Baron Funds®

June 30, 2023

Quarterly Report

"A shoe is just a shoe until someone steps into it…" Deloris Jordan. Michael Jordan's mom. *Air: Courting a Legend*. Spring 2023.

That was how Deloris Jordan, Michael Jordan's mom, described her *vision* to Nike for a basketball shoe she wanted named for her son. Mrs. Jordan outlined the impact Michael's *story* could have on Nike's business. That was since Deloris believed Michael would become the greatest basketball player ever! "A shoe is just a shoe until someone steps into it," she explained…and ultimately persuaded Nike to bet on her son as an *influencer* for the Nike brand. Mrs. Jordan represented Michael in contract negotiations with Nike. Those discussions…and Nike's executives' interviews with Michael and Deloris…extensive viewings of Michael's college game films…interviews with Michael's coaches and people who *knew him well*…and Deloris' unwavering belief in her son… led Nike to create the Air Jordan brand.

Nike was founded by Phil Knight and his college track coach in 1964. Knight began selling running shoes with an innovative waffle sole he had designed for college track athletes…from the trunk of his car!

In 1984, Michael Jordan's rookie year in the NBA and 20 years after Nike's founding, that company was principally a running shoes business. Nike's annual revenues then approximated $900 million, and its basketball shoe division was not profitable… and about to be closed.

In 1984, Air Jordan catapulted the Nike brand into relevancy. That's because Nike and Deloris TOLD THE STORY about Michael Jordan, the *person who stepped into the Air Jordan shoe*…after Phil Knight made what seemed at the time a "risky investment" in Jordan because it "felt like the right thing to do." Today, Air Jordan's annual basketball shoe revenues approximate $5 billion, about 10% of Nike's $50 billion annual sales!

Trina Spear is the co-founder and CEO of FIGS, Inc., the native online provider of exceptional health care worker uniforms of the highest quality. The lesson Trina learned from Air Jordan's incredible success? She believes *what drives the most revenue for a business isn't necessarily what drives the most brand awareness*.

FIGS has designed the most attractive, innovative, and technical branded scrubs for its *community* of health care workers by making investments that seemed risky at the time but were the "right thing to do". It has established a competitive advantage for its brand by *TELLING THE STORY* and providing unwavering support for its *community* of individuals she calls *Awesome Humans*. They are the doctors and nurses who work so hard to serve the rest of us… and, whom, she believes…and we do, too… are generally underappreciated.

Goodfellas David, Michael, and Ron make shareholders "an offer they can't refuse." Invest with the Baron family, Baron employees and Elon Musk in SpaceX and Tesla…and in hundreds of other exceptional growth businesses through Baron Funds.

FIGS' annual revenues have increased from zero to $500 million in the past 10 years. This is due to the incredible support and buy-in of the health care community. One of the first individuals who mentored me early in my career used to tell me, "What goes around, comes around." We believe that to be so…and we also believe FIGS, in part due to its *community* support, is just getting started.

One more thing. Trina Spear and her co-founder Heather Hasson started their business selling FIGS scrubs that Heather had designed…from the trunk of Heather's car in hospital parking lots…50 years after Phil Knight sold shoes from the trunk of his car!

We have an analogous story at Baron. I have often shared with the incredibly talented individuals with whom I have worked for so many years my view that Baron should not even exist. That is since few firms have been able to outperform benchmark indexes…and extremely low cost passively managed funds by definition earn benchmark returns. To outperform benchmarks we would need to recruit, train, and retain exceptional people…have a differentiated process…consistently invest in our people and business…OUTPERFORM…put our clients' interests ahead of our own…and TELL OUR STORY!!! We have accomplished all that.

Since their respective inceptions as mutual funds, 16 of 19 Baron mutual funds, representing **98.7%** of Baron Fund's AUM, have **outperformed** their benchmarks. Thirteen Baron mutual funds, representing **96.3%** of Baron Funds' AUM, rank in the **top 20%** of their respective Morningstar categories. Nine funds, representing **56.4%** of Baron Funds' AUM, rank in the **top 10%** of their categories, and five funds, representing **46.7%** of Baron Funds' AUM, rank in the **top 1%** of their categories. All five of these funds are the number one

TABLE OF CONTENTS

BARON FUNDS 1987

performers in their categories. **Baron Partners Fund** is the **number one** performing U.S. equity mutual fund since its conversion from a partnership to a mutual fund in 2003.* Its performance as a partnership from 1992 through 2003 was equally strong.

In early August, Michael Baron, David Baron, President and COO Linda Martinson, General Counsel Pat Patalino, CFO Peggy Wong, and I met with Baron Funds' Independent Board of Trustees, as we do each quarter. The Independent Trustees are employed by Baron Funds, not by Baron, my family's private management company. The Independent Trustees are charged by SEC regulation with oversight of Baron Funds and BAMCO, Inc., the adviser to Baron Funds. To fulfill their responsibilities, the Trustees ask Baron executives to discuss our outlook and business operations as well as our investment strategies, tactics, and performance. They also frequently ask to speak with portfolio managers and analysts, as well as other professionals in Accounting, Legal and Compliance, IT, Sales, Marketing, and Trading.

At our May meeting, a third-party was commissioned to produce reports to help the Independent Trustees with the renewal of the Funds' investment advisory contracts with Baron. Those reports analyzed the relative and absolute performance of Baron Funds. I was pleased to read commentary concluding that most Baron Funds outperformed their benchmark indexes and their respective peer groups. We believe our funds have outperformed by not being the same as the market. According to the reports, with respect to **top performing Baron Partners Fund**, there were "no peer funds that...were a reasonable style match" for that fund. I believe this is the case for most of our mutual funds as well, which is why they have outperformed virtually all other mutual funds.

I informed the Trustees that despite challenging market and economic conditions, Baron continued to consistently invest in its business. Without interruption. In addition to expanding our office footprint about 50% during the past nine months, Baron added 16 individuals to our team. Baron now employs 201 individuals. Despite layoffs in financial services and reductions in compensation for many in our industry, that has not been the case at Baron. Baron continues to hire, train, and retain. This is due to our belief that the longer talented professionals work together, the better our performance for clients is likely to be. Since Baron has never had a layoff in our 41-year history, we believe we have been able to recruit the best investors. Loyalty is a two-way street, we think. Of course, Baron's *no layoffs* practice has been the case, despite the fact that our family business profitability has not always been optimal.

One more thing. Fortunately, a few of our recent hires appear to be serious athletes. At least, I hope that is the case since we're trying really hard to improve our teams' standings in the intramural Wall Street softball and basketball leagues, The JP Morgan Corporate Challenge, and golf competitions. We live in hope.

Thank you for joining us as fellow shareholders in Baron Funds.

Respectfully,

Ronald Baron
CEO
August 8, 2023

P.S. We hope to see you at the 30th annual Baron Investment Conference on November 10, 2023. It will take place, as it has since 2005, at The Metropolitan Opera House in Lincoln Center in New York City. This fall, we will celebrate our 41st year in business. These annual meetings are typically attended by more than 5,000 Baron Funds' shareholders and Baron clients. I promise you will learn a lot from the exceptional CEOs who manage the competitively advantaged growth companies in which your savings have been invested. I hope you will also come to understand even better our Firm's mission. That is to provide extraordinary investment opportunities to middle class individuals like my parents that are more commonly available only to institutions and very wealthy individuals.

We're sure you'll have a great time. The entertainment at lunch and in the afternoon *isn't exactly chopped liver* as they say. We will also continue with drawings for what have become traditional Tesla door prizes before lunch. Those amazingly beautiful automobiles…the safest ever made on Planet Earth…are given at our expense…not yours. Just like all the expenses incurred that day. Ours. Not yours. It is our way to say "Thank you" for trusting us to manage your family's hard-earned savings. We can't promise investment returns…but we can promise we will try as hard as possible to continue to achieve outstanding results. See you November 10. Oh, yeah. You'll have a better chance to win a Tesla than to win the Lottery!!! That I can guarantee.

P.P.S. Don't forget to get an absolutely delicious ice cream cone on the Lincoln Center Plaza at the end of the day. This year, we will have four Scream Ice Cream trucks waiting for you as you leave the Lincoln Center campus. I have a small personal investment in the Scream Ice Cream business. One college summer, I drove an ice cream truck, and when I had the chance to go back to my "roots" by investing in Scream, I grabbed it. The cones are "on the house." Just tell the ice cream man, "Ron sent me." And don't forget to pick up a "swag" bag as you leave. This year, in addition to our "OWN IT" Baron conference t-shirts made by FIGS and a big chocolate chip cookie, we've included Walter Isaacson's *Elon* biography. It is an amazing story! Just Amazing!!!!! Enjoy!!

** This is a hypothetical ranking created by Baron Capital using Morningstar data and is as of 6/30/2023. There were 2,113 share classes in these nine Morningstar Categories for the period from 4/30/2003 to 6/30/2023.*

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

The Morningstar Large Growth Category consisted of 1,219, 1,032, and 791 share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Partners Fund (Institutional Shares) in the 36th, 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 759 share classes. Morningstar calculates the Morningstar Large Growth Category Average performance and rankings using its Fractional Weighting methodology. Morningstar rankings are based on total returns and do not include sales charges. Total returns do account for management, administrative, and 12b-1 fees and other costs automatically deducted from fund assets.

Morningstar ranked Baron Partners Fund Institutional Share Class as the 426th, 1st, 1st, and 1st best performing share class in its Category for the 1-, 5-, 10-year, and since conversion periods, respectively.

The **Morningstar Real Estate Category** consisted of 254, 230, 211, and 151 share classes for the 1-, 3-, 5-, and 10-year periods. Morningstar ranked Baron Real Estate Fund R6 Share Class in the 1st, 1st, 1st, and 1st percentiles, respectively. On an absolute basis, Morningstar ranked Baron Real Estate Fund Institutional Share Class as the 1st, 2nd, 2nd, and 1st best performing share class in its Category, for the 1-, 3-, 5-year, and since inception periods, respectively.

The **Morningstar Mid Cap Growth Category** consisted of 560, 486, 379, and 157 share classes for the 1-, 5-, 10-year, and since inception (12/31/1994) periods. Morningstar ranked Baron Growth Fund Institutional Share Class as the 101st, 52nd, 84th, and 1st best performing share class in its Category, respectively.

The **Morningstar Aggressive Allocation Category** consisted of 198, 175, and 191 share classes for the 1-year, 5-year, and since inception (12/29/2017) periods. Morningstar ranked Baron WealthBuilder Fund Institutional Share Class as the 23rd, 1st, and 1st best performing share class in its Category, respectively.

The **Morningstar Health Category** consisted of 172, 132, and 137 share classes for the 1-year, 5-year, and since inception (4/30/2018) periods. Morningstar ranked Baron Health Care Fund R6 Share Class in the 50th, 1st, and 1st percentiles, respectively. Morningstar ranked Baron Health Care Fund R6 Share Class as the 94th, 1st, and 1st best performing share class in its Category, respectively.

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 6/30/2023

Fund	Primary Benchmark	Annualized Return Since Fund Inception	Annualized Benchmark Return Since Fund Inception	Inception Date	Average Annualized Returns				Annual Expense Ratio	Net Assets
					1-Year	3-Year	5-Year	10-Year		
SMALL CAP										
Baron Growth Fund	Russell 2000 Growth Index	12.97%	7.65%	12/31/1994	22.03%	11.55%	11.18%	11.86%	1.04%[3]	$7.77 billion
Baron Small Cap Fund	Russell 2000 Growth Index	10.01%	6.06%	9/30/1997	17.06%	7.95%	8.41%	10.40%	1.04%[3]	$4.44 billion
Baron Discovery Fund†	Russell 2000 Growth Index	12.38%	7.73%	9/30/2013	15.44%	5.35%	7.58%	N/A	1.06%[3]	$1.35 billion
SMALL/MID CAP										
Baron Focused Growth Fund[1]	Russell 2500 Growth Index	13.45%	8.00%	5/31/1996	19.95%	26.04%	22.80%	16.81%	1.06%[4]	$1.09 billion
MID CAP										
Baron Asset Fund	Russell Midcap Growth Index	11.31%	10.10%[2]	6/12/1987	19.97%	4.91%	8.99%	11.80%	1.04%[3]	$4.65 billion
LARGE CAP										
Baron Fifth Avenue Growth Fund†	Russell 1000 Growth Index	8.72%	11.24%	4/30/2004	25.30%	(2.62)%	6.39%	12.27%	0.76%/0.75%[3][6]	$467.62 million
Baron Durable Advantage Fund	S&P 500 Index	13.53%	11.66%	12/29/2017	27.67%	14.35%	14.26%	N/A	1.10%/0.70%[3][7]	$81.36 million
ALL CAP										
Baron Partners Fund[1]	Russell Midcap Growth Index	15.40%	9.79%	1/31/1992	25.56%	31.50%	27.23%	21.46%	1.44%[4][5]	$6.92 billion
Baron Opportunity Fund†	Russell 3000 Growth Index	8.93%	6.46%	2/29/2000	27.86%	8.51%	16.12%	15.28%	1.05%[3]	$1.04 billion
NON-U.S./GLOBAL										
Baron Emerging Markets Fund†	MSCI EM Index	3.18%	1.24%	12/31/2010	2.66%	0.34%	0.34%	3.68%	1.12%[4]	$4.89 billion
Baron Global Advantage Fund†	MSCI ACWI Index	10.30%	8.85%	4/30/2012	7.91%	(8.94)%	4.86%	10.83%	0.94%/0.91%[4][8]	$797.71 million
Baron International Growth Fund†	MSCI ACWI ex USA Index	9.24%	6.58%	12/31/2008	9.08%	3.65%	3.66%	6.95%	0.99%/0.95%[4][9]	$523.19 million
Baron New Asia Fund	MSCI AC Asia ex Japan Index	(12.16)%	(10.92)%	7/30/2021	(1.76)%	N/A	N/A	N/A	7.22%/1.20%[4][10]	$4.40 million
SECTOR										
Baron Real Estate Fund	MSCI USA IMI Extended Real Estate Index	13.60%	10.73%	12/31/2009	16.17%	12.35%	11.67%	10.82%	1.07%[4]	$1.56 billion
Baron Real Estate Income Fund	MSCI US REIT Index	7.79%	3.13%	12/29/2017	(0.94)%	8.05%	8.63%	N/A	0.96%/0.80%[4][11]	$123.24 million
Baron Health Care Fund	Russell 3000 Health Care Index	13.58%	10.85%	4/30/2018	7.85%	9.76%	12.98%	N/A	0.90%/0.85%[4][12]	$211.05 million
Baron FinTech Fund†	FactSet Global FinTech Index	6.59%	(0.41)%	12/31/2019	13.86%	2.67%	N/A	N/A	1.20%/0.95%[4][13]	$52.31 million
Baron Technology Fund	MSCI ACWI Information Technology Index	(14.11)%	(3.80)%	12/31/2021	28.59%	N/A	N/A	N/A	6.42%/0.95%[4][14]	$5.57 million
EQUITY ALLOCATION										
Baron WealthBuilder Fund	S&P 500 Index	12.82%	11.66%	12/29/2017	18.65%	11.22%	12.57%	N/A	1.14%/1.11%[4][15]	$515.87 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 June 30, 2023.

(3) As of 9/30/2022.

(4) As of 12/31/2022.

(5) Comprised of operating expenses of 1.04% and interest expenses of 0.40%.

(6) Gross annual expense ratio was 0.76%, but the net annual expense ratio was 0.75% (net of Adviser's fee waivers).

(7) Gross annual expense ratio was 1.10%, but the net annual expense ratio was 0.70% (net of Adviser's fee waivers).

(8) Gross annual expense ratio was 0.94%, but the net annual expense ratio was 0.91% (net of Adviser's fee waivers, including interest expense of 0.01%).

(9) Gross annual expense ratio was 0.99%, but the net annual expense ratio was 0.95% (net of Adviser's fee waivers).

(10) Gross annual expense ratio was 7.22%, but the net annual expense ratio was 1.20% (net of Adviser's fee waivers and expense reimbursements).

(11) Gross annual expense ratio was 0.96%, but the net annual expense ratio was 0.80% (net of Adviser's fee waivers).

(12) Gross annual expense ratio was 0.90%, but the net annual expense ratio was 0.85% (net of Adviser's fee waivers).
(13) Gross annual expense ratio was 1.20%, but the net annual expense ratio was 0.95% (net of Adviser's fee waivers).
(14) Gross annual expense ratio was 6.42%, but the net annual expense ratio was 0.95% (net of Adviser's fee waivers and expense reimbursements).
(15) Gross annual expense ratio was 1.14%, but the net annual expense ratio was 1.11% (includes acquired fund fees and expenses, net of expense reimbursements).
† The Fund's historical performance was impacted by gains from IPOs. There is no guarantee that these results can be repeated or that the Fund's level of participation in IPOs will be the same in the future.

The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser reimburses or may reimburse certain Funds expenses pursuant to a contract expiring on August 29, 2033, unless renewed for another 11-year term and the Funds' transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit www.BaronFunds.com or call 1-800-99BARON.

Performance for the Institutional Shares prior to 5/29/2009 is based on the performance of the Retail Shares, which have a distribution fee. The Institutional Shares do not have a distribution fee. If the annual returns for the Institutional Shares prior to 5/29/2009 did not reflect this fee, the returns would be higher.

Baron Discovery Fund's 3- and 5-year, **Baron Emerging Markets Fund's** 3- and 5-year, **Baron Fifth Avenue Growth Fund's** 3-, 5- and 10-year, **Baron FinTech Fund's** 3-year**, Baron Global Advantage Fund's** 3-, 5- and 10-year, **Baron International Growth Fund's** 5-year, and **Baron Opportunity Fund's** 3-, 5- and 10-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.

Ranking information provided is calculated for the **Institutional Share Class** and is as of **6/30/2023**. 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 1,219, 1032, and 791, share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Opportunity Fund in the 20th, 4th, 13th, 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 600 share classes. The **Morningstar Mid Cap Growth Category** consisted of 560, 486, and 379, share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Asset Fund in the 32nd, 45th, 22nd, and 11th percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 6/12/1987, and the category consisted of 71 share classes. Morningstar ranked Baron Growth Fund in the 16th, 11th, 21st, 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 157 share classes. Morningstar ranked Baron Focused Growth Fund in the 32nd, 1st, 1st and 2nd percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund converted into a mutual fund 6/30/2008, and the category consisted of 437 share classes. The **Morningstar Small Cap Growth Category** consisted of 589, 525, and 390, share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Small Cap Fund in the 34th, 22nd, 30th, and 12th percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 9/30/1997, and the category consisted of 243 share classes. Morningstar ranked Baron Discovery Fund in the 50th, 34th, and 5th percentiles for the 1-, 5-, and since inception periods, respectively. The Fund launched 9/30/2013, and the category consisted of 522 share classes. The **Morningstar Real Estate Category** consisted of 254, 211, and 151, share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Real Estate Fund in the 1st, 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 182 share classes. Morningstar ranked Baron Real Estate Income Fund in the 22nd, 3rd, and 2nd percentiles for the 1-, 5-, and since inception periods, respectively. The Fund launched 12/29/2017, and the category consisted of 226 share classes. The **Morningstar Foreign Large Growth Category** consisted of 447, 351, 238, and 266 share classes for the 1-, 5-,10-year, and since inception (12/31/2008) periods. Morningstar ranked Baron International Growth Fund in the 91st, 62nd, 27th, and 16th, respectively. **The Morningstar Diversified Emerging Markets Category** consisted of 816, 646, 385, and 376 share classes for the 1-, 5-, 10-year, and since inception (12/31/2010) periods. Morningstar ranked Baron Emerging Markets Fund in the 66th, 71st, 30th, and 12th, respectively. The **Morningstar Health Category** consisted of 172, 132, and 137 share classes for the 1-, 5-, and since inception (4/30/2018) periods. Morningstar ranked Baron Health Care Fund in the 50th, 1st, and 1st, respectively. The **Morningstar Aggressive Allocation Category** consisted of 198, 175, and 191 share classes for the 1-, 5-, and since inception (12/29/2017) periods. Morningstar ranked Baron WealthBuilder Fund in the 3rd, 1st, and 1st, respectively.

Portfolio holdings as a percentage of net assets as of June 30, 2023 for securities mentioned are as follows: **FIGS, Inc.**- Baron Growth Fund (0.6%), Baron Partners Fund (0.9%*), Baron Focused Growth Fund (3.2%).

*% of Long Positions

As of June 30, 2023, no Baron Fund held shares of Nike Inc.

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

The **Russell 1000® Growth Index** measures the performance of large-sized U.S. companies that are classified as growth. The **Russell 2000® Growth Index** measures the performance of small-sized U.S. companies that are classified as growth. The **Russell 2500® Growth Index** measures the performance of small to medium-sized companies that are classified as growth. The **Russell 3000® Growth Index** measures the performance of the broad growth segment of the U.S. equity universe comprised of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market. The **Russell 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 **Russell Midcap® Growth Index** measures the performance of medium-sized U.S. companies that are classified as growth. 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 **S&P 500 Index** measures the performance of 500 widely held large-cap U.S. companies. All rights in the FTSE Russell Index (the "Index") vest in the relevant LSE Group company which owns the Index. Russell® is a trade mark of the relevant LSE Group company and is used by any other LSE Group company under license. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. **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 ACWI Index Net (USD)** is designed to measure the equity market performance of large and midcap securities across 23 Developed Markets (DM) and 24 Emerging Markets (EM) countries. The **MSCI ACWI ex USA Index Net (USD)** is designed to measure the equity market performance of large and mid cap securities across 22 of 23 Developed Markets (DM) countries (excluding the US) and 24 Emerging Markets (EM) countries. The **MSCI USA IMI Extended Real Estate Index Net (USD)** 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 indices or any securities or financial products. This report is not approved, reviewed or produced by MSCI. The **MSCI US REIT Index Net (USD)** 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 MSCI Indexes and the Funds include reinvestment of dividends, net of foreign withholding taxes, while the Non-MSCI Indexes include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts performance results. The indexes are unmanaged. 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 broker-dealer registered with the SEC and member of the Financial Industry Regulatory Authority, Inc. (FINRA).

As I write this letter, record-breaking heat is sweeping the Northern hemisphere. Over the past year, there has also been record-breaking precipitation, with heavy snowfall this past winter in California and the Rockies and recent flooding in the Northeast and many parts of Europe. These extreme and rapid weather swings are not dissimilar to the stock market's behavior over the past year. In April and May 2022 the market dropped off a cliff; then recovered some of the losses; and then dropped sharply again from August to October. As equities started to recover again, the market was tripped – again – by the regional bank failures in March. After this was contained, the market stabilized, and volatility subsided somewhat.

U.S. equities continued more firmly on their path to recovery in the second quarter. The S&P 500 Index returned 8.7% for the three months ended 6/30/2023 and was up 16.9% in the first half of the year. The broader Russell 3000 Index performed similarly well – 8.4% in the second quarter and 16.2% for the first six months. Growth stocks performed significantly better – the Russell 3000 Growth Index returned 12.5% in the second quarter and is up 28.1% for the first six months.

Much of the strength in the second quarter was attributed to advances in artificial intelligence (AI). As always with technological innovations, the market has been trying to figure out who the beneficiaries will be – but it is also creating a lot of noise in the process.

The major U.S. equity indexes entered a new bull market in the second quarter, increasing more than 20% from the lows of 2022. Headlines were focused on the market's performance being driven by a handful of technology megacaps: Apple, Inc., Microsoft Corporation, Alphabet, Inc., Amazon.com, Inc., NVIDIA Corporation, Tesla, Inc., and Meta Platforms, Inc. These seven companies, whose combined market capitalization was over $11 trillion as of 6/30/2023, make up nearly a quarter of the weight in the Russell 3000 Index and contributed around two-thirds of the index's return in the first six months of 2023. The weight and return contributions of these stocks were even more material in the S&P 500 Index.

During the market decline last year, these stocks were heavily penalized by investors, losing over 55% from their peak levels, on average. Despite the heavy losses, they remained a sizable weight in popular equity indexes and, as investor optimism began returning at the end of 2022, they bounced back off their lows, once again driving index returns.

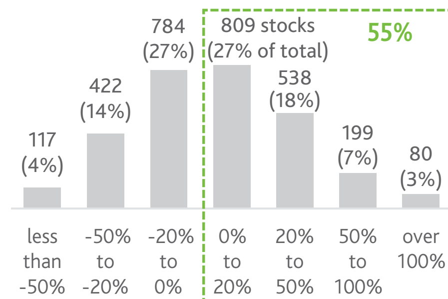
These megacaps, however, were not the only strong performers in recent months. NVIDIA, Tesla, and Meta Platforms each returned over 100% in the first six months of 2023, but so did 77 other stocks in the Russell 3000 Index. As the chart on the right shows, more than half of the index constituents experienced positive returns for the period. The table on the right shows that 931 (32%) of the constituents of the Russell 3000 Index outperformed the index (i.e., returned more than 16.17% during the period). 495 (53%) of these outperformers had market capitalizations between $1 billion and $10 billion and another 153 (16%) were in the $10 billion to $50 billion market cap range.

LINDA MARTINSON
CHAIRMAN, PRESIDENT AND COO

Recent Market Strength Has Been Broad Based

Performance of Russell 3000 Index Constituents

12/31/2022 – 6/30/2023



	Number of Stocks	% Stocks Outperforming Russell 3000 Index in H1 '23 (16.17%)	# Stocks Outperforming Russell 3000 Index in H1 '23	# Stocks as % of All Outperforming Stocks*
< $1Bn	981	21%	202	22%
$1 - $10 Bn	1,313	38%	495	53%
$10 - $50 Bn	435	35%	153	16%
$50 - $150 Bn	115	36%	41	4%
> $150Bn	105	38%	40	4%
Total	2,949	32%	931	100%

Sources: FactSet, FTSE Russell.

Note: Performance is measured only for the index constituents as of 12/31/2022. Companies that were added to the index after that date were not part of the above analysis. Past performance is not indicative of future results. The index is unmanaged. Index performance is not Fund performance; one cannot invest directly into an index.

* *Percentages may not sum to the total due to rounding.*

Despite the significant stock price increases, most popular market indexes have not yet recovered their losses from last year. As the table below shows, after hitting a low on 10/12/2022, the S&P 500 Index increased 24.4% through 6/30/2023, but it needs to increase another 7.8% before reaching its previous peak. The data shows that the mid- and small-cap indexes, particularly on the growth side, need to increase substantially more than the S&P 500 Index to break even.

Equities Have Significant Upside Potential Before Reaching New Highs

Returns of Popular Equity Indexes

Index Name	All-Time High Date	2022 Low Date	All-Time High to '22 Low	2022 Low to 6/30/23	All-Time High to 6/30/23	Return Needed to Recover*
S&P 500 Index	1/3/22	10/12/22	-25.4%	24.4%	-7.2%	7.8%
Russell 3000 Index	1/3/22	10/14/22	-26.0%	23.0%	-8.9%	9.8%
Russell 3000 Growth Index	11/19/21	10/14/22	-33.0%	32.1%	-11.6%	13.1%
Russell Midcap Index	11/16/21	10/14/22	-27.2%	17.6%	-14.3%	16.7%
Russell Midcap Growth Index	11/16/21	6/16/22	-38.9%	28.5%	-21.5%	27.4%
Russell 2500 Index	11/8/21	9/26/22	-29.2%	15.8%	-18.0%	21.9%
Russell 2500 Growth Index	11/8/21	6/16/22	-39.4%	24.5%	-24.5%	32.5%
Russell 2000 Index	11/8/21	6/16/22	-32.5%	14.5%	-22.7%	29.3%
Russell 2000 Growth Index	2/9/21	6/16/22	-42.3%	25.1%	-27.9%	38.7%
Nasdaq Composite Index	11/19/21	12/28/22	-36.4%	35.0%	-14.1%	16.5%
MSCI ACWI ex. USA Index	6/15/21	10/13/22	-32.1%	24.0%	-15.8%	18.8%
MSCI EM Index	2/17/21	10/24/22	-41.7%	17.4%	-31.5%	46.0%

Source: FactSet.

* *Represents the cumulative % increase needed from 6/30/2023 for the price index to reach all-time high.*

Past performance is not indicative of future results. The indexes are unmanaged. Index performance is not Fund performance; one cannot invest directly into an index.

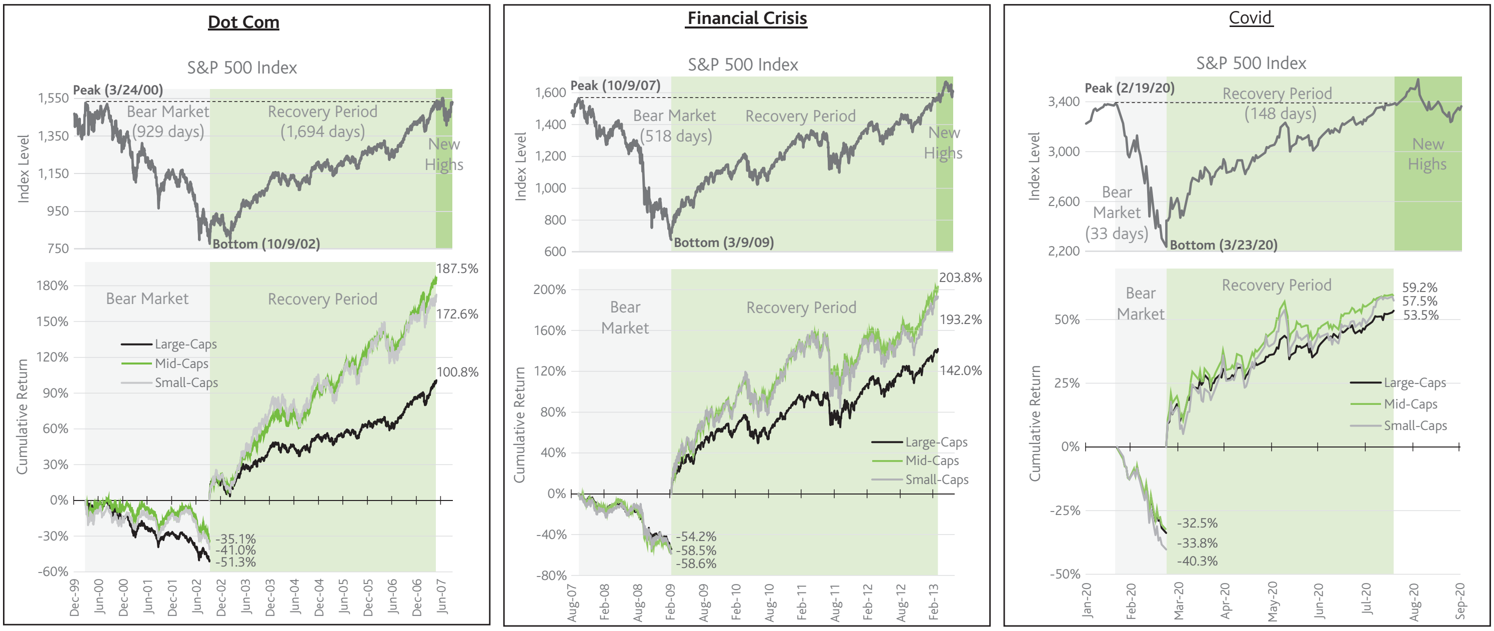
Typically, during market recoveries, smaller cap stocks outpace larger caps. This result has been consistent in the last three market recoveries: following the Dot Com crash, the Financial Crisis, and the Covid crash. Smaller cap equities are often seen as riskier investments with more upside potential, so when investor optimism returns after market downturns, investors often allocate more to smaller caps in hope of larger returns. This does not happen immediately after the market bottoms, nor does the outperformance of small-/mid-caps over large develop smoothly. Nevertheless, the outcomes were similar; small- and mid-caps outperformed large during the recovery phase.

The charts on the next page show how large-, mid-, and small-caps performed during the past three bear markets and the subsequent recovery periods. For example, the top chart on the left shows the decline of the S&P 500 Index following the peak of the Dot Com bubble, and the subsequent path to recovery. The chart right beneath it shows the cumulative returns of small-, mid-, and large-caps during both the downturn and the recovery. During the bear market, large-caps (represented by the Russell Top 200 Index) fared the worst, losing 51.3%. Mid-caps (Russell Midcap Index) and small-caps (Russell 2000 Index) declined 35.1% and 41.0%, respectively. In the first few months during the recovery, the three indexes increased by roughly the same amount; but after the recovery gained more traction, small- and mid-caps began accumulating gains at a faster pace. By the end of the recovery period, large-caps had doubled in value while mid- and small-caps had delivered stronger cumulative returns, almost tripling in value. The three indexes registered even further gains, following the recovery period.

The story was similar during the recoveries from the bear markets during the Financial Crisis and Covid, as the charts on the next page further show. Despite volatile performance in the beginning of each recovery, small- and mid-cap stocks outperformed their large counterparts by the end of the recovery stage.

Small- and Mid-Cap Stocks Outperformed in the Prior Three Bear Market Recoveries

Asset Class Performance During S&P 500 Index Bear Markets and Subsequent Recoveries

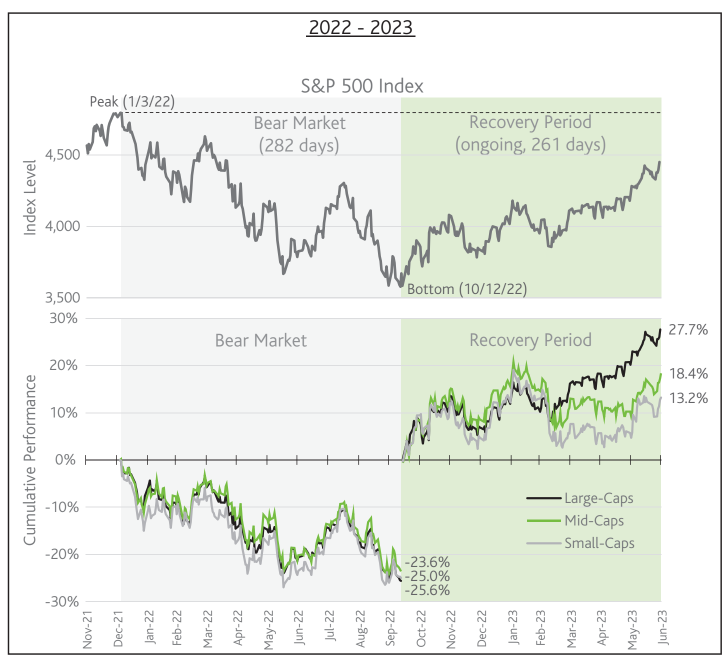


Sources: FactSet, FTSE Russell, Baron Capital.

Note: Large-caps are represented by the Russell Top 200 Index; mid-caps are represented by the Russell Mid Cap Index; small-caps are represented by the Russell 2000 Index. Bear markets are measured as a decrease of the S&P 500 Index of 20% or more after a peak from an increase of 20% or higher. Recovery Periods are measured as the time for the S&P 500 Index to reach its prior peak after experiencing a bear market. Past performance is not indicative of future results. The indexes are unmanaged. Index performance is not Fund performance; one cannot invest directly into an index.

In the more recent cycle, following the bear market of 2022, as of 6/30/2023, the S&P 500 Index has been recovering for 261 days – a few days less than the duration of the decline. As the charts on the right show, one thing stands out in the current ongoing recovery: small- and mid-caps have been lagging large-caps. This was not the case for the first few months after the market bottomed last October – all three indexes moved in tandem, with small- and mid-caps slightly outperforming large. The trend changed in March, after the collapse of Silicon Valley Bank and several other regional banks. Since regional banks are mostly small- and smid-cap stocks, the Russell 2000 Index and the Russell Mid Cap Index were greatly affected by the stock declines that ensued from the bank collapses. The large-cap index, with little exposure to regional banks, was less affected, which helped it outperform in the second quarter. The strong performance of tech megacaps, a large portion of the large-cap index, also boosted its performance, adding to excess returns relative to small- and mid-caps. After the quick resolution of the regional bank problems, small-caps rebounded and started delivering strong returns again, outpacing the Russell Top 200 Index for the month of June. If history is any guide, small- and mid-caps should deliver stronger returns on the remaining road to recovery.

Large-Caps Have Been Outperforming in the Current Recovery Period



Letter from Linda

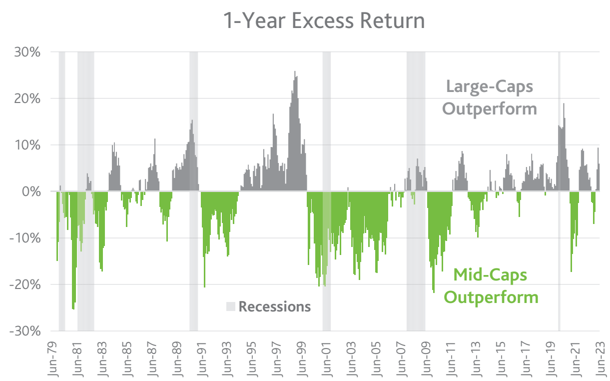
Longer term historical data also supports a potentially favorable relative position for small- and mid-caps versus large. As equity markets move in cycles, so do the various sub-segments of the market. The charts below show that for at least the past four decades, there has been cyclicality in the relative performance of large-caps versus smaller stocks. More recently, large-caps have been leading with stronger returns. If the historical cyclical pattern should continue, it would suggest that small- and mid-cap equities will outperform, although the timing of that is unpredictable.

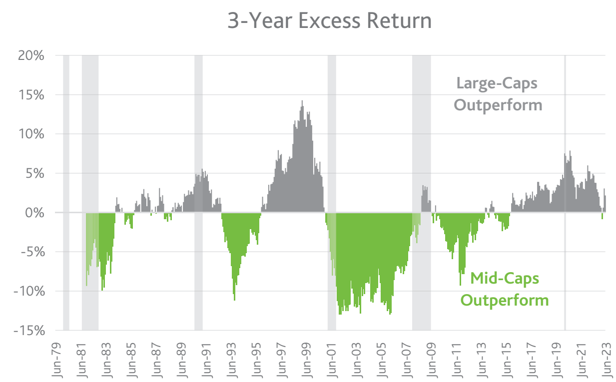
The Relative Performance Between Large-Caps and Smaller Stocks Has Been Cyclical

Rolling Excess Returns

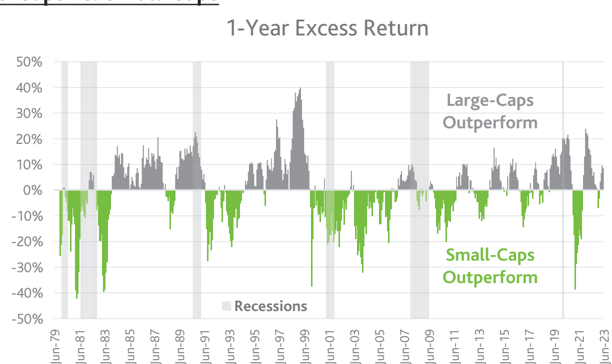
Monthly, 12/31/1979 – 6/30/2023

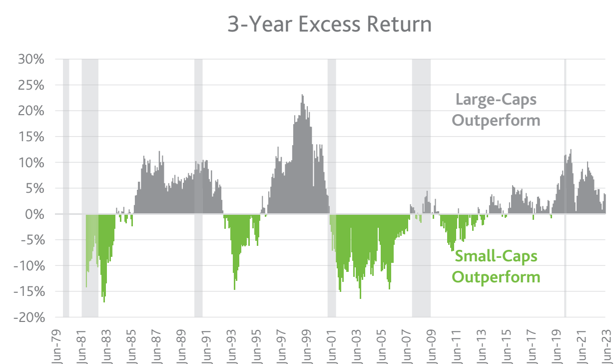
Large-Caps vs. Mid-Caps





Large-Caps vs. Small-Caps





Sources: FactSet, FTSE Russell.

Note: Large-caps are represented by the Russell Top 200 Index; mid-caps are represented by the Russell Mid Cap Index; small-caps are represented by the Russell 2000 Index. Past performance is not indicative of future results. The indexes are unmanaged. Index performance is not Fund performance; one cannot invest directly into an index.

The favorable relative positioning of small- and mid-caps is further supported by their valuations. After reaching peak levels in 2021, forward price-to-earnings ratios declined across all equity segments. While valuations rebounded in the last few months, they remain significantly below peak levels, especially for small- and mid-caps, as the table below shows.

Valuations Are Significantly Below Their Peak Levels, Especially for Smaller Caps

	Price-to-Earnings Ratio as of 6/30/2023			Price-to-Earnings Ratio vs. 10-Yr Maximum		
	Value	**Blend**	**Growth**	**Value**	**Blend**	**Growth**
Large	15.0x	19.6x	27.3x	-19%	-19%	-18%
Mid	15.0x	16.8x	23.9x	-20%	-25%	-31%
Smid	13.0x	14.7x	20.1x	-28%	-32%	-33%
Small	11.2x	14.1x	19.2x	-38%	-30%	-27%

Source: The Bank of New York Mellon Corporation using I/B/E/S 1 Year Forecast EPS. Notes: The price-to-earnings ratios for each style box are based on Russell indexes, as follows: for Large Value: Russell 1000 Value Index, for Large Blend: Russell 1000 Index, for Large Growth: Russell 1000 Growth Index, for Mid Value: Russell Midcap Value Index, for Mid Blend: Russell Midcap Index, for Mid Growth: Russell Midcap Growth Index, for Smid Value: Russell 2500 Value Index, for Smid Blend: Russell 2500 Index, for Smid Growth: Russell 2500 Growth Index, for Small Value: Russell 2000 Value Index, for Small Blend: Russell 2000 Index, for Small Growth: Russell 2000 Growth Index. Past performance is not indicative of future results. The indexes are unmanaged. Index performance is not Fund performance; one cannot invest directly into an index.

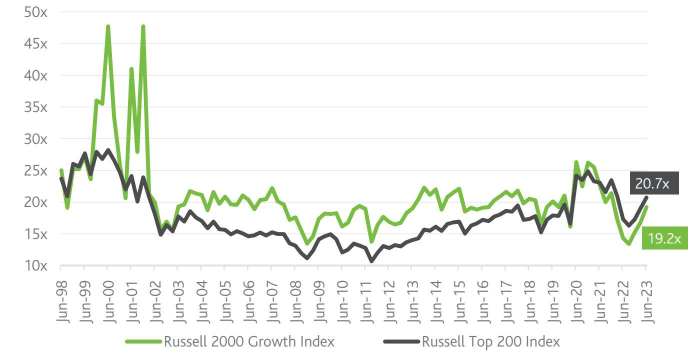
Long term historical data shows that typically small-caps, and especially small growth stocks, have traded at higher price-to-earnings multiples relative to large-caps. This valuation premium has been attributed to the faster growth prospects and higher upside potential of smaller cap stocks. While the amount of the valuation premium has fluctuated with economic and market conditions, it has rarely approached zero or become negative.

As the charts on the right show, over the past 25 years, small-cap growth stocks briefly traded at a discount in the late 1990's/early 2000s, and then consistently traded at a premium for nearly 20 years. The steep selloff in late 2021 and 2022 erased the premium, and for the past 18 months small-cap growth equities have been trading at a valuation discount. While specific market circumstances may sometimes justify a discount for small-cap stocks, we believe these are likely to be brief and rare moments, and we expect that the historical relationship will eventually revert to its mean, driven by faster multiple expansion for small-cap stocks.

Small-Cap Growth Stocks Are Trading at a Discount Relative to Large-Caps

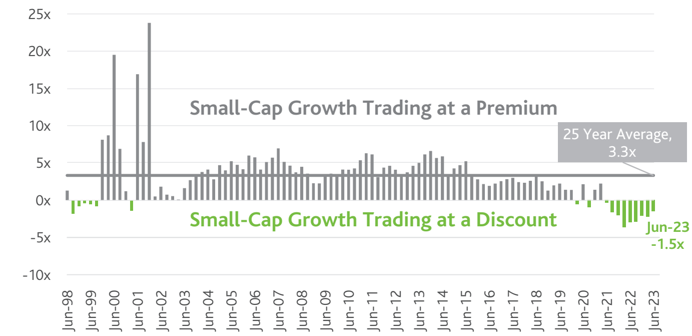
Price to Next 12 Months Earnings Ratio

6/30/1998 – 6/30/2023, monthly



Difference in Price to Next 12 Months Earnings Ratios of the Russell 2000 Growth Index and the Russell Top 200 Index

6/30/1998 – 6/30/2023, monthly



Source: The Bank of New York Mellon Corporation using I/B/E/S 1 Year Forecast EPS. Past performance is not indicative of future results.

While the data shows small- and mid-caps may have attractive return prospects, it is anyone's guess when these prospects may translate into strong stock returns. As a group, smaller cap equities have not always delivered the best returns. However, small- and mid-cap stocks have consistently been among the top performers in the U.S. equities investment universe.

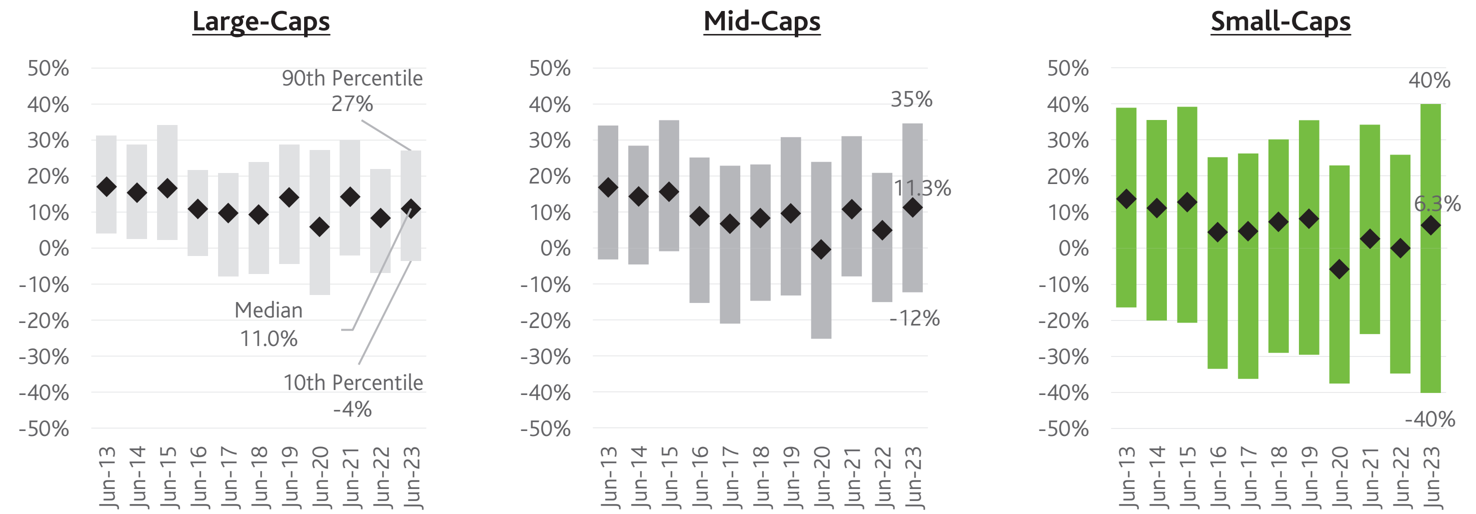
Over the past three years, the median annualized return of the stocks in the Russell 2000 Index was 6.3%, as shown on the following page (chart on the right). The 90th percentile of performers delivered 40% annualized return, while the 10th percentile of performers returned -40% annualized. This wide range of performance (i.e., dispersion) between the 10th and 90th percentile of stock returns shows that small-cap investors were offered significant upside but also significant risk of loss. In the three-year period prior to that, the spread of returns was narrower, but the potential positive and negative returns were still quite substantial.

The same analysis for large-cap stocks (chart on the left) shows a narrower return dispersion. Large-caps, which are more mature businesses, are characterized by lower risk and lower return upside. For the three-year period ended 6/30/2023, the 90th percentile of large-cap performers returned 27% annualized, 13% below the 90th percentile of small-caps, and -4% for the 10th percentile, or 36% better than the 10th percentile in small-caps. The median large-cap return was 11%, meaningfully above the median for small- caps. Not surprisingly, the results for mid-caps stand right in the middle – wider dispersion of returns and more upside and downside than large-caps, but a tighter range of outcomes than small-caps.

Small- and Mid-Caps Have Consistently Presented a Wide Range of Opportunities

Rolling Dispersion of 3-Year Annualized Returns

6/30/2010 – 6/30/2023



Sources: FactSet, FTSE Russell.

Note: Large-caps are represented by the Russell Top 200 Index; mid-caps are represented by the Russell Mid Cap Index; small-caps are represented by the Russell 2000 Index. Dispersion is measured as the difference between the returns at the 10th and 90th percentiles.

Past performance is not indicative of future results. The indexes are unmanaged. Index performance is not Fund performance; one cannot invest directly into an index.

While the upside in smaller caps is alluring, this is an asset class with more risk, thus requiring more skill and more in-depth research to understand the businesses, the people running them, and their prospects. Smaller cap stocks don't have much coverage by Wall Street analysts – and some of them none at all – which makes it even more critical to do deep independent research.

Baron Capital's Approach to Investing in Smaller Caps

Smaller cap investing has been at the core of Baron Capital's business for over four decades. We have developed a proven and repeatable process to invest in this asset class.

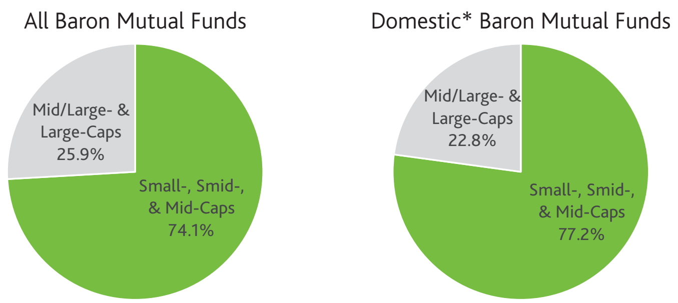
In our view, researching, analyzing, and investing in smaller cap companies is fundamentally different from investing in large-caps. Large-cap companies are already successful, and the analysis should be centered on how they can maintain their success. For smaller caps, the key question is whether they *could* become successful and then sustain that success. To address these questions, we focus on three key elements throughout our research: long-term growth opportunities, durable competitive advantages, and management quality. Because the stock prices of smaller caps tend to be more sensitive to economic and market changes, we believe that looking at the long-term prospects is essential to the investment process.

All of Baron Capital's mutual funds had some exposure to smaller cap stocks (including small-, smid-, and mid-caps) as of 6/30/2023. The amount of exposure varies by Fund due to the specific investment mandates. In aggregate, smaller cap stocks represented 74% of Baron Capital's mutual fund assets as of 6/30/2023, and 77% of the assets of the domestic* Baron Funds, as the charts on the next page show.

The Baron Funds Have a Significant Allocation to Smaller Cap Stocks

Asset Breakdown by Market Cap

as of 6/30/2023



Sources: FTSE Russell, Baron Capital.

Note: The analysis is based on the Russell 3000 Index market cap breakpoints as of 6/30/2023. The breakpoints are as follows (in billions): small-cap – $4.51 and below, small-/mid-cap – $4.51 to $13.19, mid-cap – $13.19 to $41.83, mid-/large-cap – $41.83 to $150.14, and large-cap – $150.14 and above. Baron Wealth Builder Fund is excluded from the above analysis, since it is a fund of Baron Funds.

** All Baron Mutual Funds excluding Baron International Growth Fund, Baron Emerging Markets Fund, Baron New Asia Fund, and Baron Global Advantage Fund.*

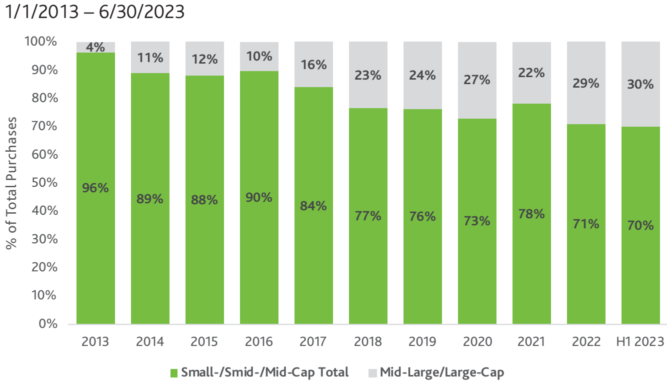
Past performance is not indicative of future results.

In addition, most of the annual purchases by the Baron Funds have been in smaller cap stocks, as the next two charts show. This is because we regularly see attractive opportunities in this space, regardless of market cycles and economic circumstances. As seen in the second chart, the percent of smaller cap purchases has been greater in the domestic Baron Funds, since our international Funds have all-cap mandates.

The Baron Funds Have Been Purchasing Mostly Smaller Cap Stocks

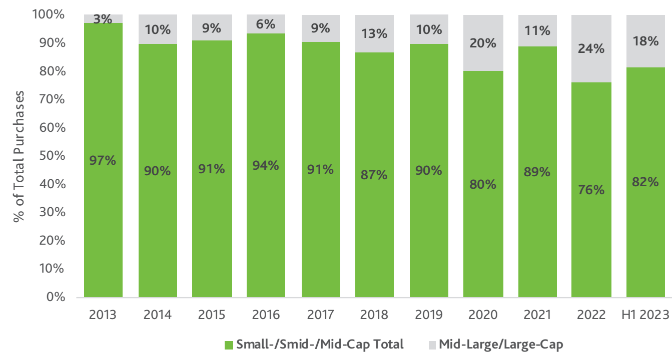
Total Purchases by Market Cap of All Baron Mutual Funds

1/1/2013 – 6/30/2023



Total Purchases by Market Cap of The Domestic* Baron Mutual Funds

1/1/2013 – 6/30/2023



Sources: FTSE Russell, Baron Capital.

Note: The analysis is based on the Russell 3000 Index market cap breakpoints as of 6/30/2023. The breakpoints are as follows (in billions): small-cap – $4.51 and below, small-/mid-cap – $4.51 to $13.19, mid-cap – $13.19 to $41.83, mid-/large-cap – $41.83 to $150.14, and large-cap – $150.14 and above. Baron Wealth Builder Fund is excluded from the above analysis, since it is a fund of Baron Funds.

** All Baron Mutual Funds excluding Baron International Growth Fund, Baron Emerging Markets Fund, Baron New Asia Fund, and Baron Global Advantage Fund.*

Past performance is not indicative of future results.

Our approach and commitment to investing in smaller caps has been the driver of the success of our Firm over the past 40 years. We believe that our investment process gives us an edge over passive products, which do not evaluate the possibilities of success of smaller businesses. We also believe that we add significant value compared to less research-oriented managers.

The equity universe is vast, and only a small fraction of the stocks in it are large companies. This leaves plenty of choice for smaller cap investors, but few stock pickers are skilled enough to successfully navigate through the thousands of choices and identify the best opportunities. As long as there is innovation and disruption, there will be attractive smaller businesses that have the potential to become larger and successful. Our research team is always looking for these investment opportunities, and we continue to believe that this is one of the most interesting asset classes in which to invest.

Sincerely,

Linda S. Martinson
Chairman, President, and COO

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

Risks: All investments are subject to risk and may lose value. Securities issued by medium sized companies may be thinly traded and may be more difficult to sell during market downturns.

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.

Portfolio holdings as a percentage of net assets as of June 30, 2023 for securities mentioned are as follows: Apple Inc. – Baron Technology Fund (2.3%); **Microsoft Corporatio**n – Baron Opportunity Fund (14.1%), Baron Durable Advantage Fund (8.1%), Baron Technology Fund (9.7%); **Alphabet Inc.** – Baron Opportunity Fund (2.3%), Baron Durable Advantage Fund (4.0%); **Amazon.com, Inc.** – Baron Opportunity Fund (6.1%), Baron Fifth Avenue Growth Fund (8.0%), Baron Durable Advantage Fund (8.1%), Baron Technology Fund (9.6%); **NVIDIA Corporation** – Baron Opportunity Fund (8.0%), Baron Fifth Avenue Growth Fund (10.2%), Baron Global Advantage Fund (7.8%), Baron Durable Advantage Fund (4.5%), Baron Technology Fund (8.1%); **Tesla, Inc.** – Baron Opportunity Fund (6.6%), Baron Partners Fund (40.5%*), Baron Fifth Avenue Growth Fund (5.4%), Baron Focused Growth Fund (14.8%), Baron Global Advantage Fund (4.2%), Baron Technology Fund (6.0%); **Meta Platforms, Inc.** – Baron Opportunity Fund (2.9%), Baron Fifth Avenue Growth Fund (5.6%), Baron Durable Advantage Fund (8.5%), Baron Technology Fund (5.7%).

* % of Long Positions

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

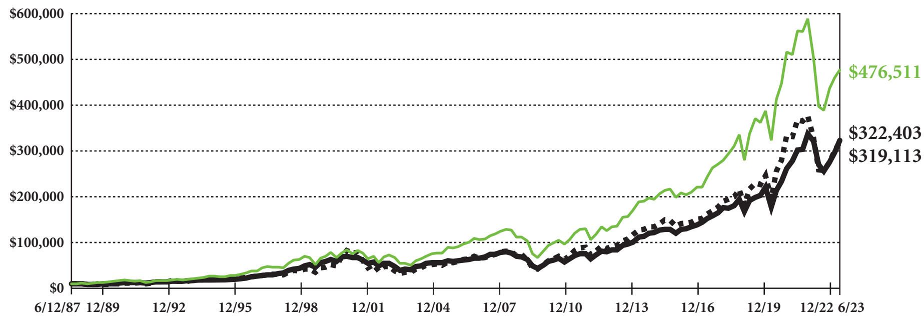
The **S&P 500 Index** measures the performance of 500 widely held large-cap U.S. companies. The **Nasdaq Composite Index** is the market capitalization weighted index of approximately 3,000 common equities listed on the Nasdaq stock exchange. The **Russell Top 200® Index** is a market capitalization weighted index of the largest 200 companies in the Russell 3000 Index. The **Russell 1000® Index** measures the performance of large-sized U.S. companies. The **Russell 1000® Value Index** measures the performance of large-sized U.S. companies that are classified as value. The **Russell 1000® Growth Index** measures the performance of large-sized U.S. companies that are classified as growth. The **Russell 2000® Index** measures the performance of small-sized U.S. companies. The **Russell 2000® Value Index** measures the performance of small-sized U.S. companies that are classified as value. The **Russell 2000® Growth Index** measures the performance of small-sized U.S. companies that are classified as growth. The **Russell 2500® Index** is a broad, market-cap-weighted stock market index featuring 2,500 small-cap and mid-cap stocks. The **Russell 2500® Growth Index** measures the performance of small to medium-sized U.S. companies that are classified as growth. The **Russell 3000® Index** measures the performance of the broad segment of the U.S. equity universe comprised of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market. The **Russell 3000® Growth Index** measures the performance of the broad growth segment of the U.S. equity universe comprised of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market. The **Russell Midcap® Index** measures the performance of medium-sized U.S. companies. The **Russell Midcap® Value Index** measures the performance of medium-sized U.S. companies that are classified as value. The **Russell Midcap® Growth Index** measures the performance of medium-sized U.S. companies that are classified as growth. All rights in the FTSE Russell Index (the "Index") vest in the relevant LSE Group company which owns the Index. Russell® is a trade mark of the relevant LSE Group company and is used by any other LSE Group company under license. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. The **MSCI EM (Emerging Markets) Index** is designed to measure equity market performance of large and mid-cap securities across 24 Emerging Markets countries. The **MSCI ACWI ex USA Index** captures large and mid cap representation across 22 of 23 Developed Markets countries (excluding the US) and 26 Emerging Markets countries. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. The MSCI Indexes include reinvestment of dividends, net of foreign withholding taxes, while the Russell Indexes include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts performance results. The indexes are unmanaged. Index performance is not Fund performance; one cannot invest directly into an index.

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

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

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



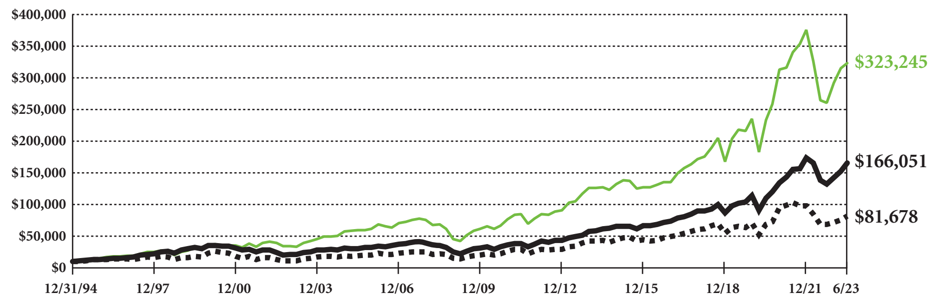
Returns

Not Annualized	Annualized				
3-Month	1-year	3-year	5-year	10-year	Since Inception
3.63%	19.97%	4.91%	8.99%	11.80%	11.31%

Baron Asset Fund
Russell Midcap Growth Index[1]
S&P 500 Index[2]

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



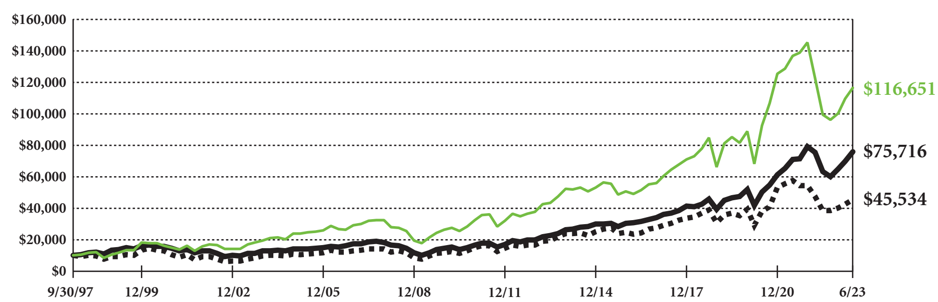
Returns

Not Annualized	Annualized				
3-Month	1-year	3-year	5-year	10-year	Since Inception
2.71%	22.03%	11.55%	11.18%	11.86%	12.97%

Baron Growth Fund
Russell 2000 Growth Index[3]
S&P 500 Index[2]

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



Returns

Not Annualized	Annualized				
3-Month	1-year	3-year	5-year	10-year	Since Inception
6.49%	17.06%	7.95%	8.41%	10.40%	10.01%

Baron Small Cap Fund
Russell 2000 Growth Index[3]
S&P 500 Index[2]

The Funds include reinvestment of dividends, net of foreign withholding taxes, while the indexes include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts performance results. The indexes are unmanaged. The index performance is not fund performance; one cannot invest directly into an index.

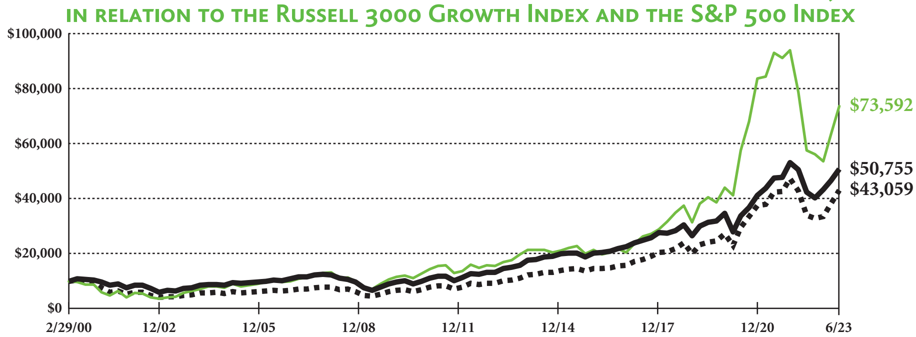
† Performance for the Institutional Shares prior to May 29, 2009 is based on the performance of the Retail Shares, which have a distribution fee. The Institutional Shares do not have a distribution fee. If the annual returns for the Institutional Shares prior to May 29, 2009 did not reflect this fee, the returns would be higher.

See index footnotes on page 7.

Baron Funds Performance

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



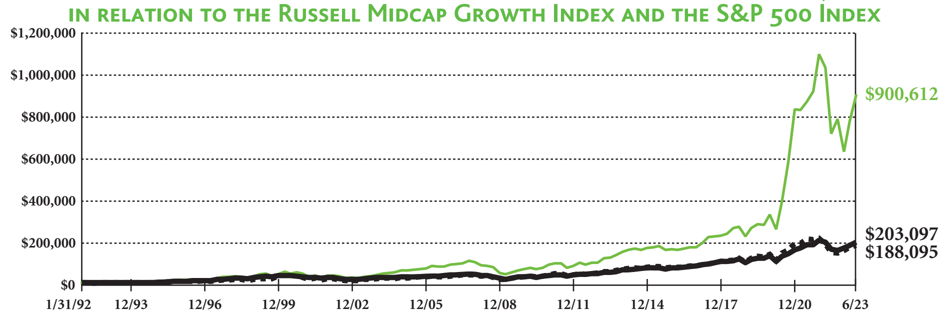
Returns

Not Annualized	Annualized				
3-Month	1-year	3-year	5-year	10-year	Since Inception
16.31%	27.86%	8.51%	16.12%	15.28%	8.93%

Baron Opportunity Fund*
Russell 3000 Growth Index[4]
S&P 500 Index[2]

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



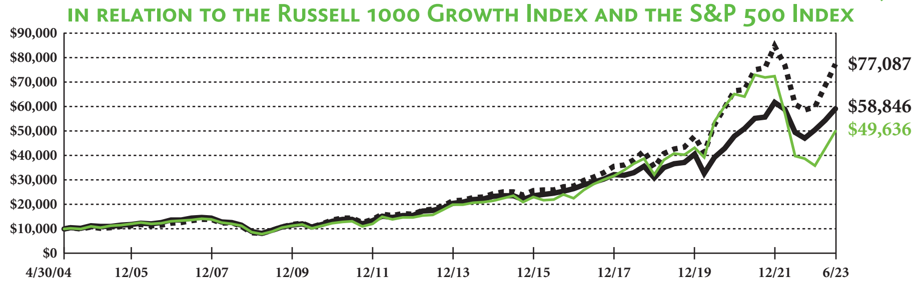
Returns

Not Annualized	Annualized				
3-Month	1-year	3-year	5-year	10-year	Since Inception
15.54%	25.56%	31.50%	27.23%	21.46%	15.40%

Baron Partners Fund**
Russell Midcap Growth Index[1]
S&P 500 Index[2]

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



Returns

Not Annualized	Annualized				
3-Month	1-year	3-year	5-year	10-year	Since Inception
16.01%	25.30%	(2.62)%	6.39%	12.27%	8.72%

Baron Fifth Avenue Growth Fund*
Russell 1000 Growth Index[5]
S&P 500 Index[2]

The Funds include reinvestment of dividends, net of foreign withholding taxes, while the indexes include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts performance results. The indexes are unmanaged. The index performance is not fund performance; one cannot invest directly into an index.

† 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.

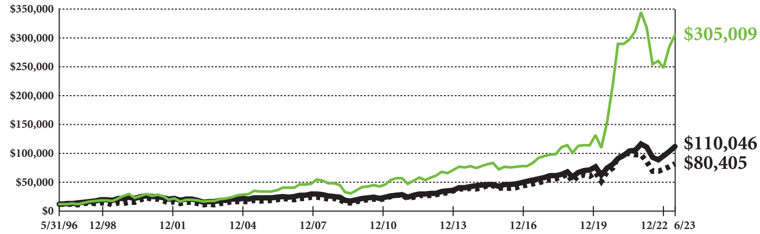
* The Fund's 3-, 5-, and 10-year historical performance was impacted by gains from IPOs, and there is no guarantee that these results can be repeated or that the Fund's level of participation in IPOs will be the same in the future.

** 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.

See index footnotes on page 7.

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



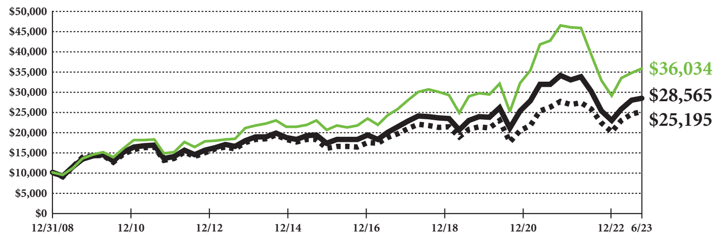
Returns

Not Annualized	Annualized				
3-Month	1-year	3-year	5-year	10-year	Since Inception
7.38%	19.95%	26.04%	22.80%	16.81%	13.45%

Baron Focused Growth Fund^*
Russell 2500 Growth Index[6]^
S&P 500 Index[2]^

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



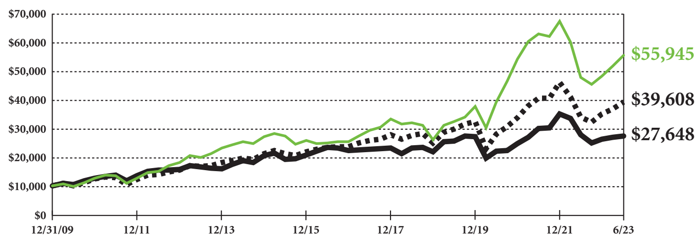
Returns

Not Annualized	Annualized				
3-Month	1-year	3-year	5-year	10-year	Since Inception
3.45%	9.08%	3.65%	3.66%	6.95%	9.24%

Baron International Growth Fund**@
MSCI ACWI ex USA Index[7]**
MSCI ACWI ex USA IMI Growth Index[8]**

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



Returns

Not Annualized	Annualized				
3-Month	1-year	3-year	5-year	10-year	Since Inception
7.41%	16.17%	12.35%	11.67%	10.82%	13.60%

Baron Real Estate Fund**
MSCI USA IMI Extended Real Estate Index[9]**
MSCI US REIT Index[10]**

† 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.

^ The Fund includes reinvestment of dividends, net of foreign withholding taxes, while the indexes include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts performance results. The indexes are unmanaged. The index performance is not fund performance; one cannot invest directly into an index.

* 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.

** The indexes and the Fund include reinvestment of dividends, net of foreign withholding taxes, which positively impact the performance results. The indexes are unmanaged. The index performance is not fund performance; one cannot invest directly into an index.

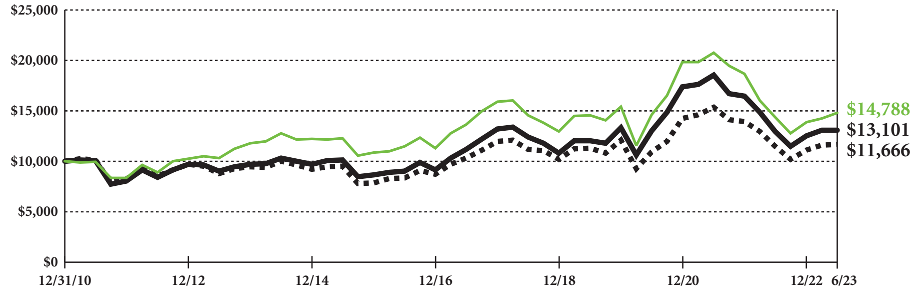
@ The Fund's 5-year historical performance was impacted by gains from IPOs, and there is no guarantee that these results can be repeated or that the Fund's level of participation in IPOs will be the same in the future.

See index footnotes on page 7.

Baron Funds Performance

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



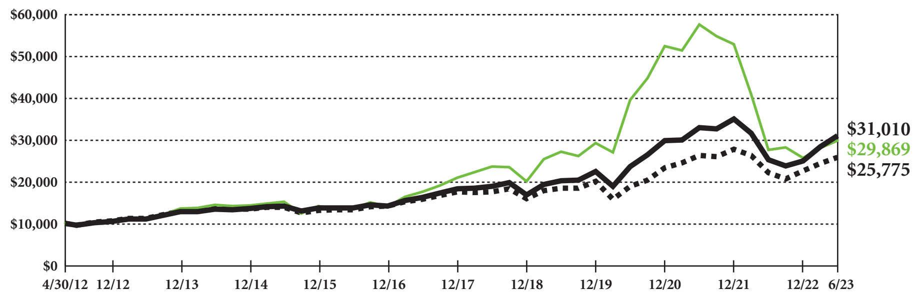
Returns

Not Annualized	Annualized				
3-Month	1-year	3-year	5-year	10-year	Since Inception
3.81%	2.66%	0.34%	0.34%	3.68%	3.18%

Baron Emerging Markets Fund*†
MSCI EM Index[11]*
MSCI EM IMI Growth Index[12]*

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



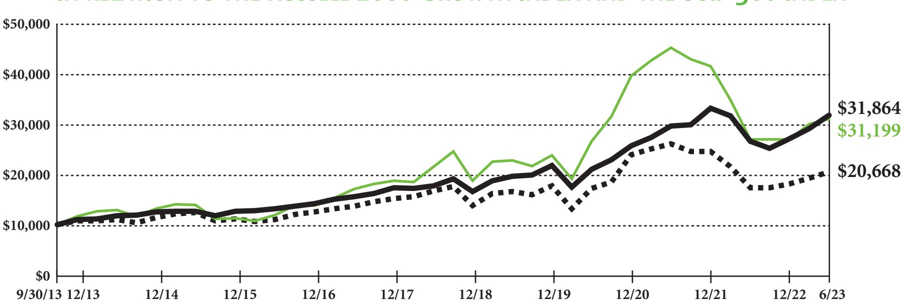
Returns

Not Annualized	Annualized				
3-Month	1-year	3-year	5-year	10-year	Since Inception
6.41%	7.91%	(8.94)%	4.86%	10.83%	10.30%

Baron Global Advantage Fund*^
MSCI ACWI Index[13]*
MSCI ACWI Growth Index[14]*

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



Returns

Not Annualized	Annualized			
3-Month	1-year	3-year	5-year	Since Inception
3.58%	15.44%	5.35%	7.58%	12.38%

Baron Discovery Fund[@]
Russell 2000 Growth Index[3@]
S&P 500 Index[2@]

* The indexes and the Fund include reinvestment of dividends, net of foreign withholding taxes, which positively impact the performance results. The indexes are unmanaged. The index performance is not fund performance; one cannot invest directly into an index.

† 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.

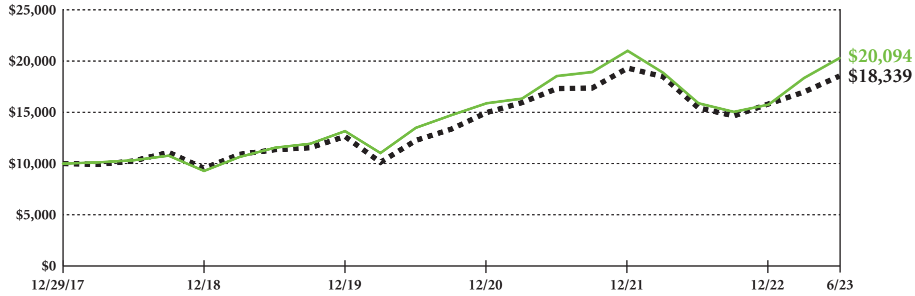
^ The Fund's 3-, 5-, and 10-year historical performance was impacted by gains from IPOs, and there is no guarantee that these results can be repeated or that the Fund's level of participation in IPOs will be the same in the future.

@ The Fund includes reinvestment of dividends, net of foreign withholding taxes, while the indexes include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts performance results. The indexes are unmanaged. The index performance is not fund performance; one cannot invest directly into an index.

See index footnotes on page 7.

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



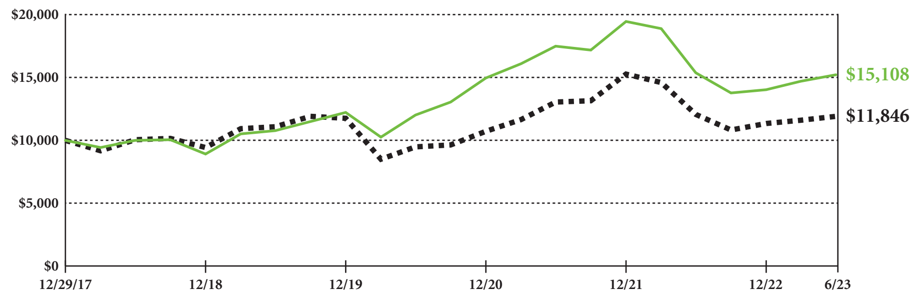
Returns

Not Annualized	Annualized			
3-Month	1-year	3-year	5-year	Since Inception
10.66%	27.67%	14.35%	14.26%	13.53%

Baron Durable Advantage Fund†
S&P 500 Index[2†]

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



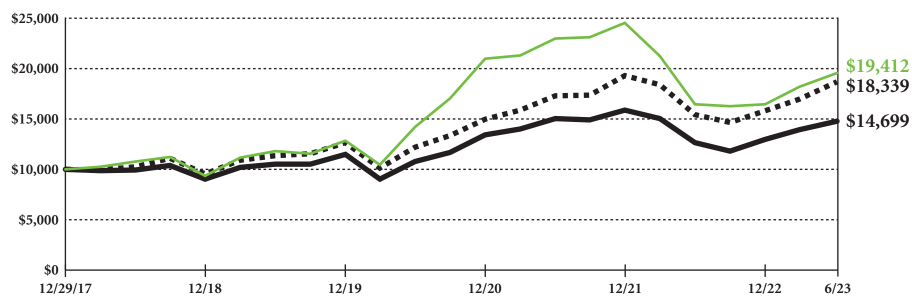
Returns

Not Annualized	Annualized			
3-Month	1-year	3-year	5-year	Since Inception
3.30%	(0.94)%	8.05%	8.63%	7.79%

Baron Real Estate Income Fund*
MSCI US REIT Index[10*]

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



Returns

Not Annualized	Annualized			
3-Month	1-year	3-year	5-year	Since Inception
7.39%	18.65%	11.22%	12.57%	12.82%

Baron WealthBuilder Fund**
S&P 500 Index[2**]
MSCI ACWI Index[13**]

† The Fund includes reinvestment of dividends, net of foreign withholding taxes, while the index includes reinvestment of dividends before taxes. Reinvestment of dividends positively impacts performance results. The index is unmanaged. The index performance is not fund performance; one cannot invest directly into an index.

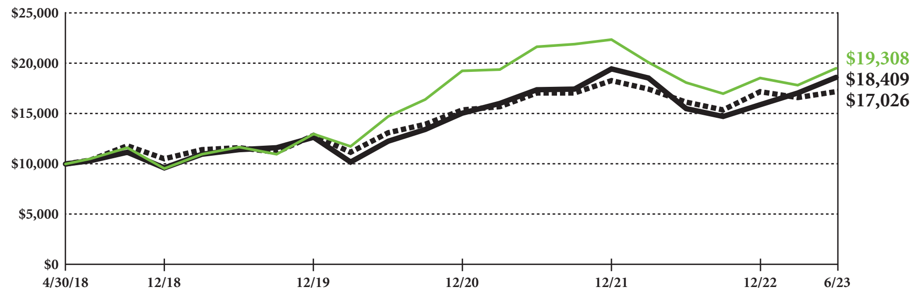
* The index and the Fund include reinvestment of dividends, net of foreign withholding taxes, which positively impact the performance results. The index is unmanaged. The index performance is not fund performance; one cannot invest directly into an index.

** The MSCI ACWI Index and the Fund include reinvestment of dividends, while the S&P 500 Index includes reinvestment of dividends before taxes. Reinvestment of dividends positively impacts performance results. The indexes are unmanaged. The index performance is not fund performance; one cannot invest directly into an index.
See index footnotes on page 7.

Baron Funds Performance

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

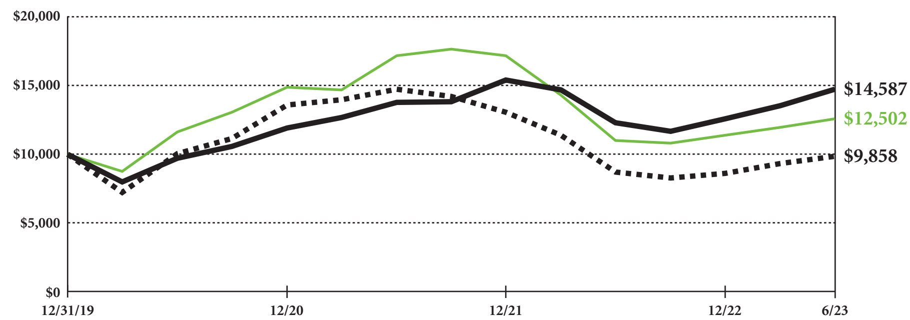


Returns

Not Annualized	Annualized			
3-Month	1-year	3-year	5-year	Since Inception
9.22%	7.85%	9.76%	12.98%	13.58%

Baron FinTech Fund

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

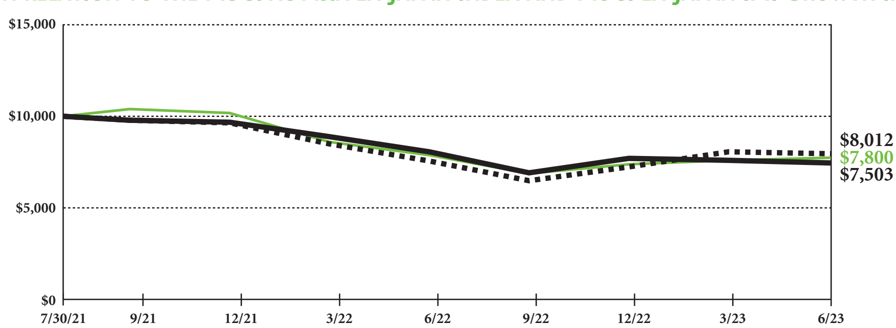


Returns

Not Annualized	Annualized		
3-Month	1-year	3-year	Since Inception
5.29%	13.86%	2.67%	6.59%

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 and MSCI ex Japan IMI Growth Index



Returns

Not Annualized	Annualized	
3-Month	1-year	Since Inception
2.09%	(1.76)%	(12.16)%

† The Fund includes reinvestment of dividends, net of foreign withholding taxes, while the indexes include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts performance results. The indexes are unmanaged. The index performance is not fund performance; one cannot invest directly into an index.

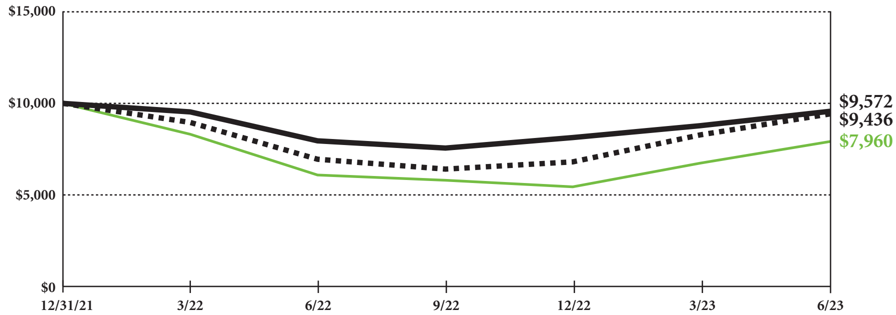
* The Fund's 3-year historical performance was impacted by gains from IPOs, and there is no guarantee that these results can be repeated or that the Fund's level of participation in IPOs will be the same in the future.

** The indexes and the Fund include reinvestment of dividends, net of foreign withholding taxes, which positively impact the performance results. The indexes are unmanaged. The index performance is not fund performance; one cannot invest directly into an index.

See index footnotes on page 7.

Baron Technology Fund

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



Returns		
Not Annualized	Annualized	
3-Month	1-year	Since Inception
16.72%	28.59%	(14.11)%

Baron Technology Fund*
MSCI ACWI Information Technology Index[19]*
S&P 500 Index[2]*

* The MSCI ACWI Information Technology Index and the Fund include reinvestment of dividends, while the S&P 500 Index includes reinvestment of dividends before taxes. Reinvestment of dividends positively impacts performance results. The indexes are unmanaged. The index performance is not fund performance; one cannot invest directly into an index.

1 The **Russell Midcap® Growth Index** measures the performance of medium-sized U.S. companies that are classified as growth.
2 The **S&P 500 Index** measures the performance of 500 widely held large-cap U.S. companies.
3 The **Russell 2000® Growth Index** measures the performance of small-sized U.S. companies that are classified as growth.
4 The **Russell 3000® Growth Index** measures the performance of the broad growth segment of the U.S. equity universe comprised of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market.
5 The **Russell 1000® Growth Index** measures the performance of large-sized U.S. companies that are classified as growth.
6 The **Russell 2500® Growth Index** measures the performance of small to medium-sized U.S. companies that are classified as growth.
7 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 U.S.
8 The **MSCI ACWI ex USA IMI Growth Index Net (USD)** is designed to measure the performance of large, mid and small cap growth securities exhibiting overall growth style characteristics across 22 of 23 Developed Markets (DM) countries (excluding the United States) and 24 Emerging Markets (EM) countries.
9 The **MSCI USA IMI Extended Real Estate Index Net (USD)** is an unmanaged custom index calculated by MSCI for, and as requested by, BAMCO, Inc. The index includes real estate and real estate related GICS classified 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.
10 The **MSCI US REIT Index Net (USD)** is an unmanaged 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.
11 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.
12 The **MSCI EM (Emerging Markets) IMI Growth Index Net (USD)** is designed to measure equity market performance of large, mid and small-cap securities exhibiting overall growth characteristics across 24 Emerging Markets countries.
13 The **MSCI ACWI Index Net (USD)** measures the equity market performance of large and midcap securities across developed and emerging markets, including the United States.
14 The **MSCI ACWI Growth Index Net (USD)** captures large and mid cap securities exhibiting overall growth style characteristics across 23 Developed Markets (DM) countries and 24 Emerging Markets (EM) countries.
15 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.
16 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.
17 The **MSCI AC Asia ex Japan Index Net (USD)** 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.
18 The **MSCI AC Asia ex Japan IMI Growth Index Net (USD)** 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.
19 The **MSCI ACWI Information Technology Index Net (USD)** includes large and mid cap securities across 23 Developed Markets (DM) countries and 27 Emerging Markets (EM) countries. All securities in the index are classified in the Information Technology as per the Global Industry Classification Standard (GICS®).

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, 2033, unless renewed for another 11-year term, and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit www.BaronFunds.com or call 1-800-99BARON.

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.

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

Contrary to the expectations of almost all market observers earlier this year, U.S. equities rallied for a second consecutive quarter. Few of the events that pundits fretted about proved to be as dire as feared. Inflation continued to ease, leading the Federal Reserve to suspend its prolonged trajectory of interest rate hikes, and Congress avoided much drama surrounding the debt ceiling cliff. Corporate earnings were generally better than feared, and economic releases supported the narrative that a *soft landing* of the U.S. economy is more likely than a prolonged recession. These developments all contributed to greater optimism about the near-term outlook for U.S. businesses and stocks.

The stock market's rise has been driven largely by the outsized performance of a small group of large technology companies, partly driven by excitement surrounding their potential gains from widespread adoption of artificial intelligence (AI). This was most pronounced in the performance of the NASDAQ Composite Index, where the seven largest companies by market cap (Apple, Microsoft, NVIDIA, Amazon, Alphabet, Meta, and Tesla) were almost entirely responsible for its strong showing during the quarter.

Most sectors advanced during the quarter, led by double-digit gains from the growth-oriented Information Technology (IT), Consumer Discretionary, and Communication Services sectors. The principal laggards were Energy and Materials, owing to declining commodity prices, as well as defensive sectors, such as Utilities, Consumer Staples, and Health Care. Small- and mid-cap stocks remained out of favor, trailing their large-cap counterparts for a fourth consecutive month.

