Baron Funds®

December 31, 2023

Quarterly Report

OWN IT!!!!

On November 10, 2023, more than 5,000 Baron Funds' shareholders and institutional clients of Baron Capital, our family-owned investment manager, attended the 30th Annual Baron Investment Conference (the Conference).

Since our first annual conference in 1992, the only years we did not hold such a gathering were during the two COVID years, 2020 and 2021. Again, as we have for the past 20 years, Baron Capital held the 2023 Conference at New York City's Lincoln Center. As attendance at our annual event has increased, Baron has steadily expanded our conference venue. From just one building in 2004, to all five buildings on the Lincoln Center campus last year. The Annual Baron Conference is now anchored at the largest of these buildings, the Metropolitan Opera House.

OWN IT!!! was the theme of our 2023 meeting. The OWN IT!!!! theme was intended to describe Baron's strategy of investing for the long term in exceptionally well-managed, competitively advantaged growth businesses.

Baron Capital has investments in about 400 businesses. Regardless, only 30 investments represent about 59% of our Firm's assets under management. The values of these 30 businesses have increased significantly since Baron first purchased their shares. CEOs of four of these businesses spoke in the morning about their opportunities for further significant growth.

Ron, in his element, "Owning It" on the MET stage at the 30th Annual Baron Investment Conference.

Andy Florance, founder and CEO of real estate data firm **CoStar Group, Inc.**, could not have been more optimistic about the prospects for CoStar's expansion into residential real estate. He outlined how CoStar is supporting his vision by spending about $1 billion annually to make this happen. We began to invest in CoStar in **2001.** As of December 31, 2023, its shares have since increased 50.4 times with an annualized return of 19.3%. CoStar is Baron's fourth largest holding.

FactSet Research Systems Inc. CEO Phil Snow spoke about his business' growth potential for open-sourced data, including recently introduced private credit data...adding more services to those already being provided...and the derivation of FactSet's name..."sets of facts." Phil spoke not only about his totally fascinating background as well as the history and opportunities for FactSet. Baron began investing in FactSet in **2006.** FactSet has since increased 11.2 times with an annualized return of 15.1%. FactSet is our sixth largest holding.

Michael Kehoe is the Founder and CEO of **Kinsale Capital Group, Inc.** Kinsale is a specialty insurer with a unique operating model based on data and exceptional response times to Kinsale's brokerage clients. Kinsale is not your parents' insurance company. Kinsale is Michael's second big corporate success, and we think Kinsale still has a long way to go. If you'd met Michael, you'd understand why we feel that way. We began to purchase Kinsale shares in **2016**. They have since increased 18.8 times and have earned an annualized return of 48.4%. Kinsale is our 13th largest holding.


Baron shareholders 'can't stop the feeling' of amazement after superstar Justin Timberlake's surprise entrance and show-stopping performance at the 30th Annual Baron Investment Conference.

Eric Green has been the CEO of **West Pharmaceutical Services, Inc.** since **2015**. West's vials and systems for packaging drugs undergo two years of stability testing for FDA approvals and are a critical part of the drug approval process. West's packaging represents a very small percentage of drug dosage costs. We began to purchase West in **2013**. The stock has since increased about 11.1 times with an exceptional annualized return of 25.6%. West is our 24th largest investment.

Ajei Gopal is the CEO of simulation business **ANSYS, Inc.** When he spoke at the 29th Conference in November of 2022, Ajei described how ANSYS computer simulation helps businesses design and manufacture cars...rocket ships...bathing suits for Olympic swimmers...and just about anything else you can think of better…faster…cheaper than if you

TABLE OF CONTENTS

BARON FUNDS 1987

tested a physical product. Since Ajei has been CEO of the business, he has penalized his firm's annual profits by investing to become a much larger company. ANSYS is our 10th largest holding. Since we began to purchase its shares in **2009**, it has increased 14.0 times with an annualized return of 19.3%.

During the past two months, three larger companies have offered to purchase ANSYS at a significant premium to the December 31, 2023 price. The winner in this bidding contest, another simulation business, Synopsys, agreed to purchase ANSYS at a price of nearly $400 per share. Approximately half the purchase price will be cash, the remainder in Synopsys stock. We assume that because Ajei thinks this is a good deal, after we study Synopsys carefully over the next several months, there is a good chance you will see Synopsys in our portfolios when this transaction is completed.

Before our Conference begins every year, CNBC's Squawk Box visits and interviews me and guests during a two hour program segment. This year, two of our special guests were **Choice Hotels International, Inc.** Chairman Stewart Bainum and CEO Pat Pacious. Several years ago, Stewart described Pat to me as the most effective CEO in Choice's history. If you watched the raucous conversation between Stewart, Pat, Squawk Box anchor Andrew Ross Sorkin, and me, I'm certain you could glean why that is so. In 1969, I was attending law school on scholarship and at night while working as a Patent Examiner for the U.S. Patent Office in the daytime. I invested in Manor Care in 1969 at the time of its IPO. I then borrowed money at usurious rates to invest after I read about that company and the Bainum family in *The Washington Post*. I thought Manor Care would be a beneficiary of President Lyndon Johnson's Medicare Bill that passed Congress in 1965. I was right. Manor Care has been an enormously successful investment for us.

Manor Care was the parent of Choice Hotels, the largest hotel franchiser in our nation. Choice has also been an incredibly successful investment for Baron. Baron has been Choice Hotel's largest institutional investor since it was spun out of Manor Care in **1996.** Choice has since increased in value 32.2 times for an annualized return of 13.6%...and Stewart has become a very good friend. When he started to lavishly compliment me on Squawk Box, I handed him a wad of bills to thank him. When he initially refused to return the money, we both cracked up.

We were introduced to **FIGS, Inc.** co-founder and CEO Trina Spear about a year ago. We have been investing in her unique, health care uniform, direct to consumer, and importantly, replenishment business soon after that. FIGS has grown from zero revenue 10 years ago to more than $500 million in

We knew he could dance, but who knew he could jump so high?! Pop superstar Justin Timberlake 'rockin' his body' with 'that sunshine in his pocket' at the 30th Annual Baron Investment Conference.

annual revenue since...which Trina believes will ultimately reach many billions. Trina and her co-founder, Heather Hasson, were recently subjects of a Harvard Business School case study. If you can get your hands on that study or somehow watch it on film, it will not be hard for you to understand why we purchased 15% of their company...at what we regard as very depressed prices over the past several months. Andrew Ross Sorkin's and my interview with Trina at the Conference that morning was really fun. I will shortcut your FIGS research efforts and write a lot more about FIGS and Trina in the months to come. FIGS is not yet one of our top 30 investments. In the not too, too distant future we expect it to become one...due to appreciation...not because we purchase a lot more. One more thing. Just like I regard Stewart Bainum as a good friend, I think about Trina the same way, just as I do of dozens of CEOs and executives of businesses in which we invest. Sure makes my "job" fun...and easier...when we invest in people I like...admire...think are unbelievably talented...and trust.

Baron Capital's investment process is straightforward…

We do not try to predict wars…interest rates…commodity prices…elections…stock market trends...or any other macro events that we believe cannot be predicted. We also do not try to predict whether such developments will impact stock prices. We don't trade stocks. We just invest for the long term in publicly traded businesses using our proprietary research and steadily growing staff of 45 investment professionals…many of whom are unusually long tenured…to identify and study and become unusually knowledgeable about such businesses.

Our underlying assumptions? That the price of everything we want to purchase will double about every 14 to 15 years...which means that the purchasing power of our savings will fall in half about every 14 to 15 years…and that our stock markets and economy will double about every 10 to 11 years. This has been the case during my entire lifetime. We try to double our money every 5 to 6 years by *owning* businesses that sustainably grow double digits per year, not the nominal high single-digit growth rate of our economy...6% to 7% per year including inflation. This is how we protect the purchasing power of your hard-earned savings from inflation.

I often remark that, "We Invest in People." In the executives who manage businesses in which we invest on behalf of ourselves and clients...and in the 209 individuals who we recruit, train, and retain. The reason we have long-tenured analysts and executives? We hire *the best*...those we judge to be the most talented...and best educated...and provide them with an incredible environment in which to work. That includes access to among the most interesting and talented executives of public companies...while working alongside other exceptional Baron individuals...and offer all opportunity for career advancement. We have never had a layoff in the 42-year history of our business. Whether our business is having a very strong...or average...or, on occasion, difficult year. We rely on our analysts and managers and all the rest of our fellow employees who provide our researchers and investors a platform to show their stuff. Since we rely on our fellow employees, we, in turn, want them to rely on us.

Unlike Warren Buffett who tries to invest in competitively advantaged businesses that can be "run by any idiot... since sooner or later they will be," we pride ourselves doing what algorithms cannot. We invest in mission-driven, extraordinarily talented individuals whom we believe to be awesome leaders. Like Elon Musk, for example. Such individuals most often surround themselves with like people.

Engineering positions at **Tesla, Inc.** and **Space Exploration Technologies Corp.** (SpaceX) are the two most sought-after career positions for top-of-class engineering students, despite the challenging workloads at both companies. That's to work with Musk...and the unusually talented and driven people he attracts...and to be involved in super interesting projects at both companies. Last year, at a time when many businesses struggled to attract qualified workers, Musk's businesses had 3.5 million job applicants for 30,000 open positions!!! These two fast growing, unique businesses employ 142,000 individuals.

Executives of Utah's Eccles family foundation recently visited us. This foundation, one of the largest in our nation, was created from a family business that eventually included more than 50 banks and dozens of large industrial companies. It was founded about 150 years ago by David Eccles, a hard-working and obviously immensely talented immigrant. David was 14 years old when he, an impoverished individual, arrived in America from Paisley, Scotland in 1863…in the midst of our Civil War! David was able to come to America because of charitable gifts from his homeland that he repaid many times over. "Surrounded by giants you become a giant" was how this entrepreneurial business founder described his hiring process. In fact, David was so kind and generous to the exceptional individuals with whom he worked that when he passed away, they mentored his children and grandchildren. So learned, disciplined, and talented were his family members, that, in 1933, in the midst of the Great Depression, his son, Marriner, was called to testify before Congress. Marriner's ideas were the basis for FDR's New Deal!!! Marriner Eccles became the seventh Head of The United States' Federal Reserve. What an amazing country in which we are privileged to live…

The Annual Baron Investment Conferences are intended to inform…and for us to thank you for investing with us…

We held the first Annual Baron Investment Conference in 1992 at the Harmonie Club in New York City. Our idea was to allow Baron investors to meet the managements of businesses in which we had invested their savings. The first two meetings featured "The Chucks," Chuck Mathewson and Chuck Schwab. Maybe 40 to 50 shareholders showed up for each. At the time, those 40 to 50 investors probably represented a significant portion of the $100 million ("m" for million) assets we then managed.

You would have benefited from investing with "The Chucks"…and not selling. Chuck Mathewson's International Game Technologies' (IGT) idea was to link IGT slot machines in all Las Vegas casinos to produce slot wins comparable to lottery jackpots. His IGT increased in value 100 times from $100 million when he acquired control to $10 billion. Chuck Schwab's brokerage business revolutionized mutual fund distribution. Arguably, without his innovation, Baron wouldn't exist. In 1992, Charles Schwab had customer accounts valued at about $60 billion. Schwab's customer assets now exceed $8.5 trillion! Schwab's share price has since also increased more than 100 times.

Lunchtime entertainment in 1992 was Beatlemania, a Beatles tribute band, complete with 1960s wigs and mustaches. Our lunch service consisted of a buffet table with shrimp and chocolate chip cookies. In the center of the table, crouching beneath, her head protruding disguised as a table ornament wearing sunglasses and a huge hat covered with fruit, was entertainer Hedda Lettuce. When a guest was too greedy about the cookies, the head slowly turned and spoke in a weird voice, "Put those down." Luckily there were no heart attacks.

Since then, our entertainment offerings have improved. Sir Paul McCartney…Barbra Streisand… Billy Joel…Sir Elton John…Jerry Seinfeld…Bette Midler…Hugh Jackman…Rod Stewart…Alicia Keyes…Cher…Faith Hill and Tim McGraw…Bruno Mars…Billy Crystal…and, as Andrew Ross Sorkin likes to say on CNBC…"so much more…" You could get the full list on Wikipedia. CNBC Squawk Box now spends more than two hours with us on Conference day.

This year lunch entertainment was the legendary John Legend…comedian Adam Sandler…and performances from the Broadway Show *Beautiful Noise* about the life and music of Neil Diamond. Neil Diamond was our real-life entertainer in 2000! The final entertainment to end Conference Day this year was the amazing…unbelievable…astonishing…Justin Timberlake singing and dancing and hanging out with the audience for an hour…and my two grandsons 11-year old Leo and 9-year old Ari after the show talking about what professional basketball team Leo, Ari, and 8-year old Sirus Timberlake would play for after college! All are less than 5' tall!!! Except Justin, of course.

I had worried that Justin was too young for our audience. Boy, was I wrong! This guy is one of the very best entertainers I have ever seen…and a super nice guy to boot. From his entrance to the stage down the Opera House aisles amid our shareholders and dancing and singing with my Rabbi, Central Synagogue's Angela Buchdahl, in our audience…just perfect. The day closed with surprise performer, 23-year old Noa Kirel, Israeli pop star, singing *Hatikva* the Israeli national anthem. *Hatikva* means *Hope*, which all in the audience clearly felt after the October 7th medieval and depraved slaughter…torture…rape…… and hostage taking by Hamas…at the Israeli peace concert and kibutz bordering Gaza. Noa's performance was met with total silence…except for audible sobs.

As our attendees quietly filed out of the Opera House to get their Baron swag…and complimentary Scream Ice Cream cones from four Scream Ice Cream trucks (two last year weren't enough…four weren't enough this year either…six next year?)…to view Tesla cars and the Tesla CyberTruck for the first time in NYC…thousands stood in line to thank me for the day…and especially for Noa's performance. Jews and non-Jews alike. Made me cry.

Hope we will see you next year. Thank you again for investing with us.

Respectfully,

Ronald Baron
CEO
February 1, 2024

Almost forgot. This year, as we have for the past five years, we gave away three Tesla Model Ys as door prizes. I got the idea from Oprah's book gifts. Tesla wants to make sure you know that Baron Capital, our privately owned management company, bought these cars….and paid full retail price…no discounts.

All expenses for this meeting, as has been so for all our prior meetings, were also paid by Baron Capital. No expenses for these meetings are paid by our guests/shareholders. The intent of these meetings, as noted, is to inform…and to say thanks to you.

Baron's Mission

1. My dad was an engineer for the Army. My parents were never able to invest in stocks. Baron Capital's Mission is to enable middle class individuals like my parents to invest in growing businesses and participate in the growth of America's economy…and to protect their savings purchasing power from inflation. Just like the opportunities the wealthy among us have always had.

2. We guard our reputation fiercely and regard our reputation as the cornerstone of our business. It is one of the most important elements of our business that allows us to attract exceptional individuals to work at Baron. "Would your younger self like you? Would he or she be proud of the life you have lived?" That's a question I have asked myself since one of our Rabbi's posed it to our congregation several years ago. My belief and my hope is that individuals with whom I work feel the same way about their careers at Baron as I do.

3. We understand that our success is not just about hard work…experience…investing in talented people…and finding unusual, distinctive, advantaged businesses in which to invest. We

believe that our success, as well as virtually everyone else's, entails a certain amount of good luck. We give an appreciative "shout out" to two very special financial executives in our business, Peggy Wong, our CFO since she joined us in 1987, and Jane Liang, our Corporate Treasurer, since she joined us in 2007. In accord with Chinese culture, about which Peggy and Jane try to educate me, we recognize that the number 8 connotes wealth and good luck. Accordingly, we opened a koi pond on the 48th floor of our offices in the General Motors Building on August 8, 2008, 08-08-08!!! Koi fish are also supposed to bring good luck. We were taking no chances!

How have we performed?

One more thing. It is unusual that mutual fund investors or any investors for that matter have been able to perform over the long term better than benchmark indexes. Since their respective inceptions as mutual funds, 16 funds, representing 98.6% of Baron Funds' AUM, have outperformed their benchmarks and 14 funds, representing 96.6% of Baron Funds' AUM, rank in the top 20% of their respective Morningstar categories. Five funds, representing 46.5% of Baron Funds' AUM, rank in the top 1% of their categories. Further, Baron Partners Fund is the top performing U.S. Equity fund (out of 2,101 share classes) since its conversion in 2003 from a partnership to a mutual fund.[1] The Fund also had a better performance record than the top performing U.S. Equity fund since its inception as a partnership in 1992. If you had hypothetically invested $10,000 in a fund designed to track Baron Partner Fund's benchmark index in 1992, that investment would now be worth $204,000. If it had been hypothetically invested in Baron Partners Fund it would now be worth over $900,000.

