

Baron Funds

Baron WealthBuilder Fund

Semi-Annual Financial Report

June 30, 2019

Ticker Symbols:

Retail Shares: BWBFX

TA Shares: BWBTX

Institutional Shares: BWBIX

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DEAR BARON WEALTHBUILDER FUND SHAREHOLDER:

In this report, you will find unaudited financial statements for Baron WealthBuilder Fund (the "Fund") for the six months ended June 30, 2019. The U.S. Securities and Exchange Commission (the "SEC") requires mutual funds to furnish these statements semi-annually to their shareholders. We hope you find these statements informative and useful.

We thank you for choosing to join us as fellow shareholders in Baron Funds. We will continue to work hard to justify your confidence.

Sincerely,



Ronald Baron
Chief Executive Officer and
Chief Investment Officer
August 29, 2019



Linda S. Martinson
Chairman, President and
Chief Operating Officer
August 29, 2019



Peggy Wong
Treasurer and
Chief Financial Officer
August 29, 2019

This Semi-Annual Financial Report is for the Baron WealthBuilder Fund. If you are interested in the other series of Baron Select Funds, which contains the Baron Partners Fund, Baron Focused Growth Fund, Baron International Growth Fund, Baron Real Estate Fund, Baron Emerging Markets Fund, Baron Global Advantage Fund, Baron Real Estate Income Fund, and Baron Health Care Fund, or Baron Investment Funds Trust, which contains the Baron Asset Fund, Baron Growth Fund, Baron Small Cap Fund, Baron Opportunity Fund, Baron Fifth Avenue Growth Fund, Baron Discovery Fund, and Baron Durable Advantage Fund, please visit the Funds' website at www.BaronFunds.com or contact us at 1-800-99BARON.

The Funds' Proxy Voting Policy is available without charge and can be found on the Funds' website at www.BaronFunds.com, by clicking on the "Legal Notices" link at the bottom left corner of the homepage or by calling 1-800-99BARON and on the SEC's website at www.sec.gov. The Funds' most current proxy voting record, Form N-PX, is also available on the Funds' website and on the SEC's website.

The Funds file their complete schedules of portfolio holdings with the SEC for the first and third quarters of each fiscal year as an exhibit to its report on Form N-PORT. The Funds' Form N-PORT reports are available on the SEC's website at www.sec.gov. Schedules of portfolio holdings current to the most recent quarter are also available on the Funds' website.

Some of the comments contained in this report are based on current management expectations and are considered "forward-looking statements." Actual future results, however, may prove to be different from our expectations. You can identify forward-looking statements by words such as "estimate," "may," "expect," "should," "could," "believe," "plan", and other similar terms. We cannot promise future returns and our opinions are a reflection of our best judgment at the time this report is compiled.

The views expressed in this report reflect those of BAMCO, Inc. ("BAMCO" or the "Adviser") only through the end of the period stated in this report. The views are not intended as recommendations or investment advice to any person reading this report and are subject to change at any time without notice based on market and other conditions.

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. For more complete information about Baron Funds, including charges and expenses, call, write or go to www.BaronFunds.com for a prospectus or summary prospectus. Read them carefully before you invest or send money. This report is not authorized for use as an offer of sale or a solicitation of an offer to buy shares of the Fund, unless accompanied or preceded by the Fund's current prospectus or summary prospectus.

Beginning on January 1, 2021, as permitted by regulations adopted by the U.S. Securities and Exchange Commission, paper copies of the Funds' shareholder reports like this one will no longer be sent by mail, unless you specifically request paper copies of the reports from Baron Funds ("Baron") or from your financial intermediary, such as a broker-dealer or bank. Instead, the reports will be made available on the Baron website, and you will be notified by mail each time a report is posted and provided with a website link to access the report.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications from Baron or your financial intermediary electronically by contacting your financial intermediary or going to icsdelivery.com/baronfunds.

You may elect to receive all future reports in paper free of charge. You can inform Baron or your financial intermediary that you wish to continue receiving paper copies of your shareholder reports by following the instructions included on the envelope or slip inserted with this disclosure. Your election to receive reports in paper will apply to all funds held with Baron or your financial intermediary.



Baron WealthBuilder Fund is an open end, no-load mutual fund that invests only in Baron Funds. Long-term capital appreciation is its objective. It is not a target date fund.

1. Baron WealthBuilder Fund's objective is to provide investors with a diversified portfolio of Baron mutual funds that will outperform its benchmark index over the long term, although we cannot guarantee it will meet its objective.
2. Baron WealthBuilder Fund's minimum initial investment is \$2,000, making it suitable for periodic purchases.
3. Baron WealthBuilder Fund has no management fee, but it will indirectly bear its pro-rata share of the expenses of the Baron Funds in which it invests (acquired funds).
4. Baron WealthBuilder Fund's annual operating expenses are capped at 5 bps per year for Institutional Shares and TA Shares (available directly through Baron Funds). Retail Shares operating expenses are capped at 30 bps per year. Portfolio transaction costs, interest, dividend, acquired fund fees and expenses are not subject to the operating expense limitation.

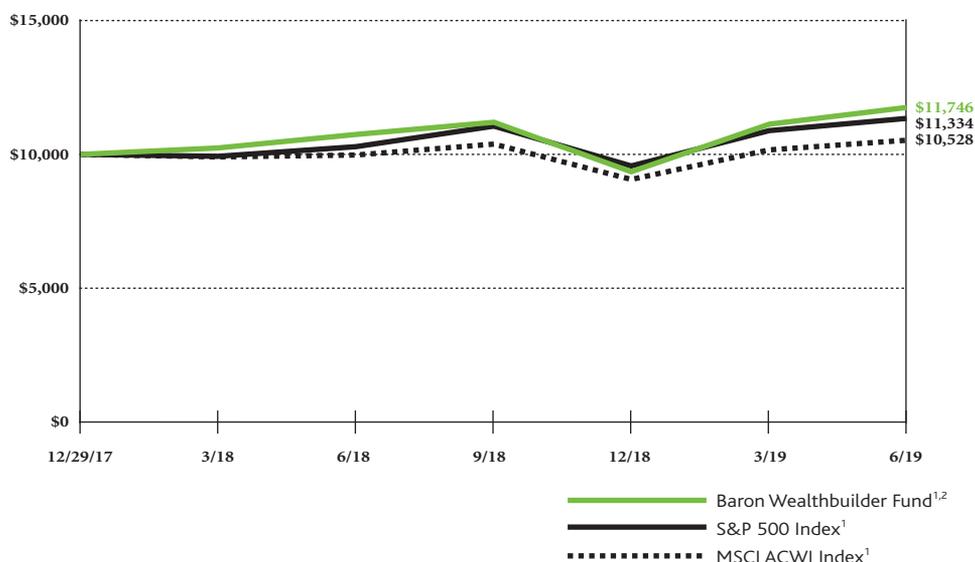
Several criteria, including our qualitative assessments, are used to continually determine Baron WealthBuilder Fund allocations among Baron Funds.

