
$51,178,847	Repurchase Agreement with Fixed Income Clearing Corp., dated 3/31/2022, 0.00% due 4/1/2022; Proceeds at maturity - $51,178,847; (Fully collateralized by $52,390,800 U.S. Treasury Note, 2.375% due 3/31/2029 Market value - $52,202,507)	**51,178,847**	**51,178,847**
TOTAL INVESTMENTS (100.30%)		**$411,247,489**	**799,022,114**
LIABILITIES LESS CASH AND OTHER ASSETS (-0.30%)			**(2,416,466)**
NET ASSETS			**$796,605,648**
RETAIL SHARES (Equivalent to $40.92 per share based on 4,995,706 shares outstanding)			**$204,405,415**
INSTITUTIONAL SHARES (Equivalent to $42.39 per share based on 7,009,777 shares outstanding)			**$297,113,965**
R6 SHARES (Equivalent to $42.42 per share based on 6,956,843 shares outstanding)			**$295,086,268**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 At March 31, 2022, the market value of restricted and fair valued securities amounted to $67,539,247 or 8.48% of net assets. These securities are not deemed liquid.
4 The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI (unaudited).
5 Investors in the Fund may view Tesla, Inc.'s financial statements on the EDGAR website of the U.S. Securities and Exchange Commission by going to https://www.sec.gov/cgi-bin/browse-edgar?CIK=1318605&owner=exclude. Please note that the Fund is not responsible for Tesla's financial statements and can provide no assurances as to their accuracy or completeness.

Baron International Growth Fund — PORTFOLIO HOLDINGS

March 31, 2022 (Unaudited)

Shares		Cost	Value
Common Stocks (93.17%)			
Australia (1.75%)			
458,118	IGO Ltd.	$ 4,161,544	$ 4,788,817
152,012	Newcrest Mining Limited	3,053,060	3,071,765
373,285	NEXTDC Limited[1]	1,760,427	3,215,886
Total Australia		8,975,031	11,076,468
Brazil (3.70%)			
327,118	Afya Ltd., Cl A[1]	5,716,713	4,713,770
1,309,880	B3 S.A. - Brasil, Bolsa, Balcao	3,366,162	4,322,201
997,209	Hapvida Participacoes e Investimentos SA, 144A (formerly, Notre Dame Intermedica Participacoes S.A.)	2,007,998	2,479,905
756,268	Suzano SA	7,440,384	8,760,290
104,246	XP, Inc., Cl A[1]	3,301,673	3,137,805
Total Brazil		21,832,930	23,413,971
Canada (3.22%)			
118,335	Agnico Eagle Mines Ltd.	5,865,043	7,246,835
123,974	CAE, Inc.[1]	1,428,375	3,226,904
5,816	Constellation Software, Inc.	1,868,576	9,941,841
Total Canada		9,161,994	20,415,580
China (9.74%)			
55,980	Alibaba Group Holding Limited, ADR[1]	7,610,671	6,090,624
32,527	Baidu, Inc., ADR[1]	4,853,419	4,303,322
1,775,582	China Conch Environment Protection Holdings Ltd.[1]	1,336,985	2,221,376
1,200,616	China Conch Venture Holdings Ltd.	4,726,792	3,500,024
65,859	China Tourism Group Duty Free Corporation Ltd., Cl A	894,198	1,694,060
1,192,851	Estun Automation Co. Ltd., Cl A	4,886,483	3,753,761
526,322	Full Truck Alliance Co. Ltd., ADR[1]	4,020,412	3,510,568
45,756	GDS Holdings Limited, ADR[1]	2,565,830	1,795,923
476,788	Han's Laser Technology Industry Group Co., Ltd., Cl A	2,780,424	2,860,803
479,276	Hua Hong Semiconductor Limited, 144A[1]	959,696	2,001,328
31,165	JD.com, Inc., ADR[1]	2,549,817	1,803,519
81	JD.com, Inc., Cl A[1]	2,474	2,302
7,239	JD.com, Inc., Cl A[1,2]	264,060	200,407
1,211,374	Kingdee International Software Group Co. Ltd.[1]	777,850	2,654,029
1,111,728	Kingsoft Corp. Ltd.	4,429,707	3,541,605
396,824	Midea Group Co., Ltd., Cl A	3,306,247	3,539,379
48,764	Shenzhen Mindray Bio-Medical Electronics Co. Ltd., Cl A	1,267,527	2,356,091
93,924	Tencent Holdings Limited	3,939,603	4,329,365
37,420	Tencent Holdings Limited, ADR	2,348,654	1,737,036
51,954	Will Semiconductor Co. Ltd. Shanghai, Cl A	1,823,616	1,569,579
529,565	Yonyou Network Technology Co. Ltd., Cl A	3,046,071	1,903,894
79,115	Yum China Holdings, Inc.	3,854,353	3,286,437
68,675	Zai Lab Limited, ADR[1]	1,815,276	3,020,326
Total China		64,060,165	61,675,758
Denmark (0.88%)			
154,879	Genmab A/S, ADR[1]	6,150,648	5,603,522
France (8.16%)			
168,492	BNP Paribas S.A.	6,452,423	9,628,413
92,330	Eurofins Scientific SE	2,429,163	9,133,536
8,907	LVMH Moët Hennessy Louis Vuitton SE	2,802,671	6,357,805
50,010	Pernod Ricard SA	9,948,954	10,987,745

Shares		Cost	Value
Common Stocks (continued)			
France (continued)			
418,139	Vivendi SA	$ 8,416,052	$ 5,462,779
242,654	Waga Energy SA[1]	6,991,692	10,094,450
Total France		37,040,955	51,664,728
Germany (3.49%)			
159,552	Befesa SA, 144A	8,014,794	12,539,802
235,944	Mister Spex SE[1]	6,633,159	2,270,813
60,859	Symrise AG	5,295,422	7,296,549
Total Germany		19,943,375	22,107,164
Hong Kong (0.94%)			
326,827	AIA Group Ltd.	3,628,474	3,412,687
157,500	Techtronic Industries Co. Ltd.	997,624	2,523,381
Total Hong Kong		4,626,098	5,936,068
India (6.00%)			
70,645	Bajaj Finance Limited	2,927,306	6,709,035
670,497	Bharti Airtel Ltd. PP[1]	3,462,101	3,474,196
2,601,627	Edelweiss Financial Services Ltd.	2,183,118	2,001,368
192,887	Godrej Properties Ltd.[1]	2,367,567	4,225,401
225,800	HDFC Bank Ltd.	3,743,080	4,348,865
2,195,498	JM Financial Limited	2,636,593	1,945,641
343,286	Max Financial Services Limited[1]	2,274,921	3,403,502
688,913	Nippon Life India Asset Management Ltd., 144A	2,429,190	3,147,861
251,616	Reliance Industries Limited	5,490,484	8,702,785
Total India		27,514,360	37,958,654
Israel (1.48%)			
361,350	Innovid Corp.[1]	3,586,055	2,182,554
151,660	ION Acquisition Corp. 3 Limited, Cl A[1]	1,516,227	1,477,168
112,763	SimilarWeb Ltd.[1]	2,294,393	1,460,281
398,398	Taboola.com Ltd.[1]	3,771,018	2,055,734
20,787	Wix.com Ltd.[1]	1,271,691	2,171,410
Total Israel		12,439,384	9,347,147
Italy (2.16%)			
304,151	Stevanato Group SpA[1]	6,373,892	6,119,518
250,834	Tenaris SA	3,242,169	3,767,796
125,289	Tenaris SA, ADR	3,393,160	3,767,440
Total Italy		13,009,221	13,654,754
Japan (8.19%)			
22,365	Keyence Corporation	8,047,982	10,370,705
163,900	MonotaRO Co, Ltd.	917,367	3,517,674
105,520	Okamoto Industries, Inc.	4,831,807	3,368,708
153,600	Recruit Holdings Co, Ltd.	3,788,290	6,673,462
565,360	Renesas Electronics Corp.[1]	6,943,128	6,550,807
285,300	SMS Co. Ltd.	8,001,167	7,824,094
10,831	Tokyo Electron Limited	2,498,988	5,562,379
1,839,070	Z Holdings Corporation	10,768,599	7,950,468
Total Japan		45,797,328	51,818,297
Korea, Republic of (2.28%)			
61,657	Hyundai Heavy Industries Co. Ltd.[1]	5,701,992	6,035,447
115,776	Korea Shipbuilding & Offshore Engineering Co. Ltd.[1]	10,908,541	8,421,633
Total Korea, Republic of		16,610,533	14,457,080
Mexico (1.25%)			
1,323,902	Grupo Mexico S.A.B. de C.V., Series B	4,412,540	7,904,141

Baron International Growth Fund — PORTFOLIO HOLDINGS (Continued)

March 31, 2022 (Unaudited)

Shares		Cost	Value
Common Stocks (continued)			
Netherlands (5.90%)			
304,494	AMG Advanced Metallurgical Group NV	$ 9,379,587	$ 13,082,163
32,224	argenx SE, ADR[1]	1,015,556	10,160,549
45,691	Koninklijke DSM NV	6,692,446	8,173,833
221,130	Universal Music Group NV	6,534,985	5,902,870
Total Netherlands		23,622,574	37,319,415
Norway (0.83%)			
2,035,042	Aker Carbon Capture ASA[1]	4,020,839	5,233,476
Peru (0.76%)			
28,082	Credicorp, Ltd.	4,039,348	4,826,453
Poland (1.27%)			
44,486	Dino Polska SA, 144A[1]	3,262,896	3,590,322
701,684	InPost SA[1]	10,003,976	4,452,069
Total Poland		13,266,872	8,042,391
Russia (0.00%)			
10,630	Novatek PJSC, GDR[2]	1,203,986	213
121,950	Sberbank of Russia PJSC, ADR[2]	1,644,868	244
19,644	TCS Group Holding PLC, GDR[2]	457,818	2,357
Total Russia		3,306,672	2,814
Spain (3.68%)			
123,611	Cellnex Telecom S.A., 144A	6,968,974	5,948,705
1,196,994	eDreams ODIGEO SA[1]	9,915,740	10,564,178
310,534	Industria de Diseno Textil, S.A.	9,881,964	6,771,184
Total Spain		26,766,678	23,284,067
Sweden (2.17%)			
430,822	Epiroc AB, Cl A	7,166,522	9,214,786
15,335	Spotify Technology SA[1]	2,047,683	2,315,892
242,618	Telefonaktiebolaget LM Ericsson, ADR	2,223,308	2,217,528
Total Sweden		11,437,513	13,748,206
Switzerland (4.57%)			
360,168	Clariant AG	7,368,151	6,250,000
35,072	Compagnie Financiere Richemont SA	4,105,527	4,445,543
281,132	Credit Suisse Group AG	2,700,870	2,213,103
11,021,941	Meyer Burger Technology AG[1]	5,059,458	4,587,122
87,956	Nestle S.A.	9,712,165	11,435,922
Total Switzerland		28,946,171	28,931,690
Taiwan (1.58%)			
95,862	Taiwan Semiconductor Manufacturing Co., Ltd., ADR	10,818,731	9,994,572
United Kingdom (16.30%)			
202,571	AstraZeneca PLC, ADR	8,867,929	13,438,560
931,079	B&M European Value Retail S.A.	4,295,360	6,514,103
408,908	Ceres Power Holdings PLC[1]	4,045,208	3,924,798
99,898	Dechra Pharmaceuticals PLC	3,390,396	5,303,790
44,291	Endava plc, ADR[1]	937,362	5,892,032
170,217	Experian plc	3,928,940	6,557,713
273,644	Future PLC	3,972,348	9,298,350
2,050,628	Glencore PLC	9,143,578	13,342,828
460,207	J D Wetherspoon PLC[1]	5,513,363	4,687,660
40,152	Linde Public Limited Company	7,694,547	12,812,190
11,281,079	Lloyds Banking Group[3]	3,975,830	6,869,793
1,492,460	S4 Capital PLC[1]	3,722,863	5,621,702
440,020	WANdisco plc[1]	3,792,714	1,716,755