[1] **This is a hypothetical ranking created by Baron Capital using Morningstar data and is as of 12/31/2023. There were 2,101 share classes in the nine Morningstar Categories mentioned below for the period from 4/30/2003 to 12/31/2023. Based on Morningstar Category Groups, which include open-end funds and ETFs and exclude privately offered funds. Baron Partners Fund is the number one performing U.S. equity fund (out of 2,101 share classes) in the United States since its conversion to a mutual fund in 2003 and it is not ranked since its inception as a partnership. 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 1200, 1031, and 810, share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Partners Fund in the 27th, 1st, 1st, and 1st percentiles for the 1-, 5-, 10-year, and since conversion periods, respectively. The Fund converted into a mutual fund 4/30/2003, and the category consisted of 756 share classes.

Baron Funds (Institutional Shares) and Benchmark Performance 12/31/2023

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	12.88%	7.67%	12/31/1994	14.97%	2.34%	14.92%	10.24%	1.05%(3)(4)	$7.87 billion
Baron Small Cap Fund†	Russell 2000 Growth Index	10.18%	6.12%	9/30/1997	27.19%	0.52%	14.02%	9.31%	1.05%(3)	$4.62 billion
Baron Discovery Fund†	Russell 2000 Growth Index	12.42%	7.80%	9/30/2013	22.58%	(5.86)%	11.94%	11.02%	1.06%(3)	$1.43 billion
SMALL/MID CAP										
Baron Focused Growth Fund(1)	Russell 2500 Growth Index	13.35%	8.04%	5/31/1996	27.78%	3.05%	26.01%	15.54%	1.06%(5)	$1.34 billion
MID CAP										
Baron Asset Fund†	Russell Midcap Growth Index	11.37%	10.20%(2)	6/12/1987	17.35%	(0.21)%	12.82%	10.49%	1.05%(3)	$4.82 billion
LARGE CAP										
Baron Fifth Avenue Growth Fund†	Russell 1000 Growth Index	9.19%	11.51%	4/30/2004	57.58%	(4.62)%	11.93%	11.04%	0.78%/0.76%(3)(7)	$539.19 million
Baron Durable Advantage Fund	S&P 500 Index	14.70%	12.07%	12/29/2017	45.51%	13.08%	19.68%	N/A	1.00%/0.70%(3)(8)	$183.26 million
ALL CAP										
Baron Partners Fund(1)	Russell Midcap Growth Index	15.17%	9.91%	1/31/1992	43.47%	2.86%	31.57%	19.11%	1.44%(5)(6)	$6.94 billion
Baron Opportunity Fund†	Russell 3000 Growth Index	9.14%	6.75%	2/29/2000	49.98%	(1.26)%	20.71%	14.08%	1.06%(3)	$1.13 billion
NON-U.S./GLOBAL										
Baron Emerging Markets Fund	MSCI EM Index	3.18%	1.55%	12/31/2010	8.29%	(8.96)%	2.99%	2.48%	1.12%(5)	$4.54 billion
Baron GlobalAdvantage Fund†	MSCI ACWI Index	10.55%	9.11%	4/30/2012	25.56%	(15.03)%	9.88%	9.04%	0.94%/0.91%(5)(9)	$685.79 million
Baron International Growth Fund	MSCI ACWI ex USA Index	8.94%	6.74%	12/31/2008	7.60%	(4.91)%	7.79%	5.18%	0.99%/0.95%(5)(10)	$511.96 million
Baron New Asia Fund	MSCI AC Asia ex Japan Index	-9.48%	-7.69%	7/30/2021	5.79%	N/A	N/A	N/A	7.22%/1.20%(5)(11)	$4.34 million
SECTOR										
Baron Real Estate Fund	MSCI USA IMI Extended Real Estate Index	13.76%	11.07%	12/31/2009	25.04%	3.62%	18.32%	10.06%	1.07%(5)	$1.74 billion
Baron Real Estate Income Fund	MSCI US REIT Index	8.29%	4.05%	12/29/2017	15.51%	2.78%	12.64%	N/A	0.96%/0.80%(5)(12)	$148.08 million
Baron Health Care Fund†	Russell 3000 Health Care Index	12.54%	10.38%	4/30/2018	6.42%	0.78%	15.43%	N/A	0.90%/0.85%(5)(13)	$210.43 million
Baron FinTech Fund†	FactSet Global FinTech Index	9.58%	1.51%	12/31/2019	27.31%	(0.69)%	N/A	N/A	1.20%/0.95%(5)(14)	$59.60 million
Baron Technology Fund	MSCI ACWI Information Technology Index	(4.61)%	2.03%	12/31/2021	63.38%	N/A	N/A	N/A	6.42%/0.95%(5)(15)	$9.03 million
EQUITY ALLOCATION										
Baron WealthBuilder Fund	S&P 500 Index	12.78%	12.07%	12/29/2017	25.73%	(0.37)%	17.06%	N/A	1.14%/1.11%(5)(16)	$547.52 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 December 31, 2023.

(3) As of 9/30/2023.

(4) Comprised of operating expenses of 1.04% and interest expenses of 0.01%.

(5) As of 12/31/2022.

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

(7) Gross annual expense ratio was 0.78%, but the net annual expense ratio was 0.76% (net of Adviser's fee waivers, including interest expense of 0.01%).

(8) Gross annual expense ratio was 1.00%, but the net annual expense ratio was 0.70% (net of Adviser's fee waivers).

(9) 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%).

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

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

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

(13) Gross annual expense ratio was 0.90%, but the net annual expense ratio was 0.85% (net of Adviser's fee waivers).

(14) Gross annual expense ratio was 1.20%, but the net annual expense ratio was 0.95% (net of Adviser's fee waivers).

(15) 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).

(16) Gross annual expense ratio was 1.14%, but the net annual expense ratio was 1.11% (includes acquired fund fees and expenses, net of the 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, 2034, 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 baronfunds.com or call 1-800-99-BARON.

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

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

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

Ranking information provided is calculated for the **Institutional Share Class** and is as of **12/31/2023**. 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 1200, 1031, and 810, share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Opportunity Fund in the 11th, 4th, 13th, and 4th percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 2/29/2000, and the category consisted of 597 share classes.. Morningstar ranked Baron Durable Advantage Fund in the 21st, 8th, and 18th percentiles for the 1-, 5-, and since inception periods, respectively. The Fund launched 12/29/2017, and the category consisted of 1089 share classes. The **Morningstar Mid Cap Growth Category** consisted of 553, 492, and 395, share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Asset Fund in the 74th, 49th, 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 70 share classes. Morningstar ranked Baron Growth Fund in the 83rd, 15th, 29th, 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 160 share classes. Morningstar ranked Baron Focused Growth Fund in the 10th, 1th, 1th, and 3rd percentiles for the 1-, 5-, 10-year, and since conversion periods, respectively. The Fund converted into a mutual fund 6/30/2008, and the category consisted of 438 share classes. The **Morningstar Small Cap Growth Category** consisted of 597, 528, and 405, share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Small Cap Fund in the 5th, 13th, 21st, and 7th 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 10th, 36th, 6th, and 4th percentiles for the 1-, 5-, 10-, and since inception periods, respectively. The Fund launched 9/30/2013, and the category consisted of 523 share classes. The **Morningstar Real Estate Category** consisted of 251, 215, and 156, 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 12/30/2009, and the category consisted of 182 share classes. Morningstar ranked Baron Real Estate Income Fund in the 9th, 3rd, and 2nd percentiles for the 1-, 5-, and since inception periods, respectively. The Fund launched 12/29/2017, and the category consisted of 225 share classes. The **Morningstar Foreign Large Growth Category** consisted of 417, 336, 229, and 251 share classes for the 1-, 5-,10-year, and since inception (12/31/2008) periods. Morningstar ranked Baron International Growth Fund in the 96th, 63rd, 38th, and 19th, respectively. The **Morningstar Diversified Emerging Markets Category** consisted of 816, 656, 402, and 373 share classes for the 1-, 5-, 10-year, and since inception (12/31/2010) periods. Morningstar ranked Baron Emerging Markets Fund in the 76th, 78th, 51st, and 14th, respectively. The **Morningstar Diversified Health Category** consisted of 176, 135, and 138 share classes for the 1-, 5-, and since inception (12/31/2018) periods. Morningstar ranked Baron Health Care Fund in the 25th, 1st, and 1st, respectively. The **Morningstar Aggressive Allocation Category** consisted of 186, 165, and 177 share classes for the 1-, 5-, and since inception (12/29/2017) periods. Morningstar ranked Baron WealthBuilder Fund in the 5th, 1st, and 1st, respectively.

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Portfolio holdings as a percentage of net assets as of December 31, 2023 for securities mentioned are as follows: Tesla, Inc. – Baron Fifth Avenue Growth Fund (4.3%), Baron Focused Growth Fund (11.4%), Baron Global Advantage Fund (4.4%), Baron Opportunity Fund (5.7%), Baron Partners Fund (38.1%*), Baron Technology Fund (4.9%); **Space Exploration Technologies Corporation** – Baron Asset Fund (2.2%), Baron Fifth Avenue Growth Fund (0.9%), Baron Focused Growth Fund (9.5%), Baron Global Advantage Fund (4.7%), Baron Opportunity Fund (2.8%), Baron Partners Fund (9.9%*); **CoStar Group, Inc.** – Baron Asset Fund (4.4%), Baron FinTech Fund (1.5%), Baron Focused Growth Fund (4.2%), Baron Growth Fund (5.7%), Baron Opportunity Fund (2.9%), Baron Partners Fund (8.1%*), Baron Real Estate Fund (4.4%), Baron Technology Fund (1.6%); **FactSet Research Systems Inc.** – Baron Asset Fund (3.7%), Baron FinTech Fund (3.0%), Baron Focused Growth Fund (4.5%), Baron Growth Fund (7.2%), Baron Partners Fund (4.4%*); **Kinsale Capital Group, Inc.** – Baron Discovery Fund (2.3%), Baron FinTech Fund (1.1%), Baron Growth Fund (4.2%), Baron Small Cap Fund (3.4%); **Choice Hotels International, Inc.** – Baron Asset Fund (1.3%), Baron Focused Growth Fund (3.0%), Baron Growth Fund (4.3%); **West Pharmaceutical Services, Inc.** – Baron Asset Fund (2.4%), Baron Growth Fund (2.0%), Baron Health Care Fund (1.9%); **FIGS, Inc.** – Baron Focused Growth Fund (3.0%), Baron Growth Fund (0.7%), Baron Partners Fund (0.4%*).

* % of Long Positions

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

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

2023 Baron Investment Conference: (First row, from left to right) A Tesla Cybertruck was showcased at the Baron Investment Conference in New York. Ron couldn't keep his hands off it. Israeli pop sensation Noa Kirel during her performance of Hatikvah. Ron Baron and Linda Martinson, Co-founder, President, and Chief Operating Officer. (Second row, from left to right) Justin Timberlake meets Ron Baron, David Baron, and Ron's grandkids backstage. Linda Martinson, Co-founder, President, and Chief Operating Officer, answers questions from the audience during the conference. David Baron, Portfolio Manager, Baron Focused Growth Fund, Michael Baron, Portfolio Manager, Baron Partners Fund and Baron Wealth Builder Fund, and Jim Barrett, VP, Head of Institutional Sales. (Third row, from left to right) Cliff Greenberg, Co-CIO and Portfolio Manager, Baron Small Cap Fund, Amy Chasen, VP, Director of Research, and Andrew Peck, Co-CIO and Portfolio Manager, Baron Asset Fund. David Baron, the Portfolio Manager of the Baron Focused Growth Fund, commences the afternoon sessions at the 2023 Baron Investment Conference. Michael Baron, Portfolio Manager, Baron Partners Fund, and Baron WealthBuilder Fund, announces the winners of the Tesla Model Y prizes. (Fourth row, from left to right) Kelli O'Hara singing during her performance of God Bless America. Comedian, actor, and filmmaker Adam Sandler brings laughs to attendees during the 2023 Baron Investment Conference. Grammy Award winner John Legend serenades the crowd at the Baron Investment Conference. Will Swenson dazzled attendees as Neal Diamond of the hit Broadway musical A Beautiful Noise in Alice Tully Hall.





2023 Baron Investment Conference: (First row, from left to right) Philip Snow, Chief Executive Officer, FactSet Research Systems, Inc. Andy Florance, Founder and Chief Executive Officer, Costar Group, Inc. with Ron Baron before their interview on CNBC. (Second row, from left to right) CNBC's Andrew Ross Sorkin interviews Trina Spear, the Co-Founder and CEO of FIGS, and Ron Baron. Patrick Pacious, CEO of Choice Hotels International, Inc., Stewart Bainum, Chairman of Choice Hotels International, Inc., and Ron Baron share a laugh during their interview with CNBC's Andrew Ross Sorkin. (Third row, from left to right) Andrew Peck, Co-CIO and Portfolio Manager, Baron Asset Fund, Neal Rosenberg, Portfolio Manager, Baron Growth Fund. A view of the Metropolitan Opera House during the early hours of the Baron Investment Conference. Back by popular demand, Scream Ice Cream trucks served free ice cream to attendees at the end of the conference. Should we have six trucks next year? (Fourth row, from left to right) Over 5,000 shareholders attended this year's conference, marking a record turnout. The Metropolitan Opera House during the CEO sessions at last year's conference.

30th Annual Baron Investment Conference
November 10, 2023

Before I begin.

Today's presentation will require your full attention.

So, unless you are a first responder, please turn off your phone... don't just set it to vibrate... power it down. If it is not fully powered down… trust me… we will know.

Violators will be ineligible for complimentary ice cream cones following today's surprise musical performance. We take our ice cream code of conduct seriously...

The theme of the 2023 Baron Conference is "Own It!"

Because we are glued to devices 24/7, markets respond materially to alerts and "news cycles"… as traders seeking instant gratification miss long-term opportunities. It's impossible to grasp the ramifications of profound change.

For example...

In 1876, visionary inventor Alexander Graham Bell believed that one day every major city in America will have "a telephone!"

One per city!

If that were the case, this is what it would look like on Thursday afternoons in New York City when people lined up to call Cleveland...

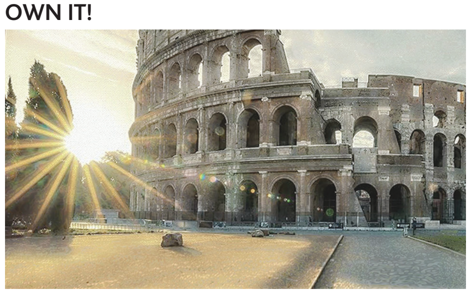
Baron Capital is a unique one of one investment firm that identifies transformational change and opportunity, studies businesses, and continuously interviews executives to evaluate character, abilities, and vision… which allows us to own investments.

Today, I want to discuss four topics.

1. What we mean by "Own It!"
2. Baron research... how we "hone it."
3. What it takes to be a Baron "cornerstone" investment.
4. Baron Capital's mission.

Baron's "Own It!" process and exceptional people have produced extraordinary returns.

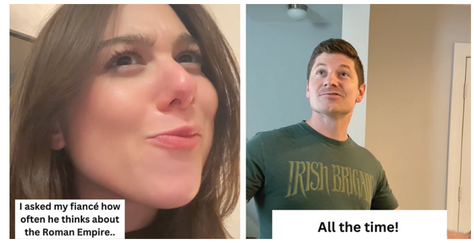
OWN IT!

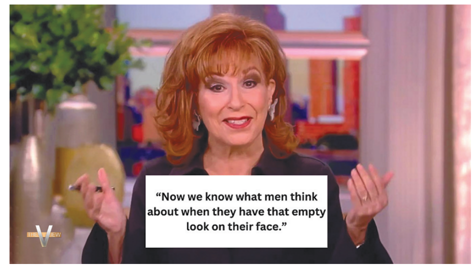


Just like Rome wasn't built in a day…

…neither was Baron Capital.

CLIP: *The View* – "How often do you think about the Roman Empire?"





Speaking of the Roman Empire...

As for me, I think about the Roman Empire all the time. Especially what a cool idea it would be to have a Scream ice cream truck in front of the Colosseum.

Baron Capital invests in awesome growth businesses that are increasing in value rapidly... and focuses on "not selling."

Our "Own It!" process has been built... not in a day... but over my entire career.

Sam Walton regarded "not selling" as his secret sauce. He believed you shouldn't sell shares of a great business like Walmart for 100 years!

Ron's Conference Speech: Own It!

Bernard Arnault, the LVMH Moet Hennessy Louis Vuitton SE luxury brand founder and CEO, agrees.

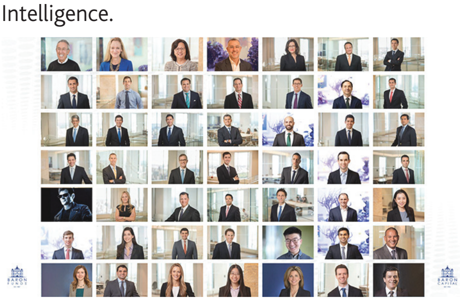
Arnault's five children each own one fifth of their family's stake in LVMH. The unanimous approval of the LVMH board is necessary for any of them to sell shares for the next 30 years...