Against this backdrop, Baron Asset Fund® (the Fund) rose 3.63% (Institutional Shares) in the quarter, trailing the Russell Midcap Growth Index (the Index) by 260 basis points. The Fund trailed for several reasons. Certain stocks underperformed, particularly those in the IT sector. The Fund's second largest weighting is in the Health Care sector, which was the second worst performing sector in the Index. In addition, several of the Fund's longstanding style biases were headwinds amid the broader market rally. The Fund remained underexposed to the Beta and Residual Volatility factors, which was a headwind as more volatile stocks outperformed. The Fund's overexposure to the Earnings Quality factor was also challenging, as stocks with higher-quality earnings underperformed.

ANDREW PECK

PORTFOLIO MANAGER

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

Table I.
Performance
Annualized for periods ended June 30, 2023

	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]	3.57%	3.63%	6.23%	8.74%
Six Months[5]	9.03%	9.17%	15.94%	16.89%
One Year	19.67%	19.97%	23.13%	19.59%
Three Years	4.64%	4.91%	7.63%	14.60%
Five Years	8.71%	8.99%	9.71%	12.31%
Ten Years	11.51%	11.80%	11.53%	12.86%
Fifteen Years	9.85%	10.13%	10.21%	10.88%
Since Inception (June 12, 1987)	11.20%	11.31%	10.10%[4]	10.11%

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, 2022 was 1.29% and 1.04%, 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 Midcap® Growth Index** measures the performance of medium-sized U.S. companies that are classified as growth. The **S&P 500 Index** measures the performance of 500 widely held large cap U.S. companies. All rights in the FTSE Russell Index (the "Index") vest in the relevant LSE Group company which owns the Index. Russell® is a trademark of the relevant LSE Group company and is used by any other LSE Group company under license. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. The Fund includes reinvestment of dividends, net of foreign withholding taxes, while the **Russell Midcap® Growth Index** and **S&P 500 Index** include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts 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 June 30, 2023.

5 Not annualized.

Given our focus on high-quality companies, the Fund has underperformed during previous periods when the market was recovering from a significant sell-off. These include 2009, following the Great Financial Crisis, and 2020-2021, following the COVID-driven market drop. From late 2021 into early 2022, concerns about rising inflation, rising interest rates and their potential economic impact caused the Index to fall nearly 40%. The types of stocks that tend to perform best initially during these recoveries are more cyclically-exposed, higher-beta and lower-quality companies. As the market moves beyond the initial recovery phase and the economy stabilizes, we expect the types of companies that we favor to outperform – leading companies in their industries that benefit from secular growth drivers, strong competitive positions, and exceptional management teams.

During the quarter, adverse stock selection in IT contributed to the Fund's relative shortfall. Weakness in the sector came from the Fund's application software holdings, namely **Ceridian HCM Holding Inc.** and **Guidewire Software, Inc.**, which are market leaders in their respective verticals of human capital management (HCM) and insurance software. Ceridian's stock fell on investor concerns that a potential economic downturn could impact its revenue growth. While Ceridian has some direct exposure to overall employment levels, the company also benefits from powerful secular trends surrounding the modernization of HCM software and increasing adoption of SaaS solutions in this market. We believe Ceridian can continue to grow in excess of 20%, helped by continued market share gains, a move to larger-size customers, traction in international markets, and success in cross-selling additional modules to its existing customers. We expect Ceridian's growth to be enhanced by its Wallet suite (a product that allows employees to access their pay more quickly) as well as higher interest rates, which benefits the amount earned on the company's float income. Guidewire's shares fell after announcing mixed quarterly results. On the positive side, Guidewire made excellent progress on subscription gross margins, grew annual recurring revenue (ARR) faster than expected, and gave upside margin guidance for fiscal year 2024. On the downside, new ARR deals came with steeper ramps, services revenue slipped because of some legacy fixed price service contracts, and cash collection cycles extended during the quarter. Despite the mixed performance, we remain optimistic about the company's long-term prospects. The company has crossed the midpoint of its cloud transition and is demonstrating more consistent recurring revenue growth and durable gross margin expansion. We believe Guidewire will be the critical software vendor for the global P&C insurance industry, likely capturing 30% to 50% of its $15 billion to $30 billion total addressable market and generating margins above 40%. Other detractors in application software were engineering software provider **ANSYS, Inc.** and industrial automation software leader **Aspen Technology, Inc.**

Investments in Financials together with higher exposure to lagging life sciences tools & services stocks within Health Care also served as material headwinds to performance. Performance in Financials was impacted by bond trading platform **MarketAxess Holdings Inc.** and investment management tools provider **FactSet Research Systems Inc.** MarketAxess shares were hindered by a slowdown in trading activity resulting from short-term dislocations in the banking sector and lower credit spread volatility. Interest rate movements and product mix shifts have also pressured the variable fee rate. Despite reporting solid quarterly results, FactSet's stock fell as macro-related uncertainty (challenges in the banking sector, lengthening sales cycles, constrained client budgets) caused its annual subscription value growth to decelerate. While there is some near-term uncertainty, we believe that these issues are more cyclical in nature, and we believe FactSet's large addressable market and new product development should lead to sustained long-term growth and free-cash-flow generation.

Partially offsetting the above was favorable stock selection in Industrials attributable to sharp gains from real estate data and marketing platform **CoStar Group, Inc.** and data and analytics vendor **Verisk Analytics, Inc.** CoStar was the largest contributor after reporting robust financial performance, with net new sales growing 18% in the first quarter, driven by acceleration in multifamily bookings, which expanded 110% year-over-year. Verisk was another top contributor after the company's organic growth rate reached one of its highest levels in years. Several other holdings also performed well in the sector, led by consumer credit bureau **TransUnion** and pest control services provider **Rollins, Inc.** The Fund also benefited from its lack of exposure to Energy, which was pressured by declining oil prices during the quarter.

Table II.
Top contributors to performance for the quarter ended June 30, 2023

	Year Acquired	Percent Impact
CoStar Group, Inc.	2016	1.15%
Verisk Analytics, Inc.	2009	0.77
Gartner, Inc.	2007	0.75
TransUnion	2017	0.55
Fair Isaac Corporation	2020	0.37

CoStar Group, Inc. provides data analytics and marketing services to the commercial and residential real estate industries. Its shares increased after reporting robust financial performance during its recent quarter. Overall net new sales grew 18%, driven by accelerated bookings in the company's multifamily segment, which expanded 110% year-over-year, albeit partially offset by slower growth in its commercial real estate segment. We are encouraged by early signs of traction in CoStar's nascent residential offering. We estimate that CoStar invested $230 million in this initiative in 2022 and is targeting a total investment approaching $500 million in 2023. While this is a significant upfront commitment, we believe the residential market represents a transformative opportunity for the company. We believe CoStar's proprietary data, broker-oriented approach, and best-in-class management uniquely position the company to succeed in this large adjacent market.

Verisk Analytics, Inc. is a leading data and analytics vendor, selling primarily to the insurance industry. Its shares gained after the company reported impressive quarterly earnings with its organic growth rate reaching one of its highest levels in years. Despite an uncertain macroeconomic backdrop, management pointed to its consistent sales execution and its ability to pass through selective price increases to customers. We remain encouraged by management's decision to focus its business firmly on the insurance market, where we believe its competitive position is unassailable. We remain optimistic about Verisk's opportunity for long-term growth, margin expansion, and shareholder-friendly capital deployment.

Gartner, Inc. provides syndicated research primarily focused on the IT sector to a large global corporate client base. Its shares gained in response to both healthy revenue and earnings growth, as well as Gartner's ability to benefit from the widespread interest among its clients in AI. We believe Gartner will emerge as a critical decision support resource for every company evaluating the opportunities and risks that AI offers its business. We further expect Gartner's sustained revenue growth and focus on cost control to drive ongoing margin expansion and enhanced free-cash-flow generation. The company's balance sheet also remains in excellent shape, allowing Gartner to support aggressive repurchases and accretive bolt-on acquisitions.

Table III.
Top detractors from performance for the quarter ended June 30, 2023

	Year Acquired	Percent Impact
Mettler-Toledo International Inc.	2008	–0.95%
MarketAxess Holdings Inc.	2016	–0.50
Aspen Technology, Inc.	2022	–0.26
Ceridian HCM Holding Inc.	2018	–0.25
Illumina, Inc.	2012	–0.19

Mettler-Toledo International Inc. is a leading provider of precision instruments and services for customers in the life sciences, food, and chemicals industries. We have owned the stock for 14-plus years and have long been impressed by Mettler's ability to consistently compound its revenues and EPS throughout various market environments. Shares fell after Mettler reported first quarter results that were solid but reflected the negative impact of a few headwinds that we believe will prove transitory. These include a halt in shipping products to Russia, inventory destocking in the pipettes business, and unfavorable foreign currency exchange rates. We believe that Mettler's leading share in growing markets coupled with its demonstrated pricing power should allow the company to compound earnings at mid-teens or better rates over the long term.

MarketAxess Holdings Inc. operates the leading electronic platform for trading corporate bonds. Weak performance during the quarter was driven by a decline in trading activity. Following a strong start to the year, trading volumes slowed during the quarter as a result of short-term dislocations in the banking sector and remained subdued because of lower volatility in the credit spread market. Interest rate movements and product mix shifts also pressured the variable fee rate that the company captured on trades. We remain optimistic that these headwinds will prove transitory and that MarketAxess will benefit from the ongoing secular shift to electronic trading in the fixed income market.

Aspen Technology, Inc. is a leading software company focused on industrial automation. Its shares detracted from performance after falling in response to mixed financial results. The company experienced a slowdown in sales to chemical customers, and it suffered from integration issues related to its 2022 merger with a subsidiary of Emerson Electric Company. We believe that the integration challenges are an unfortunate, but temporary, outcome of a business combination that should ultimately prove fruitful. We are hopeful that the decline among Aspen's chemical customers proves to be a short-term cyclical event. We believe Aspen's long-term revenue and free-cash-flow growth potential remains intact, and the current share price offers attractive return potential.

Portfolio Structure

At June 30, 2023, the Fund held 50 positions. The Fund's 10 largest holdings represented 47.5% of assets, and the 20 largest represented 71.3% of assets. The Fund's largest weighting was in the IT sector at 27.2% of assets. This sector includes application software companies, IT consulting firms, and internet services companies. The Fund held 25.9% of its assets in the Health Care sector, which includes investments in life sciences companies, and health care equipment, technology, and supplies companies. The Fund held 16.7% of its assets in the Industrials sector, which includes investments in research and consulting companies, human resources firms, and aerospace and defense companies. The Fund also had significant weightings in Financials at 12.6% of assets and Real Estate at 7.9% of assets.

As the chart below shows, the Fund's largest investments all have been owned for extended periods – 8 of the 10 largest holdings have been owned for longer than a decade. This is consistent with our approach of investing for the *long term* in companies benefiting from secular growth trends with significant competitive advantages and best-in-class management teams.

Table IV.
Top 10 holdings as of June 30, 2023

	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	$27.7	$424.3	9.1%
IDEXX Laboratories, Inc.	2006	2.5	41.7	338.3	7.3
Mettler-Toledo International Inc.	2008	2.4	28.9	234.9	5.1
CoStar Group, Inc.	2016	5.0	36.4	217.2	4.7
Verisk Analytics, Inc.	2009	4.0	32.7	215.0	4.6
ANSYS, Inc.	2009	2.3	28.6	184.2	4.0
Arch Capital Group Ltd.	2003	0.9	27.9	164.9	3.5
Vail Resorts, Inc.	1997	0.2	9.7	151.9	3.3
FactSet Research Systems Inc.	2006	2.5	15.4	148.5	3.2
West Pharmaceutical Services, Inc.	2014	2.9	28.4	127.9	2.8

Recent Activity

Table V.
Top net purchases for the quarter ended June 30, 2023

	Quarter End Market Cap (billions)	Net Amount Purchased (millions)
Morningstar, Inc.	$ 8.3	$17.3
Booz Allen Hamilton Holding Corporation	14.6	15.3
MSCI Inc.	37.6	9.4
Repligen Corporation	7.9	4.5
Quanta Services, Inc.	28.5	3.0

We initiated a position in **Morningstar, Inc.**, a leading provider of financial data and software for the investment industry. The company owns several leading data assets that are widely used by public and private investors, as well as investment managers and consultants. We believe that Morningstar will benefit from rising demand for its proprietary financial information, allowing it to achieve strong revenue, margin, and earnings growth. We expect the company to continue to aggregate market share, exercise pricing power, and reduce the rate of its expense growth.

Morningstar owns several unique and differentiated data assets that span both public and private markets. Key products include Morningstar Data, which is the de facto standard for mutual fund ratings. Pitchbook aggregates data on private market companies, such as valuations, fundraising rounds, and information on company debt. Morningstar generates over 70% of its revenue from license-based products that are sold on a subscription basis. These products generate highly recurring revenues, with high margins and pricing power, which results in a high-quality earnings model. Aside from subscriptions, Morningstar also generates revenues from some products in which fees are charged on a transactional basis or as a percentage of client assets.

Recently, Morningstar shares have underperformed as profit margins have dipped into the low teens from their historic 20% to 25% range. This has been caused by revenue declines in some more cyclical products, combined with significant expense growth as the company invested in headcount to support future growth. Management has begun to slow hiring to constrain expense growth, and we believe that continued growth in Morningstar's license-based products and a normalization in cyclical product sales will help profit margins and drive earnings growth. We took advantage of the price weakness to purchase this high-quality financial information business with earnings that should grow durably over a multi-year period.

We re-initiated a position in **Booz Allen Hamilton Holding Corporation**, the premier provider of outsourced civil and military consulting services to the federal government. We believe that Booz's consultants (65% of whom possess security clearances) are best in class at tackling sensitive and high-priority cybersecurity, intelligence, defense, and spending efficiency projects for various government agencies. Under longtime CEO Horacio Rozanski, the company has thoughtfully invested in AI, cybersecurity, software, and other advanced technologies. It had remained ahead of its peers and is an important partner providing the government mission-critical and highly technical solutions. In addition, Booz is the largest single provider of AI services to the federal government, which we believe will be a source of ongoing, outsized growth.

We believe the ongoing U.S. military rivalry with Russia and China will provide a tailwind for increased defense budget growth and enhance the demand for Booz's services. Booz expects to continue outgrowing its consulting peers by 2% to 4% annually, translating to mid- to high single-digit organic revenue growth that will be enhanced by targeted acquisitions. We expect improved pricing realizations and gradually increased margins as well.

Table VI.
Top net sales for the quarter ended June 30, 2023

	Net Amount Sold (millions)
Alexandria Real Estate Equities, Inc.	$21.2
Gartner, Inc.	20.4
Liberty Broadband Corporation	13.1
SBA Communications Corp.	12.5
Illumina, Inc.	12.3

We exited our position in **Alexandria Real Estate Equities, Inc.**, a REIT focused on developing office and laboratory space for the life sciences industry, given concerns about slowing real estate demand among its primary tenant base. We took some profits and managed the position size of long-term holding **Gartner, Inc.** We exited our stake in **Liberty Broadband Corporation**, a cable and internet service provider, to redeploy the proceeds into new investments. We reduced our stake in long time holding **SBA Communications Corp.**, which owns and operates cellular towers, on concerns that higher interest rates would increase its debt servicing costs. We reduced our stake in **Illumina, Inc.**, as the company's CEO is stepping down.

Outlook

We remain encouraged by the third consecutive quarter of strong performance in the equity markets, with growth stocks continuing to outperform after a period of significant underperformance relative to value stocks.

Most investors have long been too pessimistic about the risks that macroeconomic and geopolitical events pose for the U.S. economy. The prior consensus view that the U.S. will experience a *hard landing*, which crushed stock prices during the first half of 2022, appears to have been misguided. Inflation seems to have peaked, the bond market is signaling an upcoming reduction in interest rates, concerns about contagion in the banking sector have subsided, and corporate earnings have generally exceeded expectations. We expect the recovery in stock prices, which remain considerably below their 2021 peaks, to continue.

As discussed earlier, the market continues to recover from the dramatic sell-off of early 2022. The types of stocks that initially perform best tend to be more cyclical, higher-beta and lower-quality companies. As the market recovers and the economy stabilizes, we expect the types of companies that we favor to outperform – leading companies that benefit from secular growth drivers, secure competitive positions, and talented management teams.

We believe that stocks' recent strong performance amid pervasive pessimism about the economy supports our view that near-term market moves are largely unknowable, and stocks move upwards over time. As a result, investors should take a long-term view of their equity investments, and they should resist the urge to time their exposure to the stock market.

It is also worth noting that, despite recent strong performance from growth stocks, the Russell Midcap Growth Index still trails its value equivalent by 741 basis points annualized during the past three years. This has helped reduce the premium that is generally accorded to faster growing stocks, and we believe it presents an attractive opportunity to invest in midcap growth stocks.

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 the Funds' distributor, Baron Capital, Inc., by calling 1-800-99BARON or visiting www.BaronFunds.com. Please read them carefully before investing.

Risks: Securities issued by 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.

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.

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. **Beta** explains common variation in stock returns due to different stock sensitivities to market or systematic risk that cannot be explained by the US Country factor. Positive exposure indicates high beta stock. Negative exposure indicates low beta stock. **Free cash flow (FCF)** represents the cash that a company generates after accounting for cash outflows to support operations and maintain its capital assets.

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) rose 2.71% (Institutional Shares) during the quarter ended June 30, 2023. This compares to the Fund's primary benchmark, the Russell 2000 Growth Index (the Benchmark), which rose 7.05%. The S&P 500 Index, which measures the performance of publicly traded large-cap U.S. companies, gained 8.74% during the period.

The opportunities and risks from artificial intelligence (AI) have become a fundamental lens for assessing future business growth. Stocks viewed as beneficiaries have surged in 2023, with NVIDIA gaining 190% and Meta gaining 138% year-to-date through June 30, 2023. Conversely, stocks deemed ripe for disruption have declined precipitously. We believe that a sizeable portion of our portfolio will benefit from advances in AI, and that this future value has yet to be reflected in their stock prices. We also believe it is more critical than ever to invest in businesses with competitive advantages that are durable as the pace of technological innovation inexorably accelerates.

NEAL ROSENBERG
PORTFOLIO
MANAGER

RONALD BARON
CEO AND
PORTFOLIO MANAGER

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

Table I.
Performance
Annualized for periods ended June 30, 2023

	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]	2.64%	2.71%	7.05%	8.74%
Six Months[4]	10.67%	10.81%	13.55%	16.89%
One Year	21.72%	22.03%	18.53%	19.59%
Three Years	11.27%	11.55%	6.10%	14.60%
Five Years	10.89%	11.18%	4.22%	12.31%
Ten Years	11.58%	11.86%	8.83%	12.86%
Fifteen Years	10.60%	10.87%	8.85%	10.88%
Since Inception (December 31,1994)	12.83%	12.97%	7.65%	10.36%

The Fund gained 10.81% year-to-date through June 30, 2023. This performance trailed the Benchmark by 2.74%. From a sector attribution perspective, our performance includes 45 basis points of positive stock selection, which indicates that we continue to select stocks within sectors that perform better than their counterparts in the Benchmark. Our investments in Financials, Communication Services, and Health Care were mostly responsible for the positive selection effect. We are gratified to see consistent favorable stock selection, since we devote the preponderance of our time to working with our research analysts to conduct fundamental analysis.

Our positive year-to-date stock selection was more than offset by unfavorable allocation by sector/sub-industry. This was particularly the case during the second quarter. This unfavorable allocation results from our

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, 2022 was 1.30% and 1.04%, respectively (comprised of operating expenses of 1.29% and 1.03%, respectively, and interest expense of 0.01% and 0.01%, 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.

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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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tendency not to find ideas that meet our investment criteria in certain sectors, industries, or sub-industries. While these cohorts go in and out of the market's favor, we do not reallocate the portfolio to anticipate or chase short-term fluctuations. Most notably, we do not presently have any investments in the biotechnology sub-industry. We believe that most small-cap biotechnology investments represent binary outcomes, where successful drug trials can be lucrative for investors, but unsuccessful trials can be an existential threat for businesses. We also believe that biotechnology companies have meaningful pricing and regulatory risk and tend to be significant consumers of cash, making them hard to research and hold for the long term. While biotechnology stocks declined 27.4% in the Benchmark in 2022, they rose 18.7% in the second quarter of 2023, creating a headwind to our relative returns. We have experienced similar short-term headwinds from our lack of exposure to cyclical businesses in Industrials, Consumer Staples, and certain parts of the Information Technology (IT) sector. While the impact of allocation will ebb and flow by quarter, we believe that our long-term focus on competitively advantaged secular growth businesses will continue to generate superior returns for our shareholders.

The NASDAQ Composite Index, which is heavily weighted in IT stocks, gained 32.3% year-to-date through June 30, 2023. This is the Composite's best first half since 1983. Approximately 75% of the Composite's gains are attributable to the seven largest companies by market cap, bellwethers Microsoft, Meta, Apple, Alphabet, Amazon, Tesla, and NVIDIA. These same stocks account for 74% of the S&P 500 Index's year-to-date gains. We attribute most of this cohort's outstanding performance to growing investor enthusiasm for the transformative potential of AI.

Widespread investor enthusiasm for AI has been building since the launch of ChatGPT-3 last November. Most companies spent the first several months of 2023 contemplating opportunities and risks that advances in AI may have on their businesses. Over the past three months, we have observed AI moving from the ideation phase to being broadly embraced by businesses, with management teams actively deploying capital resources to develop AI capabilities.

AI is advancing at an exponential rate, and forecasts of its impact on businesses are changing even faster. One year ago, most investors expected to see imminent disruptions to traditionally lower skilled jobs, with some forecasting a paradigm shift to autonomous trucks, fulfilment centers managed by robots, and fully digitalized grocery stores. Today, it appears that higher-skilled knowledge workers could be disrupted sooner, as AI brings superior composition, data collection, and analysis capabilities at a fraction of the cost.

We are working closely with our growing team of analysts to identify investment opportunities and risks stemming from AI. We are certain that as the speed of innovation accelerates, companies that sell commodity products or services will quickly be disrupted. Companies with differentiated offerings will be able to capture more value with lower costs. Similarly, companies that are short-term oriented will be left behind by innovative organizations that invest aggressively to leverage enabling technologies.

Many areas of our portfolio are favorably exposed to advances in AI. Businesses with large proprietary data sets and expertise in data concordance, such as **MSCI Inc.** and **CoStar Group, Inc.**, should be meaningful beneficiaries. We believe that technology will enable these companies to gather new data in cost effective ways, allow users to query the data through conversational user interfaces, and enable customers to draw insightful yet non-intuitive conclusions in an automated manner. These advances should enable such companies to deliver greater value to customers, broadening their addressable user bases and supporting better price realization.

Similarly, syndicated research provider **Gartner, Inc.** is a meaningful beneficiary of AI. Gartner's team of 2,200 research analysts create proprietary knowledge by assessing technology capabilities and trends. Customers access this insight through written research and virtual interactions with analysts on a subscription basis. Every company will need to assess the impact of AI on its business and will turn to Gartner to help understand and leverage these new technologies. We also expect Gartner to leverage generative AI across its own vast sales force to help enhance the productivity of its salespeople.

We think that businesses with sizeable software development organizations will be meaningful beneficiaries of AI. **ANSYS, Inc.**, a leading provider of simulation software and services, spends approximately 22% of its revenue on research and development. In 2022, ANSYS' product development organization included 2,100 employees, many of whom hold advanced degrees and have industry experience in engineering, mathematics, or computer science. We believe that *copilots*, such as Microsoft's GitHub copilot, will dramatically enhance software developer productivity by making AI-powered suggestions that help write code faster, debug code, and suggest improvements. We expect forward-looking companies like ANSYS to use this to accelerate the pace of their product development, enabling them to bring better products to market faster. We note that management teams with a short-term orientation may opt to replace developers with AI tools, providing a short-term boost to profitability at the expense of longer-term product development capabilities.

We view property and casualty (P&C) insurance software vendor **Guidewire Software, Inc.** as a meaningful beneficiary of AI. Guidewire's InsuranceSuite Cloud platform serves as the technological backbone of P&C insurers, enabling them to bind policies, process claims, and collect premium payments. We believe that insurers seeking to take advantage of AI in their own businesses will first need to modernize their legacy on-premise software to Guidewire's best-in-class cloud platform. We view this as an additional incentive for customers to undertake the modernization process, helping to accelerate Guidewire's growth. Additionally, like ANSYS, Guidewire's sizeable product development organization should experience better productivity by utilizing AI copilots.

Finally, we expect businesses with large customer service organizations to substitute technology and chatbots for human labor, enhancing client experiences while also helping profit margins. Market data and analytics vendor **FactSet Research Systems Inc.** recently indicated that approximately 50% of questions submitted to its help desk are related to FactSet FQL, its proprietary coding language. Utilizing AI-driven chatbots can help increase the scalability of this organization, enabling management to reallocate investment dollars toward revenue-generating areas while maintaining best-in-class customer satisfaction.

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 June 30, 2023

	% of Net Assets (as of 6/30/2023)	Total Return (%)	Contribution to Return (%)
Core Growth	**26.2**	**11.41**	**2.86**
Dechra Pharmaceuticals PLC	0.1	43.03	0.02
Trex Company, Inc.	1.0	34.70	0.26
CoStar Group, Inc.	5.9	29.27	1.44
Bright Horizons Family Solutions, Inc.	1.3	20.08	0.23
Neogen Corp.	0.3	17.45	0.05
West Pharmaceutical Services, Inc.	2.4	10.45	0.22
Bio-Techne Corporation	3.1	10.14	0.31
Littelfuse, Inc.	0.2	8.91	0.02
Gartner, Inc.	6.8	7.53	0.54
IDEXX Laboratories, Inc.	3.4	0.43	0.00
Krispy Kreme, Inc.	0.5	–5.60	–0.01
Mettler-Toledo International Inc.	1.2	–14.28	–0.21
Marel hf.	0.1	–23.20	–0.02
Russell 2000 Growth Index		**7.05**	
Disruptive Growth	**13.3**	**0.88**	**0.10**
FIGS, Inc.	0.6	33.58	0.15
Farmers Business Network, Inc.	0.2	7.82	0.02
Northvolt AB	0.2	5.36	0.01
Altair Engineering Inc.	0.7	5.17	0.04
Iridium Communications Inc.	6.3	0.52	–0.01
ANSYS, Inc.	4.3	–0.76	–0.03
Velo3D, Inc.	0.1	–4.85	–0.01
Guidewire Software, Inc.	0.9	–7.28	–0.07
Financials	**38.2**	**0.78**	**0.22**
Kinsale Capital Group, Inc.	4.8	24.73	0.99
Moelis & Company	0.2	19.97	0.04
Essent Group Ltd.	0.3	17.50	0.05
Primerica, Inc.	3.8	15.22	0.54
Houlihan Lokey, Inc.	0.6	13.08	0.07
Arch Capital Group Ltd.	8.7	10.28	0.81
The Carlyle Group Inc.	0.7	4.21	0.03
Clearwater Analytics Holdings, Inc.	0.1	–0.56	–0.00
FactSet Research Systems Inc.	6.2	–3.23	–0.24
Morningstar, Inc.	2.3	–3.25	–0.09
Cohen & Steers, Inc.	1.4	–8.38	–0.14
MSCI Inc.	9.1	–15.91	–1.84
Real/Irreplaceable Assets	**21.0**	**–0.89**	**–0.21**
Vail Resorts, Inc.	6.5	8.66	0.57
Boyd Gaming Corporation	0.4	8.44	0.03
Red Rock Resorts, Inc.	1.0	5.49	0.06
American Assets Trust, Inc.	0.0	5.04	0.00
Douglas Emmett, Inc.	0.7	3.54	0.03
Choice Hotels International, Inc.	4.5	0.28	0.00
Gaming and Leisure Properties, Inc.	3.4	–5.56	–0.21
Marriott Vacations Worldwide Corporation	2.0	–8.48	–0.20
Alexandria Real Estate Equities, Inc.	1.1	–8.63	–0.11
PENN Entertainment, Inc.	1.5	–19.09	–0.37
Cash	**1.2**	**–**	**0.01**
Fees	**–**	**–0.29**	**–0.29**
Total	**100.0***	**2.70****	**2.70****

Sources: FactSet PA, BAMCO, and FTSE Russell.

* *Individual weights may not sum to displayed total due to rounding.*

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

Our investments in **Real/Irreplaceable Assets**, **Core Growth**, and **Financials** represent between 21.0% and 38.2% of the Fund's net assets, and aggregate to 85.5% of net assets. Another 13.3% of net assets are 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 the Benchmark.

As shown in the table above, our Core Growth investments meaningfully outperformed the Benchmark, while our investments in the other three cohorts trailed the Benchmark. We note that within our Financials cohort, our investments in market data and analytics vendors, including MSCI, **Morningstar, Inc.**, and FactSet declined during the period, while our investments in insurance and most advisory businesses appreciated. We attribute the decline in the market data and analytics stocks to short-term cyclical headwinds. In the quarter, management teams highlighted modest headwinds from lower capital markets activities, slower sales cycles for technology spending at large buy-side institutions, and a digestion phase after a period of rapid adoption of ESG tools. We are starting to see nascent signs of improvement across many of these vectors and remain confident that the long-term earnings and cash flow potential of these businesses are intact.

Table III.
Performance Characteristics
Millennium Internet Bubble to Post-COVID-19

	Millennium Internet Bubble to Financial Panic 12/31/1999 to 12/31/2008	Financial Panic to Present 12/31/2008 to 6/30/2023	Millennium Internet Bubble to Present 12/31/1999 to 6/30/2023	Inception 12/31/1994 to 6/30/2023
Alpha (%)	5.05	3.95	5.48	6.95
Beta	0.58	0.83	0.71	0.72

Table IV.
Performance
Millennium Internet Bubble to Post-COVID-19. 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 6/30/2023		Millennium Internet Bubble to Present 12/31/1999 to 6/30/2023		Inception 12/31/1994 to 6/30/2023	
	Value $10,000	Annualized	Value $10,000	Annualized	Value $10,000	Annualized	Value $10,000	Annualized
Baron Growth Fund	$12,448	2.46%	$70,197	14.38%	$87,385	9.66%	$323,245	12.97%
Russell 2000 Growth Index	$ 6,476	–4.71%	$52,877	12.17%	$34,241	5.38%	$ 81,678	7.65%
S&P 500 Index	$ 7,188	–3.60%	$65,794	13.87%	$47,292	6.84%	$166,051	10.36%

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.

In addition to strong short- and medium-term results, the Fund has meaningfully outperformed its Benchmark over the long term. The Fund has gained 12.97% on an annualized basis since its inception on December 31, 1994, which exceeds that of the Benchmark by 5.32% and the S&P 500 Index by 2.61%, annualized. This represents robust absolute and relative returns across a variety of market environments, driven primarily by favorable stock selection. We attribute this result to not losing money during periods of significant market drawdowns, such as the nine years ended December 2008, as well as robust absolute and relative performance during the most recent five-year period, which featured two significant market corrections.

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. Similarly, 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 present, the Fund generated an annualized return of 14.38%, which has exceeded that of its Benchmark by 2.21% annually, and the S&P 500 Index by 0.51% annually.

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 $323,245 on June 30, 2023. This is approximately 4.0 times greater than the $81,678 the same hypothetical investment made in a fund designed to track the Benchmark would be worth, and nearly double a hypothetical investment in the S&P 500 Index. Hypothetically, our returns were achieved with approximately 28% 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 the compounded growth in the revenue and cash flow of the businesses in which we have invested rather than increases in valuation multiples. We are pleased that our long-term investments in what we believe are competitively advantaged companies with attractive 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 June 30, 2023

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
CoStar Group, Inc.	2004	$0.7	$36.4	29.27%	1.44%
Kinsale Capital Group, Inc.	2016	0.6	8.7	24.73	0.99
Arch Capital Group Ltd.	2002	0.4	27.9	10.28	0.81
Vail Resorts, Inc.	1997	0.2	9.7	8.66	0.57
Gartner, Inc.	2007	2.3	27.7	7.53	0.54

CoStar Group, Inc. is a provider of data, analytics and marketing services to the real estate industry. Shares increased on robust financial performance, with net new sales growing 18% in the first quarter, driven by acceleration in multifamily bookings, which was partially offset by slower results in commercial real estate. We are encouraged by early signs of traction in CoStar's nascent residential offering. We estimate that CoStar invested around $230 million in this initiative in 2022 and is targeting a total investment approaching $500 million in 2023. While this is a significant upfront commitment, we believe residential represents a transformative opportunity for CoStar. We believe the company's proprietary data, broker-oriented approach, and best-in-class management uniquely position it to succeed in this endeavor. We are particularly encouraged by early success in driving traffic to its Homes.com platform.

Specialty insurer **Kinsale Capital Group, Inc.** contributed to performance after reporting consensus-beating quarterly results. Gross written premiums grew 46% and EPS grew 49%. Market conditions remained favorable with rising premium rates and more business shifting from the standard lines market to the excess and surplus lines market where Kinsale operates. The company is also capitalizing on disruption in the property market where rates are rising rapidly after years of industry losses and a reduction in reinsurance capacity.

Shares of specialty insurer **Arch Capital Group Ltd.** contributed to performance after reporting quarterly results that beat consensus amid favorable industry conditions. During the first quarter, net premiums written grew 30%, underwriting margins remained strong, and net investment income more than doubled. The operating ROE exceeded 20%, and book value per share grew 15% excluding unrealized investment losses. Pricing trends in the P&C insurance market remain favorable, and higher interest rates are driving higher investment yields.

Table VI.
Top detractors from performance for the quarter ended June 30, 2023

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
MSCI Inc.	2007	$1.8	$37.6	−15.91%	−1.84%
PENN Entertainment, Inc.	2008	2.5	3.7	−19.09	−0.37
FactSet Research Systems Inc.	2006	2.5	15.4	−3.23	−0.24
Gaming and Leisure Properties, Inc.	2013	4.2	12.7	−5.56	−0.21
Mettler-Toledo International Inc.	2008	2.4	28.9	−14.28	−0.21

Shares of **MSCI Inc.**, a leading provider of investment decision support tools, detracted from performance. The company reported steady first quarter earnings results and reiterated its outlook for 2023. The stock's decline was driven by weaker new ESG sales activity, which we attribute to the complex U.S. political environment and some new regulatory classifications in the E.U. Sales were also negatively impacted by broader macro uncertainty following several regional bank failures, which led to a tightening of client budgets, lengthening of sales cycles, and some increased cancelations with smaller clients. While there is some near-term uncertainty, we believe that business fundamentals remain sound, and we believe MSCI owns strong, *all weather* franchises that should enable the company to compound earnings at a double-digit rate for many years.

PENN Entertainment, Inc. operates regional casinos across the U.S. Shares fell on investor concerns that a potential recession would negatively impact visitor spending. While an increase in competition and economic deterioration in certain regional markets is pressuring results, we believe PENN will successfully navigate current headwinds given its strong balance sheet and cash flow profile. We believe PENN will continue generating strong cash flow to invest in its digital gaming opportunity and return cash to shareholders through buybacks. PENN's stock, which fell to an historical trough EBITDA multiple during the quarter, should revert to its historical average multiple as conditions improve and its digital gaming operation reaches breakeven revenue and cash flow in 2024.

Shares of **FactSet Research Systems Inc.**, a leading provider of investment management tools, detracted from performance. The company reported solid fiscal third quarter of 2023 earnings, and its business continues to perform well. However, shares declined as macro-related uncertainty, including challenges in the banking sector, lengthening sales cycles, and constrained client budgets caused annual subscription value growth to decelerate. While there is some near-term uncertainty, we believe these issues are cyclical. FactSet's large addressable market, consistent execution on both new product development and financial results, and robust free cash flow generation, make this company an unusually attractive investment.

Recent Activity

We continued to increase our holdings in **Krispy Kreme, Inc.**, an omni-channel manufacturer and retailer of doughnuts. Krispy Kreme sells its product through its owned and franchised doughnut shops, in grocery and convenience stores through its Delivered Fresh Daily (DFD) network, and via e-commerce in U.S. and non-U.S. markets. The company also owns Insomnia Cookies, a digital-first brand specializing in cookies and focused on young consumers.

Krispy Kreme is successfully executing its plan to grow fresh points of access by 10% to 15% annually. It now services over 12,000 points of access globally by leveraging 400 doughnut producing hubs worldwide. In its most recently reported quarter, the company grew revenue at 14.4% organically as it benefited from price increases and premium seasonal innovation, including strong Valentine's and St. Patrick's Day offerings. Krispy Kreme continued to expand its capabilities to offer specialty doughnuts across channels, with e-commerce a key beneficiary of this investment. We are encouraged by the results, with e-commerce revenue growing 23% year-over-year and now approaching 20% of total company sales.

In the U.S., the company expanded its footprint in traditional DFD locations while also demonstrating its ability to execute on new growth opportunities. We are particularly excited by an expanded trial at McDonald's in the Louisville, Kentucky area. The company was able to add over 160 McDonald's locations serviced by three local hubs with no disruption to existing locations or sales in the area.

Internationally, Krispy Kreme is on track to have a presence in up to seven new countries in 2023, with an additional three to five in 2024. The company's total pipeline of new hubs and fresh shops from franchise partners now exceeds 1,000 shops, which will be used to unlock additional points of access over the next five years. As the company continues to execute on its international expansion plan and domestic growth opportunities like the potential McDonald's partnership, Krispy Kreme's ability to expand from 12,000 points of access to 75,000 points of access should drive outsized top-line and EBITDA growth.

We also added to our investment in **Neogen Corp.**, a pure-play food security company. We have been investing in Neogen since 2009 and opportunistically added to our position as short-term merger integration challenges depressed the stock price. Neogen announced the acquisition of 3M Food Safety in 2022. We view this acquisition as a transformational deal that creates a scaled food security leader with a broad product portfolio and increased capacity to drive future innovation. The 3M Food Safety business was underfunded and undermanaged by its prior owner but will benefit from enhanced focus and capital allocation by Neogen management. Recent financial results have exposed several areas of weakness in 3M's Petrifilm production and fulfillment processes, which have temporarily reduced

Petrifilm's earnings. We expect this situation to gradually improve over the year and be fully resolved when Petrifilm manufacturing is transferred to Neogen's facilities.

Once the integration is complete, we expect Neogen to compound its revenue at a high single-digit rate organically. The company serves an addressable market that exceeds $20 billion of annual recurring revenue, or more than 20 times larger than its business. The food security market is growing at a mid-single rate annually, driven by durable secular trends including more incidents of food contamination, rising incomes in emerging markets, more health-conscious consumers, increasing food allergies, and an increasing focus from regulators. Beyond organic growth, the company has a muti-decade long track record of making successful bolt-on acquisitions, which we expect will continue.

The company derives around 95% of its revenue from consumable products. Revenue tends to be recurring in nature. Neogen also boasts strong customer retention rates as its products often become deeply embedded in daily workflows. The ongoing 3M Food Safety merger integration will distort near-term profitability, but we expect adjusted EBITDA margins to reach 30% over the next few years, with correspondingly strong free-cash-flow generation. Once the merger integration is finished, Neogen will be a steady mid-teens earnings compounder, which we expect will drive strong compounded stock returns over a multi-year period.

Portfolio Structure and Investment Strategy

We seek to invest in businesses with attractive fundamental characteristics and long-term growth prospects. These attributes include high barriers to entry, durable competitive advantages, large and growing addressable markets, and enduring secular tailwinds. We favor business models that have high levels of recurring and predictable revenue, generate attractive incremental margins, are cash generative, and are not dependent on third-party financing. We exclusively invest with management teams that consistently reinvest into their businesses. This is to raise barriers to entry and pursue long-term profitable growth. We work with our growing team of research analysts and portfolio managers, who are senior analysts, to verify, refine, or refute our assessment of these businesses and our expectations for durable growth across business cycles.

We hold investments for the long term. As of June 30, 2023, our weighted average holding period was 15.5 years. This is dramatically longer than most other small-cap growth funds, which, according to Morningstar, turn over about 76% of their portfolios annually based on an average for the last three years. The portfolio's 10 largest positions have a weighted average holding period of 17.3 years, ranging from a 6.6-year investment in **Kinsale Capital Group, Inc.** to investments in **Choice Hotels International, Inc.** and **Vail Resorts, Inc.** that now both exceed 26 years. We have held 24 investments, representing 78.1% of the Fund's net assets, for more than 10 years. We have held 19 investments, representing 20.7% of the Fund's net assets, for less than 10 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 10 years

	Year of First Purchase	Cumulative Return Since Date of First Purchase	Annualized Return Since Date of First Purchase
IDEXX Laboratories, Inc.	2005	3,389.5%	21.3%
Arch Capital Group Ltd.	2002	2,518.1	16.6
Choice Hotels International, Inc.	1996	2,389.7	13.3
CoStar Group, Inc.	2004	2,122.8	18.1
MSCI Inc.	2007	1,968.5	21.4
Mettler-Toledo International Inc.	2008	1,718.2	22.0
Vail Resorts, Inc.	1997	1,519.9	11.1
Gartner, Inc.	2007	1,482.2	19.0

The cohort of investments that we have held for more than 10 years earned a weighted average annualized rate of return of 16.8% since initial purchase. This exceeded the performance of the Fund's Benchmark by 8.1% annualized. Five of these investments have achieved annualized returns that exceeded the Benchmark by more than 10% per year.

Table VIII.
Top performing stocks owned less than 10 years

	Year of First Purchase	Cumulative Return Since Date of First Purchase	Annualized Return Since Date of First Purchase
Kinsale Capital Group, Inc.	2016	1,309.3%	49.5%
Iridium Communications Inc.	2014	761.6	26.5
Trex Company, Inc.	2014	637.4	24.1
Altair Engineering Inc.	2017	314.2	28.5

The cohort of investments that we have held for less than 10 years has returned 25.3% annually on a weighted average basis since our initial purchase, exceeding the Benchmark by 17.3% annualized. Seven of these investments have achieved annualized returns that exceeded the Benchmark by more than 10% per year, including five that have achieved annualized returns that exceeded the Benchmark by more than 15% per year.

Portfolio Holdings

As of June 30, 2023, we owned 43 investments. The top 10 holdings represented 63.1% of the Fund's net assets, many of which have been held for more than 10 years. 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 returned 20.4% annually based on weighted average assets since our initial investment, exceeding the Benchmark by an average of 12.4% 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 earning 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 $7.0 billion, and its weighted average market cap is $18.8 billion. This compares to Morningstar's U.S. market cap breakpoints for small- and mid-cap funds of $7.7 billion and $42.3 billion, respectively, as of June 30, 2023.

Table IX.
Top 10 holdings as of June 30, 2023

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
MSCI Inc.	2007	$1.8	$37.6	$711.0	9.1%
Arch Capital Group Ltd.	2002	0.4	27.9	678.1	8.7
Gartner, Inc.	2007	2.3	27.7	529.0	6.8
Vail Resorts, Inc.	1997	0.2	9.7	503.5	6.5
Iridium Communications Inc.	2014	0.6	7.8	486.1	6.3
FactSet Research Systems Inc.	2006	2.5	15.4	480.8	6.2
CoStar Group, Inc.	2004	0.7	36.4	459.2	5.9
Kinsale Capital Group, Inc.	2016	0.6	8.7	374.2	4.8
Choice Hotels International, Inc.	1996	0.4	6.0	348.4	4.5
ANSYS, Inc.	2009	2.3	28.6	330.3	4.3

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 Portfolio Manager

Neal Rosenberg
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 the Funds' 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. **Free cash flow (FCF)** represents the cash that a company generates after accounting for cash outflows to support operations and maintain its capital assets.

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 Small Cap Fund Shareholder:

Performance

Baron Small Cap Fund® (the Fund) was up 6.49% (Institutional Shares) in the second quarter of 2023 and was up 16.54% for the first half of the year. For the quarter, the Fund performed similarly to the Russell 2000 Growth Index (the Benchmark) and for the year-to-date period is about 300 basis points ahead. The Fund trailed the broader S&P 500 Index this quarter, as larger stocks outperformed smaller ones. Year to date, the Fund's performance is comparable to the S&P 500 Index.

As shown in the table below, the Fund has outperformed its Benchmark for most of the relevant periods. Over its more than 25-year history, the Fund has outperformed its Benchmark by 395 basis points a year, which is meaningful outperformance and has produced a material difference in returns between the Fund and funds designed to track the Benchmark.

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

Table I.
Performance
Annualized for periods ended June 30, 2023

	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]	6.38%	6.49%	7.05%	8.74%
Six Months[4]	16.36%	16.54%	13.55%	16.89%
One Year	16.74%	17.06%	18.53%	19.59%
Three Years	7.67%	7.95%	6.10%	14.60%
Five Years	8.12%	8.41%	4.22%	12.31%
Ten Years	10.11%	10.40%	8.83%	12.86%
Fifteen Years	9.87%	10.14%	8.85%	10.88%
Since Inception (September 30, 1997)	9.85%	10.01%	6.06%	8.18%

The market continued to perform well in the second quarter, led by outsized gains in technology stocks and a handful of mega-cap stocks driving performance. The NASDAQ Composite Index rose 13.1% in the second quarter, bringing its year-to-date return to 32.3%, its best start to a year since the early 1980s, with excitement over developments with artificial intelligence (AI) fueling the rally. I think the main reason the market rose in the quarter, despite concerns about a banking crisis, threats of a U.S. default, and continued interest rate increases by the Fed, is because the feared worst case scenarios failed to materialize. Most prominent is that the recession/hard landing that so many economists and market prognosticators have predicted has not happened. In fact, it has been just the opposite, as economic data has largely been better than expected. And with inflation cooling significantly, expectations are that the Fed will slow or stop raising rates in the near future. Though the economic outlook remains murky, the slowdown, which seemed to be a consensus view, almost inevitable, and what we were all bracing ourselves for, is now less likely. Investors are out of their its funk and embracing the prospect that better growth could be ahead.

Small-cap stocks underperformed for the quarter but did improve in June with a broader market rally. A healthy sign. The Fund was having a *mezza mezza* quarter until June when our stocks were strong on an absolute and relative basis. The strong performance came from some of our large

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, 2022 was 1.30% and 1.04%, 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. The **S&P 500 Index** measures the performance of 500 widely held large cap U.S. companies. All rights in the FTSE Russell Index (the "Index") vest in the relevant LSE Group company which owns the Index. Russell® is a trademark of the relevant LSE Group company and is used by any other LSE Group company under license. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. The Fund includes reinvestment of dividends, net of foreign withholding taxes, while the **Russell 2000® Growth Index** and **S&P 500 Index** include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts 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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positions that rose on improved outlooks for their business fundamentals. For the quarter, our stock selection was positive. Our holdings in the Industrials, Consumer Discretionary, and Financials sectors performed well. We are overweight in each of these sectors, so this helped our relative performance as well. Our Health Care stocks did well, but we are considerably underweight that sector….as we don't own biotechnology stocks…which outperformed the Benchmark during the quarter and hurt our relative performance. Our Information Technology (IT) stocks did poorly this quarter, since we focus on service businesses and vertical software companies, and these businesses suffered as their customers are focused on cost savings, for now. We primarily invest in high-quality companies and those stocks have done relatively poorly as rallies often start with more speculative stocks. Our larger-cap orientation helped our performance.

As we suspected (and wrote about last year), many of our best performers and highest contributors year to date were some of our biggest losers last year. That has played out in spades. For instance, as interest rates rose dramatically in 2022, some of our stocks got pummeled over concerns that their businesses would collapse. But the companies are doing fine, and their prospects are now turning positive. **SiteOne Landscape Supply, Inc.**, **Floor & Decor Holdings, Inc.**, **Installed Building Products, Inc.**, and **Trex Company, Inc.** each fell over 35% last year, but are up over 40% so far this year. Other stocks that were down a lot last year and are up big this year include **ICON Plc**, **Chart Industries, Inc.**, **Guidewire Software, Inc.**, **Cognex Corporation**, **Vertiv Holdings Co**, **John Bean Technologies Corporation**, **European Wax Center, Inc.**, **Altair Engineering Inc.**, **The Trade Desk**, and **Dechra Pharmaceuticals PLC**.

Table II.
Top contributors to performance for the quarter ended June 30, 2023

	Percent Impact
Vertiv Holdings Co	2.07%
Kinsale Capital Group, Inc.	0.93
SiteOne Landscape Supply, Inc.	0.73
ICON Plc	0.65
Chart Industries, Inc.	0.62

Vertiv Holdings Co provides critical digital infrastructure for data centers. Its shares rose sharply after Vertiv reported strong earnings, featuring 35% organic sales growth and increased 2023 guidance, which helped improve management credibility regarding margin expansion plans. In addition, the stock's trading multiple increased on the belief that Vertiv stands to benefit from generative AI-related data center investments. Generative AI will require an increase in energy density due to the need for additional computing power, which, in turn, will necessitate new cooling solutions. Vertiv should be able to leverage its leadership position in air cooling, strong relationships with customers, and dominant service network to gain share and grow rapidly. We believe Vertiv's earnings power will increase as the company closes the margin gap with peers and revenue grows on the back of increased investments in data centers.

Specialty insurer **Kinsale Capital Group, Inc.** contributed to performance after reporting consensus-beating quarterly results. Gross written premiums grew 46%, and EPS grew 49%, the fifth consecutive quarter of over 40% premium growth. Market conditions remained favorable, with rising premium rates and more business shifting from the standard lines market to the excess and surplus lines market where Kinsale operates. Recently, a major underwriter announced it will stop underwriting comparative insurance in California, which opens up more market share for Kinsale. The company is also capitalizing on disruption in the property market where rates are rising rapidly after years of industry losses and a reduction in reinsurance capacity. Kinsale is well managed and has a long runway for growth in an attractive segment of the insurance market.

SiteOne Landscape Supply, Inc. is the largest distributor of wholesale landscape supplies in North America, selling irrigation, hardscape, agronomic, and nursery products to professional contractors through its network of branches for residential and commercial maintenance, upgrade/repair, and new construction applications. Shares rose during the quarter after the company reported positive early season order trends. Shares were also boosted by the continued broader recovery in sentiment for housing-related stocks. We believe SiteOne will take share of the fragmented wholesale landscape supplies distribution industry leveraging its scale, operational efficiency, and technology, while strategically acquiring companies that expand its product offering and geographic footprint, which together will drive consistent EBITDA growth. Though we expect cash flow to be lower this year, we are modeling that it will double over the next five years, and the company will generate significant free cash flow to fund acquisitions while deleveraging its balance sheet.

Other holdings that rose 20% or more in the quarter but contributed less to the Fund's returns include Chart Industries, Installed Building Products, Dechra, Trade Desk, Trex, **Inspire Medical Systems, Inc.**, **TransDigm Group Incorporated**, **Bright Horizions Family Solutions, Inc.**, **DraftKings Inc.**, and **Holley Inc.**

Table III.
Top detractors from performance for the quarter ended June 30, 2023

	Percent Impact
Aspen Technology, Inc.	–0.57%
Mercury Systems, Inc.	–0.53
The Beauty Health Company	–0.40
ASGN Incorporated	–0.34
Endava plc	–0.33

Shares of industrial automation software leader **Aspen Technology, Inc.** detracted from performance during the quarter. Aspen reported mixed financial results due to a slowdown in its chemicals end-market, caused by downstream destocking. Also, there are some integration issues related to its merger with a subsidiary of Emerson Electric Company in 2022. While the integration went smoothly for about the first six months, it has hit some speed bumps lately. We view the issues as a temporary outcome of large business transformations and the decline in the chemical vertical as a short-term cyclical event. We believe Aspen's long-term FCF potential is intact, and the current price offers attractive potential returns for shareholders. We also expect the company to do accretive acquisitions to add further value.

Shares of **Mercury Systems, Inc.**, a leading U.S. Tier 2 defense electronics integrator, declined in the quarter. The company suffered financial misses in 2022 and early 2023 due to delays in the government defense budget, and delivery failures by suppliers and other supply-chain issues. During this period, multiple activist investors bought shares of the company and acquired Board seats, pressing the company to pursue strategic alternatives. In late June, Mercury announced the process had ended without a sale and its long-time CEO was stepping down. The shares fell on the news. We were disappointed and sold some of our position. We have since spent some time with new management and Board members and see value above where the stock is trading, so we have maintained a position, albeit smaller, as we continue to assess the situation.

The Beauty Health Company, owner of HydraFacial, is an innovative skin care and beauty health company providing consumers with the benefits of a professional medical treatment combined with the experience of a consumer brand. Shares fell after reporting weak top-line results due in part to the lingering impact of COVID-related lockdowns in China at the start of the year. In addition, some providers held back orders in advance of an upcoming product launch. Despite these temporary headwinds, the company raised its revenue guidance for the year, a testament to the strong demand for the brand. We believe the company has a long growth runway ahead, as it expands the number of delivery systems globally. We also believe it can increase its consumables-related revenue as it introduces new boosters and builds brand awareness. We like operating management and respect the executive chairman, who has overseen the building of highly successful franchises in the sector.

Other holdings that declined over 20% in the quarter but detracted less from the Fund's returns were **Endava plc** and **Sprout Social, Inc.**

Portfolio Structure & Recent Activity

As of June 30, 2023, we had $4.4 billion under management and held 61 stocks. The top 10 positions made up 35.6% of net assets. The portfolio is somewhat more concentrated and top heavy than in the past. This is the result of the strong performance of most of our larger holdings.

Our largest positions are usually a collection of long-term holdings whose returns have compounded well and are familiar to followers of the Fund. As you peruse the present list below, you will notice some stocks that are more recent purchases (Chart bought in 2022, Vertiv and Kinsale bought in 2019).

Table IV.
Top 10 holdings as of June 30, 2023

	Year Acquired	Quarter End Investment Value (millions)	Percent of Net Assets
Gartner, Inc.	2007	$236.5	5.3%
Vertiv Holdings Co	2019	189.5	4.3
Kinsale Capital Group, Inc.	2019	187.1	4.2
ICON Plc	2013	175.1	3.9
SiteOne Landscape Supply, Inc.	2016	159.0	3.6
Floor & Decor Holdings, Inc.	2017	140.3	3.2
ASGN Incorporated	2012	132.4	3.0
Red Rock Resorts, Inc.	2016	128.6	2.9
Chart Industries, Inc.	2022	119.8	2.7
Installed Building Products, Inc.	2017	112.1	2.5

At the end of the quarter, the sectors with the highest concentration were Industrials (30.4%), Consumer Discretionary (15.7%), IT (15.6%), and Health Care (14.0%). Compared to the Benchmark, we are notably overweight in Industrials, overweight in Consumer Discretionary, and meaningfully underweight in Health Care. We don't own any Utilities or Energy stocks and are underweight in IT, Materials, and Consumer Staples.

To reiterate points we have made in the past, the Industrials companies we own are high-quality franchises that are benefiting from secular tailwinds and/or are unique leaders in their niches. Their success and our investment are an expression of their market position and long-term opportunity, not a view on the economy. In the Health Care sector, we don't own biotechnology stocks as their financial results can be binary or speculative in nature, and as we prefer to invest in what we consider established winners. Biotechnology stocks performed particularly well this quarter, which was a headwind to our relative performance, but we prefer to live with that as opposed to contravening our discipline. We are underweight the other sectors mentioned because there are fewer differentiated special businesses in those sectors.

We believe that we have executed our differentiated approach well…which is to invest for the long term in high-quality, special, well-managed businesses…leading to good long-term results. We believe we have the experience and expertise to identify and invest in companies with big opportunities that can grow from small operations into large successful enterprises. Our in-depth research enables us to understand these businesses well through regular extensive dialogue with operating management, and also through monitoring industry and competitive dynamics, so that we have an ongoing view of the present and future outlook of our investments. To truly invest for the long term, to look past the market noise and focus on business fundamentals, takes courage and conviction. That courage comes from understanding the businesses in which we invest and the opportunities they have better than most. We manage the Fund having learned from our past successes, to stick with our winners…. what we call *watering our flowers* and sell the stocks in which we have less confidence…*cutting our weeds*.

We have had some extraordinary winners over time. For instance, we bought **DexCom, Inc.** at a $950 million market cap in 2012, and it is now valued at $50 billion (the stock has appreciated 41% annually since the Fund's initial purchase). **TransDigm Group Incorporated** has grown from $1.1 billion at purchase to $49 billion presently (and the stock has appreciated 29% annually since the Fund's initial purchase 17 years ago). **IDEXX Laboratories, Inc.** has gone from $2 billion at purchase to $42 billion over almost 15 years and the stock has appreciated 26% annually during that time frame. **The Trade Desk** is now valued at $38 billion and was $433 million when we first purchased shares over 6 years ago. The stock has appreciated almost 60% annually since our initial purchase. Pretty amazing. All four stocks have been solid performers this year, contributing nicely to the Fund's returns.

Since we run a small-cap fund but want to hold on to these great investments as they continue to compound and perform, we reduce the positions sizes over the holding period so that the overall market capitalization of the Fund is palatable. For each of the four stocks mentioned above, we presently own 11% or less of our peak positions. We take the proceeds from the trimming of these positions to fund new small-cap investments, with the hopes of somehow replicating these results.

Looking at the stocks in the Fund at the end of June, we have 13 investments that have appreciated more than five times since our initial purchase. These stocks make up 29.1% of the portfolio, and 19 more stocks that make up another 35.7% of assets whose share prices have more than doubled since our initial investment. So, about half of our holdings and about two-thirds of our assets have gone up a lot already, and we believe they will continue to be strong investments going forward.

Table V.
Top net purchases for the quarter ended June 30, 2023

	Year Acquired	Quarter End Market Cap (billions)	Net Amount Purchased (millions)
Neogen Corp.	2022	$4.7	$16.8
The Beauty Health Company	2021	1.1	8.3
Driven Brands Holdings Inc.	2021	4.5	5.4
Sprout Social, Inc.	2022	2.6	3.1
Endava plc	2019	2.9	1.8

During the quarter, we did not add any new positions. I can't remember when that last happened. We like what we own and are comfortable running a somewhat more concentrated portfolio, so not perturbed. We do have some dry powder, carrying a little over 4% in cash. The IPO market is starting to come back to life, which has always been a fertile hunting ground for new investments for us. Some fine companies will be the first to go public, but so far, the pricing has been frothy, so we haven't participated.

We did add to existing positions, namely **Neogen Corp.**, **The Beauty Health Company**, and **Driven Brands Holdings Inc.** We have gained more conviction in their businesses, and sometimes we are buying more when the stocks have been weak for reasons that don't affect our long-term thesis.

Table VI.
Top net sales for the quarter ended June 30, 2023

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap or Market Cap When Sold (billions)	Net Amount Sold (millions)
Hillman Solutions Corp.	2021	$2.3	$ 1.7	$17.6
Gartner, Inc.	2007	2.2	27.7	13.1
Mercury Systems, Inc.	2016	0.8	2.0	12.6
SiteOne Landscape Supply, Inc.	2016	1.1	7.5	7.9
Inspire Medical Systems, Inc.	2019	1.3	9.5	7.2

We sold out of our small position in **Hilman Solutions Corp.** as the leverage in the business remains high partly preventing a pathway to inorganic growth (a value driver in the past) to supplement a low organic growth profile. We believe other opportunities offer better upside and more dimension. We trimmed other names to manage their respective position sizes in the portfolio, like **Gartner, Inc.**, **SiteOne Landscape Supply, Inc.**, and **Inspire Medical Systems, Inc.**

Outlook

The stock market remains very strong in July, defying expectations. Investors are encouraged by the rate of decline in inflation and the continued strength of the economy. The June CPI figure was the latest impetus to the rally. Inflation cooled to its slowest pace since 2021, registering 3.0% for the year ended June 2023, down from a peak of 9.1% just a year earlier. *Core* inflation, which the Fed has focused on, was just 0.2% in the month of June.

The most recent employment report also pleased market participants. Hiring slowed but wage growth was solid. The 3.6% unemployment rate reinforces the resilience of the economy. The Fed is expected to raise the Fed Funds rate at its next meeting, after pausing at the last one. Though inflation is still above its 2% target, it is trending sharply in the right direction, so it seems like we are nearing the end of rate hikes.

Could it be that inflation will get back in line without having to suffer through an economic slowdown? That scenario, dubbed "immaculate disinflation" by one economist…. that we can have lower inflation and no recession… now seems like a possible, maybe likely, outcome. This result wasn't given much possibility earlier in the year. The thesis is grounded in the idea that severe inflation was caused by shockwaves from the pandemic, which led to excessive stimulative fiscal and monetary policy, creating a buying binge in a time of troubled supply chains and distortions in the commodity markets from the war in Ukraine. Now all that is passing, and inflation is naturally abating. Well, maybe. This possibility is behind the recent optimism driving stocks higher in my opinion.

The flip side is that a recession is coming, even if it is not evident. We just lived through unprecedented quantitative tightening, and monetary policy works with lag effects usually of 18 to 24 months, and we are just 16 months from the start of the rate hikes. Many economists we respect are convinced that higher rates will weigh on the economy and odds are high the economy will roll over soon. Other elements of the bear case are that consumers are running through their resources and inevitably will cut back spending. Financing shocks or crisis situations are bound to recur. The Fed will likely continue to raise rates or hold rates high until inflation registers at the Fed's stated goals, so as not to repeat past mistakes, which helped result in runaway inflation. Corporate earnings are about to weaken significantly, and stock multiples will contract.

We are seeing a broadening of the market rally. The capital markets and IPOs are coming back to life. Consumer confidence is improving. Housing has rebounded, even in the face of much higher mortgage rates. All healthy signs. And though small caps are now outperforming, they are still far off their record highs, twice the differential of other indexes. Is this a bear rally or the beginning of a bull run? We will see.

We look forward to hearing from our companies about what they are seeing in their businesses and broader economy. We suspect some continued moderation in growth, but we don't foresee major headwinds. How our companies do will determine how their stocks perform. Over the longer term, we have great confidence in the future earnings growth of our holdings and think their stock prices do not reflect where we believe their businesses are heading.

Thank you very much for your interest and investment in the Fund.

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 the Funds' distributor, Baron Capital, Inc., by calling 1-800-99BARON or visiting www.BaronFunds.com. Please read them carefully before investing.

Risks: Specific risks associated with investing in smaller companies include that the securities may be thinly traded and 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.

Beta explains common variation in stock returns due to different stock sensitivities to market or systematic risk that cannot be explained by the US Country factor. Positive exposure indicates high beta stock. Negative exposure indicates low beta stock. **Free cash flow (FCF)** represents the cash that a company generates after accounting for cash outflows to support operations and maintain its capital assets.

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 Opportunity Fund Shareholder:

Performance

During the second quarter, Baron Opportunity Fund® (the Fund) climbed 16.31% (Institutional Shares), outperforming the broader market, including the Russell 3000 Growth Index, which rose 12.47%, and the S&P 500 Index, which gained 8.74%. For the year-to-date and trailing 12-month periods, the Fund is up 37.21% and 27.86%, respectively, ahead of both indexes.

Table I.
Performance†
Annualized for periods ended June 30, 2023

	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]	16.26%	16.31%	12.47%	8.74%
Six Months[4]	37.01%	37.21%	28.05%	16.89%
One Year	27.60%	27.86%	26.60%	19.59%
Three Years	8.25%	8.51%	13.24%	14.60%
Five Years	15.83%	16.12%	14.39%	12.31%
Ten Years	14.98%	15.28%	15.26%	12.86%
Fifteen Years	12.91%	13.19%	12.64%	10.88%
Since Inception (February 29, 2000)	8.76%	8.93%	6.46%	7.21%

Review & Outlook

U.S. equities rallied for a second consecutive quarter, supported by easing inflation, a first-time pause in the Federal Reserve's prolonged interest rate hike campaign, Congress' successful avoidance of the debt ceiling cliff, earnings optimism, and economic releases bolstering the *soft landing* narrative. One notable aspect of the ongoing recovery has been narrow market leadership. Several large technology companies have accounted for most of the recent gains in the major market indexes, driven by excitement

MICHAEL A. LIPPERT

PORTFOLIO MANAGER

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

surrounding their potential ability to gain from widespread adoption of artificial intelligence (AI). The Fund remains exposed to AI and other industry trends driving the performance of these technology leaders. We have significant investments in individual companies such as **Microsoft Corporation**, **NVIDIA Corporation**, **Amazon.com, Inc.**, and **Tesla, Inc.**, and we are overweight across the software, cloud computing, semiconductor, and electric vehicle (EV) industry verticals.

As discussed in recent quarterly letters, we have remained focused on our long-term investment mandate (my tag line: *faster for longer*); our in-house research differentiation; powerful and undeniable secular growth trends disrupting industries and driving long-term growth; and identifying exceptional businesses with durable competitive advantages, cash-generative

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, 2022 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 may reimburse certain Fund expenses pursuant to a contract expiring on August 29, 2033, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month-end, visit www.BaronFunds.com or call 1-800-99BARON.

† The Fund's 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® Growth 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 **S&P 500 Index** measures the performance of 500 widely held large cap U.S. companies. All rights in the FTSE Russell Index (the "Index") vest in the relevant LSE Group company which owns the Index. Russell® is a trademark of the relevant LSE Group company and is used by any other LSE Group company under license. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. The Fund includes reinvestment of dividends, net of foreign withholding taxes, while the **Russell 3000® Growth Index** and **S&P 500 Index** include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts 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.

BARON FUNDS® 1987

business models, and double-digit multi-year projected annual returns. I did emphasize late last year that, based on our research and analysis, we believed the environment was favorable for our Fund and secular growth stocks. While I could not and did not attempt to predict the precise timing, reflecting on the first half of the year, I believe both the setting at the start of the year and our investments pinpointing the right trends played a major role in our outperformance. The Fund's exposure to the secular trends of AI, semiconductors, software, cloud computing, EVs, and digital media generated the lion's share of our outperformance. Leading the way this quarter (in contribution order) were individual investments in **NVDIA Corporation** (up 52%), **Microsoft Corporation** (up 18%), **Amazon.com, Inc.** (up 26%), **Tesla, Inc.** (up 26%), **CoStar Group, Inc.** (up 29%), **Meta Platforms, Inc.** (up 35%), **ServiceNow, Inc.** (up 21%), **Intuitive Surgical, Inc.** (up 34%), **Alphabet Inc.** (up 16%), **Shopify Inc.** (up 35%), **Advanced Micro Devices, Inc.** (up 16%), **GitLab Inc.** (up 49%), **The Trade Desk** (up 27%), **Datadog, Inc.** (up 35%), **Marvell Technology, Inc.** (up 38%), **ShockWave Medical, Inc.** (up 31%), and **HubSpot, Inc.** (up 24%).

We have written many times that we believe durable growth – of revenue, earnings, and cash flow – is the critical foundation of successful growth investing. We have shown the best investments of the last half century are those companies that expanded *faster for longer* than consensus initially predicted. We have demonstrated how the market repeatedly underestimated growth for top companies in new and innovative verticals. The market misjudged the long-term growth that would be achieved by such disruptive and revolutionary developments as Microsoft's Windows operating system, Google's internet search engine, Amazon's e-commerce platform, Apple's iPhone, and Tesla's EVs. These companies always looked expensive when valued based on then-current Street estimates; but they weren't. They yielded great returns not because they were awarded premium multiples but because they crushed expectations, delivering loftier revenues, earnings, and cash flow than most investors thought they would. We believe the same thing will drive returns for the innovators across many layers of the AI stack, from semiconductors to applications. To be sure, barely six months after the launch of ChatGPT made *generative AI* a household term, NVIDIA stunned the market by projecting next quarter sales more than 50% higher than Street expectations (see discussion below). Please visit our Firm's website to watch our Baron Thought Leadership Forum video presentation on AI (and other topics) and/or read our Baron Insight: Investing in AI.

In the wake of our and the broader technology market's rebound over the first half of the year, I am repeatedly asked by investors, "have I/we missed it?" I've now been doing this long enough that I recall being asked this question many times over the course of my career, particularly in the second half of 2009, during what we now know was only the first phase of the market's recovery from the Great Financial Crisis and the start of a multi-year bull market. I have articulated consistently that we are not market timers. So, if this question is with a three-month, six-month, or even a one-year time frame, I candidly have no idea. But if it is with a four-to-five year, or even longer, perspective, my answer is no. Think about the *faster for longer* maxim discussed earlier in this letter and in our letters over the years. Think about where the world is going, not where it's been. Think about how early we are in the generational, tectonic, revolutionary shifts underlying the themes – like AI, EVs, cloud computing, genetics, etc. – that we emphasize in our portfolio. If in the long run, the market really acts like a weighing machine (not a voting machine),[1] we are confident that these trends and the leading companies driving them forward will gain a lot of weight and be worth a lot more in the future than they are today.

We continue to run a high conviction portfolio with an emphasis on the secular trends cited above. Among others, during the second quarter we initiated or added to the following positions:

Entertainment: **World Wrestling Entertainment, Inc.**

Software: **ZoomInfo Technologies Inc.** and **Cloudflare, Inc.**

Semiconductors: **indie Semiconductor, Inc.**, **Advanced Micro Devices, Inc.**, and **Marvell Technology, Inc.**

Digital Media: **Meta Platforms, Inc.**

EVs/Autonomous Driving: **Mobileye Global Inc.** and **Rivian Automotive, Inc.**

Health Care Equipment: **DexCom, Inc.**

Biotechnology/Pharmaceuticals: **Arrowhead Pharmaceuticals, Inc.** and **Rocket Pharmaceuticals, Inc.**

Below is a partial list of the secular megatrends we focus on:

- Cloud computing
- Software-as-a-service (SaaS)
- AI
- Mobile
- Semiconductors
- Digital media/entertainment
- Targeted digital advertising
- E-commerce
- Genomics
- Genetic medicine
- Minimally invasive surgical procedures
- Cybersecurity
- EVs/autonomous driving
- Electronic payments

Table II.
Top contributors to performance for the quarter ended June 30, 2023

	Percent Impact
NVIDIA Corporation	3.37%
Microsoft Corporation	2.91
Amazon.com, Inc.	1.57
Tesla, Inc.	1.24
CoStar Group, Inc.	0.83

NVIDIA Corporation is a leading semiconductor company that sells chips and software for accelerated computing and gaming. Shares continued their strong trajectory during the quarter, nearly tripling year to date, after NVIDIA reported a meaningful acceleration in demand for its data center chips, which drove a material beat in forward quarterly guidance with

1 Credited to Benjamin Graham, the mentor of Warren Buffett, is the famous quote: "In the short run, the market is a voting machine, but in the long run, it is a weighing machine."

revenues expected to increase from $7.2 billion to approximately $11 billion sequentially. My colleagues and I, as well as our buy-side peers, have never witnessed a beat of this magnitude. This unprecedented acceleration is driven by growing demand for accelerated computing chips fueled by the rise in generative AI. According to NVIDIA CEO Jensen Huang (during the company's May 5 earnings call):

> *"[W]e're seeing incredible orders to retool the world's data centers....[Y]ou're seeing the beginning of call it a 10-year transition to basically recycle or reclaim the world's data centers and build [them] out as accelerated computing....[T]he world has a $1 trillion of data center installed...[but] you can't reasonably scale out data centers with general-purpose computing....[A]ccelerated computing is the path forward and now it's got a killer app and it's got generative AI....[O]ver the next four or five, 10 years, most of that $1 trillion...will be largely generative AI....Over the next decade, most of the world's data centers will be accelerated."*

We agree the world now finds itself at the tipping point of a new computing era with NVIDIA at its epicenter. AI enables human-computer interaction through natural language, with a key benefit being better utilization of data for decision-making. We remain shareholders as we believe NVIDIA's end-to-end AI platform, and the ecosystem it has cultivated over the last 15 years, will benefit the company for years to come.

Microsoft Corporation is a software company traditionally known for its Windows and Office products. Over the last five years, it has built a $60-plus billion cloud business, including its infrastructure-as-a-service Azure business, Office 365, and Dynamics 365 (Microsoft's customer relationship management offering). Shares increased on financial results that exceeded consensus with Azure beating guidance for the second time in four quarters, coming in one point ahead of forecasts at 31% constant-currency growth. Forward quarterly guidance for Azure landed a full two points ahead of expectations (26% to 27% constant-currency growth), with the company highlighting "stable trends" from January persisting through April. In the Q&A section of the call, the CEO noted that the company was seeing a good balance of new workloads and ongoing optimizations, with the CFO following up that "at some point, workloads just can't be optimized much further, and when you start to anniversary that, you do see that it gets a little bit easier in terms of comps year-over-year. And so, you even see that a little bit in our guidance, some of that impact." Microsoft is executing at a high level, navigating a challenging macro backdrop while aggressively investing in long-term growth. The company's proven ability to innovate is only getting stronger with continued enhancements across the portfolio including business analytics, cybersecurity, and, more recently, AI, with the launch of Azure OpenAI services and Copilots across its application portfolio.

Amazon.com, Inc. is the world's largest retailer and cloud services provider. Shares of Amazon were up in the quarter due to improving macroeconomic fundamentals. In particular, the company expects growth in its cloud business, Amazon Web Services, its biggest growth driver, to re-accelerate later in 2023. We also believe Amazon is well positioned in the short-to-medium term to meaningfully improve core North American retail profitability to pre-pandemic levels, as it leverages its new regionalized fulfillment network and its fast-growing, margin-accretive advertising business. Longer term, Amazon has substantially more room to grow in e-commerce, where it has less than 15% penetration in its total addressable market. Amazon remains a clear leader in the vast and growing cloud infrastructure market, with large opportunities in application software, including enabling generative AI workloads.

Table III.
Top detractors from performance for the quarter ended June 30, 2023

	Percent Impact
Endava plc	–0.47%
Illumina, Inc.	–0.40
indie Semiconductor, Inc.	–0.29
Ceridian HCM Holding Inc.	–0.23
GM Cruise Holdings LLC	–0.16

Endava plc provides outsourced software development for business customers. Shares fell due to a pullback in customer demand in March following multiple bank failures. Management reduced financial guidance for the June quarter to reflect greater macroeconomic uncertainty and lower revenues from private equity-backed companies, which represent about 20% of its business. Sales activity has since rebounded, which supports management's view that the slowdown would be temporary and demand for digital transformation should persist. Management also believes generative AI will be a tailwind for the business. We remain investors because we believe Endava will continue gaining share in a large global market for IT services.

Illumina, Inc. is the market leader in DNA sequencing technologies. Shares detracted from performance due to a proxy battle led by activist investor Carl Icahn, who criticized the Board's decision to approve the Grail acquisition without regulatory approval. Icahn nominated three new Board members. After a shareholder vote, one of Icahn's nominees was elected to the Board to replace the Chair. Shortly after the vote, Francis deSouza announced his resignation as CEO, and Illumina started a search for a permanent CEO. We have been long-term Illumina shareholders and we continue to believe the company will grow its DNA sequencing business for many years to come, but we are looking forward to additional clarity around new management and the company's strategic direction, particularly relating to Grail.

Indie Semiconductor, Inc. is a fabless designer, developer, and provider of automotive semiconductors for advanced driver assistance systems and *connected car* user experience and electrification applications. Shares gave back some of their first quarter gains despite reporting strong financial results and guidance. While there was no company-specific fundamental news to warrant a decline in the stock, there is a short-term fear among semiconductor industry investors that demand will wane because of excess inventory in the automotive semiconductor supply chain. As indie continues to rapidly ramp new products and design wins into production, we do not believe it would be meaningfully impacted by an inventory correction, should one occur. Over the long term, the automotive semiconductor vertical remains attractive, and we believe indie will continue to deliver on its targeted model of profitability in the second half of 2023 and 60% gross and 30% operating margins by 2025, while continuing to grow revenues rapidly as it delivers on its over $4 billion and growing strategic backlog.

Portfolio Structure

We invest in secular growth and innovative businesses across all market capitalizations, with the bulk of the portfolio landing in the large-cap zone. Morningstar categorizes the Fund as U.S. Large Growth. As of the end of the second quarter, the largest market-cap holding in the Fund was $2.5 trillion and the smallest was $1.5 billion. The median market cap of the Fund was $33.2 billion and the weighted average market cap was $703.9 billion.

To end the quarter, the Fund had $1.0 billion of assets under management. We had investments in 46 unique companies. The Fund's top 10 positions accounted for 51.6% of net assets.

Given the positive shift in the market backdrop, fund flows turned meaningfully positive during the second quarter.

Table IV.
Top 10 holdings as of June 30, 2023

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Microsoft Corporation	$2,532.1	$145.9	14.1%
NVIDIA Corporation	1,044.9	83.1	8.0
Tesla, Inc.	829.7	68.2	6.6
Amazon.com, Inc.	1,337.5	63.3	6.1
CoStar Group, Inc.	36.4	31.1	3.0
Visa Inc.	498.8	30.2	2.9
Meta Platforms, Inc.	735.5	29.6	2.9
ServiceNow, Inc.	114.5	29.2	2.8
Gartner, Inc.	27.7	28.4	2.7
Mastercard Incorporated	372.7	26.4	2.5

Recent Activity

Table V.
Top net purchases for the quarter ended June 30, 2023

	Quarter End Market Cap (billions)	Net Amount Purchased (millions)
World Wrestling Entertainment, Inc.	8.1	$12.5
ZoomInfo Technologies Inc.	10.2	6.7
Meta Platforms, Inc.	735.5	5.3
Mobileye Global Inc.	31.1	4.1
Rivian Automotive, Inc.	15.6	2.2

During the quarter, our largest purchase was **World Wrestling Entertainment, Inc.** (WWE) and our largest sale was **Endeavor Group Holdings, Inc.** We swapped one for the other upon the two companies' announcements that they plan to merge Endeavor's Ultimate Fighting Championship (UFC) asset with the WWE in a new publicly traded vehicle, with Endeavor maintaining majority control of the combined business. We've been shareholders in Endeavor since its IPO in April 2021 and have been studying the business since 2019. We think the company has an interesting collection of premium, hard-to-value assets, but the principal driver of our interest was its ownership of the UFC, the largest and most prestigious promoter of global combat sports. Our swap from one stock to the other was essentially a decision on the preferred vehicle to continue our ownership in the UFC. We chose WWE (whose shares will convert into shares of TKO Group Holdings (TKO) when the transaction is completed later this year) for the following reasons:

(1) TKO will be a pureplay on premium sports media rights (WWE + UFC) that we expect to continue increasing in value, with significant broadcast rights expirations coming in 2024 to 2026;

(2) We believe WWE investors expected a complete sale of the company rather than a stock-for-stock merger and some technical pressure and confusion about the ultimate economic value of the equity they were receiving caused the WWE vehicle to trade at a discount immediately following the transaction, of which we were able to take advantage;

(3) On our calculations of intrinsic value and long-term growth potential, WWE shareholders are getting more ownership in the combined company than the amount of value WWE is contributing to the deal, which was not reflected in the early days following the announcement (and still isn't in our view);

(4) There should be significant cost synergies to the deal, given that both companies are primarily in the business of holding and promoting arena-based sporting events, producing and selling media content, and negotiating sponsorship agreements; and

(5) We believe Endeavor's management team can add significant value to the WWE business and will drive an acceleration in revenue from media rights, sponsorships, and better yield management at live events.

ZoomInfo Technologies Inc. provides go-to-market business intelligence software. We took advantage of continued weakness in ZoomInfo shares to rebuild our position at attractive prices following tax-loss sales earlier in the year. ZoomInfo is a highly profitable and cash-generative business with the most comprehensive platform of software and data to improve the go-to-market efforts of its customers, not to mention new products in the marketing and talent-acquisition verticals. When the macro headwinds abate, we believe ZoomInfo will accelerate growth as it continues to penetrate its $70 billion-plus total addressable market.

We wrote up **Meta Platforms, Inc.** as a top net purchase last quarter. We continued building our position during the second quarter.

During the quarter we added to our position in **Mobileye Global Inc.**, a leading provider of advanced driver-assistance systems (ADAS) and autonomous driving technologies. The company partners with a wide range of automotive manufacturers worldwide. As of April 2023, their solutions have been installed in about 800 vehicle models and deployed on over 140 million vehicles globally. Furthermore, Mobileye has maintained a dominant share position in the global ADAS market for years. The company was founded in 1999, effectively pioneered the ADAS market, and introduced its first EyeQ system-on-chip in 2007 – enabling vehicles to efficiently gain ADAS capabilities such as real-time detection of vehicles, pedestrians, and lane markings. Until recently the company's growth was mostly driven by capturing additional market share, but we believe in the future Mobileye will benefit from automakers' expanding adoption of its more advanced programs. These programs, such as SuperVision and Chauffeur, leverage Mobileye's extensive data assets, technology, and strategic relationships with customers to deploy systems with sophisticated capabilities. The advanced programs are expected to generate thousands of dollars in revenue to Mobileye per installed vehicle, well above current levels of approximately $50. Mobileye has secured several contracts for its SuperVision solution, including Chinese brands such as Geely's Zeekr and Western brands such as Porsche. We have closely followed the company and its technology innovations and interacted with Mobileye's management team for many years now, having been shareholders of Mobileye prior to its acquisition by Intel in 2017. We remain optimistic about the transformative potential of the autonomous revolution. Leveraging years of investment, a diverse customer base, expertise, and robust cash generation, we believe Mobileye is well positioned to create value for both shareholders and customers during this transformation.

Rivian Automotive, Inc. is a U.S.-based EV manufacturer. As Baron shareholders know, we do deep, tireless, and steady research across the EV space. Based on our work, we concluded that Rivian was hitting a turning point in its execution, particularly ramping vehicle production, rolling out engineering innovations (such as the Enduro motor and lithium-iron-phosphate battery pack), and lowering costs-of-goods-sold per vehicle; and it was trading at a valuation that offered attractive long-term returns. Rivian recently reported second quarter production and delivery figures that beat Street expectations and confirmed that it remained on track to hit its 50,000 annual production target.

Table VI.
Top net sales for the quarter ended June 30, 2023

	Quarter End Market Cap or Market Cap When Sold (billions)	Net Amount Sold (millions)
Endeavor Group Holdings, Inc.	$ 10.9	$11.8
Alphabet Inc.	1,527.9	5.1
NVIDIA Corporation	1,044.9	2.6
Snowflake Inc.	57.4	2.4
Electronic Arts Inc.	35.3	2.1

We further trimmed **Alphabet Inc.** along the lines of what we communicated last quarter–that ChatGPT and/or similar AI-based services present a hard-to-measure risk to Google's virtual search monopoly.

Our slight trim in **NVIDIA Corporation** was in response to a large outflow earlier in the quarter, where we sold roughly the amount the outflow increased the position size, with an eye towards maintaining our NVIDIA portfolio weight at a constant level. In 20/20 hindsight, with solid inflows later in the quarter and NVIDIA's stock gains, this was a regrettable decision. Fortunately, the sale was a small trim. At the end of the second quarter, NVIDIA was the Fund's second largest position and the portfolio's largest overweight relative to our primary index.

Our sale of **Snowflake Inc.**, a leading data management software vender, was a position-size trim, and we used the proceeds to fund purchases of other software names like ZoomInfo and Cloudflare. We remain confident in Snowflake's management team, technology, and long-term growth opportunity.

We reduced our position in **Electronic Arts Inc.** to fund purchases of other names in which we have more conviction.

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, durable, 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 the Funds' distributor, Baron Capital, Inc., by calling 1-800-99BARON or visiting www.BaronFunds.com. Please read them carefully before investing.

Risks: 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. 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 Opportunity 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 Partners Fund Shareholder:

Performance

Baron Partners Fund® (the Fund) performed well in the second quarter of 2023. The Fund appreciated 15.54% (Institutional Shares) and outperformed both its primary benchmark, the Russell Midcap Growth Index (the Index), and the S&P 500 Index. Those two indexes appreciated 6.23% and 8.74%, respectively. The Morningstar Large Growth Category average (the Peer Group) increased 10.97% in the period.*

This performance builds on what has been a very good start to 2023. Year-to-date, the Fund has appreciated 42.59%. The Index and S&P 500 Index have appreciated 15.94% and 16.89%, respectively.

The Fund has also achieved exceptional long-term performance. Its 3-, 5-, and 10- year annualized returns are 31.50%, 27.23%, and 21.46%, respectively. Those results compare to the Index's annualized returns of 7.63%, 9.71%, and 11.53%, respectively. The Fund's annualized return is 17.35% since its conversion from a private partnership to a mutual fund over 20 years ago on April 30, 2003. We remain very pleased with this longer-term appreciation and relative outperformance.

MICHAEL BARON
PORTFOLIO MANAGER

RON BARON
CEO AND PORTFOLIO MANAGER

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

Table I.
Performance
Annualized for periods ended June 30, 2023

	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]	15.47%	15.54%	6.23%	8.74%
Six Months[5]	42.39%	42.59%	15.94%	16.89%
One Year	24.97%	25.30%	23.13%	19.59%
Three Years	31.16%	31.50%	7.63%	14.60%
Five Years	26.89%	27.23%	9.71%	12.31%
Ten Years	21.15%	21.46%	11.53%	12.86%
Since Conversion (April 30, 2003)	17.13%	17.35%	11.22%	10.31%
Since Inception (January 31, 1992)	15.27%	15.40%	9.79%	10.06%

Markets have continued to recover in 2023. Investors are increasingly optimistic that the Fed's interest rate hikes will be paused, inflation is stabilizing and reversing in some key areas, and a recession can be averted. However, the macroeconomic outlook is anything but certain. Investors continue to prioritize safety and gravitate towards larger, more stable businesses. Additionally, much of the appreciation in market indexes was confined to large technology companies that have exciting long-term growth prospects.

Despite this narrow band of companies driving performance in the quarter, the Fund's focused portfolio rose meaningfully. Sizable investments in the **Disruptive Growth** and **Core Growth** categories were significant contributors. The Fund's investments in **Financials** and **Real/Irreplaceable Asset** companies, which remain closely tied to macro factors, modestly trailed the Index.

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares as of December 31, 2022 was 1.69% (comprised of operating expenses of 1.30% and interest expense of 0.39%) and Institutional Shares was 1.44% (comprised of operating expenses of 1.04% and interest expense of 0.40%). 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 may reimburse certain Fund expenses pursuant to a contract expiring on August 29, 2033, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit www.BaronFunds.com or call 1-800-99BARON.

* As of 6/30/2023, the annualized returns of the Morningstar Large Growth Category average were 22.89%, 9.53%, 11.37%, and 13.02% for the 1-, 3-, 5-, and 10-year periods, respectively.

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. The **S&P 500 Index** measures the performance of 500 widely held large cap U.S. companies. All rights in the FTSE Russell Index (the "Index") vest in the relevant LSE Group company which owns the Index. Russell® is a trademark of the relevant LSE Group company and is used by any other LSE Group company under license. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. The Fund includes reinvestment of dividends, net of foreign withholding taxes, while the **Russell Midcap® Growth Index** and **S&P 500 Index** include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts 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.

BARON FUNDS 1987

Many factors contributed to the strong performance of our largest Disruptive Growth position, **Tesla, Inc.**, in the period. Investors' concerns regarding Tesla in 2022 continue to dissipate, and the company's business has continued to grow materially, although at below peak margins. Tesla's deliveries in China are recovering. The company's newest factory in Texas has ramped production and should contribute to improved domestic sales and margins. U.S. government policies have lowered the cost to own Tesla vehicles, while also reducing the company's battery production expenses.

We continue to believe that Tesla is only scratching the surface of its potential. We regard announced partnerships between Tesla and its competitors in the quarter as important. In early June, Tesla agreed to provide Ford Motors access to Tesla's electric vehicle (EV) charging technology and network. Other traditional and pure EV manufacturers, including General Motors, Rivian, and Volvo, quickly followed suit. We expect additional charging partnerships to ensue. In our view, these relationships validate Tesla's charging technology and infrastructure as superior to other standards. Consolidation around a single technology should accelerate charging infrastructure deployment, diminish the risk of Tesla's technology becoming obsolete, and lessen a key concern of hesitant EV purchasers. EV adoption is at a tipping point. And Tesla, with its approximately 60% domestic market share of EVs, should be the most important beneficiary of this shift.