Shares		Cost	Value
Common Stocks (continued)			
United Kingdom (continued)			
483,570	Watches of Switzerland Group PLC, 144A[1]	$ 4,290,360	$ 7,186,144
Total United Kingdom		67,570,798	103,166,418
United States (2.87%)			
46,611	Agilent Technologies, Inc.	2,015,891	6,168,034
247,670	Arch Capital Group Ltd.[1]	6,317,413	11,992,181
Total United States		8,333,304	18,160,215
TOTAL COMMON STOCKS		**493,704,062**	**589,743,049**
Warrants (0.01%)			
Israel (0.01%)			
16,052	Innovid Corp. Exp 11/30/2026[1]	27,444	16,212
56,745	Taboola.com Ltd. Exp 6/29/2026[1]	104,540	56,745
TOTAL WARRANTS		**131,984**	**72,957**

Principal Amount		Cost	Value
Short Term Investments (6.95%)			
$43,996,048	Repurchase Agreement with Fixed Income Clearing Corp., dated 03/31/2022, 0.00% due 4/1/2022; Proceeds at maturity - $43,996,048; (Fully collateralized by $2,276,300 U.S. Treasury Note, 0.625% due 5/15/2030 Market value - $1,987,326 and $46,562,300 U.S. Treasury Note, 1.375% due 11/15/2031 Market value - $42,888,709)	**43,996,048**	**43,996,048**
TOTAL INVESTMENTS (100.13%)		**$537,832,094**	**633,812,054**
LIABILITIES LESS CASH AND OTHER ASSETS (-0.13%)			**(842,112)**
NET ASSETS			**$632,969,942**
RETAIL SHARES (Equivalent to $28.40 per share based on 3,224,836 shares outstanding)			**$ 91,585,462**
INSTITUTIONAL SHARES (Equivalent to $28.93 per share based on 14,133,989 shares outstanding)			**$408,840,644**
R6 SHARES (Equivalent to $28.91 per share based on 4,584,708 shares outstanding)			**$132,543,836**

% Represents percentage of net assets.

1 Non-income producing securities.

2 At March 31, 2022, the market value of restricted and fair valued securities amounted to $203,221 or 0.03% of net assets. These securities are not deemed liquid.

ADR American Depositary Receipt.

GDR Global Depositary Receipt.

144A Security is exempt from registration pursuant to Rule 144A under the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. At March 31, 2022, the market value of Rule 144A securities amounted to $36,894,067 or 5.83% of net assets.

Baron International Growth Fund — PORTFOLIO HOLDINGS (Continued)

March 31, 2022 (Unaudited)

Summary of Investments by Sector as of March 31, 2022	Percentage of Net Assets
Materials	15.2%
Industrials	15.2%
Information Technology	11.6%
Consumer Discretionary	11.1%
Financials	10.7%
Communication Services	10.1%
Health Care	10.1%
Energy	4.2%
Consumer Staples	4.1%
Real Estate	0.7%
Special Purpose Acquisition Company	0.2%
Cash and Cash Equivalents*	6.8%
	100.0%

* Includes short term investments.

Baron Real Estate Fund — PORTFOLIO HOLDINGS

March 31, 2022 (Unaudited)

Shares		Cost	Value
Common Stocks (90.89%)			
Communication Services (1.98%)			
	Interactive Media & Services (0.46%)		
316,512	Tripadvisor, Inc.[1]	$ 8,215,181	$ 8,583,806
	Movies & Entertainment (1.52%)		
338,929	Madison Square Garden Entertainment Corp.[1]	23,202,284	28,236,175
Total Communication Services		31,417,465	36,819,981
Consumer Discretionary (40.28%)			
	Casinos & Gaming (19.39%)		
1,535,500	Boyd Gaming Corporation	65,104,119	101,005,190
517,289	Caesars Entertainment, Inc.[1]	43,312,500	40,017,477
1,984,387	Galaxy Entertainment Group Ltd. (Hong Kong)[2]	11,635,886	11,742,374
1,358,226	Las Vegas Sands Corp.[1]	51,193,730	52,794,245
1,666,250	MGM Resorts International	69,365,732	69,882,525
759,550	Penn National Gaming, Inc.[1]	35,881,787	32,220,111
1,101,340	Red Rock Resorts, Inc., Cl A	11,363,726	53,481,071
		287,857,480	361,142,993
	Distributors (0.49%)		
21,800	Pool Corp.	6,938,068	9,218,130
	Home Improvement Retail (3.62%)		
250,600	Floor & Decor Holdings, Inc., Cl A[1]	28,038,752	20,298,600
24,550	The Home Depot, Inc.	3,713,467	7,348,552
196,750	Lowe's Companies, Inc.	27,947,341	39,780,882
		59,699,560	67,428,034
	Homebuilding (1.32%)		
72,147	D.R. Horton, Inc.	2,065,420	5,375,673
126,949	Lennar Corp., Cl A	5,816,350	10,304,450
190,650	Toll Brothers, Inc.	8,379,152	8,964,363
		16,260,922	24,644,486
	Hotels, Resorts & Cruise Lines (10.31%)		
662,373	Hilton Grand Vacations, Inc.[1]	16,439,299	34,450,020
360,800	Hyatt Hotels Corp., Cl A[1]	26,879,600	34,438,360
428,136	Marriott Vacations Worldwide Corp.	52,900,213	67,517,047
959,947	Travel + Leisure Co.	57,243,231	55,619,329
		153,462,343	192,024,756
	Leisure Facilities (5.15%)		
1,229,245	Six Flags Entertainment Corp.[1]	39,503,385	53,472,157
163,050	Vail Resorts, Inc.	44,699,056	42,437,024
		84,202,441	95,909,181
Total Consumer Discretionary		608,420,814	750,367,580
Financials (6.88%)			
	Asset Management & Custody Banks (6.88%)		
255,250	Blackstone, Inc.	29,441,518	32,401,435
1,694,025	Brookfield Asset Management, Inc., Cl A[2]	66,270,436	95,830,994
Total Financials		95,711,954	128,232,429
Industrials (5.38%)			
	Building Products (2.37%)		
979,299	The AZEK Co., Inc.[1]	29,704,105	24,325,787
106,200	Fortune Brands Home & Security, Inc.	6,404,277	7,888,536
181,850	Trex Co., Inc.[1]	14,531,083	11,880,261
		50,639,465	44,094,584

Shares		Cost	Value
Common Stocks (continued)			
Industrials (continued)			
	Research & Consulting Services (1.60%)		
447,750	CoStar Group, Inc.[1]	$ 22,581,620	$ 29,824,627
	Trading Companies & Distributors (1.41%)		
571,084	Hillman Solutions Corp.[1,3]	5,946,352	6,784,478
120,335	SiteOne Landscape Supply, Inc.[1]	15,389,917	19,456,966
		21,336,269	26,241,444
Total Industrials		94,557,354	100,160,655
Information Technology (2.56%)			
	Application Software (0.26%)		
957,126	SmartRent, Inc.[1,3]	8,119,788	4,843,057
	Internet Services & Infrastructure (2.30%)		
725,445	GDS Holdings Limited, ADR[1,2]	28,237,466	28,473,716
1,660,900	NEXTDC Limited (Australia)[1,2]	8,234,614	14,308,811
		36,472,080	42,782,527
Total Information Technology		44,591,868	47,625,584
Materials (2.56%)			
	Construction Materials (2.56%)		
259,550	Vulcan Materials Co.	40,932,200	47,679,335
Real Estate (29.72%)			
	Industrial REITs (2.49%)		
151,350	Prologis, Inc.	8,113,384	24,439,998
294,009	Rexford Industrial Realty, Inc.	12,134,306	21,930,131
		20,247,690	46,370,129
	Office REITs (0.10%)		
58,285	Douglas Emmett, Inc.	1,343,822	1,947,885
	Real Estate Development (2.25%)		
404,850	The Howard Hughes Corp.[1]	34,162,445	41,946,508
	Real Estate Services (6.88%)		
615,700	CBRE Group, Inc., Cl A[1]	35,070,229	56,348,864
299,557	Jones Lang LaSalle, Inc.[1]	45,491,910	71,731,919
		80,562,139	128,080,783
	Residential REITs (6.89%)		
328,250	Equity LifeStyle Properties, Inc.	18,661,105	25,104,560
637,100	Equity Residential	48,979,674	57,288,032
1,144,400	Invitation Homes, Inc.	35,237,450	45,981,992
		102,878,229	128,374,584
	Retail REITs (2.33%)		
993,513	Kite Realty Group Trust	21,689,581	22,622,291
158,650	Simon Property Group, Inc.	13,342,513	20,871,994
		35,032,094	43,494,285
	Specialized REITs (8.78%)		
87,150	Alexandria Real Estate Equities, Inc.[3]	5,349,657	17,538,938
255,150	American Tower Corp.	48,479,106	64,098,783
25,840	Equinix, Inc.	4,650,795	19,163,461
448,198	Gaming and Leisure Properties, Inc.	15,626,118	21,033,932
106,804	Public Storage	40,287,322	41,683,465
		114,392,998	163,518,579
Total Real Estate		388,619,417	553,732,753

Baron Real Estate Fund — PORTFOLIO HOLDINGS (Continued)

March 31, 2022 (Unaudited)

Shares		Cost	Value
Common Stocks (continued)			
Special Purpose Acquisition Company (1.53%)			
1,250,000	Fifth Wall Acquisition Corp. III, Cl A[1,2]	$ 12,500,000	$ 12,137,500
1,290,554	RXR Acquisition Corp.[1]	12,905,540	12,737,768
375,000	Tishman Speyer Innovation Corp. II[1]	3,750,000	3,705,000
Total Special Purpose Acquisition Company		29,155,540	28,580,268
TOTAL COMMON STOCKS		**1,333,406,612**	**1,693,198,585**

Principal Amount			
Short Term Investments (8.53%)			
$158,877,322	Repurchase Agreement with Fixed Income Clearing Corp., dated 03/31/2022, 0.00% due 4/1/2022; Repurchase Agreement with Fixed Income Clearing Corp., dated 3/31/2022, 0.00% due 4/1/2022; Proceeds atmaturity - $158,877,322; (Fully collateralized by $52,723,700 U.S. Treasury Note, 0.625% due 5/15/2030; Market value - $46,030,483, $96,497,900 U.S. Treasury Note, 2.375% due 5/15/2029; Market value - $97,031,017 and $20,000,000 U.S. Treasury Note, 1.625% due 8/15/2029 Market value - $18,993,403)	**158,877,322**	**158,877,322**
TOTAL INVESTMENTS (99.42%)		**$1,492,283,934**	**1,852,075,907**
CASH AND OTHER ASSETS LESS LIABILITIES (0.58%)			**10,890,420**
NET ASSETS			**$1,862,966,327**
RETAIL SHARES (Equivalent to $35.89 per share based on 12,656,837 shares outstanding)			**$ 454,316,190**
INSTITUTIONAL SHARES (Equivalent to $36.91 per share based on 37,324,265 shares outstanding)			**$1,377,678,150**
R6 SHARES (Equivalent to $36.91 per share based on 839,127 shares outstanding)			**$ 30,971,987**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI (unaudited).
ADR American Depositary Receipt.