Elon Musk also believes you should invest in great businesses "as if time is infinite"... and I thought I was "long term!"

Like Walton, Arnault, Elon, and dozens of other entrepreneurs in whom we have invested, we think in terms of decades... and that compounding investments in exceptional people and businesses... owning... not buying and selling... is how wealth is created.

An important ingredient of Baron's Own It! "secret sauce"... is our AI.

Baron analysts' Actual Intelligence... not Artificial Intelligence.



That's what enables us to "not sell" awesome businesses.

Algorithms cannot imagine the future... and cannot evaluate character, talent, and vision... which is why we only hire humans...

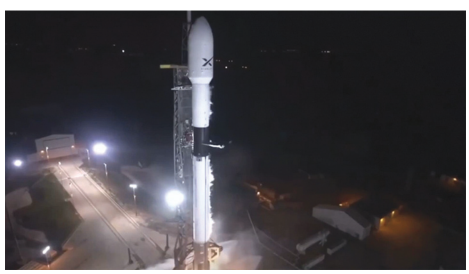
Although we are still not sure about Alex Umansky.

You can't have conviction to "not sell" by relying on others.

Certainty only comes from your own research... "not selling" great investments may sound easy. All you have to do is... nothing. But... it is the hardest thing...

Our analysts imagine what a business may become by understanding why it is distinctive.

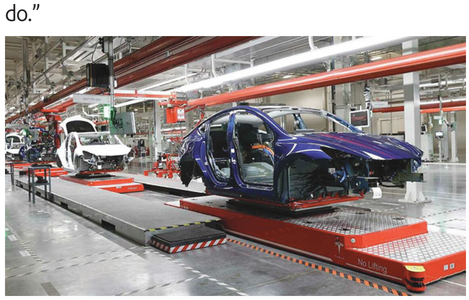
CLIP: SpaceX rocket launching Starlink satellites



It was difficult to envision SpaceX's Starlink... satellite broadband internet.

Musk conceived of missions to Mars enabled by reusable rockets... which will make it possible for Starlink to earn hundreds of billions of dollars per year in the 2030s!!!

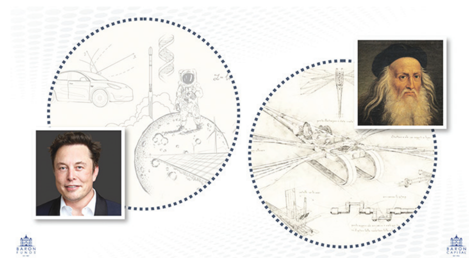
Elon recently emailed me, "SpaceX is building Internet Version 2 in space. You understand. Few do."



Elon also cracked the code of building profitable electric vehicles...

CLIP: Self-driving Tesla

...and is working hard to make them self-driving, which could add hundreds of billions of dollars to Tesla, Inc.'s annual profits!!!



The lesson?

When you identify a once-in-500-years talent... like Leonardo da Vinci or Elon Musk... when you "see what others don't see"... lean in.

Not taking risk is the greatest risk.

Just as the businesses in which we invest are distinctive, so are we.

Four Seasons' Izzy Sharp believes to be successful you must be a contrarian and have unbelievable will to endure criticism.

To be the number one mutual fund company in the United States, you need to be different, accept criticism, and, if you're wrong, Own It.

HONE IT!

Most associate craft with artists or makers.

The craft we hone is research.

We want to know more about executives and their businesses than anyone else. That's part of our Own It! "secret sauce."

Not to be confused with Linda's secret sauce... which is really freaking spicy...

Our theme in 2015 was "Question Everything."

We really do question everything. Strategies, opportunities, and risks… like everyone else. But we also ask about leaders' backgrounds, personal interests, and families... topics most deem unimportant but to us reveal character.

Standards of performance come from the top. That's why we want to really know CEOs.

Time and again when company executives visit and are told they will be late for their next meeting they respond, "I don't want to leave. This is too much fun. Please tell my next meeting I'll be late."

What are we looking for?

1. Belief before ability.

Sam Altman, Open AI's founder, thinks "self-belief is immensely powerful" and that most wildly successful people believe in themselves almost to the point of delusion.

CLIP: *SNL* – Elon Musk

Elon's beliefs, and optimism, are unshakeable...

2. Obsession.

Baron Capital research identifies executives obsessed with their businesses and missions... and growth...

Arch Capital Group Ltd.'s Marc Grandisson is obsessed with profitable underwriting, not just premium growth.

Choice Hotels International, Inc.'s Pat Pacious is obsessed with providing opportunities to his many immigrant hotel franchisees.

CoStar Group, Inc.'s Andy Florance is obsessed with real estate data, analytics, and marketplaces.

Elon is obsessed with mission, electric cars, space, engineering, and first principles.

FIGS, Inc.'s Trina Spear is obsessed with serving her community of underappreciated health care workers.

FactSet Research Systems Inc.'s Phil Snow is obsessed with being the most convenient open source of data to enable his clients to learn as much as possible about their investments.

Kinsale Capital Group, Inc.'s Michael Kehoe is obsessed with quoting all insurance submissions within 24 hours of receipt, with strict terms and conditions based on data and analytics.

Baron Capital is obsessed with talented people, distinctive growth businesses, and owning it.

I doubt you will find anyone more optimistic and more excited to wake up every morning to see what will happen that day than I am.

Ron's Conference Speech: Own It!

This picture illustrates my optimism.

That's me challenging Claudia Pagazani, head of our risk department, to a jumping contest this year.

I lost!

3. Quality.

Bernard Arnault says LVMH's "main goal is not profits. It is desirability." Arnault focuses on craftsmanship and style. He believes profits will follow.

We believe businesses that sacrifice margins to improve quality create sustainable advantage.

4. "Exceptional Takes Time" was our theme in 2016.

That's true for individuals and for companies.

Masterpieces are not created on the first try.

The Louvre says it took da Vinci 16 years to create the Mona Lisa!

Do you think he was working from home?

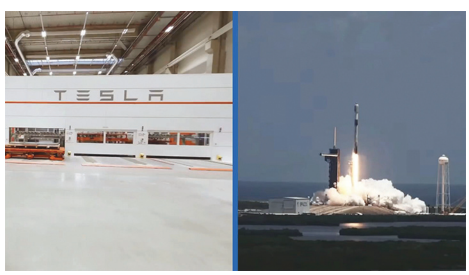
A building's cornerstone embodies the unique architectural values of its designer, not unlike an artist's signature on a painting or sculpture.

When Picasso, Warhol, de Kooning, Calder, Matisse, or Rodin signed a picture or sculpture, it reflected their unique visions and exacting standards.

We believe that "if you're doing the same thing as everyone else you will not be hard to compete against."

Baron has a maniacal focus on differentiation. Differentiated businesses that meet our exacting standards are cornerstones of Baron portfolios.

CLIP: Tesla and SpaceX



Tesla and SpaceX are two unique Baron Capital "cornerstone" investments and represent about 14% of our Firm's AUM. The other 86% is also invested in exceptional differentiated growth businesses.

We expect Tesla and SpaceX, low-cost providers of technologies revolutionizing enormous space and transportation industries, to continue to be among the fastest-growing businesses we own.

Gasoline OEMs had been innovators 100 years ago.

In the 1950s, they focused, instead, on profitability and outsourced supply chains… which is now to their detriment…

Studebaker… Nash… Edsel… DeSoto… Packard… Kaiser… Fisker… Pontiac… Plymouth… Stutz… are a small percentage of now defunct car companies.

Tesla is vertically integrated. Its engineers design everything… factories, compute, software, and parts.

Tesla's proprietary data from 100 million miles driven daily and exponentially growing compute to "train" AI have created an autonomous driving advantage that we believe is insurmountable.

So far, only Tesla and China's BYD have been able to profitably manufacture electric cars at scale. We think most electric cars will ultimately be assembled by others and use "Tesla inside" technology, including Full Self-Driving.

By the way… don't miss… for the first time in New York… Tesla's Cybertruck… on the plaza… super cool.

AUDIO: Voice over. "Would the owner of a space gray alien hovercraft parked on the plaza please return to your vehicle. Your lights are on…"

…OMG. Is Elon here?

Why is SpaceX unique?

No one else can launch and reuse rockets to deploy satellites that provide affordable internet version 2.0 to everyone on Earth.

One more thing. Tesla and SpaceX have the best engineers on the planet.

They are the number one and two career choices for today's top engineering graduates.

In 2023, these two companies, which employ 140,000 mission-driven individuals, had 3.5 million applicants for 30,000 jobs!!!!

All Baron cornerstone investments are unique.

A few examples...

Vail Resorts, Inc. The Eisenhower Tunnel on Interstate Highway 70 provides access to Vail from Denver in just two hours. Before the Ike tunnel, it was a 4 1/2 hour drive. 70% of Vail's Epic lift ticket passes for its 41 ski mountains are purchased before it even snows!

West Pharmaceutical Services, Inc. is the dominant provider of packaging components for injectable medicines. Although a small part of a drug's cost, FDA-approved packaging plays a critical role. West is benefiting from strong demand for obesity medicines.

ANSYS, Inc. is a leading provider of data and compute to save time and money and improve product design.

Baron's cornerstone investments remind me of an iconic Patek Philippe advertisement. It's a picture of a young father wearing a Patek with his son.

"You never actually own a Patek Philippe. You merely look after it for the next generation."

We view Baron Capital through the same prism. Wealth creation through generational investments in unique assets and cornerstone businesses.

Baron Capital: Asbury Park to Park Avenue.

When we founded Baron Capital in 1982, we were undecided what to name it.

Steve Wynn advised me, "Ronnie, if you name your business after your family, that's making a promise."

We named our business Baron Capital.

The cornerstone of our firm bears not just my name, but that of my parents, grandparents, children, and grandchildren.

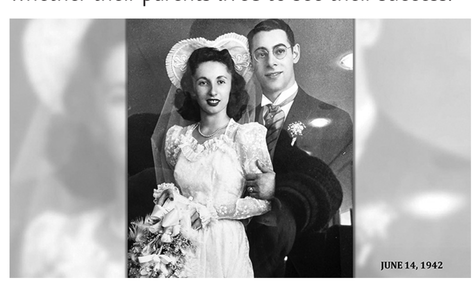
My intent was to build a multi-generational firm that achieves exceptional performance for its clients, its employees, and my family.

We have done that.

In the early days, when it was just Susan, Linda, and me, I wore a lot of hats.

This is an actual ad I wrote that ran in the *Wall Street Journal*. It cost me $8,000. It generated 50 calls… and an order for two large pepperoni pizzas.

I often ask executives in whom we have invested whether their parents lived to see their success.



In my case, my mom lived to 93, my dad to 95. Both passed away in the past 10 years. So they saw it.

Ron's Conference Speech: Own It!

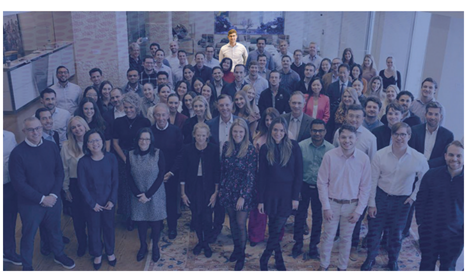
My promise, and Baron Capital's mission, is to provide "middle class" individuals like my parents, as well as wealthy families and institutions, an opportunity to invest in growth companies.

Our goal has always been to enable everyone to participate in the possibility of America, and to protect their savings from inflation.

I've spent my career studying, researching, investing in, and "not selling" great businesses. Baron Capital has been shaped by what we have learned.

Owning a business has made me a better analyst. Being an analyst has made me a better business owner.

Just like the businesses we find attractive, we consistently invest in Baron Capital's growing team of 45 analysts and portfolio managers… and more than 207 employees… year after year. Whether times are good, or uncertain. We have never had a layoff.



See that guy in the back there... we hired him during COVID...

He told Cliff that he played basketball on the Cornell team and made it to the NCAA Sweet 16. When Cliff was interviewing him on Zoom, he asked him to stand up.

"Eitan, how tall are you?... 6'8"... "You don't look that tall, stand up"... "I can't, I'm not wearing pants."

Just like long-term ownership of portfolio businesses is unusual, so are long-tenured investment managers and analysts.

I am incredibly lucky to spend days with exceptionally talented, hardworking, mission-driven individuals…

…including my two sons, David and Michael, with whom I have worked for more than 20 years. I have been discussing our business daily with David and Michael since they were children.

One more thing.

Two of my grandchildren, Leo, age 11, and Ari, age 9, are attending their first Baron conference today.

My other two grandchildren are napping. Unlike most of you, they are napping at home, not here in their seats...

I guarantee that before all four of my grandchildren graduate from grammar school, they will understand Baron Capital's mission and what I mean by "Own It!"…

Thank you for trusting us with your savings.

Portfolio holdings as a percentage of net assets as of December 31, 2023 for securities mentioned are as follows: LVMH Moet Hennessy Louis Vuitton SE - Baron International Growth Fund (1.2%); **Arch Capital Group Ltd.** - Baron Asset Fund (3.4%), Baron Durable Advantage Fund (3.1%), Baron FinTech Fund (2.2%), Baron Focused Growth Fund (5.0%), Baron Growth Fund (8.5%), Baron International Growth Fund (2.1%), Baron Partners Fund (6.1%*); **Vail Resorts, Inc.** - Baron Asset Fund (2.7%), Baron Focused Growth Fund (4.3%), Baron Growth Fund (5.4%), Baron Partners Fund (3.2%*), Baron Real Estate Fund (0.9%); **ANSYS, Inc.** - Baron Asset Fund (3.8%), Baron Focused Growth Fund (2.6%), Baron Growth Fund (4.6%).

* % of Long Positions

30TH ANNUAL BARON INVESTMENT CONFERENCE

BARON CAPITAL'S TOP 30 HOLDINGS

As of 12/31/2023

Rank	Ticker	Security Name	Year of First Purchase[1]	Market Value ($ Millions)	Ending Weight[2] (%)	Total Realized and Unrealized Gains ($ Millions)	Cumulative Total Return[3] (%)	Total Return Multiple	Annualized Total Return (%)
1	TSLA	**Tesla, Inc.**	2014	$4,400	10.0	$5,419	1,989.5	20.9x	35.9
2	931JQH909	**Space Exploration Technologies Corp.**	2017	$2,030	4.6	$1,255	576.4	6.8x	35.5
3	IT	**Gartner, Inc.**	2007	$1,997	4.5	$2,558	1,671.8	17.7x	18.8
4	CSGP	**CoStar Group, Inc.**	2001	$1,695	3.8	$1,940	4,936.9	50.4x	19.3
5	ACGL	**Arch Capital Group Ltd.**	2002	$1,581	3.6	$1,733	2,497.9	26.0x	16.2
6	FDS	**FactSet Research Systems Inc.**	2006	$1,325	3.0	$1,360	1,024.8	11.2x	15.1
7	MSCI	**MSCI Inc.**	2007	$1,289	2.9	$1,362	2,406.3	25.1x	22.1
8	IDXX	**IDEXX Laboratories, Inc.**	2005	$1,277	2.9	$2,274	3,756.5	38.6x	21.3
9	MTN	**Vail Resorts, Inc.**	1997	$1,050	2.4	$1,150	1,136.4	12.4x	9.8
10	ANSS	**ANSYS, Inc.**	2009	$721	1.6	$927	1,296.2	14.0x	19.3
11	H	**Hyatt Hotels Corporation**	2009	$705	1.6	$501	377.3	4.8x	11.7
12	GWRE	**Guidewire Software, Inc.**	2012	$694	1.6	$415	371.2	4.7x	14.2
13	KNSL	**Kinsale Capital Group, Inc.**	2016	$645	1.5	$594	1,777.0	18.8x	48.4
14	IRDM	**Iridium Communications Inc.**	2014	$578	1.3	$438	474.3	5.7x	19.8
15	SCHW	**The Charles Schwab Corp.**	1992	$559	1.3	$1,462	10,867.0	109.7x	16.3
16	RRR	**Red Rock Resorts, Inc.**	2016	$552	1.2	$294	247.8	3.5x	17.6
17	CHH	**Choice Hotels International, Inc.**	1996	$545	1.2	$726	3,119.4	32.2x	13.6
18	GLPI	**Gaming and Leisure Properties, Inc.**	2013	$413	0.9	$396	175.3	2.8x	10.5
19	TECH	**Bio-Techne Corporation**	2009	$413	0.9	$401	558.2	6.6x	13.5
20	TSM	**Taiwan Semiconductor Manufacturing Company Limited**	2013	$398	0.9	$247	641.8	7.4x	20.9
21	MTD	**Mettler-Toledo International Inc.**	2008	$396	0.9	$946	1,581.4	16.8x	20.6
22	PRI	**Primerica, Inc.**	2010	$393	0.9	$499	1,114.4	12.1x	19.9
23	MORN	**Morningstar, Inc.**	2005	$379	0.9	$418	1,482.8	15.8x	16.0
24	WST	**West Pharmaceutical Services, Inc.**	2013	$351	0.8	$496	1,007.2	11.1x	25.6
25	VRSK	**Verisk Analytics, Inc.**	2009	$330	0.7	$446	806.6	9.1x	16.8
26	VRT	**Vertiv Holdings Co**	2019	$324	0.7	$296	336.0	4.4x	43.8
27	677172	**Samsung Electronics Co., Ltd.**	2013	$299	0.7	$151	175.6	2.8x	10.5
28	ICLR	**ICON Plc**	2013	$280	0.6	$235	882.2	9.8x	23.1
29	NVDA	**NVIDIA Corporation**	2018	$276	0.6	$192	648.7	7.5x	46.6
30	FND	**Floor & Decor Holdings, Inc.**	2017	$252	0.6	$168	248.1	3.5x	20.5

Baron Capital holdings include client managed and Firm accounts.