Finally, investors gravitated to companies that they expect will benefit from artificial intelligence (AI). The first companies to garner investors' interest were software and semiconductor companies that enable AI. However, investors soon realized that companies that can effectively integrate AI could be the biggest beneficiaries. Tesla has been deploying its autonomous driving hardware since 2016 (and developing its software prior to that). This service relies on vehicles *seeing* their surroundings and instantly reacting to the environment. It is AI! Tesla is the leader in integrating proprietary AI training and inferential software with computer hardware. We believe Tesla will be able to sell their autonomous service, "Tesla Inside," to other automobile manufacturers.

But while Tesla was the largest contributor to performance, a Core Growth company and another top 10 position had even greater appreciation in the quarter. **CoStar Group, Inc.** rose 29.3% over the prior three months, as its foray into the residential data market began to achieve impressive results. CoStar's residential monthly users are a year ahead of internal expectations, and these results were achieved prior to the company's increased marketing spending. We believe the residential opportunity is greater than originally theorized or can be achieved with lower expenditures (or both). CoStar's legacy commercial business exhibited modest weakness due to the macro environment. Regardless, CoStar's ability to diversify its product lines and potentially dominate an adjacent category has made the company significantly more stable and valuable.

With the market performance being driven by a small number of companies and industries, it was important to avoid significant declines in the portfolio. Most of the weaker performers in the portfolio were confined to the Financials and Real/Irreplaceable Asset categories, which include companies closely tied to the macro environment. Those two groups each trailed the Index's returns, but of the Fund's larger positions, only **MSCI Inc.** had a decline greater than 15%. Similar to CoStar, MSCI is attempting to diversify its business lines. It is the dominant player in its core product line, the index business. Although this division has high retention rates, it is not immune to broad cyclical economic downturns. The recent regional banking scare caused cautionary client spend, extended sales cycles, and a modest decrease in retention, primarily with smaller clients. Growth of newer business lines has slowed. We believe the issues in both the legacy products and newer areas will be short-lived. MSCI's products have become the client standard for measuring performance, risk, and ESG results. While the banking crisis has temporarily reduced the growth of client spending, we believe increased industry regulation should cause large product lines (e.g., private assets) to migrate from traditional banks to third-party asset managers. MSCI will help facilitate those managers' offerings through its extensive data and client relationships. Ascertaining private company data is difficult and will be MSCI's competitive advantage.

As we have in the first quarter, we increased stakes in select financial companies when macro concerns caused weakness in their stock prices. We added to our positions in **The Charles Schwab Corp.** and MSCI in the quarter.

Table II.
Total returns by category for the three months ended June 30, 2023

	% of Net Assets (as of 6/30/2023)	Total Return (%)	Contribution to Return (%)
Disruptive Growth	**62.1**	**20.12**	**12.00**
FIGS, Inc.	1.1	33.50	0.40
Tesla, Inc.	46.0	26.18	10.99
Spotify Technology S.A.	0.3	20.15	0.08
Space Exploration Technologies Corp.	9.4	9.09	0.81
Northvolt AB	0.1	3.72	0.01
Iridium Communications Inc.	3.6	0.52	–0.01
Guidewire Software, Inc.	1.0	–7.28	–0.10
X Holding Corp.	0.6	–19.35	–0.18
Core Growth	**21.1**	**13.68**	**3.33**
CoStar Group, Inc.	9.5	29.27	2.94
Adyen N.V.	1.4	8.68	0.15
Gartner, Inc.	3.5	7.53	0.37
StubHub Holdings, Inc.	0.4	5.40	0.02
HEICO Corporation	0.6	3.52	0.01
IDEXX Laboratories, Inc.	5.8	0.43	–0.15
Krispy Kreme, Inc.	–	–1.94	–0.01
Russell Midcap Growth Index		**6.23**	
Financials	**17.1**	**3.22**	**0.46**
Arch Capital Group Ltd.	7.0	10.29	0.82
The Charles Schwab Corp.	4.3	8.70	0.41
FactSet Research Systems Inc.	4.2	–3.23	–0.26
Cohen & Steers, Inc.	–	–13.97	–0.05
MSCI Inc.	1.6	–15.95	–0.45
Real/Irreplaceable Assets	**13.0**	**2.34**	**0.35**
Vail Resorts, Inc.	4.0	8.66	0.42
Red Rock Resorts, Inc.	0.9	5.49	0.07
Hyatt Hotels Corporation	5.5	2.64	0.15
Gaming and Leisure Properties, Inc.	1.3	–5.56	–0.12
Douglas Emmett, Inc.	–	–8.10	–0.01
Marriott Vacations Worldwide Corporation	1.3	–8.48	–0.18
Cash	**–13.4**	**–**	**0.01**
Fees	**–**	**–0.63**	**–0.63**
Total	**100.0***	**15.51****	**15.51****

Sources: FactSet PA, BAMCO, and FTSE Russell.

* *Individual weights may not sum to displayed total due to rounding.*
** *Represents the blended return of all share classes of the Fund.*

Table III.
Top contributors to performance for the quarter ended June 30, 2023

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
Tesla, Inc.	2014	$21.9	$829.7	26.18%	10.99%
CoStar Group, Inc.	2005	0.7	36.4	29.27	2.94
Arch Capital Group Ltd.	2002	0.6	27.9	10.29	0.82
Space Exploration Technologies Corp.	2017	–	–	9.09	0.81
Vail Resorts, Inc.	2008	1.6	9.7	8.66	0.42

Tesla, Inc. designs, manufactures, and sells EVs, related software and components, and solar and energy storage products. Despite the negative impact of macroeconomic challenges on results, the stock contributed to performance. We believe investors were encouraged by the recent stability in Tesla's vehicle pricing following price reductions along with reports suggesting potential record quarterly deliveries. In addition, the company announced that all versions of Model 3 and Y were eligible for the tax credits of the Inflation Reduction Act in the U.S., while China extended its EV tax benefits, indicating further support for demand. The adoption of Tesla's charging solutions by competitors such as General Motors, Ford, Rivian, Volvo, and Polestar not only highlights Tesla's strong market position but also opens up additional revenue opportunities. We expect Tesla's extensive investments in AI, particularly through the development of Dojo and autonomous capabilities, to benefit from recent advances in the field.

CoStar Group, Inc. is a provider of marketing and data analytics to the commercial and residential real estate industries. Shares increased on robust financial performance, with net new sales growing 18% in the first quarter. This growth was driven by acceleration in multifamily bookings, which expanded 110% year-over-year, albeit partially offset by slower results in the commercial real estate business. We are encouraged by early signs of traction in CoStar's nascent residential offering. We estimate CoStar invested around $230 million in this initiative in 2022 and is targeting a total investment approaching $500 million in 2023. While this is a significant upfront commitment, we believe residential represents a transformative opportunity for CoStar. We believe the company's proprietary data, broker-oriented approach, and best-in-class management uniquely position it to succeed in this endeavor.

Shares of specialty insurer **Arch Capital Group Ltd.** increased after the company reported quarterly results that beat consensus amid favorable industry conditions. During the first quarter, net premiums written grew 30%, underwriting margins remained strong, and net investment income more than doubled. The operating ROE exceeded 20%, and book value per share grew 15% excluding unrealized investment losses. Pricing trends in the property and casualty insurance market remain favorable, and higher interest rates are driving higher investment yields. We continue to regard Arch's management team as exceptional and expect Arch to continue to achieve strong growth in earnings and book value.

Table IV.
Top detractors from performance for the quarter ended June 30, 2023

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap or Market Cap When Sold (billions)	Total Return	Percent Impact
MSCI Inc.	2018	$12.5	$37.6	–15.95%	–0.45%
FactSet Research Systems Inc.	2007	2.7	15.4	–3.23	–0.26
X Holding Corp.	2022	–	–	–19.35	–0.18
Marriott Vacations Worldwide Corporation	2018	3.2	4.5	–8.48	–0.18
IDEXX Laboratories, Inc.	2013	4.7	41.7	0.43	–0.15

Shares of **MSCI Inc.**, a leading provider of investment decision support tools, detracted from performance in the period. The company reported steady first quarter earnings results and reiterated its outlook for 2023. The stock's decline was driven by: 1) weaker new sales activity in ESG due to the political environment in the U.S. and some regulatory updates in the EU around classifying ESG funds; and 2) broader macro uncertainty starting in late March. That uncertainty led to a tightening of client budgets, lengthening of sales cycles (though the MSCI pipeline remains healthy), and some increased cancelations with smaller clients (though overall retention rates remain strong). While there is some near-term uncertainty, we believe that business fundamentals remain sound. MSCI owns strong, *all weather* franchises that should enable the company to compound earnings at a double-digit rate for many years.

Shares of **FactSet Research Systems Inc.**, a leading provider of investment management tools, detracted from performance. The company reported solid fiscal third quarter 2023 earnings, and its business continues to perform well. Regardless, FactSet's stock fell as macro-related uncertainty (challenges in the banking sector, lengthening sales cycles, constrained client budgets) caused annual subscription value (ASV) growth to decelerate and management had to guide ASV growth towards the lower end of its projected range. While there is some near-term uncertainty, we believe these issues are more cyclical in nature (as opposed to secular). We retain long-term conviction in FactSet due to its large addressable market, consistent execution on both new product development and financial results, and robust free-cash-flow generation.

With a vision to become the virtual *town square*, Twitter, a social media company, embarked on a transformative journey. Elon Musk led the acquisition of Twitter in October 2022 through **X Holding Corp.** Committed to facilitating open and transparent discussions, Twitter strives to enhance user engagement within the limits of the law. Post-acquisition, the management team recognized untapped opportunities for operational efficiency, cost optimization, and the exploration of new growth avenues. This includes expanding and diversifying revenue streams to create a more appealing platform for both content creators and consumers. The company's mission is to enhance the dialogue among users by enabling more transparent operations and allowing discussions as broad as the law permits. However, due to significant operational changes resulting in a drastic reduction in headcount (approximately 75%) and a considerable decline in revenues, we made downward adjustments to our holding price. This was done to ensure it accurately reflects the current state of the business and aligns with our proprietary model.

Investment Strategy and Portfolio Structure

We seek to invest in businesses that we believe can double in value within five or six years. We invest for the long term in a focused portfolio of competitively advantaged, 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, 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 durable competitive advantages, exceptional leadership, and strong, long-term growth opportunities. We use leverage to enhance returns and provide our managers greater flexibility. Leverage increases the Fund's volatility.

As of June 30, 2023, the Fund held 23 investments. The median market capitalization of these growth companies was $21.3 billion. The top 10 positions represented 87.5% of total investments. Leverage was 13.4%.

The long-term absolute and relative performance of the Fund has been very good. The Fund has returned 15.40% annualized since its inception as a private partnership on January 31, 1992, exceeding the Index by 5.61% per year.

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

The Fund has appreciated considerably in good times…

There have been two distinct periods over the life of the Fund with significant economic growth. The nearly 8-year period from the Fund's inception through the Internet Bubble (1/31/1992 to 12/31/1999) and the more recent 11-year period Post-Financial Panic to the start of the COVID-19 pandemic (12/31/2008 to 12/31/2019). During both periods, the Index had strong returns; however, the Fund's returns were even better. The Fund's annualized return during the most recent robust economic period was 17.44% compared to the Index's 16.84%.

Table V.
Performance in Good Times: Outpacing the Index

	Fund's Inception to Internet Bubble 1/31/1992 to 12/31/1999		Post-Financial Panic to COVID-19 Pandemic 12/31/2008 to 12/31/2019	
	Value $10,000	Annualized Return	Value $10,000	Annualized Return
Baron Partners Fund (Institutional Shares)	$49,685	22.45%	$58,586	17.44%
Russell Midcap Growth Index	$40,316	19.26%	$55,380	16.84%
S&P 500 Index	$42,945	20.21%	$45,104	14.68%

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 retained value in challenging times…

We believe what sets the Fund apart from other growth funds is its historic ability to outperform in more challenging economic periods. The nine-year period from the Internet Bubble collapse through the Financial Panic (12/31/1999 to 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 9 years. A $10,000 hypothetical investment in funds designed to track the Index during the same period would be worth only $6,488, more than a 35% cumulative decline. The Fund preserved (and slightly grew) capital during this difficult economic time because its investments in a diverse set of high-quality growth businesses were able to weather the environment and enhance their competitive positioning.

The COVID-19 pandemic and its lingering macroeconomic issues have caused excessive market volatility. Over the course of three years, there have been two sizable market corrections, each with an approximate 33% decline in major indexes. The Fund has performed admirably in both, protecting and growing clients' capital. During the COVID-19 pandemic and its aftermath (12/31/2019 to 12/31/2022), the Fund had an annualized return of 23.65%. The Index's annualized return was only 3.85%.

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

	Internet Bubble to Financial Panic 12/31/1999 to 12/31/2008		COVID Pandemic and Macro Downturn 12/31/2019 to 12/31/2022	
	Value $10,000	Annualized Return	Value $10,000	Annualized Return
Baron Partners Fund (Institutional Shares)	$11,479	1.54%	$18,903	23.65%
Russell Midcap Growth Index	$ 6,488	(4.69)%	$11,200	3.85%
S&P 500 Index	$ 7,188	(3.60)%	$12,479	7.66%

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 performed well in the current uncertain environment…

We do not yet know if the challenges caused by the COVID-19 pandemic will persist. Volatility has remained high, but we are hopeful that the interest rate increases, various policy measures, and COVID hangovers are nearing an end. We are optimistic that companies will again be valued on their fundamentals rather than on macro concerns. The well-capitalized and competitively advantaged businesses we own have weathered a few difficult years and their stock prices are starting to reflect their progress. As discussed earlier, the Fund has performed well on both an absolute and relative basis in 2023.

During periods of strong economic expansion, investors often don't consider results during more challenging periods. Losing capital during those periods, we believe, makes it nearly impossible to have exceptionally strong returns over the long term. The Fund has shown an ability in the past to grow capital during challenging periods. We believe the Fund's portfolio of competitively advantaged growth businesses should be able to perform well again in future difficult economic periods, although there is no guarantee that will be the case.

Over the longer term, the Fund's stability in tough times and strong growth in good times has been rewarding for clients. A $10,000 hypothetical investment at the inception of the Fund on January 31, 1992, would have been worth $900,612 on June 30, 2023. That same $10,000 hypothetical investment in a fund designed to track the Index would now be worth $188,095, only approximately 21% of what it would have been worth if invested in the Fund.

Portfolio Holdings

Table VII.
Top 10 holdings as of June 30, 2023

	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	$829.7	$3,180.5	40.5%
CoStar Group, Inc.	2005	0.7	36.4	654.2	8.3
Space Exploration Technologies Corp.	2017	–	–	651.4	8.3
Arch Capital Group Ltd.	2002	0.6	27.9	486.5	6.2
IDEXX Laboratories, Inc.	2013	4.7	41.7	401.8	5.1
Hyatt Hotels Corporation	2009	4.2	12.1	381.0	4.9
The Charles Schwab Corp.	1992	1.0	103.2	294.7	3.8
FactSet Research Systems Inc.	2007	2.7	15.4	292.5	3.7
Vail Resorts, Inc.	2008	1.6	9.7	278.2	3.5
Iridium Communications Inc.	2019	3.0	7.8	248.5	3.2

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 Baron Partners Fund remains an appropriate investment.

Respectfully,

Ronald Baron
CEO and Portfolio Manager

Michael Baron
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 the Funds' 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 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.

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DEAR BARON FIFTH AVENUE GROWTH FUND SHAREHOLDER:

PERFORMANCE

Baron Fifth Avenue Growth Fund® (the Fund) gained 16.0% (Institutional Shares) during the second quarter, which compares to gains of 12.8% for the Russell 1000 Growth Index (R1KG) and 8.7% for the S&P 500 Index (SPX), the Fund's primary and secondary benchmarks. Year-to-date, the Fund is up 38.8% compared to the gains of 29.0% for the R1KG and 16.9% for the SPX Indexes.

Table I.
Performance†
Annualized for periods ended June 30, 2023

	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]	15.92%	16.01%	12.81%	8.74%
Six Months[4]	38.64%	38.82%	29.02%	16.89%
One Year	25.23%	25.56%	27.11%	19.59%
Three Years	(2.87)%	(2.62)%	13.73%	14.60%
Five Years	6.12%	6.39%	15.14%	12.31%
Ten Years	11.98%	12.27%	15.74%	12.86%
Fifteen Years	9.76%	10.02%	12.92%	10.88%
Since Inception (April 30, 2004)	8.52%	8.72%	11.24%	9.69%

We have seen an unusually wide dispersion of returns in the first half of 2023. The *Magnificent Seven* – **NVIDIA** +190%, **Tesla** +113%, **Meta** +138%, Apple +50%, **Amazon** +55%, Microsoft +43%, and Alphabet +36% led the surging NASDAQ Composite Index to a 32.3% gain, while the Dow Jones Industrial Average advanced just 4.9%. Large-cap stocks gained 16.7%, as measured by the Russell 1000 Index, while small-cap stocks were only up 8.1%, as measured by the Russell 2000 Index. The SPX advanced a respectable 16.9%, but would have only been up about 6% without the massive gains of the *Magnificent Seven*.

ALEX UMANSKY

PORTFOLIO MANAGER

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

The Information Technology (IT) sector had its strongest half-year performance in more than 25 years, appreciating 48.8% and outperforming the R1KG by 19.8% (including IT) or by 32.1% if we exclude IT from the R1KG. As of June 30, 2023, NVIDIA, Amazon, Meta (though classified as Communication Services), and Tesla (classified as Consumer Discretionary) were among our five largest holdings, representing 29.2% of the Fund, after we added to them in the latter parts of 2022 and the first quarter of 2023.

The second quarter was characterized by a continuation of trends we saw earlier in the year. The macro-related uncertainty remains elevated and continues to point to a wide range of outcomes. The yield curve is still inverted as the Fed tries to thread the needle between bringing inflation under control and not driving the U.S. economy into a recession. Inflation is

Performance listed in the table above is net of annual operating expenses. The gross annual expense ratio for the Retail and Institutional Shares as of September 30, 2022 was 1.03% and 0.76%, respectively, but the net annual expense ratio was 1.00% and 0.75% (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 Fund expenses pursuant to a contract expiring on August 29, 2033, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit www.BaronFunds.com or call 1-800-99BARON.

† The Fund's 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 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. All rights in the FTSE Russell Index (the "Index") vest in the relevant LSE Group company which owns the Index. Russell® is a trademark of the relevant LSE Group company and is used by any other LSE Group company under license. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. The Fund includes reinvestment of dividends, net of withholding taxes, while the **Russell 1000® Growth Index** and **S&P 500 Index** include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts 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.

clearly slowing down as supply chains improve following the shocks of COVID-19 and the Ukraine war. The most recent reading of the CPI (for the year ended June 2023) came in at 3.0%, the lowest reading in over two years. According to an analysis by UBS[1], headline *global inflation is now below pre-pandemic levels* and core inflation has reversed two thirds of the pandemic run up and the improvement is in both goods and services. As always, we have no idea how many more hikes the Fed has in store for us before it ends the most significant interest rate hiking cycle in over 40 years, but it is clear to everyone that we are inching closer to the end of it with every passing day. Based on CME Group's Fed Watch[2], there is a 54% chance for another 25bps rate hike by the end of the year, and 30% probability for two more 25bp hikes (which means 70% probability of fewer hikes than that). However, the bell curve starts shifting to the left, as we get into 2024, so that by the end of the year, the middle of the curve is at 4.0% to 4.25%, or *100bps lower than current rates*. The jobs report suggests that the Fed rate hikes are having an impact, as monthly job openings have dipped below 10 million a few times in recent months after being above that number for over two years. After the gloomy outlook investors had at the end of 2022, markets are up significantly from the bottom, with both the SPX and the R1KG now technically in bull market territory.

From a performance attribution perspective for the second quarter, compared to the R1KG Index, about half of our 316bps outperformance came from stock selection and half from the effect of sector allocation. Stock selection was strongest in Communication Services, Health Care, and Information Technology, while not having any investments in Consumer Staples, Real Estate, Energy, and Materials also contributed to relative returns. Looking under the hood at the contribution of individual holdings we had 20 gainers against 9 decliners for an impressive 69% batting average in the quarter. We were equally happy with our slugging percentage as NVIDIA, **GitLab**, Meta, **Datadog**, **Shopify**, and **Intuitive Surgical** all gained over 30%, while four other investments were up over 20%. The top eight contributors added over 100bps each to absolute returns. On the other side of the ledger, only **EPAM** (73bps), **Endava** (66bps), and **Illumina** (62bps) were more than 50bps detractors.

Other than NVIDIA, which is seeing material tailwinds, our companies reported consistent trends for the past several quarters. On the one hand, macro headwinds are still causing a cautious spending environment with elongated sales cycles as customers are taking longer to decide and require higher level approvals for lower budgetary commitments, which is driving lower conversion rates to signed contracts. On the other hand, the leading solution providers are gaining market share as customers are consolidating spending on their top vendors. These are the companies we tend to favor in the Fund. As leading platforms gain market share, they widen their competitive moats – the more customers they win, the more data they get, enabling them to continuously improve their products over time, which in-turn should help them win more customers, reinforcing the cycle (see our first quarter letter for a more detailed discussion on this topic). Here are a few examples of supporting commentary from our companies during recent public calls:

- **ServiceNow**'s CEO during the company's 2023 investor day: *"40% of the CEOs out there today say, "If I don't change course, I will not have a viable company in the next 10 years." And digital transformation is at the top of their agenda. The tech landscape is consolidating quite quickly. As you know, point solutions have really gone out of favor. And platforms now, especially if they're cloud-based, are ruling the day.* ***93% of the execs out there are consolidating point solutions and tech that doesn't matter into cloud-based platforms that do.****"*
- **CrowdStrike**'s CEO on the company's quarterly earnings call: *"Another megatrend continuing to unfold in cybersecurity is consolidation. The macro backdrop has only accelerated the need for customers to reduce vendor sprawl, reduce agents, reduce cost and protect their businesses with the best of SaaS platform… In Q1,* ***we closed over 50% more deals involving 8 or more modules compared to a year ago****… Over the past few months, I have personally met with many of our customers, prospects, and partners. These conversations all centered on the same topic.* ***Customers want to consolidate their security stack with Falcon*** *and drive greater cost efficiencies while unlocking new capabilities."*
- **Datadog**'s CFO in a William Blair conference: *"What we've been finding over time is, there's been a* ***steady consolidation away from other point solutions or observability towards Datadog. That appears to be accelerating****, of which, because they can both increase the functionality of the platform by having it integrated and save money by consolidating."*

Is Generative Artificial Intelligence (GenAI) real? Is it material? Is it sustainable?

We believe the answer to all three of these questions is Yes. Ever since ChatGPT burst onto the scene in November of 2022, the buzz and excitement in the investment community has been overshadowing the healthy skepticism of many Wall Street analysts and executives who were pointing out lack of clear business models or tangible evidence of broader enterprise adoption in any quantifiable way. And then NVIDIA reported its first quarter results and offered the guidance "heard around the world." The company's guidance for the July quarter revenues was for $11 billion, which compared to consensus expectations of $7 billion and the first quarter's revenues of $7.2 billion. We cannot recall a comparably large percentage sequential revenue revision for a company of this size… ever. Now add to this everything we just described about the current economic environment with elongated sales cycles and lower closure rates, and it plainly baffles the mind. How did the company explain what was happening? **GenAI!**

In November of 2018, Ron Baron, Michael Baron, Mike Lippert, Ashim Mehra, Ishay Levin, Guy Tartakovsky, and I visited NVIDIA's headquarters in Santa Clara, California. NVIDIA is the leading fabless semiconductor company focused on the design and development of Graphics Processing Units (GPUs) that are used in high-end computers for gaming and servers that run data centers. Jensen Huang, the company's CEO, was incredibly generous with his time and spent a few hours with us in a classroom setting (among other things) explaining how large of an opportunity AI was and why no other company was better positioned to benefit from this paradigm shift than NVIDIA. Jensen literally drew a picture for us on his whiteboard (see below) suggesting that the accelerating power of computing will result in a 100x improvement over the next 10 years. Well… he was wrong. His company's GPUs got there in less than five.

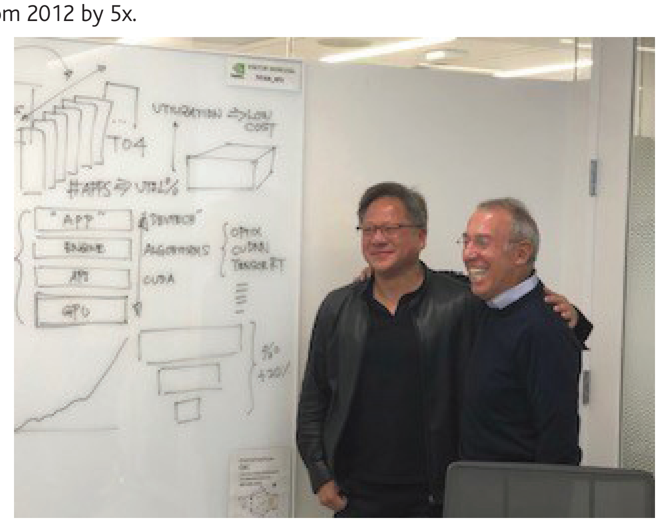
1 UBS note from 06/30/2023 – Global Economic Perspectives "The state of global inflation".
2 https://www.cmegroup.com/markets/interest-rates/cme-fedwatch-tool.html

Over the last few years our thesis on NVIDIA has been that it will be the biggest beneficiary of AI entering the mainstream because its GPUs give it a de facto monopoly on AI training. The well documented slowdown in Moore's Law and Dennard scaling (doubling of computing power every 18 months for the same price) has significantly constrained the growth of supply at a time when demand for accelerated computing power is exploding. NVIDIA's data center revenues came in at $4.3 billion in the first quarter and accounted for the majority of the guidance raise, essentially implying a *near doubling of data center revenues…sequentially!*

> *"The AI revolution is officially here!"* – proclaimed Seeking Alpha in early July.
>
> *"AI could contribute $15.7 trillion to the economy in 2030. That's more than the current output of China and India combined"* – PriceWaterhouseCoopers.
>
> *"97% of our customers said GenAI will be transformative to their company and industry, and 67% of organizations are planning to increase their level of spending in technology and prioritize investments in data and AI."* – Accenture on its most recent quarterly earnings call while simultaneously disclosing over 100 ongoing GenAI projects with customers and its own $3 billion investment in AI.

We have explained the significance and importance of Microsoft's/Open AI ChatGPT over the last two quarterly letters. Microsoft's AI copilots, ServiceNow's AI-based Now Assist, **Adobe**'s Firefly for creators and marketers, **Snowflake**'s collaboration with NVIDIA and container services in Snowpark enabling customers to train and run domain-specific AI-models on Snowflake's platform using customers' own proprietary data. And so on, and so forth… suffice it to say, there is now plenty of *tangible evidence of broader enterprise adoption.*

The undeniable hype notwithstanding, we think GenAI is real. We think it is definitely material. And not only do we believe it is sustainable, but we also recognize how early we are in this transformation. This is why we are not selling our NVIDIA stock even though it appreciated 190% in the first six months of the year. We often talk about pattern recognition. Remember Lou Gerstner's estimate of how many personal computers were going to be sold in the entire world? There are more recent examples too. The iPhone was introduced in June of 2007. Its revenues in 2013 were 3x of consensus expectations in 2009. Tesla's revenues in 2020 exceeded initial estimates from 2012 by 5x.



There is of course another side to disruptive change.

"Since March, we saw a significant spike in student interest in ChatGPT. We now believe it's having an impact on our new customer growth rate." – CEO of Chegg, an education technology company, on its quarterly earnings call in May of 2023.

The next day, Chegg's stock lost almost half of its value. In the days that followed, several sell-side analysts published reports listing baskets of companies they perceived as being at risk of becoming the next Chegg. Predictably, many investors chose to shoot first and ask questions later, as the stocks of Adobe, GitLab, Endava, EPAM and others sold off. While some companies, such as Adobe and GitLab, have quickly recovered lost ground by introducing their own AI products, reporting solid financial results, or successfully changing the narrative (shares of GitLab are up 91% from the early May lows), many have not. The digital IT service providers, Endava and EPAM, are in that latter camp. The bear thesis on these companies is that GenAI will make developers more productive, and since Endava and EPAM's business models are mostly based on time and materials, the productivity boost will negatively impact them. The fact that both companies are experiencing near-term cyclical headwinds due to the current complex macro environment (and of course, EPAM has been significantly disrupted by the war in Ukraine), feeds right into these concerns, making them impossible to disprove in the near term. Both companies are among our top detractors for the second quarter and year-to-date. While we acknowledge there is a range of possible outcomes here, we believe both companies offer compelling long-term risk/reward profiles and hence do not view their 30%-plus year-to-date declines as permanent losses of capital. Here are a few reasons that underpin our conviction:

- The demand for digitization will likely increase due to the rise of AI as most enterprises are still at the earlier stages of modernizing their data architecture and processes, which is a prerequisite before they could take advantage of AI. Here is the CEO of Accenture again on the company's recent earnings call: *"All are interested in AI, and particularly, generative AI. But most* ***recognize the work ahead of them to get their data, people, and processes ready for GenAI****. To reinvent requires a strong modern digital core."*
- As customers benefit from greater productivity, history suggests that they are likely to spend more, not less – productivity enhancements have been ongoing for years and have not driven a decline in demand. On the contrary, the expanded opportunity set and demonstrably high returns on investments have proven to be reliable catalysts in the past.
- Digital IT services companies focus on helping their clients build new products and improve existing ones as opposed to mundane maintenance or business process outsourcing work. It is unclear to us whether this type of end-to-end work from ideation to implementation can be automated with AI.
- Both Endava and EPAM are trading near multi-year low valuation multiples on cyclically impacted earnings – this offers a significant margin for safety for long-term shareholders, in our view.

Having investments in areas that are undergoing a disruptive change is never easy, particularly when it coincides with challenging macro-economic ***and*** geo-political times. The majority of market participants focus, and act based on their near-term expectations. Sometimes, that creates inefficiencies and opportunities for long-term oriented investors. We have identified opportunities in companies that we believe have been erroneously placed into the losers' bucket and companies that market participants are likely to underestimate their duration of growth. Human beings are much better at thinking linearly as opposed to exponentially[3] and have historically underestimated the steep parts of the S-curves as disruptive change occurs. The rate of change, the velocity of change in GenAI is breakneck. New AI models are introduced almost on a weekly cadence, outperforming existing, state-of-the-art models, which themselves were much better than models released just months prior. We have also moved beyond models. GenAI is now diagnosing rare diseases that had gone undiagnosed for years, creating new musical and photographic content indistinguishable from similar content made by humans, and creating virtual avatars that can fool both family members and voice authentication systems. Mark Andreesen launched the Mosaic browser in 1993 in the process, making the internet accessible to everyone. Someone recently suggested that the launch of ChatGPT in 2022 will do the same for GenAI. If they are right… we are in for an exciting ride!

Table II.

Top contributors to performance for the quarter ended June 30, 2023

	Quarter End Market Cap (billions)	Percent Impact
NVIDIA Corporation	$1,044.9	4.26%
Amazon.com, Inc.	1,337.5	2.07
Meta Platforms, Inc.	735.5	1.83
Intuitive Surgical, Inc.	119.8	1.71
Shopify Inc.	82.8	1.70

NVIDIA Corporation is a fabless semiconductor company focused on designing chips and software for gaming and accelerated computing. Shares continued their torrid first quarter rise, increasing 52.3% in the second quarter (now up 190% year-to-date), after the company reported a meaningful acceleration in demand for its data center GPUs, which drove a material guidance beat with revenues expected to increase from $7.2 billion to approximately $11 billion sequentially. This unprecedented acceleration is driven by growing demand for GenAI. We are at the tipping point of a new era of computing with NVIDIA at its epicenter. While the opportunity within the datacenter installed base is already large at approximately $1 trillion, the pace of innovation in AI in general, and GenAI in particular, should drive a significant expansion in the addressable market, as AI creates a new way for human-computer interaction through language, and as companies are better able to utilize their data for decision-making. We remain shareholders as we believe NVIDIA's end-to-end AI platform and the ecosystem it has cultivated over the last 15 years will benefit the company for years to come.

Amazon.com, Inc. is the world's largest retailer and cloud services provider. During the quarter, Amazon's shares increased 26.2% as a result of improving investor perception regarding the company's advancements in AI, as well as an anticipated slowdown in customer cloud optimization initiatives, which is expected to pave the way for the reacceleration of growth in Amazon Web Services in the latter part of 2023. We are also optimistic about Amazon's ability to significantly enhance the profitability of its core North American retail segment in the short to medium term. This optimism stems from the company's transition to a new regionalized fulfillment network, the rightsizing of its infrastructure from the increased spending levels during the early stages of the pandemic, and its rapidly growing advertising business, which is margin accretive. Looking further ahead, Amazon's potential for growth in e-commerce remains substantial, considering it currently captures less than 15% of its total addressable market. Amazon also remains the clear leader in the vast and growing cloud infrastructure market, with large opportunities in application software, including enabling GenAI workloads.

Shares of **Meta Platforms, Inc.**, the world's largest social network continued their upward trajectory, rising by 35.4% due to stabilizing revenues and ongoing improvements in margins. Meta reported continued growth in Instagram Reels adoption and other new advertising products. In addition, the company's advancements in AI continue contributing to its targeting and measurement capabilities, while GenAI innovation presents an opportunity for new products and incremental monetization. The company also achieved a significant milestone of 3 billion daily active users across its family of apps, representing a 5% year-over-year increase. User engagement remains robust, with video content and Instagram Reels playing a significant role in user time on the platform. The monetization gap between Reels and other ad formats is steadily narrowing, and Meta anticipates it will reach revenue neutrality by late 2023 or early 2024. Meta has also reported an increase in its speed and agility of execution following the recent organizational changes and cost cuts. Longer term, we believe Meta will benefit from its leadership in mobile advertising, massive user base, innovative culture, leading GenAI research and potential distribution, and technological scale, with further monetization opportunities ahead.

Table III.

Top detractors from performance for the quarter ended June 30, 2023

	Quarter End Market Cap (billions)	Percent Impact
EPAM Systems, Inc.	$13.0	–0.73%
Endava plc	2.9	–0.66
Illumina, Inc.	29.6	–0.62
MercadoLibre, Inc.	59.5	–0.41
Mobileye Global Inc.	31.1	–0.21

EPAM Systems, Inc. provides outsourced software development to business customers. Shares declined 24.8% due to investor concerns over the negative potential impact of GenAI, slowing growth and a weaker financial outlook. Greater economic uncertainty is causing a pullback in customer demand as corporate clients temporarily focus on near-term cost optimization rather than more strategic digital transformation projects. Management reduced its full-year guidance twice during the quarter, which was highly unusual given the company's strong execution track record. We believe this slowdown is temporary and continue to own the stock due to EPAM's long runway for growth and strong technical capabilities.

Endava plc provides outsourced software development for business customers. Shares fell 22.9% during the second quarter due to investor concerns over the negative potential impact of GenAI on the company as well as a pullback in customer demand following the Silicon Valley Bank crisis in March, which drove increased customer cautiousness. Management reduced financial guidance for the second quarter to reflect greater macroeconomic uncertainty and lower revenues from private equity-backed companies, which represent about 20% of its business. Sales activity has since rebounded, which supports management's view that the current slowdown is temporary and demand for digital transformations should persist. Management also believes GenAI will be a tailwind for its business. We continue to own the stock because we believe Endava will remain a share gainer in a large and growing global market for IT services as digitization only becomes more important for customers to sustain their competitive positioning and take advantage of the advancements in AI.

[3] https://hbr.org/2017/05/linear-thinking-in-a-nonlinear-world

Illumina, Inc. is the market leading provider of DNA sequencing technologies. Shares declined 19.4% during the second quarter, due to the proxy battle led by activist investor Carl Icahn, who criticized the Board's decision to approve the closing of the Grail acquisition without regulatory approval. Icahn nominated three new Board members. After a shareholder vote, one of Icahn's nominees was elected to the Board to replace the Chair. Shortly after the vote, Francis deSouza announced his resignation as CEO, and Illumina started a search for a permanent CEO. Despite these near-term challenges, we remain shareholders and believe that Illumina's continuous innovation will enable it to broaden DNA sequencing adoption to areas like oncology, reproductive health, genetic disease, infectious disease, drug discovery and proteomics as well as across geographies around the world. For example, its latest NovaSeq X tool removes the need for a cold storage supply chain, opening the opportunity for geographies where it is not readily available. We also believe that Illumina's growth duration remains long as the percentage of humans who have had their DNA sequenced is still below 1/10th of 1%, while the percentage of other species that have been sequenced is still below 1/100th of 1%.

Portfolio Structure

The Fund is constructed on a bottom-up basis with the quality of ideas and level of conviction playing the most significant role in 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.

As of June 30, 2023, the top 10 holdings represented 59.7% of the Fund and the top 20 represented 86.1%. The total number of investments in the portfolio was 29 at the end of the second quarter, unchanged from the end of 2022.

IT, Consumer Discretionary, Health Care, Communication Services, and Financials made up 97.2% of net assets. The remaining 2.8% was made up of **GM Cruise** and **SpaceX**, our two private investments classified as Industrials, and cash.

Table IV.
Top 10 holdings as of June 30, 2023

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
NVIDIA Corporation	$1,044.9	$47.5	10.2%
Amazon.com, Inc.	1,337.5	37.5	8.0
ServiceNow, Inc.	114.5	30.6	6.5
Meta Platforms, Inc.	735.5	26.1	5.6
Tesla, Inc.	829.7	25.5	5.4
Intuitive Surgical, Inc.	119.8	25.3	5.4
Snowflake Inc.	57.4	23.5	5.0
Shopify Inc.	82.8	22.6	4.8
Mastercard Incorporated	372.7	22.5	4.8
Datadog, Inc.	31.7	18.1	3.9

Recent Activity

During the second quarter, we added to seven existing holdings, including the outsourced software development company, **Endava**, taking advantage of the stock's correction. We also added to several newer positions, such as the connected TV (CTV) leader, **Trade Desk**, the electric vehicle (EV) manufacturers **Rivian** and **Tesla**, and the assisted driving and autonomous driving solution provider **Mobileye**. Lastly, we also added to our position in the biotechnology company, **argenx**, which is focused on developing treatments for autoimmune disorders. Finally, we slightly reduced five existing positions mostly to reallocate to ideas in which we saw a more attractive risk/reward.

Table V.
Top net purchases for the quarter ended June 30, 2023

	Quarter End Market Cap (billions)	Amount Purchased (millions)
Endava plc	$ 2.9	$1.2
argenx SE	21.7	1.1
The Trade Desk	37.7	1.0
Rivian Automotive, Inc.	15.6	1.0
Mobileye Global Inc.	31.1	1.0

During the quarter, we added to our position in **Endava plc** after the stock continued selling off on investor concerns around the potential negative impact of GenAI on the company's business, which coincided with lower cyclical demand due to the ongoing macro challenges. While the range of outcomes on the potential impact from AI remains wide, we believe that in most scenarios, AI would prove to be a tailwind for Endava.

We also slightly added to our position in the leading autoimmune biotechnology company, **argenx SE**, as we believe the company continues to prove the uniqueness of its solution to treat autoimmune disorders with efgartigimod across a range of diseases. The company just announced successful results in its Chronic Inflammatory Demyelinating Polyneuropathy trial, which showed significant efficacy with 67% response rate and a 61% lower risk of relapse as compared to placebo. This, we believe, is another milestone in the company's path towards achieving its goal of 15 autoimmune indications by 2025 across neurology, hematology, rheumatology, dermatology, and nephrology.

We also added to our position in the leading CTV-focused advertising demand-side platform, **The Trade Desk**. We took advantage of the attractive stock price earlier in the quarter before the significant rerating, which was driven by broader recovery in digital advertising expectations, as well as the company's strong quarterly results with 21% year-over-year revenue growth and nearly 30% EBITDA margins, continuing to outperform digital advertising peers. The company also hosted an upbeat product event in June, in which it announced various AI-based innovations, as well as continued enhancements to its measurement tools and its shopper marketing offerings, among others. We believe the company would be a key beneficiary as advertising dollars increasingly shift from linear TV to CTV and advertisers look for a leading solution provider that can help them optimize their CTV budget.

During the second quarter, we also added to our position in EV manufacturer **Rivian Automotive, Inc.** After a complex period since the company's IPO, in which Rivian tried to ramp multiple vehicles simultaneously while struggling to overcome unprecedented supply-chain bottlenecks, the company seems to have turned the corner. Production is now starting to scale up, which should help the company improve its plant utilization and subsequently help gross margins. The company is making notable progress in cost improvements by renegotiating with its suppliers, utilizing its larger scale to get better pricing, as well as, incorporating various technological advancements that would improve its cost structure while also improving the vehicles' performance (for example it's Enduro drive unit which is progressing ahead of plan).

Lastly, we took advantage of the volatility in **Mobileye Global Inc.**'s (the leading ADAS and autonomous driving technology supplier) stock to add to our existing position following the company's quarterly earnings report, in which it revised its 2023 guidance due to a decrease in volume for its point-to-point assisted driving navigation solution, SuperVision, due to reduced orders from its initial Chinese customer, Zeekr. While the company remains a leader in ADAS (with an approximate 70% market share), we believe the real potential lies in leading the autonomous driving revolution. This transition has the potential to significantly enhance safety, meaningfully increase vehicle utilization rates (which presently hovers around 4%), and substantially grow the company's content per vehicle. SuperVision for example, has a price point approximately 20 times higher than its basic ADAS offering, while Mobileye's higher level autonomy solutions, such as Chauffeur, are priced at even a greater premium.

Table VI.
Top net sales for the quarter ended June 30, 2023

	Quarter End Market Cap (billions)	Amount Sold (millions)
Veeva Systems Inc.	$ 31.7	$4.6
Mastercard Incorporated	372.7	1.1
Datadog, Inc.	31.7	0.4
Meta Platforms, Inc.	735.5	0.3
ServiceNow, Inc.	114.5	0.1

We slightly reduced five positions during the quarter, reallocating to names in which we saw a more favorable risk/reward.

Outlook

The recently released economic reports continue to show that inflation is moderating. The headline CPI number is now back to 3.0%, the lowest level since March 2021. If you think about it, inflation has fallen roughly as fast as it has risen. Could the Fed have been right all along? Was inflation transitory?

The 10-year break-even inflation remains steady in the 2.0% to 2.5% range and real rates (as measured by 10-year TIPS) while moving up from the lows of around 1.1% reached shortly after the collapse of Silicon Valley Bank, are still in favorable territory at around 1.5%. "For the United States, growth has slowed, but our labor market continues to be quite strong. I don't expect a recession," Treasury secretary Janet Yellen said in a recent speech. "The most recent inflation data were quite encouraging." There we have it. While the Fed is expected to raise rates a quarter of a percent once or twice more, it is clear that we are closer to the end of the rate hike cycle. That, coupled with most of our companies reporting stabilizing trends in their businesses and leaner cost structures, creates a favorable backdrop for growth stocks in our view.

Many of our companies have become leaner by cutting unprofitable projects and improving their go-to-market efficiency. The volatility in stock prices observed during 2022 and early 2023 was overwhelmingly due to volatility in multiples. While investor psychology often drives dramatic changes in multiples, our businesses exhibit far greater stability and resilience than their stock price movements imply. For long-term investors, this volatility in multiples should be less meaningful since long-term returns are almost always dependent on the business' intrinsic value compounding over time. During the second quarter, weighted average 2023[4] revenue expectations for the portfolio have increased by 4.2% after declining by 1.3% in the first quarter and 2.8% in the fourth quarter of 2022, respectively. Margin expectations have risen by 160bps after declining by 81bps in the first quarter and by 56bps in the fourth quarter of 2022, driving an overall 10.1% uplift to operating income expectations for 2023 during the second quarter after a 2.7% decline in the first quarter and 4.0% decline during the fourth quarter of 2022. Excluding NVIDIA, revenue expectations were unchanged in the second quarter, while operating profits were up 3.3% and margin expectations were up 96bps. The change in expectations for these fundamentals at the portfolio level is summarized in the following table:

Change in expectations at the portfolio level

	4Q22	1Q23	2Q23	2Q23 excluding NVIDIA
Revenues	(2.8%)	(1.3%)	4.2%	0.1%
Operating Income	(4.0%)	(2.7%)	10.1%	3.3%
Operating Margins	–56bps	–81bps	+160bps	+96bps

Every day we live and invest in an uncertain world. Well-known conditions and widely anticipated events, such as Fed 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 target companies are trading at attractive prices relative to their intrinsic values.

Sincerely,

Alex Umansky
Portfolio Manager

[4] Based on weighted average FactSet consensus estimates for our holdings.

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 the Funds' 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.

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Baron Focused Growth Fund

Dear Baron Focused Growth Fund Shareholder:

Performance

Baron Focused Growth Fund® (the Fund) performed well in the second quarter of 2023. This was despite continued investor concerns regarding consumer spending and enterprise capital investment due to high interest rates and elevated inflation. The Fund increased 7.38% (Institutional Shares) in the quarter. The Fund's primary benchmark, the Russell 2500 Growth Index (the Index), increased 6.41% in the period. The S&P 500 Index, which measures the performance of domestic large-cap companies, increased 8.74%.

The Fund has outperformed the Index for 1-, 3-, 5-, and 10-year periods, as well as since its inception as a private partnership on May 31, 1996. Since its inception over 27 years ago, the Fund has increased 13.45% annualized. This compares to an 8.00% annualized return for the Index and a 9.26% annualized return for the S&P 500 Index.

Table I.
Performance
Annualized for periods ended June 30, 2023

	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]	7.33%	7.38%	6.41%	8.74%
Six Months[5]	22.75%	22.95%	13.38%	16.89%
One Year	19.65%	19.95%	18.58%	19.59%
Three Years	25.71%	26.04%	6.56%	14.60%
Five Years	22.49%	22.80%	7.00%	12.31%
Ten Years	16.51%	16.81%	10.38%	12.86%
Since Conversion (June 30, 2008)	13.19%	13.45%	9.90%	10.88%
Since Inception (May 31, 1996)	13.30%	13.45%	8.00%	9.26%

DAVID BARON
PORTFOLIO MANAGER

RONALD BARON
CEO AND PORTFOLIO MANAGER

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

The Fund's strong performance in the second quarter was principally due to what we call our **Core Growth** and **Disruptive Growth** companies. These well-managed businesses are competitively advantaged, are growing quickly, have the potential to take large shares of their addressable markets, and generate strong returns on capital investments. These include **CoStar Group, Inc.** in Core Growth and **Tesla, Inc**. and **FIGS, Inc.** in Disruptive Growth. These gains were partially offset by underperformance of our **Real/ Irreplaceable Asset** and **Financials** companies. Many portfolio businesses have been repurchasing their stocks at what we believe are attractive valuations. Companies repurchasing shares include **Marriott Vacations Worldwide Corporation** and **PENN Entertainment, Inc.** in Real /

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, 2022 was 1.32% and 1.06%, 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 may reimburse certain Fund expenses pursuant to a contract expiring on August 29, 2033, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit www.BaronFunds.com or call 1-800-99BARON.

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 the performance of small to medium-sized companies that are classified as growth. The **S&P 500 Index** measures the performance of 500 widely the performance of small to medium-sized U.S. companies that held large cap U.S. companies. All rights in the FTSE Russell Index (the "Index") vest in the relevant LSE Group company which owns the Index. Russell® is a trademark of the relevant LSE Group company and is used by any other LSE Group company under license. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. The Fund includes reinvestment of dividends, net of foreign withholding taxes, while the **Russell 2500™ Growth Index** and **S&P 500 Index** include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts the performance results. The indexes are 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.

BARON FUNDS 1987

Irreplaceable Assets and **FactSet Research Systems Inc.** and **MSCI Inc.** in Financials.

Table II.
Total returns by category for the quarter ended June 30, 2023

	% of Net Assets (as of 6/30/2023)	Total Return (%)	Contribution to Return (%)
Core Growth	**12.7**	**15.71**	**1.97**
CoStar Group, Inc.	4.7	29.27	1.32
Verisk Analytics, Inc.	3.3	17.99	0.64
On Holding AG	0.9	5.76	0.13
IDEXX Laboratories, Inc.	1.4	0.44	–0.00
Krispy Kreme, Inc.	2.4	–5.26	–0.12
Disruptive Growth	**40.3**	**14.27**	**5.57**
Shopify Inc.	1.4	34.51	0.41
FIGS, Inc.	3.2	33.57	1.07
Tesla, Inc.	14.8	26.18	3.25
Spotify Technology S.A.	2.2	19.99	0.43
Space Exploration Technologies Corp.	8.7	9.09	0.79
Iridium Communications Inc.	3.6	0.52	0.00
ANSYS, Inc.	2.7	–0.76	–0.06
Guidewire Software, Inc.	3.5	–6.85	–0.32
Russell 2500 Growth Index		**6.41**	
Real/Irreplaceable Assets	**24.9**	**1.46**	**0.33**
American Homes 4 Rent	0.8	13.44	0.11
Manchester United plc	1.3	9.42	0.08
Vail Resorts, Inc.	4.4	8.65	0.42
Red Rock Resorts, Inc.	3.0	5.25	0.18
Douglas Emmett, Inc.	1.7	3.54	0.04
Hyatt Hotels Corporation	5.3	2.64	0.14
Choice Hotels International, Inc.	2.2	0.29	0.03
MGM Resorts International	2.0	–1.03	–0.02
Marriott Vacations Worldwide Corporation	1.9	–8.39	–0.20
Alexandria Real Estate Equities, Inc.	1.5	–8.65	–0.17
PENN Entertainment, Inc.	0.9	–19.43	–0.30
Financials	**17.2**	**–0.55**	**–0.24**
Arch Capital Group Ltd.	6.2	10.28	0.68
Jefferies Financial Group Inc.	0.8	5.57	0.04
Interactive Brokers Group, Inc.	2.4	0.62	0.03
FactSet Research Systems Inc.	4.2	–3.12	–0.18
MSCI Inc.	3.7	–15.98	–0.81
Cash	**4.8**	**–**	**0.04**
Fees	**–**	**–0.30**	**–0.30**
Total	**100.0***	**7.36****	**7.36****

Sources: FactSet PA, BAMCO, and FTSE Russell.

* *Individual weights may not sum to displayed total due to rounding.*

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

Table III.
Top contributors to performance for the quarter ended June 30, 2023

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
Tesla, Inc.	2014	$31.2	$829.7	26.18%	3.25%
CoStar Group, Inc.	2014	6.2	36.4	29.27	1.32
FIGS, Inc.	2022	1.5	1.4	33.57	1.07
Space Exploration Technologies Corp.	2017	–	–	9.09	0.79
Arch Capital Group Ltd.	2003	0.9	27.9	10.28	0.68

Tesla, Inc. designs, manufactures, and sells electric vehicles (EVs), related software and components, and solar and energy storage products. Despite the negative impact of macroeconomic challenges on results, Tesla shares contributed to performance in the period. We believe investors were encouraged by the recent stability in Tesla's vehicle pricing, following price reductions with reports suggesting record quarterly deliveries. In addition, the company announced that all versions of Model 3 and Y were eligible for tax credits of the Inflation Reduction Act in the U.S. China extended its EV tax benefits, providing further support for EV demand. The adoption of Tesla's charging solutions by competitors, including General Motors, Ford, Rivian, Volvo, and Polestar, highlight Tesla's strong market position and provide additional revenue opportunities. Finally, Tesla's extensive investments in artificial intelligence (AI), particularly through the development of Dojo and autonomous capabilities, are expected to benefit from recent advancements in the field and provide additional support to the company's long-standing commitment to AI.

Tesla's stock price increased 26.2% in the second quarter and added 325 bps to Fund performance. The company saw robust orders for its cars after price reductions. As a result, Tesla continues to increase its EV market share. The company remains the lowest cost provider of high-quality EVs and continues to pass through these cost savings to consumers as price reductions. Further, Tesla continues to produce its vehicles more efficiently, while ramping new factories in Texas and Berlin. This should mitigate gross margin declines from startup costs, while still generating strong cash flow for further high-return investments. Among those investments are additional factories, batteries, robotics, and, most importantly, self-driving AI full self-driving software. The company is building its fifth factory, which will be in Mexico, and it should open early next year. This will add capacity to meet demand, while helping lower overhead and logistics costs.

Tesla will also benefit from the Inflation Reduction Act. Consumers will receive a $7,500 credit against income taxes when they buy an EV, while Tesla receives a $3,500 tax incentive for every EV car sold. The average new internal combustion engine car in the U.S. costs $48,000. After U.S. tax credits, Tesla EV cars, with their extraordinary quality, have an average cost of approximately $33,000!! Combining Tesla's strong 40% EBITDA to cash conversion rate and over $22 billion cash and nominal debt puts Tesla in an exceedingly strong financial position.

CoStar Group, Inc. is a provider of marketing and data analytics to the commercial and residential real estate industries. Shares increased on robust financial performance, with net new sales growing 18% in the quarter. These results were driven by acceleration in multifamily bookings, which expanded 110% year-over-year, but were partially offset by slower results in the commercial real estate business. We are encouraged by early signs of traction in CoStar's nascent residential offering. We estimate that CoStar invested around $230 million in this initiative in 2022 and is targeting a total investment approaching $500 million in 2023. While this is a significant upfront commitment, we believe residential represents a transformative opportunity for CoStar. We believe the company's proprietary data, broker-oriented approach, and best-in-class management uniquely position it to succeed.

CoStar's share price increased 29.3% in the quarter and helped the Fund's performance by 132 bps. That was due to an acceleration in daily active users on its Homes.com platform. CoStar's monthly active users reached 35 million, up from 24 million in the first quarter. We believe CoStar has demonstrated it can drive meaningful growth to its platform even before a huge branding campaign. CoStar expects to more than double its residential marketing investment from 2022 levels to approximately $500 million this year. We believe that increased investment should boost organic growth on its Homes.com platform. Over the next five years, CoStar's residential investment could add at least $1 billion to annualized revenue at a significantly accretive margin. A 50% increase in CoStar's $2 billion annual revenue could increase its EBITDA 75%. Longer term, we believe this investment opportunity represents several multiples of $1 billion annual revenue. CoStar continues to experience strong new bookings and strong retention rates despite implementing price increases. CoStar's balance sheet remains strong with $5 billion cash and $1 billion of debt.

FIGS, Inc. is a direct-to-consumer apparel and lifestyle brand dedicated to the health care community. Shares outperformed during the quarter after reporting stronger-than-expected quarterly results. Revenue growth and profitability exceeded consensus estimates. Active customers grew more than 20%, a testament to strong consumer demand for the brand. Margins were also solid despite a more promotional apparel environment. We continue to believe FIGS has a long growth runway as its strong brand and route-to-market strategy create durable competitive advantages.

FIGS' 33.6% share price increase in the quarter added 107 bps to the Fund's performance. The company's strong customer additions continued with record website reactivations. FIGS' current above normal promotions will help reduce inventory levels substantially for the balance of the year. The company's inventory build-up over the past 18 months due to supply-chain concerns had been a large user of cash. We believe the company has a large growth opportunity selling its medical customers non-scrubs outerwear and underwear. It also should achieve greater international penetration and increase its customer base through extended size offerings. The company continues to expand brand awareness with digital marketing. Its international business is in its infancy with initial strong results in the U.K. and Canada. FIGS' direct-to-consumer model for its health care uniform business with replenishment characteristics, strong brand, and superior quality provide durable competitive advantages. We expect FIGS to continue to gain share in the $80 billion global health care apparel market. We believe the company could double its revenue over the next three years with EBITDA margins that ultimately could exceed 20%.

Table IV.
Top detractors from performance for the quarter ended June 30, 2023

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
MSCI Inc.	2021	$53.9	$37.6	–15.98%	–0.81%
Guidewire Software, Inc.	2013	2.7	6.2	–6.85	–0.32
PENN Entertainment, Inc.	2019	2.5	3.7	–19.43	–0.30
Marriott Vacations Worldwide Corporation	2022	5.5	4.5	–8.39	–0.20
FactSet Research Systems Inc.	2008	2.5	15.4	–3.12	–0.18

Shares of **MSCI Inc.**, a leading provider of investment decision support tools, fell 16.0% in the second quarter and penalized Fund performance by 81 bps. This underperformance was due in part to slower ESG sales growth, given political controversy in the U.S. Broader macro uncertainty leads to tightening wealth manager customer budgets. As a result, MSCI experienced lengthening of sales cycles, though it continues to have a strong pipeline of new deals. While the longer sales cycle near term should be expected, the company continues to grow with strong retention rates. MSCI is an extremely well-run business committed to protecting profitability. It has significant secular long-term growth opportunities relating to the increased use of data analytics in the investment process. Asset managers outsourcing back-office functions provide additional opportunity. The company continues to generate resilient earnings and cash flow and is benefiting from improved performance in the global equity markets, which impacts MSCI's asset-based fee revenue. MSCI owns strong, *all-weather* franchises. We believe its core equity index business continues to be a durable double-digit grower, while its climate change tools offer another important avenue for growth. Climate tools help banks and credit providers understand climate emission rates of borrowers and the footprint of their loan books. *Climate today is an $80 million revenue business*. *MSCI believes in 10 years it could be a $1.5 billion business with high margins*. Finally, MSCI has an important opportunity in private markets, especially in fixed income and private credit. The company continues to generate strong cash flow, which it uses to invest in its business and repurchase its stock.

Shares of property and casualty (P&C) insurance software vendor **Guidewire Software, Inc.** detracted from performance after announcing mixed quarterly results. On the positive side, the company made excellent progress on subscription gross margins, grew annual recurring revenue (ARR) faster than consensus, and gave upside margin guidance for fiscal year 2024. On the downside, new ARR deals came with steeper ramps, services revenue slipped due to some legacy fixed price service contracts, and cash collection cycles extended in the quarter. Despite the mixed performance, we remain optimistic about the company's long-term prospects. The company has crossed the midpoint of its cloud transition and is demonstrating more consistent recurring revenue growth and durable gross margin expansion. We 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%.

PENN Entertainment, Inc. is an operator of regional casinos across the U.S. Its share price fell 19.4% in the second quarter and penalized the Fund's performance by 30 bps. The decline was due to investor concerns that a potential recession would negatively impact visitation and spending levels. While startup costs for digital sports betting and economic deterioration in certain regional markets are currently pressuring results, we believe PENN will successfully navigate these headwinds. This is especially the case given its strong balance sheet and cash flow profile. We think the company will continue to invest in its digital gaming opportunity and return cash to shareholders through buybacks. We believe PENN's stock, which sank to an historical trough EBITDA multiple during the quarter, should revert to its historical average multiple as its digital gaming operation becomes profitable. We believe PENN's business should regain its growth trajectory over the next year, e*specially due to the competitive advantages of its unique entertainment facilities and its importance as a taxpayer and job provider*.

Investment Strategy & Portfolio Structure

We remain committed to long-term investments in competitively advantaged growth businesses. These businesses have large market opportunities, are taking market share, and are managed by exceptional executives whom we trust.

Despite market volatility, our companies continue to invest to accelerate revenue growth, while using excess cash to return capital to shareholders through buybacks and dividends. We believe this reduces Fund volatility, an important factor in a concentrated fund.

One of the reasons we believe our companies should continue to grow in all market environments is that they invest for growth through all market environments.

We continue to invest for the long run in a focused portfolio of what we believe are appropriately capitalized, 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 the market. 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 June 30, 2023, Baron Focused Growth Fund held 29 investments. The Fund's average portfolio turnover for the past three years was 26.6%. This means the Fund has an average holding period for its investments of approximately four years. This contrasts with the average mid-cap growth mutual fund, which typically turns over its entire portfolio every 17 months based on a 3-year average. From a quality standpoint, the Fund's investments have stronger sales growth than holdings in the Index, higher EBITDA, operating and free-cash-flow margins, and stronger returns on invested capital.

While focused, the Fund is diversified by sector. The Fund's sector weightings are significantly different than those of the Index. For example, we are heavily weighted in Consumer Discretionary businesses with 37.8% of net assets in this sector versus 12.9% for the Index. We have no exposure to Energy versus 3.9% for the Index and lower exposure to Health Care stocks at 4.6% of the Fund versus 22.6% for the Index. We believe the performance of businesses in these sectors can be affected by factors that cannot be predicted and therefore feel it is undesirable to invest in these stocks in a concentrated portfolio for the long term. The Fund is further diversified by investments in businesses at different stages of growth and development.

Table V.
Disruptive Growth Companies as of June 30, 2023

	Percent of Net Assets	Year Acquired	Cumulative Return Since Initial Purchase
Tesla, Inc.	14.8%	2014	1,468.0%
Space Exploration Technologies Corp.	8.7	2017	484.7
Iridium Communications Inc.	3.6	2014	816.0
Guidewire Software, Inc.	3.5	2013	64.6
FIGS, Inc.	3.2	2022	–9.7
ANSYS, Inc.	2.7	2022	35.6
Spotify Technology S.A.	2.2	2020	–32.9
Shopify Inc.	1.4	2022	85.6

Disruptive Growth firms accounted for 40.3% 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 EV leader **Tesla, Inc.**, commercial satellite company **Iridium Communications Inc.**, and P&C insurance software vendor **Guidewire Software, Inc.** All of these companies have large underpenetrated addressable markets relative to the current size of these competitively advantaged businesses.

Table VI.
Investments with Real/Irreplaceable Assets as of June 30, 2023

	Percent of Net Assets	Year Acquired	Cumulative Return Since Initial Purchase
Hyatt Hotels Corporation	5.3	2009	318.2%
Vail Resorts, Inc.	4.4	2013	395.1
Red Rock Resorts, Inc.	3.0	2017	150.2
Choice Hotels International, Inc.	2.2	2010	481.6
MGM Resorts International	2.0	2023	–0.5
Marriott Vacations Worldwide Corporation	1.9	2022	–5.7
Douglas Emmett, Inc.	1.7	2022	–18.1
Alexandria Real Estate Equities, Inc.	1.5	2022	–20.5
Manchester United plc	1.3	2022	14.9
PENN Entertainment, Inc.	0.9	2019	14.5
American Homes 4 Rent	0.8	2018	81.5

Companies that own what we believe are **Real/Irreplaceable Assets** represented 24.9% of net assets. **Vail Resorts, Inc.**, owner of the premier ski resort portfolio in the world, upscale lodging brand **Hyatt Hotels Corporation**, and the largest U.S. regional casino gaming company **PENN Entertainment, 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 internet-casino gaming offer large opportunities for future growth.

Table VII.
Financials Investments as of June 30, 2023

	Percent of Net Assets	Year Acquired	Cumulative Return Since Initial Purchase
Arch Capital Group Ltd.	6.2%	2003	1,955.7%
FactSet Research Systems Inc.	4.2	2008	819.2
MSCI Inc.	3.7	2021	–27.1
Interactive Brokers Group, Inc.	2.4	2023	4.0
Jefferies Financial Group Inc.	0.8	2023	9.0

Financials investments accounted for 17.2% of the Fund's net assets. These businesses generate strong recurring earnings through subscriptions and premiums that generate highly predictable earnings and cash flow. Those businesses use cash flows to continue to invest in new products and services, while returning capital to shareholders through share buybacks and dividends. These companies include **Arch Capital Group Ltd.**, **FactSet Research Systems Inc.**, and **MSCI Inc.**

Arch, one of the leading specialty insurers, continued to increase premiums written and raise prices. 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 believe Arch could continue to generate mid-teens returns on capital over the long term.

Table VIII.
Core Growth Investments as of June 30, 2023

	Percent of Net Assets	Year Acquired	Cumulative Return Since Initial Purchase
CoStar Group, Inc.	4.7%	2014	315.9%
Verisk Analytics, Inc.	3.3	2022	31.3
Krispy Kreme, Inc.	2.4	2021	5.7
IDEXX Laboratories, Inc.	1.4	2022	13.8
On Holding AG	0.9	2023	3.5

Core Growth investments, steady growers that continually invest in their businesses for growth and return excess free cash flow to shareholders, represented 12.7% of net assets. An example would be **CoStar Group, Inc.** The company continues to add new services in the commercial and residential areas of real estate, which have grown its addressable market and enhanced services for its clients. This has improved client retention and cash flow. CoStar 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 June 30, 2023, the Fund's top 10 holdings represented 59.2% 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 appreciation potential, although we cannot guarantee that will be the case.

The top five positions in the portfolio, **Tesla, Inc.**, **Space Exploration Technologies Corp.**, **Arch Capital Group Ltd.**, **Hyatt Hotels Corporation**, 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 IX.
Top 10 holdings as of June 30, 2023

	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	$829.7	$161.0	14.8%
Space Exploration Technologies Corp.	2017	–	–	95.1	8.7
Arch Capital Group Ltd.	2003	0.9	27.9	67.4	6.2
Hyatt Hotels Corporation	2009	4.2	12.1	57.3	5.3
CoStar Group, Inc.	2014	6.2	36.4	51.6	4.7
Vail Resorts, Inc.	2013	2.3	9.7	48.4	4.4
FactSet Research Systems Inc.	2008	2.5	15.4	45.3	4.2
MSCI Inc.	2021	53.9	37.6	39.9	3.7
Iridium Communications Inc.	2014	0.6	7.8	39.6	3.6
Guidewire Software, Inc.	2013	2.7	6.2	38.4	3.5

Recent Activity

In the second quarter, we purchased shares of **On Holding AG**, a developer and distributor of athletic footwear, apparel, and accessories. On is one of the fastest-growing scaled athletic sports companies in the world. It specializes in products featuring the company's proprietary cushioning technology, most notably Cloud Tec (flex plates in shoes), Speed board (injection molding), Mission grip (for trails), Helion (super foam cushioning) and The Roger franchise for tennis (Roger Federer invested $50 million in 2019). The products are sold through 8,100 premium retail stores which account for 60% of revenue, and direct-to-consumer sales account for the balance, with the majority of direct-to-consumer done through its website. On has expanded outside of Switzerland and Europe. It operates one flagship retail store in New York City and four smaller format retail stores in China. Roughly half of its revenues are generated in North America, 44% in Europe, and 5% in Asia Pacific.

On has a large market opportunity operating in the $300 billion global sportswear industry, which is forecast to grow at a high single-digit rate through 2025, making it one of the fastest-growing pockets within consumer. The factors driving growth in the industry include continued trends toward athleisure as consumers pivot towards more comfortable and casual attire combined with trends towards healthier lifestyles. The industry is highly competitive with Nike and Adidas garnering 15% and 11% share, respectively. In footwear, the industry is even more consolidated with Nike and Adidas taking over 50% share in the U.S. and over 40% globally. Regardless, we believe On has an opportunity to continue taking share from Nike and Adidas as has been the case over the past couple of years. This is due to the extraordinary quality of its products. *Demand is so strong that On has not been able to meet consumer demand for its shoes*.

We believe On should be able to grow revenues 20% to 25% annually for many years, while expanding margins. We expect the company to continue to reinvest in its business at high rates of return. It is debt free. Its growth should be driven by growing brand awareness as On expands its geographic footprint. Eventual upselling of its running sneakers across lifestyle, outdoor, and tennis as well as from footwear to apparel and accessories is another long-term opportunity.

We also added to our investment in **Interactive Brokers Group, Inc.**, a leading securities brokerage company that provides securities brokerage to both retail and professional investors. Interactive Brokers differentiates itself through its low prices, the vast array of markets it serves, and its strong growth from countries where low-cost brokerage is not well penetrated. 80% of Interactive Brokers customers are from outside the U.S., while 80% of their assets are invested in the U.S. The company offers its clients low-cost trading due to its high level of automation. This while providing competitive margin loans and securities lending rates and offering attractive yields on uninvested cash balances. The company continues to hire software and computer engineers with a focus on automating many of the processes that competitors rely on employees to perform.

With its low-priced offering and leading range of capabilities, we believe that Interactive Brokers is well positioned to not just continue its rapid pace of account growth from just over 2 million clients today but to accelerate growth. The company's focus on automation should enable it to continue being the low-cost provider, while earning best-in-class margins, which we believe should lead to double-digit revenue and earnings growth over the long run.

Outlook

We believe the prices of many of our stocks reflect investors' expectations for significant declines in earnings this year. Investors obviously remember operating declines during the 2008/2009 Global Financial Crisis and are pricing in similar declines today. If we do not go into a deep recession this year or if the slowdown and expected decline in earnings are not as bad as feared, we could see significant near-term upside in our investments. We believe our stocks are cyclically depressed, not secularly challenged, and should recover to peak levels achieved in November 2021 during the next 18 months. Through June 30, 2023, most of our portfolio companies have not experienced significant slowdowns in sales or earnings growth, and their outlooks remain strong. Our businesses' balance sheets have been strengthened compared to pre-COVID levels.

In the past, after wars, pandemics, financial panics, higher-than-normal inflation, and significant market declines, as interest rates stabilize and are ultimately reduced, equity stock prices have increased substantially. We believe that will happen again, although the timing remains uncertain.

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 Portfolio Manager

David Baron
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 the Funds' 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 most recent quarter-end, about 15% of the Fund's net 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.

Free cash flow (FCF) represents the cash that a company generates after accounting for cash outflows to support operations and maintain its capital assets.

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 International Growth Fund

Dear Baron International Growth Fund Shareholder:

Performance

Baron International Growth Fund® (the Fund) gained 3.45% (Institutional Shares) during the second quarter of 2023, while its primary benchmark index, the MSCI ACWI ex USA Index, returned 2.44%. The MSCI ACWI ex USA IMI Growth Index gained 1.93% for the quarter. The Fund outperformed both the primary benchmark and the all-cap growth proxy in a period of relative macroeconomic and geopolitical calm but moderating global equity gains. The quarter began under the influence of fear that the strain on global banks and associated deposit flight would trigger a credit tightening and an abrupt economic slowdown, but such concerns tapered as the quarter progressed. On the contrary, for now, stubbornly strong wage, housing, and services inflation in the U.S. have rekindled expectations that the Fed will resume rate hikes imminently, which drove a significant increase in short- and long-term bond yields during the quarter. While U.S. technology and artificial intelligence (AI)-related shares were the clear standouts in a global context, outside of this narrow universe, market breadth and momentum deteriorated, a potential signal that a consolidation or correction may be near. We remain encouraged over the longer term and maintain the premise that we are passing peak hawkishness and likely entering a period of sustainable international and emerging markets (EM) equity outperformance.

MICHAEL KASS

PORTFOLIO MANAGER

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

Table I.
Performance†
Annualized for periods ended June 30, 2023

	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]	3.40%	3.45%	2.44%	1.93%
Six Months[4]	7.18%	7.33%	9.47%	10.27%
One Year	8.83%	9.08%	12.72%	12.90%
Three Years	3.39%	3.65%	7.22%	4.12%
Five Years	3.41%	3.66%	3.52%	3.83%
Ten Years	6.68%	6.95%	4.75%	5.65%
Since Inception (December 31, 2008)	8.97%	9.24%	6.58%	7.51%

While growth-oriented equities in the U.S. were clear leaders during the quarter, outside the U.S., value outperformed. One factor impacting ex-U.S. growth equities in our view was a correction in the leading large-cap technology companies in China, which struggled during the quarter as the post-COVID recovery remained subdued, partially due to a second, albeit more moderate, COVID wave. We remain cautiously optimistic with a modest overweight position in China and continue to expect a consumption recovery to accelerate into the second half of 2023. In the near term, we believe China offers attractive risk/reward potential with material upside should the economy either gain traction or provoke more substantial policy support. Europe, the largest regional weight by far in the primary benchmark index, performed generally in line with the benchmark, which is encouraging in light of challenging near-term growth conditions. Our European investments outperformed during the quarter. India equities returned to leadership, as valuations reset after two consecutive quarters of underperformance and the economic and earning expansion in the country continued on a healthy course. This reversal was a meaningful driver of our second quarter outperformance, and we maintain conviction that India likely

Performance listed in the above table is net of annual operating expenses. The gross annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2022 was 1.26% and 0.99%, 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 Fund expenses pursuant to a contract expiring on August 29, 2033, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit www.BaronFunds.com or call 1-800-99BARON.

† The Fund's 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.

1 The **MSCI ACWI ex USA Index Net (USD)** is designed to measure the equity market performance of large and mid cap securities across 22 of 23 Developed Markets (DM) countries (excluding the US) and 24 Emerging Markets (EM) countries. The **MSCI ACWI ex USA IMI Growth Index Net (USD)** is designed to measure the performance of large, mid and small cap growth securities exhibiting overall growth style characteristics across 22 of 23 Developed Markets (DM) countries (excluding the United States) and 24 Emerging Markets (EM) 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 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

offers the most attractive long-term investment opportunity in the international/EM universe. Brazil also reversed first quarter underperformance logging significant gains, and we view the recent strength in both India and Brazil, two of the top-performing countries during the quarter in the ex-U.S. universe, as a likely signal that several EM central banks are on the cusp of a rate cutting cycle—regardless of how the Fed progresses in the second half of 2023. This is unusual, and we believe can be attributed to the scale of U.S. COVID-related stimulus and resulting inflation, compared to a much more subdued and constrained response outside the U.S. This, along with several other catalysts detailed in the Outlook section of this letter support our view that international and EM equities are poised to enter a period of much improved relative earnings and return potential. As always, we are confident that we have constructed a diversified portfolio of well-positioned and well-managed companies that are also benefiting from the tailwinds of long-term and attractive investment themes.

For the second quarter of 2023, we outperformed our primary benchmark, the MSCI ACWI ex USA Index, as well as our all-cap international growth proxy. From a sector or theme perspective, solid stock selection effect in the Financials sector, most notably investments in our India wealth management/consumer finance theme (**Bajaj Finance Limited**, **Nippon Life India Asset Management Limited**, **Max Financial Services Limited**, **JM Financial Limited**, and **Edelweiss Financial Services Limited**) and fintech disruption theme (**XP Inc.** and **StoneCo Ltd.**), powered the vast majority of relative outperformance this quarter. In addition, favorable stock selection effect in the Materials sector, driven by select holdings in our sustainability/ESG theme (**AMG Critical Materials N.V.** and **Suzano S.A.**), also bolstered relative results. Lastly, positive stock selection and our underweight positioning in the Consumer Staples sector also contributed to relative performance. Partially offsetting the above, negative stock selection effect in the Information Technology sector, across multiple themes including China value-added (**Glodon Company Limited** and **Kingdee International Software Group Company Limited**), digitization (**Wix.com Ltd.**, **Endava plc**, and **WANdisco plc**), and sustainability/ESG (**Meyer Burger Technology AG**), was the largest detractor from relative performance. Poor stock selection effect in the Communications Services sector, primarily attributable to our digitization-related holdings (**Future plc**, **Universal Music Group N.V.**, **Z Holdings Corporation**, and **S4 Capital plc**), also detracted during the quarter.

From a country perspective, solid stock selection in Korea, driven by our sustainability/ESG-related investments (**HD Korea Shipbuilding & Offshore Engineering Co., Ltd.** and **HD Hyundai Heavy Industries Co., Ltd.**), was the largest contributor to relative performance this quarter. In addition, solid stock selection combined with our overweight positioning in India, Brazil, and Spain were also key contributors. We are encouraged by recent performance within our EM holdings and believe there is room for significant further upside. Partly offsetting the above, poor stock selection combined with negative allocation effect in China and Japan were the largest detractors from relative performance this quarter. In addition, adverse stock selection in Switzerland and Germany also stood out as detractors. We continue to believe our European investments are undervalued, particularly after a decade of deleveraging, capital strengthening, and deepening mutualization. We also remain optimistic about a recovery in our China holdings, as in our view, current stock prices do not reflect fundamental intrinsic value.

Table II.
Top contributors to performance for the quarter ended June 30, 2023

	Percent Impact
HD Korea Shipbuilding & Offshore Engineering Co., Ltd.	0.66%
Renesas Electronics Corporation	0.49
AMG Critical Materials N.V.	0.41
Industria de Diseno Textil, S.A.	0.32
XP Inc.	0.31

HD Korea Shipbuilding & Offshore Engineering Co., Ltd. is a holding company for the largest shipbuilder in the world (based on order book size) and is the global leader in high-end vessels including liquified natural gas (LNG) powered ships. Shares increased as a result of solid performance in new orders at its subsidiary Hyundai Samho, already exceeding full fiscal year guidance. In addition, operating margin expectations have improved given the recent decline in steel prices combined with increases in new build prices. Korean shipbuilders have an oligopoly in LNG carrier shipbuilding, LNG dual-fueled and alternative zero-carbon fueled containerships and tankers. The tightening regulation on carbon emission, which will be fully adopted by the International Maritime Organization (IMO) by 2030, should drive higher demand for LNG dual-fueled ships as well as carbon-free ammonia-fueled ships. We expect a structural shortage of compliant ships to emerge as the IMO deadline nears, which should benefit Korea Shipbuilding given its leading position. We maintain our investment as a core holding within our sustainability/ESG theme.

Renesas Electronics Corporation, a Japanese semiconductor company, contributed during the quarter, as revenue growth and margins remained resilient despite an industry-wide cyclical slowdown. As a global leader in microcontrollers, analog, and power devices, we believe Renesas will be a major beneficiary of the secular growth of semiconductor content in automotive, industrial, data center, and IoT applications.

AMG Critical Materials N.V. is a European specialty metals and minerals company. AMG applies metallurgical-based technologies to provide solutions for energy and resource conservation in the energy, transportation, infrastructure, specialty metals, and chemicals industries. Shares increased after first quarter results beat consensus expectations as a result of higher lithium spodumene prices. We remain shareholders. AMG has a captive customer base with long-term contracts, while incremental demand for its services is being driven by regulatory measures and the desire to reduce hazardous waste and meet environmental restrictions. In addition, we like the company's growth opportunity in lithium, an essential metal used in electric vehicle (EV) batteries and energy storage. AMG is currently building its own lithium hydroxide refining plant in Europe to produce higher value chemicals for the EV battery supply chain, which we think should lead to a better margin profile for this business.

Table III.
Top detractors from performance for the quarter ended June 30, 2023

	Percent Impact
Alibaba Group Holding Limited	-0.27%
Glodon Company Limited	-0.25
SMS Co., Ltd.	-0.24
Agilent Technologies, Inc.	-0.19
Watches of Switzerland Group PLC	-0.19

Alibaba Group Holding Limited is the largest retailer and e-commerce company in China. Alibaba operates shopping platforms Taobao and Tmall and owns 33% of Ant Group, which operates Alipay, China's largest third-party online payment provider. Shares of Alibaba were down this quarter given uncertainty over the pace of China's post-COVID consumption recovery, and limited information around the company's announced plan to split into six units. We believe the restructuring plan has potential to unlock value, particularly in cloud, and the core e-commerce business' market share will stabilize. We retain conviction that Alibaba is well positioned to benefit from China's reopening and the growth in online commerce and cloud in China.

Shares of **Glodon Company Limited**, a leading Chinese construction software provider, decreased during the quarter due to macroeconomic headwinds and relatively slow project starts for property and infrastructure. We retain conviction in Glodon, as we believe the company is uniquely positioned to benefit from increasing software penetration in the construction industry, which is the least digitized industry in China.

SMS Co., Ltd., Japan's largest recruitment agency specializing in the nursing and elderly care sectors, detracted due to concerns over a slowdown in hiring activity. We retain conviction that Japan's aging society and labor shortage will sustain health care institutions' long-term demand for recruiting agencies. SMS's SaaS platform, which provides billing, sales, and recruitment support, provides further growth opportunities as elderly care facilities turn to digital solutions to increase productivity.

Portfolio Structure

Table IV.
Top 10 holdings as of June 30, 2023 – Developed Countries

	Percent of Net Assets
Linde plc	2.5%
Meyer Burger Technology AG	2.5
argenx SE	2.2
AMG Critical Materials N.V.	2.2
AstraZeneca PLC	2.2
eDreams ODIGEO SA	2.1
Keyence Corporation	2.1
Arch Capital Group Ltd.	2.1
Industria de Diseno Textil, S.A.	2.0
Constellation Software, Inc.	2.0

Table V.
Top five holdings as of June 30, 2023 – Emerging Countries

	Percent of Net Assets
Taiwan Semiconductor Manufacturing Company Limited	2.0%
HD Korea Shipbuilding & Offshore Engineering Co., Ltd.	1.9
Tencent Holdings Limited	1.4
Alibaba Group Holding Limited	1.3
InPost S.A.	1.3

Table VI.
Percentage of securities in Developed Markets as of June 30, 2023

	Percent of Net Assets
Japan	11.2%
United Kingdom	10.9
France	7.9
Netherlands	6.7
Switzerland	5.5
Spain	4.5
United States	3.2
Canada	2.9
Germany	2.0
Italy	1.5
Sweden	1.1
Denmark	1.0
Hong Kong	1.0
Israel	0.9
Ireland	0.9
Norway	0.4

Table VII.
Percentage of securities in Emerging Markets as of June 30, 2023

	Percent of Net Assets
China	10.8%
India	6.9
Korea	4.9
Brazil	3.6
Poland	2.6
Taiwan	2.0
Peru	1.0
Mexico	0.9

The table above does not include the Fund's 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 second quarter of 2023, the Fund's median market cap was $14.6 billion. We were invested 54.9% in large- and giant-cap companies, 26.3% in mid-cap companies, and 13.3% in small- and micro-cap companies, as defined by Morningstar, with the remainder in cash.

Recent Activity

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

As part of our digitization theme, we initiated a position in **Samsung Electronics Co., Ltd.**, a South Korean technology giant with leading market shares across several product lines including memory chips, OLED panels, smartphones, and other consumer electronics. In our view, the memory industry has reached a cyclical bottom and is on the cusp of a multi-year growth phase supported by inventory normalization and production cuts. Memory is a pillar of the data economy and enjoys structural demand growth as servers, smartphones, PCs, and other devices become ever more computationally intensive, with further upside from emerging AI applications. We believe Samsung, which has the leading market share in both DRAM and NAND chips, will be a key beneficiary of the memory industry's turnaround. We also expect Samsung's consumer electronics and display businesses to generate robust earnings, given the company's strong track record for innovation and leading market position. Finally, we believe that Samsung can gain share in the foundry industry, as it expands its manufacturing footprint in the U.S. and ramps up its groundbreaking 3nm GAA (Gate-All-Around) technology next year.

During the quarter, we also increased exposure to Japanese financials by initiating a position in **Sumitomo Mitsui Financial Group, Inc.** (SMFG). SMFG is the holding company for Sumitomo Mitsui Banking, one of Japan's largest commercial banks. Through its subsidiaries, SMFG offers a wide range of financial services catering to corporate and retail clients. The bank has over 450 branches in Japan with operations across the globe including the U.S., Europe, the Middle East, and Asia. We believe company guidance presented in the recent mid-year management plan appears conservative considering a pickup in domestic economic activity and potential normalization of interest rate policy in Japan. SMFG has also been actively investing in digital transformation, which we believe will help drive an improvement in operational efficiency and customer experience. Lastly, management is committed to maintaining an attractive capital return profile, which should lead to a growing dividend and a potential increase in its buyback program, further enhancing returns.

Adding to our EM consumer theme, we initiated positions in **Godrej Consumer Products Limited** (GCPL) and **Localiza Rent a Car S.A**. GCPL is a leading consumer goods company in India with a dominant 50% market share in household insecticides, around 30% share in hair color, and a roughly 10% share in soaps. Given its strong product innovation capabilities and affordable price points, we believe GCPL is well positioned to benefit from India's rising per capita consumption of home and personal care, and gain market share from other players. In addition, GCPL is led by industry veteran Sudhir Sitapati, who joined the company in 2021 with two decades of experience at Hindustan Unilever and a proven track record of value creation across various consumer categories. We expect GCPL to deliver significant shareholder value over the next few years driven by Sudhir's vision to turnaround operations by simplifying its organizational structure, cutting costs, and investing in innovation and brand building. We believe GCPL can sustain double-digit earnings growth over the next three to five years with further upside from tuck-in acquisitions that can leverage its strong pan-India distribution network.

Localiza is the largest car and fleet rental company in Brazil, having pioneered the integrated business model entailing vehicle purchase, car/fleet rental, and used car sales. The company is a key beneficiary of ongoing industry consolidation and enjoys competitive advantages in buying vehicles, operating them more efficiently, and ultimately selling those vehicles while retaining the highest residual value. Localiza also has an excellent track record of capital allocation, consistently generating double-digit returns on capital, which is well above its cost of capital. The car rental market is primed for faster growth owing to a shift in consumer preferences, especially among younger Brazilians, toward renting or using rideshares versus owning a vehicle. Likewise, fleet outsourcing among Brazilian corporates is gaining traction, with penetration levels at approximately 10% compared to more than 30% in the U.S. In addition, Localiza recently closed the acquisition of its largest competitor, Unidas, which should create meaningful synergies in its fleet management business.
Finally, we are excited about the growth opportunity in the recently launched car subscription service called Localiza MEOO, which has a large addressable market and still low penetration levels at less than 1%.

During the quarter, we increased exposure to our sustainability/ESG theme by initiating a position in **Samsung SDI Co., Ltd.**, a leading Korean EV lithium-ion battery manufacturer. Samsung SDI manufactures rechargeable batteries for EVs, energy storage systems (ESS), and consumer electronics such as power tools. The company is well managed with a conservative cost structure and strong pricing power. The company is also a global leader in the development of high-energy density performance batteries including next-generation, larger-sized cylindrical batteries. Samsung SDI protects its profitability and return on invested capital by signing multi-year supply agreements, allowing it to pass on raw material inflation and other external risks to OEM customers. As a result, Samsung SDI generates industry-leading margins and financial return metrics among battery cell manufacturers. We are bullish on growth for EV/ESS batteries over the next decade and expect large-scale battery demand to grow at a compounded annual rate of over 20%. We also expect Samsung SDI to gain market share both in the U.S. and Europe owing to investments in local EV battery plants, which will benefit from fiscal and regulatory support for domestic manufacturing under U.S. and European legislation. In our view, the company will also benefit from growing OLED panel sales of its sister entity, Samsung Display.

We re-initiated a position in **XP Inc.**, as part of our fintech disruption theme. XP is a technology-driven financial services platform offering various products in Brazil. The company's core services include retail brokerage, proprietary asset management, fund distribution, institutional broker-dealer services, investment banking advisory, and investment-related educational content. XP is a disruptor in an industry with high concentration, wherein incumbents historically charge high fees, offer a narrow spectrum of products, limit access, and have poor customer service. We believe there is a secular growth opportunity in this industry as Brazilian household assets remain largely allocated to traditional products such as savings accounts. With better access to value-added products and increasing financial literacy, in our view, household assets will gradually shift into equities, mutual funds, and other sophisticated products. XP stands to gain share in these growing categories by offering a platform with superior user experience that is accessible to all segments of the population. We believe XP's earnings are set to rebound owing to an improving macroeconomic outlook, the prospect of lower interest rates, and a potential recovery in capital markets activity in the country.

We added to several of our existing positions during the quarter, including **Tencent Holdings Limited**, **Baidu, Inc.**, **Mitsubishi UFJ Financial Group, Inc.**, **Alibaba Group Holding Limited**, **S4 Capital plc**, **Kanzhun Limited**, **AMG Critical Materials N.V.**, and **Kingdee International Software Group Company Limited**.

During the quarter, we exited several positions including **Glencore PLC**, **Newcrest Mining Limited**, **Edelweiss Financial Services Limited**, **Norsk Hydro ASA**, **China Tourism Group Duty Free Corporation Limited**, **Lumine Group Inc.**, and **Meituan Inc.**

Outlook

In our first quarter letter, while we reiterated our view that global markets were likely passing through peak hawkishness and surmised that the emergency liquidity injection related to the U.S. regional banking crisis was viewed as a bullish signal for global equities, we also suggested that the anticipation of Fed rate cuts, higher earnings multiples, and a likely phase of earnings vulnerability presented a challenge to further global equity gains.