Baron Emerging Markets Fund — PORTFOLIO HOLDINGS

March 31, 2022 (Unaudited)

Shares		Cost	Value
Common Stocks (92.70%)			
Brazil (7.69%)			
22,162,605	Aeris Indústria E Comércio De Equipamentos Para Geracão De Energia SA	$ 24,868,310	$ 26,998,899
2,232,852	Afya Ltd., Cl A[1]	55,189,323	32,175,397
5,560,721	Americanas SA[1]	58,042,551	38,133,929
219,514	Americanas SA RCP[1]	1,011,096	1,480,932
3,017,783	Azul SA[1]	14,997,488	15,161,649
538,669	Azul SA, ADR[1]	8,008,221	8,106,968
19,916,108	B3 S.A. - Brasil, Bolsa, Balcao	50,733,983	65,717,028
4,696,639	Banco Inter SA Units	37,077,729	20,913,191
21,258,260	Hapvida Participacoes e Investimentos SA, 144A (formerly, Notre Dame Intermedica Participacoes S.A.)	36,644,311	52,866,027
7,416,342	Localiza Rent a Car SA	53,294,373	95,176,168
2,867,112	StoneCo Ltd., Cl A[1]	54,929,409	33,545,210
12,649,562	Suzano SA	124,591,852	146,527,204
1,725,739	XP, Inc., Cl A[1]	56,793,886	51,944,744
Total Brazil		576,182,532	588,747,346
China (32.29%)			
1,901,663	Alibaba Group Holding Limited, ADR[1]	210,815,187	206,900,934
725,848	Baidu, Inc., ADR[1]	107,960,060	96,029,690
7,590,891	Beijing Oriental Yuhong Waterproof Technology Co. Ltd., Cl A	32,680,285	53,429,350
43,645,620	China Conch Environment Protection Holdings Ltd.[1]	26,186,939	54,603,689
35,810,997	China Conch Venture Holdings Ltd.	131,717,689	104,395,866
19,833,732	China Mengniu Dairy Co. Ltd.	61,343,368	106,336,534
51,168,762	China Molybdenum Co. Ltd., Cl A	39,345,863	41,674,852
32,093,536	China Molybdenum Co. Ltd., Cl H	17,355,245	16,498,986
2,226,717	China Tourism Group Duty Free Corporation Ltd., Cl A	31,750,083	57,276,790
25,913,147	Estun Automation Co. Ltd., Cl A	103,477,237	81,545,603
10,114,645	Full Truck Alliance Co. Ltd., ADR[1]	90,376,392	67,464,682
10,468,414	Galaxy Entertainment Group Ltd.[1]	76,832,878	61,945,596
845,841	GDS Holdings Limited, ADR[1]	33,813,728	33,199,259
3,405,244	GDS Holdings Limited, Cl A[1]	31,916,954	16,485,070
3,447,459	Glodon Co. Ltd., Cl A	15,634,661	26,862,692
16,346,205	Han's Laser Technology Industry Group Co., Ltd., Cl A	96,338,164	98,079,812
3,673,534	Hangzhou Tigermed Consulting Co. Ltd., Cl A	49,420,726	61,950,393
11,380,063	Hua Hong Semiconductor Limited, 144A[1]	25,387,128	47,520,087
1,214,011	JD.com, Inc., ADR[1]	91,398,928	70,254,817
1,187	JD.com, Inc., Cl A[1]	38,175	33,728
265,370	JD.com, Inc., Cl A[1,2]	9,680,745	7,346,602
25,567,166	Kingdee International Software Group Co. Ltd.[1]	19,917,578	56,015,721
24,478,771	Kingsoft Corp. Ltd.	97,842,205	77,981,437
10,736,342	Midea Group Co., Ltd., Cl A	84,245,166	95,760,307
11,357,198	NARI Technology Co. Ltd., Cl A	59,500,619	55,966,304
4,237,986	Shanghai Henlius Biotech, Inc., Cl H, 144A[1]	26,083,340	11,179,533
1,164,809	Shenzhen Mindray Bio-Medical Electronics Co. Ltd., Cl A	31,952,833	56,279,147
5,050,486	Shenzhou International Group Holdings Ltd.	40,177,514	66,676,616
5,229,782	Tencent Holdings Limited	195,635,592	241,063,366
560,177	Tencent Holdings Limited, ADR	31,237,435	26,003,416
16,037,637	Venustech Group, Inc., Cl A	78,784,484	52,547,582
1,090,600	Will Semiconductor Co. Ltd. Shanghai, Cl A	38,903,912	32,948,044

Shares		Cost	Value
Common Stocks (continued)			
China (continued)			
5,239,577	Wuxi Biologics Cayman, Inc., 144A[1]	$ 52,029,398	$ 41,605,364
7,194,987	Yantai Jereh Oilfield Services Group Co. Ltd., Cl A	52,586,462	47,403,789
9,531,582	Yonyou Network Technology Co. Ltd., Cl A	55,355,571	34,267,978
1,411,400	Yum China Holdings, Inc.	76,709,653	58,629,556
741,309	Yum China Holdings, Inc. (Hong Kong)	40,592,034	32,335,454
5,702,986	Yunnan Baiyao Group Co. Ltd., Cl A	85,043,937	73,316,550
1,161,924	Zai Lab Limited, ADR[1]	28,126,132	51,101,418
7,213,812	Zhejiang Dingli Machinery Co. Ltd., Cl A	69,382,207	50,869,399
Total China		2,447,576,507	2,471,786,013
Hong Kong (2.84%)			
6,137,153	AIA Group Ltd.	68,022,253	64,083,398
26,982,550	Budweiser Brewing Co. APAC Ltd., 144A	85,099,245	71,251,289
408,471	Hong Kong Exchanges & Clearing Ltd.	20,023,663	19,146,389
3,943,950	Techtronic Industries Co. Ltd.	15,735,651	63,187,850
Total Hong Kong		188,880,812	217,668,926
India (20.45%)			
4,536,561	AARTI Industries Ltd.	53,029,424	56,942,137
1,040,920	Asian Paints Ltd.	24,405,808	42,119,976
1,746,206	Bajaj Finance Limited	64,243,128	165,834,197
11,147,077	Bharti Airtel Ltd.[1]	85,236,378	110,517,123
1,032,422	Bharti Airtel Ltd. PP[1]	1,857,856	5,349,519
1,404,366	Divi's Laboratories Ltd.	14,462,032	81,229,758
37,709,920	Edelweiss Financial Services Ltd.	53,622,453	29,009,321
3,436,995	Godrej Consumer Products Ltd.[1]	46,876,099	33,745,733
2,634,349	Godrej Properties Ltd.[1]	51,502,940	57,708,302
4,383,234	HDFC Bank Ltd.	69,784,126	84,420,252
1,249,435	Housing Development Finance Corp., Ltd.	28,102,450	39,067,424
8,179,610	ICICI Bank Ltd.	83,845,869	78,016,903
2,972,466	ICICI Lombard General Insurance Co. Ltd., 144A	54,418,032	51,851,806
45,403,279	JM Financial Limited	65,742,578	40,236,188
1,056,513	Jubilant FoodWorks Ltd.	43,918,422	36,509,101
7,697,245	Max Financial Services Ltd.	62,994,421	76,314,174
3,757,209	Muthoot Finance Ltd.	58,675,185	65,695,405
13,483,181	Nippon Life India Asset Management Ltd., 144A	51,265,865	61,608,917
5,576,313	Reliance Industries Limited	117,403,826	192,871,091
5,576,783	SBI Life Insurance Company Limited, 144A	61,186,979	82,163,014
5,339,614	Tata Communications Ltd.	43,895,194	86,123,894
4,206,688	Tata Consumer Products Ltd.	14,862,297	42,980,511
1,361,770	Titan Co. Ltd.	21,236,193	45,365,116
Total India		1,172,567,555	1,565,679,862
Indonesia (1.77%)			
323,095,800	Bank Rakyat Indonesia (Persero) Tbk PT	95,555,246	104,354,981
97,738,921	Merdeka Copper Gold Tbk PT[1]	30,202,812	30,704,961
Total Indonesia		125,758,058	135,059,942
Italy (1.25%)			
3,190,732	Tenaris SA	41,063,233	47,928,211
1,593,748	Tenaris SA, ADR	43,042,154	47,924,002
Total Italy		84,105,387	95,852,213

Baron Emerging Markets Fund — PORTFOLIO HOLDINGS (Continued)

March 31, 2022 (Unaudited)

Shares		Cost	Value
Common Stocks (continued)			
Japan (1.02%)			
167,918	Keyence Corporation	$ 69,499,395	$ 77,863,984
Korea, Republic of (7.12%)			
818,279	Hyundai Heavy Industries Co. Ltd.[1]	51,069,547	80,099,255
1,329,911	Korea Aerospace Industries Ltd.	44,533,805	46,143,913
1,870,120	Korea Shipbuilding & Offshore Engineering Co. Ltd.[1]	193,392,399	136,033,921
4,944,465	Samsung Electronics Co., Ltd.	194,440,558	282,936,953
Total Korea, Republic of		483,436,309	545,214,042
Mexico (3.34%)			
19,098,292	Grupo Mexico S.A.B. de C.V., Series B	55,768,785	114,023,237
34,545,221	Wal-Mart de Mexico, S.A.B de C.V.	93,334,657	141,567,670
Total Mexico		149,103,442	255,590,907
Peru (1.11%)			
495,877	Credicorp, Ltd.	64,291,733	85,226,380
Philippines (1.79%)			
85,464,165	Ayala Land, Inc.	63,374,673	57,705,117
31,168,996	BDO Unibank, Inc.	68,406,085	79,618,403
Total Philippines		131,780,758	137,323,520
Poland (0.66%)			
8,010,028	InPost SA[1]	133,838,226	50,822,303
Russia (0.02%)			
2,384,838	Fix Price Group Ltd., GDR[2]	20,761,023	95,394
4,746,202	Fix Price Group Ltd., GDR, 144A[2]	46,272,864	189,848
428,499	Novatek PJSC, GDR[2]	58,971,935	8,570
1,873,612	Ozon Holdings PLC, ADR[1,2]	76,824,628	374,722
227,252	Polyus PJSC[2]	46,221,802	58,764
9,710	Polyus PJSC, GDR (United Kingdom)[2]	1,009,071	1,456
169,012	Polyus PJSC, GDR (United Kingdom)[2]	16,986,878	25,352
4,487,275	Sberbank of Russia PJSC, ADR[2]	64,206,206	8,975
508	TCS Group Holding PLC, GDR[2]	29,680	61
258,429	TCS Group Holding PLC, GDR (United Kingdom)[2]	15,131,550	31,011
809,897	Yandex N.V., Cl A[1,2]	16,974,482	299,662
Total Russia		363,390,119	1,093,815
South Africa (1.29%)			
1,760,690	Gold Fields Ltd.	19,499,887	27,265,337
4,601,235	Gold Fields Ltd., ADR	51,013,013	71,135,093
Total South Africa		70,512,900	98,400,430
Spain (0.15%)			
1,791,760	Codere Online Luxembourg S.A. Forward Shares[1]	17,917,600	9,836,762
358,352	Codere Online Luxembourg S.A. Founders Shares[1,2]	3,116	1,637,669
26,518	Codere Online Luxembourg, S.A. Private Shares[1]	265,181	145,584
Total Spain		18,185,897	11,620,015