1 - First purchase date is based on date first purchased in a mutual fund.

2 - Ending weight is represented as a percentage of the Firm's long only holdings.

3 - Reflects security performance from the date of Baron's first purchase until 12/31/2023. Depending on Baron's purchases and sales over the period, this performance may be lower or higher than the performance of the security.

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 1-800-99-BARON or visiting baronfunds.com. Please read them carefully before investing.

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

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

Letter from Linda

In 2023, the U.S. stock market delivered robust performance, defying earlier predictions of a persistent bear market and a looming recession. The S&P 500 Index increased 26.3% (including dividends), strongly driven by the Magnificent Seven[1]. Technology stocks increased notably: the Nasdaq 100 Index achieved its best annual performance since 1999, with a gain of 55.1%. Large-cap equities outperformed small- and mid-caps, and growth stocks outperformed value stocks considerably.

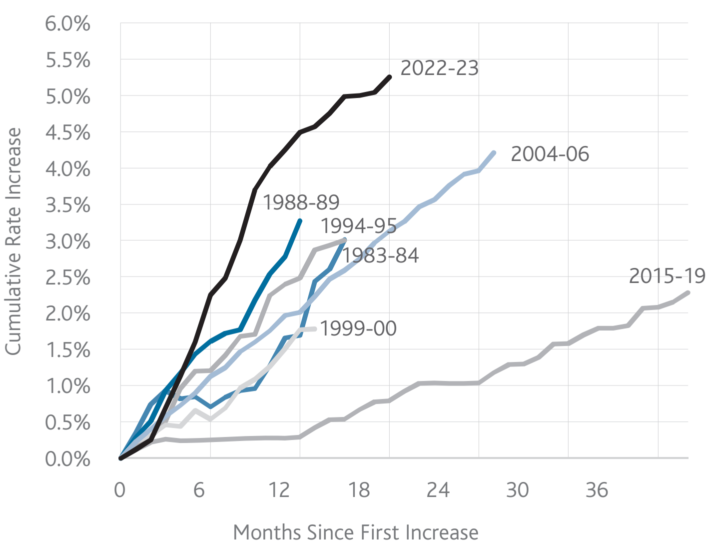
The year was great for most of the Baron Funds, with 12 out of our 14 U.S.-focused Funds outperforming their respective primary benchmarks. Four of our funds – Baron Fifth Avenue Growth Fund, Baron Durable Advantage Fund, Baron Partners Fund, and Baron Technology Fund – outperformed by double-digit percentages, and another seven Baron Funds outperformed by at least 3%.

The stock market's resilience throughout 2023 was underpinned by easing inflation trends, a strong labor market, and, toward the end of the year, the Federal Reserve signaling a pause in rate hikes and a potential shift to lower rates in 2024. The Federal Reserve's latest monetary tightening cycle, which began in March 2022, has been the steepest and fastest over the past four decades, driving (along with other factors) significant turbulence in equity and fixed income markets. Naturally, the recent indication for change in interest rate policy attracted considerable investor attention.

The Last Rate Increase Cycle Was the Most Aggressive in Decades

Cumulative Change in Fed Funds Rate Since First Rate Increase

1983 - 2023



Source: Federal Reserve Bank of St. Louis

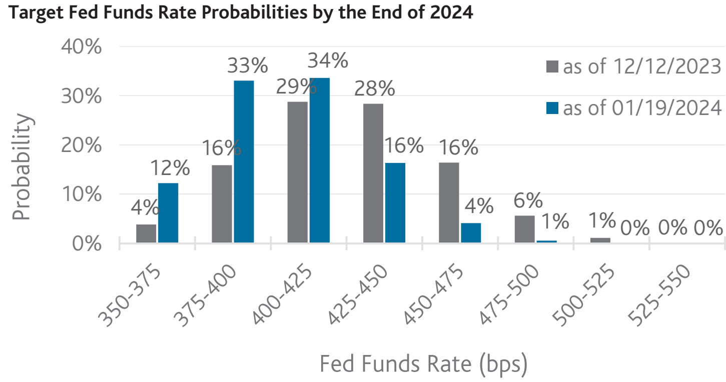
LINDA MARTINSON
CHAIRMAN, PRESIDENT AND COO

At its mid-December meeting, the Fed maintained a cautious stance, prioritizing the need to bring inflation down to its 2% target. Nevertheless, the increase in stock prices and decrease in bond yields after the meeting reflected high investor optimism about the easing of monetary policy. The chart below shows the probabilities that interest rate traders assigned to potential levels of the Fed Funds rate[2] by the end of 2024. The data comes from the CME FedWatch Tool, a popular online resource that helps market participants gauge market expectations regarding U.S. interest rate policy.

The day before the Fed meeting on 12/13/2023, 28% of participants expected the Fed Funds rate to be 100 bps lower than the current target range of 525-550 bps, and 29% of participants expected it to be 125 bps lower, in the range 400-425 bps. About 20% expected an even lower level for the Fed Funds rate. By January 19th, expectations had shifted toward lower interest rate levels, with 33% of participants projecting a rate level of 375-400 bps, and 12% projecting an even lower rate at year end.

The Market Expects Significant Fed Rate Cuts in 2024

Target Fed Funds Rate Probabilities by the End of 2024



Source: CME FedWatch Tool

[1] Alphabet, Inc., Amazon.com, Inc., Apple Inc., Meta Platforms, Inc., Microsoft Corp., NVIDIA Corp., and Tesla, Inc.

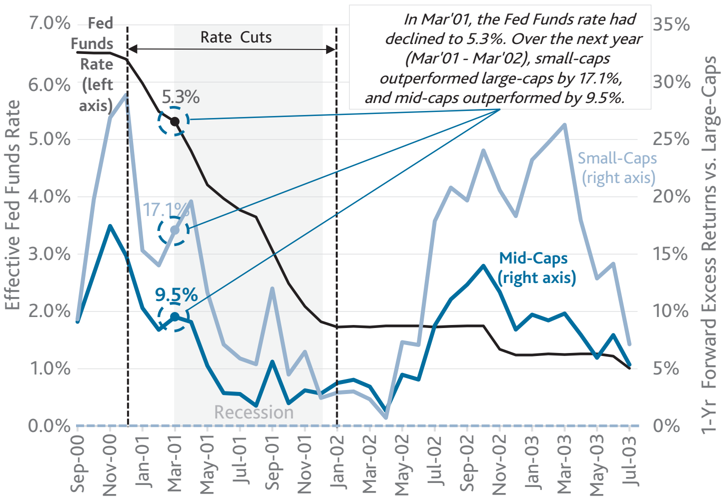
[2] See last page for definition and details of the Fed Funds rate.

Decreasing interest rates often signal a more accommodative monetary policy, which can boost investor confidence and lead to higher stock prices. Lower rates can be particularly beneficial for smaller-cap stocks, as they often rely more on borrowed capital for growth. An analysis with historical data shows that periods of Fed Funds rate cuts have often been followed by smaller-cap stocks outperforming large.

Small- and Mid-Caps Tend to Outperform Following Periods of Rate Cuts

Since the 2000s, there have been three periods of sustained Fed Funds rate cuts. The earliest was right around the burst of the dot-com bubble in late 2000, as financial markets and economic conditions showed signs of weakness. As the chart below shows, in November 2000 the Fed Funds rate was at 6.50%, which is a percent higher than today's level. By early 2002, the rate had been reduced to below 2%, and the U.S. economy had experienced a recession, which is highlighted in grey. The two blue lines on the chart show the one-year forward excess returns of small- and mid-caps versus large-caps at each point during the period of declining rates[3]. For example, in March 2001 the Fed Funds rate was at around 5.3% (left axis) and over the course of the following one year small-caps and mid-caps outperformed large-caps by roughly 17% and 10%, respectively (right axis). As evident from the chart, small- and mid-caps outperformed large-caps on a forward basis at all times during the rate cuts period, including throughout the recession. We believe that measuring returns on a forward basis is the relevant approach for this analysis, since changes in interest rates take time before impacting businesses.

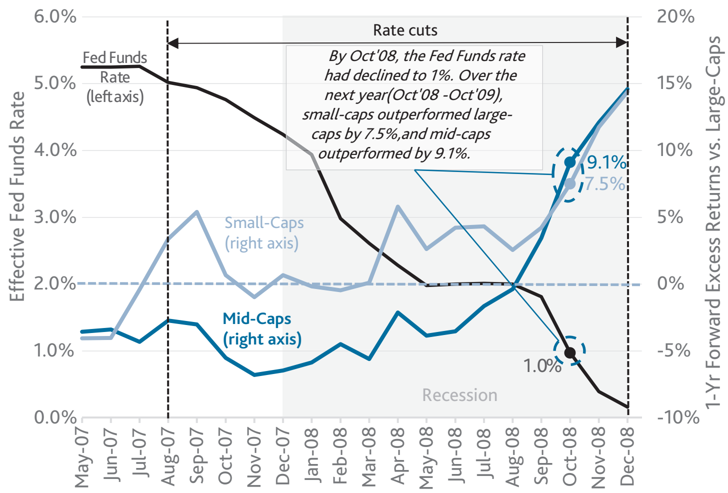
One-Year Forward Excess Returns of Small-Caps and Mid-Caps During 2000-2003



Sources: Kenneth R. French Data Library, Federal Reserve Bank of St. Louis, National Bureau of Economic Research.
Past performance is not indicative of future results.

The next Fed Funds rate cut period was in 2007-2008 and was critical part of the U.S. central bank's response to the unfolding financial crisis and the subsequent Great Recession, which was the most severe economic downturn since the 1930s. In response to the housing bubble and emerging financial crisis, the Federal Reserve began cutting rates in 2007, initially slowly and then more aggressively, bringing the rate from 5.25% to 0% in less than 18 months. As the chart below shows, small-cap stocks outperformed large-caps on a one-year forward basis almost 100% of the time during the rate cut period and the recession. In contrast, a year after the first phase of the rate cuts, mid-caps were underperforming large-caps by a few percentage points. However, their forward relative performance improved quickly and significantly in the last stage of rate cuts, reaching nearly 15% on a one-year basis.

One-Year Forward Excess Returns of Small-Caps and Mid-Caps During 2007-2008



Sources: Kenneth R. French Data Library, Federal Reserve Bank of St. Louis, National Bureau of Economic Research.
Past performance is not indicative of future results.

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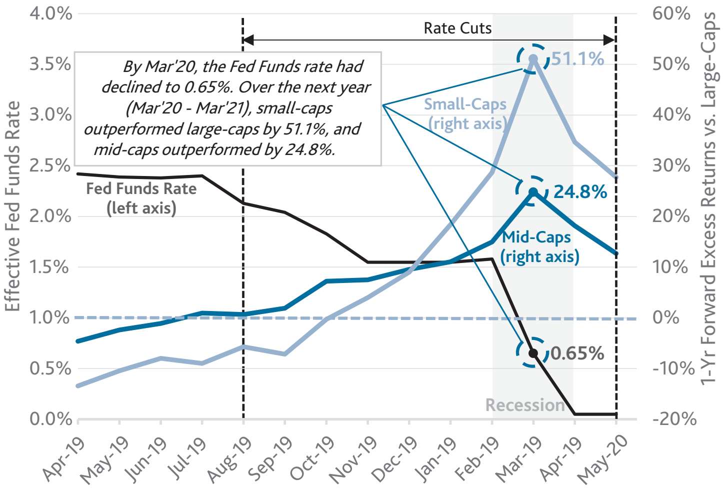
[3] For the purposes of this analysis, we used the online data library of Prof. Kenneth R. French, which is based on CRSP stock data. More specifically, we used the monthly equal-weighted returns in the Portfolios Formed on Size file as of November 2023. We believe that using the equal-weighted returns provides a more objective assessment for the purpose of our analysis, since the data is not skewed toward the largest companies (which is the case with value-weighted returns). For the purpose of our analysis, we used the returns by market cap deciles. The returns of small-caps were calculated as the average return in each period of deciles 4 through 7; for mid-caps: the average of deciles 8 and 9; and for large-caps: the returns of decile 10. We chose these deciles based on their market cap breakpoints as of 11/30/23, which were as follows: breakpoint between decile 3 and decile 4: \$1.9Bn; breakpoint between decile 7 and decile 8: \$12.1Bn; breakpoint between decile 9 and decile 10: \$78.4Bn.

The most recent period when the Fed reduced interest rates began months before the pandemic. In 2019, the U.S. economy was facing several challenges, including trade tensions between the U.S. and China and concerns about an economic slowdown. The Federal Reserve initiated a series of rate cuts as a preemptive measure to sustain economic expansion. The outbreak of the pandemic in 2020 led to massive disruptions in economic activity, forcing the Fed to cut rates more aggressively and implement additional monetary measures to support the economy. As the chart below shows, mid-caps generated better forward excess returns versus large-caps in the initial stages of the rate cuts. Small-caps did not outperform in the year after the initial rate cuts, but their relative performance over large-caps quickly changed, reaching over 50% during the one-year period after March 2020. In addition, both small- and mid-caps outperformed large-caps during the recession, on a one-year forward basis.

One-Year Forward Excess Returns of Small-Caps and Mid-Caps During 2019-2020



Sources: Kenneth R. French Data Library, Federal Reserve Bank of St. Louis, National Bureau of Economic Research.
Past performance is not indicative of future results.

An analysis of longer-term historical data shows a largely similar picture: during periods of declining Fed Funds rates, small- and mid-caps tend to outperform large-cap stocks. The next table shows nine rate cut periods we identified since the 1970s and the corresponding average one-year forward relative performance of small- and mid-caps over large-caps during these periods. For each period, the average excess return is measured as the average of the rolling forward excess returns for the respective equity class. For example, in the 2019-2020 period, the forward excess return of mid-caps fluctuated between 1% and 25% (as the chart above shows) and was 10.7% on average. Both small- and mid-caps underperformed large-caps, on average, only during the 1984-1986 period. Small-cap stocks, on average, outperformed in the remaining eight periods, and mid-caps in six of the nine periods.

One-Year Forward Excess Returns of Small-Caps and Mid-Caps During Periods of Rate Cuts

1970 - 2020

						Average 1-Yr Forward Excess Return	
Start Date	End Date	Duration (months)	Beginning Effective Fed Funds Rate %	Ending Effective Fed Funds Rate %	Effective Fed Funds Rate Change %	Small-Caps vs. Large-Caps	Mid-Caps vs. Large-Caps
Mar-70	Feb-71	11	7.76	3.72	-4.04	10.4%	6.1%
Aug-74	May-75	9	12.01	5.22	-6.79	12.3%	9.4%
Aug-81	Dec-81	4	17.82	12.37	-5.45	3.1%	-1.0%
May-82	Feb-83	9	14.45	8.51	-5.94	13.8%	3.9%
Sep-84	Oct-86	25	11.30	5.85	-5.45	-6.7%	-3.1%
Jun-89	Dec-92	42	9.53	2.92	-6.61	3.6%	3.3%
Dec-00	Jan-02	13	6.40	1.73	-4.67	11.0%	5.9%
Aug-07	Dec-08	16	5.02	0.16	-4.86	3.9%	-0.8%
Aug-19	Apr-20	8	2.13	0.05	-2.08	14.7%	10.7%

Sources: Kenneth R. French Data Library, Federal Reserve Bank of St. Louis.
Past performance is not indicative of future results.

It is important to keep in mind that each of the above historical periods has been characterized by a unique set of economic and financial conditions, and the forward returns of small- and mid-caps were likely influenced by multiple other factors in addition to interest rates. Nevertheless, the data largely suggests that periods of Fed Funds rate cuts tend to be favorable for the subsequent relative performance of small- and mid-cap equities.