Among the criteria are: (a) absolute performance; (b) excess performance vs benchmark; (c) performance standard deviation (a measure of risk); (d) Sharpe ratio (a measure of performance per unit of risk); (e) beta (a measure of a fund's sensitivity to market movements); (f) alpha (a measure of excess return given level of risk as measured by beta); (g) portfolio turnover; (h) growth rates of portfolio investments; (i) fund size; and (j) manager tenure.

As of June 30, 2019, the five largest Baron mutual funds represented 68.8% of Baron WealthBuilder Fund's net assets.

Ronald Baron, CEO and CIO of Baron Capital is the portfolio manager of Baron WealthBuilder Fund. Michael Baron, Vice President, is the assistant portfolio manager.

COMPARISON OF THE CHANGE IN VALUE OF \$10,000 INVESTMENT IN BARON WEALTHBUILDER FUND (RETAIL SHARES) IN RELATION TO THE S&P 500 INDEX AND THE MSCI ACWI INDEX



AVERAGE ANNUAL TOTAL RETURNS FOR THE PERIODS ENDED JUNE 30, 2019

	Six Months*	One Year	Since Inception (December 29, 2017)
Baron WealthBuilder Fund — Retail Shares ^{1,2}	25.72%	9.36%	11.32%
Baron WealthBuilder Fund — TA Shares ^{1,2}	25.78%	9.64%	11.51%
Baron WealthBuilder Fund — Institutional Shares ^{1,2}	25.78%	9.64%	11.51%
S&P 500 Index ¹	18.54%	10.42%	8.71%
MSCI ACWI Index Net ¹	16.23%	5.74%	3.49%

* Not Annualized.

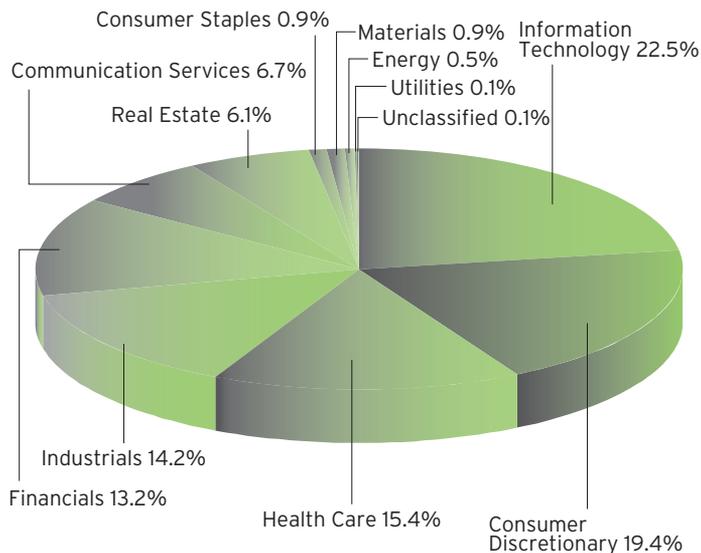
¹ The indexes are unmanaged. The index performance is not Fund performance; one cannot invest directly into an index. The S&P 500 Index measures the performance of 500 widely held large cap U.S. companies. The MSCI ACWI Index is an unmanaged, free float-adjusted market capitalization weighted index reflected in U.S. dollars that measures the equity market performance of large- and mid-cap securities across developed and emerging markets. The Indexes and Baron WealthBuilder Fund are with dividends, which positively impact the performance results.

² Past performance is not predictive of future performance. The performance data does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares. BAMCO, Inc. ("BAMCO" or the "Adviser") has agreed that, pursuant to a contract expiring on August 29, 2030, 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 expense are not subject to the operating expense limitation) to 0.30% of average daily net 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.

COUNTRY EXPOSURES AS OF JUNE 30, 2019

	Percent of Total Investments
United States	85.3%
China	3.2%
Israel	1.5%
United Kingdom	1.5%
India	1.3%
Brazil	1.2%
Netherlands	1.0%
South Africa	0.6%
Sweden	0.5%
Canada	0.4%
Other	3.5%
	100.0%

SECTOR EXPOSURES AS OF JUNE 30, 2019[†]
(as a percent of total investments)



MANAGEMENT’S DISCUSSION OF FUND PERFORMANCE

For the six-month period ended June 30, 2019, Baron WealthBuilder Fund¹ increased 25.72%, outperforming the S&P 500 Index, which increased 18.54%, and the MSCI ACWI Index, which rose 16.23%.

Baron WealthBuilder Fund is a non-diversified fund that invests exclusively in other Baron mutual funds. At any given time, it invests in the securities of a select number of Baron mutual funds representing specific investment strategies. The Fund can invest in funds holding U.S. and international stocks; small-cap, small-to-mid-cap, mid-cap, large-cap, all-cap stocks; and sector stocks. Baron WealthBuilder Fund normally invests in a variety of domestic and international equity funds. It seeks to invest in businesses it believes have significant opportunities for growth, sustainable competitive advantages, exceptional management, and an attractive valuation.

After a rough end to 2018, equities reversed course in the first six months of 2019, as the market shrugged off concerns of a global macro slowdown along with mixed signals from the U.S. economy, and investors started pricing in the more dovish interest rate stance telegraphed by the Federal Reserve, which indicated there was a growing probability for rate cuts throughout the second half of the year. Although volatility did increase toward the end of the period, the market maintained the solid momentum it showed earlier in the year, and several major indexes hit record highs.

On a country basis, the United States, China, and Brazil contributed the most to performance; no country materially detracted.

On a sector basis, Information Technology, Industrials, and Health Care contributed the most to performance; no sector detracted.

Baron Asset Fund contributed the most to performance; no Fund detracted in the period.

While we believe the U.S. Federal Reserve’s policy shift to a more accommodative stance coupled with what appears to be easing trade tensions with China bodes well for many of our investments, we remain focused on the long term. We remain confident that our forward-looking and bottom-up fundamental approach positions us to discover exciting long-term investment opportunities regardless of the market environment.

[†] Sector levels are provided from the Global Industry Classification Standard (“GICS”), developed and exclusively owned by MSCI, Inc. and Standard & Poor’s Financial Services LLC, unless otherwise stated that they have been reclassified or classified by the Adviser. All GICS data is provided “as is” with no warranties.

¹ Performance information reflects results of the Retail Shares.