Shares		Cost	Value
Common Stocks (continued)			
Taiwan (6.30%)			
9,040,879	Delta Electronics, Inc.	$ 35,951,462	$ 83,824,534
3,817,094	Taiwan Semiconductor Manufacturing Co., Ltd., ADR	228,752,850	397,970,221
Total Taiwan		264,704,312	481,794,755
United Arab Emirates (0.25%)			
5,283,257	Network International Holdings plc, 144A[1]	31,671,178	19,432,976
United Kingdom (3.06%)			
36,013,921	Glencore PLC	130,018,363	234,331,908
United States (0.30%)			
1,098,369	ACM Research, Inc., Cl A[1]	33,433,580	22,725,255
TOTAL COMMON STOCKS		**6,538,937,063**	**7,096,234,592**
Private Common Stocks (0.84%)			
India (0.84%)			
27,027	Pine Labs PTE. Ltd., Series 1[1,2]	10,077,362	16,262,146
6,833	Pine Labs PTE. Ltd., Series A[1,2]	2,547,771	4,111,416
7,600	Pine Labs PTE. Ltd., Series B[1,2]	2,833,757	4,572,920
6,174	Pine Labs PTE. Ltd., Series B2[1,2]	2,302,055	3,714,896
9,573	Pine Labs PTE. Ltd., Series C[1,2]	3,569,416	5,760,074
1,932	Pine Labs PTE. Ltd., Series C1[1,2]	720,371	1,162,485
2,459	Pine Labs PTE. Ltd., Series D[1,2]	916,870	1,479,580
45,680	Pine Labs PTE. Ltd., Series J[1,2]	17,032,398	27,485,656
TOTAL PRIVATE COMMON STOCKS		**40,000,000**	**64,549,173**
Private Convertible Preferred Stocks (1.83%)			
India (1.83%)			
11,578	Bundl Technologies Private Ltd. Series K[1,2]	76,776,872	67,032,586
15,334	Think & Learn Private Limited, Series F[1,2]	49,776,072	72,682,913
TOTAL PRIVATE CONVERTIBLE PREFERRED STOCKS		**126,552,944**	**139,715,499**
Warrants (0.00%)			
Spain (0.00%)			
13,259	Codere Online Luxembourg S.A. Private Shares Exp. 11/30/2026[1]	**0**	**7,425**

Baron Emerging Markets Fund — PORTFOLIO HOLDINGS (Continued)

March 31, 2022 (Unaudited)

Principal Amount		Cost	Value
Short Term Investments (4.48%)			
$342,901,151	Repurchase Agreement with Fixed Income Clearing Corp., dated 3/31/2022, 0.00% due 4/1/2022; Proceeds at maturity - $342,901,151; (Fully collateralized by $120,388,200 U.S. Treasury Note, 2.375% due 3/31/2029 Market value - $119,955,525) and $228,541,100 U.S. Treasury Note, 2.375% due 5/15/2029 Market value - $229,803,710)	$ 342,901,151	$ 342,901,151
TOTAL INVESTMENTS (99.85%)		$7,048,391,158	7,643,407,840
CASH AND OTHER ASSETS LESS LIABILITIES (0.15%)			11,389,009
NET ASSETS			$7,654,796,849
RETAIL SHARES (Equivalent to $15.03 per share based on 25,009,556 shares outstanding)			$ 375,910,264
INSTITUTIONAL SHARES (Equivalent to $15.10 per share based on 480,789,970 shares outstanding)			$7,261,933,319
R6 SHARES (Equivalent to $15.11 per share based on 1,121,839 shares outstanding)			$ 16,953,266

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] At March 31, 2022, the market value of restricted and fair valued securities amounted to $214,342,758 or 2.80% of net assets. These securities are not deemed liquid.
[ADR] American Depositary Receipt.
[GDR] Global Depositary Receipt.
[144A] Security is exempt from registration pursuant to Rule 144A under the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. At March 31, 2022, the market value of Rule 144A securities amounted to $439,668,861 or 5.74% of net assets.

Summary of Investments by Sector as of March 31, 2022	Percentage of Net Assets
Information Technology	16.8%
Financials	16.5
Industrials	13.5
Consumer Discretionary	12.6
Materials	10.9
Communication Services	8.4
Health Care	5.6
Consumer Staples	5.2
Energy	4.4
Real Estate	1.5
Cash and Cash Equivalents*	4.6
	100.0%

* Includes short term investments.

Baron Global Advantage Fund — PORTFOLIO HOLDINGS

March 31, 2022 (Unaudited)

Shares		Cost	Value
Common Stocks (94.52%)			
Argentina (5.02%)			
83,710	Globant S.A.[1]	$ 7,081,800	$ 21,937,880
54,822	MercadoLibre, Inc.[1]	42,859,814	65,209,672
Total Argentina		49,941,614	87,147,552
Brazil (1.19%)			
1,433,148	Afya Ltd., Cl A[1]	31,965,930	20,651,663
Canada (4.77%)			
417,196	Nuvei Corp., 144A[1]	14,962,578	31,452,406
75,857	Shopify, Inc., Cl A[1]	80,656,808	51,276,298
Total Canada		95,619,386	82,728,704
China (2.50%)			
293,078	GDS Holdings Limited, ADR[1]	14,491,001	11,503,311
959,865	Meituan Inc., Cl B, 144A[1]	12,096,383	18,183,622
309,512	Zai Lab Limited, ADR[1]	19,624,673	13,612,338
Total China		46,212,057	43,299,271
India (3.55%)			
563,782	Bajaj Finance Limited	36,590,443	53,541,412
7,379,067	Zomato Ltd.[1]	12,454,605	7,943,488
Total India		49,045,048	61,484,900
Indonesia (1.00%)			
144,409	Sea Ltd., ADR[1]	40,964,414	17,298,754
Israel (4.85%)			
326,882	Fiverr International Ltd.[1]	7,503,852	24,865,914
3,395,264	Innovid Corp.[1]	33,137,141	20,507,394
2,753,705	Taboola.com Ltd.[1]	26,501,176	14,209,118
235,606	Wix.com Ltd.[1]	41,196,433	24,611,403
Total Israel		108,338,602	84,193,829
Korea, Republic of (1.06%)			
1,039,942	Coupang, Inc., Cl A[1]	28,746,235	18,386,175
Netherlands (6.89%)			
16,186	Adyen N.V., 144A[1]	16,437,273	32,059,504
196,428	argenx SE, ADR[1]	32,628,586	61,935,713
38,227	ASML Holding N.V.	8,394,703	25,544,102
Total Netherlands		57,460,562	119,539,319
Poland (0.77%)			
2,105,278	InPost SA[1]	33,641,809	13,357,641
Spain (0.53%)			
996,069	Codere Online Luxembourg S.A.[1]	9,115,057	5,468,419
584,567	Codere Online Luxembourg S.A. Forward Shares[1]	5,845,670	3,209,273
116,913	Codere Online Luxembourg, S.A. Founders Shares[1,2]	1,017	534,292
8,652	Codere Online Luxembourg, S.A. Private Shares[1]	86,516	47,499
Total Spain		15,048,260	9,259,483
United Kingdom (5.57%)			
726,800	Endava plc, ADR[1]	31,977,783	96,686,204

Shares		Cost	Value
Common Stocks (continued)			
United States (55.53%)			
256,109	10X Genomics, Inc., Cl A[1]	$ 20,742,873	$ 19,482,212
33,089	Alphabet, Inc., Cl C[1]	46,665,295	92,417,246
32,032	Amazon.com, Inc.[1]	70,251,249	104,422,718
363,250	Arrowhead Pharmaceuticals, Inc.[1]	24,329,613	16,705,867
141,583	Bill.Com Holdings, Inc.[1]	6,149,064	32,109,608
371,841	Cloudflare, Inc., Cl A[1]	9,123,087	44,509,368
290,494	Crowdstrike Holdings, Inc., Cl A[1]	33,053,591	65,965,377
269,947	Datadog, Inc., Cl A[1]	18,059,612	40,888,872
148,178	EPAM Systems, Inc.[1]	32,721,799	43,951,077
266,509	Guardant Health, Inc.[1]	19,658,977	17,653,556
105,271	Illumina, Inc.[1]	32,830,201	36,781,687
1,907,894	MaxCyte, Inc.[1]	23,508,432	13,336,179
140,929	NVIDIA Corp.	30,290,374	38,453,887
107,518	Okta, Inc.[1]	18,324,029	16,230,917
972,649	Rivian Automotive, Inc., Cl A[1]	75,866,622	48,865,886
660,574	Rivian Automotive, Inc., Cl A[1,2]	14,000,003	30,716,691
1,493,774	Sarissa Capital Acquisition Corp.[1,3]	14,937,740	14,833,176
459,455	Schrödinger, Inc.[1]	16,988,489	15,676,605
223,844	Snowflake, Inc., Cl A[1]	36,073,592	51,289,376
2,361,774	SoFi Technologies, Inc.[1]	23,617,740	22,318,764
25,562	Tesla, Inc.[1]	21,957,761	27,545,611
225,446	Twilio, Inc., Cl A[1]	43,877,154	37,155,755
185,121	Veeva Systems, Inc., Cl A[1]	32,640,301	39,330,808
1,048,008	ZoomInfo Technologies, Inc., Cl A[1]	35,139,638	62,607,998
123,983	Zscaler, Inc.[1]	8,588,946	29,914,618
Total United States		709,396,182	963,163,859
Uruguay (1.29%)			
712,921	Dlocal Ltd.[1]	14,971,341	22,285,910
TOTAL COMMON STOCKS		**1,313,329,223**	**1,639,483,264**
Private Common Stocks (1.08%)			
United States (1.08%)			
252,130	Space Exploration Technologies Corp., Cl A[1,2]	11,571,518	14,475,035
75,250	Space Exploration Technologies Corp., Cl C[1,2]	3,428,124	4,320,178
TOTAL PRIVATE COMMON STOCKS		**14,999,642**	**18,795,213**
Private Convertible Preferred Stocks (3.55%)			
India (2.52%)			
9,201	Think & Learn Private Limited, Series F[1,2]	29,867,591	43,612,592
United States (1.03%)			
219,321	Farmers Business Network, Inc., Series F[1,2]	7,250,006	11,626,206
80,440	Farmers Business Network, Inc., Series G[1,2]	5,000,000	4,338,129
69,926	Resident Home, Inc., Series B1[1,2]	4,999,968	1,922,965
Total United States		17,249,974	17,887,300
TOTAL PRIVATE CONVERTIBLE PREFERRED STOCKS		**47,117,565**	**61,499,892**

Baron Global Advantage Fund — PORTFOLIO HOLDINGS (Continued)

March 31, 2022 (Unaudited)