Recent investor optimism about the prospect of lower interest rates has been tempered, in part, by the understanding that such cuts might signal underlying economic weaknesses. Despite the economy's resilience during the recent period of monetary tightening, there are concerns that the cumulative impact of higher rates could manifest more significantly in 2024, resulting in a recession. If this happens to be the case while the Fed is reducing rates, small- and mid-cap investors should be well positioned.

In eight of the nine periods identified in the table above, the U.S. economy was in a recession at some point. In six of these recessionary periods, both small- and mid-caps consistently outperformed large-caps on a one-year forward basis. In two of the remaining two recessionary periods (1981 and 2007/2008), small-caps outperformed the vast majority of the time, and mid-caps outperformed on a forward basis only some of the time. The period 1984-1986 was the only period of sustained Fed Funds rate cuts without a recession over the past 50+ years. During that time, the U.S. economy was in a recovery phase after two recessions in the early 1980s, and the Fed was reducing rates to support economic growth.

Small- and Mid-Caps Are Attractively Valued

An additional point supporting our view that small- and mid-caps are favorably positioned is the significant recovery upside that remains since the broad market decline in 2022. The next table shows several popular U.S. indexes and how close they were as of 1/19/24 to their all-time highs observed in 2021/2022. The S&P 500 Index, which lost over 25% of its value in 2022 had recovered all losses by 1/19/24 and even reached a new all-time high. On the other hand, the Russell Midcap Index, which had also dropped 25% from its peak, recovered only partially and remains 10% below its highest level on record. The Russell 2000 Index recovered even less and is over 20% below its all-time high from 2021. The upside to reaching full recovery for the small- and mid-cap growth indexes is substantially more significant.

Small- and Mid-Cap Stocks Have Significant Upside Potential Before Reaching New Highs

Returns of Popular Equity Indexes

Index Name	All Time High Date	Recent Low Date	All Time High to Recent Low - Price Return	All Time High to 1/19/24 - Price Return
S&P 500 Index	1/3/2022	10/12/2022	-25.4%	0.9%
Russell 1000 Index	1/3/2022	10/12/2022	-26.0%	-0.3%
Russell Midcap Index	11/16/2021	10/14/2022	-25.0%	-10.1%
Russell 2000 Index	11/8/2021	10/27/2023	-28.0%	-20.4%
Russell Midcap Growth Index	11/16/2021	6/16/2022	-38.9%	-15.5%
Russell 3000 Growth Index	11/19/2021	10/14/2022	-33.0%	-0.2%
Russell 2000 Growth Index	2/9/2021	6/16/2022	-42.3%	-27.6%
Nasdaq Composite Index	11/19/2021	12/28/2022	-36.4%	-4.6%

Source: FactSet.
Note: The performance figures in the table do not include dividends.
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.

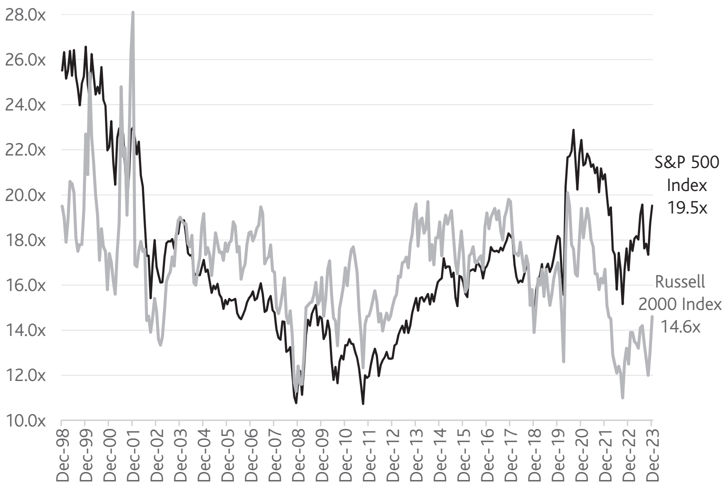
The relative upside potential of small- and mid-caps is also emphasized by current valuations. With the market drop in 2022, P/E valuations compressed across the market cap spectrum, but small- and mid-caps experienced greater valuation declines than large-caps. As a result of their slower recovery, small- and mid-cap stocks continue to trade at lower multiples than large-cap stocks, which is unusual. Historical relative valuations in the following charts show that most of the time large-caps have traded cheaper than their smaller counterparts. In addition, when small- and mid-caps have traded at a discount to larger-caps, the discount has rarely been as significant as it is presently.

Small- and Mid-Caps Are at Unusually Discounted Values vs. Large-Caps

<u>Russell 2000 Index vs. S&P 500 Index:</u>

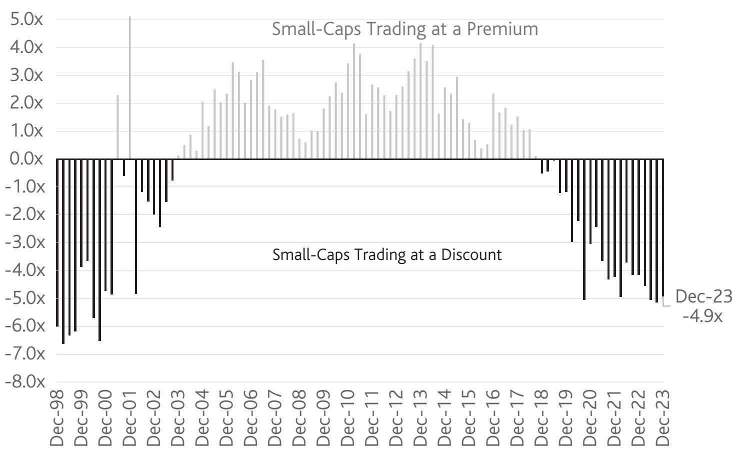
Rolling Next 12-months Price/Earnings Ratios

1998 – 2023



Rolling Difference in Next 12-months Price/Earnings Ratios

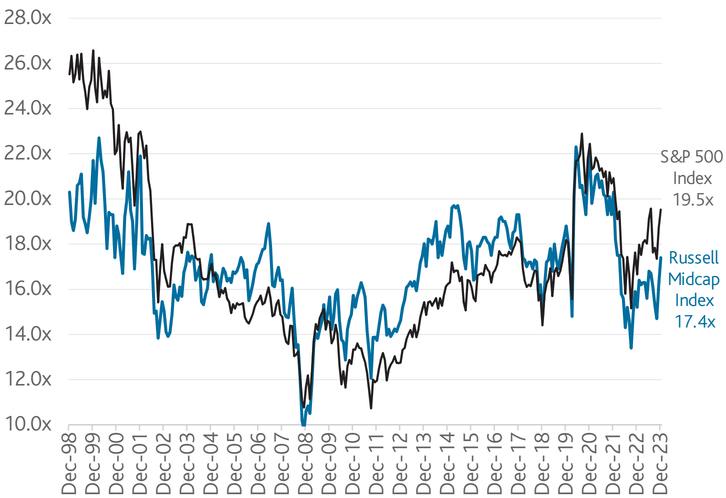
1998 – 2023



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

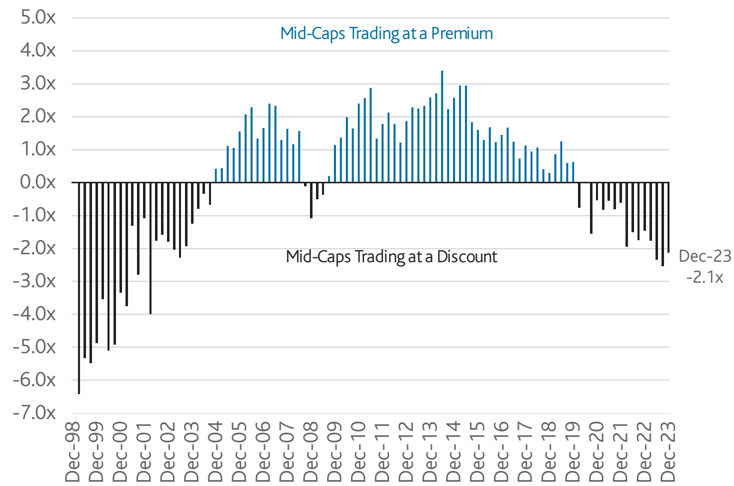
Russell Midcap Index vs. S&P 500 Index:

Rolling Next 12-months Price/Earnings Ratios
1998 – 2023



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

Rolling Difference in Next 12-months Price/Earnings Ratios
1998 – 2023



Small- and Mid-Cap Investing at Baron Capital

At Baron Capital, we actively monitor economic and monetary policy developments, but we do not base our investment decisions on anticipations of the Fed's actions. While interest rate trends are a key component in the financial landscape, they interact with a complex web of other variables that collectively shape market behavior in unpredictable ways. We focus on picking stocks across the market cap spectrum that have outstanding prospects, leadership, and fundamentals. We believe they are most likely to outperform in the long term.

Small- and mid-cap investing has been the core focus of Baron Capital throughout our Firm's history. We believe that our deep fundamental research and experience in these segments over the past four decades have given us a substantial investment edge. Even though the data above shows that large-caps as a group may have smaller upside and less attractive valuations, we also remain invested in that equity class, since we have identified stocks that stand out quite favorably from the pack, and we believe have above-average prospects over the long term.

As shown in the next table, almost all domestic Baron Funds generated positive excess returns from investing in small- and mid-cap stocks over the past decade. In addition, these Funds generated positive excess returns in the small- and mid-cap segments a substantial percentage of the time, based on three-year rolling attributions over the past 10 years.

Baron Has Generated Excess Returns from Investing and Small- and Mid-Caps

Excess Returns and Average Active Exposures by Market Cap Segment

12/31/2013 – 12/31/2023

		Average Active Exposure Over the Past 10 Years		10-Yr or Since Inception Cumulative Total Excess Return		% of Time 3-Yr Rolling Total Excess Return Positive		Average 3-Yr Rolling Total Excess Return	
Fund Name	**Primary Benchmark**	**Micro-, Small-, and Mid-Caps**	**Large-Caps**	**Micro-, Small-, and Mid-Caps**	**Large-Caps**	**Micro-, Small-, and Mid-Caps**	**Large-Caps**	**Micro-, Small-, and Mid-Caps**	**Large-Caps**
Baron Discovery Fund	Russell 2000 Growth	-6.83%	–	120.72%	–	93%	–	31.88%	–
Baron Small Cap Fund	Russell 2000 Growth	-2.59%	–	60.64%	–	90%	–	14.89%	–
Baron Growth Fund	Russell 2000 Growth	-0.23%	0.03%	88.46%	0.00%	93%	28%	19.98%	0.01%
Baron Focused Growth Fund	Russell 2500 Growth	-15.43%	12.42%	28.63%	189.73%	79%	66%	7.72%	45.94%
Baron Asset Fund	Russell Midcap Growth	-4.47%	3.17%	33.89%	-3.58%	79%	31%	9.27%	-0.87%
Baron Partners Fund	Russell Midcap Growth	-2.92%	23.18%	20.45%	265.78%	76%	64%	5.70%	59.48%
Baron Fifth Avenue Growth Fund	Russell 1000 Growth	8.50%	-11.09%	-24.92%	-45.97%	48%	48%	3.53%	-5.38%
Baron Durable Advantage Fund*	S&P 500	-0.72%	-3.84%	15.69%	31.97%	100%	92%	5.63%	8.96%
Baron Opportunity Fund	Russell 3000 Growth	25.56%	-28.05%	0.12%	39.83%	66%	86%	18.95%	8.04%
Baron Real Estate Fund	MSCI USA IMI Extended Real Estate Index	7.38%	-11.31%	43.90%	-12.93%	66%	17%	15.43%	-2.02%
Baron Real Estate Income Fund*	MSCI US REIT Index	-7.57%	4.81%	37.04%	-1.13%	85%	31%	28.42%	-1.08%
Baron Health Care Fund*	Russell 3000 Health Care Index	22.88%	-31.37%	34.85%	3.48%	91%	27%	26.14%	-0.51%
Baron FinTech Fund*	FactSet Global FinTech Index	-30.91%	26.99%	30.65%	2.66%	100%	60%	12.89%	0.48%

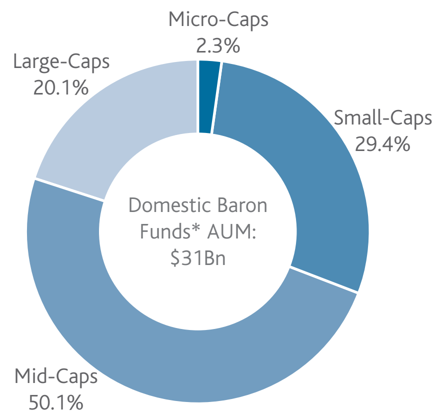
Sources: FactSet, Kenneth R. French Data Library, Baron Capital.
Notes: (1) Only the domestic Baron Funds with a track record of at least three years were included in the analysis. (2) The Total Excess Return was calculated using Brinson attribution analysis and the historical monthly ME breakpoints from the Kenneth R. French Data Library, where micro-caps are considered 30th percentile and below, small-caps are between 30th percentile and 70th percentile, mid-caps are between 70th percentile and 90th percentile, and large-caps are between 90th and 100th percentile.
** Inception date after 12/31/2013.*
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, 2034, 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 baronfunds.com or call 1-800-99-BARON.

As of 12/31/2023, 29.4% of the assets of our domestic Funds* were allocated to small-cap equities, and 50.1% to mid-caps, as the chart below shows.

Baron Has Significant Exposure to Small- and Mid-Caps

% of Aggregated Domestic Mutual Fund Assets by Market Cap Segment

as of 12/31/2023



Sources: Kenneth R. French Data Library, Baron Capital.
** Including only the domestic Baron Funds with a track record of at least three years as of 12/31/2023.*
Note: The analysis was performed using the ME breakpoints from the Kenneth R. French Data Library as of 11/30/2023.

Letter from Linda

The data in the following table provides a detailed breakdown of market cap exposures by Fund for the 13 domestic Baron Funds that have a track record of at least three years.

The Domestic Baron Funds Have Various Exposures to Market Cap Segments

Fund Weights by Market Cap Segment*

As of 12/31/2023

			% Fund Weight as of 12/31/23					
Fund Name	**12/31/23 AUM ($ Millions)**	**Fund Weighted Average Market Cap ($ Millions)**	**Cash**	**Micro-Caps**	**Small-Caps**	**Mid-Caps**	**Micro-, Small- & Mid-Caps**	**Large-Caps**
Baron Discovery Fund	1,428	6,644	5.8%	14.7%	71.0%	8.5%	94.2%	–
Baron Small Cap Fund	4,625	12,619	3.4%	7.1%	60.4%	29.2%	96.6%	–
Baron Growth Fund	7,869	21,323	-0.4%	0.8%	35.7%	64.0%	100.4%	–
Baron Focused Growth Fund	1,336	124,722	0.5%	3.0%	29.5%	44.1%	76.6%	22.9%
Baron Asset Fund	4,823	34,369	2.0%	0.0%	12.1%	81.1%	93.2%	4.8%
Baron Partners Fund	6,945	336,338	-14.1%	0.5%	10.4%	43.5%	54.4%	59.7%
Baron Fifth Avenue Growth Fund	539	470,736	1.6%	0.0%	4.3%	35.0%	39.4%	59.1%
Baron Durable Advantage Fund	183	730,749	2.7%	0.0%	0.0%	24.9%	24.9%	72.4%
Baron Opportunity Fund	1,131	805,770	1.7%	2.9%	9.4%	26.6%	38.9%	59.4%
Baron Real Estate Fund	1,741	44,114	1.5%	0.6%	34.4%	47.5%	82.5%	15.9%
Baron Real Estate Income Fund	148	46,382	1.2%	0.0%	21.1%	60.1%	81.1%	17.7%
Baron Health Care Fund	210	163,163	2.3%	0.7%	18.6%	26.6%	45.8%	51.9%
Baron FinTech Fund	60	100,888	1.2%	0.5%	18.0%	41.8%	60.2%	38.6%

Sources: Kenneth R. French Data Library, Baron Capital.
** Including only the domestic Baron Funds with a track record of at least three years as of 12/31/2023.*
Note: The analysis was performed using the ME breakpoints from the Kenneth R. French Data Library as of 11/30/2023.

Our focus continues to be on companies with solid fundamentals and above-average growth potential over the long term, even while the prospect of lower interest rates may lead to shifts in economic and market conditions. We believe our disciplined approach and our ability to identify and invest in exceptional businesses will continue to be the cornerstone of our success.

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 1-800-99-BARON or visiting baronfunds.com. Please read them carefully before investing.