STATEMENT OF NET ASSETS (Unaudited)

JUNE 30, 2019			Cost	Value
Shares				
Affiliated Mutual Funds (103.47%)				
Small Cap Funds (34.30%)				
212,438	Baron Discovery Fund — Institutional Shares		\$ 4,384,298	\$ 4,393,213
170,837	Baron Growth Fund — Institutional Shares		12,629,051	14,053,019
438,601	Baron Small Cap Fund — Institutional Shares		13,426,363	14,144,878
Total Small Cap Funds			30,439,712	32,591,110
Small to Mid Cap Funds (4.10%)				
212,658	Baron Focused Growth Fund — Institutional Shares		<u>3,696,569</u>	<u>3,893,762</u>
Mid Cap Funds (16.83%)				
182,288	Baron Asset Fund — Institutional Shares		<u>13,839,299</u>	<u>15,997,568</u>
Large Cap Funds (7.56%)				
87,621	Baron Durable Advantage Fund — Institutional Shares		927,383	1,004,133
185,900	Baron Fifth Avenue Growth Fund — Institutional Shares		5,377,199	6,179,302
Total Large Cap Funds			<u>6,304,582</u>	<u>7,183,435</u>
All Cap Funds (22.26%)				
275,066	Baron Opportunity Fund — Institutional Shares		5,714,456	6,461,296
239,526	Baron Partners Fund — Institutional Shares		13,023,776	14,694,915
Total All Cap Funds			<u>18,738,232</u>	<u>21,156,211</u>
International Funds (13.10%)				
370,316	Baron Emerging Markets Fund — Institutional Shares		4,879,934	5,184,423
158,007	Baron Global Advantage Fund — Institutional Shares		3,565,476	4,264,613
129,585	Baron International Growth Fund — Institutional Shares		2,931,090	2,996,007
Total International Funds			<u>11,376,500</u>	<u>12,445,043</u>
Specialty Funds (5.32%)				
56,078	Baron Health Care Fund — Institutional Shares		588,360	653,304
168,011	Baron Real Estate Fund — Institutional Shares		4,447,364	4,400,195
Total Specialty Funds			<u>5,035,724</u>	<u>5,053,499</u>
Total Affiliated Investments (103.47%)			<u>\$89,430,618</u>	<u>98,320,628</u>
Liabilities Less Cash and Other Assets (-3.47%)				<u>(3,295,377)</u>
Net Assets				<u>\$95,025,251</u>
Retail Shares (Equivalent to \$11.73 per share based on 290,107 shares outstanding)				<u>\$ 3,402,717</u>
TA Shares (Equivalent to \$11.76 per share based on 1,128,001 shares outstanding)				<u>\$13,269,823</u>
Institutional Shares (Equivalent to \$11.76 per share based on 6,662,486 shares outstanding)				<u>\$78,352,711</u>

% Represents percentage of net assets.

All Affiliated Mutual Funds are Level 1.

STATEMENT OF ASSETS AND LIABILITIES (Unaudited)

JUNE 30, 2019

Assets:	
Investments in Affiliated Mutual Funds, at value*	\$98,320,628
Cash	66,259
Receivable for shares sold	13,662
Prepaid expenses	735
	<u>98,401,284</u>
Liabilities:	
Payable for borrowings against line of credit	3,300,000
Distribution fees payable (Note 4)	913
Accrued expenses and other payables	75,120
	<u>3,376,033</u>
Net Assets	<u>\$95,025,251</u>
Net Assets consist of:	
Paid-in capital	\$84,442,068
Distributable earnings/(losses)	10,583,183
Net Assets	<u>\$95,025,251</u>
Retail Shares:	
Net Assets	\$ 3,402,717
Shares Outstanding (\$0.01 par value; indefinite shares authorized)	290,107
Net Asset Value and Offering Price Per Share	<u>\$ 11.73</u>
TA Shares:	
Net Assets	\$13,269,823
Shares Outstanding (\$0.01 par value; indefinite shares authorized)	1,128,001
Net Asset Value and Offering Price Per Share	<u>\$ 11.76</u>
Institutional Shares:	
Net Assets	\$78,352,711
Shares Outstanding (\$0.01 par value; indefinite shares authorized)	6,662,486
Net Asset Value and Offering Price Per Share	<u>\$ 11.76</u>
 *Investments in Affiliated Mutual Funds, at cost	 <u>\$89,430,618</u>

STATEMENT OF OPERATIONS (Unaudited)

JUNE 30, 2019

For the Six
Months Ended
June 30,
2019**Investment income:****Expenses:**

Registration and filing fees	\$ 32,609
Custodian and fund accounting fees	26,608
Administration fees	14,813
Distribution fees — Retail Shares (Note 4)	3,526
Trustee fees and expenses	3,082
Professional fees	2,424
Shareholder servicing agent fees and expenses — Retail Shares	110
Shareholder servicing agent fees and expenses — TA Shares	287
Shareholder servicing agent fees and expenses — Institutional Shares	1,595
Insurance expense	466
Line of credit fees	403
Reports to shareholders	110
Miscellaneous expenses	4,181
Total operating expenses	<u>90,214</u>
Interest expense on borrowings	<u>13,445</u>
Total expenses	103,659
Reimbursement of expenses by Adviser — Retail Shares (Note 4)	(1,566)
Reimbursement of expenses by Adviser — TA Shares (Note 4)	(6,562)
Reimbursement of expenses by Adviser — Institutional Shares (Note 4)	(51,880)
Net expenses	<u>43,651</u>
Net investment income (loss)	<u>(43,651)</u>
Realized and unrealized gain (loss) on investments:	
Net realized gain (loss) on Affiliated Mutual Funds	(2,128,143)
Change in net unrealized appreciation (depreciation) of Affiliated Mutual Funds	25,385,091
Net gain (loss) on investments	<u>23,256,948</u>
Net increase (decrease) in net assets resulting from operations	<u>\$23,213,297</u>

STATEMENTS OF CHANGES IN NET ASSETS (Unaudited)

	For the Six Months Ended June 30, 2019	For the Year Ended December 31, 2018
Increase (Decrease) in Net Assets:		
Operations:		
Net investment income (loss)	\$ (43,651)	\$ 46,897
Net realized gain (loss) on Affiliated Mutual Funds sold	(2,128,143)	3,948,554
Change in net unrealized appreciation (depreciation) of Affiliated Mutual Funds	25,385,091	(16,495,081)
Increase (decrease) in net assets resulting from operations	<u>23,213,297</u>	<u>(12,499,630)</u>
Distributions to shareholders from:		
Distributable earnings — Retail Shares	—	(2,877)
Distributable earnings — TA Shares	—	(12,405)
Distributable earnings — Institutional Shares	—	(115,202)
Decrease in net assets from distributions to shareholders	<u>—</u>	<u>(130,484)</u>
Capital share transactions:		
Proceeds from the sale of shares — Retail Shares	1,627,230	3,144,063
Proceeds from the sale of shares — TA Shares	1,155,538	10,573,045
Proceeds from the sale of shares — Institutional Shares	5,599,295	90,838,603
Net asset value of shares issued in reinvestment of distributions — Retail Shares	—	2,860
Net asset value of shares issued in reinvestment of distributions — TA Shares	—	12,338
Net asset value of shares issues in reinvestment of distribution — Institutional Shares	—	114,741
Cost of shares redeemed — Retail Shares	(929,831)	(809,302)
Cost of shares redeemed — TA Shares	(233,490)	(803,316)
Cost of shares redeemed — Institutional Shares	(30,255,445)	(38,595)
Increase (decrease) in net assets derived from capital share transactions	<u>(23,036,703)</u>	<u>103,034,437</u>
Net increase (decrease) in net assets	<u>176,594</u>	<u>90,404,323</u>
Net Assets:		
Beginning of period	94,848,657	4,444,334
End of period	<u>\$ 95,025,251</u>	<u>\$ 94,848,657</u>
Capital share transactions — Retail Shares		
Shares sold	150,246	295,564
Shares issued in reinvestment of distributions	—	282
Shares redeemed	(82,453)	(76,836)
Net increase (decrease)	<u>67,793</u>	<u>219,010</u>
Capital share transactions TA Shares		
Shares sold	109,184	1,020,035
Shares issued in reinvestment of distributions	—	1,214
Shares redeemed	(22,102)	(80,334)
Net increase (decrease)	<u>87,082</u>	<u>940,915</u>
Capital share transactions — Institutional Shares		
Shares sold	508,019	8,535,421
Shares issued in reinvestment of distributions	—	11,294
Shares redeemed	(2,729,744)	(3,631)
Net increase (decrease)	<u>(2,221,725)</u>	<u>8,543,084</u>