Shares		Cost	Value
Private Preferred Stocks (0.53%)			
United States (0.53%)			
461,004	GM Cruise Holdings, Cl G[1,2]	$ 12,147,455	$ 9,261,571
Warrants (0.03%)			
Israel (0.02%)			
68,986	Innovid Corp., Exp 11/30/2026[1]	117,942	69,676
228,748	Taboola.com Ltd., Exp 6/29/2026[1]	417,100	228,748
Total Israel		535,042	298,424
Spain (0.01%)			
498,034	Codere Online Luxembourg S.A., Exp 11/30/2026[1]	845,632	278,899
4,326	Codere Online Luxembourg S.A., Private Shares Exp 11/30/2026[1]	0	2,423
Total Spain		845,632	281,322
TOTAL WARRANTS		**1,380,674**	**579,746**
TOTAL INVESTMENTS (99.71%)		**$1,388,974,559**	**1,729,619,686**
CASH AND OTHER ASSETS LESS LIABILITIES (0.29%)			**4,943,686**
NET ASSETS			**$1,734,563,372**
RETAIL SHARES (Equivalent to $39.89 per share based on 11,953,661 shares outstanding)			**$ 476,799,289**
INSTITUTIONAL SHARES (Equivalent to $40.72 per share based on 30,529,296 shares outstanding)			**$1,243,300,517**
R6 SHARES (Equivalent to $40.75 per share based on 354,950 shares outstanding)			**$ 14,463,566**

% Represents percentage of net assets.
1 Non-income producing securities.
2 At March 31, 2022, the market value of restricted and fair valued securities amounted to $120,807,659 or 6.96% of net assets. These securities are not deemed liquid.
3 An "Affiliated" investment may include any company in which the Fund owns 5% or more of its outstanding shares.
ADR American Depositary Receipt.
144A Security is exempt from registration pursuant to Rule 144A under the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. At March 31, 2022, the market value of Rule 144A securities amounted to $81,695,532 or 4.71% of net assets.

Summary of Investments by Sector As of March 31, 2022	Percentage of Net Assets
Information Technology	41.4%
Consumer Discretionary	24.3
Health Care	13.5
Communication Services	11.9
Financials	4.4
Industrials	2.4
Materials	0.9
Special Purpose Acquisition Company	0.9
Cash and Cash Equivalents	0.3
	100.0%

Baron Discovery Fund — PORTFOLIO HOLDINGS

March 31, 2022 (Unaudited)

Shares		Cost	Value
Common Stocks (97.94%)			
Communication Services (4.30%)			
	Advertising (1.04%)		
4,250,000	S4 Capital PLC (United Kingdom)[1,2]	$ 15,642,611	$ 16,008,625
	Interactive Media & Services (1.40%)		
2,250,000	Nextdoor Holdings, Inc. [1]	22,682,922	13,477,500
300,000	Tripadvisor, Inc. [1]	9,989,047	8,136,000
		32,671,969	21,613,500
	Movies & Entertainment (0.76%)		
185,000	Liberty Media Corporation-Liberty Formula One, Cl A [1]	5,634,811	11,679,050
	Publishing (1.10%)		
500,000	Future PLC (United Kingdom)[2]	8,704,278	16,989,866
Total Communication Services		62,653,669	66,291,041
Consumer Discretionary (9.73%)			
	Casinos & Gaming (3.80%)		
650,000	Boyd Gaming Corporation	42,549,481	42,757,000
325,000	Red Rock Resorts, Inc., Cl A	8,497,295	15,782,000
		51,046,776	58,539,000
	Home Improvement Retail (2.02%)		
385,000	Floor & Decor Holdings, Inc., Cl A [1]	14,814,971	31,185,000
	Restaurants (1.81%)		
700,000	The Cheesecake Factory, Inc. [1]	25,634,342	27,853,000
	Specialty Stores (2.10%)		
1,650,000	Petco Health & Wellness Co., Inc. [1]	33,697,235	32,290,500
Total Consumer Discretionary		125,193,324	149,867,500
Consumer Staples (4.39%)			
	Packaged Foods & Meats (1.44%)		
1,500,000	UTZ Brands, Inc.	24,154,227	22,170,000
	Personal Products (2.19%)		
2,000,000	The Beauty Health Co. [1]	21,322,653	33,760,000
	Soft Drinks (0.76%)		
500,000	Fevertree Drinks PLC (United Kingdom)[2]	14,434,277	11,674,422
Total Consumer Staples		59,911,157	67,604,422
Financials (4.92%)			
	Insurance Brokers (1.22%)		
700,007	BRP Group, Inc., Cl A [1]	13,660,901	18,781,188
	Property & Casualty Insurance (3.70%)		
250,000	Kinsale Capital Group, Inc.	20,250,978	57,005,000
Total Financials		33,911,879	75,786,188
Health Care (20.63%)			
	Health Care Equipment (9.04%)		
637,982	Axonics, Inc. [1]	28,878,670	39,937,673
202,500	CryoPort, Inc. [1]	5,127,704	7,069,275
114,823	Inari Medical, Inc. [1]	4,216,755	10,407,557
822,985	Inogen, Inc. [1]	35,599,745	26,681,174
50,000	Inspire Medical Systems, Inc. [1,3]	2,923,748	12,834,500
640,208	Silk Road Medical, Inc. [1,3]	27,145,351	26,434,188
4,060,000	ViewRay, Inc. [1]	20,943,586	15,915,200
		124,835,559	139,279,567
	Health Care Services (1.07%)		
936,763	Accolade, Inc. [1]	27,799,030	16,449,558

Shares		Cost	Value
Common Stocks (continued)			
Health Care (continued)			
	Health Care Supplies (1.28%)		
2,629,967	Cerus Corp. [1]	$ 14,027,651	$ 14,438,519
2,365,363	Sientra, Inc. [1]	17,781,625	5,251,106
		31,809,276	19,689,625
	Health Care Technology (1.61%)		
1,003,543	Definitive Healthcare Corp. [1]	26,561,705	24,737,335
	Life Sciences Tools & Services (3.30%)		
749,029	CareDx, Inc. [1,3]	24,236,579	27,706,583
68,980	Seer, Inc. [1]	1,310,620	1,051,255
803,790	Veracyte, Inc. [1,3]	23,046,062	22,160,490
		48,593,261	50,918,328
	Managed Health Care (2.70%)		
808,279	Progyny, Inc. [1]	22,837,832	41,545,541
	Pharmaceuticals (1.63%)		
1,291,732	Revance Therapeutics, Inc. [1]	28,479,368	25,188,774
Total Health Care		310,916,031	317,808,728
Industrials (18.16%)			
	Aerospace & Defense (7.27%)		
176,095	Axon Enterprise, Inc. [1]	23,622,686	24,253,564
1,402,370	Kratos Defense & Security Solutions, Inc. [1]	26,203,698	28,720,538
916,300	Mercury Systems, Inc. [1]	48,998,573	59,055,535
		98,824,957	112,029,637
	Building Products (0.93%)		
220,000	Trex Company, Inc. [1]	7,416,878	14,372,600
	Diversified Support Services (1.15%)		
1,200,000	ACV Auctions, Inc., Cl A [1]	31,541,757	17,772,000
	Environmental & Facilities Services (2.06%)		
599,642	Montrose Environmental Group, Inc. [1]	10,554,326	31,739,051
	Industrial Machinery (4.96%)		
90,000	Chart Industries, Inc. [1]	13,540,492	15,459,300
100,000	Helios Technologies, Inc.	3,611,648	8,025,000
253,105	Kornit Digital Ltd. [1,2]	8,856,307	20,929,253
1,705,185	Markforged Holding Corp. [1]	14,565,523	6,803,688
50,000	RBC Bearings, Inc. [1]	10,475,838	9,694,000
1,658,272	Velo3D, Inc. [1]	16,824,565	15,438,512
		67,874,373	76,349,753
	Trading Companies & Distributors (1.79%)		
170,000	SiteOne Landscape Supply, Inc. [1]	9,122,861	27,487,300
Total Industrials		225,335,152	279,750,341
Information Technology (30.57%)			
	Application Software (5.36%)		
1,100,000	Alkami Technology, Inc. [1]	33,522,023	15,741,000
155,000	Braze, Inc., Cl A [1]	9,891,842	6,427,850
1,750,000	Clearwater Analytics Holdings, Inc., Cl A [1]	35,629,586	36,750,000
483,389	Enfusion, Inc., Cl A [1]	8,553,714	6,148,708
135,000	Gitlab, Inc., Cl A [1,3]	8,093,614	7,350,750
2,000,000	SmartRent, Inc. [1,3]	24,766,329	10,120,000
		120,457,108	82,538,308
	Electronic Equipment & Instruments (4.11%)		
425,321	Advanced Energy Industries, Inc.	30,735,779	36,611,632
10,431	Novanta, Inc. [1,2]	272,590	1,484,227
625,000	PAR Technology Corp. [1]	24,408,205	25,212,500
		55,416,574	63,308,359

Baron Discovery Fund — PORTFOLIO HOLDINGS (Continued)

March 31, 2022 (Unaudited)

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (continued)			
	IT Consulting & Other Services (2.59%)		
300,000	Endava plc, ADR [1,2]	$ 7,125,604	$ 39,909,000
	Semiconductor Equipment (3.24%)		
160,000	Azenta, Inc.	16,765,323	13,260,800
490,800	Ichor Holdings Ltd. [1,2]	11,435,027	17,482,296
175,000	Nova Ltd. [1,2]	4,080,927	19,054,000
		32,281,277	49,797,096
	Semiconductors (3.98%)		
725,000	Allegro MicroSystems, Inc. [1]	10,150,000	20,590,000
2,910,000	indie Semiconductor, Inc., Cl A [1]	27,712,225	22,727,100
1,750,000	Navitas Semiconductor Corp. [1]	18,425,978	17,990,000
		56,288,203	61,307,100
	Systems Software (11.29%)		
1,741,910	Couchbase, Inc. [1,3]	46,720,663	30,344,072
278,775	Dynatrace, Inc. [1,3]	5,035,211	13,130,303
657,759	ForgeRock, Inc., Cl A [1,3]	19,865,094	14,418,077
759,531	Ping Identity Holding Corp. [1]	13,954,936	20,833,935
215,000	Qualys, Inc. [1]	18,211,240	30,618,150
685,000	Sailpoint Technologies Holdings, Inc. [1]	35,897,180	35,058,300
621,000	Varonis Systems, Inc. [1]	19,427,813	29,522,340
		159,112,137	173,925,177
Total Information Technology		430,680,903	470,785,040
Real Estate (5.24%)			
	Industrial REITs (3.15%)		
650,000	Rexford Industrial Realty, Inc.	31,657,136	48,483,500
	Residential REITs (2.09%)		
575,000	American Campus Communities, Inc.	30,969,183	32,182,750
Total Real Estate		62,626,319	80,666,250
TOTAL COMMON STOCKS		**1,311,228,434**	**1,508,559,510**

Principal Amount		Cost	Value
Short Term Investments (2.04%)			
$31,429,907	Repurchase Agreement with Fixed Income Clearing Corp., dated 3/31/2022, 0.00% due 4/1/2022; Proceeds at maturity - $31,429,907; (Fully collateralized by $31,882,400 U.S. Treasury Note, 2.375% due 5/15/2029 Market value - $32,058,539)	**$ 31,429,907**	**$ 31,429,907**
TOTAL INVESTMENTS (99.98%)		**$1,342,658,341**	**1,539,989,417**
CASH AND OTHER ASSETS LESS LIABILITIES (0.02%)			**335,820**
NET ASSETS			**$1,540,325,237**
RETAIL SHARES (Equivalent to $28.83 per share based on 7,043,555 shares outstanding)			**$ 203,098,072**
INSTITUTIONAL SHARES (Equivalent to $29.48 per share based on 43,609,570 shares outstanding)			**$1,285,494,803**
R6 SHARES (Equivalent to $29.48 per share based on 1,754,797 shares outstanding)			**$ 51,732,362**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
[3] The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI (unaudited).
ADR American Depositary Receipt.