Baron Funds (Institutional Shares) and Benchmark Performance 12/31/2023

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	12.88%	7.67%	12/31/1994	14.97%	2.34%	14.92%	10.24%	1.05%(3)(4)	$7.87 billion
Baron Small Cap Fund†	Russell 2000 Growth Index	10.18%	6.12%	9/30/1997	27.19%	0.52%	14.02%	9.31%	1.05%(3)	$4.62 billion
Baron Discovery Fund†	Russell 2000 Growth Index	12.42%	7.80%	9/30/2013	22.58%	(5.86)%	11.94%	11.02%	1.06%(3)	$1.43 billion
SMALL/MID CAP										
Baron Focused Growth Fund(1)	Russell 2500 Growth Index	13.35%	8.04%	5/31/1996	27.78%	3.05%	26.01%	15.54%	1.06%(5)	$1.34 billion
MID CAP										
Baron Asset Fund†	Russell Midcap Growth Index	11.37%	10.20%(2)	6/12/1987	17.35%	(0.21)%	12.82%	10.49%	1.05%(3)	$4.82 billion
LARGE CAP										
Baron Fifth Avenue Growth Fund†	Russell 1000 Growth Index	9.19%	11.51%	4/30/2004	57.58%	(4.62)%	11.93%	11.04%	0.78%/0.76%(3)(7)	$539.19 million
Baron Durable Advantage Fund	S&P 500 Index	14.70%	12.07%	12/29/2017	45.51%	13.08%	19.68%	N/A	1.00%/0.70%(3)(8)	$183.26 million
ALL CAP										
Baron Partners Fund(1)	Russell Midcap Growth Index	15.17%	9.91%	1/31/1992	43.47%	2.86%	31.57%	19.11%	1.44%(5)(6)	$6.94 billion
Baron Opportunity Fund†	Russell 3000 Growth Index	9.14%	6.75%	2/29/2000	49.98%	(1.26)%	20.71%	14.08%	1.06%(3)	$1.13 billion
NON-U.S./GLOBAL										
Baron Emerging Markets Fund	MSCI EM Index	3.18%	1.55%	12/31/2010	8.29%	(8.89)%	2.99%	2.48%	1.12%(5)	$4.54 billion
Baron Global Advantage Fund†	MSCI ACWI Index	10.55%	9.11%	4/30/2012	25.56%	(15.03)%	9.88%	9.04%	0.94%/0.91%(5)(9)	$685.79 million
Baron International Growth Fund	MSCI ACWI ex USA Index	8.94%	6.74%	12/31/2008	7.60%	(4.91)%	7.79%	5.18%	0.99%/0.95%(5)(10)	$511.96 million
Baron New Asia Fund	MSCI AC Asia ex Japan Index	(9.48)%	(7.69)%	7/30/2021	5.79%	N/A	N/A	N/A	7.22%/1.20%(5)(11)	$4.34 million
SECTOR										
Baron Real Estate Fund	MSCI USA IMI Extended Real Estate Index	13.76%	11.07%	12/31/2009	25.04%	3.62%	18.32%	10.06%	1.07%(5)	$1.74 billion
Baron Real Estate Income Fund	MSCI US REIT Index	8.29%	4.05%	12/29/2017	15.51%	2.78%	12.64%	N/A	0.96%/0.80%(5)(12)	$148.08 million
Baron Health Care Fund†	Russell 3000 Health Care Index	12.54%	10.38%	4/30/2018	6.42%	0.78%	15.43%	N/A	0.90%/0.85%(5)(13)	$210.43 million
Baron FinTech Fund†	FactSet Global FinTech Index	9.58%	1.51%	12/31/2019	27.31%	(0.69)%	N/A	N/A	1.20%/0.95%(5)(14)	$59.60 million
Baron Technology Fund	MSCI ACWI Information Technology Index	(4.61)%	2.03%	12/31/2021	63.38%	N/A	N/A	N/A	6.42%/0.95%(5)(15)	$9.03 million
EQUITY ALLOCATION										
Baron WealthBuilder Fund	S&P 500 Index	12.78%	12.07%	12/29/2017	25.73%	(0.37)%	17.06%	N/A	1.14%/1.11%(5)(16)	$547.52 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 December 31, 2023.

(3) As of 9/30/2023.

(4) Comprised of operating expenses of 1.04% and interest expenses of 0.01%.

(5) As of 12/31/2022.

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

(7) Gross annual expense ratio was 0.78%, but the net annual expense ratio was 0.76% (net of Adviser's fee waivers, including interest expense of 0.01%).

(8) Gross annual expense ratio was 1.00%, but the net annual expense ratio was 0.70% (net of Adviser's fee waivers).
(9) 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%).
(10) Gross annual expense ratio was 0.99%, but the net annual expense ratio was 0.95% (net of Adviser's fee waivers).
(11) Gross annual expense ratio was 7.22%, but the net annual expense ratio was 1.20% (net of Adviser's fee waivers and expense reimnbursements).
(12) Gross annual expense ratio was 0.96%, but the net annual expense ratio was 0.80% (net of Adviser's fee waivers).
(13) Gross annual expense ratio was 0.90%, but the net annual expense ratio was 0.85% (net of Adviser's fee waivers).
(14) Gross annual expense ratio was 1.20%, but the net annual expense ratio was 0.95% (net of Adviser's fee waivers).
(15) 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).
(16) Gross annual expense ratio was 1.14%, but the net annual expense ratio was 1.11% (includes acquired fund fees and expenses, net of the 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, 2034, 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 baronfunds.com or call 1-800-99-BARON.

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

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

Performance for **Baron Partners Fund** and **Baron Focused Growth Fund** reflect 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. During these periods, the predecessor partnerships were not registered under the Investment Company Act of 1940 and were not subject to its requirements or the requirements of the Internal Revenue Code relating to registered investment companies, which, if they were, might have adversely affected its performance.

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

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

Sector allocations and portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

The **Russell 1000® Index** measures the performance of the large-cap segment of the US equity universe. It is a subset of the **Russell 3000® Index** and includes approximately 1,000 of the largest securities based on a combination of their market cap and current index membership. The **Russell 2000® Index** measures the performance of small-sized U.S. companies. The **Russell 2000® Growth Index** measures the performance of small-sized U.S. 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® Index** measures the performance of medium-sized U.S. companies. The **Russell Midcap® Growth Index** measures the performance of medium-sized U.S. companies that are classified as growth. The **Nasdaq Composite Index** is the market capitalization-weighted index of approximately 3,000 common equities listed on the Nasdaq stock exchange. The **S&P 500 Index** measures the performance of 500 widely held large-cap U.S. companies. The **FactSet Global Fintech Index™** is an unmanaged and equal-weighted index that measures the equity market performance of companies engaged in Financial Technologies, primarily in the areas of software and consulting, data and analytics, digital payment processing, money transfer, and payment transaction-related hardware, across 30 developed and emerging markets. The 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 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. 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 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.

The **Federal Funds rate** is the interest rate at which depository institutions trade federal funds (balances held at Federal Reserve Banks) with each other overnight. When a depository institution has surplus balances in its reserve account, it lends to other banks in need of larger balances. In simpler terms, a bank with excess cash, which is often referred to as liquidity, will lend to another bank that needs to quickly raise liquidity. (1) The rate that the borrowing institution pays to the lending institution is determined between the two banks; the weighted average rate for all of these types of negotiations is called the effective Federal Funds rate. (2) The effective Federal Funds rate is essentially determined by the market but is influenced by the Federal Reserve through open market operations to reach the Federal Funds rate target.

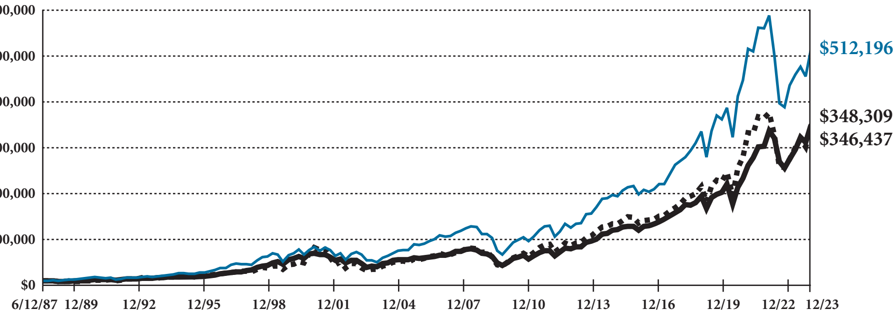
Price/Earnings Ratio (next 12-months): is a valuation ratio of a company's current share price compared to its mean forecasted 4 quarter sum earnings per share over the next twelve months. If a company's EPS estimate is negative, it is excluded from the portfolio-level calculation.

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 Funds Performance

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



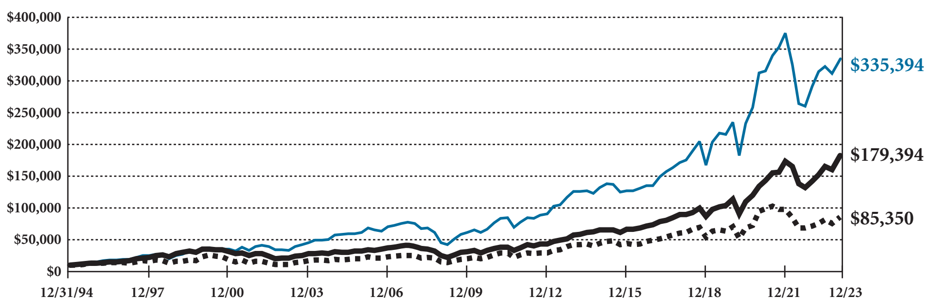
Returns

Not Annualized	Annualized				
3-Month	1-year	3-year	5-year	10-year	Since Inception
12.45%	17.35%	(0.21)%	12.82%	10.49%	11.37%

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



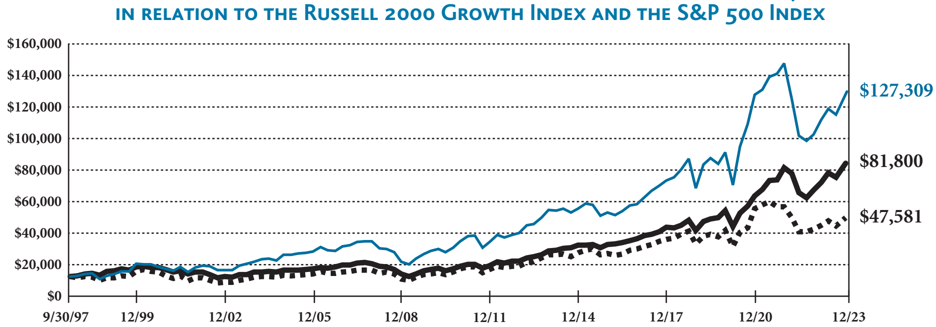
Returns

Not Annualized	Annualized				
3-Month	1-year	3-year	5-year	10-year	Since Inception
7.70%	14.97%	2.34%	14.92%	10.24%	12.88%

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
12.64%	27.19%	0.52%	14.02%	9.31%	10.18%

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 Russell Midcap Growth Index, Russell 2000 Growth Index, and S&P 500 Index 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.

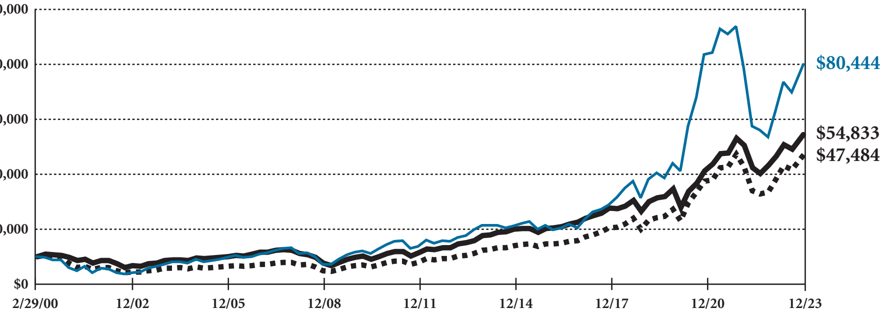
† Baron Asset Fund's and Baron Small Cap Fund's 3-year historical performance was impacted by gains from IPOs. There is no guarantee that these results can be repeated or that the Funds' level of participation in IPOs will be the same in the future.

^ 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 14.

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



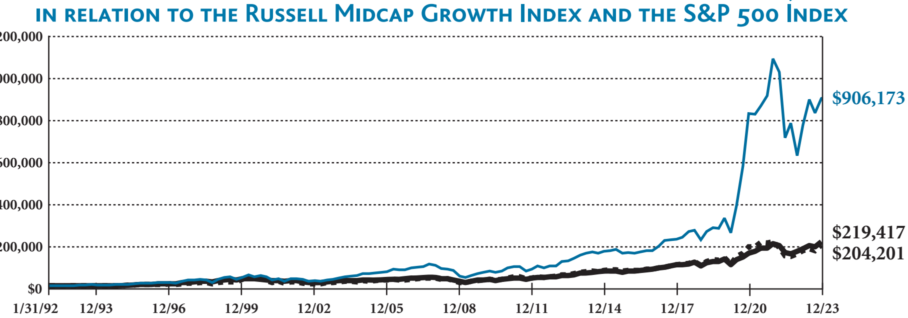
Returns

Not Annualized	Annualized				
3-Month	1-year	3-year	5-year	10-year	Since Inception
15.10%	49.98%	(1.26)%	20.71%	14.08%	9.14%

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



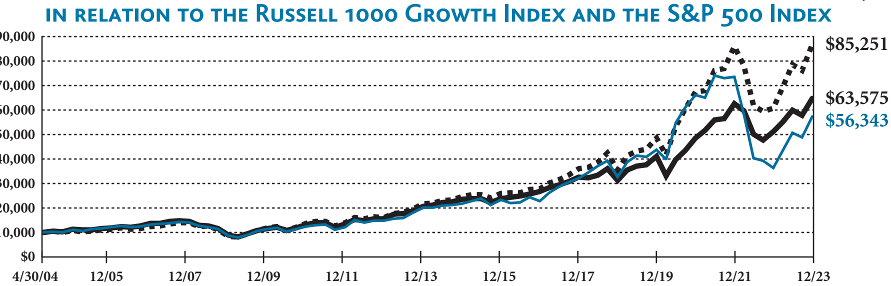
Returns

Not Annualized	Annualized				
3-Month	1-year	3-year	5-year	10-year	Since Inception
8.39%	43.47%	2.86%	31.57%	19.11%	15.17%

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
17.61%	57.58%	(4.62)%	11.93%	11.04%	9.19%

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 Russell 3000 Growth Index, Russell Midcap Growth Index, Russell 1000 Growth Index, and S&P 500 Index 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.

† Baron Opportunity Fund's 3-, 5-, and 10-year historical performance was impacted by gains from IPOs; Baron Fifth Avenue Growth Fund's 3- and 5-year historical performance was impacted by gains from IPOs. There is no guarantee that these results can be repeated or that the Funds' level of participation in IPOs will be the same in the future.

^ 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.

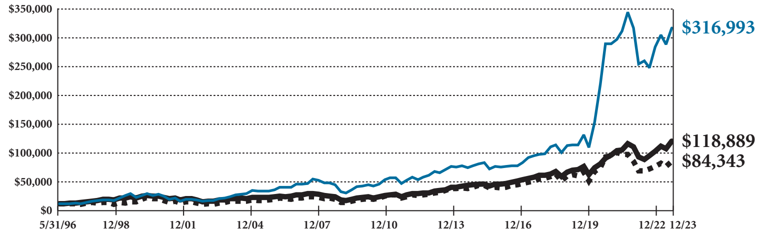
* Reflects the actual fees and expenses that were charged when the Fund was a partnership. The predecessor partnership charged a 20% performance fee after reaching a certain performance benchmark. If the annual returns for the Fund did not reflect the performance fees for the years the predecessor partnership 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 14.

Baron Funds Performance

Baron Focused Growth Fund

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



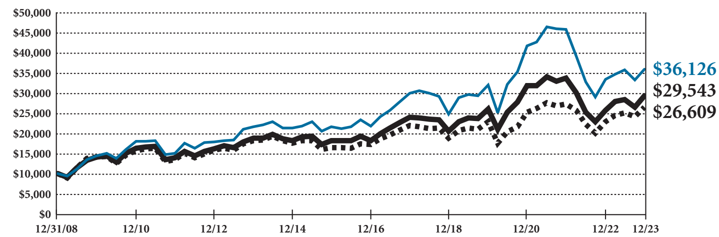
Returns

Not Annualized	Annualized				
3-Month	1-year	3-year	5-year	10-year	Since Inception
9.74%	27.78%	3.05%	26.01%	15.54%	13.35%

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



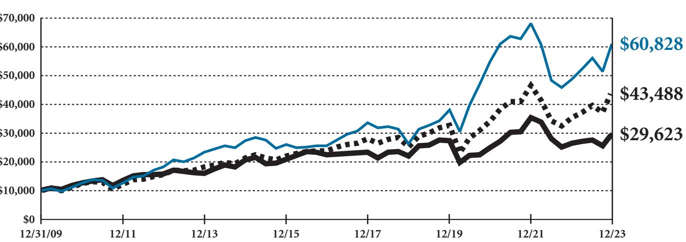
Returns

Not Annualized	Annualized				
3-Month	1-year	3-year	5-year	10-year	Since Inception
7.78%	7.60%	(4.91)%	7.79%	5.18%	8.94%

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
18.42%	25.04%	3.62%	18.32%	10.06%	13.76%

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

The Funds, MSCI ACWI ex USA Index, MSCI ACWI ex USA IMI Growth Index, MSCI USA IMI Extended Real Estate Index, and MSCI US REIT Index include 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 performance results. The indexes are unmanaged. The index performance is not fund performance; one cannot invest directly into an index.