NOTES TO FINANCIAL STATEMENTS (Unaudited)

1. ORGANIZATION

Baron Select Funds (the "Trust") is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as an open-end management investment company established as a Delaware statutory trust on April 30, 2003, and accordingly, follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board ("FASB") Accounting Standard Codification Topic 946 Financial Services — Investment Companies. The Trust currently offers nine series. This report covers only the Baron WealthBuilder Fund (the "Fund"). The Fund's investment objective is capital appreciation. 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. However, included in the Underlying Funds are diversified funds (with the exception of Baron Partners Fund, Baron Focused Growth Fund, Baron Real Estate Income Fund, and Baron Health Care Fund). The Fund normally invests in a variety of Baron domestic and international equity funds managed by BAMCO, Inc. ("BAMCO" or the "Adviser"). The Fund can invest in Underlying Funds holding U.S. and international stocks; small-cap, small- to mid-cap, large-cap, all-cap stocks; and specialty stocks. The Adviser decides how much of the Fund's assets to allocate to Underlying Funds based on the outlook for, and on the relative valuations of, the Underlying Funds and the various markets in which they invest. For information on the Underlying Funds, please refer to the Prospectuses and Statements of Additional Information of the Underlying Funds. Also, information on the Underlying Funds is available at www.baronfunds.com.

The Fund offers Retail Shares, TA Shares, and Institutional Shares. Each class of shares differs only in its ongoing fees, expenses and eligibility requirements. Retail Shares are offered to all investors but are not available through the Fund's transfer agent. TA Shares are available only to investors who purchase shares directly through the Fund's transfer agent. TA Shares do not charge a 12b-1 fee or make revenue sharing payments, to include payments to sub-transfer agency or record-keeping services. Institutional Shares are for investments in the amount of \$1 million or more. Institutional Shares are intended for certain financial intermediaries that offer shares of the Fund through fee-based platforms, retirement platforms or other platforms. Each class of shares has equal rights to earnings and assets, except that each class bears different expenses for distribution and shareholder servicing. The Fund's investment income, realized and unrealized gains or losses on investments, and expenses other than those attributable to a specific class are allocated to each class based on its relative net assets. Each class of shares has exclusive voting rights with respect to matters that affect just that class.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies followed by the Fund. The policies are in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the amounts of income and expenses during the period. Actual results could differ from those estimates. Events occurring subsequent to the date of the Statement of Assets and Liabilities and through the date of issuance of the financial statements have been evaluated for adjustment to or disclosure in the financial statements.

a) Security Valuation. The Fund's share price or net asset value ("NAV") is calculated as of the scheduled close of the regular trading session (usually 4 p.m. E.T. or such other time as of which the Fund's NAV is calculated (the "NAV Calculation Time") on the New York Stock Exchange (the "Exchange") on any day the Exchange is scheduled to be open. Investments in the Underlying Funds are valued at their closing NAV per share on the day of valuation.

Portfolio securities held by the Underlying Funds traded on any national stock exchange are valued based on the last sale price on the exchange where such shares are principally traded. For securities traded on NASDAQ, the Underlying Funds use the NASDAQ Official Closing Price. If there are no sales on a given day, the value of the security may be the average of the most recent bid and asked quotations on such exchange or the last sale price from a prior day. Where market quotations are not readily available, or, if in the Adviser's judgment, they do not accurately reflect the fair value of a security held by one of the Underlying Funds, or an event occurs after the market close but before the Underlying Funds are priced that materially affects the value of a security, the security will be valued by the Adviser using policies and procedures approved by the Board of Trustees (the "Board"). Some of the more common reasons that may necessitate that a security held by one of the Underlying Funds be valued using "fair value" pricing may include, but are not limited to: trading of the security has been halted or suspended; or the security has not been traded for an extended period of time. The Adviser has a Fair Valuation Committee (the "Committee") comprised of senior management representatives and the Committee reports to the Board every quarter. Factors the Committee may consider when valuing a security include whether a current price is stale, there is recent news, the security is thinly traded, transactions are infrequent, or quotations are genuine. There can be no guarantee, however, that a fair valuation used by the Underlying Funds on any given day will more accurately reflect the market value of an investment than the closing price of such investment in its market. U.S. Government obligations, money market instruments, and other debt instruments held by the Underlying Funds with a remaining maturity of 60 days or less are generally valued at amortized cost, which approximates fair value. Debt instruments having a greater remaining maturity will be valued on the basis of prices obtained from a pricing service approved by the Board or at the mean of the bid and ask prices from the dealer maintaining an active market in that security. The value of the Underlying Funds' investments in convertible bonds/convertible preferred stocks is determined primarily by obtaining valuations from independent pricing services based on readily available bid quotations or, if quotations are not available, by methods which include various considerations such as yields or prices of securities of comparable quality, coupon, maturity and type; indications as to values from dealers; and general market conditions. Other inputs used by an independent pricing service to value convertible bonds/convertible preferred stocks generally include underlying stock data, conversion premiums, listed bond and preferred stock prices and other market information which may include benchmark curves, trade execution data, and sensitivity analysis, when available, or intrinsic value, which is calculated as the price of the common share on the valuation date adjusted for accrued and unpaid dividends. Open-end investment companies, including securities lending collateral invested in registered investment company money market funds, are valued at their NAV each day.

Non-U.S. equity securities held by the Underlying Funds traded on foreign securities exchanges are generally valued using an independent pricing vendor that provides model prices derived by applying daily fair value factors based on information such as local closing price, relevant general and sector indexes, currency fluctuations, and depositary receipts, as applicable. Securities valued using such model prices are classified as Level 2 in the fair value hierarchy. The models generate an evaluated adjustment factor for each security, which is applied to the local closing price to adjust it for post-closing market movements up to the time the Underlying Funds are valued and translated into U.S. dollars. If the vendor does not provide an evaluated price, securities are valued based on their most recent closing prices and translated into U. S. dollars. The Adviser may also fair value securities in other situations, for example, when a particular foreign market is closed but the Underlying Funds are open. Other mutual funds may adjust the prices of their securities by different amounts.