While the recent relative calm in macroeconomic and geopolitical volatility was certainly welcomed, we stand by our end of first quarter outlook and note that outside of large-cap U.S. technology shares, equity appreciation has indeed begun to slow or stall in recent months. While global equities gained for a second quarter, U.S. employment remained too buoyant for the Fed to rule out further hikes, market breadth has deteriorated, and bond yields have risen. Indeed the 10-year U.S. Treasury real yield is now revisiting levels that triggered the deposit flight and regional bank crisis in the first quarter. Rising real yields, and a likely return to Fed rate hikes after a brief pause are not consistent with rising multiples on U.S. and growth-related equities, and thus we believe tightening U.S. liquidity and higher bond yields could trigger a consolidation of recent gains, and particularly cool the rally in technology and AI proxies should inflation measures fail to moderate in the near term. As we have stated in the past, we believe a correction in U.S. equities is likely necessary before global investors and allocators focus on improving ex-U.S. relative earnings potential, and thereby spark the sustainable relative outperformance cycle in international and EM equities that we anticipate.

Within the ex-U.S. universe, European equities, by far the dominant regional weight, performed largely in line with modest index gains. We consider this encouraging given challenging near-term growth conditions, and further view the lack of contagion from the U.S. regional bank and Credit Suisse crises as structurally reassuring. Japan has emerged in recent months as a potential market leader within the developed world; we believe select domestic and consumption-oriented opportunities are emerging after years of downward pressure on prices and wages, while improving corporate governance and investor activism are finally sparking improved returns on capital; we are actively researching opportunities and anticipate the county may warrant a larger investment weighting. China's post-COVID reopening recovery remained subdued, though ongoing cost and capital discipline by private sector companies are silver linings for equity investors. We have suggested patience, particularly given that President Xi's new team signaled a desire for an economic rebound, and we continue to expect a consumption recovery to accelerate into the second half of 2023. Meanwhile, targeted policy easing measures continue to emerge alongside rising calls for more forceful support from policymakers. We note that several of our portfolio holdings are already showing solid fundamental performance in a challenging macro environment, and we remain cautiously optimistic and modestly overweight against a backdrop of historic trough valuations, poor sentiment, and underweight positioning by global investors. We continue to believe that geopolitical concerns are priced into current valuations and that there is far too much to lose for China to initiate a move on Taiwan. We believe China likely represents the most attractive near-term risk/reward potential in the ex-U.S. universe. India equities returned to strength during the quarter, as the economic and earnings expansion continues, and valuations had fully mean-reverted entering the quarter after two consecutive quarters of underperformance. We continue to believe India represents an attractive long-term investment opportunity. Brazil also reversed first quarter underperformance with significant second quarter gains, and we view the recent strength in both India and Brazil as a manifestation of rising market confidence that several EM central banks are on the cusp of a rate cutting cycle—regardless of how the Fed progresses in the second half of 2023. This is unusual, and we believe can be attributed to the scale of U.S. COVID-related stimulus and resulting inflation, compared to a much more subdued and constrained response outside the U.S.

In summary, we remain of the view that after a long period of underperformance, international and EM equities are poised for a cycle of relative outperformance, principally driven by the following:

1. An eventual consensus recognition that a U.S. dollar bear market has begun. We believe the longer-term fundamentals for the dollar have been eroding for years, that we are well past peak dollar demand, and that the supply of U.S. Treasuries/dollars in circulation has made an important vector change higher as politicians have seized the levers of stimulus from central bankers (i.e., COVID and infrastructure stimulus). Once this view takes hold, the *tax* on holding non-U.S. assets will shift to a tailwind to returns, sparking a reversal of capital/investment flows which we believe will be stimulative to consumption, investment, and earnings growth in ex-U.S. jurisdictions. We believe this reversal of capital and investment flows will spark a mean-reversion in international and EM equity valuations, which are currently at or near 30-year lows relative to U.S. equities.

2. The global capital investment cycle that is necessary to fund de-globalization; security of energy, commodity, agriculture; and national security & defense is by definition a catalyst for outperformance by international countries, whose economies and markets are simply more geared towards such a capital investment-driven environment. The past 20 years—post-Iron Curtain and China's ascension into the WTO—have been characterized by globalization and the reduction of capital deployed—much to the benefit of wealthy consumers in developed markets; this will now reverse and favor the owners of real assets and industrial pricing power, and there is simply more of that in the international indexes.

3. India is the new China, and it will be the fastest growing major economy in the coming decade and beyond. Economic reforms, digitization, formalization, and rising credit penetration favor the most sophisticated, best-managed, public corporations such as those in which we have invested.

4. China's principal lever to drive necessary productivity gains is a major pivot towards self-sufficiency in the value-added industries that have been largely dominated by western multi-nationals over the past 20 years. The rise of local domestic champions in the auto/EV, automation/robotics, advanced manufacturing, pharmaceutical/biotechnology, software/AI/semiconductors, and consumer goods industries will move the dial on perceived relative earnings growth potential for China and its international ecosystem.

We look forward to our next communication.

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 the Funds' 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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Baron Real Estate Fund

Dear Baron Real Estate Fund Shareholder:

Performance

We are pleased to report that *Barron's*, the highly regarded weekly business magazine, recently profiled Baron Real Estate Fund® and Baron Real Estate Income Fund® in an interview that was published on June 29, 2023. A link to the article, titled *"Real Estate Stock Swoon Is a 'Gift' to Investors, This Manager Says"* can be accessed on our Baron website homepage at www.baronfunds.com in the "News & Events" section.

In the first six months of 2023, Baron Real Estate Fund (the Fund) appreciated 15.00% (Institutional Shares), outperforming the MSCI USA IMI Extended Real Estate Index (the MSCI Real Estate Index), which increased 12.11%, and the MSCI US REIT Index (the REIT Index), which increased 4.78%.

The Fund increased 7.41% in the second quarter of 2023, modestly outperforming the MSCI Real Estate Index, which increased 7.04%, and beating the REIT Index, which rose 2.34%.

As of June 30, 2023, the Fund has maintained its:

- **#1 real estate fund ranking for each of its 10-year, 5-year, and 1-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
- Portfolio composition and key investment themes
- Top contributors and detractors to performance
- Recent activity
- Concluding thoughts on the prospects for real estate and the Fund

As of 6/30/2023, the Morningstar Ratings™ were based on 230, 211, 151, and 230 share classes for the 3-year, 5-year, 10-year, and Overall periods, respectively. The Baron Real Estate Fund received 5 stars for each period. 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 6/30/2023, the Morningstar Real Estate Category consisted of 254, 230, 211, and 151 share classes for the 1-, 3-, 5-, and 10-year periods. Morningstar ranked Baron Real Estate Fund Institutional Share Class in the 1st, 1st, 1st, and 1st percentiles, respectively. On an absolute basis, Morningstar ranked Baron Real Estate Fund Institutional Share Class as the 1st, 3rd, 1st, and 1st best performing share class in its Category, for the 1-, 3-, 5-, and 10-year periods, respectively.

As of 6/30/2023, Morningstar ranked Baron Real Estate Fund R6 Share Class in the 1st, 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 1st, 2nd, and 2nd 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.

BARON FUNDS® 1987

Table I.
Performance
Annualized for periods ended June 30, 2023

	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]	7.31%	7.41%	7.04%	2.34%
Six Months[3]	14.82%	15.00%	12.11%	4.78%
One Year	15.86%	16.17%	15.79%	(1.38)%
Three Years	12.06%	12.35%	11.90%	7.67%
Five Years	11.38%	11.67%	7.30%	3.34%
Ten Years	10.53%	10.82%	8.86%	5.10%
Since Inception (December 31, 2009) (Annualized)	13.31%	13.60%	10.73%	7.82%
Since Inception (December 31, 2009) (Cumulative)[3]	440.52%	459.45%	296.08%	176.48%

Our Current Top-of-Mind Thoughts

At the halfway point of 2023, our current top-of-mind thoughts can be summarized as follows:

We remain optimistic about the prospects for the stock market, public real estate securities, and the Baron Real Estate Fund.

- As noted in our year-end 2022 shareholder letter, we continue to believe that 2023 may ultimately emerge as a mirror image of 2022 in that many of the headwinds of 2022 reverse course (e.g., multi-decade high inflation and rising interest rates) and become tailwinds in 2023, thereby contributing to solid full-year returns.
- We are bullish looking out two to three years.

We do not believe that a commercial real estate crisis is on the horizon.

- We believe forecasts of widespread distress in commercial real estate are sensationalized and unlikely to materialize.
- In our opinion, a commercial real estate crisis is unlikely for the following reasons:
  - Most of commercial real estate is performing well (e.g., industrial, multi-family, data centers, senior housing, self-storage).
  - New construction activity has been and is expected to remain low. The dearth of new real estate construction activity compares favorably with prior real estate cycles when overbuilding of real estate contributed to a deterioration in real estate business prospects.
  - Balance sheets are generally in strong shape (appropriate leverage levels, staggered debt maturities, the mix of fixed versus floating rate debt).
  - The banking system is in a strong capital position. We expect future challenges for banks to be, in most cases, an earnings issue (higher deposit rate requirements and less lending) rather than a solvency issue (most banks are appropriately capitalized).
  - We believe future loan defaults will be mostly isolated to class "B" and "C" office buildings. Better bank loan underwriting practices and the increase in commercial real estate values over the last decade should mute the loan loss cycle.

The valuations of several real estate-related companies remain cheap.

- A good portion of public real estate – including both REITs and non-REIT real estate-related companies – is attractively valued relative to historical averages.
- Currently, several public REITs and non-REIT real estate-related securities are meaningfully discounted relative to private real estate alternatives.

We continue to believe the near-term and long-term prospects for real estate in the public markets are compelling.

- *Near-term case for real estate*
  - The share prices of several real estate companies have lagged in part due to the aggressive Federal Reserve interest rate tightening cycle, and, more recently, the commercial real estate crisis narrative.

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, 2022 was 1.33% and 1.07%, 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 may reimburse certain Fund expenses pursuant to a contract expiring on August 29, 2033, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit www.BaronFunds.com or call 1-800-99BARON.

1 The **MSCI USA IMI Extended Real Estate Index Net (USD)** is an unmanaged custom index calculated by MSCI for, and as requested by, BAMCO, Inc. The index includes real estate and real estate-related GICS classified 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 Net (USD)** 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 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 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.

– Several real estate companies have repriced for a higher cost of capital and expectations of slowing growth.
– Several real estate companies are cheap.
– The current real estate environment is far superior relative to prior real estate cycles for two key reasons: first, in most cases, the use of debt has been disciplined relative to history; second, commercial and residential real estate are not overbuilt, and expectations for new supply are not concerning.
– We believe substantial private capital is in pursuit of public real estate because private funds can buy quality public real estate at a discount relative to private real estate.
– We continue to believe the Fund's two- to three-year return prospects are compelling with a favorable upside/downside return ratio.

• *Long-term case for real estate*

– Real estate has generated solid historical long-term returns, and we believe it can continue to do so. For the 25-year period ended June 30, 2023, U.S. equity REITs have delivered a better cumulative return than the S&P 500 Index, fixed income alternatives, international equities, and commodities. Since the Fund's inception on December 31, 2009 through June 30, 2023, Baron Real Estate Fund, which owns REITs and non-REIT real estate-related companies, has delivered a cumulative return of 459%, which compares favorably to the 176% return of the REIT Index.
– Real estate continues to offer diversification benefits. According to Morningstar, over the last 25 years through June 30, 2023, REITs have provided diversification benefits due to their modest correlation to stocks (0.64 correlation to the S&P 500 Index) and low correlation to bonds (0.27 correlation to Bloomberg Barclays U.S. Aggregate Index).
– Real estate may provide inflation protection. Real estate owners with short-lease durations in supply-constrained markets are well equipped to raise rents to combat inflation's impact on their businesses.

Portfolio Composition and Key Investment Themes

We currently have investments in REITs, plus seven additional non-REIT real estate-related categories. Our percentage allocations to these categories vary, and they are based on our research and assessment of opportunities in each category on a bottom-up basis (See Table II below).

Table II.
Fund investments in real estate-related categories as of June 30, 2023

		Percent of Net Assets
REITs		27.2%
Non-REITs		70.0
Homebuilders & Land Developers	18.1	
Casinos & Gaming Operators	14.6	
Building Products/Services	11.5	
Real Estate Operating Companies	10.6	
Real Estate Service Companies	10.1	
Hotels & Leisure	4.7	
Tower Operators	0.4	
Cash and Cash Equivalents		2.8
Total		100.0%*

* *Individual weights may not sum to the displayed total due to rounding.*

Investment Themes

We continue to prioritize four long-term high conviction investment themes or real estate categories:

1. REITs
2. Residential-related real estate
3. Travel-related real estate
4. Other real estate-related opportunities

REITs

Since the Fund's inception on December 31, 2009, REITs have been an important part of our real estate-related portfolio. We have tended to limit our REIT allocation to 25% to 35% of the portfolio so that the Fund is differentiated from other REIT funds.

Following a 25% correction in the REIT Index in 2022 and ongoing relative underperformance in the first six months of 2023, we believe valuations of several REITs are attractive. Business fundamentals and prospects for many REITs remain solid although slower growth is expected in 2023. Balance sheets are in good shape. Several REITs have inflation-protection characteristics. Dividend yields are well covered by cash flows and are growing.

Should the contraction in economic growth evolve into no worse than a mild recession and the path of interest rates peaks in 2023 at levels not much higher than current rates, we believe the shares of certain REITs may perform relatively well given the contractual nature of cash flows that provide a high degree of visibility into near-term earnings growth and dividend yields. Should long-term interest rates begin to decline and credit spreads compress, REIT return prospects may also benefit from an improvement in valuations as valuation multiples expand (e.g., capitalization rates compress).

We continue to prioritize secular growth REITs and short-lease duration REITs with pricing power:

Secular growth REITs: Our long-term focus remains on real estate companies that benefit from secular tailwinds where cash-flow growth tends to be durable and less sensitive to a slowdown in the economy. Examples include our investments in industrial logistic, data center, and wireless tower REITs.

Short-lease duration REITs with pricing power: We have continued to emphasize REITs that are able to raise rents and prices on a regular basis to combat inflation's impact on their businesses. Examples include our investments in self-storage and single-family rental REITs.

For a more detailed discussion of the investment case for REITs and the various REIT categories, we encourage you to read our June 30, 2023 Baron Real Estate Income Fund shareholder letter.

As of June 30, 2023, we had investments in six REIT categories representing 27.2% of the Fund's net assets. Please see Table III below.

Table III.
REITs as of June 30, 2023

	Percent of Net Assets
Industrial REITs	11.1%
Data Center REITs	6.1
Self-Storage REITs	4.2
Wireless Tower REITs	2.1
Health Care REITs	2.0
Single-Family Rental REITs	1.6
Total	27.2%[1]*

[1] Total would be 27.6% if included wireless tower operator Cellnex Telecom S.A.
* *Individual weights may not sum to the displayed total due to rounding.*

Residential-related real estate

We remain bullish on the prospects for the U.S. housing market. The multi-decade structural underinvestment in the construction of residential real estate relative to the demographic needs of our country bodes well for long-term housing construction activity, sales, rentals, pricing, and repair and remodel activity.

We agree with the findings of housing-related research reports published by *Evercore ISI Research*. In a report on October 4, 2022, Evercore cited the constrained inventory of the U.S. housing market:

> "After briefly reaching above 2 million total (housing) starts way back in 2005, the U.S housing industry entered the longest sustained period of under-building since the modern homebuilding industry began in the late 1940s. On a trailing fifteen-year basis, housing starts have averaged just over 1 million annually, well below the industry's 1.5 million long-term average. Since housing starts include both for-sale and rental units, this accumulated shortfall is visible in both record low levels of existing homes for sale and rental vacancy rates. And just as this deficit was more than a decade in the making, it cannot dissipate quickly."

In a more recent report on May 18, 2023, Evercore said:

> "…We do not have enough houses in the country, due to 15 years of under-building…It would take a decade of 2 million (annual) housing starts to make up the deficit."

Long-term housing-related demand prospects are also encouraging, especially from the approximately 72 million millennials – ages 25 to 40 – many of whom have been looking to buy or rent a home. Millennials are the largest generation in the workforce, 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. It also bodes well for home and apartment rentals.

Please see "Top contributors and detractors to performance" and "Recent activity" later in this letter. There, we discuss various homebuilder and residential building product/services companies and explain the rationale for recent performance, purchases, and sales.

As of June 30, 2023, residential-related real estate companies represented 29.6% of the Fund's net assets. Please see Table IV below.

Table IV.
Residential-related real estate companies as of June 30, 2023

	Percent of Net Assets
Homebuilders	16.5%
Building Products/Services	10.2
Home Centers	3.0
Total	29.6%[1]*

[1] Total would be 31.3% if included residential-related housing REIT Invitation Homes, Inc.
* *Individual weights may not sum to the displayed total due to rounding.*

Travel-related real estate

We remain long-term bullish about the prospects for travel-related real estate companies.

In our opinion, several factors are likely to contribute to multi-year tailwinds for travel including a favorable shift in consumer preferences, a growing middle class, and other encouraging demographic trends.

Even though travel-related business conditions may moderate in the year ahead given the likelihood of an economic slowdown, which would negatively impact leisure spending and business travel, we maintain an allocation to select travel-related real estate companies because **we believe the long-term investment case for travel is compelling**:

- *Demand for services over goods:* We have seen an increased wallet share going to travel. The 72 million millennials are increasingly driving this shift aided by their preference for experiences, such as travel, over durable goods.
- *Demographic trends:* Delays in marriage and having children have led to the millennial cohort having more disposable income than prior generations at this age.
- *Work-from-home:* Flexible job arrangements have led to an increase in travel bookings and lengths of stay, leading to the emergence of a new category of travel (hush trips).
- *Certain travel-related businesses remain cyclically depressed, not secularly challenged, and should rebound as economic strength re-emerges.* For example, the business operations of Macau-centric casino and gaming companies such as **Wynn Resorts, Limited** and **Las Vegas Sands Corporation** have yet to fully recover from COVID-19 restrictions and challenges in China from 2020 through 2022. We expect business to rebound sharply when economic growth recovers just as it did in Las Vegas.
- *Healthy balance sheets:* The travel-related real estate companies we invest in maintain well-capitalized and liquid balance sheets and should be able to comfortably withstand any slowdown in economic growth just as they did during the early days of COVID-19.
- *Private equity companies such as Blackstone have a long history of investing in travel-related companies and have continued to highlight the travel segment as an important investment opportunity.* Given the highly discounted share prices and valuations of certain travel-related companies, we would not be surprised if private equity firms take advantage of the favorable valuation arbitrage between the public and private markets and acquire public travel companies.

As of June 30, 2023, travel-related real estate companies represented 19.3% of the Fund's net assets. Please see Table V below.

Table V.
Travel-related real estate as of June 30, 2023

	Percent of Net Assets
Casinos & Gaming Operators	14.6%
Hotels	2.1
Timeshare Operators	1.6
Ski Resorts	0.9
Total	19.3%*

* *Individual weights may not sum to the displayed total due to rounding.*

Other real estate-related opportunities

Our *other real estate-related opportunities* category includes companies that do not fit neatly in more traditional real estate categories of REITs, residential-related real estate, and travel-related real estate. They currently include:

- Commercial real estate services companies
  Examples: **CBRE Group, Inc.** and **Jones Lang LaSalle Incorporated**
- Real estate-focused alternative asset managers
  Examples: **Brookfield Corporation** and **Blackstone Inc.**
- Real estate data analytics/property technology companies
  Example: **CoStar Group, Inc.**

Commercial real estate services companies: We remain bullish on the long-term growth opportunity for the commercial real estate brokerage category because of structural and secular tailwinds that should benefit leading global companies such as CBRE and Jones Lang LaSalle.
Tailwinds include:

- *The outsourcing of commercial real estate:* A growing number of companies are increasingly looking to outsource their commercial real estate needs. CBRE estimates that the overall facilities management market will be $1.9 trillion by 2024, representing a massive growth opportunity for large global commercial real estate services companies.
- *The institutionalization of commercial real estate:* Institutional allocations to real estate continue to increase, in part due to real estate's diversification, inflation protection, and relatively stable long-term growth attributes.
- *Opportunities to increase market share:* The commercial real estate industry remains highly fragmented and is likely to continue to consolidate. Customers tend to prefer commercial real estate companies that can provide a broad set of services. We believe CBRE and Jones Lang LaSalle are best positioned to drive market share gains given that they are the clear #1 and #2 commercial real estate services firms, respectively, and they have the capability to provide the full array of real estate offerings on a global scale.

CBRE and Jones Lang LaSalle have scale, product breadth, and leadership positions across their diversified real estate business segments. They continue to gain market share and are well positioned to capitalize on ample attractive acquisition opportunities in the years ahead given strong and liquid balance sheets. Though growth in certain segments of their businesses has slowed and is likely to remain under pressure in the months ahead due to the global economic slowdown, higher interest rates, and the likelihood of more restrictive bank lending, we believe both are attractively valued and present compelling return potential over the next few years.

Real estate-focused alternative asset managers: We are optimistic about the long-term prospects for Brookfield and Blackstone because we believe both companies are likely to increase market share in a secular growth opportunity for alternative assets.

Institutional allocations to alternative investment assets such as real estate, infrastructure, and private equity are likely to continue to grow significantly in the years ahead because alternatives have a long track record of generating attractive relative and absolute returns with less volatility than several other investment options.

We are bullish on the long-term prospects for Brookfield and Blackstone. Both companies are led by exceptional management teams that attract and retain exceptional talent. They are two of the largest real estate managers in the world with impressive investment track records. Both Brookfield and Blackstone have global franchises, strong brands, and loyal customers.

We believe the shares of both companies are attractively valued and are optimistic about the long-term potential for the Fund's investments in both companies.

Real estate data analytics/property technology companies: The real estate industry, which represents approximately 17% of U.S. GDP according to the National Association of Realtors, has eschewed decades of technological innovation while many other industries have evolved rapidly. We are seeing evidence of that trend beginning to change as real estate companies are increasingly adopting technology as a source of competitive differentiation and evolution across property sectors.

This collision of real estate and technology has led to a new category within real estate–real estate technology, also referred to as *proptech*. Proptech businesses use technology and software to assist in meeting real estate needs.

The emergence of proptech and the digitization of real estate is an exciting and promising new development for real estate. We believe we are in the early innings of a technology-driven investment cycle centered on data and digitization that allows real estate-related businesses to drive incremental revenue streams and lower costs.

CoStar, the leading provider of information, analytics, and marketing services to the real estate industry and a top holding in the Fund, is well positioned to capitalize on this burgeoning secular growth trend.

As of June 30, 2023, other real estate-related companies represented 20.7% of the Fund's net assets. Please see Table VI below.

Table VI.
Other real estate-related companies as of June 30, 2023

	Percent of Net Assets
Real Estate-Focused Alternative Asset Managers	10.6%
Commercial Real Estate Services Companies	5.3
Real Estate Data Analytics Companies	4.8
Total	20.7%*

* *Individual weights may not sum to the displayed total due to rounding.*

Top Contributors and Detractors to Performance

Table VII.
Top contributors to performance for the quarter ended June 30, 2023

	Quarter End Market Cap (billions)	Percent Impact
Toll Brothers, Inc.	$ 8.6	2.30%
CoStar Group, Inc.	36.4	1.23
Lennar Corporation	35.6	0.78
D.R. Horton, Inc.	41.5	0.75
SiteOne Landscape Supply, Inc.	7.5	0.42

Our investments in homebuilder companies – **Toll Brothers, Inc.**, **Lennar Corporation**, and **D.R. Horton, Inc.** – performed well in the first six months of 2023. The share price of Toll Brothers increased nearly 60% and the shares prices of Lennar and D.R. Horton each gained more than 35%.

Year-to-date, each company has witnessed a meaningful uptick in demand to buy homes:

- Home buyers continue to come off the sidelines and buy homes despite 30-year mortgage rates remaining in the 6.5% to 7.0% range. Several factors are contributing to the recent strength, including pent-up demand to buy homes and fears that mortgage rates could move higher.
- The sticker shock of rapidly rising mortgage rates appears to have cooled down. Homebuilders have made homes more affordable to prospective home purchasers by offering mortgage rate buydowns to the mid-5% mortgage rate range while maintaining strong profitability margins.
- A dearth of inventory in the existing home market and an overall housing supply shortage is driving home buyers to "stretch their wallet" due to fears that they could miss the opportunity to buy a home.

We remain optimistic about the long-term potential for the Fund's investments in Toll Brothers, Lennar, and D.R. Horton for several reasons including:

- Housing supply shortages and pent-up demand to buy homes should lead to several years of strong home production.
- Each homebuilder is well positioned to increase market share because: (i) many of their competitors are private homebuilders that are capital constrained and lack comparable access to materials, labor, and land; and (ii) activity in the existing home sale market may remain subdued if many homeowners continue to choose to stay in their homes due to low in-place mortgages. According to *Goldman Sachs*, 72% of borrowers have a mortgage rate at or below 4%.
- Toll Brothers, Lennar, and D.R. Horton have scale advantages that help each company procure materials, labor, and land more easily and at more favorable prices than many of their competitors.

Regarding share price return prospects for our homebuilder investments:

- Should homebuilder valuations remain in their historical valuation range, we believe the Fund's homebuilder investments have the potential to continue to generate strong annual performance returns given our expectation for durable long-term earnings growth and, in some cases, an improvement in valuation multiples. This is our base case valuation assumption.
- We believe, however, there is a compelling case for a favorable paradigm shift in how homebuilding companies are valued in the public markets. Why?
  - Since the beginning of 2020, Toll Brothers, Lennar, and D.R. Horton have demonstrated substantial resilience and operating prowess. Despite several black swan events – COVID-19, a sharp increase in mortgage rates from 3% to 7%, and supply-chain disruptions – each company has managed its business exceptionally well and demonstrated that the demand to buy homes is resilient. Further, each company maintains a well-capitalized and liquid balance sheet, focuses on generating strong profitability margins, free cash flow and returns on equity, and has an opportunity to generate strong long-term earnings growth.
  - Homebuilding companies tend to be valued in the public market at a price-to-book value per share multiple of approximately 1 to 2 times book value. This compares to the S&P 500 Index average book value since 2000 of approximately 3 times (minimum book value of 1.78 times and maximum book value of 5.06 times). Similarly, homebuilding companies have tended to be valued in the public market at steep discounts (often 5 to 10 times earnings per share) to the long-term average S&P 500 Index P/E multiple of 17 times earnings per share.
  - If a paradigm shift in valuation multiples materializes due to the reasons cited above, and homebuilder valuations re-rate structurally higher – closer to an S&P 500 Index valuation – the long-term share price return potential for our homebuilder companies would become notably compelling.

Shares of **CoStar Group, Inc.** increased 29.3% in the second quarter of 2023. We believe the shares performed well due to growing optimism about the prospects for the company's planned expansion into the residential market and improved sentiment for certain technology-centric companies such as CoStar.

CoStar is the leading provider of information, analytics, and marketing services to the real estate industry. CoStar initially focused on serving the domestic commercial real estate industry and built a comprehensive proprietary database of essential data to help participants buy, sell, and lease properties. The company has since expanded its focus to offer products and services to multi-family, industrial, commercial land, mixed-use and hospitality end-markets across North America and Western Europe.

Today, the company's non-residential operations generate over $2 billion of recurring revenue with cash flow (EBITDA) margins above 40%. We expect this portion of the business to grow its revenue at a mid-teens rate for several years as the company launches new products, upsells existing customers, and raises prices. We expect profit and cash flow to grow at an even faster rate given the low marginal costs inherent in CoStar's business model. We think that cash flow from this business can double over the next five years, which implies a similar return for the stock.

The company undertook an audacious expansion plan and invested approximately $230 million in 2022 to enter the domestic residential real estate market. We believe management's initial 2023 guidance included a $500 million investment in its residential business. We suspect that management set expectations conservatively and is unlikely to spend the full $500 million, leading to likely earnings upside over the year. Notwithstanding our view of management's conservatism, we believe CoStar's residential investment is nominal relative to the company's $4 billion net cash balance and its ability to generated free-cash-flow. We think that the residential market is vast, and that CoStar is well positioned to build a compelling and differentiated business serving this market. If successful, we think that CoStar could generate almost $1 billion of incremental revenue over the next 5 to 10 years at 40% EBITDA margins. If unsuccessful, CoStar can easily throttle back on its investment and redeploy resources towards other markets without having impacted the fundamentals of its non-residential business.

Based on its current valuation and our expectation for future growth, we believe CoStar's shares have the potential to double in the next three to four years.

Table VIII.
Top detractors from performance for the quarter ended June 30, 2023

	Quarter End Market Cap (billions)	Percent Impact
Rexford Industrial Realty, Inc.	$11.2	–0.48%
Extra Space Storage Inc.	20.1	–0.21
Wynn Resorts, Limited	12.0	–0.21
Marriott Vacations Worldwide Corporation	4.5	–0.15
Caesars Entertainment, Inc.	11.0	–0.14

Following solid share price performance in the first three months of 2023, the shares of **Rexford Industrial Realty, Inc.**, a high-growth REIT that owns a $12 billion portfolio of infill industrial real estate properties concentrated in Southern California, declined in the second quarter primarily due to concerns that demand and rent growth are moderating in Southern California.

Since the beginning of 2020 through March 31, 2023, rents in Rexford's markets have increased more than 100%! Though we do expect rent growth to moderate from its frenzied pace of the last few years, we remain optimistic about the long-term prospects for Rexford and the Fund's other industrial REIT holdings **Prologis, Inc.**, **EastGroup Properties, Inc.**, and **Terreno Realty Corporation**.

With industrial vacancies at less than 4%, new supply expected to moderate in 2024, rents on in-place leases at more than 50% below market rents, and multi-faceted demand drivers including the ongoing growth in e-commerce and companies' seeking to improve inventory supply-chain resiliency, we believe the Fund's industrial REIT investments are uniquely positioned and have compelling multi-year cash-flow growth runways.

We believe that Rexford has one of the best long-term growth opportunities among all publicly traded REITs. The company has two significant prongs for long-term growth. First, the management team has an irreplaceable portfolio of 44 million square feet of industrial real estate and its in-place rents on signed leases are 66% below market. As such, the company has line of sight to at least 66% growth as it adjusts rents up to market levels over the next four to five years. Second, Rexford's management team is pursuing acquisitions of additional square footage within its 250 million square foot market. Through acquisitions, we believe management will significantly increase the size of its portfolio over time. Many of the industrial properties that Rexford is targeting are industrial real estate assets owned by individuals who have managed their real estate passively for decades; in many cases they have not increased rents consistently. That is the opportunity for Rexford – acquire assets, upgrade the properties, and begin to increase rents.

Following its pending merger with Life Storage, Inc. which is expected to close late in 2023, **Extra Space Storage Inc.,** a best-in-class self-storage REIT, will be the largest self-storage operator with a $46 billion self-storage operating portfolio. In the most recent quarter, the shares declined because rent growth is moderating from its strong pace of the last few years.

Though 2023 may be a transition year for Extra Space as growth retraces to a more sustainable run-rate and the management team prepares to incorporate Life Storage, we remain optimistic about the long-term prospects for the company and believe the current price of its shares reflects a good portion of this anticipated transition.

We believe Extra Space's management team is excellent. Over the last decade, management has delivered strong occupancy gains, rent growth, and expense control that has led to a cost-of-capital advantage relative to its peers. Management has capitalized on its cost-of-capital advantage relative to its peers by tripling its owned self-storage count since 2010. We believe the management team will continue to create tremendous value for shareholders and believe the long-term growth opportunity for the company remains strong.

After increasing 23% during the period held in the first quarter of 2023, the shares of **Wynn Resorts, Limited**, an owner and operator of hotels and casino resorts, modestly declined in the most recent quarter.

We remain optimistic about the multi-year prospects for the company. We believe the re-emergence of business activity in Macau will drive additional shareholder value. If cash flow returns to the level achieved in 2019 prior to COVID-19, we believe Wynn's shares will increase to $150 per share, or approximately 45% higher than where it has recently traded.

We believe additional drivers for future value creation beyond a re-emergence in Macau business activity include: (i) our expectation for long-term growth opportunities in the company's U.S.-centric markets of Las Vegas and Boston, including an expansion of Wynn's Encore Boston Harbor resort; (ii) Wynn's plans to develop an integrated resort in the United Arab Emirates with 1,500 hotel rooms and a casino that is similar in size to that of its Encore Boston Harbor; (iii) opportunities to improve cash-flow margins by rightsizing labor and achieving lower staff costs in Macau; (iv) the possibility that Wynn is granted a New York casino license in 2023; and (v) an expansion in the company's valuation multiple to levels achieved prior to the pandemic.

Recent Activity

Table IX.
Top net purchases for the quarter ended June 30, 2023

	Quarter End Market Cap (billions)	Net Amount Purchased (millions)
Digital Realty Trust, Inc.	$33.9	$25.6
Installed Building Products, Inc.	4.0	21.2
Equinix, Inc.	73.3	14.3
Hyatt Hotels Corporation	12.1	10.4
CBRE Group, Inc.	25.1	10.1

We believe the multi-year prospects for real estate data centers are highly compelling – perhaps as strong as they have ever been.

Accordingly, we recently increased the Fund's exposure to data center REITs by acquiring additional shares in **Equinix, Inc.** and re-initiating a position in **Digital Realty Trust, Inc.**

Data center landlords such as Equinix and Digital Realty are benefiting from record low vacancy, demand outpacing supply, more constrained power availability, and rising rental rates. Several secular demand vectors, which are currently broadening, are contributing to robust fundamentals for data center space globally. They include the outsourcing of information technology infrastructure, increased cloud computing adoption, the ongoing growth in mobile data and internet traffic, and artificial intelligence as a new wave of data center demand. Put simply, each year data continues to grow exponentially, and all of this data needs to be processed, transmitted, and stored – supporting increased demand for data center space. In addition, while it is still early innings, we believe artificial intelligence could not only provide a source of incremental demand but also further accelerate existing secular trends by driving increased prioritization and additional investment in digital transformation among enterprises.

We recently spent time with the management teams at both Equinix and Digital Realty and are optimistic about their prospects. We believe Equinix, the premier global operator of network-dense, carrier-neutral colocation data centers, is well positioned to grow its cash flow per share by more than 10% annually for the next few years.

Digital Realty is a global data center operator with 290 data centers across North America, EMEA, APAC, and LATAM. Over the last few years, the company has been undergoing a business transformation, which accelerated after its acquisition of Interxion in March 2020, a pure-play European network-dense data center operator. The company has been shedding non-core slower-growth assets, investing and expanding in Europe, growing its retail colocation business, improving its balance sheet, and adding operational expertise by supplementing new management leadership. We have spent a significant amount of time with CEO Andy Power over the years and believe the investments the company has made are on the cusp of bearing fruit and will pay dividends for years to come. In addition, we believe the fundamentals in its core business are at an inflection point with robust demand/bookings, pricing power, hyperscale cloud players outsourcing a higher percentage of their digital infrastructure needs, and limited competitive capacity. We believe these factors will lead to growth in the core business in 2023 and are optimistic about the long-term prospects for the company.

In the most recent quarter, we reacquired shares in **Installed Building Products, Inc.** (IBP), one of the nation's largest insulation installers for the residential new construction market. The company is also a diversified installer of complementary building products. IBP should be a prime beneficiary of growth in new home construction as approximately 77% of IBP's business is generated from new housing construction (67% new single-family and 10% new multi-family).

We believe the company has several opportunities for growth including:

(i) Expanding its approximately 30% market share of insulation for new residential construction organically by offering a superior customer experience;

(ii) Expanding its less than 10% market share of complementary building products by leveraging its established insulation footprint for cross-selling (complementary building products currently represent 34% of sales); and

(iii) Acquiring other businesses – IBP has a successful track record of acquiring and integrating more than 160 companies, realizing meaningful cost savings, and enhancing the growth and profitability of these acquired businesses.

We believe our investment in IBP has the potential to compound at 15% per year over the next few years.

Table X.
Top net sales for the quarter ended June 30, 2023

	Quarter End Market Cap or Market Cap When Sold (billions)	Net Amount Sold (millions)
Caesars Entertainment, Inc.	$ 11.0	$21.0
Fifth Wall Acquisition Corp. III	0.4	12.9
Prologis, Inc.	113.2	7.7
Hilton Worldwide Holdings Inc.	38.5	6.3
Floor & Decor Holdings, Inc.	11.0	6.0

In the most recent quarter, we reduced our investment in **Caesars Entertainment, Inc.**, the largest casino-entertainment company in the U.S. and one of the world's most diversified casino-entertainment providers. We chose to modestly reduce our significant exposure in travel-related real estate companies and reallocated the capital to other non-travel related real estate companies. We are big fans of CEO Tom Reeg and remain optimistic about the long-term prospects for the company.

In the most recent quarter, we redeemed for cash the Fund's investment in **Fifth Wall Acquisition Corp. III**, a blank check company that aims to acquire one or more real estate businesses and assets.

We recently modestly trimmed our large investment in **Prologis, Inc.**, the world's largest industrial REIT, and reallocated the capital to smaller positions in the Fund that we believe have compelling shareholder return prospects. We continue to believe the appreciation potential for the shares of Prologis remains compelling given that the company's rents on its in-place leases are more than 65% below current market rents, thus providing a strong runway for growth in the next three to five years.

Concluding Thoughts on the Prospects for Real Estate and the Fund

We remain optimistic about the prospects for the Fund because we believe we have assembled a portfolio of best-in-class competitively advantaged real estate companies with compelling long-term growth and share price appreciation potential. We have structured the Fund to capitalize on high conviction investment themes. Valuations and return prospects are attractive.

We continue to believe the benefits of our flexible approach, which allows us to invest in a broad array of real estate companies including REITs and non-REIT real estate-related companies, will shine even brighter in the years ahead.

For these reasons, we remain positive on the outlook for the Baron Real Estate Fund.

Table XI.
Top 10 holdings as of June 30, 2023

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Toll Brothers, Inc.	$ 8.6	$130.6	8.4%
Brookfield Corporation	55.2	98.0	6.3
Prologis, Inc.	113.2	84.0	5.4
CoStar Group, Inc.	36.4	74.6	4.8
Lennar Corporation	35.6	72.4	4.6
Equinix, Inc.	73.3	68.8	4.4
D.R. Horton, Inc.	41.5	54.7	3.5
Wynn Resorts, Limited	12.0	53.2	3.4
MGM Resorts International	16.0	52.8	3.4
Blackstone Inc.	109.2	50.8	3.2

I and the rest of our Baron real estate team – David Kirshenbaum, George Taras, and David Baron – remain energized, focused, and busy meeting with and speaking to real estate management teams. We continue our comprehensive research. We speak to a broad swath of real estate companies – both owned and not owned – in many cases a few times each quarter to make sure our research remains current. We believe our corporate relationships, access to management, and our real estate research are critical elements that contribute to competitive advantages for our real estate team versus many of our peers.

I, and our team, remain fully 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 the Funds' distributor, Baron Capital, Inc., by calling 1-800-99BARON or visiting www.BaronFunds.com. Please read them carefully before investing.

Risks: In addition to general market conditions, 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. **Free cash flow (FCF)** represents the cash that a company generates after accounting for cash outflows to support operations and maintain its capital assets. **Price/Earnings Ratio (next 12-months)**: is a valuation ratio of a company's current share price compared to its mean forecasted 4 quarter sum earnings per share over the next twelve months. If a company's EPS estimate is negative, it is excluded from the portfolio-level calculation.

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

Dear Baron Emerging Markets Fund Shareholder:

Performance

Baron Emerging Markets Fund® (the Fund) gained 3.81% (Institutional Shares) during the second quarter of 2023, while its primary benchmark index, the MSCI EM Index, returned 0.90%. The MSCI EM IMI Growth Index gained 0.23% for the quarter. The Fund outperformed both the primary benchmark and the emerging markets (EM) all-cap growth proxy in a period of relative macroeconomic and geopolitical calm but moderating global equity gains. The Fund now stands ahead of both indexes midway through the year despite the fact that outside of the U.S., growth equities underperformed value, which is typically a headwind to our relative performance. The quarter began under the influence of fear that the strain on global banks and associated deposit flight would trigger a credit tightening and an abrupt economic slowdown, but such concerns tapered as the quarter progressed. On the contrary, for now, stubbornly strong wage, housing, and services inflation in the U.S. have rekindled expectations that the Fed will resume rate hikes imminently, which drove a significant increase in short- and long-term bond yields during the quarter. While U.S. technology and artificial intelligence (AI)-related shares were the clear standouts in a global context, outside of this narrow universe, market breadth and momentum deteriorated, a potential signal that a consolidation or correction may be near. We remain encouraged over the longer term and maintain the premise that we are passing peak hawkishness and likely entering a period of EM and international equity outperformance.

MICHAEL KASS

PORTFOLIO MANAGER

Retail Shares: BEXFX
Institutional Shares: BEXIX
R6 Shares: BEXUX

Table I.
Performance†
Annualized for periods ended June 30, 2023

	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]	3.76%	3.81%	0.90%	0.23%
Six Months[3]	6.49%	6.60%	4.89%	4.50%
One Year	2.38%	2.66%	1.75%	1.24%
Three Years	0.11%	0.34%	2.32%	0.17%
Five Years	0.09%	0.34%	0.93%	1.07%
Ten Years	3.42%	3.68%	2.95%	3.82%
Since Inception (December 31, 2010)	2.92%	3.18%	1.24%	2.18%

While China-related equities struggled during the quarter as the post-COVID recovery remained subdued, partially due to a second, albeit more moderate, COVID wave, we remain cautiously optimistic and continue to expect a consumption recovery to accelerate into the second half of 2023. Targeted policy easing measures continue to emerge alongside rising calls for more forceful stimulus, and we believe President Xi's new leadership team will ultimately achieve the recovery that they have prescribed. In the near term, we believe China offers attractive risk/reward potential with material upside should the economy either gain traction or provoke more substantial policy support. Indian equities returned to leadership, as valuations reset after two consecutive quarters of underperformance and the economic and earning expansion in the country continued on a healthy course. This reversal was a key driver of our second quarter outperformance and we maintain conviction that India likely offers the most attractive long-term investment opportunity in the international/EM universe. Brazil also reversed first quarter underperformance logging significant gains, and we view the recent strength in both India and Brazil as a likely signal that

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, 2022 was 1.38% and 1.12%, 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 may reimburse certain Fund expenses pursuant to a contract expiring on August 29, 2033, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit www.BaronFunds.com or call 1-800-99BARON.

† 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.

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.

several EM central banks are on the cusp of a rate cutting cycle – regardless of how the Fed progresses in the second half of 2023. This is unusual, and we believe can be attributed to the scale of U.S. COVID-related stimulus and resulting inflation, compared to a much more subdued and constrained response outside the U.S. This, along with several other catalysts detailed in the Outlook section of this letter support our view that EM and international equities are poised to enter a period of much improved relative earnings and return potential. As always, we are confident that we have constructed a diversified portfolio of well-positioned and well-managed companies that are also benefiting from the tailwinds of long-term and attractive investment themes.

For the second quarter of 2023, we comfortably outperformed our primary benchmark, the MSCI EM Index, as well as our all-cap growth proxy. From a sector or theme perspective, solid stock selection in the Financials sector, most notably investments in our India wealth management/consumer finance theme (**Bajaj Finance Limited**, **Edelweiss Financial Services Limited**, **Max Financial Services Limited**, **Nippon Life India Asset Management Limited**, **Muthoot Finance Limited**, and **SBI Life Insurance Company Limited**) and fintech disruption theme (**XP Inc**. and **StoneCo Ltd.**), powered the vast majority of relative outperformance this quarter. In addition, favorable stock selection effect in the Industrials sector, driven by select holdings in our sustainability/ESG theme (**HD Korea Shipbuilding & Offshore Engineering Co., Ltd.** and **HD Hyundai Heavy Industries Co., Ltd.**), also bolstered relative results. Lastly, positive stock selection and our underweight positioning in the Materials sector also contributed to relative performance. Partially offsetting the above was adverse stock selection effect in the Information Technology sector, primarily attributable to our software-related investments in our China value-added theme (**Glodon Company Limited**, **Kingdee International Software Group Company Limited**, and **Venustech Group Inc.**). Poor allocation effect together with weak stock selection in the Energy sector also stood out as a detractor this quarter.

From a country perspective, favorable stock selection effect combined with our overweight positioning in India drove the majority of outperformance this quarter. Solid stock selection in Korea and Brazil were also key contributors to relative results. Partly offsetting the above was adverse stock selection effect in China, together with our active exposure to Hong Kong. We are encouraged by the earnings-driven outperformance of our India holdings and remain excited about the long-term investment potential within the country. As expressed in previous letters, our optimism about India stems from the productivity enhancing economic reforms implemented by the Modi administration that are now supporting higher sustainable GDP growth while also accelerating the formalization and digitization of the economy. In our view, India is also a key beneficiary of the tectonic shifts in the geopolitical landscape that increasingly position the country as an attractive investment destination for global corporates looking to diversify their supply chains and manufacturing footprint outside of China. Despite the recent underperformance in China, primarily driven by near-term concerns about slowing economic activity, we are encouraged by easing regulatory pressures within the technology and property sectors and improving prospects of government sponsored stimulus to support economic growth and job creation. Many of our China investments, especially within the digitization theme and select positions in our China value-added and EM consumer themes continue to trade at deep discounts to fundamental intrinsic value, setting the stage for a favorable risk/return profile going forward.

Table II.
Top contributors to performance for the quarter ended June 30, 2023

	Percent Impact
HD Korea Shipbuilding & Offshore Engineering Co., Ltd.	0.81%
Taiwan Semiconductor Manufacturing Company Limited	0.59
Samsung Electronics Co., Ltd.	0.55
Bajaj Finance Limited	0.53
XP Inc.	0.52

HD Korea Shipbuilding & Offshore Engineering Co., Ltd. is a holding company for the largest shipbuilder in the world (based on order book size) and is the global leader in high-end vessels including liquified natural gas (LNG) powered ships. Shares increased as a result of solid performance in new orders at its subsidiary Hyundai Samho, already exceeding full fiscal year guidance. In addition, operating margin expectations have improved given the recent decline in steel prices combined with increases in new build prices. Korean shipbuilders have an oligopoly in LNG carrier shipbuilding, LNG dual-fueled and alternative zero-carbon fueled containerships and tankers. The tightening regulation on carbon emission, which will be fully adopted by the International Maritime Organization (IMO) by 2030, should drive higher demand for LNG dual-fueled ships as well as carbon-free ammonia-fueled ships. We expect a structural shortage of compliant ships to emerge as the IMO deadline nears, which should benefit Korea Shipbuilding given its leading position. We maintain our investment as a core holding within our sustainability/ESG theme.

Semiconductor giant **Taiwan Semiconductor Manufacturing Company Limited** contributed in the second quarter due to easing geopolitical concerns and expectations for end-demand recovery later in 2023. We retain conviction that Taiwan Semi's technological leadership, pricing power, and exposure to secular growth markets, including high-performance computing, AI, automotive, 5G, and IoT, will allow the company to sustain strong earnings growth over the next several years.

Shares of South Korean conglomerate **Samsung Electronics Co., Ltd.** increased during the quarter due to an improving outlook for memory semiconductors in the second half of 2023, driven by DRAM and NAND inventory normalization and an increase in AI-related demand. We are confident Samsung will remain a global leader in semiconductors and 5G smartphones.

Table III.
Top detractors from performance for the quarter ended June 30, 2023

	Percent Impact
Alibaba Group Holding Limited	–0.79%
Think & Learn Private Limited	–0.62
Glodon Company Limited	–0.56
Tencent Holdings Limited	–0.45
Kingsoft Corporation Ltd.	–0.35

Alibaba Group Holding Limited is the largest retailer and e-commerce company in China. Alibaba operates shopping platforms Taobao and Tmall and owns 33% of Ant Group, which operates Alipay, China's largest third-party online payment provider. Shares of Alibaba were down this quarter, given uncertainty over the pace of China's post-COVID consumption recovery, and limited information around the company's announced plan to split into six units. We believe the restructuring plan has potential to unlock value, particularly in cloud, and the core e-commerce business' market share will stabilize. We retain conviction that Alibaba is well positioned to benefit from China's reopening and the growth in online commerce and cloud in China.

Think & Learn Private Limited, the parent entity of "Byju's – the Learning App," detracted during the quarter. Weak performance was driven by a marked slowdown in business momentum as COVID-related tailwinds that benefited online/digital education have begun to dissipate. In addition, Byju's announced that Deloitte had resigned as its auditor and will be replaced by BDO (another top five global audit firm). Three investor-appointed Board Directors also resigned during the quarter. These developments were deemed as material adverse events that required the fair market value of our holdings to be adjusted down accordingly. As India's largest education technology player, the company is well positioned, in our view, to benefit from structural growth in online education services in the country. While we are disappointed with recent developments, we continue to believe that Byju's remains a dominant franchise and can sustain low to mid-20s earnings growth in coming years.

Shares of **Glodon Company Limited**, a leading Chinese construction software provider, decreased during the quarter due to macroeconomic headwinds and relatively slow project starts for property and infrastructure. We retain conviction in Glodon, as we believe the company is uniquely positioned to benefit from increasing software penetration in the construction industry, which is the least digitized industry in China.

Portfolio Structure

Table IV.
Top 10 holdings as of June 30, 2023

	Percent of Net Assets
Taiwan Semiconductor Manufacturing Company Limited	6.0%
Samsung Electronics Co., Ltd.	4.7
Tencent Holdings Limited	3.8
Alibaba Group Holding Limited	3.7
HD Korea Shipbuilding & Offshore Engineering Co., Ltd.	2.4
Bajaj Finance Limited	2.2
HDFC Bank Limited	2.2
Suzano S.A.	1.9
Delta Electronics, Inc.	1.9
PT Bank Rakyat Indonesia (Persero) Tbk	1.8

Table V.
Percentage of securities by country as of June 30, 2023

	Percent of Net Assets
China	29.0%
India	25.3
Korea	11.4
Taiwan	7.9
Brazil	6.5
Hong Kong	2.8
Mexico	2.4
Indonesia	2.0
Philippines	1.9
South Africa	1.5
Peru	1.4
Poland	1.3
Japan	1.2
France	0.7
Italy	0.4
United Arab Emirates	0.3
Spain	0.2
Russia	0.0*

** The Fund's exposure to Russia was 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 second quarter of 2023, the Fund's median market cap was $12.4 billion, and we were invested 49.4% in giant-cap companies, 35.7% in large-cap companies, 9.3% in mid-cap companies, and 1.7% in small- and micro-cap companies, as defined by Morningstar, with the remainder in cash.

Recent Activity

During the second quarter, we added a few new investments to our existing themes, while also increasing exposure to various positions that we established in earlier periods. We continue our endeavor to add to our highest conviction ideas.

We were active in adding to our EM consumer theme by initiating a position in **Trent Limited**, a leading retailer in India that sells private label apparel, direct-to-consumer through its proprietary retail network. The company also has a joint venture with Spanish fast fashion group, Inditex, operating 20 Zara stores in India while incorporating key learnings into its own retail operations. In our view, Trent's competitive moat is its superior product quality, value-based pricing, and disciplined supply-chain management, which translates into strong brand equity and above industry same-store-sales growth. The company is rapidly scaling up its Zudio value fashion format, with the potential to triple store count to 1,000 in the next three to five years. In addition to the core apparel business, Trent also has a joint venture partnership with British retail chain Tesco to operate its 60-store Star Bazaar grocery chain. We expect the company to generate over 25% revenue growth in the near to medium term, driven by same-store-sales growth and outlet expansion. In addition, we believe operating leverage and growing franchisee mix will lead to better profitability and return on capital, driving more than 30% EBITDA CAGR over the next three to five years.

During the quarter, we also increased exposure to our digitization theme by initiating a position in **SK hynix Inc.**, a South Korean memory semiconductor company specializing in DRAM and NAND chips, which store data temporarily and permanently, respectively. SK hynix is the second-largest global memory vendor, behind Samsung Electronics. In our view, the memory industry has reached a cyclical bottom and is on the cusp of a multi-year growth phase, supported by inventory normalization and production cuts. Memory is a pillar of the data economy and enjoys structural demand growth as servers, smartphones, PCs, and other devices become ever more computationally intensive. We also believe SK hynix to be a key beneficiary of surging AI-driven demand for high-bandwidth memory (HBM), which uses advanced packaging to vertically stack DRAM chips, resulting in higher bandwidth, improved power efficiency, and a smaller form factor. The company has emerged as the industry leader in cutting edge HBM and is the sole supplier for NVIDIA's H100 AI chip, thanks to its superior durability and heat dissipation. We expect SK hynix to generate strong earnings growth over the next several years, with significant upside in incremental long-term memory demand from AI-related applications.

We also initiated an investment in **Max Healthcare Institute Limited**, the second largest hospital chain in India with over 3,200 beds. Under the leadership of CEO and restructuring expert Abhay Soi, management has focused on cutting costs and improving return metrics at poorly managed hospitals. These efforts have helped Max Healthcare stand out among Indian hospital peers with best-in-class EBITDA margins, average revenue per occupied bed, and ROIC. Going forward, the company has laid out plans to accelerate brownfield expansion and double its bed count over the next four to five years. In addition, we believe operating leverage, improving payor mix, medical tourism, an asset-light operation and management model, and optionality from tuck-in acquisitions could drive further earnings upside. We are excited about the multi-year growth opportunity that lies ahead for hospital services in India and believe Max Healthcare will be a key beneficiary of ongoing industry consolidation. We expect the company to more than double EBITDA in the next three to five years, while sustaining mid-teens revenue growth over the same time frame.

We added to several of our existing positions during the quarter, including **Tencent Holdings Limited**, **Alibaba Group Holding Limited**, **Kingdee International Software Group Company Limited**, **Wuliangye Yibin Co., Ltd.**, **Kanzhun Limited**, **Tata Consumer Products Limited**, **Baidu, Inc.**, and **LG Chem, Ltd.**

During the quarter, we exited several positions including **Glencore PLC**, **Ozon Holdings PLC**, **Norsk Hydro ASA**, **China Tourism Group Duty Free Corporation Limited**, **MediaTek Inc.**, **Yandex N.V.**, and **Meituan Inc.**

Outlook

In our first quarter letter, while we reiterated our view that markets were likely passing through peak hawkishness and surmised that the emergency liquidity injection related to the U.S. regional banking crisis was viewed as a bullish signal for global equities, we also suggested that the anticipation of Fed rate cuts, higher earnings multiples, and a likely phase of earnings vulnerability presented a challenge to further global equity gains. While the recent relative calm in macroeconomic and geopolitical volatility was certainly welcomed, we stand by our end of first quarter outlook and note that outside of large-cap U.S. technology shares, equity appreciation has indeed begun to slow or stall in recent months. While global equities gained for a second quarter, U.S. employment remained too buoyant for the Fed to rule out further hikes, market breadth has declined, and bond yields have risen. Indeed the 10-year U.S. Treasury real yield is now revisiting levels that triggered the deposit flight and regional bank crisis in the first quarter. Rising real yields, and a likely return to Fed rate hikes after a brief pause are not consistent with rising multiples on U.S. and growth-related equities, and thus we believe tightening U.S. liquidity and higher bond yields could trigger a consolidation of recent gains, and particularly cool the rally in technology and AI proxies should inflation measures fail to moderate in the near term. As we have stated in the past, we believe a correction in U.S. equities is likely necessary before global investors and allocators focus on improving ex-U.S. relative earnings potential, and thereby spark the sustainable relative outperformance cycle in EM and international equities that we anticipate.

Within the EM universe, China's post-COVID reopening recovery remained subdued, though ongoing cost and capital discipline by private sector companies are silver linings for equity investors. We have suggested patience, particularly given that President Xi's new team signaled a desire for an economic rebound, and we continue to expect a consumption recovery to accelerate into the second half of 2023. Meanwhile, targeted policy easing measures continue to emerge alongside rising calls for more forceful support from policymakers. We note that several of our portfolio holdings are already showing solid fundamental performance in a challenging macro environment, and we remain cautiously optimistic against a backdrop of historic trough valuations, poor sentiment, and underweight positioning by global investors. We continue to believe that geopolitical concerns are priced into current valuations and that there is far too much to lose for China to initiate a move on Taiwan. We believe China likely represents the most attractive near-term risk/reward potential in the ex-U.S. universe. India equities returned to leadership, reversing first quarter underperformance while handily outperforming the MSCI EM Index during the quarter as the economic and earnings expansion there continues, and valuations had fully mean-reverted entering the quarter after two consecutive quarters of underperformance. This reversal was a key driver of our second quarter outperformance, and we remain optimistic regarding our various investments and overweight position, as we believe India offers the most attractive long-term investment opportunity in our universe. Brazil also reversed first quarter underperformance with significant second quarter gains, and we view the recent strength in both India and Brazil as a manifestation of rising market confidence that several EM central banks are on the cusp of a rate cutting cycle – regardless of how the Fed progresses in the second half of 2023. This is unusual, and we believe can be attributed to the scale of U.S. COVID-related stimulus and resulting inflation, compared to a much more subdued and constrained response outside the U.S.

In summary, we remain of the view that after a long period of underperformance, EM and international equities are poised for a cycle of relative outperformance, principally driven by the following:

1. An eventual consensus recognition that a U.S. dollar bear market has begun. We believe the longer-term fundamentals for the dollar have been eroding for years, that we are well past peak dollar demand, and that the supply of U.S. Treasuries/dollars in circulation has made an important vector change higher as politicians have seized the levers of stimulus from central bankers (i.e., COVID and infrastructure stimulus). Once this view takes hold, the *tax* on holding non-U.S. assets will shift to a tailwind to returns, sparking a reversal of capital/investment flows which we believe will be stimulative to consumption, investment, and earnings growth in ex-U.S. jurisdictions. We believe this reversal of capital and investment flows will spark a mean-reversion in EM/international equity valuations, which are currently at or near 30-year lows relative to U.S. equities.

2. The global capital investment cycle that is necessary to fund de-globalization; security of energy, commodity, agriculture; and national security & defense is by definition a catalyst for outperformance of EM/international countries, whose economies and markets are simply more geared towards such a capital investment-driven environment. The past 20 years – post-Iron Curtain and China's ascension into the WTO – have been characterized by globalization and the reduction of capital deployed – much to the benefit of wealthy consumers in developed markets; this will now reverse and favor the owners of real assets and industrial pricing power, and there is simply more of that in the EM/international indexes.

3. India is the new China, and it will be the fastest growing major economy in the coming decade and beyond. Economic reforms, digitization, formalization, and rising credit penetration favor the most sophisticated, best-managed, public corporations such as those in which we have invested.

4. China's principal lever to drive necessary productivity gains is a major pivot towards self-sufficiency in the value-added industries that have been largely dominated by western multi-nationals over the past 20 years. The rise of local domestic champions in the auto/electric vehicle, automation/robotics, advanced manufacturing, pharmaceutical/biotechnology, software/AI/semiconductors, and consumer goods industries will move the dial on perceived relative earnings growth potential for China/EM.

We look forward to our next communication.

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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Baron Global Advantage Fund

Dear Baron Global Advantage Fund Shareholder:

Performance

Baron Global Advantage Fund® (the Fund) gained 6.4% (Institutional Shares) in the second quarter of 2023, which compares to returns of 6.2% for the MSCI ACWI Index (the Index), and 9.2% for the MSCI ACWI Growth Index, the Fund's benchmarks.

Table I.
Performance†
Annualized for periods ended June 30, 2023

	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]	6.34%	6.41%	6.18%	9.20%
Six Months[3]	16.28%	16.43%	13.93%	24.25%
One Year	7.63%	7.91%	16.53%	23.05%
Three Years	(9.17)%	(8.94)%	10.99%	9.57%
Five Years	4.59%	4.86%	8.10%	10.45%
Ten Years	10.58%	10.83%	8.75%	11.00%
Since Inception (April 30, 2012)	10.05%	10.30%	8.85%	10.67%

ALEX UMANSKY

PORTFOLIO MANAGER

Retail Shares: BGAFX
Institutional Shares: BGAIX
R6 Shares: BGLUX

We have seen an unusually wide dispersion of returns in the first half of 2023. The *Magnificent Seven* – **NVIDIA** +190%, **Tesla** +113%, Meta +138%, Apple +50%, Amazon +55%, Microsoft +43%, and Alphabet +36% led the surging NASDAQ Composite Index to a 32.3% gain, while the Dow Jones Industrial Average advanced just 4.9%. Large-cap stocks gained 16.7%, as measured by the Russell 1000 Index, while small-cap stocks were only up 8.1%, as measured by the Russell 2000 Index. The S&P 500 Index advanced a respectable 16.9%, but would have only been up about 6% without the massive gains of the *Magnificent Seven*.

The Information Technology (IT) sector had its strongest half-year performance in more than 20 years, gaining 40.2% and outperforming the Index by 26.3% (including IT), or by 32.0% if we exclude IT from the Index. From a market cap perspective, two-thirds of the Index's 13.9% return came from giant caps which were up 20.4%. While our giant cap investments gained more than double that at 44.0%, we did not own enough of them.

Returns were similarly dispersed from a geographic perspective. Looking at the MSCI ACWI Index at quarter end, the U.S. was over 60% of the Index and was up a solid 16.8% as was Brazil. Argentina was up 40.0% thanks solely to **MercadoLibre**'s strong performance, and the country represents the Fund's largest geographic overweight, at 875bps. However, China was down 5.4%, Hong Kong was down 7.4%, and Israel was down 3.2% in the Index. In that context, we perceive the Fund's six-months gain of 16.4% as reasonable and hope that this is the beginning of the turnaround.

The second quarter was characterized by a continuation of trends we saw earlier in the year. The macro-related uncertainty remains elevated and continues to point to a wide range of outcomes. The yield curve is still

Performance listed in the table above is net of annual operating expenses. The gross annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2022 was 1.19% and 0.93%, respectively, but the net annual expense ratio was 1.15% and 0.90% (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 Fund expenses pursuant to a contract expiring on August 29, 2033, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit www.BaronFunds.com or call 1-800-99BARON.

† The Fund's 3-, 5-, and 10-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 Index Net (USD)** is designed to measure the equity market performance of large and midcap securities across 23 Developed Markets (DM) and 24 Emerging Markets (EM) countries. The **MSCI ACWI Growth Index Net (USD)** is designed to measure the equity market performance of large and mid cap securities exhibiting overall growth style characteristics across 23 Developed Markets (DM) countries and 24 Emerging Markets (EM) 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 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.

inverted as the Fed tries to thread the needle between bringing inflation under control and not driving the U.S. economy into a recession. Inflation is clearly slowing down as supply chains improve following the shocks of COVID-19 and the Ukraine war. The most recent reading of the CPI (for the year ended June 2023) came in at 3.0%, the lowest reading in over two years. According to an analysis by UBS[1], headline *global inflation is now below pre-pandemic levels* and core inflation has reversed two-thirds of the pandemic run up and the improvement is in both goods and services. As always, we have no idea how many more hikes the Fed has in store for us before it ends the most significant interest rate hiking cycle in over 40 years, but it is clear to everyone that we are inching closer to the end of it with every passing day. Based on CME Group's Fed Watch[2], there is a 54% chance for another 25bps rate hike by the end of the year, and 30% probability for two more 25bp hikes (which means 70% probability of fewer hikes than that). However, the bell curve starts shifting to the left, as we get into 2024, so that by the end of the year, the middle of the curve is at 4.00% to 4.25%, or *100bps lower than current rates*. The jobs report suggests that the Fed rate hikes are having an impact, as monthly job openings have dipped below 10 million a few times in recent months after being above that number for two years. After the gloomy outlook investors had at the end of 2022, markets are up significantly from the bottom, with the S&P 500, the MSCI ACWI, and the MSCI ACWI Growth Indexes now technically in bull market territory.

From a performance attribution perspective, sector allocation contributed 360bps to the Fund's relative returns during the second quarter, whereas stock selection detracted 338bps. IT, Financials, and Health Care were three of our best sectors, generating 290bps of relative gains. Not holding any investments in Consumer Staples, Energy, Utilities, and Real Estate contributed an additional 106bps. This was largely offset by poor performance in Consumer Discretionary, which detracted 331bps, mostly due to the write down of our investment in the Indian education technology company **Think & Learn**, and the correction in the shares of MercadoLibre, which gave up a part of its first quarter's massive gain.

From a geographic perspective, our developed market holdings contributed 262bps to our relative results, driven entirely by stock selection, while our emerging market investments detracted 101bps, and our Argentina investments, which are classified under "other markets" cost us another 128bps. The U.S. and Canada were by far our best performing countries adding 413bps combined to relative returns, driven entirely by stock selection (though a sizable underweight to the U.S. and a modest overweight to Canada actually detracted 39bps). This strong result was offset by our underperforming investments in India, the U.K., and Argentina, which detracted 465bps combined.

Looking at the contribution of individual investments, we had 26 contributors and 13 detractors in the second quarter. NVIDIA, **Shopify**, **Bajaj**, and **Datadog** were our four largest winners contributing over 100bps each to absolute returns, while **Schrodinger**, **Tesla**, **Snowflake**, and **BILL Holdings** added over 70bps each. **InPost** and **Zscaler** rounded out the top 10 gainers in the Fund contributing 40bps each to quarterly returns. On the other side of the ledger declines in the share prices of **Endava,** MercadoLibre, **Illumina**, and **EPAM**, detracted between 50bps and 150bps and the write-down in the value of privately held shares of **Think & Learn** cost us another 235bps.

Other than NVIDIA, which is seeing material tailwinds, our companies reported consistent trends for the past several quarters – macro headwinds are still causing a cautious spending environment; sales cycles remain elongated as customers are taking longer to decide and require higher level approvals for lower budgetary commitments, which is driving lower conversion rates to signed contracts. On the other hand, the leading solution providers are gaining market share as customers are consolidating spending on their top vendors. These are the companies we tend to favor in the Fund. As leading platform companies gain market share, they widen their competitive moats – the more customers they win, the more data they get, enabling them to continuously improve their products over time, which in turn should help them win more customers, reinforcing the cycle (see our first quarter letter for a more detailed discussion on this topic). Here are a few examples of supporting commentary from our companies during recent public calls:

- **CrowdStrike**'s CEO on the company's quarterly earnings call: *"Another megatrend continuing to unfold in cybersecurity is consolidation. The macro backdrop has only accelerated the need for customers to reduce vendor sprawl, reduce agents, reduce cost, and protect their businesses with the best of SaaS platform… In Q1,* ***we closed over 50% more deals involving 8 or more modules compared to a year ago****… Over the past few months, I have personally met with many of our customers, prospects, and partners. These conversations all centered on the same topic.* ***Customers want to consolidate their security stack with Falcon*** *and drive greater cost efficiencies while unlocking new capabilities."*
- **Datadog**'s CFO at a William Blair conference: *"What we've been finding over time is, there's been a* ***steady consolidation away from other point solutions or observability towards Datadog. That appears to be accelerating****, because they can both increase the functionality of the platform by having it integrated and save money by consolidating."*

While macro pressures remain for now, we are seeing a stabilization along with an increase in profit margins, as our companies become leaner and reduce the levels of reinvestment back into their businesses in the near term. Across the Fund, during the second quarter, revenue expectations for 2023 have *increased by 3.5%* on average, *while margin expectations have risen by 148bps*[3], driving an *overall 8.6% uplift to operating income expectations for 2023*. Excluding NVIDIA, revenue expectations remain unchanged, while margin expectations are up by 86bps.

Is Generative Artificial Intelligence (GenAI) real? Is it material? Is it sustainable?

We believe the answer to all three of these questions is yes. Ever since ChatGPT burst onto the scene in November of 2022, the buzz and excitement in the investment community has been overshadowing the healthy skepticism of many Wall Street analysts and executives who were pointing out lack of clear business models or tangible evidence of broader enterprise adoption in any quantifiable way. And then NVIDIA reported its first quarter results and offered the guidance "heard around the world." The company's guidance for the July quarter revenues was for $11 billion, which compared to consensus expectations of $7 billion and the first quarter's revenues of $7.2 billion. We cannot recall a comparably large percentage sequential revenue revision for a company of this size… ever. Now add to

1 UBS note from 06/30/2023 - Global Economic Perspectives "The state of global inflation".
2 https://www.cmegroup.com/markets/interest-rates/cme-fedwatch-tool.html
3 Based on weighted average FactSet consensus estimates for our holdings.

this everything we just described about the current economic environment with elongated sales cycles and lower closure rates, and it plainly baffles the mind. How did the company explain what was happening? **GenAI!**

In November of 2018, Ron Baron, Michael Baron, Mike Lippert, Ashim Mehra, Ishay Levin, Guy Tartakovsky, and I visited NVIDIA's headquarters in Santa Clara, California. NVIDIA is the leading fabless semiconductor company focused on the design and development of Graphics Processing Units (GPUs) that are used in high-end computers for gaming and servers that run data centers. Jensen Huang, the company's CEO, was incredibly generous with his time and spent a few hours with us in a classroom setting (among other things) explaining how large of an opportunity AI was and why no other company was better positioned to benefit from this paradigm shift than NVIDIA. Jensen literally drew a picture for us on his whiteboard (see below) suggesting that the accelerating power of computing will result in a 100x improvement over the next 10 years. Well… he was wrong. His company's GPUs got there in less than five.

Over the last few years our thesis on NVIDIA has been that it will be the biggest beneficiary of AI entering the mainstream because its GPUs give it a de facto monopoly in AI training. The well-documented slowdown in Moore's Law and Dennard scaling (doubling of computing power every 18 months for the same price) has significantly constrained the growth of supply at a time when demand for accelerated computing power is exploding. NVIDIA's data center revenues came in at $4.3 billion in the first quarter and accounted for the majority of the guidance raise, essentially implying a *near doubling of data center revenues… sequentially!*

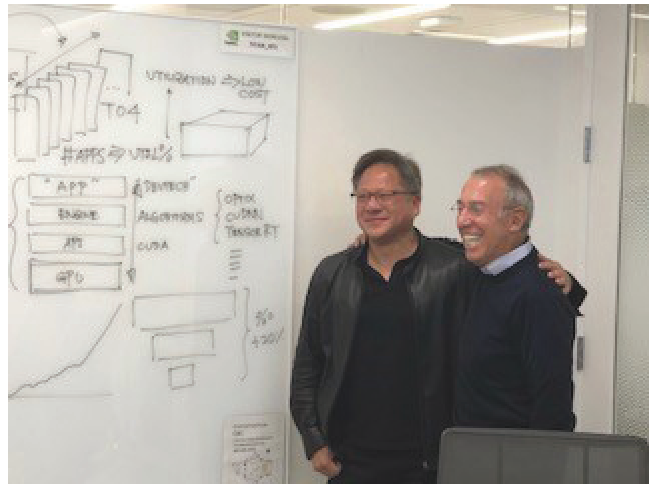
"The AI revolution is officially here!" – proclaimed Seeking Alpha in early July.

"AI could contribute $15.7 trillion to the economy in 2030. That's more than the current output of China and India combined" – PriceWaterhouseCoopers.

"97% of our customers said GenAI will be transformative to their company and industry, and 67% of organizations are planning to increase their level of spending in technology and prioritize investments in data and AI." – Accenture on its most recent quarterly earnings call while simultaneously disclosing over 100 ongoing GenAI projects with customers and its own $3 billion investment in AI.

We have explained the significance and importance of Microsoft's/Open AI ChatGPT over the last two quarterly letters. Microsoft's AI copilots, ServiceNow's AI-based Now Assist, Adobe's Firefly for creators and marketers, Snowflake's collaboration with NVIDIA and container services in Snowpark enabling customers to train and run domain-specific AI-models on Snowflake's platform using customers' own proprietary data. And so on, and so forth… suffice it to say, there is now plenty of *tangible evidence of broader enterprise adoption*.

The undeniable hype notwithstanding, we think GenAI is real. We think it is definitely material. And not only do we believe it is sustainable, but we also recognize how early we are in this transformation. This is why we are not selling our NVIDIA stock even though it appreciated 190% in the first six months of the year. We often talk about pattern recognition. Remember Lou Gerstner's estimate of how many personal computers were going to be sold in the entire world? There are more recent examples too. The iPhone was introduced in June of 2007. Its revenues in 2013 were 3x of consensus expectations in 2009. Tesla's revenues in 2020 exceeded initial estimates from 2012 by 5x.



There is of course another side to disruptive change.

"Since March, we saw a significant spike in student interest in ChatGPT. We now believe it's having an impact on our new customer growth rate." – CEO of Chegg, an education technology company, on its quarterly earnings call in May of 2023.

The next day, Chegg's stock lost almost half of its value. In the days that followed, several sell-side analysts published reports listing baskets of companies they perceived as being at risk of becoming the next Chegg. Predictably, many investors chose to shoot first and ask questions later, as the stocks of Adobe, **Wix**, **Fiverr**, Endava, EPAM and others sold off. While some companies, such as Adobe, have quickly recovered lost ground by introducing their own AI products, reporting solid financial results, or successfully changing the narrative, many have not. The digital IT service providers, Endava and EPAM, are in that latter camp. The bear thesis on these companies is that generative AI will make developers more productive, and since Endava and EPAM's business models are mostly based on time and materials, the productivity boost will negatively impact them. The fact that both companies are experiencing near-term cyclical headwinds due to the current complex macro environment (and of course, EPAM has been significantly disrupted by the war in Ukraine), feeds right into these concerns, making them impossible to disprove in the near term. Both companies are among our top detractors for the second quarter and year-to-date. While we acknowledge there is a range of possible outcomes here, we believe both companies offer compelling long-term risk/reward profiles and hence do not view their 30%-plus year-to-date declines as permanent losses of capital. Here are a few reasons that underpin our conviction:

- The demand for digitization will likely increase due to the rise of AI as most enterprises are still at the earlier stages of modernizing their data architecture and processes, which is a prerequisite before they could take advantage of AI. Here is the CEO of Accenture again on the company's recent earnings call: *"All are interested in AI, and particularly, generative AI. But most* ***recognize the work ahead of them to get their data, people, and processes ready for GenAI****. To reinvent requires a strong modern digital core."*
- As customers benefit from greater productivity, history suggests that they are likely to spend more, not less – productivity enhancements have been ongoing for years and have not driven a decline in demand. On the contrary, the expanded opportunity set and demonstrably high returns on investments have proven to be reliable catalysts in the past.

- Digital IT services companies focus on helping their clients build new products and improve existing ones as opposed to mundane maintenance or business process outsourcing work. It is unclear to us whether this type of end-to-end work from ideation to implementation can be automated with AI.
- Both Endava and EPAM are trading near multi-year low valuation multiples on cyclically impacted earnings – this offers a significant margin for safety for long–term shareholders, in our view.

Having investments in areas that are undergoing a disruptive change is never easy, particularly when it coincides with challenging macro-economic ***and*** geo-political times. The majority of market participants focus, and act based on their near-term expectations. Sometimes, that creates inefficiencies and opportunities for long-term oriented investors. We have identified opportunities in companies that we believe have been erroneously placed into the losers' bucket and companies that market participants are likely to underestimate their duration of growth. Human beings are much better at thinking linearly as opposed to exponentially[4] and have historically underestimated the steep parts of the S-curves as disruptive change occurs. The rate of change, the velocity of change in GenAI is breakneck. New AI models are introduced almost on a weekly cadence, outperforming existing, state-of-the-art models, which themselves were much better than models released just months prior. We have also moved beyond models. GenAI is now diagnosing rare diseases that had gone undiagnosed for years, creating new musical and photographic content indistinguishable from similar content made by humans, and creating virtual avatars that can fool both family members and voice authentication systems. Mark Andreesen launched the Mosaic browser in 1993 in the process, making the internet accessible to everyone. Someone recently suggested that the launch of ChatGPT in 2022 will do the same for GenAI. If they are right… we are in for an exciting ride!

Percentage of time Fund outperformed over different time periods from inception through June 30, 2023

Rolling Return Period	1 Month	3 Months	1 Year	3 Years	5 Years	10 Years
Outperformance vs. MSCI ACWI Index	60%	62%	67%	81%	91%	100%
Outperformance vs. MSCI ACWI Growth Index	56%	58%	65%	76%	89%	87%
Outperformance vs. Morningstar Global Large-Stock Growth Category Average	57%	61%	66%	82%	91%	100%
Outperformance vs. Lipper Global Multi-Cap Growth Category Average	57%	62%	66%	81%	91%	100%

Sources: BAMCO, MSCI Inc., Morningstar Direct, and Refinitiv.
The performance data quoted represents past performance. Past performance is no guarantee of future results. The indexes are unmanaged. Index performance is not Fund performance. Investors cannot invest directly in an index.

5-year rolling return scatterplot charts as of June 30, 2023

Baron Global Advantage Fund vs. MSCI ACWI Index

Baron Global Advantage Fund vs. MSCI ACWI Growth Index

Sources: BAMCO and MSCI Inc.

[4] https://hbr.org/2017/05/linear-thinking-in-a-nonlinear-world

Table II.
Top contributors to performance for the quarter ended June 30, 2023

	Quarter End Market Cap (billions)	Percent Impact
NVIDIA Corporation	$1,044.9	2.84%
Shopify Inc.	82.8	1.76
Bajaj Finance Limited	52.9	1.14
Datadog, Inc.	31.7	1.05
Schrodinger, Inc.	3.6	0.95

NVIDIA Corporation is a fabless semiconductor company focused on designing chips and software for gaming and accelerated computing. Shares continued their torrid first quarter rise, increasing 52.3% in the second quarter (now up 190% year-to-date), after the company reported a meaningful acceleration in demand for its data center GPUs, which drove a material guidance beat with revenues expected to increase from $7.2 billion to approximately $11 billion sequentially. This unprecedented acceleration is driven by growing demand for GenAI. We are at the tipping point of a new era of computing with NVIDIA at its epicenter. While the opportunity within the data center installed base is already large at approximately $1 trillion, the pace of innovation in AI in general, and GenAI in particular, should drive a significant expansion in the addressable market, as AI creates a new way for human-computer interaction through language, and as companies are better able to utilize their data for decision making. We remain shareholders as we believe NVIDIA's end-to-end AI platform and the ecosystem it has cultivated over the last 15 years will benefit the company for years to come.

Shopify Inc. is a cloud-based software provider for multi-channel commerce. Shares continued on their upward trajectory from the prior quarter and were up 34.8% in the second quarter as the company announced the sale of its capital-intensive logistics business to Flexport along with a 23% reduction in its workforce, significantly improving the company's margin profile. Quarterly results were solid, with 15% year-over-year growth in gross merchandise value and 25% growth in revenue driven by the growing adoption of its merchant solutions. In addition, the sale of its logistics business to Flexport was well received by investors. The sale allows Shopify to focus on its core strengths – developing its best-in-class software and its strong ecosystem. We remain shareholders due to Shopify's strong competitive positioning, innovative culture, and long runway for growth as it still holds less than a 2% share of global commerce spending. We believe that the company's accelerated pace of innovation will enable it to continue moving up market (for example, with the recently announced Commerce Components by Shopify), which would further expand its opportunity.

Bajaj Finance Limited contributed to performance. Shares rose 28.1% during the quarter on improving earnings visibility and growth prospects as we near the end of the rate hike cycle in India, and as Bajaj demonstrates early signs of success with the scaling of its digital/omnichannel platform. As a leading, data-driven, non-bank financial company in India, the company is well positioned to benefit from growing demand for consumer financial services such as mortgages, personal & credit card loans, vehicle financing, and other related products. We remain investors due to its best-in-class management team, robust long-term growth outlook, and conservative risk management frameworks.

Table III.
Top detractors from performance for the quarter ended June 30, 2023

	Quarter End Market Cap or Market Cap When Sold (billions)	Percent Impact
Think & Learn Private Limited	$13.2	–2.35%
Endava plc	2.9	–1.49
MercadoLibre, Inc.	59.5	–0.87
Illumina, Inc.	29.6	–0.56
EPAM Systems, Inc.	13.0	–0.53

Think & Learn Private Limited, the parent entity of Byju's – the Learning App, detracted during the quarter. Weak performance was driven by a marked slowdown in business momentum as COVID-related tailwinds that benefited online/digital education have begun to dissipate. The Fund made an investment in Think & Learn in the second quarter of 2021 as part of a private round of financing. We are under an NDA with the company and are constrained in what we can share with our investors. As India's largest edtech player, the company has a significant opportunity to benefit from structural growth in online education services in the country.

Endava plc provides outsourced software development for business customers. Shares fell 22.9% during the second quarter due to investor concerns over the negative potential impact of GenAI on the company as well as a pullback in customer demand following the Silicon Valley Bank crisis in March, which drove increased customer cautiousness. Management reduced financial guidance for the second quarter to reflect greater macroeconomic uncertainty and lower revenues from private equity-backed companies, which represent about 20% of its business. Sales activity has since rebounded, which supports management's view that the current slowdown is temporary and demand for digital transformations should persist. Management also believes GenAI will be a tailwind for its business. We continue to own the stock because we believe Endava will continue gaining share in a large global market for IT services as digitization only becomes more important for customers to sustain their competitive positioning and take advantage of the advancements in AI.

MercadoLibre, Inc. is the largest e-commerce marketplace in Latin America. After surging in the first quarter of the year, the stock gave up some gains this quarter, correcting 10.1% as investors took profits and as the spread between the formal and unofficial Argentine peso exchange rates widened and raised the risk of a currency devaluation that could negatively impact the company's P&L. Nevertheless, business fundamentals remain solid with the company reporting strong financial results with first quarter revenues up 58% year-over-year in constant currency, gross merchandise volume up 43%, total payment volume up 96%, and operating margins up 500bps year-over-year. We remain investors. MercadoLibre's market share gains have started to decouple from its closest competitors, particularly in its key market Brazil, and we believe it will become the dominant e-commerce business across Latin America (including Mexico), with rising returns on capital and an expanding fintech business that has successfully navigated recent macro and interest rate volatility in Brazil.

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 June 30, 2023, the top 10 positions represented 51.0% of the Fund and the top 20 represented 78.1%. As we articulated earlier in the year, we have now returned to a more concentrated portfolio as the market volatility enabled us to consolidate the portfolio in our highest conviction ideas. Top 10 and top 20 positions were 45.9% and 73.0% in December 2022, and 42.5% and 61.9% in December 2021, respectively. We ended the quarter with 38 investments, down from 41 at the end of December 2022.

Our investments in the IT, Consumer Discretionary, Financials, Health Care, Industrials, and Communication Services (as classified by GICS) sectors represented 97.9% of the Fund's net assets. Our investments in non-U.S. companies represented 48.6%, while companies classified as being in emerging markets were 17.4% of net assets. An additional 8.8% is invested in companies based in Argentina, which falls outside of MSCI's developed/emerging/frontier markets framework.

Table IV.
Top 10 holdings as of June 30, 2023

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
NVIDIA Corporation	$1,044.9	$62.0	7.8%
MercadoLibre, Inc.	59.5	56.7	7.1
Shopify Inc.	82.8	47.0	5.9
Snowflake Inc.	57.4	42.2	5.3
Bajaj Finance Limited	52.9	37.0	4.6
CrowdStrike Holdings, Inc.	34.8	35.2	4.4
Endava plc	2.9	34.1	4.3
Tesla, Inc.	829.7	33.9	4.2
Coupang, Inc.	31.0	30.6	3.8
Adyen N.V.	53.6	28.0	3.5

Table V.
Percentage of securities by country as of June 30, 2023

	Percent of Net Assets
United States	51.0%
Netherlands	9.7
Argentina	8.8
India	8.4
Canada	5.9
United Kingdom	4.3
Korea	3.8
Poland	2.1
Israel	1.8
Brazil	1.6
China	1.5
Spain	0.8

Recent Activity

During the second quarter, we eliminated one investment. We sold our position in **MaxCyte**, a life sciences tools company offering an electroporation platform for cell and gene therapy. While the opportunity ahead remains vast, we preferred to reallocate proceeds to companies in which we saw a better risk/reward profile.

During the quarter we also increased the size of our position in Tesla.

Table VI.
Top net purchases for the quarter ended June 30, 2023

	Quarter End Market Cap (billions)	Net Amount Purchased (millions)
Tesla, Inc.	$829.7	$1.7

Despite the near-term demand headwinds **Tesla, Inc.** is facing due to rising interest rates that reduce purchase affordability for consumers, which led the company to reduce prices that in turn negatively impacted its near-term gross margins, we decided to modestly increase our position in the company. Our conviction in Tesla's unit economic advantages has grown following our visit to the company in March and multiple discussions with management. Its vertically integrated strategy, scale advantages, cost leadership, and commitment to innovative thinking based on first principles have solidified our belief in its competitive edge and ability to continuously improve. These advantages are particularly crucial during challenging macroeconomic periods, setting Tesla apart from competitors lacking similar strengths. Furthermore, we anticipate these advantages will extend to Tesla's upcoming car platform, which will feature smaller vehicles at lower price points, necessitating significant cost savings compared to the Model 3. Additionally, our confidence in Tesla's energy storage business has strengthened as deployment volumes have finally begun to surge after years of anticipation. We remain confident in Tesla's fundamentals and management team and believe that with still less than a 2% market share, the company remains well positioned to enjoy a long runway of growth as the market shifts to electric vehicles.

Table VII.
Top net sales for the quarter ended June 30, 2023

	Quarter End Market Cap or Market Cap When Sold (billions)	Net Amount Sold (millions)
Veeva Systems Inc.	$31.7	$10.8
Taboola.com Ltd.	1.1	8.2
MaxCyte, Inc.	0.5	7.2
Datadog, Inc.	31.7	5.5
CrowdStrike Holdings, Inc.	34.8	5.1

Outlook

The recently released economic reports continue to show that inflation is moderating. The headline CPI number is now back to 3.0%, the lowest level since March 2021. If you think about it, inflation has fallen roughly as fast as it has risen. Could the Fed have been right all along? Was inflation transitory?

The 10-year break-even inflation remains steady in the 2.0% to 2.5% range and real rates (as measured by 10-year TIPS) while moving up from the lows of around 1.1% reached shortly after the collapse of Silicon Valley Bank, are still in favorable territory at around 1.5%. "For the United States, growth has slowed, but our labor market continues to be quite strong. I don't expect a recession," Treasury secretary Janet Yellen said in a recent speech. "The most recent inflation data were quite encouraging." There we have it. While the Fed is expected to raise rates a quarter of a percent once or twice more, it is clear that we are closer to the end of the rate hike cycle. That, coupled with most of our companies reporting stabilizing trends in their businesses and leaner cost structures, creates a favorable backdrop for growth stocks in our view.

To assess the outlook for our Fund, we find it informative to look at the underlying growth in the fundamentals of our businesses and compare it with the change in their stock prices. In 2022, the Fund's weighted average multiple contract 57%. During the first half of 2023, the Fund's weighted average multiple on next-12-month estimates[5] was up 18% and in the second quarter it was up 2%. However, we believe these numbers overstate the actual multiple expansion as it includes a 78% revenue multiple expansion for **Shopify** (6.1x to 10.8x) year-to-date. This is because Shopify has seen a material expansion in margins and profits following the announced sale of its logistics business to Flexport, along with a 23% reduction in its workforce. If we instead include Shopify's P/E multiple in the calculation, which declined by 85% year-to-date, the weighted average multiple of the portfolio is up only 7.5% year-to-date and down 4.5% during the second quarter. Additionally, the weighted average 2023 operating profit estimates for the portfolio were up 12.5% year-to-date and 8.6% during the second quarter (this calculation excludes Shopify because its operating profit estimates shot up 925% and 739%, respectively, so the overall operating profit expansion for the portfolio is higher). The weighted average expected revenue growth for the portfolio in 2023 is now 32.7% and the weighted average growth in fundamentals (which is a mix of revenues and profits depending on whether the company is already profitable) is an even stronger 49%. If we exclude the biotechnology company **argenx**, which is seeing a massive ramp in revenues in 2023 due to the commercialization of efgartigimod (Vyvgart), and **Rivian**, which is seeing a significant ramp in production from low numbers, the weighted average revenue growth would have been 27.5%. While a wide range of outcomes due to the challenging macro environment remain, the fact that our companies can continue growing revenues at this rapid pace (revenues grew at 33.4% in 2022 on average excluding Rivian) speaks to the quality of their business models and to their resiliency. This makes us optimistic about the long-term outlook.