Baron Durable Advantage Fund — PORTFOLIO HOLDINGS

March 31, 2022 (Unaudited)

Shares		Cost	Value
Common Stocks (94.10%)			
Communication Services (9.61%)			
	Interactive Media & Services (9.61%)		
512	Alphabet, Inc., Cl A[1]	$ 1,487,246	$ 1,424,051
958	Alphabet, Inc., Cl C[1]	1,610,666	2,675,684
2,257	Meta Platforms, Inc., Cl A[1]	469,129	501,867
Total Communication Services		3,567,041	4,601,602
Consumer Staples (4.18%)			
	Hypermarkets & Super Centers (3.22%)		
2,676	Costco Wholesale Corp.	1,023,813	1,540,975
	Personal Products (0.96%)		
1,690	The Estée Lauder Companies, Inc., Cl A	427,446	460,221
Total Consumer Staples		1,451,259	2,001,196
Financials (22.37%)			
	Asset Management & Custody Banks (3.01%)		
963	BlackRock, Inc.	643,869	735,896
12,450	Brookfield Asset Management, Inc., Cl A[2]	743,216	704,296
		1,387,085	1,440,192
	Financial Exchanges & Data (14.11%)		
6,529	CME Group, Inc.	1,275,979	1,552,988
4,232	Moody's Corp.	1,137,523	1,427,919
2,700	MSCI, Inc.	1,255,011	1,357,776
5,905	S&P Global, Inc.	1,774,729	2,422,113
		5,443,242	6,760,796
	Property & Casualty Insurance (5.25%)		
51,898	Arch Capital Group Ltd.[1,2]	2,099,909	2,512,901
Total Financials		8,930,236	10,713,889
Health Care (15.94%)			
	Life Sciences Tools & Services (11.05%)		
6,617	Agilent Technologies, Inc.	868,656	875,628
6,397	Danaher Corp.	1,322,291	1,876,432
442	Mettler-Toledo International, Inc.[1]	472,780	606,950
3,276	Thermo Fisher Scientific, Inc.	1,528,319	1,934,969
		4,192,046	5,293,979
	Managed Health Care (4.89%)		
4,596	UnitedHealth Group, Incorporated	1,635,925	2,343,822
Total Health Care		5,827,971	7,637,801
Industrials (2.30%)			
	Aerospace & Defense (2.30%)		
8,696	HEICO Corp., Cl A	983,395	1,102,914
Information Technology (38.51%)			
	Application Software (8.83%)		
3,095	Adobe, Inc.[1]	1,380,898	1,410,144
1,396	Fair Isaac Corp.[1]	566,434	651,178
2,594	Intuit, Inc.	1,170,839	1,247,299
2,293	NICE Ltd. ADR[1,2]	667,925	502,167
5,604	SS&C Technologies Holdings, Inc.	320,645	420,412
		4,106,741	4,231,200
	Data Processing & Outsourced Services (8.54%)		
6,288	MasterCard Incorporated, Cl A	2,043,831	2,247,205
8,302	Visa, Inc., Cl A	1,841,721	1,841,135
		3,885,552	4,088,340

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (continued)			
	Electronic Manufacturing Services (2.60%)		
9,489	TE Connectivity Ltd.[2]	$ 1,274,950	$ 1,242,869
	IT Consulting & Other Services (4.48%)		
6,369	Accenture plc, Cl A[2]	1,783,778	2,147,818
	Semiconductors (4.78%)		
2,088	Monolithic Power Systems, Inc.	809,016	1,014,100
6,948	Texas Instruments, Inc.	1,207,846	1,274,819
		2,016,862	2,288,919
	Systems Software (9.28%)		
14,420	Microsoft Corporation	3,354,283	4,445,830
Total Information Technology		16,422,166	18,444,976
Materials (1.19%)			
	Specialty Chemicals (1.19%)		
3,232	Ecolab, Inc.	687,543	570,642
TOTAL COMMON STOCKS		**37,869,611**	**45,073,020**

Principal Amount		Cost	Value
Short Term Investments (5.48%)			
$2,625,141	Repurchase Agreement with Fixed Income Clearing Corp., dated 3/31/2022, 0.00% due 4/1/2022; Proceeds at maturity - $2,625,141; (Fully collateralized by $2,687,400 U.S. Treasury Note, 2.375% due 3/31/2029 Market value - $2,677,741)	**2,625,141**	**2,625,141**
TOTAL INVESTMENTS (99.58%)		**$40,494,752**	**47,698,161**
CASH AND OTHER ASSETS LESS LIABILITIES (0.42%)			**203,421**
NET ASSETS			**$47,901,582**
RETAIL SHARES (Equivalent to $18.33 per share based on 626,738 shares outstanding)			**$11,485,114**
INSTITUTIONAL SHARES (Equivalent to $18.51 per share based on 1,734,817 shares outstanding)			**$32,107,039**
R6 SHARES (Equivalent to $18.51 per share based on 232,860 shares outstanding)			**$ 4,309,429**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
ADR American Depositary Receipt.

Baron Real Estate Income Fund — PORTFOLIO HOLDINGS

March 31, 2022 (Unaudited)

Shares		Cost	Value
Common Stocks (97.24%)			
Consumer Discretionary (16.48%)			
	Casinos & Gaming (10.11%)		
80,349	Boyd Gaming Corporation	$ 5,047,193	$ 5,285,357
81,666	Las Vegas Sands Corp.[1]	3,178,912	3,174,357
94,525	MGM Resorts International	4,192,545	3,964,379
47,769	Red Rock Resorts, Inc., Cl A	1,255,746	2,319,663
		13,674,396	14,743,756
	Hotels, Resorts & Cruise Lines (5.37%)		
23,936	Marriott Vacations Worldwide Corp.	3,736,086	3,774,707
69,910	Travel + Leisure Co.	3,657,979	4,050,585
		7,394,065	7,825,292
	Leisure Facilities (1.00%)		
5,625	Vail Resorts, Inc.	1,512,054	1,464,019
Total Consumer Discretionary		22,580,515	24,033,067
Financials (2.85%)			
	Asset Management & Custody Banks (2.85%)		
16,219	Blackstone, Inc.	1,861,802	2,058,840
37,169	Brookfield Asset Management, Inc., Cl A[2]	2,271,900	2,102,650
Total Financials		4,133,702	4,161,490
Real Estate (74.46%)			
	Health Care REITs (6.82%)		
29,098	Welltower, Inc.	2,454,572	2,797,482
115,749	Ventas, Inc.	6,011,531	7,148,658
		8,466,103	9,946,140
	Hotel & Resort REITs (7.02%)		
170,107	Host Hotels & Resorts, Inc.	2,831,907	3,305,179
199,530	Park Hotels & Resorts, Inc.	3,744,535	3,896,821
123,845	Pebblebrook Hotel Trust	2,524,965	3,031,725
		9,101,407	10,233,725
	Industrial REITs (6.28%)		
41,805	Duke Realty Corp.	2,078,257	2,427,198
23,424	First Industrial Reality Trust, Inc.	1,401,364	1,450,180
17,005	Prologis, Inc.	1,627,649	2,745,967
34,001	Rexford Industrial Realty, Inc.	1,754,252	2,536,135
		6,861,522	9,159,480
	Office REITs (7.23%)		
15,612	Boston Properties, Inc.	1,869,087	2,010,826
42,125	Kilroy Realty Corporation	2,876,462	3,219,192
117,308	Vornado Realty Trust	5,269,234	5,316,399
		10,014,783	10,546,417
	Real Estate Operating Companies (1.40%)		
83,534	Kennedy-Wilson Holdings, Inc.	1,626,798	2,037,394
	Residential REITs (25.32%)		
50,817	American Campus Communities, Inc.	2,774,990	2,844,228
70,600	American Homes 4 Rent, Cl A	2,419,171	2,826,118
31,808	AvalonBay Communities, Inc.	7,375,753	7,900,153
18,034	Camden Property Trust	2,687,168	2,997,231
25,567	Equity LifeStyle Properties, Inc.	1,626,605	1,955,364
88,102	Equity Residential	7,077,118	7,922,132
117,478	Invitation Homes, Inc.	3,960,396	4,720,266
42,559	NexPoint Residential Trust, Inc.	3,172,319	3,843,503
10,949	Sun Communities, Inc.	1,645,794	1,919,250
		32,739,314	36,928,265

Shares		Cost	Value
Common Stocks (continued)			
Real Estate (continued)			
	Retail REITs (5.16%)		
131,858	Kite Realty Group Trust	$ 2,764,561	$ 3,002,407
121,725	RPT Realty	1,630,208	1,676,153
21,685	Simon Property Group, Inc.	2,276,904	2,852,879
		6,671,673	7,531,439
	Specialized REITs (15.23%)		
5,362	Alexandria Real Estate Equities, Inc.[3]	874,136	1,079,103
24,436	American Tower Corp.	5,768,516	6,138,812
9,985	Crown Castle International Corp.	1,601,160	1,843,231
3,303	Equinix, Inc.	2,242,468	2,449,571
50,023	Gaming and Leisure Properties, Inc.	2,264,534	2,347,579
21,398	Public Storage	6,937,000	8,351,211
		19,687,814	22,209,507
Total Real Estate		95,169,414	108,592,367
Utilities (3.45%)			
	Multi-Utilities (3.45%)		
76,087	Brookfield Infrastructure Partners L.P.[2]	4,110,745	5,039,242
TOTAL COMMON STOCKS		**125,994,376**	**141,826,166**
Principal Amount			
Short Term Investments (2.27%)			
$3,302,431	Repurchase Agreement with Fixed Income Clearing Corp., dated 3/31/2022, 0.00% due 4/1/2022; Proceeds at maturity - $3,302,431; (Fully collateralized by $3,380,700 U.S. Treasury Note, 2.375% due 3/31/2029 Market value - $3,368,550)	**3,302,431**	**3,302,431**
TOTAL INVESTMENTS (99.51%)		**$129,296,807**	**145,128,597**
CASH AND OTHER ASSETS LESS LIABILITIES (0.49%)			**721,608**
NET ASSETS			**$145,850,205**
RETAIL SHARES (Equivalent to $17.35 per share based on 1,092,093 shares outstanding)			**$ 18,950,080**
INSTITUTIONAL SHARES (Equivalent to $17.51 per share based on 7,202,373 shares outstanding)			**$126,085,160**
R6 SHARES (Equivalent to $17.49 per share based on 46,595 shares outstanding)			**$ 814,965**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
[3] The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI (unaudited).