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Securities Transactions, Investment Income and Expenses. Securities transactions are recorded on a trade date basis. Realized gain and loss from securities transactions are recorded on an identified cost basis for financial reporting and federal income tax purposes. Dividend income and capital gain distributions from the Underlying Funds are recognized on the ex-dividend date and interest income is recognized on an accrual basis. Dividends received from Underlying Funds are reflected as dividend income; capital gain distributions as realized gains. The Fund is charged for those expenses directly attributable to the Fund, such as distribution and transfer agency fees.

Expenses included in the accompanying financial statements reflect the expenses of the Fund and do not include any expenses associated with the Underlying Funds. Because Underlying Funds have varied expenses and fee levels and the Fund may own different proportion of Underlying Funds at different times, the amount of fees and expenses incurred indirectly by the Fund will vary.

c) Repurchase Agreements. The Fund may invest in repurchase agreements, which are short term investments whereby the Fund acquires ownership of a debt security and the seller agrees to repurchase the security at a future date at a specified price. When entering into repurchase agreements, it is the Fund's policy that its custodian takes possession of the underlying collateral securities, the market value of which, at all times, equals at least 102% of the principal amount of the repurchase transaction. To the extent that any repurchase transaction exceeds one business day, the value of the collateral is marked-to-market to ensure the adequacy of the collateral. If the seller defaults and the market value of the collateral declines or if bankruptcy proceedings are commenced with respect to the seller of the security, realization of the collateral by the Fund may be delayed or limited. The Fund did not own any repurchase agreements at June 30, 2019.

d) Federal and Foreign Income Taxes. The Fund intends to meet the requirements of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies, and to distribute to its shareholders substantially all of its net investment income and any net realized capital gains at least annually. The Fund will not be subject to federal or state income taxes to the extent that it qualifies as regulated investment companies and substantially all of its income is distributed.

e) Distributions to Shareholders. Income and capital gain distributions to shareholders are determined in accordance with income tax regulations which may differ from GAAP. These differences are primarily due to differing treatments for net investment loss and wash sale losses deferred.

f) Commitments and Contingencies. In the normal course of business, the Fund may enter into contracts and agreements that contain a variety of representations and warranties, which provide general indemnification. The maximum exposure to the Fund under these agreements is unknown, as this would involve future claims that may be made against the Fund that have not yet occurred.

g) Cash and Cash Equivalents. The Fund considers all short term liquid investments with a maturity of three months or less when purchased to be cash equivalents.

h) Diversification and Concentration of Underlying Funds. Certain of the Underlying Funds hold non-diversified or concentrated portfolios that may contain fewer securities or invest in fewer industries than the portfolios of other mutual funds. This may increase the risk that the value of an Underlying Fund could decrease because of the poor performance of one or a few investments or of a particular industry. Additionally, non-diversified funds may encounter difficulty liquidating securities.

3. PURCHASES AND SALES OF SECURITIES

Purchases and sales of securities, other than short term securities, for the six months ended June 30, 2019 were as follows:

Fund	Purchases	Sales
Baron WealthBuilder Fund	\$6,176,973	\$25,932,224

4. INVESTMENT ADVISORY FEES AND OTHER TRANSACTIONS WITH AFFILIATES

a) Investment Advisory Fees. The Adviser, a wholly owned subsidiary of Baron Capital Group, Inc. ("BCG"), serves as investment adviser to the Fund and the Underlying Funds. The Adviser will not be paid a management fee for performing investment management services for the Fund. However, the Adviser receives management fees for managing the Underlying Funds. See the Underlying Funds' Prospectuses or Statements of Additional Information for specific fees. The Adviser is contractually obligated to reimburse certain expenses of the Fund so that its net annual operating expenses (excluding acquired fund fees and expenses, portfolio transaction costs, interest, dividend and extraordinary expenses) are limited to 0.30% of average daily net assets of Retail Shares, 0.05% of average daily net assets of TA Shares and 0.05% of average daily net assets of Institutional Shares.

b) Distribution Fees. Baron Capital, Inc. ("BCI"), a wholly owned subsidiary of BCG, is a registered limited purpose broker-dealer and the distributor of the Fund's shares. The Fund is authorized to pay BCI a distribution fee payable monthly pursuant to a distribution plan under Rule 12b-1 of the 1940 Act equal to 0.25% per annum of the Retail Shares' average daily net assets.

c) Trustee Fees. Certain Trustees of the Fund may be deemed to be affiliated with, or interested persons (as defined by the 1940 Act) of the Fund's Adviser or of BCI. None of the Trustees so affiliated received compensation for his or her services as a Trustee of the Fund. None of the Fund's officers received compensation from the Fund for their services as an officer.

d) Fund Accounting and Administration Fees. The Fund has entered into an agreement with State Street Bank and Trust Company ("State Street") to perform accounting and certain administrative services. State Street is compensated for fund accounting services based on a percentage of the Fund's net assets, subject to certain minimums plus fixed annual fees for the administrative services.

5. LINE OF CREDIT

Baron WealthBuilder Fund, together with other funds in Baron Select Funds (except Baron Partners Fund) and Baron Investment Funds Trust, participate in a committed line of credit agreement with State Street to be used for temporary purposes, primarily for financing redemptions. Each fund may borrow up to the lesser of \$100 million or the

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

5. LINE OF CREDIT (Continued)

maximum amount each fund may borrow under the 1940 Act, the limitations included in each fund's prospectus, or any limit or restriction under any law or regulation to which each fund is subject or any agreement to which each fund is a party; provided that the aggregate outstanding principal amount of all loans to any of the funds may not exceed \$100 million. Interest is charged to each fund, based on its borrowings, at a rate per annum equal to the higher of the Federal Funds Effective Rate or the one month LIBOR Rate plus a margin of 1.00%. An upfront fee of 0.05% is incurred on the commitment amount and a commitment fee of 0.20% per annum is incurred on the unused portion of the line of credit. Both fees are allocated to the participating funds based on their relative net assets.

During the six months ended June 30, 2019, Baron WealthBuilder Fund had borrowings under the line of credit and incurred interest expense of \$13,445. For the 38 days during which there were borrowings, Baron WealthBuilder Fund had an average daily balance on the line of credit of \$3.7 million at a weighted average interest rate of 3.46%. At June 30, 2019, Baron WealthBuilder Fund had an outstanding balance in the amount of \$3,300,000.

6. ASSET ALLOCATION AND RISKS OF INVESTING IN THE UNDERLYING FUNDS

The Fund's ability to meet its investment objective depends largely upon selecting the best mix of Underlying Funds. The selection of the Underlying Funds and the allocation of the Fund's assets among the various market sectors could cause the Fund to underperform in comparison to other funds with a similar investment objective. In addition, each of the Underlying Funds has its own investment risks, and those risks can affect the value of the Fund's investments. 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.