Every day we live and invest in an uncertain world. Well-known conditions and widely anticipated events, such as Fed 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

[5] Based on FactSet consensus estimates which are either revenue or earnings estimates, depending on the specific stock and whether it has material near-term profits so that a P/E ratio would be meaningful.

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

Dear Baron Discovery Fund Shareholder:

Performance

Baron Discovery Fund® (the Fund) appreciated 3.58% (Institutional Shares) in the second quarter, trailing the Russell 2000 Growth Index (the Benchmark) by 3.47%. For the year-to-date period, we continue to be pleased with the Fund's relative performance (the Fund is up 15.19% which is 1.64% better than the Benchmark). The macroeconomic environment remains complex, and the general bias of the market is in the fear rather than greed camp. Nevertheless, as we have been writing about for the last three quarters, we continue to be optimistic that the market has bottomed, and that an economic recovery is underway.

Table I.
Performance†
Annualized for periods ended June 30, 2023

	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]	3.47%	3.58%	7.05%	8.74%
Six Months[3]	15.02%	15.19%	13.55%	16.89%
One Year	15.17%	15.44%	18.53%	19.59%
Three Years	5.07%	5.35%	6.10%	14.60%
Five Years	7.30%	7.58%	4.22%	12.31%
Since Inception (September 30, 2013) (Annualized)	12.09%	12.38%	7.73%	12.62%
Since Inception (September 30, 2013) (Cumulative)[3]	204.37%	211.99%	106.68%	218.64%

RANDY GWIRTZMAN
PORTFOLIO MANAGER

LAIRD BIEGER
PORTFOLIO MANAGER

Retail Shares: BDFFX
Institutional Shares: BDFIX
R6 Shares: BDFUX

We are sticking to our thesis that inflation is easing and has become a tailwind for profit growth. We believe that broad-based inflation was largely a byproduct of excessive post-COVID federal policy, combined with COVID-related supply-chain issues and easy monetary policy, all of which have reversed dramatically in the past nine months. Recently, nearly all reported statistics have borne our thesis out. Despite this fact, investors remain skittish given a hawkish Federal Reserve that (appropriately) wants to ensure inflation is truly dead. At the same time, investors also worry that the Fed could overshoot, placing the economy into a hard landing recession. As a result, every macroeconomic report has taken on magnified significance. At a micro level, this means that companies that have any type of stumble or even the perception thereof, will be severely punished from a market price perspective (see our writeups of **GitLab Inc.** and **Definitive Healthcare Corp.** below). It is our view that the macroeconomic data will continue to improve and, therefore, so will market sentiment.

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, 2022 was 1.32% and 1.06%, 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 may reimburse certain Baron Fund expenses pursuant to a contract expiring on August 29, 2033, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit www.BaronFunds.com or call 1-800-99BARON.

† 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.

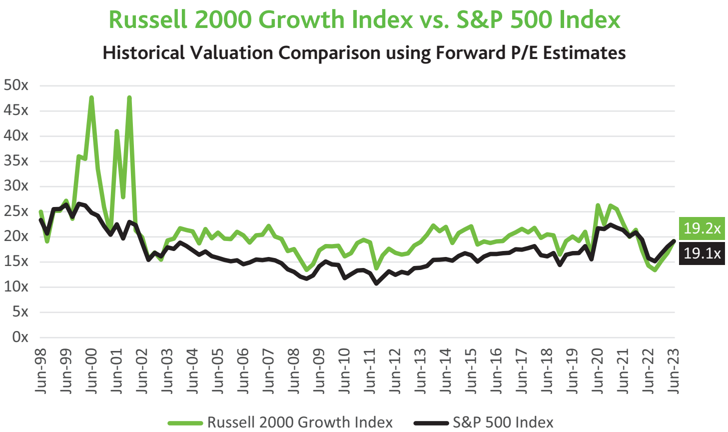
1 The **Russell 2000® Growth Index** measures the performance of small-sized U.S. companies that are classified as growth. The **S&P 500 Index** measures the performance of 500 widely held large cap U.S. companies. All rights in the FTSE Russell Index (the "Index") vest in the relevant LSE Group company which owns the Index. Russell® is a trademark of the relevant LSE Group company and is used by any other LSE Group company under license. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. The Fund includes reinvestment of dividends, net of foreign withholding taxes, while the **Russell 2000® Growth Index** and **S&P 500 Index** include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts the performance results. The indexes are unmanaged. Index performance is not Fund performance; one cannot invest directly into an index.

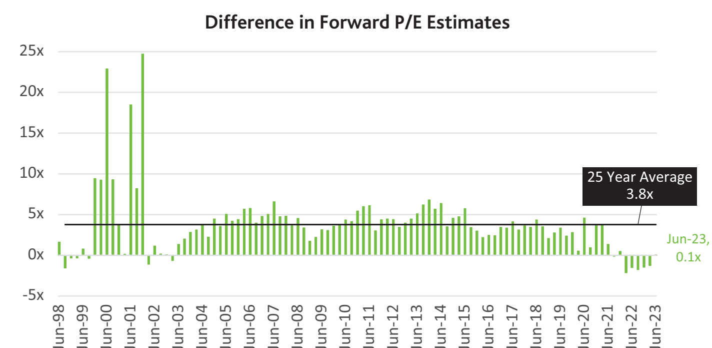
2 The performance data in the table does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

3 Not annualized.

BARON FUNDS 1987

This backdrop is conducive to higher small-cap valuation multiples, and therefore stock appreciation especially given that small-cap stock valuations are at historically low levels relative to large-cap stocks as can be seen in the chart below. Over a 25-year period, small-cap stocks (as measured by the Russell 2000 Growth Index) have typically traded at a forward price/earnings multiple (P/E) that is 3.8 times more than their large-cap peers (as measured by the S&P 500 Index). Right now, small caps are right on top of large caps after going through an extended period of trading at lower multiples than the large-caps (which almost never occurs as can be seen in the chart).





Sources: The Bank of New York Mellon Corporation using I/B/E/S 1 Year Forward EPS and FactSet Market Aggregates.

Accordingly, we have biased the Fund a bit more toward higher revenue growth names (about 45% of the Fund) and are overweight small-cap technology stocks, which sold off dramatically in the market downturn and are trading at what we believe are attractive multiples. These smaller technology companies have not yet seen the dramatic price appreciation experienced by their larger-cap brethren, but we believe that will change as these small-cap technology companies still benefit from many of same growth drivers including artificial intelligence (AI), which is driving a lot of the share appreciation in the large-capitalization space. Examples of how our small-cap companies use AI include GitLab, which is rolling out an AI product to help deliver automated software code production; **Certara, Inc.**, which provides software and services for the simulation of the effects of new drugs on humans and uses AI to enhance its biosimulation models; and **Dynatrace, Inc.**, a network performance management software company that uses AI to predict network and application problems so they can be remediated before they become major issues. We believe it is a matter of when, not if, small-cap valuations return to historical levels.

Table II.
Top contributors to performance for the quarter ended June 30, 2023

	Percent Impact
GitLab Inc.	1.25%
Kinsale Capital Group, Inc.	1.17
Navitas Semiconductor Corporation	0.75
DraftKings Inc.	0.63
Chart Industries, Inc.	0.58

GitLab Inc. is an end-to-end software development and IT operations platform that enterprises use to create, test, secure, and deploy code. Shares rebounded this quarter after GitLab reported solid financial results, with revenue growth of 44% and operating margins that exceeded consensus. Growth was driven by a healthy combination of new customer wins, stabilizing seat expansions at existing customers, and higher average revenue per user due to price increases in GitLab's Premium Tier and upsells to its Ultimate Tier, as customers upgrade to advanced developer security and compliance features. GitLab also continued to deliver rapid product innovation thanks to its strong engineering team and the large community of external developers that contribute to its open-source platform. The company announced 10 new AI applications that will help developers write code automatically, generate more accurate quality tests, and detect security vulnerabilities earlier. We remain bullish on GitLab's long-term prospects as it continues to deliver value to development teams, gain share from point solutions, and improve its unit economics.

Specialty insurer **Kinsale Capital Group, Inc.** contributed to performance after reporting consensus-beating quarterly results. Gross written premiums grew 46% and EPS grew 49%. Market conditions remained favorable with rising premium rates and more business shifting from the standard lines market to the excess and surplus lines market where Kinsale operates. The company is also capitalizing on disruption in the property market where rates are rising rapidly after years of industry losses and a reduction in reinsurance capacity. We continue to own the stock because we believe Kinsale is well managed and has a long runway for growth in an attractive segment of the insurance market.

Navitas Semiconductor Corporation is a leader in gallium nitride (GaN) power semiconductors and a smaller player in silicon carbide (SiC) power semiconductors. Shares rose as management reiterated its outlook to double revenues in 2023, reported strong design win momentum, and introduced a new opportunity pipeline metric by end market that indicated a healthy forward-looking pipeline. Navitas sells monolithically integrated (all-in-one) GaN power integrated circuit chips, which provide greater reliability and performance compared to competitors that supply discrete power devices that have a lot of separate components. It recently purchased a silicon control company to drive even further integration and performance, and its SiC products offer high performance and robustness across many different applications. The company's high-power GaN product launches remain on track for data center, solar, and electric vehicle (EV) applications, and its SiC product portfolio continues to grow in industrial, renewable energy, and EV charging infrastructure applications. We expect Navitas to gain share in the rapidly growing GaN and SiC power semiconductor markets over time, driven by its superior technology.

Table III.
Top detractors from performance for the quarter ended June 30, 2023

	Percent Impact
ViewRay, Inc.	–0.61%
Revance Therapeutics, Inc.	–0.48
The Beauty Health Company	–0.44
Mercury Systems, Inc.	–0.43
Axon Enterprise, Inc.	–0.43

ViewRay, Inc. sells equipment for MRI-guided cancer radiation treatment that provides real-time imaging of the tumor and accurate radiation delivery as the tumor moves during treatment. Adoption of the technology has been accelerating as awareness and evidence grow. However, shares declined in the second quarter of 2023 as ViewRay faced a credit crunch due to the culmination of: 1) several macro-related system install timeline delays; 2) a working capital squeeze due to delayed payments from international distributors; and 3) continued outlays to forward-purchase raw materials. As a result, management suspended guidance and announced a strategic process to sell or recapitalize the company. Although we still believe in its technology, there is uncertainty about ViewRay's long-term future. We see the company offering strategic value to certain large health care equipment companies, but it is unclear what valuation ViewRay can garner in this situation. We exited our position.

Shares of **Revance Therapeutics, Inc.**, an aesthetics-forward biotechnology company, declined in the quarter. Revance sells facial injectables and in December 2022 started a soft launch preview program for Daxxify, the company's longer-acting competitor to Botox. Daxxify lasts for six months on average compared to Botox's three to four months. Shares rose sharply in the prior quarter on strong early orders of Daxxify, and shares gave back some gains likely due to profit-taking. Revance is now expanding the launch and training additional injectors. Early feedback has been positive regarding Daxxify's longer duration, faster onset-of-action, and natural aesthetic result. Shares are in a news vacuum as investors parse this qualitative feedback and await a better understanding of practice ordering patterns and more concrete revenue growth. We think Daxxify's longer-lasting injectable is a key selling point, and we expect to see meaningful uptake in the back half of 2023 and beyond. Ultimately, we see Daxxify and the already-launched RHA fillers capturing significant share in the fast-growing $4 billion-plus facial injectables market and supporting a double of the current valuation.

The Beauty Health Company, owner of HydraFacial, is an innovative skin care and beauty health company providing consumers with the benefits of a professional medical treatment combined with the experience of a consumer brand. Shares fell after reporting weak top-line results due in part to the lingering impact of COVID-related lockdowns in China at the start of the year. In addition, some providers held back orders in advance of an upcoming product launch. Despite these temporary headwinds, the company raised its revenue guidance for the year, a testament to the strong demand for the brand as the quarter progressed. We believe the company has a long growth runway ahead as it expands the number of delivery systems globally. We also believe it can increase its consumables-related revenue as it introduces new boosters and builds brand awareness.

Portfolio Structure

Table IV.
Top 10 holdings as of June 30, 2023

	Year Acquired	Quarter End Investment Value (millions)	Percent of Net Assets
Kinsale Capital Group, Inc.	2016	$67.4	5.0%
Boyd Gaming Corporation	2021	51.0	3.8
Advanced Energy Industries, Inc.	2019	47.4	3.5
GitLab Inc.	2022	45.6	3.4
Floor & Decor Holdings, Inc.	2019	39.0	2.9
SiteOne Landscape Supply, Inc.	2016	38.5	2.9
Chart Industries, Inc.	2022	36.0	2.7
Rexford Industrial Realty, Inc.	2019	33.9	2.5
Montrose Environmental Group, Inc.	2020	32.6	2.4
Axon Enterprise, Inc.	2022	32.4	2.4

The top 10 holdings in the Fund represented 31.5% of net assets, within our typical range. We had 59 holdings at the end of the quarter, also within our historically typical range.

Recent Activity

Table V.
Top net purchases for the quarter ended June 30, 2023

	Year Acquired	Quarter End Market Cap (billions)	Net Amount Purchased (millions)
Repligen Corporation	2023	$7.9	$14.7
Stevanato Group S.p.A	2023	8.6	8.9
Definitive Healthcare Corp.	2021	1.7	8.6
Trex Company, Inc.	2019	7.1	7.9
GitLab Inc.	2022	7.8	7.0

We initiated a position in **Repligen Corporation**, a life sciences tools supplier to the bioprocessing industry. The company offers a broad portfolio of tools involved in the production of biologic drugs, including upstream cell culture, downstream chromatography and filtration, and process analytics. Repligen operates in attractive end-markets, historically targeting monoclonal antibodies (10% to 12% market growth) and is moving into cell and gene therapies (over 25% market growth). Repligen has a strong track record of smart acquisitions and innovation, including the introduction of differentiated filters and development of in-line process analytics (real-time monitoring of the drug production process). Because this is a highly regulated industry, suppliers to bioproduction are embedded into drug manufacturing workflows, so revenue can be locked in for long periods of time. Repligen did not have a mature portfolio when the original versions of biologics (like Enbrel and Humira) came to market, so those original biologics tended to be on legacy competitor platforms – now, with generic versions (biosimilars) coming to market, Repligen has a unique opportunity to become embedded into new drug manufacturing processes with their differentiated systems. We believe the company is well positioned to benefit from the biosimilar wave that is expected after key biologic patents expire starting in 2023; once embedded into new manufacturing workflows, we see the opportunity for Repligen to drive an attractive, recurring consumables stream in an increasing number of commercial processes. Repligen has laid out a long-term goal of approximately 20% revenue growth out to

2027/2028. With EBITDA margins of roughly 30%, we see Repligen as a high-quality compounder with a best-in-class mix of growth and margins.

Another new investment is **Stevanato Group S.p.A.**, a leading global provider of glass pharmaceutical packaging. Stevanato converts glass tubing to high-quality finished vials, cartridges, and syringes for use as primary packaging for injectable drugs (roughly 70% of revenues). It also sells engineering equipment to the supply chain (20% of revenues) and glass and plastic devices for drug delivery systems and diagnostic solutions (10% of revenues). Stevanato has a stable growth business that will benefit from a product mix shift towards higher-value, higher-priced, higher-margin products such as EZ-Fill (ready-to-fill products that have been washed, sterilized, and depyrogenated), Alba (a technology that reduces silicone oil particle leaks and delamination for high-value drugs), and Nexa (a technology that provides high-mechanical resistance and a narrow specification range). These high-value solutions command significantly higher price points – we estimate that high-value solutions currently account for a third of the company's revenues but only a mid-single-digit percentage of the company's volumes. Pharmaceutical companies have increasingly invested in pipeline drugs and manufacturing supply chains more suited to these high-value solutions, and we expect adoption to accelerate in the coming years. We think Stevanato can grow high single digits to low double digits on the top-line with EBITDA margin expansion to the high 20% to low 30% range over time.

We added to our position in **Definitive Healthcare Corp.**, a commercial intelligence software provider for health care companies. Shares of the company traded down meaningfully in the fourth quarter of 2022 after management highlighted intensifying macro headwinds and lowered expected 2023 growth from the mid-20% range to the mid-teens. As we continued our due diligence and moved further through the macro environment, we became more comfortable with the valuation of the company (shares are trading at a free-cash-flow multiple that implies far lower growth) and with the conservatism of guidance. Plus the company has a cash-rich balance sheet and free cash-flow margins of 28%. As we thought that the sell-off was overdone, we added to our position. Also, during this period the company has enhanced its overall competitive position with new database purchases and increased usage of analytics and AI to improve the usability and applicability of its data to health care industry customers.

We increased our position in long time holding **Trex Company, Inc.**, a leading manufacturer of composite decking, due to the large pullback in the stock, a stabilization in the fundamental backdrop, and what we perceive to be an attractive valuation.

After **GitLab Inc.** traded down nearly 25% in the first quarter, we increased our investment. GitLab is one of two major companies (including GitHub, which is owned by Microsoft) that provide a wide variety of software development and operations tools that allow organizations to rapidly create secure software on a collaborative basis. Shares sold off last quarter after management issued calendar year 2023 guidance that was below consensus (at about 25% growth versus the 40% that was expected). Like the guidance given by Definitive Healthcare, management wanted to be conservative in an uncertain macro environment and accounted for slower sales cycles at its customers. Despite the lower guidance, our longer-term view of the company's strategic opportunities remains unchanged. Our purchases after the initial guidance disappointment now look timely as shares have rallied after the company reported better-than-expected March 2023 earnings and raised full-year guidance.

Table VI.
Top net sales for the quarter ended June 30, 2023

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap or Market Cap When Sold (billions)	Net Amount Sold (millions)
BRP Group, Inc.	2019	$1.0	$2.5	$11.2
ViewRay, Inc.	2018	0.8	0.2	8.8
Kinsale Capital Group, Inc.	2016	0.4	8.7	7.1
Couchbase, Inc.	2021	1.3	0.7	5.3
The Cheesecake Factory, Inc.	2020	1.1	1.8	5.1

We exited our positions in **BRP Group, Inc.** and **ViewRay, Inc.** and reduced our position in **The Cheesecake Factory, Inc.** in order to re-allocate that capital into higher conviction ideas. We trimmed our position in **Kinsale Capital Group, Inc.** in order to risk manage the position size.

Couchbase, Inc. provides a modern database that collects and stores data and powers enterprise applications, for which there is no tolerance for disruption, inaccuracy, or downtime. We continue to like the company but trimmed our investment to balance its position size and to allocate the proceeds to other investments.

Outlook

We continue to feel optimistic about the Fund given current small-cap market valuations and the majority of economic data we have seen over the past two months. For long-term investors like us, we think that it is the right time in the cycle to be overweight higher-growth companies such as our technology investments, even if there are macro-economic uncertainties in the short term. That being said, we continue to apply our risk management process in all respects, including a wide diversity of investments, conservative position sizing, significant due diligence, and a strict adherence to long-term valuations. As always, we want to thank you for being investors in Baron Discovery Fund.

Randy Gwirtzman
Portfolio Manager

Laird Bieger
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 the Funds' distributor, Baron Capital, Inc., by calling 1-800-99BARON or visiting www.BaronFunds.com. Please read them carefully before investing.

Risks: Specific risks associated with investing in smaller companies include that the securities may be thinly traded and 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.

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

Free cash flow (FCF) represents the cash that a company generates after accounting for cash outflows to support operations and maintain its capital assets. **Price/Earnings Ratio (next 12-months)**: is a valuation ratio of a company's current share price compared to its mean forecasted 4 quarter sum earnings per share over the next twelve months. If a company's EPS estimate is negative, it is excluded from the portfolio-level calculation.

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

Baron Durable Advantage Fund

Dear Baron Durable Advantage Fund Shareholder:

Performance

We had another good quarter and a strong first half of the year.

Baron Durable Advantage Fund® (the Fund) gained 10.7% (Institutional Shares) during the second quarter, which compared favorably to the gain of 8.7% for the S&P 500 Index (the Index), the Fund's benchmark. Year-to-date, the Fund is up 28.4% compared to 16.9% for the Index.

Table I.
Performance
Annualized for periods ended June 30, 2023

	Baron Durable Advantage Fund Retail Shares[1,2]	Baron Durable Advantage Fund Institutional Shares[1,2]	S&P 500 Index[1]
Three Months[3]	10.62%	10.66%	8.74%
Six Months[3]	28.29%	28.42%	16.89%
One Year	27.38%	27.67%	19.59%
Three Years	14.10%	14.35%	14.60%
Five Years	13.99%	14.26%	12.31%
Since Inception (December 29, 2017)	13.27%	13.53%	11.66%

ALEX UMANSKY
PORTFOLIO MANAGER

Retail Shares: BDAFX
Institutional Shares: BDAIX
R6 Shares: BDAUX

More of the same.

From our perspective, not much has changed from our comments three months ago. The bears continue to argue that the unprecedented pace of interest rate hikes will cause the U.S. economy to enter a prolonged recession, which will cause a sustained deterioration in corporate earnings. They further argue that even if the economy proves to be more resilient, then inflation will prove to be stickier, which means that the Fed will continue to raise rates until both break, which in turn, means earnings will still need to be revised lower and stock prices will follow. The bulls continue to argue that the tightening cycle is mostly behind us, that inflation has clearly peaked and is on its way down, that the economy has proven to be resilient, and that after earnings reset in 2023, companies will resume their growth trajectories in 2024. They further argue that even if the economy does falter and slip into a recession, the Fed will start lowering rates, which is good for intrinsic values. This logic is of course circular with each argument leading into and supporting the other enabling both sides to stand their ground. While we expect this debate to continue, the market's wisdom of crowds, as well as the Fed, clearly suggest that we are much closer to the end of this rate hike cycle than to its beginning. Consensus expectations call for one or two more hikes this year followed by rate cuts as we get into 2024. It is also clear that investor sentiment that was heavily tilted to the downside just six months ago has changed, as the Index is now officially in bull market territory. The rally has been largely driven by technology stocks that had their strongest half-year performance in more than 20 years, not entirely surprising after the steep correction of last year. The *Magnificent Seven* – **NVIDIA** +190%, Tesla +113%, **Meta** +138%, Apple +50%, **Amazon** +55%, **Microsoft** +43%, and **Alphabet** +36% were responsible for 73.9% of the Index's year-to-date return. Five of these companies accounted for 33% of the Fund's net assets at the end of this quarter. Selling our entire position in Apple some years ago was a costly mistake. We were completely right about investors' overestimation of Apple's growth prospects but misjudged that the market's recognition of the quality of Apple's business would eventually lead to a dramatically higher multiple. Tesla made it to the very top of our "new idea" list in January. We were going to start buying it below $100 per share. It bottomed out at $101.81 and closed the June quarter at $261.77. Oh well… in this business, we'll take five out of seven – every time!

Performance listed in the table above is net of annual operating expenses. The gross annual expense ratio for the Retail and Institutional Shares as of September 30, 2022 was 1.49% and 1.10%, 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 Fund expenses pursuant to a contract expiring on August 29, 2033, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit www.BaronFunds.com or call 1-800-99BARON.

1 The **S&P 500 Index** measures the performance of 500 widely held large cap U.S. companies. The Fund includes reinvestment of dividends, net of withholding taxes, while the **S&P 500 Index** includes reinvestment of dividends before taxes. Reinvestment of dividends positively impacts 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.

In terms of performance attribution for the second quarter, strong stock selection in Communication Services attributable to Meta and Alphabet combined with our overweight to the sector accounted for most of the excess returns. Stock selection in Consumer Discretionary (Amazon) and lack of investments in Energy, Utilities, Real Estate, and Materials also contributed positively to relative returns. Poor stock selection in Health Care (due mostly to our overweight to the life sciences tools & services sub-industry) and a sizable overweight to Financials were the two detractors of note.

Turning to absolute returns, we had 22 contributors and 8 detractors. Not as good as the prior quarter's 27 and 4, but about what one could expect in a generally rising and recovering stock market. In addition to this solid batting average, we also enjoyed a good slugging percentage as our four largest contributors – Meta, NVIDIA, Amazon, and Microsoft – were also our four largest investments, contributing over 160bps each with gains of between 18% and 52% during the second quarter. Alphabet, **S&P Global**, **Adobe**, **Arch**, **Moody's**, and **Accenture** rounded out the top 10 contributors adding at least 30bps each to absolute returns. Among the Fund's 8 detractors, only **MSCI** and **Thermo Fisher Scientific** cost us more than 30bps, detracting 55bps and 36bps, respectively.

Since the inception of the Fund five-and-a-half years ago we have experienced two severe bear markets, a global pandemic, the fastest interest rate hiking cycle in U.S. history, and a war in Europe. If that wasn't enough, the political landscape in the U.S. and the world over gave us outcomes that were well outside most prognosticators' ranges, in some cases, even our own. Through it all, we argued that investors should not equate market volatility and stock price volatility to risk. We argued that *risk should be evaluated in the context of probability of permanent loss of capital* and that *market volatility is an opportunity* for investors with a long-term ownership mindset.

The price of a stock has two components to it: we think of the first one as the health of the business or its fundamentals. It can be measured by cash flows, earnings per share or in some cases, revenues. The second component is the multiple that investors are willing to pay for those fundamentals. The performance or returns of stocks are driven by the changes in these two components. The fundamentals of a high-quality business, while not immune to external shocks and macro pressures, tend to be far more stable and resilient than the investor psychology that shifts dramatically with the environment and drives multiple expansions or compressions. Over long periods of time, high-quality businesses' fundamentals often compound exponentially, while the change in multiples is always linear. Hence, for long-term investors, stock price declines of high-quality businesses driven primarily by changes in the investor psychology have historically been shown to be great opportunities to buy those businesses at good discounts to their intrinsic values. This is exactly why Meta (-64%), NVIDIA (-50%), Amazon (-50%), Microsoft (-29%), and Alphabet (-39%) were some of our largest purchases in 2022.

Speaking of 2022, it was obviously a challenging year for equity investors, and the Fund declined 24.8%. We recovered all of that decline in the first six months of this year. Interestingly, last year's loss was driven entirely by multiple contraction as the weighted average multiple for our investments was down 26%. However, our recovery year-to-date has been driven by a combination of multiple expansion[1] (+18%) as well as growth in earnings (i.e., fundamentals). Despite the complex macro environment, many of our companies have begun reporting improving business trends during their recent quarterly results, leading to upward estimate revisions over the last three months.

Last year's drawdown notwithstanding, we continue to believe that we have put together the right collection of competitively advantaged companies with durable growth characteristics and great management teams. We have a lot of confidence in our process. If executed well, we should be able to outperform the Index over the long term while minimizing the risk of permanent loss of capital. The 24.8% decline was painful. But in the context of a 28.4% gain year-to-date, 27.7% gain over the last 12 months, 14.4% annualized gain over the last 3 years, and 14.3% annualized gain over the last 5 years, we think it is not unreasonable.

Table II.
Top contributors to performance for the quarter ended June 30, 2023

	Quarter End Market Cap (billions)	Percent Impact
Meta Platforms, Inc.	$ 735.5	2.72%
NVIDIA Corporation	1,044.9	1.88
Amazon.com, Inc.	1,337.5	1.79
Microsoft Corporation	2,532.1	1.67
Alphabet Inc.	1,527.9	0.69

Shares of **Meta Platforms, Inc.**, the world's largest social network continued their upward trajectory, rising by 35.4% due to stabilizing revenues and ongoing improvements in margins. Meta reported continued growth in Instagram Reels adoption and other new advertising products. In addition, the company's advancements in artificial intelligence (AI) continue contributing to its targeting and measurement capabilities, while generative AI (GenAI) innovation presents an opportunity for new products and incremental monetization. The company also achieved a significant milestone of 3 billion daily active users across its family of apps, representing a 5% year-over-year increase. User engagement remains robust, with video content and Instagram Reels playing a significant role in user time on the platform. The monetization gap between Reels and other ad formats is steadily narrowing, and Meta anticipates it will reach revenue neutrality by late 2023 or early 2024. Meta has also reported an increase in its speed and agility of execution following the recent organizational changes and cost cuts. Longer term, we believe Meta will benefit from its leadership in mobile advertising, massive user base, innovative culture, leading GenAI research and potential distribution, and technological scale, with further monetization opportunities ahead.

NVIDIA Corporation is a fabless semiconductor company designing chips and software for gaming and accelerated computing. Shares continued their torrid first quarter rise, increasing 52.3% in the second quarter, after the company reported a meaningful acceleration in demand for its data center Graphics Processing Units, which drove a material guidance beat with revenues expected to increase from $7.2 billion to approximately $11 billion sequentially. This unprecedented acceleration is driven by growing demand for GenAI. We are at the tipping point of a new computing era with NVIDIA at its epicenter. While the opportunity within the data center installed base is already large at approximately $1 trillion, the pace of innovation in AI in general, and GenAI in particular, should drive a significant expansion in the market, as AI creates a new way for human-computer interaction through language, and as companies are better able to utilize their data for decision-making. We remain shareholders as we believe

[1] Calculated using weighted average earnings (or equivalent multiples for Financials) based on FactSet consensus estimates for the next 12 months.

NVIDIA's end-to-end AI platform and the ecosystem it has cultivated over the last 15 years will benefit the company for years to come.

Amazon.com, Inc. is the world's largest retailer and cloud services provider. During the quarter, Amazon's shares increased 25.9% as a result of improving investor perception regarding the company's advancements in AI, as well as an anticipated slowdown in customer cloud optimization initiatives, which is expected to pave the way for the reacceleration of growth in Amazon Web Services (AWS) in the latter part of 2023. We are also optimistic about Amazon's ability to significantly enhance the profitability of its core North American retail segment in the short to medium term. This optimism stems from the company's transition to a new regionalized fulfillment network, the rightsizing of its infrastructure from the increased spend levels during the early stages of the pandemic, and its rapidly growing advertising business, which is margin accretive. Looking further ahead, Amazon's potential for growth in e-commerce remains substantial, considering it currently captures less than 15% of its total addressable market. Amazon also remains the clear leader in the vast and growing cloud infrastructure market, with large opportunities in application software, including enabling GenAI workloads.

Table III.
Top detractors from performance for the quarter ended June 30, 2023

	Quarter End Market Cap (billions)	Percent Impact
MSCI Inc.	$ 37.6	–0.55%
Thermo Fisher Scientific Inc.	201.3	–0.36
Danaher Corporation	177.1	–0.21
The Estee Lauder Companies Inc.	70.2	–0.20
Mettler-Toledo International Inc.	28.9	–0.19

Shares of **MSCI Inc.**, a leading provider of investment decision support tools, detracted from performance after declining 16.0% in the second quarter despite reporting steady first quarter earnings results and reiterating its outlook for 2023. The stock's move down was driven by in part by weaker new sales activity in ESG due to the political environment in the U.S. and some regulatory updates in the EU around classifying ESG funds. In addition, broader macro uncertainty starting in late March led to a tightening of client budgets, lengthening of sales cycles (though the pipeline remains healthy), and increasing cancellations with smaller clients (though overall retention rates remain strong at approximately 95%). While there is some near-term uncertainty, we believe that the impact of the slowdown in the ESG segment would not be meaningful (we estimate that ESG overall represents around 10% of revenues and less than 5% of profits), while broader business fundamentals remain sound. We retain long-term conviction as MSCI owns strong, *all weather* franchises that should enable the company to compound earnings at a double-digit rate for many years.

Thermo Fisher Scientific Inc. is the world's largest life sciences tools company. Thermo Fisher provides analytical instruments, laboratory equipment, software, services, consumables, and reagents for life sciences research, manufacturing, analysis, discovery, and diagnostics. Shares fell 9.4% during the quarter along with other life sciences tools stocks because of several headwinds, including a slowdown in capital spending among pharmaceutical customers, slower growth in China, lack of funding and spending among pre-commercial biotechnology companies, and inventory destocking among bioprocessing customers. We view these headwinds as temporary and believe management can achieve its long-term goal of solid mid- to high single-digit organic revenue growth with an even faster profit growth, driven by long-term end-market tailwinds in the life sciences industry, including favorable demographics, scientific advances, new technology, and increased regulations.

Danaher Corporation is a life sciences and diagnostics company. For life sciences, Danaher supplies instruments for lab research, genomics services, and bioproduction tools. For the diagnostics business, Danaher offers instruments to run clinical tests in large core labs, hospitals, and pathology labs and at the point of care. Shares declined 4.7% during the quarter after the company cut its fiscal year 2023 guidance due to headwinds within its bioprocessing segment, as biopharmaceutical customers burned through existing inventory and smaller biotechnology firms faced funding constraints. We remain positive on Danaher's long-term trajectory. Danaher benefits from a market-leading position and broad portfolio within bioprocessing, which addresses a biologics market that is growing by double digits, and which we expect to benefit in the near and medium term from a wave of biosimilars entering the market after key patents expire. Danaher has a collection of high-quality assets, with targets of high single-digit core revenue growth and double-digit EPS growth.

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.

As of June 30, 2023, our top 10 positions represented 53.3% of the Fund, the top 20 represented 81.6%, and we exited the second quarter with 30 investments, unchanged from the first quarter. IT and Financials represented 61.0% of the Fund, while Communication Services, Health Care, Consumer Discretionary, Consumer Staples, and Industrials represented another 37.7%, with the remainder in cash.

Table IV.
Top 10 holdings as of June 30, 2023

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Meta Platforms, Inc.	$ 735.5	$6.9	8.5%
Amazon.com, Inc.	1,337.5	6.6	8.1
Microsoft Corporation	2,532.1	6.6	8.1
NVIDIA Corporation	1,044.9	3.7	4.5
Arch Capital Group Ltd.	27.9	3.6	4.4
S&P Global Inc.	128.6	3.4	4.2
Visa Inc.	498.8	3.3	4.0
Alphabet Inc.	1,527.9	3.2	4.0
UnitedHealth Group Incorporated	447.5	3.1	3.8
Accenture plc	205.2	3.0	3.7

Recent Activity

During the second quarter, we added to 25 of our holdings as we put the Fund's inflows to work.

Table V.
Top net purchases for the quarter ended June 30, 2023

	Quarter End Market Cap (billions)	Net Amount Purchased (millions)
Amazon.com, Inc.	$1,337.5	$2.2
S&P Global Inc.	128.6	1.1
Alphabet Inc.	1,527.9	0.9
LPL Financial Holdings Inc.	16.9	0.8
Blackstone Inc.	109.2	0.7

Amazon.com, Inc. was our largest addition during the second quarter. We believe that Amazon's core retail profitability is still masked due to its increased spending in the early days of COVID-19 and profitability should become more visible over the next several quarters as the company right sizes its infrastructure and regionalizes its fulfillment network, which simultaneously reduces delivery times costs. In addition, as customers start lapping their cloud optimization efforts, we expect AWS business to reaccelerate.

We continue to believe that Amazon holds sustainable competitive advantages with a leadership position in multiple trillion dollar markets that exhibit durable growth characteristics. According to the U.S. Census Bureau, domestic e-commerce still accounts for only 15.1% of retail sales (as of the first quarter of 2023[2]). Internationally, the upside is also significant as Amazon has less than 5% market share of international retail sales. Amazon's advertising market share is still below 5%, even though it continues outgrowing other digital advertising companies. For example, Amazon's advertising revenues were up 21% year-over-year in the first quarter of 2023, compared to revenue growth rates of 3% for both Meta and Alphabet. This is driven by Amazon's structural advantages in advertising thanks to its closed loop between advertisers and transactions, which enables accurate targeting and measurement. AWS remains the leading cloud provider, while cloud computing still represents only 11% of the $4.4 trillion spending on global IT products and services according to Gartner in 2022[3]. Areas such as logistics and health care present additional optionality.

We also utilized flows to add to our position in the rating agency and data provider, **S&P Global Inc**. The issuance outlook is improving, driven by non-financial corporate bonds growing by double digits, as issuers have become more adaptive to higher rates leading to narrower spreads and a more open capital market.

The favorable comparison to last year has also contributed to this trend, as debt issuance was significantly impaired in 2022. There is also a significant number of debt maturities approaching that will require refinancing. A rebound in equity markets has further supported asset-based fees, while strong derivative trading has also contributed positively. We are also pleased with the integration progress of IHS Markit, with over 90% of cost synergies already achieved. Over the long term, the company should continue benefiting from the secular trends of increasing bond issuance, growth in passive investing, and demand for data and analytics, while enjoying meaningful and durable competitive advantages that, in our view, are only strengthening following the merger with IHS Markit.

During the quarter, we also added to our **Alphabet Inc.** position. While there is a wide range of outcomes around the potential implications of the advancements in GenAI on Google's search business, we believe that the risk/reward at the current valuation is skewed to the upside. Alphabet has world class talent in AI between DeepMind, Google Brain, and core Google (note that it was Alphabet's researchers who released the *Attention Is All You Need* paper, on which the modern large language models are based[4]). With its Android platform, YouTube, and its advertising assets, the company has data on an unmatched scale with which to train its AI models and has an existing platform on which to distribute them.

Lastly, we also continued building two of our newer positions, the largest independent broker-dealer, **LPL Financial Holdings Inc.**, which remains well positioned to win market share in a growing industry as advisors continue shifting to independent broker dealers; and the leading alternative asset manager, **Blackstone Inc.**, which we believe stands to benefit from the continued shift to alternative asset management. Jamie Dimon, JP Morgan's CEO, described how the potential changes in regulatory requirements from banks (such as increasing capital rations to 20%) during the company's most recent earnings could provide an additional boost for alternative asset managers: *"This is great news for hedge funds, private equity, private credit, Apollo, Blackstone, and there's dancing in the streets."*

Table VI.
Top net sales for the quarter ended June 30, 2023

	Quarter End Market Cap or Market Cap When Sold (billions)	Net Amount Sold (millions)
None		

Outlook

Regular readers of this investment letter know our skepticism about outlooks. While we generally have a sense of when our stocks are inexpensive and when they are not, we have never had good insight on the timing of when that might change. No one needed to read our letters to know that a Zero Interest Rate Policy (or ZIRP) was not sustainable but there isn't a single expert we know of who predicted it would last for 13 years and end in 2021. We mentioned earlier how in the five-and-a-half years since the inception of the Fund we have experienced two bear markets, a global pandemic, the fastest rate hiking cycle in U.S. history, a war in Europe, a likely end to globalization, and the geo-political tensions with the wider range of possible outcomes then we could ever imagine. By any measure, the market volatility experienced over this time frame can be described as extreme. And yet… the S&P 500 Index returned 16.9% so far in 2023, 19.6% over the last year, 14.6% annualized over the last three years, and 12.3% annualized over the last five years. We are not suggesting that investors should be expecting these types of returns for the rest of time, but rather that they were entirely unpredictable, especially considering the circumstances in which they were achieved.

The most recent economic reports continue to show that inflation is moderating. The latest CPI reading for the year ended June 2023 came in at 3.0%, the lowest reading in over two years. Interestingly, inflation has declined roughly as rapidly as it has increased. Similarly, the 10-year break-even inflation

[2] https://www.census.gov/retail/ecommerce.html
[3] https://www.gartner.com/en/newsroom/press-releases/2023-04-19-gartner-forecasts-worldwide-public-cloud-end-user-spending-to-reach-nearly-600-billion-in-2023
https://www.gartner.com/en/newsroom/press-releases/2023-04-06-gartner-forecasts-worldwide-it-spending-to-grow-5-percent-in-2023
[4] https://arxiv.org/abs/1706.03762

remains steady in the 2.0% to 2.5% range and real rates (as measured by 10-year TIPS), while moving up from the lows of around 1.1% reached shortly after the collapse of Silicon Valley Bank, are still in favorable territory at approximately 1.5%. While the Fed is expected to raise rates a quarter of a percent once or twice more, it is clear that we are closer to the end of the rate hike cycle. That, coupled with most of our companies reporting stabilizing trends in their businesses and leaner cost structures, creates a favorable backdrop for growth stocks in our view.

As we discussed earlier, while investor psychology will likely continue to swing from side to side, we pay more attention to companies' competitive advantages, to the size and durability of their growth opportunities, and to how well management teams are executing against those things. Said another way, we pay much more attention to fundamentals and try to use market/investor psychology as an opportunity to buy stocks at bargain prices or reduce/sell them when we think they are well ahead of the business' intrinsic values.

During the second quarter, weighted average 2023[5] revenue expectations for the portfolio for have increased by 2.2% after rising by 0.1% in the first quarter and declining by 2.9% in the fourth quarter of 2022. Margin expectations have risen by 61bps after rising by 41bps in the first quarter and declining by 113bps in the fourth quarter of 2022, driving an overall 5.4% uplift to operating income expectations for 2023 during the second quarter after a 1.5% increase in the first quarter and 7.9% decline during the fourth quarter of 2022. As of the end of the second quarter, the weighted average revenue growth for the portfolio for 2023 is expected to be 10.1%, while earnings are expected to grow by 18.1%[6]. The change in expectations for these fundamentals at the portfolio level is summarized in the following table:

Change in expectations at the portfolio level

	4Q22	1Q23	2Q23
Revenues	(2.9%)	0.1%	2.2%
Operating Income	(7.9%)	1.5%	5.4%
Operating Margins	–113bps	+41bps	+61bps

Every day, we live and invest in an uncertain world. Well-known conditions and widely anticipated events, such as Fed 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 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

5 Based on weighted average FactSet consensus estimates for our holdings.

6 Excluding Amazon, which is expected to shift from negative EPS to positive EPS in 2023, and Brookfield Corporation, which is valued on a sum-of-the-parts basis.

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 the Funds' 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 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.

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DEAR BARON REAL ESTATE INCOME FUND SHAREHOLDER: PERFORMANCE

JEFFREY KOLITCH

PORTFOLIO MANAGER

Retail Shares: BRIFX
Institutional Shares: BRIIX
R6 Shares: BRIUX

We are pleased to report that *Barron's*, the highly regarded weekly business magazine, recently profiled Baron Real Estate Fund® and Baron Real Estate Income Fund® in an interview that was published on June 29, 2023. A link to the article, titled *"Real Estate Stock Swoon Is a 'Gift' to Investors, This Manager Says"* can be accessed on our Baron website homepage at www.baronfunds.com in the "News & Events" section.

In the first six months of 2023, Baron Real Estate Income Fund (the Fund) increased 8.19% (Institutional Shares), outperforming the MSCI US REIT Index (the REIT Index), which increased 4.78%.

The Fund appreciated 3.30% in the second quarter of 2023, outperforming the REIT Index, which increased 2.34%.

As of June 30, 2023, the Fund has maintained its:

- **Top 3% ranking among all real estate funds for its 5-year performance period**
- **5-Star Overall Morningstar Rating™**

We will address the following topics in this letter:

- Our current top-of-mind thoughts
- Portfolio composition and key investment themes
- Top contributors and detractors to performance
- Recent activity
- Concluding thoughts on the prospects for real estate and the Fund

As of 6/30/2023, the Morningstar Ratings™ were based on 230, 211, and 230 share classes for the 3-year, 5-year, and Overall periods, respectively. The Baron Real Estate Income Fund received 4 Stars, 5 Stars, 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 6/30/2023, the Morningstar Real Estate Category consisted of 254, 230, and 211 share classes for the 1-, 3-, and 5-year periods. Morningstar ranked Baron Real Estate Income Fund Institutional Share Class in the 22nd, 28th, and 3rd percentiles 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.

BARON FUNDS 1987

Table I.
Performance
Annualized for periods ended June 30, 2023

	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]	3.25%	3.30%	2.34%
Six Months[3]	7.93%	8.19%	4.78%
One Year	(1.25)%	(0.94)%	(1.38)%
Three Years	7.73%	8.05%	7.67%
Five Years	8.39%	8.63%	3.34%
Since Inception (December 29, 2017) (Annualized)	7.55%	7.79%	3.13%
Since Inception (December 29, 2017) (Cumulative)[3]	49.26%	51.08%	18.46%

Our Current Top-of-Mind Thoughts

At the halfway point of 2023, our current top-of-mind thoughts can be summarized as follows:

We remain optimistic about the prospects for the stock market, public REITs and non-REIT real estate-related securities, and the Baron Real Estate Income Fund.

- As noted in our year-end 2022 shareholder letter, we continue to believe that 2023 may ultimately emerge as a mirror image of 2022 in that many of the headwinds of 2022 reverse course (e.g., multi-decade high inflation and rising interest rates) and become tailwinds in 2023, thereby contributing to solid full-year returns.
- We are bullish looking out two to three years.

We do not believe that a commercial real estate crisis is on the horizon.

- We believe forecasts of widespread distress in commercial real estate are sensationalized and unlikely to materialize.
- In our opinion, a commercial real estate crisis is unlikely for the following reasons:
  - Most of commercial real estate is performing well (e.g., industrial, multi-family, data centers, senior housing, self-storage).
  - New construction activity has been and is expected to remain low. The dearth of new real estate construction activity compares favorably with prior real estate cycles when overbuilding of real estate contributed to a deterioration in real estate business prospects.
  - Balance sheets are generally in strong shape (appropriate leverage levels, staggered debt maturities, the mix of fixed versus floating rate debt).
  - The banking system is in a strong capital position. We expect future challenges for banks to be, in most cases, an earnings issue (higher deposit rate requirements and less lending) rather than a solvency issue (most banks are appropriately capitalized).
  - We believe future loan defaults will be mostly isolated to class "B" and "C" office buildings. Better bank loan underwriting practices and the increase in commercial real estate values over the last decade should mute the loan loss cycle.

The valuations of several REITs and non-REIT real estate-related companies remain cheap.

- A good portion of public real estate – including both REITs and non-REIT real estate-related companies – is attractively valued relative to historical averages.
- Currently, several public REITs and non-REIT real estate-related securities are meaningfully discounted relative to private real estate alternatives.

We continue to believe the near-term and long-term prospects for REITs and other non-REIT real estate-related companies in the public markets are compelling.

- *Near-term case for real estate*
  - The share prices of several REITs and non-REIT real estate-related companies have lagged in part due to the aggressive Federal Reserve interest rate tightening cycle, and, more recently, the commercial real estate crisis narrative.
  - Several REITs and non-REIT real estate-related companies have repriced for a higher cost of capital and expectations of slowing growth.
  - Several REITs and non-REIT real estate-related companies are cheap.
  - The current real estate environment is far superior relative to prior real estate cycles for two key reasons: first, in most cases, the use of debt has been disciplined relative to history; second,

Performance listed in the above table is net of annual operating expenses. The gross annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2022 was 1.32% and 0.96%, 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 Fund expenses pursuant to a contract expiring on August 29, 2033, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit www.BaronFunds.com or call 1-800-99BARON.

1 **The MSCI US REIT Index Net (USD)** is an unmanaged 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 foreign 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.

commercial and residential real estate are not overbuilt, and expectations for new supply are not concerning.

- We believe substantial private capital is in pursuit of public real estate ownership to capitalize on the opportunity to buy quality public real estate that is currently valued at a discount relative to private.
- We continue to believe the Fund's two- to three-year return prospects are compelling with a favorable "upside versus downside" share price return ratio.

• *Long-term case for real estate*

- Real estate has generated solid historical long-term returns, and we believe it can continue to do so. For the 25-year period ended June 30, 2023, U.S. equity REITs have delivered a better cumulative return than the S&P 500 Index, fixed income alternatives, international equities, and commodities. Since the Fund's inception on December 29, 2017 through June 30, 2023, the Fund has delivered a cumulative return of 51.08%, which compares favorably to the 18.46% return of the REIT Index.
- Real estate continues to offer diversification benefits. According to Morningstar, over the last 25 years through June 30, 2023, REITs have provided diversification benefits due to their modest correlation to stocks (0.64 correlation to S&P 500 Index) and low correlation to bonds (0.27 correlation to Bloomberg Barclays U.S. Aggregate Index).
- Real estate may provide inflation protection. Real estate owners with short-lease durations in supply-constrained markets are well equipped to raise rents to combat inflation's impact on their businesses.

Portfolio Composition and Key Investment Themes

As of June 30, 2023, we invested the Fund's net assets as follows: REITs (81.0%), non-REIT real estate-related companies (14.1%), and cash (4.8%). We currently have investments in 10 REIT categories. Our exposure to REIT and non-REIT real estate categories is based on our research and assessment of opportunities in each category on a bottom-up basis (See Table II below).

Table II.
Fund investments in REIT categories as of June 30, 2023

		Percent of Net Assets
REITs		81.0%
Industrial REITs	19.6	
Data Center REITs	15.1	
Single-Family Rental REITs	10.0	
Health Care REITs	10.0	
Multi-Family REITs	8.5	
Self-Storage REITs	8.2	
Other REITs	3.9	
Wireless Tower REITs	2.5	
Triple Net REITs	1.8	
Mall REITs	1.5	
Non-REIT Real Estate Companies		14.1
Cash and Cash Equivalents		4.8
Total		100.0%*

* *Individual weights may not sum to the displayed total due to rounding.*

We continue to prioritize two high-conviction investment themes:

Secular growth REITs: Our long-term focus is on REITs that benefit from secular tailwinds where cash-flow growth tends to be durable and less sensitive to a slowdown in the economy. Examples include our investments in data center, wireless tower, industrial logistic, and life science REITs. As of June 30, 2023, secular growth REITs represented 39% of the Fund's net assets.

Short-lease duration REITs with pricing power: We have continued to emphasize REITS that are able to raise rents and prices on a regular basis to combat inflation's impact on their businesses. Examples include the Fund's investments in single-family rental, multi-family, and self-storage REITs. As of June 30, 2023, short-lease duration real estate companies represented approximately 27% of the Fund's net assets.

Secular growth REITs (39.0% of the Fund's net assets)

Industrial REITs (19.6%): Though we expect rent growth to moderate from its frenzied pace of the last few years, we remain optimistic about the long-term prospects for industrial REITs. With industrial vacancies at less than 4%, new supply expected to moderate in 2024, rents on in-place leases more than 50% below market, and multi-faceted demand drivers including the ongoing growth in e-commerce and companies' seeking to improve inventory supply-chain resiliency by carrying more inventory (shift from "just in time" to "just in case" inventory), we believe our investments in industrial warehouse REITs **Prologis, Inc.**, **Rexford Industrial Realty, Inc.**, **EastGroup Properties, Inc.**, **Terreno Realty Corporation**, and **First Industrial Realty Trust, Inc.** have compelling multi-year cash-flow growth runways.

Data Center REITs (15.1%): We believe the multi-year prospects for real estate data centers are compelling. Data center landlords such as **Equinix, Inc.** and **Digital Realty Trust, Inc.** are benefiting from record low vacancy, demand outpacing supply, and rental rates that are rising. Regarding the demand outlook, several secular demand vectors are contributing to robust demand for data center space globally. They include the outsourcing of information technology, increased cloud computing adoption, the ongoing growth in mobile data and internet traffic, and artificial intelligence as a new wave of data center demand.

Wireless Tower REITs (2.5%): We have maintained modest exposure to wireless tower REITs via a position in **American Tower Corporation** due to our expectation that growth will moderate in 2023 and perhaps the next few years due to higher financing costs, upcoming debt maturities, wireless carrier decommissioning, international headwinds (in Latin America and India), and foreign exchange headwinds. We remain positive on the long-term secular growth trends underpinning wireless tower REITs including strong secular growth expectations for mobile data usage, 5G technology, autonomous cars, connected homes, and 3D video. Some of these will require increased wireless bandwidth and increased spending by mobile carriers. As shares have become more attractively valued with growth headwinds better understood, we may look to opportunistically reacquire shares given the compelling absolute and relative multi-year growth prospects that are visible and supported by long-term customer contracts.

Life Science REITs (1.7%): Following a sharp decline in its shares in the first six months of 2023, we reacquired shares in **Alexandria Real Estate Equities, Inc.**, the life science industry leader and sole publicly traded life science pure play REIT. At its current discounted valuation, we believe concerns about competitive supply and distress for some of the company's biotechnology and health care tenants are overblown and sufficiently discounted in the company's valuation. We believe the management team has assembled a desirable real estate portfolio, enjoys a leading market share position in its geographic markets, and has solid prospects for long-term growth as demand for life science real estate is expected to remain strong.

Short-lease duration REITs (26.6% of the Fund's net assets)

Single-Family Rental REITs (10.0%): Following strong first quarter results, we increased our investments in single-family rental REITs **Invitation Homes, Inc.** and **American Homes 4 Rent**. Demand conditions for rental homes are attractive due to the sharp decline in home affordability; the propensity to rent in order to avoid mortgage down payments, avoid higher monthly mortgage costs, and maintain flexibility; and the stronger demand for home rentals in suburbs rather than apartment rentals in cities. Rising construction costs are limiting the supply of single-family rental homes in the U.S. housing market. This limited inventory combined with strong demand is leading to robust rent growth.

Both Invitation Homes and American Homes 4 Rent have an opportunity to partially offset the impact of inflation given that their in-place annual leases are significantly below market rents. Valuations are compelling at mid-5% capitalization rates, and we believe the shares are currently valued at a discount to our assessment of net asset value.

We remain mindful that expense headwinds and slower top-line growth could weigh on growth later in 2023 and 2024. We will continue to closely monitor business developments and will adjust our exposures accordingly.

Multi-Family REITs (8.5%): In the second quarter, our exposure to apartment REITs **Equity Residential** and **AvalonBay Communities, Inc. decreased from 9.1%** to 8.5% of the Fund's net assets. We believe public valuations remain discounted relative to the private market. Tenant demand remains healthy and rent growth, though modest, has been improving since the first quarter of 2023. Rental apartments continue to benefit from the current homeownership affordability challenges. Multi-family REITs provide partial inflation protection to offset rising costs due to leases that can be reset at higher rents, in some cases, annually. We continue to closely monitor new supply deliveries and job losses in key geographic markets.

Self-Storage REITs (8.2%): In the most recent quarter, we reduced our exposure to self-storage REITs – **Public Storage Incorporated**, **Extra Space Storage Inc.**, and **CubeSmart** – because we expect growth to continue to moderate in 2023.

Long term, there is a lot to like about self-storage businesses. Monthly leases provide an opportunity for landlords to increase rents and combat inflation. Self-storage facilities do not tend to require significant ongoing capital expenditures. Elevated construction costs are constraining new construction. Should economic growth continue to decelerate and perhaps lead to a recession, self-storage business fundamentals have historically held up well during economic downturns. We also believe there is a wall of capital from private equity companies that are interested in acquiring self-storage real estate should valuations in the public market become attractive relative to other opportunities.

Other REIT and non-REIT investments (29.6% of the Fund's net assets)

Health Care REITs (10.0%): We remain optimistic about our health care REIT investments in **Welltower Inc.** and **Ventas, Inc.** Health care real estate fundamentals are improving (rent increases and occupancy gains) against a backdrop of muted supply growth in the next two to three years due to increasing financing and construction costs and supply-chain challenges. The long-term demand outlook is favorable, driven in part by an aging population, which is expected to accelerate in the years ahead. Despite our optimism for long-term prospects for health care real estate, we are closely monitoring near-term expense headwinds combined with a slower-than-expected recovery in leasing and occupancy.

Other REITs (3.7%): We are optimistic about the Fund's REIT investments in **Tanger Factory Outlet Centers, Inc.** and **Americold Realty Trust**. Tanger owns and operates the second-largest outlet center portfolio in the U.S. Tanger is the only mall REIT that focuses exclusively on outlets and, as a result, there is less risk from department store closures. We believe the shares are attractively valued and offer solid prospects for growth. Americold is the second-largest owner-operator of cold storage facilities in the U.S. and globally. We believe the shares of Americold should benefit from steady growth in food consumption, limited new supply, and improvements in its operations, which should support solid growth.

Triple Net REITs (1.8%): We remain optimistic about the long-term prospects for the Fund's triple net gaming REIT investment in **VICI Properties Inc.**, an owner of quality gaming, hospitality, and entertainment properties. The company pays a 5% dividend which is well covered and has a strong track record of making accretive acquisitions and has additional opportunities for growth in the years ahead. We recently trimmed the Fund's position, however, because we have identified other REITs and non-REIT companies that we believe may generate superior returns in the next few years.

Non-REIT Real Estate Companies (14.1%): We emphasize REITs but have the flexibility to invest in non-REIT real estate companies. We tend to limit these to no more than 20% to 25% of the Fund's net assets. At times, some of our non-REIT holdings may present superior growth, dividend, valuation, and share price appreciation potential than many REITs.

We are bullish about the prospects for the Fund's non-REIT real estate investments. They include: **Brookfield Corporation**, **Brookfield Renewable Corporation**, **Brookfield Infrastructure Corporation**, **Brookfield Asset Management Ltd.**, **Toll Brothers, Inc.**, and **Travel + Leisure Co.**

Top Contributors and Detractors to Performance

Table III.
Top contributors to performance for the quarter ended June 30, 2023

	Quarter End Market Cap (billions)	Percent Impact
Toll Brothers, Inc.	$ 8.6	1.04%
Welltower Inc.	40.2	0.84
Equinix, Inc.	73.3	0.77
Digital Realty Trust, Inc.	33.9	0.61
AvalonBay Communities, Inc.	26.9	0.53

Our investment in homebuilder company **Toll Brothers, Inc.** performed very well during the period held in 2023, increasing 38.1%.

Year-to-date, Toll Brothers is benefiting from a meaningful uptick in demand to buy homes:

- Home buyers continue to come off the sidelines and buy homes despite 30-year mortgage rates remaining in the 6.5% to 7.0%

range. Several factors are contributing to the recent strength, including pent-up demand to buy homes and fears that mortgage rates could move higher.

- The sticker shock of rapidly rising mortgage rates appears to have cooled down. Homebuilders have made homes more affordable to prospective home purchasers by offering mortgage rate buydowns to the mid-5% mortgage rate range while maintaining strong profitability margins.
- A dearth of inventory in the existing home market and an overall housing supply shortage is driving home buyers to "stretch their wallet" due to fears that they could miss the opportunity to buy a home.

Though Toll Brothers has been a good stock this year, it is trading at just over our estimate of 2024 tangible book value. The stock historically has been valued at 1.4 to 1.5 times book value and had a peak valuation of two times book value. If the company can just recover to its long-term average, we believe its shares would increase approximately 50%.

Please see my recent *Barron's* interview, which can be accessed on our Baron website homepage at www.baronfunds.com in the "News & Events" section for our more complete thoughts about the outlook for residential real estate and Toll Brothers, more specifically.

Welltower Inc., an owner and operator of senior housing and medical office buildings, was a contributor to performance during the quarter due to strong cash-flow growth in its senior housing portfolio driven by healthy rent growth and occupancy gains, robust demand from new residents, improving labor expenses, and superior capital deployment by management. Welltower owns and operates senior housing and medical office buildings in the U.S. and internationally. We believe the company continues to be well positioned to benefit from cyclical and secular growth over the coming years and has a credible path to double its senior housing operating cash flow organically over the next four to five years. In addition, we believe the current constrained financing environment will create attractive external growth opportunities for the company to acquire quality assets at attractive prices.

The shares of **Equinix, Inc.**, the leading global data center REIT, continued to perform well during the quarter. The company reported results above expectations, issued a robust multi-year growth outlook at its analyst day and continued to experience strong demand/bookings amid weaker broader macroeconomic conditions as its customers accelerate their digital transformations. Equinix is a global operator of approximately 250 network-dense, carrier-neutral colocation data centers across 32 countries and 71 metros. We recently attended Equinix's bi-annual investor day in June and were able to spend some additional time with CEO Charles Meyers and CFO Keith Taylor. We came away incrementally encouraged with Equinix's continued evolution/innovation to meet customers' demands in the way they consume space (e.g., via *as a service* offerings) and incremental investments in its go-to-market capabilities to position the company to better capture the long-tail of demand from *digital starters* (represents an addressable market that is equal to what is presented by *digital leaders* and *digital followers*, which has been the core business opportunity for Equinix to date). Ultimately, we believe the underlying demand vectors, strong pricing power, favorable supply backdrop, and interconnection focus will support approximately 10% cash-flow-per-share growth for the next several years with upside from further scaling of digital services, incremental AI demand, and select M&A opportunities. We remain optimistic about the prospects for Equinix shares over the next several years.

Table IV.
Top detractors from performance for the quarter ended June 30, 2023

	Quarter End Market Cap (billions)	Percent Impact
Rexford Industrial Realty, Inc.	$11.2	–0.64%
Extra Space Storage Inc.	20.1	–0.41
American Tower Corporation	90.4	–0.25
Brookfield Renewable Corporation	11.6	–0.23
Public Storage Incorporated	51.3	–0.18

Following solid share price performance in the first three months of 2023, the shares of **Rexford Industrial Realty, Inc.**, a high-growth REIT that owns a $12 billion portfolio of infill industrial real estate properties concentrated in Southern California, declined in the second quarter primarily due to concerns that demand and rent growth are moderating in Southern California.

Since the beginning of 2020 through March 31, 2023, rents in Rexford's markets have increased more than 100%! Though we do expect rent growth to moderate from its frenzied pace of the last few years, we remain optimistic about the long-term prospects for Rexford and the Fund's other industrial REIT holdings **Prologis, Inc.**, **EastGroup Properties Inc.**, **Terreno Realty Corporation**, and **First Industrial Realty Trust, Inc.**

With industrial vacancies at less than 4%, new supply expected to moderate in 2024, rents on in-place leases at more than 50% below market rents, and multi-faceted demand drivers including the ongoing growth in e-commerce and companies' seeking to improve inventory supply-chain resiliency, we believe the Fund's industrial REIT investments are uniquely positioned and have compelling multi-year cash-flow growth runways.

We believe that Rexford has one of the best long-term growth opportunities among all publicly traded REITs. The company has two significant prongs for long-term growth. First, the management team has an irreplaceable portfolio of 44 million square feet of industrial real estate and its in-place rents on signed leases are 66% below market. As such, the company has line of sight to at least 66% growth as it adjusts rents up to market levels over the next four to five years. Second, Rexford's management team is pursuing acquisitions of additional square footage within its 250 million square foot market. Through acquisitions, we believe management will significantly increase the size of its portfolio over time. Many of the industrial properties that Rexford is targeting are industrial real estate assets owned by individuals who have managed their real estate passively for decades; in many cases they have not increased rents consistently. That is the opportunity for Rexford – acquire assets, upgrade the properties, and begin to increase rents.

Following its pending merger with Life Storage, Inc. which is expected to close late in 2023, **Extra Space Storage Inc.**, a best-in-class self-storage REIT, will be the largest self-storage operator with a $46 billion self-storage operating portfolio. In the most recent quarter, the shares declined because rent growth is moderating from its strong pace of the last few years.

Though 2023 may be a transition year for Extra Space as growth retraces to a more sustainable run-rate and the management team prepares to incorporate Life Storage, we remain optimistic about the long-term prospects for the company and believe the current price of its shares reflect a good portion of this anticipated transition.

We believe Extra Space's management team is excellent. Over the last decade, management has delivered strong occupancy gains, rent growth, and expense control that has led to a cost-of-capital advantage relative to its peers. Management has capitalized on its cost-of-capital advantage relative to its peers by tripling its owned self-storage count since 2010. We believe the management team will continue to create tremendous value for shareholders and believe the long-term growth opportunity for the company remains strong.

Shares of **American Tower Corporation**, a global operator of over 200,000 wireless towers, detracted from performance in the quarter due to rising interest rates affecting high-multiple stocks in addition to select international churn events, exposure to floating rate debt, and lack of progress on the monetization of its India business with the company continuing to experience payment shortfalls from a key tenant there. American Tower is a global operator of over 200,000 wireless towers. As the near-term headwinds become better appreciated, we remain positive on multi-year growth prospects that are highly visible and supported by long-term customer contracts.

Recent Activity

Table V.
Top net purchases for the quarter ended June 30, 2023

	Quarter End Market Cap (billions)	Net Amount Purchased (millions)
Digital Realty Trust, Inc.	$ 33.9	$5.4
Equinix, Inc.	73.3	4.7
Invitation Homes, Inc.	21.0	4.6
American Homes 4 Rent	12.8	4.0
Prologis, Inc.	113.2	2.7

We believe the multi-year prospects for real estate data centers are highly compelling – perhaps as strong as they have ever been.

Accordingly, we recently increased our exposure to data center REITs by acquiring additional shares in **Equinix, Inc.** and **Digital Realty Trust, Inc.**

Data center landlords such as Equinix and Digital Realty are benefiting from record low vacancy, demand outpacing supply, more constrained power availability, and rising rental rates. Several secular demand vectors, which are currently broadening, are contributing to robust fundamentals for data center space globally. They include the outsourcing of information technology infrastructure, increased cloud computing adoption, the ongoing growth in mobile data and internet traffic, and artificial intelligence as a new wave of data center demand. Put simply, each year data continues to grow exponentially, and all of this data needs to be processed, transmitted, and stored – supporting increased demand for data center space. In addition, while it is still early innings, we believe artificial intelligence could not only provide a source of incremental demand but also further accelerate existing secular trends by driving increased prioritization and additional investment in digital transformation among enterprises.

We recently spent time with the management teams at both Equinix and Digital Realty and are optimistic about their prospects. We believe Equinix, the premier global operator of network-dense, carrier-neutral colocation data centers, is well-positioned to grow its cash flow per share by more than 10% annually for the next few years.

Digital Realty is a global data center operator with 290 data centers across North America, EMEA, APAC, and LATAM. Over the last few years, the company has been undergoing a business transformation, which accelerated after its acquisition of Interxion in March 2020, a pure-play European network-dense data center operator. The company has been shedding non-core slower growth assets, investing and expanding in Europe, growing its retail colocation business, improving its balance sheet, and adding operational expertise by supplementing new management leadership. We have spent a significant amount of time with CEO Andy Power over the years and believe the investments the company has made are on the cusp of bearing fruit and will pay dividends for years to come. In addition, we believe the fundamentals in its core business are at an inflection point with robust demand/bookings, pricing power, hyperscale cloud players outsourcing a higher percentage of their digital infrastructure needs, and limited competitive capacity. We believe these factors will lead to growth in the core business in 2023 and are optimistic about the long-term prospects for the company.

We acquired additional shares of **Invitation Homes, Inc.** during the quarter. Invitation Homes is one of the largest institutional landlords of single-family rental homes in the country with over 80,000 homes across 16 different markets. We remain encouraged by the better-than-expected operating fundamentals with robust top-line growth driven by strong renewal and new lease pricing amid strong occupancy and lower turnover. Longer term, we believe Invitation Homes represents a compelling investment on a multi-year basis given the structural undersupply of housing nationally and limited inventory of institutionally managed single-family rental homes amid a favorable demographic demand backdrop. Consumer demand is being driven by: i) a preference for homes over apartments given family/schooling needs; ii) the flexibility inherent when renting; and iii) affordability – renting is 30% cheaper than owning on average across Invitation's key markets. We believe Invitation Homes is a compelling investment due to its presence in higher-growth infill markets, its meaningful scale, which drives operational efficiency; and M&A opportunities in this highly fragmented industry populated with many mom and pop businesses. Lastly, single-family homes are one of the most liquid real estate assets and the company's shares continue to sell at a meaningful discount to homes sold in its markets (ignoring further upside from the platform value, strong imbedded growth, and consolidation opportunities).

Table VI.
Top net sales for the quarter ended June 30, 2023

	Quarter End Market Cap or Market Cap When Sold (billions)	Net Amount Sold (millions)
Sun Communities, Inc.	$16.7	$1.1
Public Storage Incorporated	51.3	0.9
Terreno Realty Corporation	5.0	0.6
Cellnex Telecom, S.A.	28.1	0.5
Sunstone Hotel Investors, Inc.	2.0	0.5

We recently exited our investment in **Sun Communities, Inc.**, a REIT that owns a portfolio of manufactured housing properties, recreational vehicle parks, and marinas, due to the company's worse-than-expected 2023 growth expectations due to elevated costs and higher interest expense. We continue to believe the long-term prospects for Sun Communities remain favorable. We expect Sun Communities to benefit from favorable demand/supply dynamics. The company should continue to be a beneficiary of strong demand from budget-conscious home buyers such as retirees and millennials and negligible new inventory due to high development barriers. The company has superior long-term cash-flow growth prospects and lower capital expenditure needs than several other REIT categories. We may look to revisit Sun Communities at a later date.

We recently trimmed our large investment in **Public Storage Incorporated**, a REIT that is the world's largest owner, operator, and developer of self-storage facilities, due in part to expectations that rent and overall cash-flow growth are moderating. We remain optimistic about the company's long-term prospects. Public Storage'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 strong occupancy, limited new supply, solid long-term organic cash-flow growth, and the potential for M&A due to its well-capitalized and low leverage balance sheet and its ability to increase rents monthly to offset inflation headwinds. We believe Public Storage's shares are currently valued at a discount to private market self-storage values.

We recently trimmed our investment in **Terreno Realty Corporation**, an owner and operator of well-located industrial warehouses in six coastal markets and reallocated the capital to what we believe are more attractively valued REITs and non-REITs that may offer superior return prospects in the near to medium term. We remain big fans of Terreno's management team and may look to acquire additional shares in the future.

Concluding Thoughts on the Prospects for Real Estate and the Fund

We remain optimistic about the prospects for the Fund because we believe we have assembled a portfolio of best-in-class competitively advantaged REITs and non-REIT real estate-related companies with compelling long-term growth and share price appreciation potential. We have structured the Fund to capitalize on compelling investment themes. Valuations and return prospects are attractive.

We believe the Fund's approach to investing in REITs and non-REIT real estate-related companies will shine even brighter in the years ahead.

For these reasons, we remain positive on the outlook for Baron Real Estate Income Fund.

Table VII.
Top 10 holdings as of June 30, 2023

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Prologis, Inc.	$113.2	$12.2	9.9%
Equinix, Inc.	73.3	11.0	8.9
Welltower Inc.	40.2	8.0	6.5
Digital Realty Trust, Inc.	33.9	7.6	6.2
Invitation Homes, Inc.	21.0	6.8	5.5
AvalonBay Communities, Inc.	26.9	6.1	5.0
American Homes 4 Rent	12.8	5.5	4.5
Rexford Industrial Realty, Inc.	11.2	4.7	3.8
Brookfield Corporation	55.2	4.6	3.7
Toll Brothers, Inc.	8.6	4.4	3.5

I and the rest of our Baron real estate team – David Kirshenbaum, George Taras, and David Baron – remain energized, focused, and busy meeting with and speaking to real estate management teams. We continue our comprehensive research, speaking to a broad swath of real estate companies – both owned and not owned – in many cases a few times each quarter to make sure our research remains current and informed. We believe our corporate relationships and access to management are critical elements that contribute to competitive advantages for our real estate team versus many of our peers.

I, and our team, remain fully 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 the Funds' distributor, Baron Capital, Inc., by calling 1-800-99BARON or visiting www.BaronFunds.com. Please read them carefully before investing.

Risks: In addition to general market conditions, 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 debt securities which are affected by changes in prevailing interest rates and the perceived credit quality of the issuer. 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 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 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. **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 WealthBuilder Fund Shareholder:

Performance

Baron WealthBuilder Fund® (the Fund) performed well in the second quarter of 2023. The Fund appreciated 7.39%. This appreciation slightly trailed the S&P 500 Index (the Index) but surpassed the MSCI ACWI Index (the Global Index). Those two indexes appreciated 8.74% and 6.18%, respectively. The Morningstar Aggressive Allocation Category average (the Peer Group) increased 4.73%.*

This performance builds on a good start to 2023. Year-to-date, the Fund has appreciated 18.58%, exceeding both the Index and Global Index, which have appreciated 16.89% and 13.93%, respectively.

And since its inception over five years ago, the Fund has returned 12.82% on an annualized basis. This appreciation again exceeds both the Index and Global Index.

Table I.
Performance
Annualized for periods ended June 30, 2023

	Baron Wealth Builder Fund Retail Shares[1,2]	Baron Wealth Builder Fund Institutional Shares[1,2]	Baron Wealth Builder Fund TA Shares[1,2]	S&P 500 Index[1]	MSCI ACWI Index[1]
Three Months[3]	7.30%	7.39%	7.40%	8.74%	6.18%
Six Months[3]	18.38%	18.58%	18.51%	16.89%	13.93%
One Year	18.37%	18.65%	18.66%	19.59%	16.53%
Three Years	10.93%	11.22%	11.17%	14.60%	10.99%
Five Years	12.28%	12.57%	12.55%	12.31%	8.10%
Since Inception (December 29, 2017)	12.55%	12.82%	12.81%	11.66%	7.25%

MICHAEL BARON
CO-PORTFOLIO MANAGER

RONALD BARON
CEO AND PORTFOLIO MANAGER

Retail Shares: BWBFX
Institutional Shares: BWBIX
TA Shares: BWBTX

Markets have continued to recover in 2023. Investors are increasingly optimistic that the Fed's interest rate hikes will be paused, inflation is stabilizing (and reversing in some key areas), and a recession can be averted. However, the macroeconomic outlook is anything but certain. Investors continue to prioritize safety and gravitate towards more stable and larger businesses. Additionally, much of the appreciation in the market indexes was confined to large technology companies that have exciting long-term growth prospects.

Performance listed in the above table is net of annual operating expenses. The gross annual expense ratio for the Retail Shares, Institutional Shares, and TA Shares as of December 31, 2022 was 1.40%, 1.14%, and 1.15%, respectively, but the net annual expense ratio was 1.36%, 1.11%, and 1.11% (includes acquired fund fees of 1.06%, 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 Fund expenses pursuant to a contract expiring on August 29, 2033, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. BAMCO, Inc. ('BAMCO" or the "Adviser") has agreed that, pursuant to a contract expiring on August 29, 2033, 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.

* As of 6/30/2023, the annualized returns of the Morningstar Aggressive Allocation Category average were 12.04%, 9.74%, 6.25%, and 5.50% for the 1-, 3-, 5-year, and since inception (12/29/2017) periods, respectively.

1 The **S&P 500 Index** measures the performance of 500 widely held large cap U.S. companies. The **MSCI ACWI Index Net (USD)** 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 **MSCI ACWI Index Net (USD)** and the Fund include reinvestment of dividends, net of foreign withholding taxes, while the **S&P 500 Index** includes reinvestment of dividends before taxes. Reinvestment of dividends positively impacts 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

This narrow band of companies driving performance in the quarter was the main reason why our highly diversified Fund failed to keep pace with the Index. The seven largest technology-focused positions in the market-cap weighted S&P 500 Index (Microsoft, Apple, NVIDIA, Amazon, Meta, Tesla, and Alphabet) comprised 25.9% of the Index on average and accounted for 67% of the quarterly returns. Their year-to-date contribution was 74% of the Index's return. With 426 underlying holdings in the Fund, Baron WealthBuilder is underweight all of these holdings except for Tesla.

Larger-cap and higher-growth underlying funds had the greatest returns in the period. This group includes Baron Opportunity, Fifth Avenue Growth, and Partners Funds. Whereas, smaller-cap, international, and sector strategies that are macro dependent in the short term had the lowest returns. This includes Baron Growth, Real Estate Income, and International Growth Funds.

Many factors contributed to the Fund's largest underlying position, **Tesla, Inc.**, appreciating in the period. As discussed in our previous quarterly letter, investors' concerns regarding Tesla in 2022 continue to dissipate, and the company's business has continued to grow materially, although below peak margins. Tesla's deliveries in China are recovering. The company's newest factory in Texas has ramped production considerably and should contribute to improved domestic sales and margins. U.S. government policies have lowered the cost to own Tesla vehicles, while also reducing the company's battery production expenses.

We continue to believe that Tesla is only scratching the surface of its potential. In early June, Tesla agreed to provide Ford Motors access to its electric vehicle (EV) charging technology and network. In quick succession, General Motors, Rivian, and Volvo, also gained access; and we expect other partnerships to follow. These announced partnerships between Tesla and its competitors have, in our opinion, increased the likelihood of the company achieving its mission. Consolidation around a single technology should accelerate charging infrastructure deployment, diminish the risk of Tesla's technology becoming obsolete, and lessen a key concern of hesitant EV purchasers. EV adoption is at a tipping point. And Tesla, with its approximately 60% domestic market share of EVs, should be the most important beneficiary of this shift.

Finally, investors gravitated to companies that they expect will benefit from artificial intelligence (AI). The first companies to garner investors' interest were software and semiconductor companies that enable AI. However, investors soon realized that companies that can effectively integrate AI could be the biggest beneficiaries. Tesla has been deploying its autonomous driving hardware since 2016 (and developing its software prior to that). This service relies on vehicles *seeing* their surroundings and instantly reacting to the environment. It is AI! Tesla is the leader in integrating proprietary AI training and inferential software with computer hardware. We believe Tesla will be able to sell their autonomous service, "Tesla Inside," to other automobile manufacturers. Long term, Tesla's autonomous driving software could become the most important part of the company's business.

But while Tesla was the largest contributor to performance, there were other underlying holdings that had even greater appreciation in the quarter. **CoStar Group, Inc.** rose 29.3% over the prior three months, as its foray into the residential data market began to achieve impressive early results. CoStar's residential monthly users are a year ahead of internal expectations, and these results were achieved prior to the company's increased marketing spending. We believe the residential opportunity is greater than originally theorized or can be achieved with lower expenditures (or both). CoStar's legacy commercial business exhibited modest weakness due to the macro environment. Regardless, CoStar's ability to diversify its product lines and potentially dominate an adjacent category has made the company significantly more stable and valuable. The company has shown itself to be more dynamic than most investors expected.

With market performance being driven by a small number of companies and industries, it was important to avoid significant declines in the portfolio. Most of the weaker performers in the portfolio were companies that are closely tied to macro factors. **MSCI Inc.**, for example, declined 15.9% and was the largest detractor from performance. Similar to CoStar, MSCI is attempting to diversify its business lines. It is the dominant player in its core product line, the index business. Although this division has high retention rates, it is not immune to broad economic cyclical downturns. The recent banking scare caused cautionary client spend, extended sales cycles, and a modest decrease in retention, primarily with smaller clients. But unlike CoStar, growth of newer business lines has also slowed temporarily. We believe the issues in both the legacy products and newer areas will be short-lived. MSCI's products have become the client standard for measuring performance, risk, and ESG results. While the banking crisis has temporarily reduced the rate of client spending, we believe increased industry regulation should cause large product lines (e.g., private assets) to migrate from traditional banks and to third-party asset managers. MSCI will help facilitate those managers' offerings through its extensive data and client relationships. Ascertaining private company data is difficult and will be MSCI's competitive advantage.

We encourage you to read the various quarterly letters found in this report to gain a deeper understanding of the funds that make up Baron WealthBuilder Fund.

Table II.
Baron Funds Performance
as of June 30, 2023

Institutional Share Class Data

% of Net Assets of Fund			Second Quarter of 2023*	Annualized 12/29/2017 to 6/30/2023	Primary Benchmark	Second Quarter of 2023*	Annualized 12/29/2017 to 6/30/2023
32.2%		**Small Cap**					
	4.7%	Baron Discovery Fund	3.58%	9.68%	Russell 2000 Growth Index	7.05%	5.59%
	14.8%	Baron Growth Fund	2.71%	12.16%			
	12.7%	Baron Small Cap Fund	6.49%	9.41%			
6.4%		**Small/Mid Cap**					
	6.4%	Baron Focused Growth Fund	7.38%	23.42%	Russell 2500 Growth Index	6.41%	7.85%
12.7%		**Mid Cap**					
	12.7%	Baron Asset Fund	3.63%	10.16%	Russell Midcap Growth Index	6.23%	9.84%
6.9%		**Large Cap**					
	4.2%	Baron Fifth Avenue Growth Fund	16.01%	8.53%	Russell 1000 Growth Index	12.81%	15.13%
	2.7%	Baron Durable Advantage Fund	10.66%	12.77%†	S&P 500 Index	8.74%	11.33%†
19.1%		**All Cap**					
	4.3%	Baron Opportunity Fund	16.31%	18.47%	Russell 3000 Growth Index	12.47%	14.49%
	14.8%	Baron Partners Fund	15.54%	27.78%	Russell Midcap Growth Index	6.23%	9.84%
9.4%		**Non-U.S./Global**					
	2.8%	Baron Emerging Markets Fund	3.81%	(1.31)%	MSCI EM Index	0.90%	(0.41)%
	3.5%	Baron Global Advantage Fund	6.41%	5.86%†	MSCI ACWI Index	6.18%	6.72%†
	3.1%	Baron International Growth Fund	3.45%	3.29%	MSCI ACWI ex USA Index	2.44%	2.47%
13.3%		**Sector**					
	5.9%	Baron Real Estate Fund	7.41%	9.69%	MSCI USA IMI Extended Real Estate Index	7.04%	6.48%
	2.1%	Baron Real Estate Income Fund	3.30%	(4.36)%†	MSCI US REIT Index	2.34%	(1.78)%†
	2.9%	Baron Health Care Fund	9.22%	13.33%†	Russell 3000 Health Care Index	3.44%	9.07%†
	2.4%	Baron FinTech Fund	5.29%	6.66%†	FactSet Global FinTech Index	5.78%	1.21%†

* 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 Real Estate Income Fund – 5/17/2021; Baron Health Care Fund – 10/18/2018; and Baron FinTech Fund – 2/27/2020.

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 of Funds Structure and Investment Strategy

Baron WealthBuilder Fund is a compilation of our Baron Funds and provides broad equity exposure. All underlying Baron Funds follow a consistent investment philosophy and process. We do not try to mimic the Indexes, and we do not alter our strategy to coincide with short-term macro events that we regard as unpredictable. We remain focused on underlying business fundamentals.

We believe small- and mid-cap growth stocks offer attractive return potential relative to their risk over the long term. Small- and mid-cap businesses represent 68.0% of the Fund (compared to only 17.2% for the Index). While our small- and mid-cap growth investments have been successful over our 41-year history, these styles are occasionally out of favor. Today's environment is one of those times. Large-cap growth companies outperformed small-cap growth companies in the quarter and in many instances over the last decade. More specifically, the Russell 1000 Growth Index has outperformed the Russell 2000 Growth Index in 7 out of the last 10 calendar years, and 2023 is shaping up to be no different.

Rather than only examining the Fund's performance over a quarter or a year, we believe it is equally important to understand how the Fund has performed over the course of an economic cycle. The COVID-19 Pandemic and subsequent Macro-Induced Market Rotation has been very difficult for small- and mid-sized growth companies. Investors have favored larger-cap, value-oriented businesses that are deemed safer during a time of uncertainty. We believe this offers a great opportunity for long-term investors to invest in small- and mid-cap growth businesses at attractive prices. Markets first peaked in late February 2020 before rapidly dropping as the economy braced for the COVID-19 Pandemic. It recovered quickly followed by another sizable drop based on macroeconomic factors. Over the three years of the COVID-19 Pandemic ending 12/31/2022, the Russell 2000 Growth Index, a small-cap growth index, gained only 1.96%. The Russell Midcap Growth Index fared better with a cumulative 3-year return of

12.00%. With that backdrop, the Fund performed better and appreciated 28.11%. We believe protecting and growing clients' assets during this challenging period positions long-term investors well for meaningful appreciation once the macro landscape changes. Table III provides a more complete look at how the Fund and various indexes performed during the pandemic and its aftermath.

We do not yet know if the challenges caused by the COVID-19 Pandemic will persist. Volatility has remained high, but we are hopeful that interest rate increases, policy measures, and COVID-19 hangovers are ending. Growth has recently begun to outperform value. But safer large caps have continued to perform better than smaller companies. So far, we are optimistic that companies will again be valued on their fundamentals rather than macro concerns. We have started to see the performance of some individual securities diverge. This divergence of returns, we believe, should favor growth investors. As discussed, the Fund performed well in the second quarter and since the start of the year. And its returns year-to-date have exceeded both its Index as well as small- and mid-cap growth indices.

Table III.
Cumulative performance throughout the pandemic and its aftermath

	Pre-COVID	COVID Panic	COVID New Normal	Macro-Induced Market Rotation	COVID Pandemic Cycle	Conclusion of COVID Pandemic Cycle to Present
	12/31/2019 to 2/19/2020	2/19/2020 to 3/23/2020	3/23/2020 to 11/18/2021	11/18/2021 to 12/31/2022	12/31/2019 to 12/31/2022	12/31/2022 to 6/30/2023
Baron WealthBuilder Fund (Institutional Shares)	13.84%	(38.48)%	179.85%	(34.64)%	28.11%	18.58%
S&P 500 Index	5.08%	(33.79)%	115.86%	(16.91)%	24.79%	16.89%
MSCI ACWI Index	2.74%	(33.64)%	102.32%	(18.44)%	12.50%	13.93%
Russell 2000 Growth Index	5.09%	(38.46)%	129.58%	(31.34)%	1.96%	13.55%
Russell Midcap Growth Index	6.97%	(35.71)%	134.05%	(30.42)%	12.00%	15.94%

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.

Table IV.
Performance based characteristics since inception through June 30, 2023

	Baron WealthBuilder Fund (Institutional Shares)	S&P 500 Index	Morningstar Aggressive Allocation Category
Alpha (%) – Annualized	–0.22	0.00	–4.77
Beta	1.18	1.00	0.92
Sharpe Ratio	0.48	0.55	0.23
Standard Deviation (%) – Annualized	23.47	18.21	17.16
Upside Capture (%)	109.55	100.00	79.94
Downside Capture (%)	109.07	100.00	97.17

Source: FactSet SPAR. Except for Standard Deviation and Sharpe Ratio, the performance based characteristics above were calculated relative to the S&P 500 Index.

Table V.
Sector exposures as of June 30, 2023

	Percent of Net Assets	S&P 500 Index	MSCI ACWI Index
Consumer Discretionary	23.3%	10.7%	11.3%
Information Technology	18.0	28.3	22.1
Financials	17.5	12.4	15.4
Health Care	13.3	13.4	11.8
Industrials	11.2	8.5	10.5
Real Estate	9.4	2.5	2.3
Communication Services	5.1	8.4	7.3
Materials	0.9	2.5	4.6
Consumer Staples	0.8	6.7	7.3
Energy	0.2	4.1	4.6
Utilities	0.1	2.6	2.8

Table VI.
Fund of fund holdings as of June 30, 2023

	Percent of Net Assets
Baron Partners Fund	14.8%
Baron Growth Fund	14.8
Baron Small Cap Fund	12.7
Baron Asset Fund	12.7
Baron Focused Growth Fund	6.4
Baron Real Estate Fund	5.9
Baron Discovery Fund	4.7
Baron Opportunity Fund	4.3
Baron Fifth Avenue Growth Fund	4.2
Baron Global Advantage Fund	3.5
Baron International Growth Fund	3.1
Baron Health Care Fund	2.9
Baron Emerging Markets Fund	2.8
Baron Durable Advantage Fund	2.7
Baron FinTech Fund	2.4
Baron Real Estate Income Fund	2.1

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 the Funds' 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.

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

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).

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.