Baron WealthBuilder Fund — PORTFOLIO HOLDINGS

March 31, 2022 (Unaudited)

Shares		Cost	Value
Affiliated Mutual Funds (100.01%)			
Small Cap Funds (29.88%)			
822,248	Baron Discovery Fund - Institutional Shares	$ 25,213,797	$ 24,239,883
656,807	Baron Growth Fund - Institutional Shares	66,259,408	69,247,171
1,858,838	Baron Small Cap Fund - Institutional Shares	68,788,347	63,367,803
Total Small Cap Funds		160,261,552	156,854,857
Small to Mid Cap Funds (5.39%)			
667,660	Baron Focused Growth Fund - Institutional Shares	22,986,679	28,302,116
Mid Cap Funds (12.96%)			
643,141	Baron Asset Fund - Institutional Shares	67,134,789	68,005,734
Large Cap Funds (6.86%)			
598,723	Baron Durable Advantage Fund - Institutional Shares	9,391,386	11,082,361
568,350	Baron Fifth Avenue Growth Fund - Institutional Shares	24,732,757	24,944,876
Total Large Cap Funds		34,124,143	36,027,237
All Cap Funds (20.69%)			
695,750	Baron Opportunity Fund - Institutional Shares	22,287,997	25,603,589
428,041	Baron Partners Fund - Institutional Shares	39,031,815	83,009,943
Total All Cap Funds		61,319,812	108,613,532
International Funds (11.08%)			
1,249,911	Baron Emerging Markets Fund - Institutional Shares	21,033,762	18,873,650
635,509	Baron Global Advantage Fund - Institutional Shares	27,275,178	25,877,907
464,083	Baron International Growth Fund - Institutional Shares	13,837,711	13,421,295
Total International Funds		62,146,651	58,172,852
Sector Funds (13.15%)			
966,127	Baron FinTech Fund - Institutional Shares	13,879,618	13,670,693
806,065	Baron Health Care Fund - Institutional Shares	14,699,572	15,637,663
772,884	Baron Real Estate Fund - Institutional Shares	27,131,131	28,527,154
639,159	Baron Real Estate Income Fund - Institutional Shares	10,545,715	11,191,682
Total Sector Funds		66,256,036	69,027,192
TOTAL AFFILIATED INVESTMENTS (100.01%)		**$474,229,662**	**525,003,520**
LIABILITIES LESS CASH AND OTHER ASSETS (-0.01%)			**(43,871)**
NET ASSETS			**$524,959,649**
RETAIL SHARES (Equivalent to $18.66 per share based on 5,478,657 shares outstanding)			**$102,244,590**
TA SHARES (Equivalent to $18.85 per share based on 2,365,441 shares outstanding)			**$ 44,578,481**
INSTITUTIONAL SHARES (Equivalent to $18.85 per share based on 20,059,219 shares outstanding)			**$378,136,578**

% Represents percentage of net assets.

Baron Health Care Fund — PORTFOLIO HOLDINGS

March 31, 2022 (Unaudited)

Shares		Cost	Value
Common Stocks (92.94%)			
Consumer Discretionary (0.62%)			
	Specialty Stores (0.62%)		
39,500	Warby Parker, Inc., Cl A[1]	$ 1,599,664	$ 1,335,495
Health Care (89.96%)			
	Biotechnology (9.33%)		
30,600	AbbVie, Inc.	4,237,510	4,960,566
11,500	Alnylam Pharmaceuticals, Inc.[1]	1,692,769	1,877,835
18,878	argenx SE, ADR [1,2]	4,611,455	5,952,422
18,753	Arrowhead Pharmaceuticals, Inc.[1]	681,971	862,450
38,000	Cytokinetics, Incorporated[1]	1,397,546	1,398,780
100,614	Genmab A/S, ADR[1,2]	3,958,818	3,640,215
42,000	Xenon Pharmaceuticals, Inc.[1,2]	1,255,886	1,283,940
		17,835,955	19,976,208
	Health Care Distributors (2.80%)		
19,600	McKesson Corp.	4,478,355	6,000,148
	Health Care Equipment (17.29%)		
34,362	Abbott Laboratories	3,521,417	4,067,086
4,147	DexCom, Inc.[1]	1,251,833	2,121,605
47,351	Edwards Lifesciences Corp.[1]	3,909,416	5,574,160
20,000	Envista Holdings Corp.[1]	962,719	974,200
5,095	IDEXX Laboratories, Inc.[1]	2,268,818	2,787,271
52,928	Inari Medical, Inc.[1]	4,203,251	4,797,394
9,035	Inspire Medical Systems, Inc.[1,3]	1,112,967	2,319,194
9,215	Insulet Corp.[1]	1,989,532	2,454,784
13,733	Intuitive Surgical, Inc.[1]	3,301,075	4,142,971
1,387,480	Opsens, Inc. (Canada)[1,2]	2,019,084	2,119,815
10,000	Shockwave Medical, Inc.[1]	625,051	2,073,600
10,173	Teleflex, Inc.	3,787,045	3,609,686
		28,952,208	37,041,766
	Health Care Facilities (1.83%)		
45,500	Tenet Healthcare Corp.[1]	3,577,743	3,911,180
	Health Care Services (1.18%)		
15,000	LHC Group, Inc.[1]	2,005,982	2,529,000
	Health Care Supplies (3.45%)		
11,400	The Cooper Companies, Inc.	4,594,529	4,760,526
15,252	Establishment Labs Holdings, Inc.[1,2]	1,110,240	1,027,832
74,000	Figs, Inc., Cl A[1]	2,600,866	1,592,480
		8,305,635	7,380,838
	Health Care Technology (3.25%)		
67,000	Certara, Inc.[1]	1,846,265	1,439,160
97,763	Definitive Healthcare Corp.[1]	2,701,490	2,409,858
65,819	Schrödinger, Inc.[1]	3,198,297	2,245,744
4,060	Veeva Systems, Inc., Cl A[1]	945,478	862,588
		8,691,530	6,957,350
	Life Sciences Tools & Services (19.64%)		
25,730	Bio-Techne Corporation	10,171,199	11,142,119
14,254	Guardant Health, Inc.[1,3]	1,390,510	944,185
22,723	ICON plc[1,2]	4,316,896	5,526,688
2,837	Illumina, Inc.[1]	848,377	991,248
267,072	MaxCyte, Inc.[1]	3,052,067	1,866,833
3,110	Mettler-Toledo International, Inc.[1]	3,304,433	4,270,621
158,795	Stevanato Group SpA[1,2]	3,147,337	3,194,956
18,899	Thermo Fisher Scientific, Inc.	9,381,056	11,162,694
7,234	West Pharmaceutical Services, Inc.	2,030,553	2,971,076
		37,642,428	42,070,420

Shares		Cost	Value
Common Stocks (continued)			
Health Care (continued)			
	Managed Health Care (12.40%)		
9,600	Anthem, Inc.	$ 4,288,134	$ 4,715,712
8,050	Humana, Inc.	3,411,242	3,503,119
35,972	UnitedHealth Group, Incorporated	13,092,572	18,344,641
		20,791,948	26,563,472
	Pharmaceuticals (18.79%)		
126,000	AstraZeneca PLC, ADR[2]	7,582,100	8,358,840
134,322	Dechra Pharmaceuticals PLC (United Kingdom)[2]	7,314,321	7,131,431
31,992	Eli Lilly & Co.	7,311,445	9,161,549
29,300	Merck & Co., Inc.	2,380,114	2,404,065
28,000	Novo Nordisk A/S, ADR[2]	3,040,052	3,109,400
94,200	Roche Holding AG, ADR[2]	4,833,677	4,654,422
28,828	Zoetis, Inc.	4,820,081	5,436,672
		37,281,790	40,256,379
Total Health Care		169,563,574	192,686,761
Real Estate (2.36%)			
	Specialized REITs (2.36%)		
25,129	Alexandria Real Estate Equities, Inc.[3]	4,482,569	5,057,211
TOTAL COMMON STOCKS		**175,645,807**	**199,079,467**

Principal Amount			
Short Term Investments (7.27%)			
$15,560,920	Repurchase Agreement with Fixed Income Clearing Corp., dated 3/31/2022, 0.00% due 4/1/2022; Proceeds at maturity -$15,560,920; (Fully collateralized by $15,929,400 U.S. Treasury Note, 2.375% due 3/31/2029 Market value - $15,872,150)	**15,560,920**	**15,560,920**
TOTAL INVESTMENTS (100.21%)		**$191,206,727**	**214,640,387**
LIABILITIES LESS CASH AND OTHER ASSETS (-0.21%)			**(442,965)**
NET ASSETS			**$214,197,422**
RETAIL SHARES (Equivalent to $19.20 per share based on 3,170,397 shares outstanding)			**$ 60,878,085**
INSTITUTIONAL SHARES (Equivalent to $19.40 per share based on 7,596,709 shares outstanding)			**$147,346,481**
R6 SHARES (Equivalent to $19.39 per share based on 308,052 shares outstanding)			**$ 5,972,856**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI (unaudited).
ADR American Depositary Receipt.

Baron FinTech Fund — PORTFOLIO HOLDINGS

March 31, 2022 (Unaudited)

Shares		Cost	Value
Common Stocks (97.33%)			
Communication Services (1.68%)			
	Interactive Media & Services (1.68%)		
14,600	ZoomInfo Technologies Inc., Cl A[1]	$ 820,726	$ 872,204
Consumer Discretionary (2.74%)			
	Internet & Direct Marketing Retail (2.74%)		
1,200	MercadoLibre, Inc.[1]	1,841,556	1,427,376
Financials (26.97%)			
	Asset Management & Custody Banks (3.23%)		
2,200	BlackRock, Inc.	1,851,755	1,681,174
	Financial Exchanges & Data (15.80%)		
3,500	CME Group, Inc.	756,034	832,510
1,600	MarketAxess Holdings, Inc.	759,318	544,320
4,500	Moody's Corp.	1,552,706	1,518,345
3,300	MSCI, Inc.	1,495,793	1,659,504
5,800	S&P Global, Inc.	2,297,968	2,379,044
14,600	Tradeweb Markets, Inc., Cl A	1,244,430	1,282,902
		8,106,249	8,216,625
	Insurance Brokers (0.93%)		
18,000	BRP Group, Inc., Cl A[1]	537,395	482,940
	Investment Banking & Brokerage (5.87%)		
9,600	Houlihan Lokey, Inc.	712,661	842,880
12,100	LPL Financial Holdings, Inc.	1,997,417	2,210,428
		2,710,078	3,053,308
	Property & Casualty Insurance (1.14%)		
2,600	Kinsale Capital Group, Inc.	458,703	592,852
Total Financials		13,664,180	14,026,899
Industrials (8.02%)			
	Research & Consulting Services (8.02%)		
10,000	CoStar Group, Inc.[1]	863,804	666,100
6,800	Equifax, Inc.	1,544,638	1,612,280
10,000	TransUnion	1,034,936	1,033,400
4,000	Verisk Analytics, Inc.	754,922	858,520
Total Industrials		4,198,300	4,170,300
Information Technology (57.92%)			
	Application Software (15.30%)		
10,000	Alkami Technology, Inc.[1]	273,107	143,100
4,000	Bill.Com Holdings, Inc.[1]	482,722	907,160
7,400	Ceridian HCM Holding, Inc.[1]	828,502	505,864
27,000	Clearwater Analytics Holdings, Inc., Cl A[1]	635,932	567,000
12,000	Duck Creek Technologies, Inc.[1]	579,633	265,440
14,000	Expensify, Inc., Cl A[1]	405,659	245,840
2,900	Fair Isaac Corp.[1]	1,351,874	1,352,734
10,500	Guidewire Software, Inc.[1]	1,244,347	993,510
5,000	Intuit, Inc.	1,852,869	2,404,200
14,000	nCino, Inc.[1]	1,008,516	573,720
		8,663,161	7,958,568
	Data Processing & Outsourced Services (28.39%)		
700	Adyen N.V., 144A (Netherlands)[1,2]	1,398,390	1,386,486
11,200	Block, Inc., Cl A[1]	2,348,613	1,518,720
22,000	Dlocal Ltd.[1,2]	570,023	687,720
11,000	Fidelity National Information Services, Inc.	1,492,545	1,104,620
6,000	Global Payments, Inc.	829,178	821,040