7. FAIR VALUE MEASUREMENTS

Fair value is defined by GAAP as the price that the Fund would receive upon selling an investment in a timely transaction to an independent buyer in the principal or most advantageous market for the investment. GAAP provides a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability. Inputs may be observable or unobservable. Observable inputs are based on market data obtained from sources independent of the Fund. Unobservable inputs are inputs that reflect the Fund's own assumptions based on the best information available in the circumstances. The three-tier hierarchy of inputs is summarized in the three broad Levels listed below.

- Level 1 — quoted prices in active markets for identical assets or liabilities;
- Level 2 — prices determined using other inputs that are observable either directly, or indirectly through corroboration with observable market data (which could include quoted prices for similar assets or liabilities, interest rates, credit risk, etc.);
- Level 3 — prices determined using unobservable inputs when quoted prices or observable inputs are unavailable, such as when there is little or no market activity for an asset or liability (unobservable inputs reflect each Fund's own assumptions in determining the fair value of assets or liabilities and would be based on the best information available).

Investments in open-end registered investment companies are valued at NAV and are classified in the fair value hierarchy as Level 1.

8. INCOME TAXES AND DISTRIBUTIONS TO SHAREHOLDERS

Federal income tax regulations differ from GAAP. Therefore, distributions determined in accordance with tax regulations may differ in amount or character from net investment income and net realized gain for financial reporting purposes. Net investment income (loss) and net realized and unrealized gain (loss) differ for financial statement and tax purposes due to differing treatments of net investment loss, and wash sale losses deferred. Financial reporting records are adjusted for permanent book/tax differences to reflect tax character. Financial records are not adjusted for temporary differences.

As of June 30, 2019, the components of net assets on a tax basis were as follows:

Cost of investments	\$89,430,618
Gross tax unrealized appreciation	8,937,178
Gross tax unrealized depreciation	(47,168)
Net tax unrealized appreciation (depreciation)	8,890,010
Accumulated net investment income (loss)	3,246
Accumulated net realized gain (loss)	1,689,927
Paid-in capital	84,442,068
Net Assets	\$95,025,251

The Tax Character of distributions paid during the six months ended June 30, 2019 and for the year ended December 31, 2018 was as follows:

	Six Months Ended June 30, 2019			Year Ended December 31, 2018		
	Ordinary ¹	Long Term Capital Gain	Return of Capital	Ordinary ¹	Long Term Capital Gain	Return of Capital
	\$ —	\$ —	\$ —	\$ —	\$130,484	\$ —

¹ For tax purposes, short-term capital gains are considered ordinary income distributions.

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

8. INCOME TAXES AND DISTRIBUTIONS TO SHAREHOLDERS (Continued)

The Fund follows the provisions of FASB Codification Section 740 ("ASC Section 740") "Accounting for Uncertainty in Income Taxes" which clarifies the accounting for uncertainty in tax positions taken or expected to be taken on a tax return. ASC Section 740 sets forth a threshold for financial statement recognition, measurement and disclosure of tax positions taken or expected to be taken on a tax return. The Fund is required to recognize the tax effects of certain tax positions under a "more likely than not" standard, that based on their technical merits, have more than 50 percent likelihood of being sustained upon examination. Management has analyzed the tax positions taken on the Fund's federal income tax returns for the current year and prior year, and has concluded that no provision for federal income tax is required in the Fund's financial statements. At December 31, 2018, the Fund did not have any uncertain tax benefits that require recognition, de-recognition or disclosure. The Fund's federal, state and local income and federal excise tax returns for which the applicable statutes of limitations have not expired (current year and prior year) are subject to examination by the Internal Revenue Service and state departments of revenue.

9. OWNERSHIP CONCENTRATION

As of June 30, 2019 the officers, trustees and portfolio managers owned, directly or indirectly, 14.48% of the Fund. As a result of their ownership, these investors may be able to materially affect the outcome of matters presented to the Fund's shareholders.

10. TRANSACTIONS IN "AFFILIATED" COMPANIES

The Fund invests primarily in the Institutional Shares of the Underlying Funds which are considered to be affiliated with the Fund.

Name of Issuer	Value at December 31, 2018	Purchase Cost	Sales Proceeds	Change in Net Unrealized Appreciation (Depreciation)	Realized Gains/ (Losses)	Dividend Income	Other Distributions	Shares Held at June 30, 2019	Value at June 30, 2019	% of Net Assets at June 30, 2019
"Affiliated" Company as of June 30, 2019:										
Baron Asset Fund, Institutional Shares	\$14,241,715	\$ 710,403	\$ 3,439,850	\$ 4,553,205	\$ (67,905)	\$ —	\$ —	182,288	\$15,997,568	16.83%
Baron Discovery Fund, Institutional Shares	3,666,454	488,059	526,519	885,409	(120,190)	—	—	212,438	4,393,213	4.62%
Baron Durable Advantage Fund, Institutional Shares	906,382	47,356	160,000	210,580	(185)	—	—	87,621	1,004,133	1.06%
Baron Emerging Markets Fund, Institutional Shares	11,615,571	460,757	7,794,117	1,592,467	(690,256)	—	—	370,316	5,184,422	5.46%
Baron Fifth Avenue Growth Fund, Institutional Shares	5,059,245	236,802	456,705	1,345,303	(5,343)	—	—	185,900	6,179,302	6.50%
Baron Focused Growth Fund, Institutional Shares	3,646,119	349,984	577,215	524,372	(49,498)	—	—	212,658	3,893,762	4.10%
Baron Global Advantage Fund, Institutional Shares	2,874,138	450,108	93,911	1,036,170	(1,892)	—	—	158,007	4,264,613	4.49%
Baron Growth Fund, Institutional Shares	12,850,792	639,363	3,225,889	4,042,823	(254,070)	—	—	170,837	14,053,019	14.79%
Baron Health Care Fund, Institutional Shares	303,932	291,489	33,304	92,087	(900)	—	—	56,078	653,304	0.69%
Baron International Growth Fund, Institutional Shares	3,921,185	202,916	1,837,215	867,912	(158,791)	—	—	129,585	2,996,007	3.15%
Baron Opportunity Fund, Institutional Shares	5,465,449	555,321	1,120,474	1,595,955	(34,955)	—	—	275,066	6,461,296	6.80%
Baron Partners Fund, Institutional Shares	13,789,365	763,920	3,239,557	3,632,879	(251,691)	—	—	239,526	14,694,916	15.46%
Baron Real Estate Fund, Institutional Shares	4,053,338	296,213	911,867	1,090,203	(127,692)	—	—	168,011	4,400,195	4.63%
Baron Small Cap Fund, Institutional Shares	12,425,246	684,282	2,515,601	3,915,726	(364,775)	—	—	438,601	14,144,878	14.89%
	<u>\$94,818,931</u>	<u>\$6,176,973</u>	<u>\$25,932,224</u>	<u>\$25,385,091</u>	<u>\$(2,128,143)</u>	<u>\$ —</u>	<u>\$ —</u>		<u>\$98,320,628</u>	