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

Baron Funds (Institutional Shares) and Benchmark Performance 6/30/2023

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	12.97%	7.65%	12/31/1994	22.03%	11.55%	11.18%	11.86%	1.04%(3)	$7.77 billion
Baron Small Cap Fund	Russell 2000 Growth Index	10.01%	6.06%	9/30/1997	17.06%	7.95%	8.41%	10.40%	1.04%(3)	$4.44 billion
Baron Discovery Fund†	Russell 2000 Growth Index	12.38%	7.73%	9/30/2013	15.44%	5.35%	7.58%	N/A	1.06%(3)	$1.35 billion
SMALL/MID CAP										
Baron Focused Growth Fund(1)	Russell 2500 Growth Index	13.45%	8.00%	5/31/1996	19.95%	26.04%	22.80%	16.81%	1.06%(4)	$1.09 billion
MID CAP										
Baron Asset Fund	Russell Midcap Growth Index	11.31%	10.10%(2)	6/12/1987	19.97%	4.91%	8.99%	11.80%	1.04%(3)	$4.65 billion
LARGE CAP										
Baron Fifth Avenue Growth Fund†	Russell 1000 Growth Index	8.72%	11.24%	4/30/2004	25.30%	(2.62)%	6.39%	12.27%	0.76%/0.75%(3)(6)	$467.62 million
Baron Durable Advantage Fund	S&P 500 Index	13.53%	11.66%	12/29/2017	27.67%	14.35%	14.26%	N/A	1.10%/0.70%(3)(7)	$81.36 million
ALL CAP										
Baron Partners Fund(1)	Russell Midcap Growth Index	15.40%	9.79%	1/31/1992	25.56%	31.50%	27.23%	21.46%	1.44%(4)(5)	$6.92 billion
Baron Opportunity Fund†	Russell 3000 Growth Index	8.93%	6.46%	2/29/2000	27.86%	8.51%	16.12%	15.28%	1.05%(3)	$1.04 billion
NON-U.S./GLOBAL										
Baron Emerging Markets Fund†	MSCI EM Index	3.18%	1.24%	12/31/2010	2.66%	0.34%	0.34%	3.68%	1.12%(4)	$4.89 billion
Baron Global Advantage Fund†	MSCI ACWI Index	10.30%	8.85%	4/30/2012	7.91%	(8.94)%	4.86%	10.83%	0.94%/0.91%(4)(8)	$797.71 million
Baron International Growth Fund†	MSCI ACWI ex USA Index	9.24%	6.58%	12/31/2008	9.08%	3.65%	3.66%	6.95%	0.99%/0.95%(4)(9)	$523.19 million
Baron New Asia Fund	MSCI AC Asia ex Japan Index	(12.16)%	(10.92)%	7/30/2021	(1.76)%	N/A	N/A	N/A	7.22%/1.20%(4)(10)	$4.40 million
SECTOR										
Baron Real Estate Fund	MSCI USA IMI Extended Real Estate Index	13.60%	10.73%	12/31/2009	16.17%	12.35%	11.67%	10.82%	1.07%(4)	$1.56 billion
Baron Real Estate Income Fund	MSCI US REIT Index	7.79%	3.13%	12/29/2017	(0.94)%	8.05%	8.63%	N/A	0.96%/0.80%(4)(11)	$123.24 million
Baron Health Care Fund	Russell 3000 Health Care Index	13.58%	10.85%	4/30/2018	7.85%	9.76%	12.98%	N/A	0.90%/0.85%(4)(12)	$211.05 million
Baron FinTech Fund†	FactSet Global FinTech Index	6.59%	(0.41)%	12/31/2019	13.86%	2.67%	N/A	N/A	1.20%/0.95%(4)(13)	$52.31 million
Baron Technology Fund	MSCI ACWI Information Technology Index	(14.11)%	(3.80)%	12/31/2021	28.59%	N/A	N/A	N/A	6.42%/0.95%(4)(14)	$5.57 million
EQUITY ALLOCATION										
Baron WealthBuilder Fund	S&P 500 Index	12.82%	11.66%	12/29/2017	18.65%	11.22%	12.57%	N/A	1.14%/1.11%(4)(15)	$515.87 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 June 30, 2023.

(3) As of 9/30/2022.

(4) As of 12/31/2022.

(5) Comprised of operating expenses of 1.04% and interest expenses of 0.40%.

(6) Gross annual expense ratio was 0.76%, but the net annual expense ratio was 0.75% (net of Adviser's fee waivers).

(7) Gross annual expense ratio was 1.10%, but the net annual expense ratio was 0.70% (net of Adviser's fee waivers).

(8) Gross annual expense ratio was 0.94%, but the net annual expense ratio was 0.91% (net of Adviser's fee waivers, including interest expense of 0.01%).

(9) Gross annual expense ratio was 0.99%, but the net annual expense ratio was 0.95% (net of Adviser's fee waivers).

(10) Gross annual expense ratio was 7.22%, but the net annual expense ratio was 1.20% (net of Adviser's fee waivers and expense reimbursements).

(11) Gross annual expense ratio was 0.96%, but the net annual expense ratio was 0.80% (net of Adviser's fee waivers).

(12) Gross annual expense ratio was 0.90%, but the net annual expense ratio was 0.85% (net of Adviser's fee waivers).
(13) Gross annual expense ratio was 1.20%, but the net annual expense ratio was 0.95% (net of Adviser's fee waivers).
(14) Gross annual expense ratio was 6.42%, but the net annual expense ratio was 0.95% (net of Adviser's fee waivers and expense reimbursements).
(15) Gross annual expense ratio was 1.14%, but the net annual expense ratio was 1.11% (includes acquired fund fees and expenses, net of expense reimbursements).
† 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.

Baron Health Care Fund

Dear Baron Health Care Fund Shareholder:

Performance

In the quarter ended June 30, 2023, Baron Health Care Fund® (the Fund) advanced 9.22% (Institutional Shares), compared with the 3.44% gain for the Russell 3000 Health Care Index (the Benchmark) and the 8.74% gain for the S&P 500 Index. Year-to-date through June 30, 2023, the Fund increased 5.20%, the Benchmark was essentially unchanged, and the S&P 500 Index increased 16.89%. Since inception (April 30, 2018), the Fund increased 13.58% on an annualized basis compared with the 10.85% gain for the Benchmark and the 12.54% gain for the S&P 500 Index.

NEAL KAUFMAN

PORTFOLIO MANAGER

Retail Shares: BHCFX
Institutional Shares: BHCHX
R6 Shares: BHCUX

Table I.
Performance
Annualized for periods ended June 30, 2023

	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]	9.22%	9.22%	3.44%	8.74%
Six Months[3]	5.09%	5.20%	0.06%	16.89%
One Year	7.58%	7.85%	6.34%	19.59%
Three Years	9.50%	9.76%	9.31%	14.60%
Five Years	12.71%	12.98%	10.49%	12.31%
Since Inception (April 30, 2018)	13.30%	13.58%	10.85%	12.54%

The Fund was up 9.22% in the second quarter, outperforming the Benchmark by 578 basis points due to favorable stock selection. Investments in biotechnology, pharmaceuticals, and health care equipment accounted for most of the relative gains. Strong stock selection in biotechnology was responsible for about 60% of the outperformance, driven by sharp gains from **Prometheus Biosciences, Inc.** and **Legend Biotech Corporation**. Prometheus' lead product candidate, PRA023, is a monoclonal antibody that has been shown to block a target called TL1A that is associated with intestinal inflammation and fibrosis. The company was a top contributor after Merck agreed to acquire the company for a significant premium. Legend is dedicated to the development and commercialization of cell therapies to treat multiple myeloma, a blood cancer affecting over 200,000 people in the U.S. The company's shares increased on positive updates from clinical trials showing Carvykti reduced the risk of cancer progression by 74% as compared to the current standard of care for second-line treatment of multiple myeloma. Apart from stock selection, the Fund also benefited from its lower exposure to **AbbVie Inc.**, whose shares were down almost 15% in the Benchmark due to concerns about the company's growth profile after the loss of exclusivity for lead drug Humira. We exited our position during the quarter.

Positive stock selection in pharmaceuticals, owing mostly to sizeable gains from British veterinary drugmaker **Dechra Pharmaceuticals PLC** and global pharmaceutical powerhouse **Eli Lilly and Company**, was partly offset by the

Performance listed in the above table is net of annual operating expenses. The gross annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2022 was 1.21% and 0.90%, 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 Fund expenses pursuant to a contract expiring on August 29, 2033, unless renewed for another 11- year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit www.BaronFunds.com or call 1-800-99BARON.

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. All rights in the FTSE Russell Index (the "Index") vest in the relevant LSE Group company which owns the Index. Russell® is a trademark of the relevant LSE Group company and is used by any other LSE Group company under license. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. The Fund includes reinvestment of dividends, net of foreign withholding taxes, while the **Russell 3000® Health Care Index** and **S&P 500 Index** include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts 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

Fund's lower exposure to this better performing sub-industry. Dechra's shares jumped in mid-April on news of an attractive offer from Swedish investment firm EQT to take the company private. We sold our position following the acquisition announcement. Eli Lilly was the largest overall contributor in the Fund due to continued investor excitement around novel weight loss drug Mounjaro. We offer more details on Eli Lilly below.

Strength in health care equipment was largely due to the outperformance of sleep apnea device company **Inspire Medical Systems, Inc.** and robotic surgery system pioneer **Intuitive Surgical, Inc.** Inspire Medical's shares appreciated on strong first quarter financial results and raised full-year guidance. Revenue growth exceeded 80%, driven by higher utilization at new and existing centers as well as sales force additions. We continue to believe Inspire Medical is only scratching the surface of its market opportunity and has a long runway for growth. Intuitive's stock rose after reporting strong first quarter financial results, highlighted by a 26% increase in procedures and raised guidance for 2023. These results, which came in well above Street estimates, were driven by strength in general surgery procedures in the U.S. and non-urology procedures outside the U.S. We continue to believe Intuitive has a large opportunity to expand the use of robotic surgery over time.

These positive effects were somewhat offset by adverse stock selection in managed health care, where the Fund's investments in health insurance leaders **Humana Inc.** and **Elevance Health, Inc.** were a modest drag on performance. Humana and Elevance Health were down during the quarter because of commentary from **UnitedHealth Group Incorporated** management indicating that medical cost trends were running at the high end of their guidance driven by higher levels of outpatient medical activity, particularly among Medicare patients. We think UnitedHealth, Humana, and Elevance will be able to manage through an uptick in medical cost trends, but we modestly reduced our positions in Humana and Elevance due to the potential impact on earnings.

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 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 17.4% of GDP in 2022 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 June 30, 2023

	Percent Impact
Eli Lilly and Company	2.20%
Prometheus Biosciences, Inc.	1.99
Intuitive Surgical, Inc.	1.29
Inspire Medical Systems, Inc.	0.88
Exact Sciences Corporation	0.59

Eli Lilly and Company is a global pharmaceutical company developing and marketing drugs in oncology, diabetes, Alzheimers, immunology, and other diseases. Shares climbed due to continued investor excitement around novel weight loss drugs in the GLP-1 class, including Lilly's Mounjaro. Given demand that is orders of magnitude more than supply, the full potential of the GLP-1 class of drugs remains unclear, with sales projections eclipsing $100 billion. This number would set a new industry record by a large margin. Drug development in this space is understandably fierce, and as recently as late June, Eli Lilly revealed new data from its diabetes/obesity pipeline assets that will further enhance the value proposition offered to patients. We retain conviction.

Prometheus Biosciences, Inc. is a biotechnology company developing drugs for ulcerative colitis and Crohn's disease based on a biomarker strategy focused on TL1A. Shares increased on Merck's acquisition of Prometheus for $200 per share in cash, a 75% premium and a total equity value of $10.8 billion. We exited the position.

Intuitive Surgical, Inc. manufactures and markets the da Vinci Surgical System, a robotic system used for minimally invasive procedures. Shares increased after Intuitive reported strong first quarter financial results highlighted by a 26% increase in procedures and raised guidance for 2023. These results, which came in well above Street estimates, were driven by strength in general surgery procedures in the U.S. and non-urology procedures outside the U.S. We continue to believe Intuitive has a large opportunity to expand the use of robotic surgery over time.

Table III.
Top detractors from performance for the quarter ended June 30, 2023

	Percent Impact
Ascendis Pharma A/S	–0.48%
Thermo Fisher Scientific Inc.	–0.46
Mettler-Toledo International Inc.	–0.38
Repligen Corporation	–0.28
Illumina, Inc.	–0.27

Ascendis Pharma A/S is a biotechnology company dedicated to creating long-acting versions of various short-acting proteins or efficacious drugs where the long-acting version provides pharmacology benefits, including improved recapitulation of the drug's physiologic behavior, longer half-life, improved bioavailability, and lower maximum concentration to blunt side effects, as well as patient convenience, such as weekly versus daily shots. Initial efforts have focused on growth hormone and parathyroid hormone replacement drugs. Shares fell in response to an unexpected FDA issue weeks before the expected approval of Transcon PTH, Ascendis' drug for hypoparathyroidism. Approval of Transcon PTH was delayed, which sent shares down substantially for the period held. We sold our shares to harvest a tax loss.

Thermo Fisher Scientific Inc. is the world's largest life sciences tools company. Thermo Fisher provides analytical instruments, laboratory equipment, software, services, consumables, and reagents for life sciences research, manufacturing, analysis, discovery, and diagnostics. Shares fell along with other life sciences tools stocks because of multiple headwinds, including a slowdown in capital spending among pharmaceutical customers, slowed growth in China, lack of funding and spending among pre-commercial biotechnology companies, and inventory destocking among bioprocessing customers. We view these headwinds as temporary and believe management can achieve its long-term goal of solid mid- to high single-digit organic revenue growth driven by long-term end-market dynamics in the life sciences industry, including favorable demographics, scientific advances, new technology, and increased regulations.

Mettler-Toledo International Inc. is a leading provider of precision instruments and services for customers in the life sciences, food, and chemicals industries, among others. Shares fell after Mettler reported first quarter results that were solid but reflected the negative impact of a few headwinds, including a halt in shipping products to Russia, inventory destocking in the pipettes business, and unfavorable foreign currency exchange rates. We believe these factors are transitory, and Mettler can compound earnings at mid-teens or better rates over the long term.

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 than 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. They may not be profitable today, but we believe they can be highly profitable in the future. We expect the portfolio to have a mix of earnings compounders, high-growth, and biotechnology companies.

We may invest in stocks of any market capitalization and may hold both domestic and international stocks. As of June 30, 2023, we held 42 stocks. This compares with 530 stocks in the Benchmark. International stocks represented 11.4% of the Fund's net assets. The Fund's 10 largest holdings represented 46.4% of net assets. Compared with the Benchmark, the Fund was overweight in life sciences tools & services, health care supplies, health care technology, and health care distributors, and underweight in pharmaceuticals, biotechnology, health care services, and health care equipment. The market cap range of the investments in the Fund was $141 million to $447 billion with a weighted average market cap of $142 billion. This compared with the Benchmark's weighted average market cap of $182 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, the shift to lower cost sites of care, value-based health care, growth of Medicare Advantage, 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 June 30, 2023

	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	$447.5	$18.1	8.6%
Eli Lilly and Company	2021	187.4	445.2	16.2	7.7
Intuitive Surgical, Inc.	2018	49.9	119.8	10.3	4.9
Merck & Co., Inc.	2022	205.6	292.8	10.1	4.8
Thermo Fisher Scientific Inc.	2019	117.4	201.3	9.3	4.4
Vertex Pharmaceuticals Incorporated	2022	61.4	90.6	8.1	3.8
DexCom, Inc.	2018	8.3	49.8	7.8	3.7
Inspire Medical Systems, Inc.	2019	1.3	9.5	6.4	3.0
The Cooper Companies, Inc.	2022	16.5	19.0	6.1	2.9
HCA Healthcare, Inc.	2022	57.5	83.5	5.6	2.6

Table V.
Fund investments in GICS sub-industries as of June 30, 2023

	Percent of Net Assets
Health Care Equipment	19.0%
Life Sciences Tools & Services	18.7
Pharmaceuticals	17.4
Biotechnology	14.5
Managed Health Care	12.5
Health Care Supplies	4.2
Health Care Facilities	2.6
Health Care Technology	2.2
Health Care Distributors	2.0
Cash and Cash Equivalents	6.8
Total	100.0%*

* *Individual weights may not sum to the displayed total due to rounding.*

Recent Activity

During the second quarter, we established three 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 June 30, 2023

	Quarter End Market Cap (billions)	Net Amount Purchased (millions)
Boston Scientific Corporation	$77.8	$4.1
Veeva Systems Inc.	31.7	3.7
Exact Sciences Corporation	16.9	1.9
Legend Biotech Corporation	11.8	1.8
Arcellx, Inc.	1.5	1.5

We re-established a position in **Boston Scientific Corporation**, a global developer, manufacturer, and marketer of medical devices that are used in a broad range of interventional medical specialties. We believe Boston Scientific can grow revenue reliably in the high single digits, driven by differentiated products in electrophysiology and structural heart. Coupled with cost discipline and over 50 basis points of annual operating margin expansion, we believe the company's double-digit EPS growth profile makes Boston Scientific a compelling name within the large medical device universe.

Within electrophysiology, we think Boston Scientific is well positioned as a leader in the emerging field of pulsed field ablation (PFA). Traditionally, physicians have used temperature-based methods (either hot or cold) to disable heart tissue responsible for irregular heartbeats. Temperature-based methods may damage surrounding tissue, however. Examples include damaging the esophagus (food tube) and the phrenic nerve (which controls breathing). PFA, in comparison, relies on electricity to damage aberrant tissue, and because different types of tissue have different electrical thresholds, the surrounding tissue can be selectively spared. Boston Scientific is ahead of the pack with high-quality, randomized controlled trial data (Advent) to come out in the back half of 2023. Electrophysiology is an $8 billion market growing 12%, and we believe Boston Scientific can grow significantly above this market rate as it takes share with its PFA program.

Within structural heart, we like Boston Scientific's position within left atrial appendage closure, which is a procedure that lowers stroke risk for atrial fibrillation patients. The company's Watchman device continues to maintain dominant share (over 90%), and this is a $1 billion market growing over 25%. We are most excited about the potential for Watchman to expand into first-line therapy: currently patients would only get a Watchman if they cannot take anticoagulants because of bleeding risk; Boston Scientific is running the CHAMPION-AF trial to support Watchman as the first option. It has completed enrollment, and if the trial is successful, the company believes this has the potential to more than triple the addressable patients by 2027.

We re-established a position in **Veeva Systems Inc.**, a prior holding in the Fund and a longtime holding in other Baron Funds. Veeva is a leading provider of cloud-based software solutions for the life sciences industry. Veeva's products aim to help life sciences companies develop and bring products to market faster and more efficiently, market and sell more effectively, and maintain compliance with government regulations. The company's customers include some of the largest global biopharmaceutical companies such as Eli Lilly and Merck. Veeva is a founder-led business with a unique culture and has a strong track record of developing and launching new innovative products. The business has attractive financial characteristics, including high margins and strong free-cash-flow generation. In recent quarters, the business has faced some industry-wide headwinds, including funding pressure on smaller biotechnology companies and sales force headcount reductions by large biopharmaceutical customers. We think these headwinds are temporary and as they fade, revenue and free-cash-flow growth will accelerate. Management estimates the company's total addressable market is $13 billion and expanding, and we see a long runway for continued growth.

We added to our position in **Exact Sciences Corporation**, a cancer diagnostics company whose flagship product is Cologuard, a stool-based DNA colon cancer screening test. We wrote about Exact Sciences in the first quarter. The company's core Cologuard business has strong momentum, as confirmed by the company's recent first quarter financial results. Exact also demonstrated better-than-expected profitability, and management accelerated its timeline to be free cash flow positive to 2023, one year ahead of schedule. The company recently announced that its next-generation Cologuard test demonstrated improved sensitivity and specificity for colorectal cancer compared with the first-generation Cologuard test. Once approved and commercialized, the second-generation Cologuard test should result in lower false positives, which should benefit Exact by boosting its gross margins. We continue to believe Exact has a long runway for growth in the Cologuard business. In addition, we think Exact's initiatives in minimal residual disease testing and multi-cancer early detection represent significant optionality.

We added to our position in **Legend Biotech Corporation**, a biotechnology company developing cell therapies for cancer. The company's lead product is Carvykti, a cell therapy for the treatment of multiple myeloma, a blood cancer affecting over 200,000 people in the U.S. alone. Last year the FDA approved Carvykti as a fourth-line treatment for multiple myeloma, and the company is running clinical studies to move Carvykti up into first-line treatment. During the second quarter, Legend announced positive updates from clinical trials and continued to execute on the commercial roll out of Carvykti as a fourth-line therapy. Data has shown that Carvykti, in the second line, reduced the risk of cancer progression by 74% as compared to the current standard of care for multiple myeloma, and this was accomplished with a *one-and-done* treatment. While we do not know how effective the treatment will prove to be long term, results suggest two-plus years of progression-free survival. Legend's partners Janssen, a Johnson & Johnson (J&J) subsidiary, and Novartis have announced they will invest $100 million to increase manufacturing capacity, which is on top of the roughly $1 billion J&J has already committed to the program. Demand for Carvykti massively outstrips supply, and we expect Carvykti to generate billions of dollars in revenue by 2030. We retain conviction given this unique and exciting opportunity.

We initiated a small position in **Arcellx, Inc.**, an early-stage biotechnology company that is developing cell therapies for multiple myeloma. We are bullish on the overall multiple myeloma space and expect cell therapy to revolutionize multiple myeloma care. Right now, there are a few clinical stage assets, but only three platforms with any real commercial viability. We identify these as Legend/J&J, Two Seventy/Bristol Myers, and Arcellx/Gilead. Long term, we predict Legend and Arcellx will dominate the commercial market and generate billions in free cash flow. For rough math, these therapies are priced around $500,000 (equivalent to or cheaper than a bone marrow transplant) and have better outcomes, which, if all 200,000 patients in the U.S. alone had the procedure done, would equate to $100 billion in revenue. Longer term, this will be a global market and pricing will be lower, but directionally this helps describe the size of the opportunity. While earlier than its other two competitors, Arcellx has presented clinical data (100% overall response rate with median follow-up of 15 months) equivalent to if not better than market leader Legend and both perform better than Two Seventy. Ultimately there are nuanced technical differences in the way the cell therapy constructs are made, which explain why Legend and Arcellx have found success where Two Seventy has lagged. These cell therapies are difficult to manufacture at scale and given significant market demand, we take comfort that Legend has a partner in J&J and Arcellx in Gilead. Gilead bought Kite, the current market leader for cell therapies globally in the adjacent diffuse large B cell lymphoma market.

Table VII.
Top net sales for the quarter ended June 30, 2023

	Net Amount Sold (millions)
Prometheus Biosciences, Inc.	$8.6
Ascendis Pharma A/S	2.9
AbbVie Inc.	2.1
Option Care Health, Inc.	2.1
Dechra Pharmaceuticals PLC	2.1

We sold **Prometheus Biosciences, Inc.** after the company announced it would be acquired by Merck for a substantial premium. We sold **Ascendis Pharma A/S** to harvest a tax loss. We sold **AbbVie Inc.** due to our less optimistic view of the company's pipeline and long-term growth profile. We sold **Option Care Health, Inc.** after the company announced its decision to acquire Amedisys, a publicly traded home health operator, because the acquisition would have increased the company's exposure to Medicare reimbursement, which has been under pressure. We sold our position in **Dechra Pharmaceuticals PLC** following news of a bid by Swedish investment firm EQT to take the company private.

Outlook

In early June at an investor conference, management of **UnitedHealth Group Incorporated** commented that they were seeing higher levels of outpatient medical activity, particularly among Medicare patients. Management noted strong volumes and activity in orthopedic procedures such as hips and knees as well as stronger care activity in behavioral health. Management further noted this heightened level of care activity could be attributed to pent-up demand as COVID-related mask mandates have finally been dropped and people have become more comfortable accessing health care services they might have delayed during the height of the pandemic. In addition, management cited less capacity constraints in the system. The result of this increased activity led management to raise guidance for the company's medical loss ratio to the upper half of the existing guidance range. This commentary by management of the bellwether in the industry led to pressure on managed care stocks broadly, while the stocks of health care providers and medical device companies rallied on the expectation for strong medical procedure volumes.

Managed care stocks have been under pressure all year, due to heightened political and regulatory scrutiny of the Medicare Advantage program and the pharmacy benefit management industry, less favorable Medicare Advantage rates for 2024, and higher medical cost trends. UnitedHealth management noted they caught the trend in time to incorporate higher medical cost trends into their pricing for 2024 Medicare Advantage bids. However, questions remain whether this increased utilization of the health care system is a temporary spike or the beginning of a sustained level of activity. We continue to own UnitedHealth, **Humana Inc.**, and **Elevance Health, Inc.** because we believe these companies will be able to manage through this period without a material earnings impact, but we did modestly reduce our positions in Humana and Elevance Health.

The flip side of higher medical utilization trends is that health care providers and medical device companies will benefit. We own **HCA Healthcare, Inc.**, one of the nation's largest providers of health care services, with 182 hospitals and 2,300 ambulatory sites of care in 20 states and the U.K. We own several medical device companies that should benefit in the short term from procedure recovery and in the long term from new product innovation and increasing demand driven by an aging global population and a higher disease burden from chronic diseases. For the most part, our investments are in companies addressing non-elective procedures, which makes them less likely to be deferred in a recession.

During the second quarter, **Merck & Co., Inc.** filed the first lawsuit (followed by the filing of additional lawsuits by other parties) against the federal government challenging the constitutionality of the Medicare Drug Price Negotiation Program (the Program) that Congress established as part of the Inflation Reduction Act. In Merck's complaint, Merck argues that the Program violates the Fifth Amendment because it allows the federal government to take Merck's innovative drugs without providing just compensation for them. In addition, Merck argues the Program violates the First Amendment because it forces them to sign an agreement saying the government mandated prices are fair and the result of a negotiation when in fact, Merck argues, prices are not negotiated or fair. These lawsuits will take time to work their way through the legal process and in the meantime, the Program moves ahead on its scheduled path. The consensus view is that these lawsuits will not be successful, and the Program will remain in place. We suspect Merck's arguments may convince at least a few U.S. Supreme Court Justices when the case reaches the U.S. Supreme Court, but the ultimate outcome is impossible to predict. For now, we assume the Program will remain in place and invest with that framework in mind.

We continue to focus on select biotechnology companies that we believe have innovative products and are well funded and well positioned in a more difficult pricing environment. Examples include **argenx SE**, a developer of therapeutic antibodies for severe autoimmune diseases; **Rocket Pharmaceuticals, Inc.**, a developer of gene therapies for rare, undertreated diseases; and **Legend Biotech Corporation**, a developer of cell therapies for blood cancers such as multiple myeloma.

In pharmaceuticals, our largest investment continues to be in **Eli Lilly and Company**. Lilly's new diabetes drug Mounjaro is on track to be FDA approved for obesity in 2023. At a medical conference in June, Lilly announced Phase 2 clinical data for a next-generation obesity drug called retatrutide, which showed the drug achieved up to 17.5% mean weight loss at 24 weeks in adults with obesity and up to 24.2% mean weight loss at 48 weeks. Lilly also announced Phase 2 clinical data showing its once daily oral drug orforglipron achieved up to 14.7% mean weight loss at 36 weeks in adults with obesity. The results from these pipeline obesity medicines confirmed Lilly's status as a market leader in the diabetes and obesity category. Also during the quarter, Lilly announced that its drug Donanemab slowed cognitive and functional decline in a Phase 3 study in people with early symptomatic Alzheimer's disease. We continue to think the company should be able to grow revenue and earnings at attractive rates through the end of the decade and beyond.

After benefiting during COVID and then having a challenging 2022, life sciences tools stocks continue to face multiple headwinds in 2023, including a pullback in spending by pharmaceutical customers, lower funding for biotechnology customers, a growth slowdown in China, and inventory destocking by biotechnology drug manufacturers. We continue to believe these headwinds are temporary and we think the life sciences tools companies we own (such as **Thermo Fisher Scientific Inc.**, **Mettler-Toledo International Inc.**, and **West Pharmaceutical Services, Inc.**, among others) are good long-term investments because they have secular growth drivers, pricing power, recurring revenues, high margins, and low-capital intensity.

Overall, our long-term outlook for Health Care remains bullish. Innovation in the sector and the themes in which we have been investing 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
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 the Funds' distributor, Baron Capital, Inc., by calling 1-800-99BARON or visiting www.BaronFunds.com. Please read them carefully before investing.

Risks: In addition to general market conditions, 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.

Free cash flow (FCF) represents the cash that a company generates after accounting for cash outflows to support operations and maintain its capital assets.

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 FinTech Fund

DEAR BARON FINTECH FUND SHAREHOLDER:

PERFORMANCE

In the quarter ended June 30, 2023, Baron FinTech Fund® (the Fund) rose 5.29% (Institutional Shares) compared with a 5.78% gain for the FactSet Global FinTech Index (the Benchmark). Since inception (December 31, 2019), the Fund has risen 6.59% on an annualized basis compared with a 0.41% decline for the Benchmark.

Table I.
Performance†
Annualized for periods ended June 30, 2023

	Baron FinTech Fund Retail Shares[1,2]	Baron FinTech Fund Institutional Shares[1,2]	FactSet Global FinTech Index[1]	S&P 500 Index[1]
Three Months[3]	5.25%	5.29%	5.78%	8.74%
Six Months[3]	10.28	10.38	14.50	16.89
One Year	13.67%	13.86%	12.82%	19.59%
Three Years	2.43%	2.67%	(0.53)%	14.60%
Since Inception (December 31, 2019)	6.34%	6.59%	(0.41)%	11.39%

JOSH SALTMAN

PORTFOLIO MANAGER

Retail Shares: BFINX
Institutional Shares: BFIIX
R6 Shares: BFIUX

U.S. equities rallied for a third consecutive quarter, supported by easing inflation, a pause in the Federal Reserve's rate hiking cycle, Congress' successful avoidance of the debt ceiling cliff, waning concerns of a banking crisis, earnings optimism, and economic reports substantiating the "soft landing" narrative. Market leadership remained narrow with a few large technology companies accounting for most of the recent gains in the major market indexes, driven by excitement over their potential ability to gain from widespread adoption of artificial intelligence (AI). This was most evident in the performance of the NASDAQ Composite Index, where the seven largest companies by market cap (Apple, Microsoft, NVIDIA, Amazon, Alphabet, Meta, and Tesla) were mostly responsible for the Composite's strong performance.

During the second quarter, Fund performance was solid but just shy of the Benchmark. Two-thirds of holdings generated positive returns. Three of the Fund's seven investment themes outperformed the Benchmark: Payments, Information Services, and E-Commerce. The investment themes that underperformed were Enterprise Software, Capital Markets, Tech-Enabled Financials, and Digital IT Services. Leaders outperformed Challengers (up 6.9% vs. up 2.6%, respectively). Growth outperformed value by a wide margin to extend its advantage for the year. Small- and mid-cap stocks remained out of favor, trailing their large-cap counterparts for a fourth consecutive month.

Within Payments, lower exposure to this underperforming category coupled with strong performance from **Network International Holdings Plc** aided performance. Shares of Network, a leading payment processing company operating in the Middle East and Africa, were up sharply after the company agreed to be acquired by a private equity firm. Strength in Information Services was broad-based, led by double-digit gains from rating agency and data provider **S&P Global Inc.** and real estate data and marketing platform **CoStar Group, Inc.** S&P Global was the largest contributor due to rebounding debt issuance and stronger equity markets. CoStar performed well after reporting robust financial performance, with new sales growing 18% in the first quarter. Multifamily bookings strength offset weaker results in the company's commercial real estate business, and the nascent residential offering is showing early signs of traction. **Shopify Inc.** drove most of the relative gains in E-Commerce as the company's shares continued their upward trajectory from the prior quarter. The company's quarterly results were solid, with 15% growth in gross merchandise value and 25% growth in revenue driven by growing adoption of its merchant solutions. In addition, the sale of its capital-intensive logistics business to Flexport was well received by investors. We believe the sale should improve margins and allow Shopify to focus on its core strengths: its best-in-class software and leading commerce ecosystem. The Fund also benefited from

Performance listed in the above table is net of annual operating expenses. The gross annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2022 was 1.63% and 1.20%, 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 Fund expenses pursuant to a contract expiring on August 29, 2033, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit www.BaronFunds.com or call 1-800-99BARON.

† The Fund's 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 **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 **S&P 500 Index** measures the performance of 500 widely held large cap U.S. companies. The Fund includes reinvestment of dividends, net of foreign withholding taxes, while the **FactSet Global Fintech Index™** and **S&P 500 Index** include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts 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.

its lack of exposure to Hardware, which was the worst performing category in the Benchmark.

Stock selection in Enterprise Software, Capital Markets, and Tech-Enabled Financials coupled with unique exposure to Digital IT Services were detractors during the quarter. Within Enterprise Software, lower exposure to this well performing theme combined with share price declines from investment management analytics provider **FactSet Research Systems Inc.** and property and casualty insurance software vendor **Guidewire Software, Inc.** weighed on performance. Despite reporting solid quarterly results, FactSet's stock fell as economic uncertainty led to slower growth in subscription revenue. We believe this is a temporary phenomenon that shouldn't impact FactSet's long-term growth prospects. Guidewire detracted from performance after announcing mixed quarterly results related to the timing of near-term revenue and cash flow. We remain optimistic about Guidewire because it is far along on its cloud migration journey and is demonstrating more consistent recurring revenue growth and gross margin expansion. Electronic trading platforms **MarketAxess Holdings Inc.** and **Tradeweb Markets Inc.** were mostly responsible for stock-specific weakness in Capital Markets after their shares were impacted by a slowdown in trading activity. Performance in Tech-Enabled Financials was adversely impacted by insurer **The Progressive Corporation**, as higher claims costs weighed on profitability. We believe margins will improve as premium rates climb and inflation moderates. The Fund's active exposure to Digital IT Services was a drag on performance due to underperformance from outsourced software development provider **Endava plc**. After many years of strong growth, revenue is slowing as economic uncertainty causes customers to cut back on IT spending. We believe this is a temporary headwind and expect growth to improve next year as businesses continue to modernize and digitize to better serve their customers.

Table II.
Top contributors to performance for the quarter ended June 30, 2023

	Percent Impact
S&P Global Inc.	0.78%
Network International Holdings Plc	0.72
Fair Isaac Corporation	0.54
Shopify Inc.	0.48
Verisk Analytics, Inc.	0.45

Shares of rating agency and data provider **S&P Global Inc.** rose due to rebounding debt issuance and stronger equity markets. Following steep declines last year, non-financial corporate bond issuance was up double digits during the quarter as issuers got more comfortable with higher interest rates and some macro concerns abated. Solid equity market performance benefited asset-based fees, while continued strength in derivatives trading further bolstered Indices revenue. The integration of the IHS Markit acquisition is progressing well, with the company having already achieved over 90% of targeted cost synergies. We continue to own the stock due to the company's long runway for growth and significant competitive advantages.

Network International Holdings Plc is a leading payment processing company operating in the Middle East and Africa. Shares spiked in April after the company received two takeover offers from private equity firms. Following a period of due diligence and negotiation, Network's Board agreed in June to be acquired by Brookfield Asset Management for £4.00 per share, representing a 64% premium to the share price before takeover speculation began. Brookfield plans to combine Network's operations with another Middle Eastern payment processor, Magnati, that it acquired last year to create a regional powerhouse. We exited our position after the share price rose close to the acquisition price.

Shares of **Fair Isaac Corporation** (FICO), a data and analytics company that helps predict consumer behavior, contributed to performance. The company reported solid quarterly financial results and modestly raised its full-year outlook while taking a more conservative approach to guidance due to macroeconomic uncertainty. CEO Will Lansing sounded confident that the business can hold up well across various macro backdrops and sounded particularly excited about the momentum in the software business. We retain conviction and believe that FICO will be a steady earnings compounder, which should drive solid returns for the stock over the long term.

Table III.
Top detractors from performance for the quarter ended June 30, 2023

	Percent Impact
MSCI Inc.	-0.70%
Endava plc	-0.69
MarketAxess Holdings Inc.	-0.49
Tradeweb Markets Inc.	-0.40
MercadoLibre, Inc.	-0.37

Shares of **MSCI Inc.**, a leading provider of investment decision support tools, detracted from performance. The company reported steady first quarter earnings results and reiterated its outlook for 2023. The stock's decline was driven by: (1) weaker new sales activity in ESG due to the political environment in the U.S. and some regulatory updates in the EU around classifying ESG funds; and (2) broader macro uncertainty starting in late March, leading to a tightening of client budgets, lengthening of sales cycles, and higher cancelations from smaller clients. Despite some near-term uncertainty, we believe that business fundamentals remain sound, and we retain conviction that MSCI owns durable, "all weather" franchises that should enable the company to compound earnings at a double-digit rate for many years.

Endava plc provides outsourced software development for business customers. Shares fell due to a pullback in customer demand in March following multiple bank failures. Management reduced financial guidance for the June quarter to reflect greater macroeconomic uncertainty and lower revenues from private equity-backed companies, which represent about 20% of its business. Sales activity has since rebounded, which supports management's view that the current slowdown is temporary and demand for digital transformation should persist. Management believes generative AI will be a tailwind for its business by stimulating more demand to build AI tools for customers and increasing internal efficiency to free up resources for additional projects. We continue to own the stock because we believe Endava will continue gaining share in a large global market for IT services.

MarketAxess Holdings Inc. operates the leading electronic platform for trading corporate bonds. Weak performance during the quarter was driven by a decline in trading activity. Following a strong start to the year, trading volumes slowed in March due to short-term dislocations in the regional banking sector and remained subdued due to lower credit spread volatility. Interest rate movements and product mix shifts have also pressured its variable fee rate, leading to lower-than-expected revenue. We continue to own the stock because we believe MarketAxess will benefit from the secular shift to electronic trading in the corporate bond market.

Portfolio Structure

We seek 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. We invest 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 June 30, 2023, the Fund held 46 positions. The Fund's 10 largest holdings represented 39.8% of net assets, and the 20 largest holdings represented 66.0% of net assets. International stocks represented 14.7% of net assets. The market capitalization range of the investments in the Fund was $661 million to $499 billion with a median of $23.0 billion and a weighted average of $93.1 billion. The Fund's active share versus the Benchmark was 87.2%.

We segment the Fund's holdings into seven investment themes. As of June 30, 2023, Information Services represented 22.5% of net assets, Tech-Enabled Financials represented 19.8%, Payments represented 19.4%, Enterprise Software represented 12.7%, Capital Markets represented 8.8%, Digital IT Services represented 8.0%, and E-Commerce represented 6.6%, with the remainder in cash. Relative to the Benchmark, the Fund is most underweight in Enterprise Software and Payments, and has overweight positions in Capital Markets, Digital IT Services, Tech-Enabled Financials, Information Services, and E-Commerce.

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. As of June 30, 2023, Leaders represented 73.4% of net assets and Challengers represented 24.6%, with the remainder in cash.

Table IV.
Top 10 holdings as of June 30, 2023

	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	$498.8	$2.7	5.1%
Mastercard Incorporated	2020	306.1	372.7	2.6	5.0
S&P Global Inc.	2020	67.9	128.6	2.6	5.0
Intuit Inc.	2020	69.3	128.3	2.4	4.6
Fair Isaac Corporation	2020	11.1	20.2	1.9	3.6
Accenture plc	2020	133.7	205.2	1.9	3.5
LPL Financial Holdings Inc.	2021	12.9	16.9	1.7	3.3
Fiserv, Inc.	2022	67.7	77.9	1.7	3.2
MercadoLibre, Inc.	2020	53.7	59.5	1.7	3.2
The Progressive Corporation	2022	65.4	77.5	1.7	3.2

Table V.
Fund investments in GICS sub-industries as of June 30, 2023

	Percent of Net Assets
Transaction & Payment Processing Services	24.3%
Financial Exchanges & Data	19.0
Application Software	12.6
Investment Banking & Brokerage	8.4
IT Consulting & Other Services	8.0
Research & Consulting Services	6.3
Property & Casualty Insurance	5.0
Broadline Retail	3.2
Diversified Financial Services	3.2
Asset Management & Custody Banks	2.8
Real Estate Services	1.7
Diversified Banks	1.5
Internet Services & Infrastructure	1.5
Insurance Brokers	0.6
Cash and Cash Equivalents	2.0
Total	100.0%*

* *Individual weights may not sum to the displayed total due to rounding.*

Recent Activity

During the quarter, we initiated one new position and exited one position. Below we discuss some of our top net purchases and sales.

Table VI.
Top net purchases for the quarter ended June 30, 2023

	Quarter End Market Cap (billions)	Net Amount Purchased (thousands)
Apollo Global Management, Inc.	$ 43.6	$927.6
Nu Holdings Ltd.	37.2	777.2
BlackRock Inc.	104.2	487.9
Fiserv, Inc.	77.9	273.3
Intuit Inc.	128.3	265.7

We initiated a position in **Nu Holdings Ltd.** (dba Nubank), a Latin American digital bank with operations in Brazil, Mexico, and Colombia. Nubank was founded in 2014 with a mission to provide Brazilian consumers with better and more convenient access to financial products. The financial services industry in Brazil operates as an oligopoly, where the top five banks control a large majority of assets and deposits. This has historically led to high fees, poor customer service, and limited access to basic products such as credit cards and loans for the mass market. Nubank is disrupting this market via its digital distribution and intense focus on user experiences, which have enabled it to reach over 80 million registered users (almost half of the Brazilian adult population) in less than 10 years with very little marketing. We believe Nubank has four key competitive advantages driving its success: a user-friendly technology-driven platform, a track record of conservative credit underwriting, a low-cost funding base consisting mainly of retail deposits, and strong brand awareness. The company is led by co-founder and CEO David Vélez, who is also the company's largest shareholder.

We have followed Nubank through its late-stage private financing rounds and IPO in 2021. We saw the company navigate a difficult COVID period with superior asset quality while achieving scale and profitability much faster than investors anticipated. The company swung to profitability in the first quarter of this year with a 10% ROE driven by 87% revenue growth and strong operating leverage. Nubank has been rapidly scaling its business while launching new products and entering new markets such as Mexico and Colombia. In Brazil, the company has already reached 10% share of the credit card market. We believe Nubank will achieve similar penetration in newer products and geographies given the attractiveness and convenience of its platform, thereby driving significant asset growth. We believe the company's ROE will expand from 10% currently to 25% or 30% over the next few years driven by operating leverage and balance sheet optimization (better asset mix and higher leverage). We expect the combination of strong earnings growth and ROE expansion will drive meaningful share price appreciation over time.

Table VII.
Top net sales for the quarter ended June 30, 2023

	Net Amount Sold (thousands)
Network International Holdings Plc	$836.1
Visa Inc.	244.6
Mastercard Incorporated	72.6
BRP Group, Inc.	65.8
Accenture plc	58.0

We sold **Network International Holdings Plc** after the company received multiple offers to be acquired by private equity firms. The winning bid represented a 64% premium to the share price before the takeover speculation began. Given limited upside after the shares spiked and traded near the takeover price, we exited the position.

We modestly trimmed **Visa Inc.**, **Mastercard Incorporated**, and **Accenture plc** to manage the position sizes and raise capital to fund purchases elsewhere. These stocks remain full-sized positions and high-conviction ideas in the Fund.

OUTLOOK

Concerns about a banking crisis appear to be fading after the failures and takeovers of SVB Financial, Signature Bank, and First Republic Bank. Quick action by regulators to guarantee deposits and expand liquidity reinforced confidence in the banking system and stemmed the deposit flight. Bank industry earnings in the second quarter have been solid against a low bar, led by more resilient deposits and better-than-feared deposit mixes. However, fundamental headwinds remain for many banks due to slowing loan growth, rising deposit costs, net interest margin pressure from an inverted yield curve, and potentially more onerous capital and liquidity requirements. The Fed's most recent Senior Loan Officer Survey from April showed tighter standards across business and consumer loan categories compared to the prior quarter, a continuation of trends that began last year. We are mindful of the potential for higher credit losses from commercial real estate and other potential headwinds from the rapid rise in interest rates over the last 15 months.

Nevertheless, the outlook for technology spending by financial institutions remains bright, which should benefit our fintech holdings. **Jack Henry & Associates, Inc.**, a provider of core systems software for financial institutions, surveyed 118 small banks and credit unions from January through March who expect their technology spending this year to rise by 7% on average. 79% of respondents will spend more on technology, with the top priorities being growing loans, growing deposits, and increasing operational efficiency. Investment bank Baird conducted a more recent mid-year survey of 48 small banks and credit unions in the aftermath of the bank failures, and the results showed minimal change in IT spending expectations from the beginning of the year. Respondents expect about 5% spending growth with their core processor, a slight acceleration from last year and near the high end of the historical range observed over the 14 years that Baird has been doing this survey. 82% of respondents said spending expectations were stable or up since the beginning of the year, and most haven't seen any change in deposit activity. Community banks and credit unions have been more insulated from deposit pressures at mid-sized regional banks, likely due to smaller account sizes and more loyal customers.

Tighter lending standards by banks may create more opportunities for private credit providers, such as **Apollo Global Management, Inc.**, Ares Management, Blackstone, and KKR. These lenders operate outside of the banking system to make loans to mostly privately held, middle-market companies. Instead of relying on bank deposits that can be withdrawn daily and are susceptible to runs and repricing, non-bank lenders fund loans using committed capital from investment vehicles, life insurance policies, and annuities that is more stable with a more predictable cost. This enables better asset-liability duration matching and reduces risk for multi-year loans against illiquid assets. Private credit is one of the fastest-growing segments in the lending landscape with close to $1.3 trillion in assets under management, having tripled in the last 10 years and expected to exceed $2 trillion in five years, according to **Moody's Corporation**. As banks tighten credit standards and potentially face more onerous regulations, non-bank lenders will likely capture additional market share with attractive risk-adjusted returns. Jamie Dimon noted on JPMorgan's recent earnings call that higher bank capital requirements is "great news" for private credit lenders who will be "dancing in the streets" as commercial lending moves out of the banking system. We expect Apollo Global will continue to benefit from growth in the private credit market. Additionally, elevated yields and the prospect of the Fed nearing the end of its rate hiking cycle makes fixed income an attractive asset class for investors, which should also benefit traditional asset managers with fixed income exposure such as **BlackRock Inc.**

Another fintech industry trend we're seeing is a pickup in M&A activity, most notably in the payments sector. The year started with Nuvei's $1.3 billion acquisition of Paya announced in January. In April, Network International received an initial takeover offer from a group of private equity firms, which was then topped by Brookfield Asset Management whose $2.8 billion offer was accepted by the Board in June. Following reports earlier this year of a bidding war between **Visa Inc.** and **Mastercard Incorporated** to acquire cloud-based issuer processor and core banking software provider Pismo, Visa announced its intention to acquire the Brazilian company for $1 billion in late June. In early July, Fidelity National Information Services (FIS) agreed to sell a majority stake in its payment processing business Worldpay to private equity firm GTCR at an $18.5 billion valuation, effectively undoing FIS's $43 billion acquisition of

Worldpay in 2019. Investment company Prosus is seeking to sell Dutch payment firm PayU for an estimated value exceeding $500 million. We believe this flurry of acquisitions suggests that valuations have fallen to attractive levels for many fintech companies, both public and private, and that well-capitalized strategic and financial buyers will continue to opportunistically invest in the sector. Meanwhile, funding for earlier-stage fintech startups fell to the lowest level since 2017. According to CB Insights, global fintech funding in the second quarter fell 64% from a year ago with deal count down 42%. Less capital going into the fintech sector should benefit our publicly traded incumbents by reducing competitive intensity, improving industry profitability, and providing opportunities for strategic acquisitions with attractive returns.

Thank you for investing in Baron FinTech Fund. We are optimistic about the Fund's prospects and remain significant shareholders alongside you.

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 the Funds' distributor, Baron Capital, Inc., by calling 1-800-99BARON or visiting www.BaronFunds.com. Please read them carefully before investing.

Risks: In addition to general market conditions, 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.

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) gained 2.09% (Institutional Shares) during the second quarter of 2023, while its primary benchmark index, the MSCI AC Asia ex Japan Index, declined 1.26%. The MSCI AC Asia ex Japan IMI Growth Index declined 1.87% for the quarter. The Fund handily outperformed both the primary benchmark and the all-cap growth proxy in a period of relative macroeconomic and geopolitical calm but moderating global equity gains. The Fund now stands ahead of both indexes midway through the year despite the fact that outside of the U.S., growth equities underperformed value, which is typically a headwind to our relative performance. The quarter began under the influence of fear that the strain on global banks and associated deposit flight would trigger a credit tightening and an abrupt economic slowdown, but such concerns tapered as the quarter progressed. On the contrary, for now, stubbornly strong wage, housing, and services inflation in the U.S. have rekindled expectations that the Fed will resume rate hikes imminently, which drove a significant increase in short- and long-term bond yields during the quarter. While U.S. technology and artificial intelligence (AI)-related shares were the clear standouts in a global context, outside of this narrow universe, market breadth and momentum deteriorated, a potential signal that a consolidation or correction may be near. We remain encouraged over the longer term and maintain the premise that we are passing peak hawkishness and likely entering a period of emerging markets (EM) and Asian equity outperformance.

Table I.
Performance
Annualized for periods ended June 30, 2023

	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 ex Japan IMI Growth Index[1]
Three Months[3]	2.10%	2.09%	(1.26)%	(1.87)%
Six Months[3]	5.00%	4.98%	3.03%	2.83%
One Year	(1.89)%	(1.76)%	(1.15)%	(1.68)%
Since Inception (July 30, 2021)	(12.33)%	(12.16)%	(10.92)%	(13.92)%

ANUJ AGGARWAL, PORTFOLIO MANAGER — MICHAEL KASS, PORTFOLIO MANAGER

Retail Shares: BNAFX
Institutional Shares: BNAIX
R6 Shares: BNAUX

While China-related equities struggled during the quarter as the post-COVID recovery remained subdued, partially due to a second, albeit more moderate, COVID wave, we remain cautiously optimistic and continue to expect a consumption recovery to accelerate into the second half of 2023. Targeted policy easing measures continue to emerge alongside rising calls for more forceful stimulus, and we believe President Xi's new leadership team will ultimately achieve the recovery that they have prescribed. In the near term, we believe China offers attractive risk/reward potential with material upside should the economy either gain traction or provoke more substantial policy support. Indian equities returned to leadership, as valuations reset after two consecutive quarters of underperformance and the economic and earning expansion in the country continued on a healthy course. This reversal was the principal driver of our second quarter outperformance and we maintain conviction that India likely offers the most

Performance listed in the above table is net of annual operating expenses. The gross annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2022 was 8.96% and 7.22%, respectively, but the net annual 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 Fund expenses pursuant to a contract expiring on August 29, 2033, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit www.BaronFunds.com or call 1-800-99BARON.

1 The **MSCI AC Asia ex Japan Index Net (USD)** 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 ex Japan IMI Growth Index Net (USD)** 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 market 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 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

attractive long-term investment opportunity in the EM/Asia universe. We believe that several EM/Asian central banks including India are on the cusp of a rate cutting cycle – regardless of how the Fed progresses in the second half of 2023. This is unusual, and we believe can be attributed to the scale of U.S. COVID-related stimulus and resulting inflation, compared to a much more subdued and constrained response outside the U.S. This, along with several other catalysts detailed in the Outlook section of this letter, support our view that Asian equities are poised to enter a period of much improved relative earnings and return potential. As always, we are confident that we have constructed a diversified portfolio of well-positioned and well-managed companies that are also benefiting from the tailwinds of long-term and attractive investment themes.

For the second quarter of 2023, we comfortably outperformed our primary benchmark, the MSCI AC Asia ex Japan Index, as well as our all-cap growth proxy. From a sector or theme perspective, solid stock selection in the Consumer Discretionary sector, across multiple themes including digitization (**Zomato Limited** and **Coupang, Inc.**), global security/supply chain diversification (**Dixon Technologies Ltd.** and **Amber Enterprises India Ltd.**), and Asia consumer (**Titan Company Limited**, **Trent Limited**, and **Midea Group Co., Ltd.**), was the largest contributor to relative performance this quarter. In addition, favorable stock selection effect in the Financials sector, most notably investments in our India wealth management/consumer finance theme (**Bajaj Finance Limited**, **SBI Life Insurance Company Limited**, **HDFC Bank Limited**, **Max Financial Services Limited**, and **JM Financial Limited**), also bolstered relative results. Lastly, positive stock selection (**Godrej Properties Limited**) and our underweight positioning in the Real Estate sector also contributed to relative performance. Partially offsetting the above was adverse stock selection effect in the Information Technology sector, primarily attributable to some of our software investments within the China value-added theme (**Glodon Company Limited**, **Kingdee International Software Group Company Limited**, and **Venustech Group Inc.**).

From a country perspective, strong stock selection effect combined with our overweight positioning in India drove the overwhelming majority of outperformance this quarter. Solid stock selection within Korea and Indonesia were also key contributors to relative results. In addition, our active exposure to Japan, through investments in our digitization theme (**Tokyo Electron Limited** and **Hoya Corporation**) and automation/robotics/AI theme (**Keyence Corporation**) also bolstered relative results. Partly offsetting the above was adverse stock selection effect in China, together with our underweight positioning in Taiwan.

We are encouraged by the earnings-driven outperformance of our India holdings and remain excited about the long-term investment potential within the country. As expressed in previous letters, our optimism about India stems from the productivity enhancing economic reforms implemented by the Modi administration that are now supporting higher GDP growth while also accelerating the formalization and digitization of the economy. In our view, India is also a key beneficiary of the tectonic shifts in the geopolitical landscape that increasingly position the country as an attractive investment destination for global corporates to diversify their supply chains and manufacturing footprint outside of China. Despite the recent underperformance in China, primarily driven by near-term concerns on slowing economic activity, we are encouraged by easing regulatory pressures within the technology and property sectors and improving prospects of government-sponsored stimulus to support economic growth and job creation. Many of our China investments, especially within the digitization theme and select positions in our China value-added and Asia consumer themes, continue to trade at deep discounts to fundamental intrinsic value, setting the stage for a favorable risk/return profile going forward.

Table II.
Top contributors to performance for the quarter ended June 30, 2023

	Percent Impact
HD Korea Shipbuilding & Offshore Engineering Co., Ltd.	0.73%
Bajaj Finance Limited	0.69
Taiwan Semiconductor Manufacturing Company Limited	0.69
Samsung Electronics Co., Ltd.	0.60
Zomato Limited	0.41

HD Korea Shipbuilding & Offshore Engineering Co., Ltd. is a holding company for the largest shipbuilder in the world (based on order book size) and is the global leader in high-end vessels including liquified natural gas (LNG) powered ships. Shares increased as a result of solid performance in new orders at its subsidiary Hyundai Samho, already exceeding full fiscal year guidance. In addition, operating margin expectations have improved given the recent decline in steel prices combined with increases in new build prices. Korean shipbuilders have an oligopoly in LNG carrier shipbuilding, LNG dual-fueled and alternative zero-carbon fueled containerships and tankers. The tightening regulation on carbon emission, which will be fully adopted by the International Maritime Organization (IMO) by 2030, should drive higher demand for LNG dual-fueled ships as well as carbon-free ammonia-fueled ships. We expect a structural shortage of compliant ships to emerge as the IMO deadline nears, which should benefit Korea Shipbuilding given its leading position. We maintain our investment as a core holding within our sustainability/ESG theme.

Bajaj Finance Limited contributed to performance. Shares rose on improving earnings visibility and growth prospects as we near the end of the rate hike cycle in India, and as Bajaj demonstrates early signs of success with the scale up of its digital/omnichannel platform. As a leading data driven, non-bank financial company in India, the company is well positioned, in our view, to benefit from growing demand for consumer financial services such as mortgages, personal & credit card loans, vehicle financing, and other related products. We remain investors due to its best-in-class management team, robust long-term growth outlook, and conservative risk management framework.

Semiconductor giant **Taiwan Semiconductor Manufacturing Company Limited** contributed in the second quarter due to easing geopolitical concerns and expectations for end-demand recovery later in 2023. We retain conviction that Taiwan Semi's technological leadership, pricing power, and exposure to secular growth markets, including high-performance computing, AI, automotive, 5G, and IoT, will allow the company to sustain strong earnings growth over the next several years.

Table III.
Top detractors from performance for the quarter ended June 30, 2023

	Percent Impact
Alibaba Group Holding Limited	–0.80%
Glodon Company Limited	–0.64
Tencent Holdings Limited	–0.57
Kingsoft Corporation Ltd.	–0.40
Wuliangye Yibin Co., Ltd.	–0.27

Alibaba Group Holding Limited is the largest retailer and e-commerce company in China. Alibaba operates shopping platforms Taobao and Tmall and owns 33% of Ant Group, which operates Alipay, China's largest third-party online payment provider. Shares of Alibaba were down this quarter given uncertainty over the pace of China's post-COVID consumption recovery, and limited information around the company's announced plan to split into six units. We believe the restructuring plan has potential to unlock value, particularly in cloud, and the core e-commerce business' market share will stabilize. We retain conviction that Alibaba is well positioned to benefit from China's reopening and the growth in online commerce and cloud in China.

Shares of **Glodon Company Limited**, a leading Chinese construction software provider, decreased during the quarter due to macroeconomic headwinds and relatively slow project starts for property and infrastructure. We retain conviction in Glodon, as we believe the company is uniquely positioned to benefit from increasing software penetration in the construction industry, which is the least digitized industry in China.

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 this quarter, given investor uncertainty about the macroeconomic recovery following China's post-COVID reopening. We continue to believe in Tencent's ability to compound earnings, which was reinforced by its robust first quarter's earnings, and its ability to compound growth in games, ads, software and fintech. Although still early, we also believe Tencent could be the largest beneficiary of generative AI in China, given its ability to improve its existing products (e.g., content creation in gaming) and enter adjacent and search-related markets with massive scale and distribution.

Portfolio Structure

Table IV.
Top 10 holdings as of June 30, 2023

	Percent of Net Assets
Taiwan Semiconductor Manufacturing Company Limited	6.8%
Samsung Electronics Co., Ltd.	5.1
Tencent Holdings Limited	4.3
Alibaba Group Holding Limited	3.6
Bajaj Finance Limited	3.1
HDFC Bank Limited	2.9
Reliance Industries Limited	2.4
HD Korea Shipbuilding & Offshore Engineering Co., Ltd.	2.1
Godrej Consumer Products Limited	2.1
Yum China Holdings Inc.	2.0

Table V.
Percentage of securities by country as of June 30, 2023

	Percent of Net Assets
India	32.7%
China	30.0
Korea	12.0
Taiwan	9.5
Hong Kong	4.1
Japan	3.8
Indonesia	2.1
France	0.7

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 companies of all sizes in Asia can exhibit attractive growth potential. At the end of the second quarter of 2023, the Fund's median market cap was $13.0 billion, and we were invested 57.1% in giant-cap companies, 29.7% in large-cap companies, 6.4% in mid-cap companies, and 1.8% in small- and micro-cap companies, as defined by Morningstar, with the remainder in cash.

Recent Activity

During the second quarter, we added a few new investments to our existing themes, while also increasing exposure to various positions that we established in earlier periods. We continue our endeavor to add to our highest conviction ideas.

We were active in adding to our Asia consumer theme by initiating a position in **Trent Limited**, a leading retailer in India that sells private label apparel, direct-to-consumer, through its proprietary retail network. The company also has a joint venture with Spanish fast fashion group, Inditex, operating 20 Zara stores in India while incorporating key learnings into its own retail operations. In our view, Trent's competitive moat is its superior product quality, value-based pricing, and disciplined supply-chain management, which translates into strong brand equity and above industry same-store-sales growth. The company is rapidly scaling up its Zudio value fashion format, with the potential to triple store count to 1,000 in the next three to five years. In addition to the core apparel business, Trent also has a joint venture partnership with British retail chain Tesco to operate its 60-store Star Bazaar grocery chain. We expect the company to generate over 25% revenue growth in the near to medium term, driven by same-store-sales growth and outlet expansion. In addition, we believe operating leverage and higher franchisee mix will lead to better profitability and return on capital, driving more than 30% EBITDA CAGR over the next three to five years.

During the quarter, we also increased exposure to our digitization theme by initiating a position in **SK hynix Inc.**, a South Korean memory semiconductor company specializing in DRAM and NAND chips, which store data temporarily and permanently, respectively. SK hynix is the second-largest global memory vendor, behind Samsung Electronics. In our view, the memory industry has reached a cyclical bottom and is on the cusp of a multi-year growth phase, supported by inventory normalization and production cuts. Memory is a pillar of the data economy and enjoys structural demand growth as servers, smartphones, PCs, and other devices become ever more computationally intensive. We also believe SK hynix to be a key beneficiary of surging AI-driven demand for high-bandwidth memory (HBM), which uses advanced packaging to vertically stack DRAM chips, resulting in higher bandwidth, improved power efficiency, and smaller form factor. The company has emerged as the industry leader in cutting edge HBM and is the sole supplier for NVIDIA's H100 AI chip, thanks to its superior durability and heat dissipation. We expect SK hynix to generate strong earnings growth over the next several years, with significant upside in incremental long-term memory demand from AI-related applications.

We also initiated an investment in **Max Healthcare Institute Limited**, the second largest hospital chain in India with over 3,200 beds. Under the leadership of CEO and restructuring expert Abhay Soi, management has focused on cutting costs and improving return metrics at poorly managed hospitals. These efforts have helped Max Healthcare stand out among Indian hospital peers with best-in-class EBITDA margins, average revenue per occupied bed, and ROIC. Going forward, the company has laid out plans to accelerate brownfield expansion and double its bed count in the next four to five years. In addition, we believe operating leverage, improving payor mix, medical tourism, an asset-light operation and management model, and optionality from tuck-in acquisitions could drive further earnings upside. We are excited about the multi-year growth opportunity that lies ahead for hospital services in India and believe Max Healthcare will be a key beneficiary of ongoing industry consolidation. We expect the company to more than double EBITDA in the next three to five years, while sustaining mid-teens revenue growth over the same time frame.

We added to several of our existing positions during the quarter, including **Tencent Holdings Limited**, **Alibaba Group Holding Limited**, **Godrej Properties Limited**, **Kingdee International Software Group Company Limited**, **Godrej Consumer Products Limited**, **Bajaj Finance Limited**, **Tata Consumer Products Limited**, **Kanzhun Limited**, and **Reliance Industries Limited.**

During the quarter, we exited a couple of positions including **MediaTek Inc.** and **China Tourism Group Duty Free Corporation Limited**.

Outlook

In our first quarter letter, while we reiterated our view that markets were likely passing through peak hawkishness and surmised that the emergency liquidity injection related to the U.S. regional banking crisis was viewed as a bullish signal for global equities, we also suggested that the anticipation of Fed rate cuts, higher earnings multiples, and a likely phase of earnings vulnerability presented a challenge to further global equity gains. While the recent relative calm in macroeconomic and geopolitical volatility was certainly welcomed, we stand by our end of first quarter outlook and note that outside of large-cap U.S. technology shares, equity appreciation has indeed begun to slow or stall in recent months. While global equities gained for a second quarter, U.S. employment remained too buoyant for the Fed to rule out further hikes, market breadth has deteriorated, and bond yields have risen. Indeed the 10-year U.S. Treasury real yield is now revisiting levels that triggered the deposit flight and regional bank crisis in the first quarter. Rising real yields, and a likely return to Fed rate hikes after a brief pause are not consistent with rising multiples on U.S. and growth-related equities, and thus we believe tightening U.S. liquidity and higher bond yields could trigger a consolidation of recent gains, and particularly cool the rally in technology and AI proxies should inflation measures fail to moderate in the near term. As we have stated in the past, we believe a correction in U.S. equities is likely necessary before global investors and allocators focus on improving ex-U.S. relative earnings potential, and thereby spark the sustainable relative outperformance cycle in EM/Asian equities that we anticipate.

Within the Asian universe, China's post-COVID reopening recovery remained subdued, though ongoing cost and capital discipline by private sector companies are silver linings for equity investors. We have suggested patience, particularly given that President Xi's new team signaled a desire for an economic rebound, and we continue to expect a consumption recovery to accelerate into the second half of 2023. Meanwhile, targeted policy easing measures continue to emerge alongside rising calls for more forceful support from policymakers. We note that several of our portfolio holdings are already showing solid fundamental performance in a challenging macro environment, and we remain cautiously optimistic against a backdrop of historic trough valuations, poor sentiment, and underweight positioning by global investors. We continue to believe that geopolitical concerns are priced into current valuations and that there is far too much to lose for China to initiate a move on Taiwan. We believe China likely represents the most attractive near-term risk/reward potential in the ex-U.S. universe. India equities returned to leadership, reversing first quarter underperformance while handily outperforming the MSCI AC Asia ex Japan Index during the quarter as the economic and earnings expansion continues, and valuations had fully mean-reverted entering the quarter after two consecutive quarters of underperformance. This reversal was the principal driver of our second quarter outperformance, and we remain optimistic regarding our various investments and overweight position, as we believe India offers the most attractive long-term investment opportunity in our universe. We believe that several Asian and EM central banks are on the cusp of a rate cutting cycle – regardless of how the Fed progresses in the second half of 2023. This is unusual, and we believe can be attributed to the scale of U.S. COVID-related stimulus and resulting inflation, compared to a much more subdued and constrained response outside the U.S.

In summary, we remain of the view that after a long period of underperformance, Asian and broader EM equities are poised for a cycle of outperformance, principally driven by the following:

1. An eventual consensus recognition that a U.S. dollar bear market has begun. We believe the longer-term fundamentals for the dollar have been eroding for years, that we are well past peak dollar demand, and that the supply of U.S. Treasuries/dollars in circulation has made an important vector change higher as politicians have seized the levers of stimulus from central bankers (i.e., COVID and infrastructure stimulus). Once this view takes hold, the *tax* on holding non-U.S. assets will shift to a tailwind to returns, sparking a reversal of capital/investment flows which we believe will be stimulative to consumption, investment, and earnings growth in ex-U.S. jurisdictions. We believe this reversal of capital and investment flows will spark a mean-reversion in EM/international equity valuations, which are currently at or near multi-year lows relative to U.S equities.
2. The global capital investment cycle that is necessary to fund de-globalization; security of energy, commodity, agriculture; and national security & defense is by definition a catalyst for outperformance by EM/Asia/international countries, whose economies and markets are simply more geared towards such a capital investment-driven environment. The past 20 years – post-Iron Curtain and China's ascension into the WTO – have been characterized by globalization and the reduction of capital deployed – much to the benefit of wealthy consumers in developed markets:

this will now reverse and favor the owners of real assets and industrial pricing power, and there is simply more of that in the EM/Asian indexes.

3. India is the new China, and it will be the fastest growing major economy in the coming decade and beyond. Economic reforms, digitization, formalization, and rising credit penetration favor the most sophisticated, best-managed, public corporations such as those in which we have invested.

4. China's principal lever to drive necessary productivity gains is a major pivot towards self-sufficiency in the value-added industries that have been largely dominated by western multi-nationals over the past 20 years. The rise of local domestic champions in the auto/electric vehicle, automation/robotics, advanced manufacturing, pharmaceutical/biotechnology, software/AI/semiconductors, and consumer goods industries will move the dial on perceived relative earnings growth potential for China and its ecosystem.

We look forward to our next communication.

Thank you for investing in the Baron New Asia Fund.

Sincerely,

Michael Kass
Portfolio Manager

Anuj Aggarwal
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 the Funds' 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.

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Baron Technology Fund

Dear Baron Technology Fund Shareholder:

Performance

During the second quarter, Baron Technology Fund® (the Fund) climbed 16.72% (Institutional Shares), outperforming the MSCI ACWI Information Technology Index, which rose 13.68%. The Fund also meaningfully outperformed the broader S&P 500 Index, which gained 8.74%. For the year-to-date period, the Fund is up 42.91%, ahead of both indexes, which returned 36.90% and 16.89%, respectively.

MICHAEL A. LIPPERT PORTFOLIO MANAGER

ASHIM MEHRA PORTFOLIO MANAGER

Retail Shares: BTEEX
Institutional Shares: BTECX
R6 Shares: BTEUX

Table I.
Performance
Annualized for periods ended June 30, 2023

	Baron Technology Fund Retail Shares[1,2]	Baron Technology Fund Institutional Shares[1,2]	MSCI ACWI Information Technology Index[1]	S&P 500 Index[1]
Three Months[3]	16.64%	16.72%	13.68%	8.74%
Six Months[3]	42.45%	42.91%	36.90%	16.89%
One Year	27.95%	28.59%	34.28%	19.59%
Since Inception (December 31, 2021)	(14.40)%	(14.11)%	(3.80)%	(2.87)%

Review & Outlook

U.S. equities rallied for a second consecutive quarter, supported by easing inflation, a first-time pause in the Federal Reserve's prolonged interest rate hike campaign, Congress' successful avoidance of the debt ceiling cliff, earnings optimism, and economic releases bolstering the *soft-landing* narrative. One notable aspect of the ongoing recovery has been narrow market leadership. Several large technology companies have accounted for most of the recent gains in the major market indexes, driven by excitement surrounding their potential ability to gain from widespread artificial intelligence (AI) adoption. The Fund remains exposed to AI and other industry trends driving the performance of these technology leaders.

Outperformance across the technology landscape remained narrow. Our stock selection, reflecting powerful secular themes including AI, semiconductors, software, cloud computing, and electric vehicles (EVs), continued to generate the lion's share of our gains in the period. Leading the way (in contribution order) were individual investments in **NVIDIA Corporation** (up 52%), **Amazon.com, Inc.** (up 26%), **Microsoft Corporation** (up 18%), **Meta Platforms, Inc.** (up 35%), and **Tesla, Inc.** (up 26%).

According to Morgan Stanley's latest CIO survey for the second quarter, overall technology spending is expected to increase by 2.7% in 2023. This shows continued growth, albeit at a slightly slower pace than the 3.1% increase last year and the 4.1% pre-pandemic average, due in part to wider economic challenges. We believe this slowdown in the Information Technology (IT) sector is reaching its nadir and anticipate a resurgence of growth in the second half of 2023 and into 2024. This bounce-back will be fueled by increased demand for AI technologies. Indeed, the survey underscores the rising influence of AI on IT spending priorities, with an increased number of companies exploring and testing these technologies (52% in the second quarter, compared to 43% in the first quarter).

Performance listed in the above table is net of annual operating expenses. The gross annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2022 was 6.86% and 6.42%, 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. The Adviser reimburses certain Fund expenses pursuant to a contract expiring on August 29, 2033, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month-end, visit www.BaronFunds.com or call 1-800-99BARON.

1 The **MSCI ACWI Information Technology Index Net (USD)** includes large- and mid-cap securities across 23 Developed Markets (DM) countries and 24 Emerging Markets (EM) countries. All securities in the index are classified in the Information Technology sector as per the Global Industry Classification Standard (GICS®). MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. The **S&P 500 Index** measures the performance of 500 widely held large-cap U.S. companies. The **MSCI ACWI Information Technology Index Net (USD)** and the Fund include reinvestment of dividends, net of foreign withholding taxes, while the **S&P 500 Index** includes reinvestment of dividends before taxes. Reinvestment of dividends positively impacts 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.

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To further underscore AI's rising importance and growth potential, in a second report, *AI – Golden Age of Technology* dated July 6, 2023, Morgan Stanley projected that the "AI technology TAM [total addressable market]" for just the semiconductor, hardware, and networking industry segments would nearly triple from $90 billion today to $275 billion by 2027. They expect this expansion to be spearheaded by AI semiconductors, with the TAM for that segment alone "tripling" over the next three years from $43 billion to $125 billion, "significantly outgrowing the overall AI market." This forecast aligns with our substantial investments across the semiconductor industry, including leading AI technology suppliers such as NVIDIA, **Advanced Micro Devices, Inc.**, **Taiwan Semiconductor Manufacturing Company Limited**, **Marvell Technology, Inc.**, and **Lam Research Corporation**.

Even with the rapid advances thus far, we are still in the early stages of AI technologies and their adoption. As we look to the future, we are diligently working to identify the primary beneficiaries of Generative AI. Our current perspective is that the long-term winners will not only continue to make significant AI investments in hardware and software but will also possess the advantages of scale and extensive distribution. Such companies can construct more scalable (and arguably superior) products due to their larger data assets and distribute them to vast audiences, further strengthening their competitive edge. For example, Microsoft's Office Copilot and Tesla's self-driving technology demonstrate the power of large-scale AI deployments.

Amid the well-deserved excitement for AI, it's equally crucial to uphold a level-headed viewpoint. As we embark on this new era of an AI-driven investment cycle, it's imperative to appreciate that AI's potential reach is well beyond the traditional borders of the IT sector. It promises tangible benefits to many industries, positioning AI as a more resilient and auspicious field for long-term future growth.

We have written many times that the best investments of the last half century are those companies that expanded *faster for longer* than consensus initially predicted. We have demonstrated how the market repeatedly underestimated growth for top companies in new and innovative technology verticals. The market misjudged the long-term growth that would be achieved by such disruptive and revolutionary developments as Microsoft's Windows operating system, Google's internet search engine, Amazon's e-commerce platform, Apple's iPhone, and Tesla's EVs. These companies always looked expensive when valued based on then-current Street estimates; but they weren't. They yielded great returns not because they were awarded premium multiples but because they crushed expectations, delivering loftier revenues, earnings, and cash flow than most investors thought they would. We believe the same thing will drive returns for the innovators across many layers of the AI stack, from semiconductors to applications. To be sure, barely six months after the launch of ChatGPT made Generative AI a household term, NVIDIA stunned the market by projecting next quarter sales more than 50% higher than Street expectations (see discussion below). Please visit our Firm's website to watch our Baron Thought Leadership Forum video presentation on AI (and other topics) and/or read our Baron Insight: Investing in AI.

We continue to run a high conviction portfolio with an emphasis on the secular trends cited above. Among others, during the second quarter we initiated or added to the following positions:

Digital Media: **Meta Platforms, Inc.** and **Tencent Holdings Limited**

E-commerce/Cloud Computing: **Amazon.com, Inc.**

Semiconductors: **NVIDIA Corporation**, **Marvell Technology, Inc.**, **Advanced Micro Devices, Inc.**, **Lam Research Corporation**, and **indie Semiconductor, Inc.**

EVs/Autonomous Driving: **Rivian Automotive, Inc.**, **Tesla, Inc.**, and **Mobileye Global Inc.**

Software: **ZoomInfo Technologies Inc.**, **Microsoft Corporation**, **CrowdStrike Holdings, Inc.**, and **Cloudflare, Inc.**

We remain steadfast in our belief that exposure to the broader technology sector should be a material part of an investor's portfolio for the long term. Technology has the power to reshape industries, disrupt business models, and create opportunities for substantial wealth creation.

Table II.
Top contributors to performance for the quarter ended June 30, 2023

	Percent Impact
NVIDIA Corporation	3.20%
Amazon.com, Inc.	2.50
Microsoft Corporation	2.11
Meta Platforms, Inc.	1.45
Tesla, Inc.	1.19

NVIDIA Corporation is a leading semiconductor company that sells chips and software for accelerated computing and gaming. Shares continued their strong trajectory during the quarter, nearly tripling year-to-date, after NVIDIA reported a meaningful acceleration in demand for its data center chips, which drove a material beat in forward quarterly guidance with revenues expected to increase from $7.2 billion to approximately $11 billion sequentially. My colleagues and I, as well as our buy-side peers, have never witnessed a beat of this magnitude. This unprecedented acceleration is driven by growing demand for accelerated computing chips fueled by the rise in Generative AI. According to NVIDIA CEO Jensen Huang (during the company's May 5 earnings call):

> *"[W]e're seeing incredible orders to retool the world's data centers….[Y]ou're seeing the beginning of call it a 10-year transition to basically recycle or reclaim the world's data centers and build [them] out as accelerated computing….[T]he world has a $1 trillion of data center installed…[but] you can't reasonably scale out data centers with general-purpose computing….[A]ccelerated computing is the path forward and now it's got a killer app and it's got generative AI….[O]ver the next four or five, 10 years, most of that $1 trillion…will be largely generative AI….Over the next decade, most of the world's data centers will be accelerated."*

We agree the world now finds itself at the tipping point of a new computing era with NVIDIA at its epicenter. AI enables human-computer interaction through natural language, with a key benefit being better utilization of data for decision making. We remain shareholders as we believe NVIDIA's end-to-end AI platform, and the ecosystem it has cultivated over the last 15 years, will benefit the company for years to come.

Amazon.com, Inc. is the world's largest retailer and cloud services provider. Shares of Amazon were up in the quarter due to improving macroeconomic fundamentals. In particular, the company expects growth in its cloud business, Amazon Web Services, its biggest growth driver, to reaccelerate later in 2023. We also believe Amazon is well positioned in the short-to-medium term to meaningfully improve core North American retail profitability to pre-pandemic levels, as it leverages its new regionalized fulfillment network and its fast-growing, margin-accretive advertising business. Longer term, Amazon has substantially more room to grow in e-commerce, where it has less than 15% penetration in its total addressable market. Amazon remains a clear leader in the vast and growing cloud infrastructure market, with large opportunities in application software, including enabling Generative AI workloads.

Microsoft Corporation is a software company traditionally known for its Windows and Office products. Over the last five years, it has built a $60 billion-plus cloud business, including its infrastructure-as-a-service Azure business, Office 365, and Dynamics 365 (Microsoft's customer relationship management offering). Shares increased on financial results that exceeded consensus expectations with Azure beating guidance for the second time in four quarters coming in one point ahead of forecasts at 31% constant-currency growth. Forward quarterly guidance for Azure landed a full two points ahead of expectations (26% to 27% constant-currency growth), with the company highlighting "stable trends" from January persisting through April. In the Q&A section of the call, the CEO noted that the company was seeing a good balance of new workloads and ongoing optimizations, with the CFO following up that "at some point, workloads just can't be optimized much further, and when you start to anniversary that, you do see that it gets a little bit easier in terms of comps year-over-year. And so, you even see that a little bit in our guidance, some of that impact." Microsoft is executing at a high level, navigating a challenging macro backdrop while aggressively investing in long-term growth. The company's proven ability to innovate is only getting stronger with continued enhancements across the portfolio including business analytics, cybersecurity, and, more recently, AI, with the launch of Azure OpenAI services and Copilots across its application portfolio.

Table III.
Top detractors from performance for the quarter ended June 30, 2023

	Percent Impact
Endava plc	–0.91%
Ceridian HCM Holding Inc.	–0.42
SiTime Corporation	–0.34
indie Semiconductor, Inc.	–0.29
Tencent Holdings Limited	–0.16

Endava plc provides outsourced software development for business customers. Shares fell due to a pullback in customer demand in March following multiple bank failures. Management reduced financial guidance for the second quarter to reflect greater macroeconomic uncertainty and lower revenues from private equity-backed companies, which represent about 20% of its business. Based on higher conviction in other ideas in the portfolio, we exited our position.

Shares of **Ceridian HCM Holding Inc.**, a leader in global payroll and human capital management (HCM) software, fell on investor concerns that an economic downturn would dampen revenue growth. While Ceridian has some direct exposure to employment levels, it is benefiting from powerful secular trends around the modernization of HCM software and increasing adoption of SaaS. We believe Ceridian can continue to grow revenue at or above 20% annually, driven by continued market share gains, a move upmarket to larger enterprises, international traction, and success in cross-selling to existing customers. We believe revenue growth will be amplified by consistent and durable margin expansion. We expect EBITDA margins to reach 30% over the next two years and approach 40% over time, helped by consistent gross margin expansion, operating expense leverage following a significant investment cycle, and efficiency gains from AI. We think that the combination of revenue growth and margin expansion will lead to compelling free-cash-flow growth well in excess of peers, which should help drive robust stock performance over time.

SiTime Corporation is a fabless semiconductor company that designs and sells micro machines known as metro-electro-mechanical systems, or MEMS, as timing solutions across various industries including consumer, communications, data center, automotive, and industrial. Shares fell during the quarter as the company reported worse-than-expected results and forward guidance. Weaker demand is prolonging the recovery from an inventory correction in its key end markets. Given the potential range of outcomes regarding the timing and potential recovery of volumes from its largest customers, we chose to exit the position.

Portfolio Structure

We invest in companies of any market capitalization that we believe will deliver durable growth from the development, advancement, and/or use of technology. We invest principally in U.S. securities but may invest up to 35% in non-U.S. securities.

At the end of second quarter, the largest market cap holding in the Fund was $3.1 trillion and the smallest was $112 million. The median market cap of the Fund was $47.3 billion and the weighted average market cap was $713.5 billion.

We had $5.6 million in assets under management. We had investments in 38 unique companies. Our top 10 positions accounted for 54.0% of net assets.

Table IV.
Top 10 holdings as of June 30, 2023

	Quarter End Market Cap (billions)	Quarter End Investment Value (thousands)	Percent of Net Assets
Microsoft Corporation	$2,532.1	$538.4	9.7%
Amazon.com, Inc.	1,337.5	534.2	9.6
NVIDIA Corporation	1,044.9	450.5	8.1
Tesla, Inc.	829.7	333.8	6.0
Meta Platforms, Inc.	735.5	314.8	5.7
Advanced Micro Devices, Inc.	183.4	194.8	3.5
ServiceNow, Inc.	114.5	182.1	3.3
Taiwan Semiconductor Manufacturing Company Limited	479.6	167.7	3.0
Marvell Technology, Inc.	51.4	149.8	2.7
ASML Holding N.V.	291.7	142.1	2.6

Table V.
Fund investments in GICS industries as of June 30, 2023

	Percent of Net Assets
Semiconductors & Semiconductor Equipment	27.1%
Software	26.0
Broadline Retail	9.6
Interactive Media & Services	9.4
Automobiles	7.2
Financial Services	3.6
IT Services	3.2
Technology Hardware Storage & Peripherals	2.3
Professional Services	2.2
Real Estate Management & Development	2.1
Electronic Equipment Instruments & Components	1.3
Hotels Restaurants & Leisure	1.3
Media	1.1
Automobile Components	0.9
Cash and Cash Equivalents	2.9
Total	100.0%*

* *Individual weights may not sum to the displayed total due to rounding.*

Recent Activity

Table VI.
Top net purchases for the quarter ended June 30, 2023

	Quarter End Market Cap (billions)	Net Amount Purchased (thousands)
Meta Platforms, Inc.	$ 735.5	$135.3
Amazon.com, Inc.	1,337.5	70.3
ZoomInfo Technologies Inc.	10.2	61.4
Rivian Automotive, Inc.	15.6	59.0
Tencent Holdings Limited	407.8	55.9

We added to our position in **Meta Platforms, Inc.**, the world's largest social network, in the quarter. Meta continues to benefit from improving Instagram Reels adoption and other new advertising products, the company's pioneering work in Generative AI, and broader improvement in the digital advertising market. Meta guided to a reacceleration in revenue growth, implying a bottom in the digital advertising market. Our independent industry checks support this read. Longer term, we believe Meta will utilize its leadership in mobile advertising, massive user base, innovative culture, leading Generative AI research and potential distribution, and technological scale to perform well, with further monetization opportunities ahead.

We also added to our position in **Amazon.com, Inc.** during the period. As we discussed previously, we believe that AI-related workloads will drive incremental demand for all cloud infrastructure providers going forward. As such, we expect growth in Amazon Web Services, the company's biggest growth driver, to accelerate later in 2023 and into 2024. We also believe Amazon is well positioned in the short-to-medium term to meaningfully improve core North American retail profitability to pre-pandemic levels, as it leverages its new regionalized fulfillment network, and continues to benefit from its fast growing, margin-accretive advertising business. Longer term, Amazon has substantially more room to grow in e-commerce, where it has less than 15% penetration in its total addressable market. Amazon also remains the clear leader in the vast and growing cloud infrastructure market, with large opportunities in application software, including enabling generative AI workloads.

ZoomInfo Technologies Inc. provides go-to-market business intelligence software. We took advantage of continued weakness in ZoomInfo's shares to rebuild our position at attractive prices following tax-loss sales earlier in the year. ZoomInfo is a highly profitable and cash-generative business with the most comprehensive platform of software and data to improve the go-to-market efforts of its customers, not to mention new products in the marketing and talent-acquisition verticals. When the macro headwinds abate, we believe ZoomInfo's growth will accelerate as it continues to penetrate its $70 billion-plus total addressable market.

Rivian Automotive, Inc. is a U.S.-based EV manufacturer. As Baron Funds shareholders know, we do deep, tireless, and steady research across the EV space. Based on our work, we concluded that Rivian was hitting a turning point in its execution, particularly ramping its vehicle production, rolling out engineering innovations (such as the Enduro motor and lithium-iron-phosphate battery pack) and lowering costs-of-goods-sold per vehicle; and it was trading at a valuation that offered attractive long-term returns. Rivian recently reported second quarter production and delivery figures that beat Street expectations and confirmed that it remained on track to hit its 50,000 annual production target.

Tencent Holdings Limited is the leading Chinese internet player in gaming, online video, social networking (WeChat), and has fast-growing businesses in payments, advertising, and cloud. We took advantage of currently depressed share prices to re-initiate a position in Tencent (our only current investment in China) with a longer-term view that Tencent has outsized exposure to AI in several ways, including: (1) plans to build a Generational AI shopping companion for consumers; (2) cost and engagement benefits in their gaming business, which is almost half the Chinese market for online gaming; (3) fintech risk-algorithm improvements; and (4) ad targeting and personalized ad improvements. We remain optimistic about Tencent's long-term opportunity.

Table VII.
Top net sales for the quarter ended June 30, 2023

	Market Cap When Sold (billions)	Net Amount Sold (thousands)
Endava plc	$ 2.8	$88.9
Snowflake Inc.	48.9	69.2
SiTime Corporation	1.9	22.3
Meituan Inc.	107.7	18.8
S4 Capital plc	0.9	13.4

We exited our position in **Endava plc** in the quarter, as stated earlier.

We sold **Snowflake Inc.**, a leading data management software vendor, and used the proceeds to fund purchases of other software names like ZoomInfo, Microsoft, and CrowdStrike.

We exited our position in **SiTime Corporation** in the quarter, as stated earlier.

We exited our position in **Meituan Inc.** in the quarter, and chose to allocate the capital to Tencent, where we see better long-term appreciation potential.

We exited a small position in **S4 Capital plc** to realize tax losses in the position. We may revisit the position for repurchase at a later time.

To conclude, despite the current uncertain macroeconomic environment, we remain confident in and committed to the strategy of the Fund: durable growth based on powerful, long-term, innovation-driven secular growth trends across the broader technology space.

Sincerely,

Michael A. Lippert
Portfolio Manager

Ashim Mehra
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 the Funds' distributor, Baron Capital, Inc., by calling 1-800-99BARON or visiting www.BaronFunds.com. Please read them carefully before investing.

Risks: In addition to general market conditions, technology companies, including internet-related and information technology companies, as well as companies propelled by new technologies, may present the risk of rapid change and product obsolescence, and their successes may be difficult to predict for the long term. Technology companies may also be adversely affected by changes in governmental policies, competitive pressures and changing demand. Non-U.S. investments may involve additional risks to those inherent in U.S. investments, including exchange-rate fluctuations, political or economic instability, the imposition of exchange controls, expropriation, limited disclosure and illiquid markets. 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.

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 Technology Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

Free cash flow (FCF) represents the cash that a company generates after accounting for cash outflows to support operations and maintain its capital assets.

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.	$103,160	2.1%
Equinix, Inc.	73,317	1.1
Roper Technologies, Inc.	51,250	2.7
Amphenol Corporation	50,572	1.6
DexCom, Inc.	49,815	1.9
IDEXX Laboratories, Inc.	41,688	7.3
The Trade Desk	37,749	1.0
MSCI Inc.	37,573	0.5
CoStar Group, Inc.	36,360	4.7
Verisk Analytics, Inc.	32,727	4.6
Veeva Systems Inc.	31,681	1.9
Illumina, Inc.	29,642	0.5
Mettler-Toledo International Inc.	28,883	5.1
ANSYS, Inc.	28,622	4.0
Quanta Services, Inc.	28,520	0.9
West Pharmaceutical Services, Inc.	28,396	2.8
Arch Capital Group Ltd.	27,876	3.5
Gartner, Inc.	27,689	9.1
T. Rowe Price Group, Inc.	25,157	0.4
SBA Communications Corp.	25,109	1.1
CBRE Group, Inc.	25,087	1.0
Willis Towers Watson Public Limited Company	25,060	0.8
CDW Corporation	24,733	1.5
VeriSign, Inc.	23,523	2.7
argenx SE	21,699	0.3
Rollins, Inc.	21,106	1.5
ICON Plc	$20,499	1.1%
Fair Isaac Corporation	20,225	2.6
The Cooper Companies, Inc.	18,983	1.7
LPL Financial Holdings Inc.	16,887	0.3
Tradeweb Markets Inc.	16,298	0.5
IDEX Corporation	16,269	1.6
FactSet Research Systems Inc.	15,353	3.2
TransUnion	15,133	2.4
SS&C Technologies Holdings, Inc.	15,097	1.0
Booz Allen Hamilton Holding Corporation	14,619	0.3
Bio-Techne Corporation	12,852	2.7
Hyatt Hotels Corporation	12,112	1.3
Floor & Decor Holdings, Inc.	11,048	0.5
Aspen Technology, Inc.	10,873	0.6
Ceridian HCM Holding Inc.	10,382	2.4
ZoomInfo Technologies Inc.	10,215	0.6
MarketAxess Holdings Inc.	9,848	0.9
Vail Resorts, Inc.	9,706	3.3
Morningstar, Inc.	8,343	0.4
Repligen Corporation	7,877	0.6
Guidewire Software, Inc.	6,196	2.3
Choice Hotels International, Inc.	5,993	1.4
		96.5%*

* Individual weights may not sum to displayed total due to rounding.