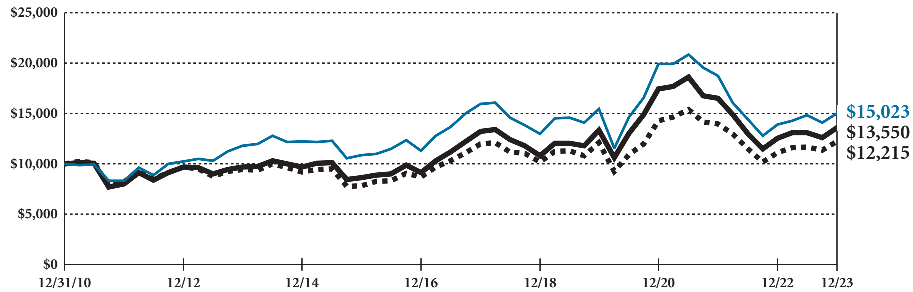
^ Performance for the Institutional Shares prior to May 29, 2009 is based on the performance of the Retail Shares, which have a distribution fee. The Institutional Shares do not have a distribution fee. If the annual returns for the Institutional Shares prior to May 29, 2009 did not reflect this fee,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

* 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.

See index footnotes on page 14.

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



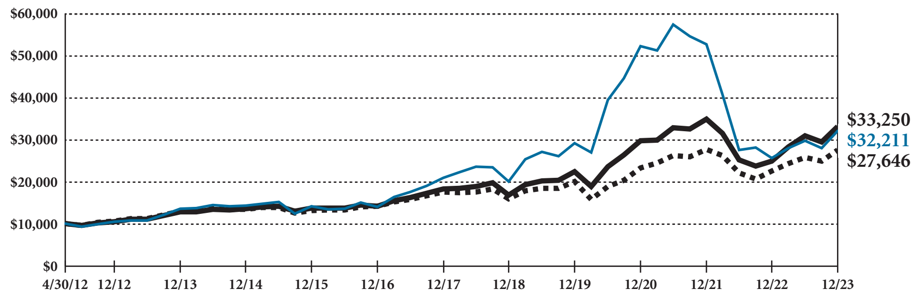
Returns

Not Annualized	Annualized				
3-Month	1-year	3-year	5-year	10-year	Since Inception
6.81%	8.29%	(8.96)%	2.99%	2.48%	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



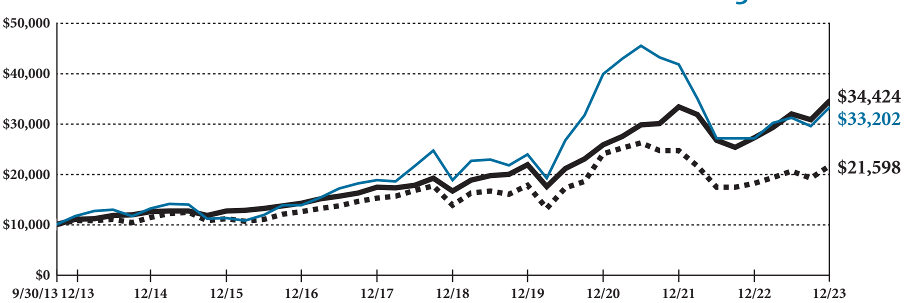
Returns

Not Annualized	Annualized				
3-Month	1-year	3-year	5-year	10-year	Since Inception
14.80%	25.56%	(15.03)%	9.88%	9.04%	10.55%

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	10 year	Since Inception
12.44%	22.58%	(5.86)%	11.94%	11.02%	12.42%

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

The Funds, MSCI EM Index, MSCI EM IMI Growth Index, MSCI ACWI Index, and MSCI ACWI Growth Index include 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 performance results. The indexes are unmanaged. The index performance is not fund performance; one cannot invest directly into an index.

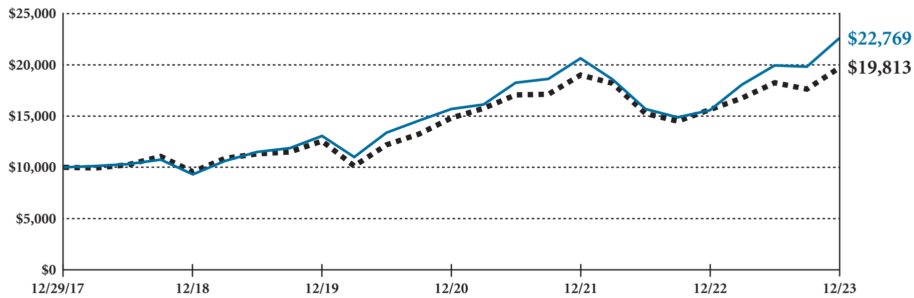
† Baron Global Advantage Fund's 5- and 10-year historical performance was impacted by gains from IPOs; Baron Discovery Fund's 3-, 5- and 10-year historical performance was impacted by gains from IPOs. There is no guarantee that these results can be repeated or that the Funds' level of participation in IPOs will be the same in the future.

See index footnotes on page 14.

Baron Funds Performance

Baron Durable Advantage Fund

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



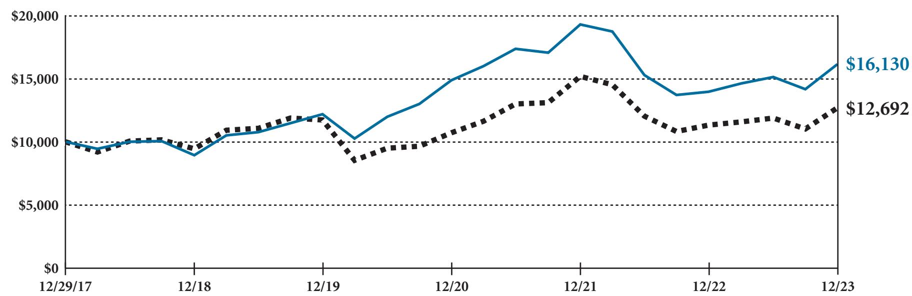
Returns

Not Annualized	Annualized			
3-Month	1-year	3-year	5-year	Since Inception
13.94%	45.51%	13.08%	19.68%	14.70%

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



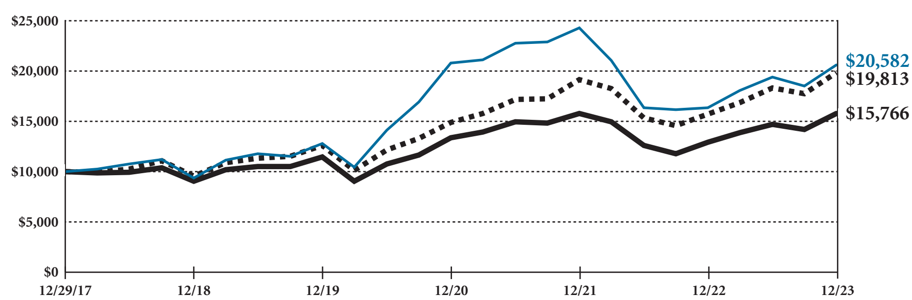
Returns

Not Annualized	Annualized			
3-Month	1-year	3-year	5-year	Since Inception
14.14%	15.51%	2.78%	12.64%	8.29%

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
11.42%	25.73%	(0.37)%	17.06%	12.78%

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

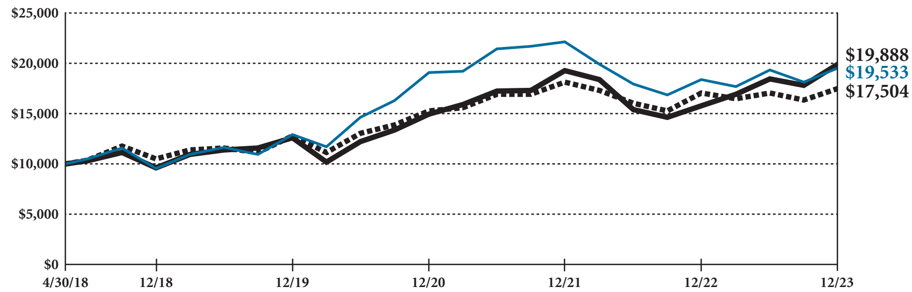
The Funds, MSCI US REIT Index, and MSCI ACWI Index include reinvestment of dividends, net of foreign withholding taxes, while the S&P 500 Index include reinvestment of dividends before taxes.

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 14.

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

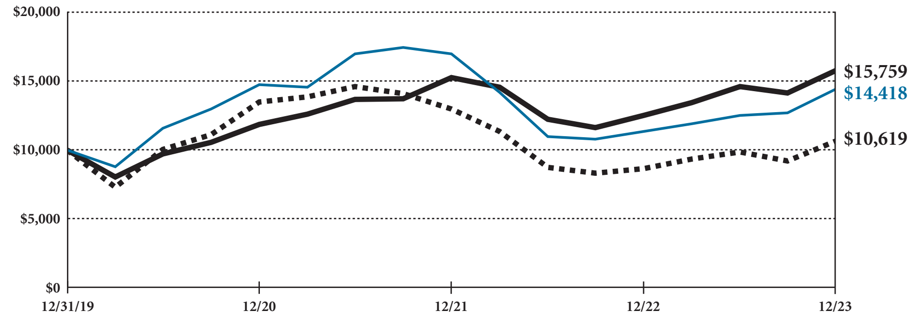


Returns

Not Annualized	Annualized			
3-Month	1-year	3-year	5-year	Since Inception
7.69%	6.42%	0.78%	15.43%	12.54%

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

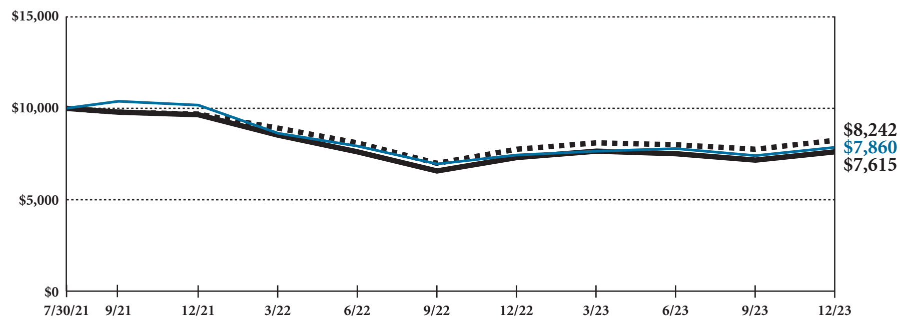


Returns

Not Annualized	Annualized		
3-Month	1-year	3-year	Since Inception
13.85%	27.31%	(0.69)%	9.58%

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
6.07%	5.79%	(9.48)%

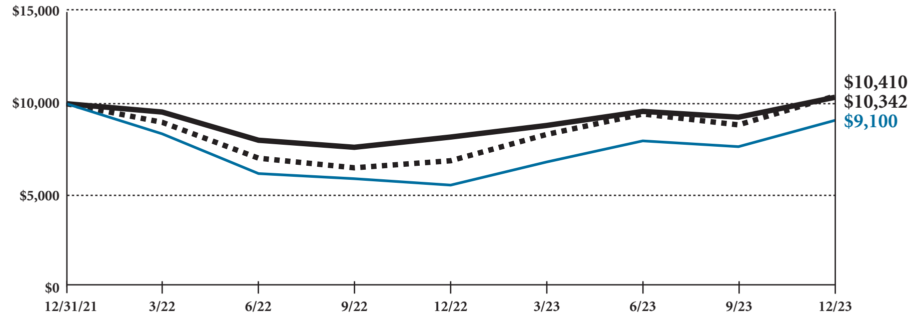
The Funds, MSCI AC Asia ex Japan Index, and MSCI AC Asia ex Japan IMI Growth Index include reinvestment of dividends, net of foreign withholding taxes, while the Russell 3000 Health Care Index, FactSet Global FinTech Index and S&P 500 Index include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts performance results. The indexes are unmanaged. The index performance is not fund performance; one cannot invest directly into an index.

† Baron Health Care Fund's and Baron FinTech Fund's 3-year historical performance was impacted by gains from IPOs. 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.

See index footnotes on page 14.

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
18.95%	63.38%	(4.61)%

The Fund and MSCI ACWI Information Technology Index include reinvestment of dividends, net of foreign withholding taxes, while the S&P 500 Index 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.

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®).

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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 1-800-99-BARON or visiting 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 or may reimburse certain Funds' expenses pursuant to a contract expiring on August 29, 2034, 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 baronfunds.com or call 1-800-99-BARON.

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 broker-dealer registered with the SEC and member of the Financial Industry Regulatory Authority, Inc. (FINRA).

DEAR BARON ASSET FUND SHAREHOLDER:

PERFORMANCE

Moderating inflation and softening labor market conditions contributed to both falling interest rates and investors' growing belief that a *hard landing* economic recession will be avoided. This optimistic scenario propelled a *risk on* investor mindset and a strong equity market rally during the quarter. Most sectors closed higher, led by Information Technology (IT), which benefited from widespread gains in fast-growing software and semiconductor companies. Other leading sectors included Real Estate and Financials, which generally benefited from declining rates, as well as Industrials and Consumer Discretionary, which were bolstered by moderating recessionary fears. Defensive sectors, including Consumer Staples, Health Care, and Utilities, underperformed amid this market environment. The Energy sector declined, as oil prices fell throughout the period.

Against this backdrop, Baron Asset Fund® (the Fund) gained 12.45% (Institutional Shares) in the fourth quarter, trailing the Russell Midcap Growth Index (the Index), which gained 14.55%. The Fund's relative underperformance was driven partly by headwinds from its style biases, notably its underexposure to stocks with elevated beta and residual volatility, as well as the impact of stock selection.

ANDREW PECK
PORTFOLIO MANAGER

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

Table I.
Performance†
Annualized for periods ended December 31, 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]	12.38%	12.45%	14.55%	11.69%
One Year	17.04%	17.35%	25.87%	26.29%
Three Years	(0.47)%	(0.21)%	1.31%	10.00%
Five Years	12.53%	12.82%	13.81%	15.69%
Ten Years	10.20%	10.49%	10.57%	12.03%
Fifteen Years	13.36%	13.65%	14.68%	13.97%
Since Inception (June 12, 1987)	11.25%	11.37%	10.20%[4]	10.20%

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, 2023 was 1.30% and 1.05%, respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The 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 baronfunds.com or call 1-800-99-BARON.

† 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 **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 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. Investors cannot invest directly in 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 December 31, 1987 to December 31, 2023.

5 Not annualized.

BARON FUNDS 1987

Several holdings in Consumer Discretionary, Industrials, and Financials were generally responsible for the relative shortfall during the quarter. Weakness in Consumer Discretionary was driven by declines from global ski resort company **Vail Resorts, Inc.** and hotel franchisor **Choice Hotels International, Inc.** Vail's stock underperformed on concerns that limited snowfall would impact its results for the ski season, but we are optimistic that Vail's strong sales of season ski passes will offset this effect. Choice's shares were pressured by its proposed hostile takeover of Wyndham Hotels. If this acquisition is completed, we expect various benefits from the combined companies' greater scale. If the deal falls through, we believe the stock would rebound to higher levels.

Within Industrials, strong performance from private rocket and spacecraft manufacturer **Space Exploration Technologies Corp.** was overshadowed by the underperformance of consumer credit bureau **TransUnion** and data and analytics vendor **Verisk Analytics, Inc.** TransUnion fell after the company reduced its full-year guidance and reported third quarter financial results that missed Street expectations. Despite reporting strong quarterly earnings, Verisk's stock lagged due to investor concerns that revenue growth will normalize in 2024 following outsized growth in 2023. In the Financials sector, specialty insurer **Arch Capital Group Ltd.** gave back a portion of its strong performance from earlier in the year, given a market rotation away from defensive securities to more speculative stocks following a decline in interest rates.

Partially offsetting the above was the strength in IT coupled with a lack of exposure to the lagging Energy and Consumer Staples sectors. Stock selection accounted for a portion of the relative gains in IT. Shares of syndicated research provider **Gartner, Inc.** soared after reporting excellent quarterly earnings results, with impressive growth in its core subscription research businesses.