FINANCIAL HIGHLIGHTS (Unaudited)

Selected data for a share outstanding throughout each period:

	Income (loss) from investment operations:				Less distributions to shareholders from:			Ratios to Average Net Assets:							Supplemental Data:		
	Net asset value, beginning of period (\$)	Net investment income (loss) (\$)	Net realized and unrealized gain (loss) (\$)	Total from investment operations (\$)	Net investment income (\$)	Net realized gain on investments (\$)	Total distributions (\$)	Net asset value, end of period (\$)	Total return (%)	Total expenses (%)	Less: Interest expense (%)	Operating expenses (%)	Less: Reimbursement of expenses by Adviser (%)	Net operating expenses (%)	Net investment income (loss) (%)	Net assets (in millions), end of period (\$)	Portfolio turnover rate (%)
RETAIL SHARES																	
Six Months Ended June 30,																	
2019	9.33	(0.02) ²	2.42	2.40	0.00	0.00	0.00	11.73	25.72 ^{4,7}	0.44 ⁶	(0.03) ⁶	0.41 ⁶	(0.11) ⁶	0.30 ⁶	(0.33) ⁶	3.4	5.85 ⁷
Year Ended December 31,																	
2018	10.00	(0.01) ²	(0.65)	(0.66)	0.00	(0.01)	(0.01)	9.33	(6.58) ⁴	0.90	0.00	0.90	(0.60)	0.30	(0.13)	2.1	1.24
2017 ¹	10.00	(0.00) ^{2,3}	0.00	(0.00) ³	0.00	0.00	0.00	10.00	0.00 ^{4,7}	0.59 ^{5,6}	0.00	0.59 ^{5,6}	(0.29) ^{5,6}	0.30 ^{5,6}	(0.30) ^{5,6}	0.0	0.00 ⁷
TA SHARES																	
Six Months Ended June 30,																	
2018	9.35	(0.00) ^{2,3}	2.41	2.41	0.00	0.00	0.00	11.76	25.78 ^{4,7}	0.19 ⁶	(0.03) ⁶	0.16 ⁶	(0.11) ⁶	0.05 ⁶	(0.08) ⁶	13.3	5.85 ⁷
Year Ended December 31,																	
2018	10.00	0.01 ²	(0.65)	(0.64)	0.00	(0.01)	(0.01)	9.35	(6.38) ⁴	0.59	0.00	0.59	(0.54)	0.05	0.05	9.7	1.24
2017 ¹	10.00	(0.00) ^{2,3}	0.00	(0.00) ³	0.00	0.00	0.00	10.00	0.00 ^{4,7}	0.34 ^{5,6}	0.00	0.34 ^{5,6}	(0.29) ^{5,6}	0.05 ^{5,6}	(0.05) ^{5,6}	3.4	0.00 ⁷
INSTITUTIONAL SHARES																	
Six Months Ended June 30,																	
2018	9.35	(0.00) ^{2,3}	2.41	2.41	0.00	0.00	0.00	11.76	25.78 ^{4,7}	0.19 ⁶	(0.03) ⁶	0.16 ⁶	(0.11) ⁶	0.05 ⁶	(0.07) ⁶	78.3	5.85 ⁷
Year Ended December 31,																	
2018	10.00	0.01 ²	(0.65)	(0.64)	0.00	(0.01)	(0.01)	9.35	(6.38) ⁴	0.49	0.00	0.49	(0.44)	0.05	0.12	83.0	1.24
2017 ¹	10.00	(0.00) ^{2,3}	0.00	(0.00) ³	0.00	0.00	0.00	10.00	0.00 ^{4,7}	0.34 ^{5,6}	0.00	0.34 ^{5,6}	(0.29) ^{5,6}	0.05 ^{5,6}	(0.05) ^{5,6}	1.0	0.00 ⁷

¹ For the period December 29, 2017 (commencement of operations) to December 31, 2017.² Based on average shares outstanding.³ Less than \$0.01 per share.⁴ The total returns would have been lower had certain expenses not been reduced during the period shown.⁵ Certain fixed expenses incurred by the Fund were not annualized for the period ended December 31, 2017.⁶ Annualized.⁷ Not Annualized

FUND EXPENSES (Unaudited)

As a shareholder of the Fund, you may incur two types of costs: ongoing expenses and transaction costs. Ongoing expenses include distribution and service (12b-1) fees and other Fund expenses. Due to the payment of Rule 12b-1 fees, long-term shareholders may indirectly pay more than the maximum permitted front-end sales charge. The information on this page is intended to help you understand your ongoing costs of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds.

The information in the following table is based on an investment of \$1,000 invested on January 1, 2019 and held for the six months ended June 30, 2019.

ACTUAL EXPENSES

The table below titled "Based on Actual Total Return" provides information about actual account values and actual expenses. You may use the information provided in this table, together with the amount you invested, to estimate the expenses that you paid over the period. To estimate the expenses you paid on your account, divide your ending account value by \$1,000 (for example, an \$8,600 ending account value divided by \$1,000 = 8.6), then multiply the result by the number under the heading titled "Expenses Paid During the Period."

BASED ON ACTUAL TOTAL RETURN FOR THE SIX MONTHS ENDED JUNE 30, 2019¹

	Actual Total Return	Beginning Account Value January 1, 2019	Ending Account Value June 30, 2019	Annualized Expense Ratio	Expenses Paid During the Period ³
Baron WealthBuilder Fund — Retail Shares	25.72%	\$1,000.00	\$1,257.20 ⁴	0.33 ^{2,5}	\$1.85
Baron WealthBuilder Fund — TA Shares	25.78%	\$1,000.00	\$1,257.80 ⁴	0.08 ^{2,5}	\$0.45
Baron WealthBuilder Fund — Institutional Shares	25.78%	\$1,000.00	\$1,257.80 ⁴	0.08 ^{2,5}	\$0.45

HYPOTHETICAL EXAMPLE FOR COMPARISON PURPOSES

The table below titled "Based on Hypothetical Total Return" provides information about hypothetical account values and hypothetical expenses based on the actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account values and expenses you paid for the period. You may use the information provided in this table to compare the ongoing costs of investing in the Fund and other funds. To do so, compare the 5% hypothetical example relating to the Fund with the 5% hypothetical examples that appear in the shareholder reports of other funds.

Please note that expenses shown in the table below are meant to highlight your ongoing costs and do not reflect any transactional costs, such as redemption fees, if any. Therefore, the table is useful in comparing ongoing costs only and will not help you determine your relative total costs of owning different mutual funds. In addition, if these transactional costs were included, your costs would have been higher.