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.	$41,688	3.4%
MSCI Inc.	37,573	9.1
CoStar Group, Inc.	36,360	5.9
Mettler-Toledo International Inc.	28,883	1.2
ANSYS, Inc.	28,622	4.3
West Pharmaceutical Services, Inc.	28,396	2.4
Arch Capital Group Ltd.	27,876	8.7
Gartner, Inc.	27,689	6.8
Alexandria Real Estate Equities, Inc.	19,635	1.1
FactSet Research Systems Inc.	15,353	6.2
Bio-Techne Corporation	12,852	3.1
Gaming and Leisure Properties, Inc.	12,714	3.4
The Carlyle Group Inc.	11,570	0.7
Vail Resorts, Inc.	9,706	6.5
Kinsale Capital Group, Inc.	8,665	4.8
Morningstar, Inc.	8,343	2.3
Iridium Communications Inc.	7,822	6.3
Littelfuse, Inc.	7,234	0.2
Primerica, Inc.	7,219	3.8
Trex Company, Inc.	7,133	1.0
Boyd Gaming Corporation	7,008	0.4
Houlihan Lokey, Inc.	6,691	0.6
Guidewire Software, Inc.	$6,196	0.9%
Altair Engineering Inc.	6,121	0.7
Choice Hotels International, Inc.	5,993	4.5
Bright Horizons Family Solutions, Inc.	5,345	1.3
Dechra Pharmaceuticals PLC	5,331	0.1
Essent Group Ltd.	5,020	0.3
Red Rock Resorts, Inc.	4,874	1.0
Neogen Corp.	4,703	0.3
Marriott Vacations Worldwide Corporation	4,517	2.0
Clearwater Analytics Holdings, Inc.	3,830	0.1
PENN Entertainment, Inc.	3,703	1.5
Moelis & Company	3,222	0.2
Cohen & Steers, Inc.	2,848	1.4
Krispy Kreme, Inc.	2,478	0.5
Marel hf.	2,415	0.1
Douglas Emmett, Inc.	2,135	0.7
FIGS, Inc.	1,382	0.6
American Assets Trust, Inc.	1,166	0.0
Velo3D, Inc.	416	0.1
		98.3%*

* Individual weights may not sum to displayed total due to rounding.

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.	$49,815	1.6%
TransDigm Group Incorporated	49,115	2.5
IDEXX Laboratories, Inc.	41,688	0.7
The Trade Desk	37,749	1.3
Waste Connections, Inc.	36,813	1.4
Mettler-Toledo International Inc.	28,883	1.0
Gartner, Inc.	27,689	5.3
SBA Communications Corp.	25,109	1.3
ICON Plc	20,499	3.9
Liberty Media Corporation – Liberty Formula One	17,323	2.0
DraftKings Inc.	12,272	0.5
Liberty Broadband Corporation	11,696	0.5
Floor & Decor Holdings, Inc.	11,048	3.2
Aspen Technology, Inc.	10,873	1.3
Liberty SiriusXM Group	10,675	0.5
Ceridian HCM Holding Inc.	10,382	1.4
Cognex Corporation	9,676	1.9
Inspire Medical Systems, Inc.	9,470	1.6
Vertiv Holdings Co	9,406	4.3
Americold Realty Trust	8,726	0.6
Kinsale Capital Group, Inc.	8,665	4.2
WEX Inc.	7,800	1.1
SiteOne Landscape Supply, Inc.	7,529	3.6
Trex Company, Inc.	7,133	1.1
Chart Industries, Inc.	6,827	2.7
Houlihan Lokey, Inc.	6,691	1.4
Clarivate Plc	6,443	1.1
RBC Bearings Incorporated	6,312	1.4
Guidewire Software, Inc.	6,196	2.1
Altair Engineering Inc.	6,121	1.3
Planet Fitness, Inc.	6,015	1.5
HealthEquity, Inc.	5,397	1.1

Company	Equity Market Cap (in millions)	% of Net Assets
Bright Horizons Family Solutions, Inc.	$5,345	1.5%
Dechra Pharmaceuticals PLC	5,331	0.9
Red Rock Resorts, Inc.	4,874	2.9
Neogen Corp.	4,703	2.0
Driven Brands Holdings Inc.	4,534	1.5
Madison Square Garden Sports Corp.	4,493	1.0
Shoals Technologies Group, Inc.	4,393	1.0
Installed Building Products, Inc.	3,981	2.5
John Bean Technologies Corporation	3,860	1.4
Clearwater Analytics Holdings, Inc.	3,830	0.6
ASGN Incorporated	3,729	3.0
Avient Corporation	3,725	1.6
PENN Entertainment, Inc.	3,703	0.2
Endava plc	2,947	0.9
BRP Group, Inc.	2,894	1.7
Sprout Social, Inc.	2,557	0.8
Axonics, Inc.	2,543	1.1
UTZ Brands, Inc.	2,298	1.2
First Advantage Corporation	2,254	1.3
Mercury Systems, Inc.	2,013	0.6
Kratos Defense & Security Solutions, Inc.	1,830	0.7
The Cheesecake Factory, Inc.	1,776	1.7
E2open Parent Holdings, Inc.	1,694	0.8
Janus International Group, Inc.	1,564	1.3
European Wax Center, Inc.	1,169	1.2
The Beauty Health Company	1,110	0.8
Repay Holdings Corporation	788	0.7
Grid Dynamics Holdings, Inc.	693	0.6
Holley Inc.	484	0.4
		95.6%*

* Individual weights may not sum to displayed total due to rounding.

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	$2,532,081	14.1%
Alphabet Inc.	1,527,851	2.3
Amazon.com, Inc.	1,337,540	6.1
NVIDIA Corporation	1,044,859	8.0
Tesla, Inc.	829,681	6.6
Meta Platforms, Inc.	735,453	2.9
Visa Inc.	498,829	2.9
Mastercard Incorporated	372,702	2.5
ASML Holding N.V.	291,657	1.5
Advanced Micro Devices, Inc.	183,436	2.1
Intuitive Surgical, Inc.	119,815	1.8
ServiceNow, Inc.	114,496	2.8
Shopify Inc.	82,836	1.3
Equinix, Inc.	73,317	1.0
Workday, Inc.	58,957	1.7
Snowflake Inc.	57,352	1.2
Marvell Technology, Inc.	51,411	1.1
DexCom, Inc.	49,815	0.9
The Trade Desk	37,749	1.6
CoStar Group, Inc.	36,360	3.0
Electronic Arts Inc.	35,294	0.9
CrowdStrike Holdings, Inc.	34,824	1.1
Datadog, Inc.	$31,666	1.1%
Mobileye Global Inc.	31,088	0.7
Illumina, Inc.	29,642	1.2
Gartner, Inc.	27,689	2.7
HubSpot, Inc.	26,412	1.1
Monolithic Power Systems, Inc.	25,619	1.4
Take-Two Interactive Software, Inc.	24,919	1.1
argenx SE	21,699	1.8
Cloudflare, Inc.	21,697	1.4
Rivian Automotive, Inc.	15,649	1.0
ShockWave Medical, Inc.	10,454	1.1
Ceridian HCM Holding Inc.	10,382	1.3
ZoomInfo Technologies Inc.	10,215	1.4
World Wrestling Entertainment, Inc.	8,081	1.4
GitLab Inc.	7,810	1.2
Guidewire Software, Inc.	6,196	1.3
Arrowhead Pharmaceuticals, Inc.	3,812	0.5
Endava plc	2,947	1.0
Rocket Pharmaceuticals, Inc.	1,599	1.2
indie Semiconductor, Inc.	1,517	1.8
		92.9%*

* Individual weights may not sum to displayed total due to rounding.

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.	$829,681	40.5%
The Charles Schwab Corp.	103,160	3.8
Adyen N.V.	53,601	1.2
IDEXX Laboratories, Inc.	41,688	5.1
MSCI Inc.	37,573	1.4
CoStar Group, Inc.	36,360	8.3
Spotify Technology S.A.	31,077	0.3
Arch Capital Group Ltd.	27,876	6.2
Gartner, Inc.	27,689	3.1
HEICO Corporation	21,251	0.5
FactSet Research Systems Inc.	15,353	3.7
Gaming and Leisure Properties, Inc.	12,714	1.1
Hyatt Hotels Corporation	$12,112	4.9%
Vail Resorts, Inc.	9,706	3.5
Iridium Communications Inc.	7,822	3.2
Guidewire Software, Inc.	6,196	0.9
Red Rock Resorts, Inc.	4,874	0.8
Marriott Vacations Worldwide Corporation	4,517	1.2
FIGS, Inc.	1,382	0.9
		90.7%*

* Individual weights may not sum to displayed total due to rounding.

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
Amazon.com, Inc.	$1,337,540	8.0%
NVIDIA Corporation	1,044,859	10.2
Tesla, Inc.	829,681	5.4
Meta Platforms, Inc.	735,453	5.6
Mastercard Incorporated	372,702	4.8
ASML Holding N.V.	291,657	3.0
Intuitive Surgical, Inc.	119,815	5.4
ServiceNow, Inc.	114,496	6.5
Shopify Inc.	82,836	4.8
MercadoLibre, Inc.	59,476	3.0
Snowflake Inc.	57,352	5.0
Adyen N.V.	53,601	2.3
Atlassian Corporation Plc	43,128	1.3
Block, Inc.	40,268	1.9
The Trade Desk	37,749	3.5
CrowdStrike Holdings, Inc.	$34,824	3.6%
Veeva Systems Inc.	31,681	2.1
Datadog, Inc.	31,666	3.9
Mobileye Global Inc.	31,088	1.5
Illumina, Inc.	29,642	1.9
argenx SE	21,699	2.3
Cloudflare, Inc.	21,697	2.8
Rivian Automotive, Inc.	15,649	1.6
EPAM Systems, Inc.	13,014	1.7
ZoomInfo Technologies Inc.	10,215	1.9
GitLab Inc.	7,810	1.3
Endava plc	2,947	1.8
		97.2%*

* Individual weights may not sum to displayed total due to rounding.

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.	$829,681	14.8%
Shopify Inc.	82,836	1.4
IDEXX Laboratories, Inc.	41,688	1.4
MSCI Inc.	37,573	3.7
CoStar Group, Inc.	36,360	4.7
Interactive Brokers Group, Inc.	34,856	2.4
Verisk Analytics, Inc.	32,727	3.3
Spotify Technology S.A.	31,077	2.2
ANSYS, Inc.	28,622	2.7
Arch Capital Group Ltd.	27,876	6.2
Alexandria Real Estate Equities, Inc.	19,635	1.5
MGM Resorts International	15,978	2.0
FactSet Research Systems Inc.	15,353	4.2
American Homes 4 Rent	12,825	0.8
Hyatt Hotels Corporation	12,112	5.3
On Holding AG	10,473	0.9
Vail Resorts, Inc.	$9,706	4.4%
Iridium Communications Inc.	7,822	3.6
Jefferies Financial Group Inc.	7,676	0.8
Guidewire Software, Inc.	6,196	3.5
Choice Hotels International, Inc.	5,993	2.2
Red Rock Resorts, Inc.	4,874	3.0
Marriott Vacations Worldwide Corporation	4,517	1.9
Manchester United plc	3,974	1.3
PENN Entertainment, Inc.	3,703	0.9
Krispy Kreme, Inc.	2,478	2.4
Douglas Emmett, Inc.	2,135	1.7
FIGS, Inc.	1,382	3.2
		86.5%*

* Individual weights may not sum to displayed total due to rounding.

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 Limited	$479,599	2.0%
LVMH Moet Hennessy Louis Vuitton SE	472,782	1.3
Tencent Holdings Limited	407,822	1.4
Samsung Electronics Co., Ltd.	327,111	0.8
Nestle S.A.	320,979	1.3
AstraZeneca PLC	221,848	2.2
Alibaba Group Holding Limited	215,464	1.3
Reliance Industries Limited	210,333	1.1
Linde plc	187,166	2.5
Industria de Diseno Textil, S.A.	120,596	2.0
AIA Group Limited	116,948	0.6
HDFC Bank Limited	115,972	0.8
Keyence Corporation	114,361	2.1
Compagnie Financiere Richemont SA	97,288	1.0
Mitsubishi UFJ Financial Group, Inc.	93,508	1.1
Wuliangye Yibin Co., Ltd.	87,405	0.6
BNP Paribas S.A.	77,743	1.5
Tokyo Electron Limited	67,868	0.8
Bharti Airtel Limited	62,102	0.6
Sberbank of Russia PJSC	57,983	0.0
Sumitomo Mitsui Financial Group, Inc.	57,070	0.7
Midea Group Co., Ltd.	56,958	0.5
Pernod Ricard SA	56,459	1.7
JD.com, Inc.	53,718	0.4
Recruit Holdings Co., Ltd.	53,631	0.6
Bajaj Finance Limited	52,888	0.8
Shenzhen Mindray Bio-Medical Electronics Co., Ltd.	50,040	0.5
Baidu, Inc.	47,863	0.7
Constellation Software, Inc.	43,907	2.0
Universal Music Group N.V.	40,431	0.9
Grupo Mexico, S.A.B. de C.V.	37,481	0.9
Renesas Electronics Corporation	36,666	1.9
Lloyds Banking Group plc	35,766	0.5
Agilent Technologies, Inc.	35,519	1.2
Experian plc	35,263	1.2
Samsung SDI Co., Ltd.	34,913	0.5
Coupang, Inc.	30,952	0.7
DSM-Firmenich AG	28,591	1.4
Cellnex Telecom, S.A.	28,516	0.4
Arch Capital Group Ltd.	27,876	2.1
Galaxy Entertainment Group Limited	27,712	0.4
Genmab A/S	25,101	1.0
Agnico Eagle Mines Limited	24,695	0.9
Yum China Holdings Inc.	23,528	0.5
Epiroc AB	21,876	1.1
argenx SE	21,699	2.2
Techtronic Industries Co. Ltd.	19,938	0.4
Z Holdings Corporation	18,325	0.7
B3 S.A. – Brasil, Bolsa, Balcao	17,755	0.4
Tenaris S.A.	17,679	0.4
Localiza Rent a Car S.A.	15,233	0.6
Symrise AG	14,630	1.3
Godrej Consumer Products Limited	13,476	0.6
XP Inc.	$12,416	0.5%
Eurofins Scientific SE	12,246	1.1
Suzano S.A.	12,229	1.1
Jiangsu Hengli Hydraulic Co., Ltd.	11,874	0.5
Credicorp Ltd.	11,742	1.0
Dino Polska S.A.	11,449	1.2
Bank of Ireland Group plc	10,075	0.9
Vivendi SE	9,556	0.7
HD Hyundai Heavy Industries Co., Ltd.	8,873	1.0
Stevanato Group S.p.A	8,571	1.1
Trent Limited	7,645	0.4
Glodon Company Limited	7,449	0.3
Max Healthcare Institute Limited	7,098	0.4
B&M European Value Retail S.A.	7,087	1.3
Full Truck Alliance Co. Ltd.	6,658	0.5
Kanzhun Limited	6,539	0.4
MonotaRO Co., Ltd.	6,334	0.5
HD Korea Shipbuilding & Offshore Engineering Co., Ltd.	6,257	1.9
Tata Communications Limited	5,540	0.3
InPost S.A.	5,421	1.3
Kingsoft Corporation Ltd.	5,366	0.7
Dechra Pharmaceuticals PLC	5,331	0.7
Godrej Properties Limited	5,316	0.6
Clariant AG	4,792	0.8
Kingdee International Software Group Company Limited	4,649	0.5
Wix.com Ltd.	4,442	0.6
Japan Airport Terminal Co., Ltd.	4,196	1.2
StoneCo Ltd.	3,987	0.5
Max Financial Services Limited	3,411	0.4
Estun Automation Co., Ltd.	3,352	0.7
Lufax Holding Ltd	3,278	0.3
Endava plc	2,947	0.5
Zai Lab Limited	2,728	0.4
Meyer Burger Technology AG	2,428	2.5
Nippon Life India Asset Management Limited	2,189	0.5
Watches of Switzerland Group PLC	1,858	0.6
SMS Co., Ltd.	1,735	1.0
AMG Critical Materials N.V.	1,684	2.2
Befesa S.A.	1,523	0.7
Afya Limited	1,288	0.6
Taboola.com Ltd.	1,067	0.3
Future plc	1,036	0.1
S4 Capital plc	928	0.8
eDreams ODIGEO SA	912	2.1
JM Financial Limited	855	0.4
Aker Carbon Capture ASA	790	0.4
Ceres Power Holdings plc	743	0.4
Waga Energy SA	644	1.5
Okamoto Industries, Inc.	489	0.5
WANdisco plc	112	0.2
		94.5%*

* Individual weights may not sum to displayed total due to rounding.

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
Lowe's Companies, Inc.	$132,256	3.0%
Prologis, Inc.	113,243	5.4
Blackstone Inc.	109,196	3.2
American Tower Corporation	90,384	2.1
Equinix, Inc.	73,317	4.4
Brookfield Corporation	55,169	6.3
Public Storage Incorporated	51,316	2.4
Las Vegas Sands Corporation	44,328	3.1
D.R. Horton, Inc.	41,505	3.5
Welltower Inc.	40,205	2.0
Hilton Worldwide Holdings Inc.	38,516	1.0
CoStar Group, Inc.	36,360	4.8
Lennar Corporation	35,587	4.6
Digital Realty Trust, Inc.	33,912	1.7
Vulcan Materials Company	29,997	0.6
Cellnex Telecom, S.A.	28,516	0.4
CBRE Group, Inc.	25,087	3.2
Invitation Homes, Inc.	21,050	1.6
Extra Space Storage Inc.	20,102	1.8
MGM Resorts International	15,978	3.4
Pool Corporation	14,625	2.2
Brookfield Asset Management Ltd.	$13,458	1.1%
Hyatt Hotels Corporation	12,112	1.1
Wynn Resorts, Limited	12,018	3.4
Rexford Industrial Realty, Inc.	11,199	2.9
Floor & Decor Holdings, Inc.	11,048	2.0
Caesars Entertainment, Inc.	10,969	1.1
Vail Resorts, Inc.	9,706	0.9
Fortune Brands Innovations, Inc.	9,117	1.4
Toll Brothers, Inc.	8,646	8.4
EastGroup Properties, Inc.	7,710	1.9
SiteOne Landscape Supply, Inc.	7,529	2.1
Jones Lang LaSalle Incorporated	7,442	2.1
Trex Company, Inc.	7,133	0.1
Boyd Gaming Corporation	7,008	2.0
Terreno Realty Corporation	5,004	0.9
Red Rock Resorts, Inc.	4,874	1.6
Marriott Vacations Worldwide Corporation	4,517	1.6
Installed Building Products, Inc.	3,981	1.7
		97.2%*

* Individual weights may not sum to displayed total due to rounding.

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 Limited	$479,599	6.0%
Tencent Holdings Limited	407,822	3.8
Samsung Electronics Co., Ltd.	327,111	4.7
Alibaba Group Holding Limited	215,464	3.7
Reliance Industries Limited	210,333	1.7
Tata Consultancy Services Limited	147,290	0.5
AIA Group Limited	116,948	0.9
HDFC Bank Limited	115,972	2.2
Keyence Corporation	114,361	1.2
Wuliangye Yibin Co., Ltd.	87,405	1.2
Naspers Limited	78,824	0.5
Hindustan Unilever Limited	76,705	0.7
Wal-Mart de Mexico, S.A.B. de C.V.	69,083	1.4
SK hynix Inc.	63,648	0.4
Bharti Airtel Limited	62,102	1.4
Sberbank of Russia PJSC	57,983	0.0
Midea Group Co., Ltd.	56,958	1.1
Pernod Ricard SA	56,459	0.7
PT Bank Rakyat Indonesia (Persero) Tbk	54,841	1.8
JD.com, Inc.	53,718	1.0
Bajaj Finance Limited	52,888	2.2
Shenzhen Mindray Bio-Medical Electronics Co., Ltd.	50,040	1.0
Baidu, Inc.	47,863	1.0
Hong Kong Exchanges and Clearing Limited	47,762	0.3
Grupo Mexico, S.A.B. de C.V.	37,481	1.0
LG Chem, Ltd.	35,734	0.5
Samsung SDI Co., Ltd.	34,913	0.5
Budweiser Brewing Company APAC Limited	34,139	1.0
Titan Company Limited	32,981	0.8
Coupang, Inc.	30,952	1.2
Delta Electronics, Inc.	28,732	1.9
Galaxy Entertainment Group Limited	27,712	1.2
NARI Technology Co. Ltd.	25,547	0.8
Yum China Holdings Inc.	23,528	1.6
Techtronic Industries Co. Ltd.	19,938	0.7
B3 S.A. – Brasil, Bolsa, Balcao	17,755	0.8
Tenaris S.A.	17,679	0.4
SBI Life Insurance Company Limited	15,946	1.3
Localiza Rent a Car S.A.	15,233	1.2
China Mengniu Dairy Co. Ltd.	14,872	1.2
Shenzhou International Group Holdings Ltd.	14,340	0.8
Godrej Consumer Products Limited	13,476	1.3
BDO Unibank, Inc.	13,135	1.4
Yunnan Baiyao Group Co., Ltd.	12,982	0.8
XP Inc.	12,416	1.0
Gold Fields Limited	12,358	0.9

Company	Equity Market Cap (in millions)	% of Net Assets
Suzano S.A.	$12,229	1.9%
Jiangsu Hengli Hydraulic Co., Ltd.	11,874	1.3
Credicorp Ltd.	11,742	1.4
Divi's Laboratories Limited	11,597	0.6
PT Bank Negara Indonesia (Persero) Tbk	11,381	0.3
Tata Consumer Products Limited	9,749	0.8
HD Hyundai Heavy Industries Co., Ltd.	8,873	1.1
Trent Limited	7,645	0.4
Glodon Company Limited	7,449	0.7
Hangzhou Tigermed Consulting Co., Ltd.	7,358	0.3
Max Healthcare Institute Limited	7,098	0.4
Full Truck Alliance Co. Ltd.	6,658	1.1
Ayala Land, Inc.	6,587	0.5
Kanzhun Limited	6,539	0.6
HD Korea Shipbuilding & Offshore Engineering Co., Ltd.	6,257	2.4
Muthoot Finance Limited	6,066	0.9
Tata Communications Limited	5,540	1.5
InPost S.A.	5,421	1.3
Kingsoft Corporation Ltd.	5,366	1.3
Godrej Properties Limited	5,316	0.8
Kingdee International Software Group Company Limited	4,649	1.0
Jubilant FoodWorks Limited	4,032	0.5
StoneCo Ltd.	3,987	0.8
Korea Aerospace Industries, Ltd.	3,943	0.7
Venustech Group Inc.	3,866	0.9
Fix Price Group Ltd.	3,809	0.0
Max Financial Services Limited	3,411	1.0
Estun Automation Co., Ltd.	3,352	1.5
Lufax Holding Ltd	3,278	0.4
Zai Lab Limited	2,728	0.7
Network International Holdings Plc	2,595	0.3
Aarti Industries Limited	2,225	0.5
Nippon Life India Asset Management Limited	2,189	0.7
Nuvama Wealth Management Limited	1,305	0.3
Afya Limited	1,288	0.5
Inter & Co Inc.	1,243	0.1
JM Financial Limited	855	0.8
Shanghai Henlius Biotech, Inc.	770	0.0
Edelweiss Financial Services Limited	573	0.4
Aarti Pharmalabs Limited	410	0.1
Aeris Industria e Comercio de Equipamentos para Geracao de E	213	0.1
Codere Online Luxembourg, S.A.	163	0.2
		92.7%*

* Individual weights may not sum to displayed total due to rounding.

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
NVIDIA Corporation	$1,044,859	7.8%
Tesla, Inc.	829,681	4.2
ASML Holding N.V.	291,657	3.2
Meituan Inc.	97,423	1.5
Shopify Inc.	82,836	5.9
MercadoLibre, Inc.	59,476	7.1
Snowflake Inc.	57,352	5.3
Adyen N.V.	53,601	3.5
Bajaj Finance Limited	52,888	4.6
Block, Inc.	40,268	1.7
CrowdStrike Holdings, Inc.	34,824	4.4
Veeva Systems Inc.	31,681	1.5
Datadog, Inc.	31,666	3.5
Coupang, Inc.	30,952	3.8
Illumina, Inc.	29,642	1.8
argenx SE	21,699	3.0
Cloudflare, Inc.	21,697	3.0
Zscaler, Inc.	21,344	1.8
Rivian Automotive, Inc.	$15,649	1.4%
EPAM Systems, Inc.	13,014	1.4
BILL Holdings, Inc.	12,418	2.1
ZoomInfo Technologies Inc.	10,215	2.0
Zomato Limited	7,849	0.8
Globant S.A.	7,626	1.7
InPost S.A.	5,421	2.1
Wix.com Ltd.	4,442	0.9
Schrodinger, Inc.	3,571	2.0
Endava plc	2,947	4.3
Afya Limited	1,288	1.6
Taboola.com Ltd.	1,067	0.0
Fiverr International Ltd.	982	0.9
Codere Online Luxembourg, S.A.	163	0.8
Innovid Corp.	150	0.0
		89.7%*

* Individual weights may not sum to displayed total due to rounding.

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	$17,323	0.9%
Dynatrace, Inc.	14,977	1.6
Axon Enterprise, Inc.	14,417	2.4
DraftKings Inc.	12,272	2.0
Rexford Industrial Realty, Inc.	11,199	2.5
Floor & Decor Holdings, Inc.	11,048	2.9
On Holding AG	10,473	0.9
Ceridian HCM Holding Inc.	10,382	2.0
Allegro MicroSystems, Inc.	8,676	1.1
Kinsale Capital Group, Inc.	8,665	5.0
Stevanato Group S.p.A	8,571	0.8
Repligen Corporation	7,877	0.9
GitLab Inc.	7,810	3.4
SiteOne Landscape Supply, Inc.	7,529	2.9
Texas Roadhouse, Inc.	7,523	1.5
Trex Company, Inc.	7,133	1.6
Boyd Gaming Corporation	7,008	3.8
RH	6,858	1.2
Chart Industries, Inc.	6,827	2.7
Novanta Inc.	6,592	0.7
CyberArk Software Ltd.	6,529	2.2
RBC Bearings Incorporated	6,312	1.2
Guidewire Software, Inc.	6,196	1.3
Abcam plc	5,611	0.6
Smartsheet Inc.	5,112	1.1
Red Rock Resorts, Inc.	4,874	1.3
Qualys, Inc.	4,766	1.1
Advanced Energy Industries, Inc.	4,183	3.5
Clearwater Analytics Holdings, Inc.	3,830	1.8
ASGN Incorporated	3,729	1.8
Nova Ltd.	3,369	1.2

Company	Equity Market Cap (in millions)	% of Net Assets
Inari Medical, Inc.	$3,324	1.6%
Maravai LifeSciences Holdings, Inc.	3,120	0.5
Endava plc	2,947	1.3
Varonis Systems, Inc.	2,924	1.5
Certara, Inc.	2,911	0.9
ACV Auctions Inc.	2,759	1.5
SiTime Corporation	2,590	1.8
Axonics, Inc.	2,543	2.4
Revance Therapeutics, Inc.	2,127	1.6
Mercury Systems, Inc.	2,013	1.3
Veracyte, Inc.	1,845	1.1
Kratos Defense & Security Solutions, Inc.	1,830	2.3
Navitas Semiconductor Corporation	1,818	2.2
The Cheesecake Factory, Inc.	1,776	0.5
Establishment Labs Holdings Inc.	1,766	1.0
Definitive Healthcare Corp.	1,699	2.2
Alkami Technology Inc.	1,522	0.9
indie Semiconductor, Inc.	1,517	2.0
Montrose Environmental Group, Inc.	1,267	2.4
Silk Road Medical, Inc.	1,258	1.7
European Wax Center, Inc.	1,169	0.5
The Beauty Health Company	1,110	0.7
Ichor Holdings, Ltd.	1,090	1.4
S4 Capital plc	928	0.5
PAR Technology Corporation	903	2.1
SmartRent, Inc.	764	0.6
Couchbase, Inc.	734	1.9
Cerus Corporation	444	0.1
		96.7%*

* Individual weights may not sum to displayed total due to rounding.

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	$2,532,081	8.1%
Alphabet Inc.	1,527,851	4.0
Amazon.com, Inc.	1,337,540	8.1
NVIDIA Corporation	1,044,859	4.5
Meta Platforms, Inc.	735,453	8.5
Visa Inc.	498,829	4.0
Taiwan Semiconductor Manufacturing Company Limited	479,599	2.4
UnitedHealth Group Incorporated	447,491	3.8
Mastercard Incorporated	372,702	3.1
Costco Wholesale Corporation	238,582	2.5
Adobe Inc.	222,882	2.6
Accenture plc	205,209	3.7
Thermo Fisher Scientific Inc.	201,250	2.8
Danaher Corporation	177,096	2.5
Texas Instruments Incorporated	163,396	1.9
S&P Global Inc.	128,606	4.2
Intuit Inc.	$128,321	3.1%
Blackstone Inc.	109,196	1.9
The Estee Lauder Companies Inc.	70,189	0.6
CME Group, Inc.	66,652	2.4
Moody’s Corporation	63,807	2.5
Brookfield Corporation	55,169	3.1
TE Connectivity Ltd.	44,167	1.1
MSCI Inc.	37,573	2.6
Agilent Technologies, Inc.	35,519	1.0
Mettler-Toledo International Inc.	28,883	1.2
Arch Capital Group Ltd.	27,876	4.4
Monolithic Power Systems, Inc.	25,619	3.4
HEICO Corporation	21,251	2.7
LPL Financial Holdings Inc.	16,887	2.1
		98.7%*

* Individual weights may not sum to displayed total due to rounding.

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
Prologis, Inc.	$113,243	9.9%
American Tower Corporation	90,384	2.5
Equinix, Inc.	73,317	8.9
Brookfield Corporation	55,169	3.7
Public Storage Incorporated	51,316	3.0
Welltower Inc.	40,205	6.5
Digital Realty Trust, Inc.	33,912	6.2
VICI Properties Inc.	31,563	1.8
AvalonBay Communities, Inc.	26,876	5.0
Equity Residential	24,996	3.5
Invitation Homes, Inc.	21,050	5.5
Extra Space Storage Inc.	20,102	2.7
Alexandria Real Estate Equities, Inc.	19,635	1.7
Ventas, Inc.	18,911	3.5
Brookfield Asset Management Ltd.	13,458	1.2
American Homes 4 Rent	$12,825	4.5%
Brookfield Renewable Corporation	11,628	2.5
Rexford Industrial Realty, Inc.	11,199	3.8
CubeSmart	10,034	2.5
Americold Realty Trust	8,726	2.1
Toll Brothers, Inc.	8,646	3.5
EastGroup Properties, Inc.	7,710	3.0
First Industrial Realty Trust, Inc.	6,961	2.0
Brookfield Infrastructure Corporation	5,043	1.0
Terreno Realty Corporation	5,004	0.9
Travel + Leisure Co.	3,078	2.2
Tanger Factory Outlet Centers, Inc.	2,321	1.5
		95.2%*

* Individual weights may not sum to displayed total due to rounding.

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	$447,491	8.6%
Eli Lilly and Company	445,190	7.7
Merck & Co., Inc.	292,795	4.8
AstraZeneca PLC	221,848	2.4
Thermo Fisher Scientific Inc.	201,250	4.4
Abbott Laboratories	189,580	1.3
Danaher Corporation	177,096	0.9
Intuitive Surgical, Inc.	119,815	4.9
Elevance Health, Inc.	105,322	2.0
Vertex Pharmaceuticals Incorporated	90,635	3.8
HCA Healthcare, Inc.	83,515	2.6
Zoetis Inc.	79,580	2.6
Boston Scientific Corporation	77,765	2.0
McKesson Corporation	57,906	2.0
Humana Inc.	55,867	2.0
DexCom, Inc.	49,815	3.7
Moderna, Inc.	46,317	0.5
IDEXX Laboratories, Inc.	41,688	1.7
Veeva Systems Inc.	31,681	1.8
Illumina, Inc.	29,642	0.5
Mettler-Toledo International Inc.	28,883	2.2
West Pharmaceutical Services, Inc.	28,396	2.1
Genmab A/S	25,101	0.5
argenx SE	$21,699	2.1%
ICON Plc	20,499	2.2
Insulet Corporation	20,096	1.3
The Cooper Companies, Inc.	18,983	2.9
Exact Sciences Corporation	16,939	2.6
Bio-Techne Corporation	12,852	1.9
Legend Biotech Corporation	11,772	2.1
ShockWave Medical, Inc.	10,454	0.3
Inspire Medical Systems, Inc.	9,470	3.0
Stevanato Group S.p.A	8,571	1.3
Repligen Corporation	7,877	0.6
Neogen Corp.	4,703	1.3
Schrodinger, Inc.	3,571	0.4
Cytokinetics, Incorporated	3,120	0.6
Xenon Pharmaceuticals Inc.	2,447	1.8
Rocket Pharmaceuticals, Inc.	1,599	2.1
Arcellx, Inc.	1,518	0.6
Inhibrx, Inc.	1,132	0.4
Opsens Inc.	141	0.8
		93.2%*

* Individual weights may not sum to displayed total due to rounding.

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.	$498,829	5.1%
Mastercard Incorporated	372,702	5.0
Accenture plc	205,209	3.5
S&P Global Inc.	128,606	5.0
Intuit Inc.	128,321	4.6
BlackRock Inc.	104,175	2.8
The Charles Schwab Corp.	103,160	1.4
Shopify Inc.	82,836	1.5
Fiserv, Inc.	77,874	3.2
The Progressive Corporation	77,489	3.2
CME Group, Inc.	66,652	2.0
Moody's Corporation	63,807	2.9
MercadoLibre, Inc.	59,476	3.2
Adyen N.V.	53,601	2.0
Apollo Global Management, Inc.	43,582	3.2
Block, Inc.	40,268	1.8
MSCI Inc.	37,573	3.1
Nu Holdings Ltd.	37,195	1.5
CoStar Group, Inc.	36,360	1.7
Interactive Brokers Group, Inc.	34,856	1.6
Verisk Analytics, Inc.	32,727	2.8
Equifax Inc.	28,858	1.7
Global Payments Inc.	25,808	1.6
Fair Isaac Corporation	20,225	3.6
LPL Financial Holdings Inc.	16,887	3.3
Tradeweb Markets Inc.	$16,298	2.4%
FactSet Research Systems Inc.	15,353	2.8
TransUnion	15,133	1.8
BILL Holdings, Inc.	12,418	1.0
Jack Henry & Associates, Inc.	12,194	1.8
MarketAxess Holdings Inc.	9,848	0.7
Kinsale Capital Group, Inc.	8,665	1.9
Wise Plc	8,553	2.1
WEX Inc.	7,800	1.1
Globant S.A.	7,626	2.2
Houlihan Lokey, Inc.	6,691	2.1
Guidewire Software, Inc.	6,196	1.8
Clearwater Analytics Holdings, Inc.	3,830	0.6
nCino Inc.	3,381	0.5
Endava plc	2,947	1.9
BRP Group, Inc.	2,894	0.6
Alkami Technology Inc.	1,522	0.4
Paymentus Holdings, Inc.	1,303	0.3
CI&T, Inc.	838	0.4
Repay Holdings Corporation	788	0.2
Expensify, Inc.	661	0.2
		98.0%*

* Individual weights may not sum to displayed total due to rounding.

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 Limited	$479,599	6.8%
Tencent Holdings Limited	407,822	4.3
Samsung Electronics Co., Ltd.	327,111	5.1
Alibaba Group Holding Limited	215,464	3.6
Reliance Industries Limited	210,333	2.4
Tata Consultancy Services Limited	147,290	0.5
AIA Group Limited	116,948	1.6
HDFC Bank Limited	115,972	2.9
Keyence Corporation	114,361	1.8
Wuliangye Yibin Co., Ltd.	87,405	1.2
Hindustan Unilever Limited	76,705	1.2
Tokyo Electron Limited	67,868	0.8
SK hynix Inc.	63,648	0.4
Bharti Airtel Limited	62,102	1.6
Midea Group Co., Ltd.	56,958	1.1
Pernod Ricard SA	56,459	0.7
PT Bank Rakyat Indonesia (Persero) Tbk	54,841	1.9
JD.com, Inc.	53,718	1.0
Bajaj Finance Limited	52,888	3.1
Shenzhen Mindray Bio-Medical Electronics Co., Ltd.	50,040	1.1
Baidu, Inc.	47,863	1.1
Hong Kong Exchanges and Clearing Limited	47,762	0.6
Hoya Corporation	42,264	1.2
LG Chem, Ltd.	35,734	0.5
Samsung SDI Co., Ltd.	34,913	0.5
Budweiser Brewing Company APAC Limited	34,139	1.2
Titan Company Limited	32,981	1.6
Coupang, Inc.	30,952	1.3
Delta Electronics, Inc.	28,732	1.7
Galaxy Entertainment Group Limited	27,712	1.3
NARI Technology Co. Ltd.	25,547	0.9
Yum China Holdings Inc.	23,528	2.0
Techtronic Industries Co. Ltd.	19,938	0.7
SBI Life Insurance Company Limited	15,946	1.6
China Mengniu Dairy Co. Ltd.	14,872	1.3
Godrej Consumer Products Limited	13,476	2.1
Yunnan Baiyao Group Co., Ltd.	12,982	0.8
Jiangsu Hengli Hydraulic Co., Ltd.	11,874	1.4
Divi's Laboratories Limited	$11,597	0.6%
PT Bank Negara Indonesia (Persero) Tbk	11,381	0.3
Tata Consumer Products Limited	9,749	1.0
Apollo Hospitals Enterprise Limited	8,936	0.6
HD Hyundai Heavy Industries Co., Ltd.	8,873	1.2
Zomato Limited	7,849	1.3
Trent Limited	7,645	1.3
Tube Investments of India Limited	7,479	0.5
Glodon Company Limited	7,449	0.8
Hangzhou Tigermed Consulting Co., Ltd.	7,358	0.2
PI Industries Limited	7,253	0.6
Max Healthcare Institute Limited	7,098	0.8
Full Truck Alliance Co. Ltd.	6,658	1.1
Airtac International Group	6,582	0.5
Kanzhun Limited	6,539	0.6
HD Korea Shipbuilding & Offshore Engineering Co., Ltd.	6,257	2.1
Tata Communications Limited	5,540	1.6
Kingsoft Corporation Ltd.	5,366	1.5
Godrej Properties Limited	5,316	1.3
Silergy Corp.	4,723	0.5
Kingdee International Software Group Company Limited	4,649	1.1
Jubilant FoodWorks Limited	4,032	0.6
Korea Aerospace Industries, Ltd.	3,943	0.8
Venustech Group Inc.	3,866	0.9
Max Financial Services Limited	3,411	0.6
Estun Automation Co., Ltd.	3,352	1.6
Lufax Holding Ltd	3,278	0.3
Dixon Technologies Ltd.	3,186	0.7
Zai Lab Limited	2,728	0.7
Aarti Industries Limited	2,225	0.5
360 ONE WAM LIMITED	1,980	0.5
Amber Enterprises India Ltd.	927	0.9
JM Financial Limited	855	0.7
Neogen Chemicals Limited	491	1.0
Aarti Pharmalabs Limited	410	0.8
		95.0%*

* Individual weights may not sum to displayed total due to rounding.

Baron Technology Fund

Baron Technology Fund is a non-diversified fund that, under normal market conditions, invests at least 80% of its net assets in equity securities in the form of common stock of U.S. and non-U.S. technology companies of any market capitalization, selected for their durable growth potential from the development, advancement and use of technology.

Company	Equity Market Cap (in millions)	% of Net Assets
Apple Inc.	$3,050,896	2.3%
Microsoft Corporation	2,532,081	9.7
Amazon.com, Inc.	1,337,540	9.6
NVIDIA Corporation	1,044,859	8.1
Tesla, Inc.	829,681	6.0
Meta Platforms, Inc.	735,453	5.7
Visa Inc.	498,829	1.8
Taiwan Semiconductor Manufacturing Company Limited	479,599	3.0
Tencent Holdings Limited	407,822	0.9
Mastercard Incorporated	372,702	1.8
Broadcom Inc.	357,976	2.0
ASML Holding N.V.	291,657	2.6
Advanced Micro Devices, Inc.	183,436	3.5
Intuit Inc.	128,321	1.9
ServiceNow, Inc.	114,496	3.3
Lam Research Corporation	86,362	2.0
Shopify Inc.	82,836	1.6
Workday, Inc.	58,957	2.4
Marvell Technology, Inc.	51,411	2.7
Atlassian Corporation Plc	43,128	0.6

Company	Equity Market Cap (in millions)	% of Net Assets
The Trade Desk	$37,749	1.1%
CoStar Group, Inc.	36,360	2.1
CrowdStrike Holdings, Inc.	34,824	1.6
Datadog, Inc.	31,666	1.7
Mobileye Global Inc.	31,088	0.9
Gartner, Inc.	27,689	1.5
HubSpot, Inc.	26,412	1.8
Monolithic Power Systems, Inc.	25,619	1.5
Cloudflare, Inc.	21,697	1.8
Pinterest, Inc.	18,694	1.1
Rivian Automotive, Inc.	15,649	1.2
Ceridian HCM Holding Inc.	10,382	2.2
ZoomInfo Technologies Inc.	10,215	1.7
GitLab Inc.	7,810	1.1
indie Semiconductor, Inc.	1,517	1.8
eDreams ODIGEO SA	912	1.3
PAR Technology Corporation	903	1.3
WANdisco plc	112	0.1
		97.1%*

* Individual weights may not sum to displayed total due to rounding.

Baron Asset Fund — PORTFOLIO OF INVESTMENTS

June 30, 2023 (Unaudited)

Shares		Cost	Value
Common Stocks (96.51%)			
Communication Services (1.61%)			
	Advertising (0.99%)		
594,000	The Trade Desk, Inc., Cl A[1]	$ 11,554,017	$ 45,868,680
	Interactive Media & Services (0.62%)		
1,133,000	ZoomInfo Technologies, Inc.[1]	24,349,619	28,766,870
Total Communication Services		35,903,636	74,635,550
Consumer Discretionary (6.50%)			
	Home Improvement Retail (0.51%)		
230,000	Floor & Decor Holdings, Inc., Cl A[1]	20,284,646	23,910,800
	Hotels, Resorts & Cruise Lines (2.72%)		
546,442	Choice Hotels International, Inc.	5,198,084	64,217,864
543,233	Hyatt Hotels Corp., Cl A	16,817,762	62,243,637
		22,015,846	126,461,501
	Leisure Facilities (3.27%)		
603,538	Vail Resorts, Inc.	11,683,688	151,946,727
Total Consumer Discretionary		53,984,180	302,319,028
Financials (12.62%)			
	Asset Management & Custody Banks (0.43%)		
180,514	T. Rowe Price Group, Inc.	4,354,774	20,221,178
	Financial Exchanges & Data (5.42%)		
370,725	FactSet Research Systems, Inc.	19,898,420	148,530,971
156,267	MarketAxess Holdings, Inc.	16,698,819	40,851,319
85,000	Morningstar, Inc.	17,269,543	16,665,950
50,000	MSCI, Inc.	17,194,424	23,464,500
326,189	Tradeweb Markets, Inc., Cl A	11,978,713	22,337,423
		83,039,919	251,850,163
	Insurance Brokers (0.80%)		
158,421	Willis Towers Watson PLC[2]	19,439,430	37,308,146
	Investment Banking & Brokerage (2.42%)		
1,750,936	The Charles Schwab Corp.	1,542,899	99,243,053
60,000	LPL Financial Holdings, Inc.	13,576,561	13,045,800
		15,119,460	112,288,853
	Property & Casualty Insurance (3.55%)		
2,203,444	Arch Capital Group Ltd.[1,2]	7,933,936	164,927,783
Total Financials		129,887,519	586,596,123
Health Care (25.86%)			
	Biotechnology (0.35%)		
41,366	argenx SE, ADR[1,2]	13,431,821	16,121,571
	Health Care Equipment (9.17%)		
682,000	DexCom, Inc.[1]	54,311,293	87,643,820
673,630	IDEXX Laboratories, Inc.[1]	12,186,829	338,317,195
		66,498,122	425,961,015
	Health Care Supplies (1.73%)		
210,418	The Cooper Companies, Inc.	35,236,018	80,680,573

Shares		Cost	Value
Common Stocks (continued)			
Health Care (continued)			
	Health Care Technology (1.89%)		
444,386	Veeva Systems, Inc., Cl A[1]	$ 25,438,967	$ 87,868,444
	Life Sciences Tools & Services (12.72%)		
1,524,944	Bio-Techne Corp.	37,146,743	124,481,179
200,000	ICON plc[1,2]	43,086,335	50,040,000
129,552	Illumina, Inc.[1]	5,443,758	24,289,704
179,117	Mettler-Toledo International, Inc.[1]	10,665,962	234,937,022
208,000	Repligen Corp.[1]	35,441,126	29,423,680
334,404	West Pharmaceutical Services, Inc.	14,419,530	127,899,498
		146,203,454	591,071,083
Total Health Care		286,808,382	1,201,702,686
Industrials (14.76%)			
	Construction & Engineering (0.91%)		
215,000	Quanta Services, Inc.	34,195,013	42,236,750
	Data Processing & Outsourced Services (1.00%)		
771,076	SS&C Technologies Holdings, Inc.	20,933,204	46,727,206
	Environmental & Facilities Services (1.51%)		
1,643,418	Rollins, Inc.	24,597,482	70,387,593
	Human Resource & Employment Services (2.36%)		
1,636,093	Ceridian HCM Holding, Inc.[1]	64,026,866	109,569,148
	Industrial Machinery & Supplies & Components (1.58%)		
340,760	IDEX Corp.	24,525,881	73,351,997
	Research & Consulting Services (7.40%)		
145,000	Booz Allen Hamilton Holding Corp.	15,283,542	16,182,000
1,438,500	TransUnion	77,172,718	112,677,705
951,206	Verisk Analytics, Inc.	23,582,787	215,001,092
		116,039,047	343,860,797
Total Industrials		284,317,493	686,133,491
Information Technology (27.24%)			
	Application Software (12.20%)		
557,856	ANSYS, Inc.[1]	19,939,586	184,243,101
176,026	Aspen Technology, Inc.[1]	32,258,986	29,503,718
150,000	Fair Isaac Corp.[1]	63,616,939	121,381,500
1,421,809	Guidewire Software, Inc.[1]	77,473,157	108,171,229
257,192	Roper Technologies, Inc.	26,184,327	123,657,913
		219,472,995	566,957,461
	Electronic Components (1.65%)		
900,000	Amphenol Corp., Cl A	42,881,684	76,455,000
	Internet Services & Infrastructure (2.73%)		
562,103	Verisign, Inc.[1]	25,717,308	127,018,415
	IT Consulting & Other Services (9.13%)		
1,211,323	Gartner, Inc.[1]	25,598,156	424,338,560
	Technology Distributors (1.53%)		
386,363	CDW Corp.	25,149,811	70,897,611
Total Information Technology		338,819,954	1,265,667,047

Baron Asset Fund — PORTFOLIO OF INVESTMENTS (Continued)

June 30, 2023 (Unaudited)

Shares		Cost	Value
Common Stocks (continued)			
Real Estate (7.92%)			
	Data Center REITs (1.11%)		
65,416	Equinix, Inc.	$ 4,258,857	$ 51,282,219
	Real Estate Services (5.68%)		
580,323	CBRE Group, Inc., Cl A[1]	8,968,502	46,837,869
2,439,930	CoStar Group, Inc.[1]	59,005,227	217,153,770
		67,973,729	263,991,639
	Telecom Tower REITs (1.13%)		
226,856	SBA Communications Corp.	5,512,319	52,576,147
Total Real Estate		77,744,905	367,850,005
TOTAL COMMON STOCKS		**1,207,466,069**	**4,484,903,930**
Private Common Stocks (0.86%)			
Communication Services (0.58%)			
	Movies & Entertainment (0.58%)		
197,613	StubHub Holdings, Inc., Cl A[1,3,4]	50,000,041	26,869,440
Industrials (0.28%)			
	Aerospace & Defense (0.28%)		
92,406	Space Exploration Technologies Corp., Cl A[1,3,4]	7,115,262	7,471,025
69,932	Space Exploration Technologies Corp., Cl C[1,3,4]	5,384,764	5,654,002
Total Industrials		12,500,026	13,125,027
TOTAL PRIVATE COMMON STOCKS		**62,500,067**	**39,994,467**
Private Preferred Stocks (1.68%)			
Industrials (1.68%)			
	Aerospace & Defense (1.68%)		
96,298	Space Exploration Technologies Corp., Cl N[1,3,4]	**26,000,460**	**77,856,933**

Principal Amount		Cost	Value
Short Term Investments (1.00%)			
$46,726,146	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/30/2023, 4.60% due 7/3/2023; Proceeds at maturity $46,744,057; (Fully Collateralized by $50,213,200 U.S. Treasury Note, 2.75% due 4/30/2027 Market value - $47,660,753)	**$ 46,726,146**	**$ 46,726,146**
TOTAL INVESTMENTS (100.05%)		**$1,342,692,742**	**4,649,481,476**
LIABILITIES LESS CASH AND OTHER ASSETS (-0.05%)			**(2,444,618)**
NET ASSETS			**$4,647,036,858**
RETAIL SHARES (Equivalent to $94.68 per share based on 22,354,624 shares outstanding)			**$2,116,591,087**
INSTITUTIONAL SHARES (Equivalent to $100.10 per share based on 23,666,150 shares outstanding)			**$2,369,060,900**
R6 SHARES (Equivalent to $100.08 per share based on 1,612,631 shares outstanding)			**$ 161,384,871**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 At June 30, 2023, the market value of restricted and fair valued securities amounted to $117,851,400 or 2.54% 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 OF INVESTMENTS

June 30, 2023 (Unaudited)

Shares		Cost	Value
	Common Stocks (98.35%)		
	Communication Services (6.26%)		
	Alternative Carriers (6.26%)		
7,825,000	Iridium Communications, Inc.[4]	$ 48,151,998	$ 486,089,000
	Consumer Discretionary (17.60%)		
	Casinos & Gaming (2.89%)		
440,000	Boyd Gaming Corporation	11,056,072	30,522,800
4,721,310	Penn Entertainment, Inc.[1]	47,139,900	113,453,080
1,725,000	Red Rock Resorts, Inc., Cl A	32,179,860	80,695,500
		90,375,832	224,671,380
	Education Services (1.31%)		
1,100,000	Bright Horizons Family Solutions, Inc.[1]	34,585,154	101,695,000
	Hotels, Resorts & Cruise Lines (6.46%)		
2,965,000	Choice Hotels International, Inc.[4]	71,648,874	348,446,800
1,250,000	Marriott Vacations Worldwide Corp.	66,814,800	153,400,000
		138,463,674	501,846,800
	Leisure Facilities (6.48%)		
2,000,000	Vail Resorts, Inc.[4]	56,102,209	503,520,000
	Restaurants (0.46%)		
2,400,000	Krispy Kreme, Inc.	36,355,526	35,352,000
	Total Consumer Discretionary	355,882,395	1,367,085,180
	Financials (38.19%)		
	Asset Management & Custody Banks (2.08%)		
1,670,000	The Carlyle Group, Inc.	34,063,971	53,356,500
1,860,000	Cohen & Steers, Inc.	40,191,523	107,861,400
		74,255,494	161,217,900
	Commercial & Residential Mortgage Finance (0.31%)		
520,000	Essent Group Ltd.	14,300,210	24,336,000
	Financial Exchanges & Data (17.67%)		
1,200,000	FactSet Research Systems, Inc.	59,954,575	480,780,000
925,000	Morningstar, Inc.	18,840,637	181,364,750
1,515,000	MSCI, Inc.	27,960,632	710,974,350
		106,755,844	1,373,119,100
	Investment Banking & Brokerage (0.77%)		
450,000	Houlihan Lokey, Inc.	19,625,873	44,239,500
350,000	Moelis & Co., Cl A	5,215,059	15,869,000
		24,840,932	60,108,500
	Life & Health Insurance (3.82%)		
1,500,000	Primerica, Inc.	31,190,716	296,640,000
	Property & Casualty Insurance (13.54%)		
9,060,000	Arch Capital Group Ltd.[1]	28,241,244	678,141,000
1,000,000	Kinsale Capital Group, Inc.	35,007,763	374,200,000
		63,249,007	1,052,341,000
	Total Financials	314,592,203	2,967,762,500
	Health Care (11.08%)		
	Health Care Equipment (3.42%)		
530,000	IDEXX Laboratories, Inc.[1]	7,424,925	266,181,900

Shares		Cost	Value
	Common Stocks (continued)		
	Health Care (continued)		
	Health Care Supplies (0.95%)		
1,199,434	Neogen Corp.[1]	$ 14,042,336	$ 26,087,689
5,750,000	Figs, Inc., Cl A[1]	45,921,716	47,552,500
		59,964,052	73,640,189
	Life Sciences Tools & Services (6.63%)		
2,940,000	Bio-Techne Corporation	38,609,088	239,992,200
70,000	Mettler-Toledo International, Inc.[1]	3,201,575	91,814,800
480,000	West Pharmaceutical Services, Inc.	16,306,090	183,585,600
		58,116,753	515,392,600
	Pharmaceuticals (0.08%)		
128,372	Dechra Pharmaceuticals PLC (United Kingdom)[2]	3,523,090	6,011,464
	Total Health Care	129,028,820	861,226,153
	Industrials (1.14%)		
	Building Products (0.97%)		
1,150,000	Trex Co., Inc.[1]	10,329,303	75,394,000
	Industrial Machinery & Supplies & Components (0.17%)		
1,830,612	Marel hf (Netherlands)[2]	7,676,818	5,733,010
3,455,983	Velo3D, Inc.[1]	7,896,921	7,464,923
		15,573,739	13,197,933
	Total Industrials	25,903,042	88,591,933
	Information Technology (12.96%)		
	Application Software (5.93%)		
725,000	Altair Engineering, Inc., Cl A[1]	11,330,019	54,984,000
1,000,000	ANSYS, Inc.[1]	22,816,668	330,270,000
260,000	Clearwater Analytics Holdings, Inc., Cl A[1]	3,918,433	4,126,200
935,000	Guidewire Software, Inc.[1]	28,409,675	71,134,800
		66,474,795	460,515,000
	Electronic Components (0.22%)		
60,000	Littelfuse, Inc.	6,452,400	17,478,600
	IT Consulting & Other Services (6.81%)		
1,510,000	Gartner, Inc.[1]	20,973,165	528,968,100
	Total Information Technology	93,900,360	1,006,961,700
	Real Estate (11.12%)		
	Diversified REITs (0.05%)		
200,000	American Assets Trust, Inc.	3,350,429	3,840,000
	Office REITs (1.80%)		
750,000	Alexandria Real Estate Equities, Inc.	26,054,962	85,117,500
4,400,000	Douglas Emmett, Inc.	43,017,876	55,308,000
		69,072,838	140,425,500
	Other Specialized REITs (3.36%)		
5,385,000	Gaming and Leisure Properties, Inc.	114,093,295	260,957,100
	Real Estate Services (5.91%)		
5,160,000	CoStar Group, Inc.[1]	21,547,653	459,240,000
	Total Real Estate	208,064,215	864,462,600
	TOTAL COMMON STOCKS	**1,175,523,033**	**7,642,179,066**

Baron Growth Fund — PORTFOLIO OF INVESTMENTS (Continued)

June 30, 2023 (Unaudited)

Shares		Cost	Value
Private Convertible Preferred Stocks (0.46%)			
Industrials (0.22%)			
	Electrical Components & Equipment (0.22%)		
59,407,006	Northvolt AB (Sweden)[1,2,3,5]	$ 9,374,989	$ 17,401,916
Materials (0.24%)			
	Fertilizers & Agricultural Chemicals (0.24%)		
341,838	Farmers Business Network, Inc., Series F[1,2,3,5]	11,300,002	13,112,906
80,440	Farmers Business Network, Inc., Series G[1,2,3,5]	5,000,000	5,343,629
Total Materials		16,300,002	18,456,535
TOTAL PRIVATE CONVERTIBLE PREFERRED STOCKS		**25,674,991**	**35,858,451**

Principal Amount		Cost	Value
Short Term Investments (1.11%)			
$86,321,066	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/30/2023, 4.60% due 7/3/2023; Proceeds at maturity $86,354,156; (Fully Collateralized by $101,832,800 U.S. Treasury Note, 0.50% due 5/31/2027 Market value - $88,047,550)	**86,321,066**	**86,321,066**
TOTAL INVESTMENTS (99.92%)		**$1,287,519,090**	**7,764,358,583**
CASH AND OTHER ASSETS LESS LIABILITIES (0.08%)			**6,080,547**
NET ASSETS			**$7,770,439,130**
RETAIL SHARES (Equivalent to $94.06 per share based on 24,880,159 shares outstanding)			**$2,340,337,964**
INSTITUTIONAL SHARES (Equivalent to $99.17 per share based on 52,460,518 shares outstanding)			**$5,202,247,765**
R6 SHARES (Equivalent to $99.17 per share based on 2,297,495 shares outstanding)			**$ 227,853,401**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
[3] At June 30, 2023, the market value of restricted and fair valued securities amounted to $35,858,451 or 0.46% 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 OF INVESTMENTS

June 30, 2023 (Unaudited)

Shares		Cost	Value
Common Stocks (95.61%)			
Communication Services (5.25%)			
	Advertising (1.30%)		
750,000	The Trade Desk, Inc., Cl A[1]	$ 2,662,500	$ 57,915,000
	Cable & Satellite (0.96%)		
75,000	Liberty Broadband Corporation, Cl A[1]	298,828	5,979,750
200,000	Liberty Broadband Corporation, Cl C[1]	772,163	16,022,000
625,000	Liberty Media Corp.-Liberty SiriusXM, Cl C[1]	1,322,731	20,456,250
		2,393,722	42,458,000
	Movies & Entertainment (2.99%)		
1,200,000	Liberty Media Corporation-Liberty Formula One, Cl C[1]	21,262,385	90,336,000
225,000	Madison Square Garden Sports Corp.[1]	8,416,556	42,311,250
		29,678,941	132,647,250
Total Communication Services		34,735,163	233,020,250
Consumer Discretionary (15.66%)			
	Automotive Parts & Equipment (0.41%)		
4,500,000	Holley, Inc.[1]	37,719,254	18,405,000
	Casinos & Gaming (3.64%)		
875,000	DraftKings, Inc., Cl A[1]	11,187,787	23,248,750
400,000	Penn Entertainment, Inc.[1]	6,920,393	9,612,000
2,750,000	Red Rock Resorts, Inc., Cl A	75,439,769	128,645,000
		93,547,949	161,505,750
	Education Services (1.51%)		
725,000	Bright Horizons Family Solutions, Inc.[1]	27,397,547	67,026,250
	Home Improvement Retail (3.16%)		
1,350,000	Floor & Decor Holdings, Inc., Cl A[1]	51,770,480	140,346,000
	Homebuilding (2.53%)		
800,000	Installed Building Products, Inc.	38,183,412	112,128,000
	Leisure Facilities (1.52%)		
1,000,000	Planet Fitness, Inc., Cl A[1]	41,366,077	67,440,000
	Restaurants (1.71%)		
2,200,000	The Cheesecake Factory, Inc.	60,116,924	76,076,000
	Specialized Consumer Services (1.18%)		
2,800,000	European Wax Center, Inc., Cl A[1]	53,348,102	52,164,000
Total Consumer Discretionary		403,449,745	695,091,000
Consumer Staples (2.05%)			
	Packaged Foods & Meats (1.20%)		
3,250,000	UTZ Brands, Inc.	52,114,568	53,170,000
	Personal Care Products (0.85%)		
4,500,000	The Beauty Health Co.[1]	58,293,877	37,665,000
Total Consumer Staples		110,408,445	90,835,000

Shares		Cost	Value
Common Stocks (continued)			
Financials (9.14%)			
	Insurance Brokers (1.73%)		
3,100,000	BRP Group, Inc., Cl A[1]	$ 50,723,405	$ 76,818,000
	Investment Banking & Brokerage (1.38%)		
625,000	Houlihan Lokey, Inc.	28,909,333	61,443,750
	Property & Casualty Insurance (4.21%)		
500,000	Kinsale Capital Group, Inc.	72,425,817	187,100,000
	Transaction & Payment Processing Services (1.82%)		
3,900,000	Repay Holdings Corporation[1]	33,541,410	30,537,000
275,000	WEX, Inc.[1]	14,404,804	50,069,250
		47,946,214	80,606,250
Total Financials		200,004,769	405,968,000
Health Care (14.01%)			
	Health Care Equipment (5.05%)		
1,000,000	Axonics, Inc.[1]	35,459,918	50,470,000
550,000	DexCom, Inc.[1]	1,823,403	70,680,500
60,000	IDEXX Laboratories, Inc.[1]	829,217	30,133,800
225,000	Inspire Medical Systems, Inc.[1]	11,343,376	73,044,000
		49,455,914	224,328,300
	Health Care Supplies (1.96%)		
4,000,000	Neogen Corp.[1]	61,523,287	87,000,000
	Life Sciences Tools & Services (4.91%)		
700,000	ICON plc[1,2]	38,492,341	175,140,000
32,500	Mettler-Toledo International, Inc.[1]	1,571,421	42,628,300
		40,063,762	217,768,300
	Managed Health Care (1.14%)		
800,000	HealthEquity, Inc.[1]	13,208,486	50,512,000
	Pharmaceuticals (0.95%)		
900,000	Dechra Pharmaceuticals PLC (United Kingdom)[2]	24,883,860	42,145,618
Total Health Care		189,135,309	621,754,218
Industrials (30.38%)			
	Aerospace & Defense (3.85%)		
2,200,000	Kratos Defense & Security Solutions, Inc.[1]	32,701,506	31,548,000
800,000	Mercury Systems, Inc.[1]	19,226,473	27,672,000
125,000	TransDigm Group, Inc.[1]	0	111,771,250
		51,927,979	170,991,250
	Building Products (2.43%)		
5,500,000	Janus International Group, Inc.[1]	54,266,533	58,630,000
750,000	Trex Co., Inc.[1]	28,530,039	49,170,000
		82,796,572	107,800,000
	Diversified Support Services (1.52%)		
2,500,000	Driven Brands Holdings, Inc.[1]	62,770,271	67,650,000

Baron Small Cap Fund — PORTFOLIO OF INVESTMENTS (Continued)

June 30, 2023 (Unaudited)

Shares		Cost	Value
Common Stocks (continued)			
Industrials (continued)			
	Electrical Components & Equipment (5.31%)		
1,800,000	Shoals Technologies Group, Inc., Cl A[1]	$ 29,324,282	$ 46,008,000
7,650,000	Vertiv Holdings Co.	78,901,960	189,490,500
		108,226,242	235,498,500
	Environmental & Facilities Services (1.37%)		
425,000	Waste Connections, Inc.[2]	18,558,333	60,745,250
	Human Resource & Employment Services (5.72%)		
1,750,000	ASGN, Inc.[1]	55,248,585	132,352,500
950,000	Ceridian HCM Holding, Inc.[1]	29,430,555	63,621,500
3,750,000	First Advantage Corp.[1]	60,629,977	57,787,500
		145,309,117	253,761,500
	Industrial Machinery & Supplies & Components (5.53%)		
750,000	Chart Industries, Inc.[1]	101,593,035	119,842,500
525,000	John Bean Technologies Corp.	45,760,616	63,682,500
285,000	RBC Bearings, Incorporated[1]	34,467,037	61,978,950
		181,820,688	245,503,950
	Research & Consulting Services (1.07%)		
5,000,000	Clarivate PLC[1,2]	55,404,082	47,650,000
	Trading Companies & Distributors (3.58%)		
950,000	SiteOne Landscape Supply, Inc.[1]	43,421,179	158,992,000
Total Industrials		750,234,463	1,348,592,450
Information Technology (15.63%)			
	Application Software (6.85%)		
750,000	Altair Engineering, Inc., Cl A[1]	11,935,619	56,880,000
350,000	Aspen Technology, Inc.[1]	32,534,028	58,663,500
1,650,000	Clearwater Analytics Holdings, Inc., Cl A[1]	29,031,739	26,185,500
6,000,000	E2open Parent Holdings, Inc., Cl A[1]	56,447,521	33,600,000
1,225,000	Guidewire Software, Inc.[1]	31,269,358	93,198,000
775,000	Sprout Social, Inc., Cl A[1]	43,145,304	35,774,000
		204,363,569	304,301,000
	Electronic Equipment & Instruments (1.89%)		
1,500,000	Cognex Corp.	25,832,809	84,030,000
	IT Consulting & Other Services (6.89%)		
800,000	Endava plc, ADR[1,2]	27,430,574	41,432,000
675,000	Gartner, Inc.[1]	9,084,521	236,459,250
3,000,000	Grid Dynamics Holdings, Inc.[1]	36,322,597	27,750,000
		72,837,692	305,641,250
Total Information Technology		303,034,070	693,972,250

Shares		Cost	Value
Common Stocks (continued)			
Materials (1.57%)			
	Specialty Chemicals (1.57%)		
1,700,000	Avient Corp.	$ 53,733,696	$ 69,530,000
Real Estate (1.92%)			
	Industrial REITs (0.62%)		
850,000	Americold Realty Trust, Inc.	13,294,119	27,455,000
	Telecom Tower REITs (1.30%)		
250,000	SBA Communications Corp.	1,006,879	57,940,000
Total Real Estate		14,300,998	85,395,000
TOTAL COMMON STOCKS		**2,059,036,658**	**4,244,158,168**

Principal Amount		Cost	Value
Short Term Investments (4.45%)			
$197,712,891	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/30/2023, 4.60% due 7/3/2023; Proceeds at maturity $197,788,681; (Fully Collateralized by $233,241,400 U.S. Treasury Note, 0.50% due 5/31/2027 Market value - $201,667,183)	**197,712,891**	**197,712,891**
TOTAL INVESTMENTS (100.06%)		**$2,256,749,549**	**4,441,871,059**
LIABILITIES LESS CASH AND OTHER ASSETS (-0.06%)			**(2,723,034)**
NET ASSETS			**$4,439,148,025**
RETAIL SHARES (Equivalent to $28.66 per share based on 43,790,500 shares outstanding)			**$1,255,250,422**
INSTITUTIONAL SHARES (Equivalent to $30.86 per share based on 96,051,119 shares outstanding)			**$2,964,006,238**
R6 SHARES (Equivalent to $30.85 per share based on 7,128,713 shares outstanding)			**$ 219,891,365**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
ADR American Depositary Receipt.

Baron Opportunity Fund — PORTFOLIO OF INVESTMENTS

June 30, 2023 (Unaudited)

Shares		Cost	Value
Common Stocks (92.91%)			
Communication Services (11.60%)			
	Advertising (1.62%)		
217,510	The Trade Desk, Inc., Cl A[1]	$ 4,644,173	$ 16,796,122
	Interactive Home Entertainment (2.07%)		
74,000	Electronic Arts, Inc.	7,453,636	9,597,800
80,700	Take-Two Interactive Software, Inc.[1]	8,525,083	11,875,812
		15,978,719	21,473,612
	Interactive Media & Services (6.54%)		
194,800	Alphabet, Inc., Cl C[1]	6,780,973	23,564,956
103,200	Meta Platforms, Inc., Cl A[1]	18,245,852	29,616,336
577,369	ZoomInfo Technologies, Inc.[1]	13,948,330	14,659,399
		38,975,155	67,840,691
	Movies & Entertainment (1.37%)		
131,500	World Wrestling Entertainment, Inc.	12,547,714	14,263,805
Total Communication Services		72,145,761	120,374,230
Consumer Discretionary (14.40%)			
	Automobile Manufacturers (7.59%)		
639,183	Rivian Automotive, Inc., Cl A[1]	9,671,098	10,648,789
260,400	Tesla, Inc.[1]	19,644,628	68,164,908
		29,315,726	78,813,697
	Automotive Parts & Equipment (0.71%)		
192,200	Mobileye Global, Inc., Cl A[1]	7,250,911	7,384,324
	Broadline Retail (6.10%)		
485,500	Amazon.com, Inc.[1]	29,742,116	63,289,780
Total Consumer Discretionary		66,308,753	149,487,801
Financials (5.45%)			
	Transaction & Payment Processing Services (5.45%)		
67,000	MasterCard, Incorporated, Cl A	14,597,170	26,351,100
127,300	Visa, Inc., Cl A	20,263,942	30,231,204
Total Financials		34,861,112	56,582,304
Health Care (8.47%)			
	Biotechnology (3.52%)		
48,739	argenx SE, ADR[1,2]	1,347,608	18,995,051
147,561	Arrowhead Pharmaceuticals, Inc.[1]	3,307,142	5,262,025
618,000	Rocket Pharmaceuticals, Inc.[1]	11,957,896	12,279,660
		16,612,646	36,536,736
	Health Care Equipment (3.72%)		
68,800	DexCom, Inc.[1]	7,695,048	8,841,488
54,505	Intuitive Surgical, Inc.[1]	7,920,379	18,637,440
38,900	Shockwave Medical, Inc.[1]	1,913,913	11,102,449
		17,529,340	38,581,377
	Life Sciences Tools & Services (1.23%)		
68,315	Illumina, Inc.[1]	11,957,854	12,808,379
Total Health Care		46,099,840	87,926,492

Shares		Cost	Value
Common Stocks (continued)			
Industrials (1.29%)			
	Human Resource & Employment Services (1.29%)		
199,570	Ceridian HCM Holding, Inc.[1]	$ 9,380,035	$ 13,365,203
Information Technology (47.69%)			
	Application Software (8.11%)		
253,500	Gitlab, Inc., Cl A[1,4]	9,369,172	12,956,385
175,100	Guidewire Software, Inc.[1]	5,058,280	13,321,608
20,900	HubSpot, Inc.[1]	7,041,030	11,120,681
52,000	ServiceNow, Inc.[1,4]	15,689,186	29,222,440
77,500	Workday, Inc., Cl A[1]	12,581,374	17,506,475
		49,739,042	84,127,589
	Internet Services & Infrastructure (1.26%)		
202,500	Shopify, Inc., Cl A[1,2]	6,532,481	13,081,500
	IT Consulting & Other Services (3.72%)		
197,368	Endava plc, ADR[1,2]	6,552,345	10,221,688
81,087	Gartner, Inc.[1]	1,052,790	28,405,587
		7,605,135	38,627,275
	Semiconductor Materials & Equipment (1.49%)		
21,300	ASML Holding N.V.[2]	10,043,235	15,437,175
	Semiconductors (14.30%)		
191,000	Advanced Micro Devices, Inc.[1]	14,402,666	21,756,810
1,943,500	indie Semiconductor, Inc., Cl A[1]	13,656,934	18,268,900
186,000	Marvell Technology, Inc.	7,278,897	11,119,080
26,200	Monolithic Power Systems, Inc.	10,450,027	14,154,026
196,500	NVIDIA Corp.	16,883,032	83,123,430
		62,671,556	148,422,246
	Systems Software (18.81%)		
224,000	Cloudflare, Inc., Cl A[1,4]	9,425,285	14,642,880
77,623	Crowdstrike Holdings, Inc., Cl A[1]	5,534,067	11,400,490
113,000	Datadog, Inc., Cl A[1,4]	8,370,719	11,116,940
428,400	Microsoft Corporation	63,017,175	145,887,336
69,008	Snowflake, Inc., Cl A[1,4]	8,865,689	12,144,028
		95,212,935	195,191,674
Total Information Technology		231,804,384	494,887,459
Real Estate (4.01%)			
	Data Center REITs (1.01%)		
13,425	Equinix, Inc.	1,782,534	10,524,394
	Real Estate Services (3.00%)		
349,330	CoStar Group, Inc.[1]	14,346,813	31,090,370
Total Real Estate		16,129,347	41,614,764
TOTAL COMMON STOCKS		**476,729,232**	**964,238,253**

Baron Opportunity Fund — PORTFOLIO OF INVESTMENTS (Continued)

June 30, 2023 (Unaudited)

Shares		Cost	Value
Private Common Stocks (1.42%)			
Communication Services (0.35%)			
	Interactive Media & Services (0.35%)		
50,000	X Holdings I, Inc., Cl A[1,3,4]	$ 5,000,000	$ 3,610,000
Industrials (1.07%)			
	Aerospace & Defense (1.06%)		
105,020	Space Exploration Technologies Corp., Cl A[1,3,4]	4,607,169	8,490,867
31,890	Space Exploration Technologies Corp., Cl C[1,3,4]	1,392,972	2,578,306
		6,000,141	11,069,173
	Passenger Ground Transportation (0.01%)		
3,571	GM Cruise Holdings LLC, Cl B[1,3,4]	103,563	78,851
Total Industrials		6,103,704	11,148,024
TOTAL PRIVATE COMMON STOCKS		**11,103,704**	**14,758,024**
Private Convertible Preferred Stocks (0.81%)			
Materials (0.81%)			
	Fertilizers & Agricultural Chemicals (0.81%)		
219,321	Farmers Business Network, Inc., Series F[1,3,4]	**7,250,007**	**8,413,154**
Private Preferred Stocks (2.04%)			
Industrials (2.04%)			
	Aerospace & Defense (1.44%)		
18,519	Space Exploration Technologies Corp., Series N[1,3,4]	5,000,130	14,972,612
	Passenger Ground Transportation (0.60%)		
266,956	GM Cruise Holdings, Cl G[1,3,4]	7,034,290	6,212,066
TOTAL PRIVATE PREFERRED STOCKS		**12,034,420**	**21,184,678**

Principal Amount		Cost	Value
Short Term Investments (3.11%)			
$32,224,733	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/30/2023, 4.60% due 7/3/2023; Proceeds at maturity $32,237,086; (Fully Collateralized by $38,015,500 U.S. Treasury Note, 0.50% due 5/31/2027 Market value - $32,869,288)	**$ 32,224,733**	**$ 32,224,733**
TOTAL INVESTMENTS (100.29%)		**$539,342,096**	**1,040,818,842**
LIABILITIES LESS CASH AND OTHER ASSETS (-0.29%)			**(3,030,273)**
NET ASSETS			**$1,037,788,568**
RETAIL SHARES (Equivalent to $32.32 per share based on 16,354,865 shares outstanding)			**$ 528,550,080**
INSTITUTIONAL SHARES (Equivalent to $34.37 per share based on 13,935,677 shares outstanding)			**$ 478,963,449**
R6 SHARES (Equivalent to $34.41 per share based on 879,900 shares outstanding)			**$ 30,275,039**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
[3] At June 30, 2023, the market value of restricted and fair valued securities amounted to $44,355,856 or 4.27% 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 Partners Fund — PORTFOLIO OF INVESTMENTS

June 30, 2023 (Unaudited)

Shares		Cost	Value
Common Stocks (102.90%)			
Communication Services (3.94%)			
	Alternative Carriers (3.59%)		
4,000,000	Iridium Communications, Inc.	$ 130,869,959	$ 248,480,000
	Movies & Entertainment (0.35%)		
150,000	Spotify Technology SA[1,2]	25,917,941	24,082,500
Total Communication Services		156,787,900	272,562,500
Consumer Discretionary (57.71%)			
	Automobile Manufacturers (45.96%)		
12,150,000	Tesla, Inc.[1,5]	183,531,738	3,180,505,500
	Casinos & Gaming (0.88%)		
1,300,000	Red Rock Resorts, Inc., Cl A	41,610,336	60,814,000
	Hotels, Resorts & Cruise Lines (6.85%)		
3,325,000	Hyatt Hotels Corp., Cl A	115,871,182	380,978,500
759,736	Marriott Vacations Worldwide Corp.	89,753,636	93,234,802
		205,624,818	474,213,302
	Leisure Facilities (4.02%)		
1,105,000	Vail Resorts, Inc.	75,979,951	278,194,800
Total Consumer Discretionary		506,746,843	3,993,727,602
Financials (18.53%)			
	Financial Exchanges & Data (5.86%)		
730,000	FactSet Research Systems, Inc.	59,424,553	292,474,500
240,000	MSCI, Inc.	83,618,086	112,629,600
		143,042,639	405,104,100
	Investment Banking & Brokerage (4.26%)		
5,200,000	The Charles Schwab Corp.	162,830,584	294,736,000
	Property & Casualty Insurance (7.03%)		
6,500,000	Arch Capital Group Ltd.[1,2]	29,781,178	486,525,000
	Transaction & Payment Processing Services (1.38%)		
55,246	Adyen N.V., 144A (Netherlands)[1,2]	50,139,123	95,667,727
Total Financials		385,793,524	1,282,032,827
Health Care (6.88%)			
	Health Care Equipment (5.80%)		
800,000	IDEXX Laboratories, Inc.[1]	35,048,047	401,784,000
	Health Care Supplies (1.08%)		
9,000,000	Figs, Inc., Cl A[1]	95,938,355	74,430,000
Total Health Care		130,986,402	476,214,000
Industrials (0.56%)			
	Aerospace & Defense (0.56%)		
125,625	HEICO Corp.	9,632,520	22,228,088
116,875	HEICO Corp., Cl A	7,586,429	16,432,625
Total Industrials		17,218,949	38,660,713

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (4.55%)			
	Application Software (1.01%)		
915,053	Guidewire Software, Inc. [1]	$ 74,374,021	$ 69,617,233
	IT Consulting & Other Services (3.54%)		
700,000	Gartner, Inc.[1]	83,980,674	245,217,000
Total Information Technology		158,354,695	314,834,233
Real Estate (10.73%)			
	Other Specialized REITs (1.28%)		
1,819,296	Gaming and Leisure Properties, Inc.	57,529,251	88,163,084
	Real Estate Services (9.45%)		
7,350,000	CoStar Group, Inc.[1]	98,974,400	654,150,000
Total Real Estate		156,503,651	742,313,084
TOTAL COMMON STOCKS		**1,512,391,964**	**7,120,344,959**
Private Common Stocks (3.96%)			
Communication Services (1.02%)			
	Interactive Media & Services (0.63%)		
600,000	X Holdings I, Inc., Cl A[1,3,4]	60,000,000	43,320,000
	Movies & Entertainment (0.39%)		
197,613	StubHub Holdings, Inc., Cl A[1,3,4]	50,000,041	26,869,440
Total Communication Services		110,000,041	70,189,440
Industrials (2.94%)			
	Aerospace & Defense (2.94%)		
2,216,310	Space Exploration Technologies Corp., Cl A[1,3,4]	29,920,185	179,188,663
302,210	Space Exploration Technologies Corp., Cl C[1,3,4]	4,079,835	24,433,678
Total Industrials		34,000,020	203,622,341
TOTAL PRIVATE COMMON STOCKS		**144,000,061**	**273,811,781**
Private Convertible Preferred Stocks (0.12%)			
Industrials (0.12%)			
	Electrical Components & Equipment (0.12%)		
21,213,656	Northvolt AB, Series E2 (Sweden)[1,2,3,4]	**7,843,621**	**8,181,450**
Private Preferred Stocks (6.47%)			
Industrials (6.47%)			
	Aerospace & Defense (6.47%)		
311,111	Space Exploration Technologies Corp., Cl H[1,3,4]	41,999,985	251,533,243
131,657	Space Exploration Technologies Corp., Cl I[1,3,4]	22,250,032	106,444,684
111,111	Space Exploration Technologies Corp., Cl N[1,3,4]	29,999,970	89,833,244
TOTAL PRIVATE PREFERRED STOCKS		**94,249,987**	**447,811,171**

Baron Partners Fund — PORTFOLIO OF INVESTMENTS (Continued)

June 30, 2023 (Unaudited)

Principal Amount		Cost	Value
Short Term Investments (0.09%)			
$ 6,408,375	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/30/2023, 4.60% due 7/3/2023; Proceeds at maturity $6,410,832; (Fully Collateralized by $6,886,700 U.S. Treasury Note, 2.75% due 4/30/2027 Market value - $6,536,634)	**$ 6,408,375**	**$ 6,408,375**
TOTAL INVESTMENTS (113.54%)		**$1,764,894,008**	**7,856,557,736**
LIABILITIES LESS CASH AND OTHER ASSETS (-13.54%)			**(936,842,216)**
NET ASSETS			**$6,919,715,520**
RETAIL SHARES (Equivalent to $158.85 per share based on 18,916,086 shares outstanding)			**$3,004,856,521**
INSTITUTIONAL SHARES (Equivalent to $165.19 per share based on 20,572,990 shares outstanding)			**$3,398,483,740**
R6 SHARES (Equivalent to $165.17 per share based on 3,126,398 shares outstanding)			**$ 516,375,259**

% Represents percentage of net assets.

[1] Non-income producing securities.

[2] Foreign corporation.

[3] At June 30, 2023, the market value of restricted and fair valued securities amounted to $729,804,402 or 10.55% 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 June 30, 2023, the market value of Rule 144A securities amounted to $95,667,727 or 1.38% of net assets.

Baron Fifth Avenue Growth Fund — PORTFOLIO OF INVESTMENTS

June 30, 2023 (Unaudited)

Shares		Cost	Value
Common Stocks (97.18%)			
Communication Services (10.94%)			
	Advertising (3.47%)		
210,469	The Trade Desk, Inc., Cl A[1]	$ 11,118,156	$ 16,252,416
	Interactive Media & Services (7.47%)		
90,909	Meta Platforms Inc., Cl A[1]	6,630,519	26,089,065
348,023	ZoomInfo Technologies, Inc.[1]	12,177,461	8,836,304
		18,807,980	34,925,369
Total Communication Services		29,926,136	51,177,785
Consumer Discretionary (19.63%)			
	Automobile Manufacturers (7.07%)		
454,934	Rivian Automotive, Inc., Cl A[1]	11,969,551	7,579,200
97,294	Tesla, Inc.[1]	25,360,379	25,468,651
		37,329,930	33,047,851
	Automotive Parts & Equipment (1.53%)		
186,268	Mobileye Global, Inc., Cl A[1]	4,587,439	7,156,416
	Broadline Retail (11.03%)		
287,686	Amazon.com, Inc.[1]	2,726,880	37,502,747
11,905	MercadoLibre, Inc.[1]	6,864,818	14,102,663
		9,591,698	51,605,410
Total Consumer Discretionary		51,509,067	91,809,677
Financials (9.00%)			
	Transaction & Payment Processing Services (9.00%)		
6,222	Adyen N.V., 144A (Netherlands)[1,2]	4,719,451	10,774,438
132,183	Block, Inc.[1]	7,792,844	8,799,422
57,199	MasterCard Incorporated, Cl A	2,719,944	22,496,367
Total Financials		15,232,239	42,070,227
Health Care (11.75%)			
	Biotechnology (2.31%)		
27,633	argenx SE, ADR[1,2]	8,355,449	10,769,409
	Health Care Equipment (5.41%)		
74,020	Intuitive Surgical, Inc.[1]	8,617,282	25,310,399
	Health Care Technology (2.13%)		
50,428	Veeva Systems, Inc., Cl A[1]	3,306,924	9,971,129
	Life Sciences Tools & Services (1.90%)		
47,327	Illumina, Inc.[1]	5,397,461	8,873,339
Total Health Care		25,677,116	54,924,276

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (45.86%)			
	Application Software (9.09%)		
35,862	Atlassian Corp. Ltd., Cl A[1]	$ 9,312,661	$ 6,018,003
115,217	Gitlab, Inc., Cl A[1,4]	7,496,851	5,888,741
54,458	ServiceNow, Inc.[1,4]	20,815,805	30,603,762
		37,625,317	42,510,506
	Internet Services & Infrastructure (4.83%)		
349,300	Shopify, Inc., Cl A[1,2]	11,987,349	22,564,780
	IT Consulting & Other Services (3.45%)		
161,782	Endava plc, ADR[1,2]	16,239,102	8,378,690
34,514	EPAM Systems, Inc.[1]	2,565,574	7,757,021
		18,804,676	16,135,711
	Semiconductor Materials & Equipment (3.03%)		
19,541	ASML Holding N.V.[2]	1,203,894	14,162,340
	Semiconductors (10.17%)		
112,398	NVIDIA Corp.	16,814,089	47,546,602
	Systems Software (15.29%)		
200,489	Cloudflare, Inc., Cl A[1,4]	15,502,481	13,105,966
114,467	Crowdstrike Holdings, Inc., Cl A[1]	9,838,033	16,811,768
184,073	Datadog, Inc., Cl A[1,4]	13,405,910	18,109,102
133,439	Snowflake, Inc., Cl A[1,4]	23,809,762	23,482,595
		62,556,186	71,509,431
Total Information Technology		148,991,511	214,429,370
TOTAL COMMON STOCKS		**271,336,069**	**454,411,335**
Private Common Stocks (0.93%)			
Industrials (0.92%)			
	Aerospace & Defense (0.93%)		
41,330	Space Exploration Technologies Corp., Cl A[1,3,4]	1,932,253	3,341,531
12,240	Space Exploration Technologies Corp., Cl C[1,3,4]	567,691	989,603
TOTAL PRIVATE COMMON STOCKS		**2,499,944**	**4,331,134**
Private Preferred Stocks (0.66%)			
Industrials (0.66%)			
	Passenger Ground Transportation (0.66%)		
133,288	GM Cruise Holdings, Cl G[1,3,4]	**3,512,139**	**3,101,612**

Baron Fifth Avenue Growth Fund — PORTFOLIO OF INVESTMENTS (Continued)

June 30, 2023 (Unaudited)

Principal Amount		Cost	Value
Short Term Investments (1.05%)			
$4,939,096	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/30/2023, 4.60% due 7/3/2023; Proceeds at maturity $4,940,990; (Fully Collateralized by $5,826,700 U.S. Treasury Note, 0.50% due 5/31/2027 Market value - $5,037,931)	$ 4,939,096	$ 4,939,096
TOTAL INVESTMENTS (99.82%)		$282,287,248	466,783,177
CASH AND OTHER ASSETS LESS LIABILITIES (0.18%)			832,284
NET ASSETS			$467,615,461
RETAIL SHARES (Equivalent to $36.99 per share based on 2,749,128 shares outstanding)			$101,690,636
INSTITUTIONAL SHARES (Equivalent to $38.19 per share based on 8,870,710 shares outstanding)			$338,766,555
R6 SHARES (Equivalent to $38.18 per share based on 711,303 shares outstanding)			$ 27,158,270

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
[3] At June 30, 2023, the market value of restricted and fair valued securities amounted to $7,432,746 or 1.59% 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 June 30, 2023, the market value of Rule 144A securities amounted to $10,774,438 or 2.30% of net assets.