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (continued)			
	Data Processing & Outsourced Services (continued)		
3,500	Jack Henry & Associates, Inc.	$ 581,512	$ 689,675
25,000	Marqeta, Inc.[1]	657,358	276,000
6,500	MasterCard Incorporated, Cl A	2,261,844	2,322,970
90,000	Network International Holdings plc, 144A (United Kingdom)[1,2]	421,085	331,040
16,500	Nuvei Corp., 144A (Canada)[1,2]	726,048	1,243,935
18,000	Paymentus Holdings, Inc., Cl A[1]	409,901	379,440
4,300	PayPal Holdings, Inc.[1]	1,111,406	497,295
15,000	Repay Holdings Corporation[1]	290,606	221,550
11,600	Visa, Inc., Cl A	2,505,977	2,572,532
110,000	Wise PLC, Cl A (United Kingdom)[1,2]	1,367,749	711,214
		16,972,235	14,764,237
	Internet Services & Infrastructure (1.95%)		
1,500	Shopify, Inc., Cl A[1,2]	2,048,592	1,013,940
	IT Consulting & Other Services (12.28%)		
6,100	Accenture plc, Cl A[2]	1,754,651	2,057,103
34,251	CI&T, Inc., Cl A[1,2]	505,149	548,701
17,400	Endava plc, ADR[1,2]	1,220,162	2,314,722
5,600	Globant S.A.[1,2]	1,472,832	1,467,592
		4,952,794	6,388,118
Total Information Technology		32,636,782	30,124,863
TOTAL COMMON STOCKS		**53,161,544**	**50,621,642**

Principal Amount		Cost	Value
Short Term Investments (2.45%)			
$1,273,395	Repurchase Agreement with Fixed Income Clearing Corp., dated 3/31/2022, 0.00% due 4/1/2022; Proceeds at maturity - $1,273,395; (Fully collateralized by $1,291,800 U.S. Treasury Note, 2.375% due 5/15/2029 Market value - $1,298,937)	**1,273,395**	**1,273,395**
TOTAL INVESTMENTS (99.78%)		**$54,434,939**	**51,895,037**
CASH AND OTHER ASSETS LESS LIABILITIES (0.22%)			**114,078**
NET ASSETS			**$52,009,115**
RETAIL SHARES (Equivalent to $14.08 per share based on 716,135 shares outstanding)			**$10,079,799**
INSTITUTIONAL SHARES (Equivalent to $14.15 per share based on 2,568,064 shares outstanding)			**$36,331,184**
R6 SHARES (Equivalent to $14.15 per share based on 395,638 shares outstanding)			**$ 5,598,132**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
ADR American Depositary Receipt.
GDR Global Depositary Receipt.
144A Security is exempt from registration pursuant to Rule 144A under the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. At March 31, 2022, the market value of Rule 144A securities amounted to $2,961,461 or 5.69% of net assets.

Baron New Asia Fund — PORTFOLIO HOLDINGS

March 31, 2022 (Unaudited)

Shares		Cost	Value
Common Stocks (93.82%)			
China (34.67%)			
1,079	Alibaba Group Holding Limited, ADR[1]	$ 149,522	$ 117,395
392	Baidu, Inc., ADR[1]	60,322	51,862
23,105	China Conch Environment Protection Holdings Ltd.[1]	12,449	28,906
20,726	China Conch Venture Holdings Ltd.	75,467	60,420
1,168	China Tourism Group Duty Free Corporation Ltd., Cl A	42,804	30,044
15,926	Estun Automation Co. Ltd., Cl A	63,772	50,117
4,250	Full Truck Alliance Co. Ltd., ADR[1]	29,594	28,347
7,769	Galaxy Entertainment Group Ltd.[1]	48,587	45,972
43	GDS Holdings Limited, ADR[1]	1,857	1,688
6,289	GDS Holdings Limited, Cl A[1]	44,382	30,446
9,089	Han's Laser Technology Industry Group Co., Ltd., Cl A	64,685	54,535
1,893	Hangzhou Tigermed Consulting Co. Ltd., Cl A	37,387	31,923
6,621	Hua Hong Semiconductor Limited, 144A[1]	42,137	27,648
637	JD.com, Inc., ADR[1]	50,396	36,863
10,000	Kingdee International Software Group Co. Ltd.[1]	27,908	21,909
14,226	Kingsoft Corp. Ltd.	64,620	45,319
200	Kweichow Moutai Co. Ltd., Cl A	53,169	53,880
5,763	Midea Group Co., Ltd., Cl A	64,787	51,402
6,734	NARI Technology Co. Ltd., Cl A	36,432	33,184
700	NAURA Technology Group Co. Ltd., Cl A	40,716	29,906
631	Shenzhen Mindray Bio-Medical Electronics Co. Ltd., Cl A	34,519	30,488
3,348	Tencent Holdings Limited, ADR	195,188	155,414
9,724	Venustech Group, Inc., Cl A	40,309	31,861
601	Will Semiconductor Co. Ltd. Shanghai, Cl A	25,510	18,157
1,993	WuXi AppTec Co. Ltd., Cl H, 144A	39,944	31,139
3,687	Wuxi Biologics Cayman, Inc., 144A[1]	49,034	29,277
19,336	Xiaomi Corporation, Cl B, 144A[1]	56,034	33,788
4,027	Yantai Jereh Oilfield Services Group Co. Ltd., Cl A	29,246	26,532
10,213	Yonyou Network Technology Co. Ltd., Cl A	57,170	36,718
1,958	Yum China Holdings, Inc.	108,663	85,407
2,889	Yunnan Baiyao Group Co. Ltd., Cl A	42,240	37,140
679	Zai Lab Limited, ADR[1]	59,808	29,862
3,747	Zhejiang Dingli Machinery Co. Ltd., Cl A	40,455	26,423
Total China		1,789,113	1,403,972
Hong Kong (4.00%)			
4,457	AIA Group Ltd.	49,692	46,539
18,945	Budweiser Brewing Co. APAC Ltd., 144A	51,368	50,027
712	Hong Kong Exchanges & Clearing Ltd.	40,086	33,374
2,000	Techtronic Industries Co. Ltd.	36,166	32,043
Total Hong Kong		177,312	161,983
India (34.39%)			
6,732	AARTI Industries Ltd.	85,756	84,499
802	Amber Enterprises India Ltd.[1]	36,188	37,079
625	Apollo Hospitals Enterprise Ltd.	39,578	37,092
1,452	Asian Paints Ltd.	60,266	58,754
1,084	Bajaj Finance Limited	96,504	102,946
11,315	Bharti Airtel Ltd.[1]	99,486	112,182
582	Bharti Airtel Ltd. PP[1]	1,202	3,016
989	Divi's Laboratories Ltd.	64,891	57,205
506	Dixon Technologies India Ltd.	32,159	28,590
2,167	Godrej Consumer Products Ltd.[1]	31,989	21,276
2,252	Godrej Properties Ltd.[1]	52,840	49,332
5,587	HDFC Bank Ltd.	112,132	107,604
10,371	ICICI Bank Ltd.	99,285	98,918
3,674	ICICI Lombard General Insurance Co. Ltd., 144A	73,980	64,089
1,055	Jubilant FoodWorks Ltd.	54,806	36,457
4,815	Max Financial Services Ltd.[1]	72,152	47,738
1,540	Neogen Chemicals Ltd.	23,293	35,225
881	PI Industries Ltd.	35,967	32,626
3,793	Reliance Industries Limited	115,492	131,191
4,904	SBI Life Insurance Company Limited, 144A	77,333	72,251
3,759	Tata Communications Ltd.	72,606	60,630

Shares		Cost	Value
Common Stocks (continued)			
India (continued)			
3,864	Tata Consumer Products Ltd.	$ 41,244	$ 39,479
1,697	Titan Co. Ltd.	46,088	56,533
16,536	Zomato Ltd.[1]	32,651	17,801
Total India		1,457,888	1,392,513
Indonesia (1.71%)			
214,500	Bank Rakyat Indonesia (Persero) Tbk PT	63,131	69,280
Japan (3.76%)			
325	Hoya Corp.	49,380	37,036
151	Keyence Corporation	88,326	70,019
88	Tokyo Electron Limited	40,111	45,194
Total Japan		177,817	152,249
Korea, Republic of (6.85%)			
641	Hyundai Heavy Industries Co. Ltd.[1]	47,421	62,746
987	Korea Aerospace Industries Ltd.	32,911	34,246
560	Korea Shipbuilding & Offshore Engineering Co. Ltd.[1]	51,863	40,735
2,438	Samsung Electronics Co., Ltd.	145,350	139,509
Total Korea, Republic of		277,545	277,236
Taiwan (7.40%)			
616	Airtac International Group	21,401	19,805
500	MediaTek, Inc.	16,122	15,560
215	Silergy Corp.	29,818	25,209
2,294	Taiwan Semiconductor Manufacturing Co., Ltd., ADR	267,356	239,173
Total Taiwan		334,697	299,747
Thailand (1.04%)			
14,300	Energy Absolute PCL Foreign	34,895	42,147
TOTAL COMMON STOCKS		**4,312,398**	**3,799,127**
Principal Amount			
Short Term Investments (7.05%)			
$285,668	Repurchase Agreement with Fixed Income Clearing Corp., dated 3/31/2022, 0.00% due 4/1/2022; Proceeds at maturity - $285,668; (Fully collateralized by $316,400 U.S. Treasury Note, 1.375% due 11/15/2031 Market value - $291,437)	**285,668**	**285,668**
TOTAL INVESTMENTS (100.87%)		**$4,598,066**	**4,084,795**
LIABILITIES LESS CASH AND OTHER ASSETS (-0.87%)			**(35,321)**
NET ASSETS			**$4,049,474**
RETAIL SHARES (Equivalent to $8.61 per share based on 132,848 shares outstanding)			**$1,143,902**
INSTITUTIONAL SHARES (Equivalent to $8.62 per share based on 330,628 shares outstanding)			**$2,850,628**
R6 SHARES (Equivalent to $8.63 per share based on 6,368 shares outstanding)			**$ 54,944**

% Represents percentage of net assets.

1 Non-income producing securities.

ADR American Depositary Receipt.

144A Security is exempt from registration pursuant to Rule 144A under the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. At March 31, 2022, the market value of Rule 144A securities amounted to $308,219 or 7.61% of net assets.

Baron New Asia Fund — PORTFOLIO HOLDINGS (Continued)

March 31, 2022 (Unaudited)

Summary of Investments by Sector as of March 31, 2022	Percentage of Net Assets
Information Technology	18.9%
Financials	15.9
Consumer Discretionary	13.4
Industrials	11.7
Communication Services	10.6
Health Care	7.9
Materials	5.2
Consumer Staples	4.1
Energy	3.9
Real Estate	1.2
Utilities	1.0
Cash and Cash Equivalents*	6.2
	100.0%

* Includes short term investments.

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