BASED ON HYPOTHETICAL TOTAL RETURN FOR THE SIX MONTHS ENDED JUNE 30, 2019

	Hypothetical Annualized Total Return	Beginning Account Value January 1, 2019	Ending Account Value June 30, 2019	Annualized Expense Ratio	Expenses Paid During the Period ³
Baron WealthBuilder Fund — Retail Shares	5.00%	\$1,000.00	\$1,023.16 ⁴	0.33 ^{2,5}	\$1.66
Baron WealthBuilder Fund — TA Shares	5.00%	\$1,000.00	\$1,024.40 ⁴	0.08 ^{2,5}	\$0.40
Baron WealthBuilder Fund — Institutional Shares	5.00%	\$1,000.00	\$1,024.40 ⁴	0.08 ^{2,5}	\$0.40

¹ Assumes reinvestment of all dividends and capital gain distributions, if any.

² Annualized expense ratio for Baron WealthBuilder Fund for the six months ended June 30, 2019, includes 0.30%, 0.05% and 0.05% for net operating expenses and 0.03%, 0.03% and 0.03% for interest expense for the Retail, TA and Institutional Shares, respectively.

³ Expenses are equal to each share class' respective annualized expense ratio multiplied by the average account value over the period, multiplied by the number of days in the most recent fiscal half-year, then divided by 365.

⁴ Ending account value assumes the return earned after waiver and would have been lower if a portion of the expenses had not been waived.

⁵ Annualized expense ratios are adjusted to reflect fee waiver.

DISCLOSURE REGARDING THE APPROVAL OF THE INVESTMENT ADVISORY AGREEMENT FOR BARON WEALTHBUILDER FUND BY THE BOARD OF TRUSTEES (Unaudited)

The Board of Trustees (the "Board") of Baron Select Funds (the "Trust") met on May 23, 2019 to discuss the selection of BAMCO, Inc. (the "Adviser") as the investment adviser and the approval of the investment advisory agreement for Baron WealthBuilder Fund (the "Fund"). The members of the Board who are not "interested persons" (as defined in the Investment Company Act of 1940, as amended) of the Trust (the "Independent Trustees") met in a separate session to discuss and consider the renewal of the investment advisory agreement for the Fund. Representatives of Broadridge Financial Solutions, Inc. ("Broadridge"), an independent provider of investment company data, provided reports to the Board and attended the Board meeting. The Trustees received a substantial amount of information from the Adviser and from Broadridge, and were advised by independent legal counsel. Based on its evaluation of this and other information, the Board, including a majority of the Independent Trustees, approved the continuation of the investment advisory agreements for the Fund for an additional one-year period.

In reaching its determination, the Board considered various factors that it deemed relevant, including the factors listed below.

1. NATURE, EXTENT AND QUALITY OF SERVICES

As part of their consideration of the nature, extent and quality of services provided by the Adviser, the Independent Trustees considered the information provided, including their experience and knowledge gained from their service as Trustees and their experience generally, including the following, which they had considered in past years and remained, in their thinking, material to their consideration:

- Their confidence in the senior personnel, portfolio management, the financial condition of the Adviser and its affiliates and the Adviser's available resources;
- The nature, extent and quality of the services provided by the Adviser, including: intensive devotion to research, selection of broker/dealers for Fund portfolio transactions, relationships with and supervision of third party service providers, such as the Fund's custodian and transfer agent, the quality of shareholder reports, the ability to monitor adherence to investment guidelines and restrictions, the legal, accounting and compliance services provided to the Fund and the support services provided to the Board;
- The Adviser's investment principles and processes and the historical performance of the Fund as compared to similar funds managed by other advisers and other funds managed by the Adviser over comparable periods;
- The advisory fees, total expense ratios of the Fund and comparisons to similar funds managed by other advisers over comparable periods. They observed that while the advisory fee was comparatively higher, the net operating expenses paid by the Fund (total expense ratio) were within the range of those of the funds in its respective peer group; and
- Additional services provided by the Adviser.

Based on the considerations as described above, the Board concluded that the nature, extent and quality of the services the Adviser provides to the Fund, including performance consistent with its investing principles as discussed below, supported approval of the investment advisory agreement for the Fund.

2. INVESTMENT PERFORMANCE OF THE FUND AND THE ADVISER

As part of its consideration of the investment performance of the Fund and the Adviser, the Board took into account the analyses performed by and discussed with representatives of Broadridge. The Board considered, among other information, Broadridge's comparisons of the expense ratio and contractual advisory fee with those of peer group (comparable) funds selected by Broadridge and Morningstar category medians. The Board also considered, among other performance information, Broadridge's comparisons of the Fund's annualized total return and related risk metrics over one-, three- and five-year periods, where applicable, against peer group funds and Morningstar category medians. After considering all the information, the Board concluded that the Adviser continued to invest in accordance with its long-standing principles and that the Fund's performance remained consistent with expectations for the Adviser's investment style, in light of recent market conditions.

3. COSTS OF SERVICES PROVIDED AND PROFITS TO BE REALIZED BY THE ADVISER

The Board considered comparisons of the advisory fees charged and services provided by the Adviser and its investment adviser affiliate to sub-advised accounts and separately managed accounts. The Board considered that, while the advisory fees for the other clients are the same as, or lower than, the fees for the Fund, the Adviser or its affiliate performs significantly fewer services for those clients compared with those provided by the Adviser to the Fund. The Board also considered a profitability analysis prepared by the Adviser and discussed with the representatives of the Adviser that the Adviser has continued to invest in quality personnel, systems and facilities, and otherwise continued to invest in its business, irrespective of fund flows.

The Board also considered benefits that accrue to the Adviser and its affiliates from their relationship with the Fund. The Board considered the costs of portfolio management, including the types of investments made for the Fund, the personnel and systems necessary for implementation of investment strategies, and the pre-tax profits realized by the Adviser and its affiliates from their relationship with the Fund.

The Board concluded that the advisory fee for the Fund was supportable in light of the services provided as discussed at this meeting.

4. ECONOMIES OF SCALE AND BENEFITS TO INVESTORS

The Board considered the extent to which the Fund's advisory fee reflected economies of scale for the benefit of Fund shareholders, appreciating that the economies of scale analysis is predicated on generally predictable increasing assets. The Board considered that small- and mid-cap investment strategies require more attention by the Adviser than a strategy that involves other types of investing, particularly as asset size increases. The Board considered that the Adviser was continuing to grow and upgrade its staff and invest in its business. The Board members reiterated their intention to continue to consider the extent of economies of scale, asset growth and the Adviser's plans to invest further to support the Fund.

After due consideration of the above-enumerated factors and other factors it deemed relevant, the Board, including a majority of the Independent Trustees, approved the continuance of the Fund's investment advisory agreement.

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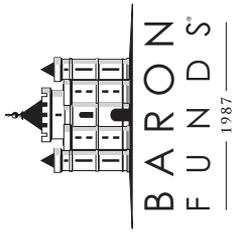
767 Fifth Avenue, 49th Fl.

New York, NY 10153

1.800.99.BARON

212-583-2000

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