Baron Focused Growth Fund — PORTFOLIO OF INVESTMENTS

June 30, 2023 (Unaudited)

Shares		Cost	Value
Common Stocks (86.48%)			
Communication Services (7.14%)			
	Alternative Carriers (3.64%)		
637,064	Iridium Communications, Inc.	$ 12,123,685	$ 39,574,416
	Movies & Entertainment (3.50%)		
574,300	Manchester United PLC, Cl A[1,2]	12,877,672	14,001,434
150,000	Spotify Technology SA[1,2]	18,524,926	24,082,500
		31,402,598	38,083,934
Total Communication Services		43,526,283	77,658,350
Consumer Discretionary (37.80%)			
	Automobile Manufacturers (14.80%)		
615,000	Tesla, Inc.[1,5]	8,168,271	160,988,550
	Casinos & Gaming (5.89%)		
492,900	MGM Resorts International	21,025,363	21,648,168
427,870	Penn Entertainment, Inc.[1]	7,983,550	10,281,716
686,700	Red Rock Resorts, Inc., Cl A	20,387,244	32,123,826
		49,396,157	64,053,710
	Footwear (0.87%)		
287,100	On Holding AG, Cl A[1,2]	8,101,680	9,474,300
	Hotels, Resorts & Cruise Lines (9.41%)		
205,900	Choice Hotels International, Inc.	11,163,502	24,197,368
500,000	Hyatt Hotels Corp., Cl A	24,424,809	57,290,000
170,300	Marriott Vacations Worldwide Corp.	22,332,440	20,899,216
		57,920,751	102,386,584
	Leisure Facilities (4.45%)		
192,300	Vail Resorts, Inc.	27,751,469	48,413,448
	Restaurants (2.38%)		
1,756,800	Krispy Kreme, Inc.	25,379,482	25,877,664
Total Consumer Discretionary		176,717,810	411,194,256
Financials (17.23%)			
	Financial Exchanges & Data (7.83%)		
113,000	FactSet Research Systems, Inc.	21,182,504	45,273,450
85,000	MSCI, Inc.	40,721,460	39,889,650
		61,903,964	85,163,100
	Investment Banking & Brokerage (3.21%)		
320,000	Interactive Brokers Group, Inc., Cl A	24,971,716	26,582,400
250,000	Jefferies Financial Group, Inc.	7,732,070	8,292,500
		32,703,786	34,874,900
	Property & Casualty Insurance (6.19%)		
900,000	Arch Capital Group Ltd.[1,2]	25,104,585	67,365,000
Total Financials		119,712,335	187,403,000
Health Care (4.64%)			
	Health Care Equipment (1.43%)		
31,000	IDEXX Laboratories, Inc.[1]	13,626,593	15,569,130
	Health Care Supplies (3.21%)		
4,232,451	Figs, Inc., Cl A[1]	39,823,500	35,002,370
Total Health Care		53,450,093	50,571,500

Shares		Cost	Value
Common Stocks (continued)			
Industrials (3.32%)			
	Research & Consulting Services (3.32%)		
160,000	Verisk Analytics, Inc.	$ 28,339,398	$ 36,164,800
Information Technology (7.70%)			
	Application Software (6.26%)		
90,000	ANSYS, Inc.[1]	22,563,649	29,724,300
505,000	Guidewire Software, Inc.[1]	46,450,747	38,420,400
		69,014,396	68,144,700
	Internet Services & Infrastructure (1.44%)		
242,300	Shopify, Inc., Cl A[1,2]	9,113,834	15,652,580
Total Information Technology		78,128,230	83,797,280
Real Estate (8.65%)			
	Office REITs (3.14%)		
140,000	Alexandria Real Estate Equities, Inc.	19,954,049	15,888,600
1,450,000	Douglas Emmett, Inc.	21,593,180	18,226,500
		41,547,229	34,115,100
	Real Estate Services (4.74%)		
580,000	CoStar Group, Inc.[1]	10,184,660	51,620,000
	Single-Family Residential REITs (0.77%)		
235,000	American Homes 4 Rent, Cl A	5,062,679	8,330,750
Total Real Estate		56,794,568	94,065,850
TOTAL COMMON STOCKS		**556,668,717**	**940,855,036**
Private Common Stocks (5.74%)			
Industrials (5.74%)			
	Aerospace & Defense (5.74%)		
629,570	Space Exploration Technologies Corp., Cl A[1,3,4]	26,390,845	50,900,734
143,170	Space Exploration Technologies Corp., Cl C[1,3,4]	6,808,820	11,575,295
TOTAL PRIVATE COMMON STOCKS		**33,199,665**	**62,476,029**
Private Preferred Stocks (3.00%)			
Industrials (3.00%)			
	Aerospace & Defense (3.00%)		
29,630	Space Exploration Technologies Corp., Cl H[1,3,4]	4,000,050	23,955,855
1,479	Space Exploration Technologies Corp., Cl I[1,3,4]	249,951	1,195,772
9,259	Space Exploration Technologies Corp., Cl N[1,3,4]	2,499,930	7,485,901
TOTAL PRIVATE PREFERRED STOCKS		**6,749,931**	**32,637,528**

Baron Focused Growth Fund — PORTFOLIO OF INVESTMENTS (Continued)

June 30, 2023 (Unaudited)

Principal Amount		Cost	Value
Short Term Investments (4.05%)			
$44,066,834	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/30/2023, 4.60% due 7/3/2023; Proceeds at maturity $44,083,726; (Fully Collateralized by $47,355,400 U.S. Treasury Note, 2.75% due 4/30/2027 Market value - $44,948,221)	**$ 44,066,834**	**$ 44,066,834**
TOTAL INVESTMENTS (99.27%)		$640,685,147	1,080,035,427
CASH AND OTHER ASSETS LESS LIABILITIES (0.73%)			7,919,840
NET ASSETS			$1,087,955,267
RETAIL SHARES (Equivalent to $35.12 per share based on 7,265,050 shares outstanding)			**$ 255,120,892**
INSTITUTIONAL SHARES (Equivalent to $36.65 per share based on 14,169,706 shares outstanding)			**$ 519,295,154**
R6 SHARES (Equivalent to $36.68 per share based on 8,548,212 shares outstanding)			**$ 313,539,221**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
[3] At June 30, 2023, the market value of restricted and fair valued securities amounted to $95,113,557 or 8.74% 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).
[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 OF INVESTMENTS

June 30, 2023 (Unaudited)

Shares		Cost	Value
Common Stocks (94.50%)			
Brazil (3.62%)			
225,742	Afya Ltd., Cl A[1]	$ 3,607,509	$ 3,169,418
621,979	B3 S.A. - Brasil, Bolsa, Balcao	1,576,190	1,897,814
202,538	Localiza Rent a Car SA	2,534,702	2,897,509
200,468	StoneCo Ltd., Cl A[1]	2,008,775	2,553,962
603,130	Suzano SA	5,575,243	5,570,028
122,329	XP, Inc., Cl A[1]	1,491,389	2,869,839
Total Brazil		16,793,808	18,958,570
Canada (2.91%)			
95,758	Agnico Eagle Mines Ltd.	4,613,683	4,785,985
5,029	Constellation Software, Inc.	370,283	10,419,625
Total Canada		4,983,966	15,205,610
China (10.82%)			
84,274	Alibaba Group Holding Limited, ADR[1]	7,929,189	7,024,238
25,649	Baidu, Inc., ADR[1]	3,005,648	3,511,604
968,099	Estun Automation Co. Ltd., Cl A	3,697,436	3,744,015
439,419	Full Truck Alliance Co. Ltd., ADR[1]	3,018,251	2,733,186
369,613	Galaxy Entertainment Group Ltd.[1]	2,307,895	2,354,699
374,259	Glodon Co. Ltd., Cl A	2,689,143	1,676,490
58,653	JD.com, Inc., ADR	2,930,003	2,001,827
18,506	JD.com, Inc., Cl A	603,389	315,612
309,434	Jiangsu Hengli Hydraulic Co. Ltd., Cl A	2,636,319	2,744,103
135,272	Kanzhun Ltd., ADR[1]	2,366,502	2,035,844
2,104,177	Kingdee International Software Group Co. Ltd.[1]	2,175,495	2,825,570
863,889	Kingsoft Corp. Ltd.	3,255,745	3,414,569
926,125	Lufax Holding Ltd., ADR	1,321,598	1,324,359
353,111	Midea Group Co., Ltd., Cl A	2,353,596	2,870,333
65,570	Shenzhen Mindray Bio-Medical Electronics Co. Ltd., Cl A	2,095,737	2,713,411
71,814	Tencent Holdings Limited	1,958,911	3,044,998
100,064	Tencent Holdings Limited, ADR	5,028,747	4,251,719
132,992	Wuliangye Yibin Co. Ltd., Cl A	3,939,762	3,002,349
48,221	Yum China Holdings, Inc.	2,343,943	2,724,486
82,575	Zai Lab Limited, ADR[1]	2,111,717	2,289,805
Total China		57,769,026	56,603,217
Denmark (1.01%)			
138,945	Genmab A/S, ADR[1]	5,457,242	5,281,299
France (7.88%)			
127,246	BNP Paribas S.A.	5,030,583	8,029,981
88,938	Eurofins Scientific SE	2,011,102	5,651,819
7,407	LVMH Moët Hennessy Louis Vuitton SE	2,053,760	6,984,151
41,202	Pernod Ricard SA	7,973,562	9,104,599
418,139	Vivendi SE	3,847,829	3,838,713
242,654	Waga Energy SA[1]	6,991,693	7,636,520
Total France		27,908,529	41,245,783
Germany (2.04%)			
100,667	Befesa SA, 144A	4,244,308	3,847,097
65,317	Symrise AG	5,758,112	6,848,651
Total Germany		10,002,420	10,695,748
Hong Kong (0.98%)			
292,510	AIA Group Ltd.	2,439,137	2,970,877
197,026	Techtronic Industries Co. Ltd.	1,493,206	2,154,598
Total Hong Kong		3,932,343	5,125,475

Shares		Cost	Value
Common Stocks (continued)			
India (6.90%)			
46,954	Bajaj Finance Limited	$ 1,646,645	$ 4,112,512
537,348	Bharti Airtel Ltd. PP	2,772,162	3,185,703
241,420	Godrej Consumer Products Ltd.[1]	3,010,886	3,185,428
161,750	Godrej Properties Ltd.[1]	1,944,203	3,100,441
206,686	HDFC Bank Ltd.	3,323,760	4,289,314
2,458,395	JM Financial Limited	2,893,665	2,206,869
231,007	Max Financial Services Ltd.[1]	1,504,024	2,286,807
256,563	Max Healthcare Institute Ltd.[1]	1,787,200	1,877,318
688,913	Nippon Life India Asset Management Ltd., 144A	2,429,190	2,422,621
181,018	Reliance Industries Limited	3,502,373	5,642,527
92,337	Tata Communications Ltd.	1,774,613	1,798,568
92,234	Trent Ltd.	1,742,781	1,986,843
Total India		28,331,502	36,094,951
Ireland (0.89%)			
486,773	Bank of Ireland Group PLC	3,582,772	4,647,434
Israel (0.89%)			
557,482	Taboola.com Ltd.[1]	4,210,309	1,733,769
36,998	Wix.com Ltd.[1]	2,195,702	2,894,724
Total Israel		6,406,011	4,628,493
Italy (1.53%)			
177,130	Stevanato Group SpA	3,706,452	5,735,470
76,016	Tenaris SA	955,508	1,137,127
38,172	Tenaris SA, ADR	967,455	1,143,251
Total Italy		5,629,415	8,015,848
Japan (11.23%)			
137,747	Japan Airport Terminal Co. Ltd.	5,802,383	6,230,475
22,724	Keyence Corporation	8,191,936	10,797,455
797,778	Mitsubishi UFJ Financial Group, Inc., ADR	5,814,348	5,879,624
210,600	MonotaRO Co, Ltd.	1,740,824	2,689,449
105,520	Okamoto Industries, Inc.	4,831,807	2,862,780
91,200	Recruit Holdings Co, Ltd.	1,550,835	2,910,677
539,870	Renesas Electronics Corp.[1]	6,631,232	10,188,592
272,300	SMS Co. Ltd.	7,612,593	5,476,323
91,064	Sumitomo Mitsui Financial Group, Inc.	3,870,184	3,902,950
30,693	Tokyo Electron Limited	2,338,995	4,420,665
1,417,060	Z Holdings Corporation	6,076,358	3,415,241
Total Japan		54,461,495	58,774,231
Korea, Republic of (4.85%)			
205,142	Coupang, Inc., Cl A[1]	2,858,334	3,569,471
52,842	HD Hyundai Heavy Industries Co. Ltd., (formerly, Hyundai Heavy Industries Co. Ltd.)[1]	4,885,166	5,310,595
113,443	HD Korea Shipbuilding & Offshore Engineering Co. Ltd., (formerly, Korea Shipbuilding & Offshore Engineering Co. Ltd.)[1]	10,589,116	10,084,514
73,876	Samsung Electronics Co., Ltd.	4,145,187	4,067,851
4,632	Samsung SDI Co. Ltd.	2,538,208	2,365,258
Total Korea, Republic of		25,016,011	25,397,689
Mexico (0.85%)			
929,271	Grupo Mexico S.A.B. de C.V., Series B	2,674,546	4,468,014

Baron International Growth Fund — PORTFOLIO OF INVESTMENTS (Continued)

June 30, 2023 (Unaudited)

Shares		Cost	Value
Common Stocks (continued)			
Netherlands (6.69%)			
219,601	AMG Critical Materials NV, (formerly, AMG Advanced Metallurgical Group NV)	$ 6,398,937	$ 11,393,611
29,524	argenx SE, ADR[1]	1,290,467	11,506,388
66,691	DSM-Firmenich AG (formerly, Koninklijke DSM NV)	9,351,935	7,176,897
221,130	Universal Music Group NV	4,625,677	4,912,356
Total Netherlands		21,667,016	34,989,252
Norway (0.41%)			
1,618,807	Aker Carbon Capture ASA[1]	2,919,337	2,124,688
Peru (1.04%)			
36,988	Credicorp, Ltd.	5,295,172	5,460,908
Poland (2.57%)			
55,785	Dino Polska SA, 144A[1]	4,025,149	6,517,552
639,195	InPost SA[1]	8,324,865	6,936,967
Total Poland		12,350,014	13,454,519
Russia (0.00%)			
487,800	Sberbank of Russia PJSC[1,2]	1,650,983	316
Spain (4.53%)			
52,997	Cellnex Telecom S.A., 144A	2,551,939	2,141,279
1,515,207	eDreams ODIGEO SA[1]	11,635,862	10,866,229
276,031	Industria de Diseno Textil, S.A.	8,603,470	10,706,634
Total Spain		22,791,271	23,714,142
Sweden (1.14%)			
313,707	Epiroc AB, Cl A	4,804,426	5,942,193
Switzerland (5.52%)			
275,488	Clariant AG	5,538,194	3,985,360
31,051	Compagnie Financiere Richemont SA, Cl A	3,679,974	5,274,571
19,291,346	Meyer Burger Technology AG[1]	8,176,050	13,021,254
54,668	Nestle S.A.	5,615,400	6,576,097
Total Switzerland		23,009,618	28,857,282
Taiwan (2.02%)			
104,721	Taiwan Semiconductor Manufacturing Co., Ltd., ADR	10,212,969	10,568,443
United Kingdom (10.95%)			
158,887	AstraZeneca PLC, ADR	7,322,283	11,371,543
980,469	B&M European Value Retail S.A.	4,391,736	6,943,995
497,416	Ceres Power Holdings PLC[1]	4,517,890	1,917,896
80,824	Dechra Pharmaceuticals PLC	2,533,869	3,784,864
46,289	Endava plc, ADR[1]	1,598,693	2,397,307
170,217	Experian plc	3,928,940	6,533,094
76,306	Future PLC	685,744	653,600
34,980	Linde Public Limited Company	6,288,750	13,341,014
4,339,460	Lloyds Banking Group	1,495,345	2,405,573
2,471,319	S4 Capital PLC[1]	4,863,583	3,960,007
563,159	WANdisco plc[1,2]	5,713,222	936,927
389,494	Watches of Switzerland Group PLC, 144A[1]	3,446,482	3,019,882
Total United Kingdom		**46,786,537**	**57,265,702**
United States (3.23%)			
50,934	Agilent Technologies, Inc.	2,577,583	6,124,813
144,115	Arch Capital Group Ltd.[1]	2,899,697	10,787,008
Total United States		5,477,280	16,911,821
TOTAL COMMON STOCKS		**409,913,709**	**494,431,628**

Shares		Cost	Value
Warrants (0.01%)			
Israel (0.01%)			
56,745	Taboola.com Ltd. Exp 6/29/2026[1]	**$ 104,540**	**$ 22,647**
Principal Amount			
Short Term Investments (6.39%)			
$33,453,450	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/30/2023, 4.60% due 7/3/2023; Proceeds at maturity $33,466,274; (Fully Collateralized by $35,950,000 U.S. Treasury Note, 2.75% due 4/30/2027 Market value - $34,122,582)	**33,453,450**	**33,453,450**
TOTAL INVESTMENTS (100.90%)		**$443,471,699**	**527,907,725**
LIABILITIES LESS CASH AND OTHER ASSETS (-0.90%)			**(4,715,868)**
NET ASSETS			**$523,191,857**
RETAIL SHARES (Equivalent to $25.51 per share based on 3,061,388 shares outstanding)			**$ 78,107,193**
INSTITUTIONAL SHARES (Equivalent to $26.07 per share based on 12,423,991 shares outstanding)			**$323,953,109**
R6 SHARES (Equivalent to $26.06 per share based on 4,648,180 shares outstanding)			**$121,131,555**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] At June 30, 2023, the market value of restricted and fair valued securities amounted to $937,243 or 0.18% 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 June 30, 2023, the market value of Rule 144A securities amounted to $17,948,431 or 3.43% of net assets.

Summary of Investments by Sector as of June 30, 2023	Percentage of Net Assets
Information Technology	14.6%
Industrials	14.2%
Consumer Discretionary	13.3%
Financials	13.0%
Materials	11.5%
Health Care	10.8%
Communication Services	8.0%
Consumer Staples	5.4%
Energy	3.0%
Real Estate	0.6%
Cash and Cash Equivalents*	5.5%
	100.0%**

* Includes short term investments.
** Individual weights may not sum to 100% due to rounding.

Baron Real Estate Fund — PORTFOLIO OF INVESTMENTS

June 30, 2023 (Unaudited)

Shares		Cost	Value
Common Stocks (97.21%)			
Communication Services (0.40%)			
	Integrated Telecommunication Services (0.40%)		
154,750	Cellnex Telecom S.A., 144A (Spain)[2,3]	$ 6,098,010	$ 6,252,485
Consumer Discretionary (44.63%)			
	Casinos & Gaming (14.59%)		
447,250	Boyd Gaming Corporation	12,197,815	31,025,732
341,050	Caesars Entertainment, Inc.[1]	15,277,620	17,383,318
841,755	Las Vegas Sands Corp.[1]	40,790,752	48,821,790
1,201,656	MGM Resorts International	45,353,348	52,776,732
535,340	Red Rock Resorts, Inc., Cl A	7,111,614	25,043,205
503,411	Wynn Resorts Ltd.	50,088,973	53,165,236
		170,820,122	228,216,013
	Distributors (2.23%)		
93,050	Pool Corp.	31,586,944	34,860,252
	Home Improvement Retail (5.00%)		
307,550	Floor & Decor Holdings, Inc., Cl A[1]	22,166,475	31,972,898
205,000	Lowe's Companies, Inc.	34,466,582	46,268,500
		56,633,057	78,241,398
	Homebuilding (18.13%)		
449,297	D.R. Horton, Inc.	31,781,933	54,674,952
184,450	Installed Building Products, Inc.	21,220,106	25,852,512
577,699	Lennar Corp., Cl A	45,949,159	72,391,462
1,652,000	Toll Brothers, Inc.	81,867,074	130,623,640
		180,818,272	283,542,566
	Hotels, Resorts & Cruise Lines (3.78%)		
109,800	Hilton Worldwide Holdings, Inc.	14,628,160	15,981,390
152,500	Hyatt Hotels Corp., Cl A	16,426,795	17,473,450
209,036	Marriott Vacations Worldwide Corp.	18,030,868	25,652,898
		49,085,823	59,107,738
	Leisure Facilities (0.90%)		
55,600	Vail Resorts, Inc.	14,517,796	13,997,856
Total Consumer Discretionary		503,462,014	697,965,823
Financials (10.64%)			
	Asset Management & Custody Banks (10.64%)		
546,000	Blackstone, Inc.	50,736,721	50,761,620
539,906	Brookfield Asset Management Ltd., Cl A[2]	14,447,415	17,617,133
2,912,625	Brookfield Corp.[2]	88,029,386	98,009,831
Total Financials		153,213,522	166,388,584
Industrials (3.65%)			
	Building Products (1.54%)		
307,136	Fortune Brands Innovations, Inc.	18,219,467	22,098,435
29,500	Trex Co., Inc.[1]	1,261,324	1,934,020
		19,480,791	24,032,455
	Trading Companies & Distributors (2.11%)		
197,235	SiteOne Landscape Supply, Inc.[1]	23,094,274	33,009,250
Total Industrials		42,575,065	57,041,705
Materials (0.62%)			
	Construction Materials (0.62%)		
42,750	Vulcan Materials Co.	4,378,591	9,637,560
Real Estate (37.27%)			
	Data Center REITs (6.15%)		
239,800	Digital Realty Trust, Inc.	25,553,752	27,306,026
87,790	Equinix, Inc.	44,331,674	68,822,093
		69,885,426	96,128,119
Common Stocks (continued)			
Real Estate (continued)			
	Health Care REITs (1.98%)		
383,700	Welltower, Inc.	$ 28,495,261	$ 31,037,493
	Industrial REITs (11.11%)		
166,750	EastGroup Properties, Inc.	27,538,104	28,947,800
685,300	Prologis, Inc.	71,614,831	84,038,339
881,009	Rexford Industrial Realty, Inc.	46,455,634	46,006,290
244,422	Terreno Realty Corp.	14,214,147	14,689,762
		159,822,716	173,682,191
	Real Estate Services (10.08%)		
623,100	CBRE Group, Inc., Cl A[1]	40,847,435	50,290,401
838,113	CoStar Group, Inc.[1]	45,816,625	74,592,057
210,357	Jones Lang LaSalle, Inc.[1]	27,283,431	32,773,620
		113,947,491	157,656,078
	Self Storage REITs (4.21%)		
192,450	Extra Space Storage, Inc.	30,441,076	28,646,182
127,604	Public Storage	40,157,148	37,245,056
		70,598,224	65,891,238
	Single-Family Residential REITs (1.62%)		
738,200	Invitation Homes, Inc.	20,938,096	25,394,080
	Telecom Tower REITs (2.12%)		
170,750	American Tower Corp.	25,039,483	33,115,255
Total Real Estate		488,726,697	582,904,454
TOTAL COMMON STOCKS		**1,198,453,899**	**1,520,190,611**
Principal Amount			
Short Term Investments (2.81%)			
$43,911,167	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/30/2023, 4.60% due 7/3/2023; Proceeds at maturity $43,927,999; (Fully Collateralized by $47,188,100 U.S. Treasury Note, 2.75% due 4/30/2027 Market value - $44,789,425)	**43,911,167**	**43,911,167**
TOTAL INVESTMENTS (100.02%)		**$1,242,365,066**	**1,564,101,778**
LIABILITIES LESS CASH AND OTHER ASSETS (-0.02%)			**(323,269)**
NET ASSETS			**$1,563,778,509**
RETAIL SHARES (Equivalent to $32.00 per share based on 11,354,488 shares outstanding)			**$ 363,287,778**
INSTITUTIONAL SHARES (Equivalent to $33.04 per share based on 35,350,867 shares outstanding)			**$1,167,907,878**
R6 SHARES (Equivalent to $33.04 per share based on 986,289 shares outstanding)			**$ 32,582,853**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
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 June 30, 2023, the market value of Rule 144A securities amounted to $6,252,485 or 0.40% of net assets.

Baron Emerging Markets Fund — PORTFOLIO OF INVESTMENTS

June 30, 2023 (Unaudited)

Shares		Cost	Value
Common Stocks (92.74%)			
Brazil (6.46%)			
18,976,685	Aeris Indústria E Comércio De Equipamentos Para Geracão De Energia SA[1]	$ 19,635,818	$ 5,271,081
1,850,435	Afya Ltd., Cl A[1]	43,372,927	25,980,107
12,556,198	B3 S.A. - Brasil, Bolsa, Balcao	30,717,755	38,312,112
2,005,807	Inter & Co., Inc. BDR[1]	8,044,573	6,204,002
4,253,213	Localiza Rent a Car SA	28,709,524	60,846,475
3,137,301	StoneCo Ltd., Cl A[1]	33,880,402	39,969,215
9,985,892	Suzano SA	93,183,642	92,221,742
1,992,660	XP, Inc., Cl A[1]	35,303,961	46,747,803
Total Brazil		292,848,602	315,552,537
China (28.96%)			
2,175,320	Alibaba Group Holding Limited, ADR[1]	190,938,452	181,312,922
365,560	Baidu, Inc., ADR[1]	42,441,515	50,048,820
15,027,355	China Mengniu Dairy Co. Ltd.	33,030,134	56,792,680
19,291,596	Estun Automation Co. Ltd., Cl A[1]	72,102,950	74,608,098
8,682,548	Full Truck Alliance Co. Ltd., ADR[1]	66,961,573	54,005,448
9,380,048	Galaxy Entertainment Group Ltd.[1]	64,633,160	59,757,604
8,017,023	Glodon Co. Ltd., Cl A	35,892,189	35,912,190
1,476,305	Hangzhou Tigermed Consulting Co. Ltd., Cl A[1]	17,971,032	13,138,995
1,322,836	JD.com, Inc., ADR	69,284,984	45,148,393
194,452	JD.com, Inc., Cl A	7,093,643	3,316,293
7,061,006	Jiangsu Hengli Hydraulic Co. Ltd., Cl A	59,342,764	62,617,960
1,930,898	Kanzhun Ltd., ADR[1]	33,864,416	29,060,015
36,143,110	Kingdee International Software Group Co. Ltd.[1]	31,479,636	48,534,371
16,228,362	Kingsoft Corp. Ltd.	58,680,799	64,143,506
12,012,149	Lufax Holding Ltd., ADR	37,867,867	17,177,373
6,801,652	Midea Group Co., Ltd., Cl A	37,919,765	55,288,574
11,673,696	NARI Technology Co. Ltd., Cl A	37,134,407	37,172,946
1,551,003	Shanghai Henlius Biotech, Inc., Cl H, 144A[1]	9,122,412	2,209,318
1,143,793	Shenzhen Mindray Bio-Medical Electronics Co. Ltd., Cl A	34,407,657	47,332,324
4,053,766	Shenzhou International Group Holdings Ltd.	20,234,349	38,934,269
3,759,425	Tencent Holdings Limited	97,710,517	159,404,021
667,573	Tencent Holdings Limited, ADR	31,280,984	28,365,177
10,670,038	Venustech Group, Inc., Cl A	53,233,362	43,802,340
2,620,765	Wuliangye Yibin Co. Ltd., Cl A	72,435,643	59,164,843
826,938	Yum China Holdings, Inc.	41,825,040	46,721,997
529,493	Yum China Holdings, Inc. (Hong Kong)	27,996,433	29,998,356
5,293,721	Yunnan Baiyao Group Co. Ltd., Cl A	52,504,758	38,286,273
1,183,582	Zai Lab Limited, ADR[1]	25,994,739	32,820,729
Total China		1,363,385,180	1,415,075,835
France (0.72%)			
159,419	Pernod Ricard SA	33,906,188	35,227,562
Hong Kong (2.83%)			
4,299,320	AIA Group Ltd.	39,611,607	43,666,028
18,570,791	Budweiser Brewing Co. APAC Ltd., 144A	57,617,989	48,054,887
328,126	Hong Kong Exchanges & Clearing Ltd.	13,609,351	12,432,369
3,119,977	Techtronic Industries Co. Ltd.	12,188,713	34,118,829
Total Hong Kong		123,027,660	138,272,113

Shares		Cost	Value
Common Stocks (continued)			
India (21.90%)			
3,689,497	Aarti Industries Ltd.	$ 37,045,522	$ 22,693,675
994,638	Aarti Pharmalabs Ltd.[1]	5,806,905	4,497,536
1,249,323	Bajaj Finance Limited	40,085,627	109,423,179
6,132,189	Bharti Airtel Ltd.	44,519,771	65,778,039
852,504	Bharti Airtel Ltd. PP	1,522,900	5,054,125
661,249	Divi's Laboratories Ltd.	6,268,649	28,935,483
34,630,387	Edelweiss Financial Services Ltd.	27,567,706	21,084,263
4,781,793	Godrej Consumer Products Ltd.[1]	58,680,664	63,093,598
2,079,441	Godrej Properties Ltd.[1]	39,957,586	39,858,941
5,241,799	HDFC Bank Ltd.	88,451,349	108,782,019
1,032,920	Hindustan Unilever Ltd.	32,688,446	33,771,286
42,246,000	JM Financial Limited	58,578,992	37,923,687
3,874,571	Jubilant FoodWorks Ltd.	31,860,038	23,735,512
4,911,430	Max Financial Services Ltd.[1]	35,303,729	48,619,700
2,479,398	Max Healthcare Institute Ltd.[1]	17,280,302	18,142,209
2,888,197	Muthoot Finance Ltd.	43,151,944	43,718,663
10,080,340	Nippon Life India Asset Management Ltd., 144A	34,283,180	35,448,370
384,782	Nuvama Wealth Management Ltd.[1]	18,961,540	14,304,001
2,740,440	Reliance Industries Limited	50,760,081	85,422,478
3,906,762	SBI Life Insurance Company Limited, 144A	40,713,605	62,328,253
3,702,972	Tata Communications Ltd.	21,845,574	72,127,614
586,877	Tata Consultancy Services Ltd.	24,802,616	23,714,124
3,863,282	Tata Consumer Products Ltd.	21,822,259	40,619,627
1,109,945	Titan Co. Ltd.	19,623,205	41,328,228
924,242	Trent Ltd.	17,867,958	19,909,405
Total India		819,450,148	1,070,314,015
Indonesia (2.01%)			
235,745,971	Bank Rakyat Indonesia (Persero) Tbk PT	69,080,891	86,068,863
20,123,071	PT Bank Negara Indonesia (Persero) Tbk	11,991,599	12,346,525
Total Indonesia		81,072,490	98,415,388
Italy (0.44%)			
713,144	Tenaris SA	8,963,598	10,667,955
358,212	Tenaris SA, ADR	9,095,344	10,728,449
Total Italy		18,058,942	21,396,404
Japan (1.22%)			
125,717	Keyence Corporation	45,936,764	59,735,240
Korea, Republic of (11.44%)			
3,258,236	Coupang, Inc., Cl A[1]	43,009,146	56,693,307
551,137	HD Hyundai Heavy Industries Co. Ltd., (formerly, Hyundai Heavy Industries Co. Ltd.)[1]	28,880,541	55,388,992
1,316,292	HD Korea Shipbuilding & Offshore Engineering Co. Ltd., (formerly, Korea Shipbuilding & Offshore Engineering Co. Ltd.)[1]	129,937,364	117,011,759
897,527	Korea Aerospace Industries Ltd.	29,386,138	36,451,419
44,648	LG Chem Ltd.	25,579,890	22,728,589
4,178,321	Samsung Electronics Co., Ltd.	141,707,046	230,071,862
44,061	Samsung SDI Co. Ltd.	25,357,647	22,499,061
208,105	SK Hynix, Inc.	17,275,294	18,285,017
Total Korea, Republic of		441,133,066	559,130,006
Mexico (2.38%)			
10,441,233	Grupo Mexico S.A.B. de C.V., Series B	27,826,703	50,202,341
16,636,689	Wal-Mart de Mexico, S.A.B de C.V.	38,126,849	65,984,975
Total Mexico		65,953,552	116,187,316

Baron Emerging Markets Fund — PORTFOLIO OF INVESTMENTS (Continued)

June 30, 2023 (Unaudited)

Shares		Cost	Value
Common Stocks (continued)			
Peru (1.39%)			
458,095	Credicorp, Ltd.	$ 58,176,450	$ 67,633,146
Philippines (1.92%)			
60,685,765	Ayala Land, Inc.	44,301,723	26,846,262
26,749,261	BDO Unibank, Inc.	46,989,403	66,982,349
Total Philippines		91,291,126	93,828,611
Poland (1.26%)			
5,688,614	InPost SA[1]	84,700,148	61,736,604
Russia (0.02%)			
2,384,838	Fix Price Group Ltd., GDR[1,2]	20,761,023	238,484
4,746,202	Fix Price Group Ltd., GDR, 144A[1,2]	46,272,864	474,620
17,949,100	Sberbank of Russia PJSC[1,2]	64,430,586	11,612
Total Russia		131,464,473	724,716
South Africa (1.46%)			
978,398	Gold Fields Ltd.	10,149,743	13,602,060
2,326,709	Gold Fields Ltd., ADR	23,205,034	32,178,385
142,289	Naspers Ltd., Cl N	20,745,264	25,706,088
Total South Africa		54,100,041	71,486,533
Spain (0.17%)			
1,791,760	Codere Online Luxembourg, S.A. Forward Shares[1]	17,917,600	6,611,594
358,352	Codere Online Luxembourg, S.A. Founders Share[1]	3,116	1,322,319
26,518	Codere Online Luxembourg, S.A. Private Shares, Cl A[1]	265,181	97,852
Total Spain		18,185,897	8,031,765
Taiwan (7.89%)			
8,267,129	Delta Electronics, Inc.	35,186,835	91,619,022
2,914,078	Taiwan Semiconductor Manufacturing Co., Ltd., ADR	101,499,032	294,088,752
Total Taiwan		136,685,867	385,707,774
United Arab Emirates (0.27%)			
2,713,426	Network International Holdings plc, 144A[1]	15,171,762	13,219,045
TOTAL COMMON STOCKS		**3,874,548,356**	**4,531,674,610**
Private Common Stocks (1.34%)			
India (1.34%)			
27,027	Pine Labs PTE. Ltd., Series 1[1,2]	10,077,362	16,516,200
6,833	Pine Labs PTE. Ltd., Series A[1,2]	2,547,771	4,175,646
7,600	Pine Labs PTE. Ltd., Series B[1,2]	2,833,757	4,644,360
6,174	Pine Labs PTE. Ltd., Series B2[1,2]	2,302,055	3,772,932
9,573	Pine Labs PTE. Ltd., Series C[1,2]	3,569,416	5,850,060
1,932	Pine Labs PTE. Ltd., Series C1[1,2]	720,371	1,180,645
2,459	Pine Labs PTE. Ltd., Series D[1,2]	916,870	1,502,695
45,680	Pine Labs PTE. Ltd., Series J[1,2]	17,032,398	27,915,048
TOTAL PRIVATE COMMON STOCKS		**40,000,000**	**65,557,586**

Shares		Cost	Value
Private Convertible Preferred Stocks (2.05%)			
India (2.05%)			
11,578	Bundl Technologies Private Ltd., Series K[1,2]	$ 76,776,872	$ 61,257,905
15,334	Think & Learn Private Limited, Series F[1,2]	49,776,072	39,011,317
TOTAL PRIVATE CONVERTIBLE PREFERRED STOCKS		**126,552,944**	**100,269,222**
Warrants (0.00%)			
Spain (0.00%)			
	Casinos & Gaming (0.00%)		
13,259	Codere Online Luxembourg S.A. Private Shares, Exp 11/30/2026[1]	**0**	**1,459**

Principal Amount		Cost	Value
Short Term Investments (3.86%)			
$188,617,970	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/30/2023, 4.60% due 7/3/2023; Proceeds at maturity $188,690,274; (Fully Collateralized by $222,512,200 U.S. Treasury Note, 0.50% due 5/31/2027 Market value - $192,390,410)	**188,617,970**	**188,617,970**
TOTAL INVESTMENTS (99.99%)		**$4,229,719,270**	**4,886,120,847**
CASH AND OTHER ASSETS LESS LIABILITIES (0.01%)			**664,660**
NET ASSETS			**$4,886,785,507**
RETAIL SHARES (Equivalent to $13.79 per share based on 20,278,323 shares outstanding)			**$ 279,636,930**
INSTITUTIONAL SHARES (Equivalent to $13.90 per share based on 330,652,757 shares outstanding)			**$4,596,900,598**
R6 SHARES (Equivalent to $13.91 per share based on 736,798 shares outstanding)			**$ 10,247,979**

% Represents percentage of net assets.
1 Non-income producing securities.
2 At June 30, 2023, the market value of restricted and fair valued securities amounted to $180,855,525 or 3.70% 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 June 30, 2023, the market value of Rule 144A securities amounted to $161,734,493 or 3.31% of net assets.

Baron Emerging Markets Fund — PORTFOLIO OF INVESTMENTS (Continued)

June 30, 2023 (Unaudited)

Summary of Investments by Sector as of June 30, 2023	Percentage of Net Assets
Financials	20.4%
Information Technology	17.8%
Consumer Discretionary	15.6%
Industrials	12.3%
Communication Services	9.7%
Consumer Staples	8.3%
Materials	4.8%
Health Care	3.8%
Energy	2.2%
Real Estate	1.4%
Cash and Cash Equivalents*	3.9%
	100.0%**

* Includes short term investments.
** Individual weights may not sum to 100% due to rounding.

Baron Global Advantage Fund — PORTFOLIO OF INVESTMENTS

June 30, 2023 (Unaudited)

Shares		Cost	Value
Common Stocks (89.71%)			
Argentina (8.77%)			
73,496	Globant S.A.[1]	$ 5,218,035	$ 13,208,701
47,895	MercadoLibre, Inc.[1]	33,191,391	56,736,417
Total Argentina		38,409,426	69,945,118
Brazil (1.61%)			
912,879	Afya Ltd., Cl A[1]	18,285,338	12,816,821
Canada (5.89%)			
727,369	Shopify, Inc., Cl A[1]	27,502,905	46,988,038
China (1.46%)			
743,665	Meituan Inc., Cl B, 144A[1]	8,262,512	11,661,349
India (5.49%)			
422,391	Bajaj Finance Limited	25,863,235	36,995,529
7,379,067	Zomato Ltd.[1]	12,454,605	6,770,482
Total India		38,317,840	43,766,011
Israel (1.82%)			
282,931	Fiverr International Ltd.[1]	6,316,691	7,359,035
91,202	Wix.com Ltd.[1]	7,368,160	7,135,645
Total Israel		13,684,851	14,494,680
Korea, Republic of (3.83%)			
1,756,384	Coupang, Inc., Cl A[1]	36,302,935	30,561,082
Netherlands (9.74%)			
16,186	Adyen N.V., 144A[1]	16,437,273	28,028,777
61,064	argenx SE, ADR[1]	4,426,408	23,798,473
35,681	ASML Holding N.V.	7,613,964	25,880,455
Total Netherlands		28,477,645	77,707,705
Poland (2.05%)			
1,510,882	InPost SA[1]	22,672,231	16,397,091
Spain (0.75%)			
954,019	Codere Online Luxembourg S.A.[1]	8,730,256	3,520,330
561,604	Codere Online Luxembourg, S.A. Forward Shares[1]	5,616,040	2,072,319
104,612	Codere Online Luxembourg, S.A. Founders Share[1]	910	386,018
Total Spain		14,347,206	5,978,667
United Kingdom (4.27%)			
658,236	Endava plc, ADR[1]	27,092,154	34,090,043
United States (44.03%)			
141,583	Bill.Com Holdings, Inc.[1]	6,149,064	16,543,974
204,952	Block, Inc.[1]	16,736,676	13,643,655
371,841	Cloudflare, Inc., Cl A[1]	9,123,087	24,307,246
239,770	Crowdstrike Holdings, Inc., Cl A[1]	20,755,016	35,215,020
282,292	Datadog, Inc., Cl A[1]	17,704,116	27,771,887
50,359	EPAM Systems, Inc.[1]	6,715,095	11,318,185

Shares		Cost	Value
Common Stocks (continued)			
United States (continued)			
78,459	Illumina, Inc.[1]	$ 23,570,455	$ 14,710,278
146,664	NVIDIA Corp.	31,174,401	62,041,805
660,574	Rivian Automotive, Inc., Cl A[1]	14,000,003	11,005,163
311,753	Schrödinger, Inc.[1]	8,167,978	15,562,710
239,827	Snowflake, Inc., Cl A[1]	38,234,408	42,204,755
129,415	Tesla, Inc.[1]	36,323,325	33,876,964
61,399	Veeva Systems, Inc., Cl A[1]	6,044,262	12,140,424
636,497	ZoomInfo Technologies, Inc.[1]	18,223,378	16,160,659
100,486	Zscaler, Inc.[1]	5,331,998	14,701,102
Total United States		258,253,262	351,203,827
TOTAL COMMON STOCKS		**531,608,305**	**715,610,432**
Private Common Stocks (3.32%)			
United States (3.32%)			
252,130	Space Exploration Technologies Corp., Cl A[1,2]	11,571,518	20,384,710
75,250	Space Exploration Technologies Corp., Cl C[1,2]	3,428,124	6,083,963
TOTAL PRIVATE COMMON STOCKS		**14,999,642**	**26,468,673**
Private Convertible Preferred Stocks (5.23%)			
India (2.93%)			
9,201	Think & Learn Private Limited, Series F[1,2]	29,867,591	23,408,316
United States (2.30%)			
219,321	Farmers Business Network, Inc., Series F[1,2]	7,250,006	8,413,154
80,440	Farmers Business Network, Inc., Series G[1,2]	5,000,000	5,343,629
69,926	Resident Home, Inc., Series B1[1,2]	4,999,968	4,567,566
Total United States		17,249,974	18,324,349
TOTAL PRIVATE CONVERTIBLE PREFERRED STOCKS		**47,117,565**	**41,732,665**
Private Preferred Stocks (1.34%)			
United States (1.34%)			
461,004	GM Cruise Holdings, Cl G[1,2]	**12,147,455**	**10,727,563**
Warrants (0.02%)			
Israel (0.01%)			
68,986	Innovid Corp., Exp 12/31/2027[1]	117,942	6,899
228,748	Taboola.com Ltd., Exp 6/29/2026[1]	417,100	91,293
Total Israel		535,042	98,192
Spain (0.01%)			
502,360	Codere Online Luxembourg S.A. Private Shares, Exp 11/30/2026[1]	845,632	55,260
Total Spain		845,632	55,260
TOTAL WARRANTS		**1,380,674**	**153,452**

Baron Global Advantage Fund — PORTFOLIO OF INVESTMENTS (Continued)

June 30, 2023 (Unaudited)

Principal Amount		Cost	Value
Short Term Investments (0.11%)			
$897,837	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/30/2023, 4.60% due 7/3/2023; Proceeds at maturity $898,181; (Fully Collateralized by $1,059,200 U.S. Treasury Note, 0.50% due 5/31/2027 Market value - $915,815)	$ 897,837	$ 897,837
TOTAL INVESTMENTS (99.73%)		$608,151,478	795,590,622
CASH AND OTHER ASSETS LESS LIABILITIES (0.27%)			2,123,672
NET ASSETS			$797,714,294
RETAIL SHARES (Equivalent to $28.50 per share based on 7,967,998 shares outstanding)			$227,094,457
INSTITUTIONAL SHARES (Equivalent to $29.20 per share based on 19,186,937 shares outstanding)			$560,318,762
R6 SHARES (Equivalent to $29.22 per share based on 352,534 shares outstanding)			$ 10,301,075

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] At June 30, 2023, the market value of restricted and fair valued securities amounted to $78,928,901 or 9.89% 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 June 30, 2023, the market value of Rule 144A securities amounted to $39,690,126 or 4.98% of net assets.

Summary of Investments by Sector as of June 30, 2023	Percentage of Net Assets
Information Technology	45.3%
Consumer Discretionary	24.8%
Financials	9.9%
Health Care	8.3%
Industrials	7.6%
Communication Services	2.0%
Materials	1.7%
Cash and Cash Equivalents*	0.4%
	100.0%**

* Includes short term investments.
** Individual weights may not sum to 100% due to rounding.

Baron Discovery Fund — PORTFOLIO OF INVESTMENTS

June 30, 2023 (Unaudited)

Shares		Cost	Value
Common Stocks (96.66%)			
Communication Services (1.44%)			
	Advertising (0.51%)		
4,250,000	S4 Capital PLC (United Kingdom)[1,2]	$ 15,642,611	$ 6,810,141
	Movies & Entertainment (0.93%)		
185,000	Liberty Media Corporation-Liberty Formula One, Cl A[1]	5,634,811	12,509,700
Total Communication Services		21,277,422	19,319,841
Consumer Discretionary (14.71%)			
	Casinos & Gaming (7.13%)		
735,000	Boyd Gaming Corporation	46,928,841	50,986,950
1,035,000	DraftKings, Inc., Cl A[1]	18,755,879	27,499,950
375,000	Red Rock Resorts, Inc., Cl A	13,003,045	17,542,500
		78,687,765	96,029,400
	Footwear (0.92%)		
375,000	On Holding AG, Cl A[1,2]	8,536,764	12,375,000
	Home Improvement Retail (2.90%)		
375,000	Floor & Decor Holdings, Inc., Cl A[1]	13,247,953	38,985,000
	Homefurnishing Retail (1.22%)		
50,000	RH[1]	12,558,411	16,479,500
	Restaurants (2.04%)		
195,600	The Cheesecake Factory, Inc.	4,039,193	6,763,848
185,000	Texas Roadhouse, Inc.	15,924,197	20,771,800
		19,963,390	27,535,648
	Specialized Consumer Services (0.50%)		
363,100	European Wax Center, Inc., Cl A[1]	6,832,929	6,764,553
Total Consumer Discretionary		139,827,212	198,169,101
Consumer Staples (0.75%)			
	Personal Care Products (0.75%)		
1,200,000	The Beauty Health Co.[1]	12,467,467	10,044,000
Financials (5.00%)			
	Property & Casualty Insurance (5.00%)		
180,000	Kinsale Capital Group, Inc.	8,481,457	67,356,000
Health Care (15.46%)			
	Health Care Equipment (5.68%)		
637,982	Axonics, Inc.[1]	28,878,670	32,198,952
359,823	Inari Medical, Inc.[1]	17,919,524	20,920,109
721,208	Silk Road Medical, Inc.[1]	30,074,432	23,432,048
		76,872,626	76,551,109
	Health Care Supplies (1.15%)		
750,016	Cerus Corp.[1]	2,616,138	1,845,039
199,000	Establishment Labs Holdings, Inc.[1,2]	14,245,456	13,653,390
		16,861,594	15,498,429
	Health Care Technology (3.14%)		
700,591	Certara, Inc.[1]	14,628,630	12,757,762
2,684,590	Definitive Healthcare Corp.[1]	48,189,355	29,530,490
		62,817,985	42,288,252
	Life Sciences Tools & Services (3.88%)		
327,176	Abcam PLC, ADR[1,2,3]	5,167,374	8,005,997
514,595	Maravai LifeSciences Holdings, Inc., Cl A[1]	7,455,504	6,396,416
90,000	Repligen Corp.[1]	14,679,060	12,731,400
322,750	Stevanato Group SpA[2]	8,934,812	10,450,645
573,790	Veracyte, Inc.[1,3]	14,716,344	14,614,431
		50,953,094	52,198,889

Shares		Cost	Value
Common Stocks (continued)			
Health Care (continued)			
	Pharmaceuticals (1.61%)		
859,432	Revance Therapeutics, Inc.[1]	$ 16,520,729	$ 21,752,224
Total Health Care		224,026,028	208,288,903
Industrials (22.13%)			
	Aerospace & Defense (6.00%)		
166,095	Axon Enterprise, Inc.[1]	18,709,889	32,408,456
2,146,749	Kratos Defense & Security Solutions, Inc.[1]	31,843,873	30,784,381
510,795	Mercury Systems, Inc.[1]	19,700,861	17,668,399
		70,254,623	80,861,236
	Building Products (1.63%)		
335,000	Trex Co., Inc.[1]	14,569,819	21,962,600
	Diversified Support Services (1.54%)		
1,200,000	ACV Auctions, Inc., Cl A[1]	31,541,757	20,724,000
	Environmental & Facilities Services (2.42%)		
774,642	Montrose Environmental Group, Inc.[1]	16,672,227	32,627,921
	Human Resource & Employment Services (3.80%)		
326,131	ASGN, Inc.[1]	31,749,731	24,665,287
395,000	Ceridian HCM Holding, Inc.[1]	21,822,194	26,453,150
		53,571,925	51,118,437
	Industrial Machinery & Supplies & Components (3.88%)		
225,000	Chart Industries, Inc.[1]	30,390,512	35,952,750
75,000	RBC Bearings, Inc.[1]	15,747,212	16,310,250
		46,137,724	52,263,000
	Trading Companies & Distributors (2.86%)		
230,000	SiteOne Landscape Supply, Inc.[1]	16,419,324	38,492,800
Total Industrials		249,167,399	298,049,994
Information Technology (34.65%)			
	Application Software (9.03%)		
700,000	Alkami Technology, Inc.[1]	16,087,729	11,473,000
1,500,000	Clearwater Analytics Holdings, Inc., Cl A[1]	27,680,932	23,805,000
892,889	Gitlab, Inc., Cl A[1,3]	37,766,691	45,635,557
235,357	Guidewire Software, Inc.[1]	18,259,547	17,905,960
2,000,000	SmartRent, Inc.[1,3]	5,193,040	7,660,000
395,000	Smartsheet, Inc., Cl A[1]	13,837,158	15,112,700
		118,825,097	121,592,217
	Electronic Equipment & Instruments (6.34%)		
425,321	Advanced Energy Industries, Inc.	30,735,779	47,402,026
54,131	Novanta, Inc.[1,2]	5,885,852	9,965,517
850,000	PAR Technology Corp.[1]	25,861,494	27,990,500
		62,483,125	85,358,043
	IT Consulting & Other Services (1.34%)		
350,000	Endava plc, ADR[1,2]	9,887,055	18,126,500
	Semiconductor Materials & Equipment (2.54%)		
490,800	Ichor Holdings Ltd.[1,2]	11,435,027	18,405,000
135,000	Nova Ltd.[1,2]	3,115,172	15,835,500
		14,550,199	34,240,500

Baron Discovery Fund — PORTFOLIO OF INVESTMENTS (Continued)

June 30, 2023 (Unaudited)

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (continued)			
	Semiconductors (7.09%)		
335,000	Allegro MicroSystems, Inc.[1]	$ 4,690,000	$ 15,121,900
2,910,000	indie Semiconductor, Inc., Cl A[1]	27,712,225	27,354,000
2,750,000	Navitas Semiconductor Corp.[1]	24,385,564	28,985,000
204,000	SiTime Corp.[1]	23,354,907	24,065,880
		80,142,696	95,526,780
	Systems Software (8.31%)		
1,594,900	Couchbase, Inc.[1,3]	35,483,397	25,231,318
190,200	CyberArk Software Ltd.[1,2]	24,587,553	29,733,966
430,775	Dynatrace, Inc.[1,3]	10,425,483	22,171,989
112,100	Qualys, Inc.[1]	6,566,711	14,479,957
761,000	Varonis Systems, Inc.[1]	19,904,795	20,280,650
		96,967,939	111,897,880
Total Information Technology		382,856,111	466,741,920
Real Estate (2.52%)			
	Industrial REITs (2.52%)		
650,000	Rexford Industrial Realty, Inc.	31,657,136	33,943,000
TOTAL COMMON STOCKS		**1,069,760,232**	**1,301,912,759**

Principal Amount			
Short Term Investments (3.64%)			
$49,024,874	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/30/2023, 4.60% due 7/3/2023; Proceeds at maturity $49,043,666; (Fully Collateralized by $52,683,400 U.S. Treasury Note, 2.75% due 4/30/2027 Market value - $50,005,387)	**49,024,874**	**49,024,874**
TOTAL INVESTMENTS (100.30%)		**$1,118,785,106**	**1,350,937,633**
LIABILITIES LESS CASH AND OTHER ASSETS (-0.30%)			**(4,034,947)**
NET ASSETS			**$1,346,902,686**
RETAIL SHARES (Equivalent to $25.66 per share based on 5,730,843 shares outstanding)			**$ 147,065,714**
INSTITUTIONAL SHARES (Equivalent to $26.32 per share based on 43,715,198 shares outstanding)			**$1,150,484,667**
R6 SHARES (Equivalent to $26.32 per share based on 1,875,073 shares outstanding)			**$ 49,352,305**

% 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.
[ADR] American Depositary Receipt.

Baron Durable Advantage Fund — PORTFOLIO OF INVESTMENTS

June 30, 2023 (Unaudited)

Shares		Cost	Value
Common Stocks (98.65%)			
Communication Services (12.47%)			
	Interactive Media & Services (12.47%)		
26,831	Alphabet, Inc., Cl C[1]	$ 2,471,694	$ 3,245,746
24,049	Meta Platforms, Inc., Cl A[1]	3,585,577	6,901,582
Total Communication Services		6,057,271	10,147,328
Consumer Discretionary (8.13%)			
	Broadline Retail (8.13%)		
50,757	Amazon.com, Inc.[1]	5,755,691	6,616,682
Consumer Staples (3.03%)			
	Consumer Staples Merchandise Retail (2.48%)		
3,751	Costco Wholesale Corp.	1,576,240	2,019,463
	Personal Care Products (0.55%)		
2,280	The Estée Lauder Companies, Inc., Cl A	570,117	447,747
Total Consumer Staples		2,146,357	2,467,210
Financials (30.12%)			
	Asset Management & Custody Banks (4.96%)		
16,303	Blackstone, Inc.	1,515,329	1,515,690
74,891	Brookfield Corp.[2]	2,739,139	2,520,082
		4,254,468	4,035,772
	Financial Exchanges & Data (11.64%)		
10,427	CME Group, Inc.	1,952,737	1,932,019
5,799	Moody's Corp.	1,553,519	2,016,428
4,457	MSCI, Inc.	2,057,913	2,091,625
8,555	S&P Global, Inc.	2,696,843	3,429,614
		8,261,012	9,469,686
	Investment Banking & Brokerage (2.06%)		
7,714	LPL Financial Holdings, Inc.	1,564,040	1,677,255
	Property & Casualty Insurance (4.37%)		
47,475	Arch Capital Group Ltd.[1,2]	2,169,895	3,553,504
	Transaction & Payment Processing Services (7.09%)		
6,402	MasterCard, Incorporated, Cl A	2,052,788	2,517,907
13,692	Visa, Inc., Cl A	2,990,263	3,251,576
		5,043,051	5,769,483
Total Financials		21,292,466	24,505,700
Health Care (11.33%)			
	Life Sciences Tools & Services (7.50%)		
6,732	Agilent Technologies, Inc.	808,624	809,523
8,483	Danaher Corp.	1,856,746	2,035,920
767	Mettler-Toledo International, Inc.[1]	906,014	1,006,028
4,310	Thermo Fisher Scientific, Inc.	2,068,958	2,248,742
		5,640,342	6,100,213
	Managed Health Care (3.83%)		
6,484	UnitedHealth Group, Incorporated	2,669,042	3,116,470
Total Health Care		8,309,384	9,216,683
Industrials (2.70%)			
	Aerospace & Defense (2.70%)		
15,647	HEICO Corp., Cl A	1,853,079	2,199,968

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (30.87%)			
	Application Software (5.70%)		
4,374	Adobe, Inc.[1]	$ 1,562,599	$ 2,138,843
5,459	Intuit, Inc.	2,330,148	2,501,259
		3,892,747	4,640,102
	Electronic Manufacturing Services (1.15%)		
6,675	TE Connectivity Ltd.[2]	831,183	935,568
	IT Consulting & Other Services (3.69%)		
9,723	Accenture plc, Cl A[2]	2,702,853	3,000,323
	Semiconductors (12.20%)		
5,118	Monolithic Power Systems, Inc.	1,994,020	2,764,897
8,633	NVIDIA Corp.	1,317,360	3,651,932
19,728	Taiwan Semiconductor Manufacturing Co., Ltd., ADR[2]	1,818,223	1,990,950
8,432	Texas Instruments, Inc.	1,446,702	1,517,928
		6,576,305	9,925,707
	Systems Software (8.13%)		
19,420	Microsoft Corporation	4,415,942	6,613,287
Total Information Technology		18,419,030	25,114,987
TOTAL COMMON STOCKS		**63,833,278**	**80,268,558**

Principal Amount			
Short Term Investments (5.15%)			
$4,187,538	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/30/2023, 4.60% due 7/3/2023; Proceeds at maturity $4,189,143; (Fully Collateralized by $4,940,100 U.S. Treasury Note, 0.50% due 5/31/2027 Market value - $4,271,352)	**4,187,538**	**4,187,538**
TOTAL INVESTMENTS (103.80%)		**$68,020,816**	**84,456,096**
LIABILITIES LESS CASH AND OTHER ASSETS (-3.80%)			**(3,094,071)**
NET ASSETS			**$81,362,025**
RETAIL SHARES (Equivalent to $19.68 per share based on 599,902 shares outstanding)			**$11,803,486**
INSTITUTIONAL SHARES (Equivalent to $19.93 per share based on 3,240,383 shares outstanding)			**$64,589,972**
R6 SHARES (Equivalent to $19.93 per share based on 249,249 shares outstanding)			**$ 4,968,567**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
[ADR] American Depositary Receipt.

Baron Real Estate Income Fund — PORTFOLIO OF INVESTMENTS

June 30, 2023 (Unaudited)

Shares		Cost	Value
Common Stocks (95.16%)			
Consumer Discretionary (5.70%)			
	Homebuilding (3.54%)		
55,165	Toll Brothers, Inc.	$ 3,448,191	$ 4,361,897
	Hotels, Resorts & Cruise Lines (2.16%)		
66,077	Travel & Leisure Co.	2,613,212	2,665,546
Total Consumer Discretionary		6,061,403	7,027,443
Financials (4.95%)			
	Asset Management & Custody Banks (4.95%)		
136,562	Brookfield Corp.	4,533,776	4,595,311
46,081	Brookfield Asset Management Ltd., Cl A	1,428,368	1,503,623
Total Financials		5,962,144	6,098,934
Real Estate (81.02%)			
	Data Center REITs (15.12%)		
66,934	Digital Realty Trust, Inc.	7,111,279	7,621,775
14,046	Equinix, Inc.	9,660,095	11,011,221
		16,771,374	18,632,996
	Health Care REITs (9.95%)		
90,809	Ventas, Inc.	4,313,617	4,292,541
98,555	Welltower, Inc.	7,293,586	7,972,114
		11,607,203	12,264,655
	Industrial REITs (21.77%)		
81,835	Americold Realty Trust	2,552,704	2,643,270
21,206	EastGroup Properties, Inc.	3,165,070	3,681,362
46,566	First Industrial Realty Trust, Inc.	2,465,348	2,451,234
99,788	Prologis, Inc.	11,146,551	12,237,002
90,648	Rexford Industrial Realty, Inc.	4,799,362	4,733,639
18,055	Terreno Realty Corp.	1,013,567	1,085,106
		25,142,602	26,831,613
	Multi-Family Residential REITs (8.46%)		
32,375	AvalonBay Communities, Inc.	5,915,572	6,127,616
65,200	Equity Residential	4,176,778	4,301,244
		10,092,350	10,428,860
	Office REITs (1.73%)		
18,743	Alexandria Real Estate Equities, Inc.	2,111,525	2,127,143
	Other Specialized REITs (1.83%)		
71,829	VICI Properties, Inc.	2,345,314	2,257,585
	Retail REITs (1.54%)		
85,725	Tanger Factory Outlet Centers, Inc.	1,777,722	1,891,951
	Self Storage REITs (8.19%)		
67,903	CubeSmart	2,929,891	3,032,548
22,643	Extra Space Storage, Inc.	3,610,399	3,370,411
12,641	Public Storage	3,435,848	3,689,655
		9,976,138	10,092,614
	Single-Family Residential REITs (9.95%)		
155,460	American Homes 4 Rent, Cl A	5,193,770	5,511,057
196,354	Invitation Homes, Inc.	6,358,835	6,754,578
		11,552,605	12,265,635
	Telecom Tower REITs (2.48%)		
15,786	American Tower Corp.	3,070,148	3,061,537
Total Real Estate		94,446,981	99,854,589
Common Stocks (continued)			
Utilities (3.49%)			
	Multi-Utilities (1.00%)		
26,916	Brookfield Infrastructure Corp., Cl A[2]	$ 1,071,980	$ 1,226,831
	Renewable Electricity (2.49%)		
97,469	Brookfield Renewable Corp., Cl A	3,007,316	3,072,223
Total Utilities		4,079,296	4,299,054
TOTAL COMMON STOCKS		**110,549,824**	**117,280,020**
Principal Amount			
Short Term Investments (27.89%)			
$34,376,419	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/30/2023, 4.60% due 7/3/2023; Proceeds at maturity $34,389,597; (Fully Collateralized by $36,941,800 U.S. Treasury Note, 2.75% due 4/30/2027 Market value - $35,063,967)	**34,376,419**	**34,376,419**
TOTAL INVESTMENTS (123.05%)		**$144,926,243**	**151,656,439**
LIABILITIES LESS CASH AND OTHER ASSETS (-23.05%)			**(28,412,038)**
NET ASSETS			**$123,244,401**
RETAIL SHARES (Equivalent to $13.55 per share based on 1,053,177 shares outstanding)			**$ 14,273,916**
INSTITUTIONAL SHARES (Equivalent to $13.72 per share based on 7,893,050 shares outstanding)			**$108,271,683**
R6 SHARES (Equivalent to $13.70 per share based on 50,989 shares outstanding)			**$ 698,802**

% Represents percentage of net assets.
1 Foreign corporation.
2 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 OF INVESTMENTS

June 30, 2023 (Unaudited)

Shares		Cost	Value
Affiliated Mutual Funds (100.00%)			
Small Cap Funds (32.10%)			
913,221	Baron Discovery Fund - Institutional Shares	$ 23,414,202	$ 24,035,965
767,730	Baron Growth Fund - Institutional Shares	73,590,894	76,128,137
2,120,965	Baron Small Cap Fund - Institutional Shares	71,485,387	65,452,980
Total Small Cap Funds		168,490,483	165,617,082
Small to Mid Cap Funds (6.41%)			
902,323	Baron Focused Growth Fund - Institutional Shares	29,949,543	33,070,126
Mid Cap Funds (12.68%)			
653,426	Baron Asset Fund - Institutional Shares	63,623,318	65,407,905
Large Cap Funds (6.97%)			
704,127	Baron Durable Advantage Fund - Institutional Shares	11,085,260	14,033,258
573,579	Baron Fifth Avenue Growth Fund - Institutional Shares	20,727,357	21,904,971
Total Large Cap Funds		31,812,617	35,938,229
All Cap Funds (19.12%)			
645,217	Baron Opportunity Fund - Institutional Shares	16,417,056	22,176,092
462,713	Baron Partners Fund - Institutional Shares	42,282,802	76,435,535
Total All Cap Funds		58,699,858	98,611,627
International Funds (9.38%)			
1,042,343	Baron Emerging Markets Fund - Institutional Shares	15,187,220	14,488,568
612,756	Baron Global Advantage Fund - Institutional Shares	16,589,588	17,892,463
614,513	Baron International Growth Fund - Institutional Shares	16,873,006	16,020,348
Total International Funds		48,649,814	48,401,379
Sector Funds (13.34%)			
1,002,542	Baron FinTech Fund - Institutional Shares	14,007,985	12,361,348
792,480	Baron Health Care Fund - Institutional Shares	14,085,840	14,922,393
922,098	Baron Real Estate Fund - Institutional Shares	31,357,046	30,466,118
806,610	Baron Real Estate Income Fund - Institutional Shares	12,874,126	11,066,694
Total Sector Funds		72,324,997	68,816,553
TOTAL AFFILIATED INVESTMENTS (100.00%)		$473,550,630	515,862,901
CASH AND OTHER ASSETS LESS LIABILITIES (0.00%)			9,192
NET ASSETS			$515,872,093
RETAIL SHARES (Equivalent to $16.62 per share based on 5,474,005 shares outstanding)			$ 91,000,691
TA SHARES (Equivalent to $16.84 per share based on 2,753,945 shares outstanding)			$ 46,383,059
INSTITUTIONAL SHARES (Equivalent to $16.85 per share based on 22,460,341 shares outstanding)			$378,488,343

% Represents percentage of net assets.

Baron Health Care Fund — PORTFOLIO OF INVESTMENTS

June 30, 2023 (Unaudited)

Shares		Cost	Value
Common Stocks (93.15%)			
Health Care (93.15%)			
	Biotechnology (14.53%)		
40,000	Arcellx, Inc.[1]	$ 1,522,305	$ 1,264,800
11,178	argenx SE, ADR[1,2]	2,365,060	4,356,402
40,000	Cytokinetics, Incorporated[1]	1,522,196	1,304,800
25,000	Genmab A/S, ADR[1,2]	865,084	950,250
30,000	Inhibrx, Inc.[1]	783,883	778,800
65,700	Legend Biotech Corp., ADR[1,2]	3,717,054	4,535,271
8,600	Moderna, Inc.[1]	1,112,898	1,044,900
226,000	Rocket Pharmaceuticals, Inc.[1]	4,211,043	4,490,620
23,000	Vertex Pharmaceuticals, Incorporated[1]	5,946,486	8,093,930
100,100	Xenon Pharmaceuticals, Inc.[1,2]	3,651,406	3,853,850
		25,697,415	30,673,623
	Health Care Distributors (1.98%)		
9,800	McKesson Corp.	2,206,216	4,187,638
	Health Care Equipment (19.00%)		
24,362	Abbott Laboratories	2,641,070	2,655,945
78,000	Boston Scientific Corp.[1]	4,094,960	4,219,020
60,624	DexCom, Inc.[1]	6,303,652	7,790,790
6,995	IDEXX Laboratories, Inc.[1]	2,933,296	3,513,099
19,736	Inspire Medical Systems, Inc.[1]	3,262,019	6,407,095
9,565	Insulet Corp.[1]	2,270,026	2,757,972
30,233	Intuitive Surgical, Inc.[1]	7,267,519	10,337,872
1,387,480	Opsens, Inc. (Canada)[1,2]	2,019,084	1,707,185
2,500	Shockwave Medical, Inc.[1]	114,375	713,525
		30,906,001	40,102,503
	Health Care Facilities (2.63%)		
18,300	HCA Healthcare, Inc.	4,144,546	5,553,684
	Health Care Supplies (4.20%)		
128,000	Neogen Corp.[1]	2,420,635	2,784,000
15,850	The Cooper Companies, Inc.	5,478,798	6,077,365
		7,899,433	8,861,365
	Health Care Technology (2.17%)		
15,000	Schrödinger, Inc.[1]	312,233	748,800
19,350	Veeva Systems, Inc., Cl A[1]	3,746,902	3,826,075
		4,059,135	4,574,875
	Life Sciences Tools & Services (18.71%)		
49,000	Bio-Techne Corporation	3,919,444	3,999,870
8,200	Danaher Corp.	2,190,367	1,968,000
59,000	Exact Sciences Corp.[1,3]	4,277,531	5,540,100
18,200	ICON plc[1,2]	3,689,560	4,553,640
5,700	Illumina, Inc.[1]	1,111,800	1,068,693
3,610	Mettler-Toledo International, Inc.[1]	4,090,788	4,735,020
9,000	Repligen Corp.[1]	1,491,499	1,273,140
81,631	Stevanato Group SpA[2]	1,923,580	2,643,212
17,749	Thermo Fisher Scientific, Inc.	8,573,805	9,260,541
11,650	West Pharmaceutical Services, Inc.	3,438,733	4,455,775
		34,707,107	39,497,991

Shares		Cost	Value
Common Stocks (continued)			
Health Care (continued)			
	Managed Health Care (12.50%)		
9,400	Elevance Health, Inc.	$ 4,193,554	$ 4,176,326
9,250	Humana, Inc.	3,985,880	4,135,953
37,572	UnitedHealth Group, Incorporated	13,933,454	18,058,606
		22,112,888	26,370,885
	Pharmaceuticals (17.43%)		
70,000	AstraZeneca PLC, ADR[2]	4,241,934	5,009,900
34,592	Eli Lilly & Co.	8,224,141	16,222,956
87,400	Merck & Co., Inc.	8,188,605	10,085,086
31,700	Zoetis, Inc.	4,884,224	5,459,057
		25,538,904	36,776,999
TOTAL COMMON STOCKS		**157,271,645**	**196,599,563**

Principal Amount		Cost	Value
Short Term Investments (7.00%)			
$14,773,131	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/30/2023, 4.60% due 7/3/2023; Proceeds at maturity $14,778,794; (Fully Collateralized by $15,875,600 U.S. Treasury Note, 2.75% due 4/30/2027 Market value - $15,068,608)	**14,773,131**	**14,773,131**
TOTAL INVESTMENTS (100.15%)		**$172,044,776**	**211,372,694**
LIABILITIES LESS CASH AND OTHER ASSETS (-0.15%)			**(324,025)**
NET ASSETS			**$211,048,669**
RETAIL SHARES (Equivalent to $18.59 per share based on 2,814,146 shares outstanding)			**$ 52,308,388**
INSTITUTIONAL SHARES (Equivalent to $18.83 per share based on 8,118,596 shares outstanding)			**$152,908,705**
R6 SHARES (Equivalent to $18.83 per share based on 309,733 shares outstanding)			**$ 5,831,576**

% 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 OF INVESTMENTS

June 30, 2023 (Unaudited)

Shares		Cost	Value
Common Stocks (97.96%)			
Consumer Discretionary (3.17%)			
	Broadline Retail (3.17%)		
1,400	MercadoLibre, Inc.[1]	$ 2,084,586	$ 1,658,440
Financials (64.70%)			
	Asset Management & Custody Banks (2.77%)		
2,100	BlackRock, Inc.	1,722,341	1,451,394
	Diversified Banks (1.51%)		
100,000	NU Holdings Ltd.[1,2]	777,243	789,000
	Diversified Financial Services (3.16%)		
21,500	Apollo Global Management, Inc.	1,561,647	1,651,415
	Financial Exchanges & Data (18.96%)		
5,600	CME Group, Inc.	1,170,111	1,037,624
3,700	FactSet Research Systems, Inc.	1,549,393	1,482,405
1,500	MarketAxess Holdings, Inc.	634,150	392,130
4,300	Moody's Corp.	1,526,122	1,495,196
3,500	MSCI, Inc.	1,590,336	1,642,515
6,500	S&P Global, Inc.	2,561,753	2,605,785
18,400	Tradeweb Markets, Inc., Cl A	1,527,602	1,260,032
		10,559,467	9,915,687
	Insurance Brokers (0.57%)		
12,000	BRP Group, Inc., Cl A[1]	354,028	297,360
	Investment Banking & Brokerage (8.39%)		
11,000	Houlihan Lokey, Inc.	843,251	1,081,410
10,000	Interactive Brokers Group, Inc., Cl A	796,800	830,700
8,000	LPL Financial Holdings, Inc.	1,382,247	1,739,440
13,000	The Charles Schwab Corp.	972,540	736,840
		3,994,838	4,388,390
	Property & Casualty Insurance (5.02%)		
2,600	Kinsale Capital Group, Inc.	458,703	972,920
12,500	The Progressive Corp.	1,526,406	1,654,625
		1,985,109	2,627,545
	Transaction & Payment Processing Services (24.32%)		
600	Adyen N.V., 144A (Netherlands)[1,2]	1,306,285	1,039,001
14,000	Block, Inc.[1]	2,535,138	931,980
13,300	Fiserv, Inc.[1]	1,422,963	1,677,795
8,700	Global Payments, Inc.	1,121,903	857,124
5,700	Jack Henry & Associates, Inc.	948,461	953,781
6,700	MasterCard, Incorporated, Cl A	2,318,807	2,635,110
14,000	Paymentus Holdings, Inc., Cl A[1]	325,901	147,840
14,000	Repay Holdings Corporation[1]	275,620	109,620
11,300	Visa, Inc., Cl A	2,405,621	2,683,524
3,300	WEX, Inc.[1]	656,987	600,831
130,000	Wise PLC, Cl A (United Kingdom)[1,2]	1,518,203	1,086,615
		14,835,889	12,723,221
Total Financials		35,790,562	33,844,012
Industrials (6.27%)			
	Research & Consulting Services (6.27%)		
3,800	Equifax, Inc.	822,593	894,140
12,000	TransUnion	1,163,025	939,960
6,400	Verisk Analytics, Inc.	1,229,237	1,446,592
Total Industrials		3,214,855	3,280,692
Common Stocks (continued)			
Information Technology (22.12%)			
	Application Software (12.63%)		
12,000	Alkami Technology, Inc.[1]	$ 304,549	$ 196,680
4,400	Bill.Com Holdings, Inc.[1]	529,611	514,140
20,000	Clearwater Analytics Holdings, Inc., Cl A[1]	484,321	317,400
12,000	Expensify, Inc., Cl A[1]	347,818	95,760
2,300	Fair Isaac Corp.[1]	1,088,254	1,861,183
12,500	Guidewire Software, Inc.[1]	1,403,950	951,000
5,300	Intuit, Inc.	2,061,712	2,428,407
8,000	nCino, Inc.[1]	580,526	240,960
		6,800,741	6,605,530
	Internet Services & Infrastructure (1.48%)		
12,000	Shopify, Inc., Cl A[1,2]	1,697,734	775,200
	IT Consulting & Other Services (8.01%)		
6,000	Accenture plc, Cl A[2]	1,727,112	1,851,480
35,000	CI&T, Inc., Cl A[1,2]	517,710	219,450
19,000	Endava plc, ADR[1,2]	1,366,853	984,010
6,300	Globant S.A.[1,2]	1,572,878	1,132,236
		5,184,553	4,187,176
Total Information Technology		13,683,028	11,567,906
Real Estate (1.70%)			
	Real Estate Services (1.70%)		
10,000	CoStar Group, Inc.[1]	863,803	890,000
TOTAL COMMON STOCKS		**55,636,834**	**51,241,050**

Principal Amount		Cost	Value
Short Term Investments (3.63%)			
$1,900,429	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/30/2023, 4.60% due 7/3/2023; Proceeds at maturity $1,901,157; (Fully Collateralized by $2,242,000 U.S. Treasury Note, 0.50% due 5/31/2027 Market value - $1,938,497)	**1,900,429**	**1,900,429**
TOTAL INVESTMENTS (101.59%)		**$57,537,263**	**53,141,479**
LIABILITIES LESS CASH AND OTHER ASSETS (-1.59%)			**(833,630)**
NET ASSETS			**$52,307,849**
RETAIL SHARES (Equivalent to $12.23 per share based on 547,444 shares outstanding)			**$ 6,694,494**
INSTITUTIONAL SHARES (Equivalent to $12.33 per share based on 2,980,164 shares outstanding)			**$36,749,399**
R6 SHARES (Equivalent to $12.33 per share based on 718,727 shares outstanding)			**$ 8,863,956**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
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 June 30, 2023, the market value of Rule 144A securities amounted to $1,039,001 or 1.99% of net assets.

Baron New Asia Fund — PORTFOLIO OF INVESTMENTS

June 30, 2023 (Unaudited)

Shares		Cost	Value
Common Stocks (94.97%)			
China (29.95%)			
1,920	Alibaba Group Holding Limited, ADR[1]	$ 224,094	$ 160,032
244	Baidu, Inc., ADR[1]	37,056	33,406
838	Baidu, Inc., Cl A[1]	13,648	14,293
15,075	China Mengniu Dairy Co. Ltd.[1]	59,004	56,973
17,824	Estun Automation Co. Ltd., Cl A	70,356	68,932
7,857	Full Truck Alliance Co. Ltd., ADR[1]	56,775	48,870
8,937	Galaxy Entertainment Group Ltd.[1]	59,000	56,935
7,924	Glodon Co. Ltd., Cl A	44,223	35,495
964	Hangzhou Tigermed Consulting Co. Ltd., Cl A[1]	19,895	8,579
1,178	JD.com, Inc., ADR	72,320	40,205
167	JD.com, Inc., Cl A	3,908	2,848
6,734	Jiangsu Hengli Hydraulic Co. Ltd., Cl A	59,499	59,718
1,881	Kanzhun Ltd., ADR[1]	32,877	28,309
36,746	Kingdee International Software Group Co. Ltd.[1]	72,959	49,344
16,190	Kingsoft Corp. Ltd.	71,799	63,992
10,669	Lufax Holding Ltd., ADR	39,498	15,257
6,065	Midea Group Co., Ltd., Cl A	63,214	49,301
12,394	NARI Technology Co. Ltd., Cl A	45,176	39,467
1,136	Shenzhen Mindray Bio-Medical Electronics Co. Ltd., Cl A	57,856	47,010
4,478	Tencent Holdings Limited, ADR	238,232	190,270
9,456	Venustech Group, Inc., Cl A	39,717	38,818
2,389	Wuliangye Yibin Co. Ltd., Cl A	67,998	53,933
1,592	Yum China Holdings, Inc.	93,074	90,195
5,094	Yunnan Baiyao Group Co. Ltd., Cl A	49,907	36,842
1,057	Zai Lab Limited, ADR[1]	73,834	29,311
Total China		1,665,919	1,318,335
France (0.73%)			
145	Pernod Ricard SA	32,489	32,041
Hong Kong (4.09%)			
6,864	AIA Group Ltd.	75,289	69,714
20,259	Budweiser Brewing Co. APAC Ltd., 144A	56,640	52,423
735	Hong Kong Exchanges & Clearing Ltd.	41,763	27,849
2,755	Techtronic Industries Co. Ltd.	44,656	30,128
Total Hong Kong		218,348	180,114
India (32.73%)			
3,704	360 ONE WAM Ltd.	20,342	20,582
3,447	Aarti Industries Ltd.	39,147	21,202
8,019	Aarti Pharmalabs Ltd.[1,2]	34,869	36,260
1,359	Amber Enterprises India Ltd.[1]	45,944	37,444
402	Apollo Hospitals Enterprise Ltd.	26,281	25,023
1,533	Bajaj Finance Limited	131,995	134,269
6,677	Bharti Airtel Ltd.	61,307	71,622
621	Divi's Laboratories Ltd.	42,040	27,174
552	Dixon Technologies India Ltd.	33,083	29,601
7,042	Godrej Consumer Products Ltd.[1]	87,152	92,916
2,914	Godrej Properties Ltd.[1]	59,319	55,856
6,156	HDFC Bank Ltd.	123,420	127,754
1,669	Hindustan Unilever Ltd.	52,956	54,568
36,398	JM Financial Limited	32,825	32,674
4,248	Jubilant FoodWorks Ltd.	41,319	26,023

Shares		Cost	Value
Common Stocks (continued)			
India (continued)			
2,538	Max Financial Services Ltd.[1]	$ 37,467	$ 25,125
4,638	Max Healthcare Institute Ltd.[1]	32,674	33,937
2,249	Neogen Chemicals Ltd.	34,982	44,348
526	PI Industries Ltd.	23,063	25,184
3,394	Reliance Industries Limited	105,952	105,795
4,488	SBI Life Insurance Company Limited, 144A	72,504	71,601
3,612	Tata Communications Ltd.	63,950	70,356
493	Tata Consultancy Services Ltd.	20,845	19,921
4,298	Tata Consumer Products Ltd.	43,687	45,190
1,851	Titan Co. Ltd.	56,095	68,921
2,601	Trent Ltd.	49,601	56,029
575	Tube Investments of India Ltd.	20,461	22,303
64,059	Zomato Ltd.[1]	68,822	58,776
Total India		1,462,102	1,440,454
Indonesia (2.13%)			
226,900	Bank Rakyat Indonesia (Persero) Tbk PT	66,793	82,839
18,000	PT Bank Negara Indonesia (Persero) Tbk	10,375	11,044
Total Indonesia		77,168	93,883
Japan (3.80%)			
440	Hoya Corp.	61,199	52,653
166	Keyence Corporation	94,244	78,876
249	Tokyo Electron Limited	36,124	35,863
Total Japan		191,567	167,392
Korea, Republic of (12.03%)			
3,374	Coupang, Inc., Cl A[1]	47,753	58,708
543	HD Hyundai Heavy Industries Co. Ltd., (formerly, Hyundai Heavy Industries Co. Ltd.)[1]	45,856	54,571
1,061	HD Korea Shipbuilding & Offshore Engineering Co. Ltd., (formerly, Korea Shipbuilding & Offshore Engineering Co. Ltd.)[1]	85,082	94,318
872	Korea Aerospace Industries Ltd.	29,592	35,415
40	LG Chem Ltd.	22,927	20,362
4,062	Samsung Electronics Co., Ltd.	225,446	223,667
47	Samsung SDI Co. Ltd.	26,799	24,000
210	SK Hynix, Inc.	17,429	18,451
Total Korea, Republic of		500,884	529,492
Taiwan (9.51%)			
648	Airtac International Group	22,718	21,415
6,628	Delta Electronics, Inc.	56,728	73,454
1,771	Silergy Corp.	45,236	22,062
2,987	Taiwan Semiconductor Manufacturing Co., Ltd., ADR	305,297	301,448
Total Taiwan		429,979	418,379
TOTAL COMMON STOCKS		**4,578,456**	**4,180,090**

Baron New Asia Fund — PORTFOLIO OF INVESTMENTS (Continued)

June 30, 2023 (Unaudited)

Principal Amount		Cost	Value
Short Term Investments (5.38%)			
$236,578	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/30/2023, 4.60% due 7/3/2023; Proceeds at maturity $236,669; (Fully Collateralized by $279,100 U.S. Treasury Note, 0.50% due 5/31/2027 Market value - $241,318)	**$ 236,578**	**$ 236,578**
TOTAL INVESTMENTS (100.35%)		**$4,815,034**	**4,416,668**
LIABILITIES LESS CASH AND OTHER ASSETS (-0.35%)			**(15,581)**
NET ASSETS			**$4,401,087**
RETAIL SHARES (Equivalent to $7.77 per share based on 131,773 shares outstanding)			**$1,023,699**
INSTITUTIONAL SHARES (Equivalent to $7.80 per share based on 205,618 shares outstanding)			**$1,604,601**
R6 SHARES (Equivalent to $7.81 per share based on 226,979 shares outstanding)			**$1,772,787**

% Represents percentage of net assets.

[1] Non-income producing securities.

[2] 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.

[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 June 30, 2023, the market value of Rule 144A securities amounted to $124,024 or 2.82% of net assets.

Summary of Investments by Sector as of June 30, 2023	Percentage of Net Assets
Information Technology	20.9%
Consumer Discretionary	17.2%
Financials	14.1%
Communication Services	10.7%
Industrials	10.3%
Consumer Staples	8.8%
Health Care	6.7%
Materials	2.5%
Energy	2.4%
Real Estate	1.3%
Cash and Cash Equivalents*	5.0%
	100.0%**

* Includes short term investments.

** Individual weights may not sum to 100% due to rounding.

Baron Technology Fund — PORTFOLIO OF INVESTMENTS

June 30, 2023 (Unaudited)

Shares		Cost	Value
Common Stocks (97.09%)			
Communication Services (10.42%)			
	Advertising (1.06%)		
766	The Trade Desk, Inc., Cl A[1]	$ 60,062	$ 59,151
	Interactive Media & Services (9.36%)		
1,097	Meta Platforms, Inc., Cl A[1]	206,220	314,817
2,166	Pinterest, Inc., Cl A[1]	53,253	59,218
1,183	Tencent Holdings Ltd. (Hong Kong)[2]	55,932	50,161
3,824	ZoomInfo Technologies, Inc.[1]	147,405	97,091
		462,810	521,287
Total Communication Services		522,872	580,438
Consumer Discretionary (18.94%)			
	Automobile Manufacturers (7.19%)		
4,000	Rivian Automotive, Inc., Cl A[1]	59,041	66,640
1,275	Tesla, Inc.[1]	314,744	333,757
		373,785	400,397
	Automotive Parts & Equipment (0.91%)		
1,316	Mobileye Global, Inc., Cl A[1]	51,621	50,561
	Broadline Retail (9.59%)		
4,098	Amazon.com, Inc.[1]	586,408	534,215
	Hotels, Resorts & Cruise Lines (1.25%)		
9,750	eDreams ODIGEO SA (Spain)[1,2]	85,429	69,922
Total Consumer Discretionary		1,097,243	1,055,095
Financials (3.60%)			
	Transaction & Payment Processing Services (3.60%)		
257	MasterCard, Incorporated, Cl A	95,521	101,078
419	Visa, Inc., Cl A	92,823	99,504
Total Financials		188,344	200,582
Industrials (2.15%)			
	Human Resource & Employment Services (2.15%)		
1,793	Ceridian HCM Holding, Inc.[1]	152,653	120,077
Information Technology (59.90%)			
	Application Software (11.10%)		
207	Atlassian Corp. Ltd., Cl A[1]	62,227	34,737
1,198	Gitlab, Inc., Cl A[1,4]	48,234	61,230
192	HubSpot, Inc.[1]	102,787	102,161
232	Intuit, Inc.	129,080	106,300
324	ServiceNow, Inc.[1,4]	178,280	182,078
585	Workday, Inc., Cl A[1]	127,503	132,146
		648,111	618,652
	Electronic Equipment & Instruments (1.28%)		
2,161	PAR Technology Corp.[1]	96,368	71,162
	Internet Services & Infrastructure (1.62%)		
1,396	Shopify, Inc., Cl A[1,2]	123,741	90,182
	IT Consulting & Other Services (1.55%)		
246	Gartner, Inc.[1]	79,626	86,176
	Semiconductor Materials & Equipment (4.50%)		
196	ASML Holding N.V.[2]	128,731	142,051
169	Lam Research Corp.	106,561	108,643
		235,292	250,694

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (continued)			
	Semiconductors (22.61%)		
1,710	Advanced Micro Devices, Inc.[1]	$ 185,753	$ 194,786
131	Broadcom, Inc.	84,917	113,633
10,638	indie Semiconductor, Inc., Cl A[1]	78,938	99,997
2,506	Marvell Technology, Inc.	121,611	149,809
154	Monolithic Power Systems, Inc.	65,890	83,196
1,065	NVIDIA Corp.	279,195	450,516
4,439	Taiwan Semiconductor Manufacturing Co. Ltd. (Taiwan)[2]	96,403	82,003
849	Taiwan Semiconductor Manufacturing Co., Ltd., ADR[2]	75,736	85,681
		988,443	1,259,621
	Systems Software (14.89%)		
1,526	Cloudflare, Inc., Cl A[1,4]	76,810	99,754
618	Crowdstrike Holdings, Inc., Cl A[1]	107,635	90,766
981	Datadog, Inc., Cl A[1,4]	99,982	96,511
1,581	Microsoft Corporation	505,974	538,394
2,508	WANdisco plc[1,2,3]	40,876	4,172
		831,277	829,597
	Technology Hardware, Storage & Peripherals (2.35%)		
674	Apple, Inc.	98,264	130,736
Total Information Technology		3,101,122	3,336,820
Real Estate (2.08%)			
	Real Estate Services (2.08%)		
1,301	CoStar Group, Inc.[1]	99,150	115,789
TOTAL COMMON STOCKS		**5,161,384**	**5,408,801**

Principal Amount			
Short Term Investments (3.10%)			
$172,976	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/30/2023, 4.60% due 7/3/2023; Proceeds at maturity $173,042; (Fully Collateralized by $185,900 U.S. Treasury Note, 2.75% due 4/30/2027 Market value - $176,450)	**172,976**	**172,976**
TOTAL INVESTMENTS (100.19%)		**$5,334,360**	**5,581,777**
LIABILITIES LESS CASH AND OTHER ASSETS (-0.19%)			**(10,785)**
NET ASSETS			**$5,570,992**
RETAIL SHARES (Equivalent to $7.92 per share based on 314,181 shares outstanding)			**$2,488,342**
INSTITUTIONAL SHARES (Equivalent to $7.96 per share based on 99,300 shares outstanding)			**$ 790,921**
R6 SHARES (Equivalent to $7.95 per share based on 288,407 shares outstanding)			**$2,291,729**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 At June 30, 2023, the market value of restricted and fair valued securities amounted to $4,172 or 0.07% of net assets. This security is 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.

Notes

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