Table II.
Top contributors to performance for the quarter ended December 31, 2023

	Year Acquired	Percent Impact
Gartner, Inc.	2007	3.05%
IDEXX Laboratories, Inc.	2006	1.73
Fair Isaac Corporation	2020	0.98
ANSYS, Inc.	2009	0.75
Guidewire Software, Inc.	2013	0.63

Shares of **Gartner, Inc.**, a provider of syndicated research, soared after reporting excellent quarterly earnings results. Gartner's core subscription research businesses continued to compound at attractive rates, and we believe that its growth will accelerate over the next several quarters. We believe Gartner will emerge as a critical decision support resource for any company contemplating the opportunities and risks of artificial intelligence for its business. We expect this development to provide a tailwind to Gartner's volume growth and pricing realization over time. We expect that Gartner's sustained revenue growth and focus on cost control should drive continued margin expansion and enhanced free-cash-flow generation. The company's balance sheet remains in excellent shape, and we expect ongoing aggressive share repurchases.

Shares of veterinary diagnostics leader **IDEXX Laboratories, Inc.** contributed to the quarter's performance. While foot traffic to veterinary clinics in the U.S. has been subdued for the past year, IDEXX's excellent execution has enabled the company to continue delivering robust financial results. Traffic to clinics now appears to be rebounding, and we expect this to lead to accelerated revenue growth. We believe IDEXX's competitive trends are outstanding, and we expect new proprietary innovations to contribute to growth in 2024 and beyond. We see increasing evidence that long-term secular trends around pet ownership and pet care spending have been structurally accelerated, which should help support IDEXX's long-term growth rate.

Shares of **Fair Isaac Corporation**, a data and analytics company focused on predicting consumer behavior, contributed to performance. The company reported good earnings results and gave preliminary guidance that appears conservative, especially since pricing initiatives in the company's highly profitable Scores business remain on track. CEO Will Lansing expressed confidence that the business can perform relatively well across different economic backdrops and expressed optimism about the accelerating revenue momentum in its software business. We believe Fair Isaac will be a steady earnings compounder, which should drive solid returns for the stock over a multi-year period.

Table III.
Top detractors from performance for the quarter ended December 31, 2023

	Year Acquired	Percent Impact
TransUnion	2017	-0.50%
West Pharmaceutical Services, Inc.	2014	-0.25
Arch Capital Group Ltd.	2003	-0.20
Veeva Systems Inc.	2017	-0.18
Choice Hotels International, Inc.	1996	-0.13

TransUnion is a consumer credit bureau that helps businesses make lending and marketing decisions. Shares fell after the company reported quarterly financial results that were below consensus expectations and reduced full-year guidance. Lending and marketing activity softened during the quarter, particularly among smaller, subprime lenders. Management believes that its new financial guidance is achievable and is increasingly focused on cost efficiency to improve margins. We reduced our position and are closely monitoring developments. We expect its earnings growth to improve as cyclical headwinds abate, and the company integrates recent acquisitions.

West Pharmaceutical Services, Inc. manufactures components and systems for the packaging and delivery of injectable drugs. The stock declined after the company reported sales that missed analyst forecasts and cut its forward earnings guidance due to inventory management by certain customers, which delayed orders into 2024. We believe this shortfall is a timing issue and does not detract from the positive long-term outlook for the business. We believe West has a competitively advantaged business that should grow at attractive rates on a normalized basis, driven by mix shift, volume, and price.

Shares of specialty insurer **Arch Capital Group Ltd.** gave up some gains in the fourth quarter after solid performance for most of the year. We believe the share price weakness was primarily due to a market rotation away from defensive stocks to more speculative stocks following a decline in interest rates. Company fundamentals remained strong, with net premiums written growing 23%, operating ROE expanding to 25%, and book value per share rising 30% in the third quarter. Management expects favorable market conditions will persist. We continue to own the stock due to Arch's experienced management team and our expectation of solid growth in earnings and book value.

Portfolio Structure

At December 31, 2023, Baron Asset Fund held 51 positions. The Fund's 10 largest holdings represented 47.5% of net assets, and the 20 largest represented 70.9% of net assets. The Fund's largest weighting was in the IT sector at 29.5% of net assets. This sector includes software companies, IT consulting firms, and internet services companies. The Fund held 22.8% of its net assets in the Health Care sector, which includes investments in life sciences companies, and health care equipment, supplies, and technology companies. The Fund held 16.7% of its net assets in the Industrials sector, which includes investments in research and consulting companies and aerospace and defense companies. The Fund also had significant weightings in Financials at 13.3% of net assets and Real Estate at 7.0% of net assets.

As the chart below shows, the Fund's largest investments all have been owned for significant 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 December 31, 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	$35.2	$462.1	9.6%
IDEXX Laboratories, Inc.	2006	2.5	46.1	341.7	7.1
Verisk Analytics, Inc.	2009	4.0	34.6	226.0	4.7
CoStar Group, Inc.	2016	5.0	35.7	213.2	4.4
Mettler-Toledo International Inc.	2008	2.4	26.3	211.2	4.4
ANSYS, Inc.	2009	2.3	31.5	184.3	3.8
FactSet Research Systems Inc.	2006	2.5	18.1	176.9	3.7
Arch Capital Group Ltd.	2003	0.9	27.7	163.6	3.4
Fair Isaac Corporation	2020	12.1	28.8	157.1	3.3
Guidewire Software, Inc.	2013	2.8	8.9	155.0	3.2

Recent Activity

Table V.
Top net purchases for the quarter ended December 31, 2023

	Quarter End Market Cap (billions)	Net Amount Purchased (millions)
Birkenstock Holding plc	$ 9.2	$17.5
Quanta Services, Inc.	31.4	3.5
Axon Enterprise, Inc.	19.4	1.1

We participated in the initial public offering of **Birkenstock Holding plc**. Birkenstock is a global footwear company with roots dating back to 1774. Embedded in American culture since the 1960s, the brand is best known for its iconic *Arizona* and *Boston* sandals. Although the Birkenstock brand has existed for more than two centuries, the Birkenstock family brought in its first outside management team, led by Oliver Reichert, in 2009. Under new leadership and vision, the business has been transformed from a family-owned, production-oriented company into a professionally managed enterprise committed to growing the Birkenstock brand globally.

Following the arrival of new management, Birkenstock revenues have grown at a 20% CAGR from fiscal 2014 to fiscal 2022, when the company generated revenues of €1.2 billion with profitability margins in the mid-30% range. We believe this combination of an iconic brand with high growth and industry-leading profitability makes the Birkenstock brand an attractive asset.

Unlike nearly all other footwear brands, Birkenstock manufactures products in-house with over 95% in its German factories. We believe this provides the company with better quality control and less risk in its supply chain. Birkenstock products are sold both direct and through wholesale partners. Wholesale represents roughly 60% of sales through 6,000 selected wholesale partners in approximately 75 countries. The remaining 40% of sales are generated direct-to-consumer, with the vast majority sold through e-commerce. The company has just 45 stores, though they expect to increase that number meaningfully. The American and European markets are most developed, and Asia represents a large, untapped opportunity.

Over the medium term, we believe Birkenstock will be able to increase revenue by 15% per year or more, driven by ongoing growth in its core styles, expanded year-round product mix, new stores, and geographic expansion. We also expect Birkenstock to maintain its industry-leading profitability.

Table VI.
Top net sales for the quarter ended December 31, 2023

	Net Amount Sold (millions)
Gartner, Inc.	$57.3
TransUnion	25.5
ANSYS, Inc.	18.0
IDEXX Laboratories, Inc.	17.6
DexCom, Inc.	14.2

We took some profits and managed the position size of long-term holdings **Gartner, Inc.** and **IDEXX Laboratories, Inc.** We took some profits in **ANSYS, Inc.** after the stock jumped on rumors that it would be acquired by Synopsys, a software company focused on electronic design automation. We reduced our position in **TransUnion** after the company reported quarterly financial results that were below consensus expectations and reduced full-year guidance. We reduced our position in **DexCom, Inc.**, which sells a continuous glucose monitoring system for diabetics, because of uncertainty about the impact that GLP-1 weight loss medications may have on the company's business.

Outlook

Although macroeconomic forecasts do not explicitly influence our stock selection process or portfolio management, we are optimistic that the U.S. Federal Reserve has successfully orchestrated a *soft landing*. Inflation has moderated, and long-term interest rates have declined meaningfully from their fourth quarter peak. Many of our companies' management teams have observed improved business conditions, and they are not anticipating a recession. Current economic conditions appear more favorable than virtually all forecasters had expected at the beginning of 2023, and this was a key driver of higher stock prices throughout the past year. As 2024 unfolds, we expect an environment of declining interest rates and growing corporate earnings to be beneficial for stocks.

During 2023, as the market recovered from the prior year's dramatic sell-off, the types of stocks that performed best included higher beta, cyclical, and lower quality companies. The Health Care sector, which is the Fund's second largest weighting, was a particular laggard in this environment. As the economy stabilizes and the stock market continues its recovery, we expect the types of companies that the Fund favors to outperform – leading companies that benefit from secular growth drivers, secure competitive positions, and talented management teams.

It is also worth noting that the Index has dramatically underperformed the Russell Midcap Value Index during the past three years by 706 basis points annually. It has also underperformed the Russell 1000 Growth Index, a key benchmark for large-cap growth stocks, by 755 basis points annually over this same period. This has reduced the relative premium that the market generally accords faster growing mid-cap stocks, and we believe it presents an attractive opportunity to invest in this area.

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 1-800-99-BARON or visiting 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.

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. **Residual volatility** captures relative volatility in stock returns that is not explained by differences in stock sensitivities to market returns. A positive exposure indicates a high residual volatility. A negative exposure indicates a low residual volatility. 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.

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) gained 7.70% (Institutional Shares) for the quarter and 14.97% for the year ended December 31, 2023. This modestly trailed those of the Fund's primary benchmark, the Russell 2000 Growth Index (the Benchmark), which gained 12.75% for the quarter and 18.66% for the year. The S&P 500 Index, which measures the performance of publicly traded large-cap U.S. companies, gained 11.69% for the quarter and 26.29% for the year.

The Federal Reserve's sudden interest rate pivot sent speculative, lower-quality, and interest-rate sensitive stocks soaring in December. While the Fund performed well on an absolute basis, our exclusive focus on high-quality durable growth assets put us at a relative disadvantage during the month. This is consistent with historical patterns, where the Fund generally keeps up with the market during the early phase of rallies and protects capital during more challenging periods, all while taking less risk than the Benchmark. We are optimistic that this strategy will continue to generate positive results over cycles.

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 December 31, 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]	7.63%	7.70%	12.75%	11.69%
One Year	14.68%	14.97%	18.66%	26.29%
Three Years	2.08%	2.34%	(3.50)%	10.00%
Five Years	14.62%	14.92%	9.22%	15.69%
Ten Years	9.96%	10.24%	7.16%	12.03%
Fifteen Years	13.87%	14.15%	12.07%	13.97%
Since Inception (December 31,1994)	12.73%	12.88%	7.67%	10.47%

Stocks rallied meaningfully during the quarter. December was particularly strong as investors celebrated moderating inflation and a dovish tone from the Federal Reserve. Yields on the benchmark 10-Year U.S. Treasury Bond plummeted to 3.90% after jumping to 4.80% just one quarter ago, a dramatic change for a market that generally moves in basis point increments. Relatively lower-quality, more speculative, and interest-rate sensitive stocks benefited the most from declining rates. We estimate that the Fund's focus on higher-quality, less volatile and relatively larger businesses reduced our performance by over 330 basis points in December, or substantially all the difference in our performance versus the Benchmark for the year.

Our performance in the quarter was also negatively impacted by short-term developments in several of our largest and longest-tenured investments. Shares of **Vail Resorts, Inc.** declined as investors fretted about unfavorable weather conditions in the Eastern U.S. and Tahoe. While the stock fluctuates along with meteorological forecasts, Vail's fundamentals remain robust. Vail's subscription revenue is growing at a double-digit rate, helped by volume growth, annual price increases, and a favorable mix shift towards more expensive passes. Season passes are approaching 75% of total annual skier visits, which meaningfully dampens the impact of weather on Vail's

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, 2023 was 1.30% and 1.05%, respectively (comprised of operating expenses of 1.29% and 1.04%, 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 baronfunds.com or call 1-800-99-BARON.

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 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.

financial results. Finally, the company is highly cash generative, and we expect management to continue to drive the business toward consistent earnings growth and return of capital to shareholders.

Shares of hotel franchisor **Choice Hotels International, Inc.** declined as the company announced a hostile acquisition for competitor Wyndham Hotels. We believe that the stock is being impacted by short-term oriented merger arbitrageurs and does not appropriately reflect the meaningful strategic and financial synergies represented by the combined companies. We opportunistically added to our positions during the quarter. Please see the section titled “Recent Purchases” for additional information.

Shares of **Iridium Communications Inc.**, a mobile voice and data communications services vendor offering global coverage via satellite, were negatively impacted by the termination of its relationship with Qualcomm. Iridium’s core voice and data opportunities are unrelated to the Qualcomm relationship, and therefore we believe that the growing annuity of high-retention Iridium customers remains unaffected. We expect Iridium to return almost $3 billion of capital to shareholders over the next six years, which is a material portion of its current enterprise value.

Finally, our long-tenured and highly successful investments in insurers **Kinsale Capital Group, Inc.** and **Arch Capital Group Ltd.** both declined during the quarter. Growth in Kinsale’s gross written premiums moderated to 33% from 58% in the prior quarter. We attribute this to normal seasonality for property insurance and believe that this level of absolute growth reinforces our thesis that Kinsale will continue to be a net share gainer in the fast-growing excess and surplus market. Additionally, we believe that shares of both Arch and Kinsale were adversely impacted by the rotation towards more speculative stocks that we mentioned above, after being meaningful outperformers earlier in the year.

In late October, a federal jury in Kansas City determined that the National Association of Realtors (NAR) and large residential brokerages conspired to keep commission rates artificially high. The jury in the Sitzer-Burnett case awarded the plaintiffs an eye-catching $1.8 billion in damages, which is eligible to be trebled under antitrust law. Other analogous suits were already pending, and a flood of copycat suits have been filed in the immediate aftermath of the verdict. This has garnered national media attention given the size of the potential damages and the way that it may dramatically impact buyers, sellers, and brokers of residential real estate. The result may also create a dramatic tailwind for our investment in **CoStar Group, Inc.**, which is investing aggressively to disrupt the residential real estate advertising market.

We believe that the key enabler of CoStar’s remarkable track record of growth has been its relentless reinvestment in pursuit of long-term profitable growth. This is enabled by the company’s enviable combination of favorable secular trends, recurring revenue, high incremental margins, and robust free cash flow generation. Founder and CEO Andy Florence has created a business that benefits from a virtuous cycle. Faster growth generates additional profits, a portion of which can be invested back into the business to develop new products, expand into new markets, or hire additional salespeople, thereby creating additional growth opportunities and perpetuating the cycle.

CoStar is now undertaking its most sizeable investment cycle as it enters the residential lead generation marketplace. The residential real estate market represents a vast and underpenetrated opportunity. As an asset class, single-family residential properties represent more than $40 trillion of value in the U.S., or around 60% of the total value of U.S. real estate. We estimate that CoStar’s residential products will address a total addressable market (TAM) that exceeds $15 billion of annual recurring revenue, or almost 4 times larger than the company’s flagship Suite offering currently serves. We estimate that offering a residential product in international markets could increase that TAM by a further factor of four. We believe that this represents a highly lucrative opportunity, with a fundamental market structure that can support margins above 50% at scale.

We believe that the Sitzer-Burnett class action suit, and other similar suits, may bring profound changes to the residential real estate market in the U.S. Changes in the way that real estate agents are compensated could cause a meaningful reduction in their use, and force many to exit the market. Additionally, huge damages and a potential exodus of buyers’ agents may cause the NAR to go bankrupt. The greater the magnitude of changes wrought, the better the outcome will be for CoStar. We do not believe that CoStar’s ultimate success in the residential market depends on these changes, but instead they represent a potential accelerant.

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 December 31, 2023

	% of Net Assets (as of 12/31/2023)	Total Return (%)	Contribution to Return (%)
Core Growth	**28.8**	**19.24**	**5.19**
Trex Company, Inc.	1.1	34.44	0.33
Gartner, Inc.	8.7	31.29	2.41
IDEXX Laboratories, Inc.	3.7	26.94	0.85
Krispy Kreme, Inc.	0.9	21.34	0.17
Guidewire Software, Inc.	1.3	21.16	0.25
Bright Horizons Family Solutions, Inc.	1.0	15.76	0.17
CoStar Group, Inc.	5.7	13.66	0.79
Bio-Techne Corporation	2.9	13.51	0.30
Mettler-Toledo International Inc.	1.1	9.47	0.10
Littelfuse, Inc.	0.2	8.46	0.01
Neogen Corp.	0.3	8.45	0.03
West Pharmaceutical Services, Inc.	2.0	–6.11	–0.20
Marel hf.	–	–8.24	–0.00
Russell 2000 Growth Index		**12.75**	
Disruptive Growth	**10.4**	**7.59**	**0.65**
Altair Engineering Inc.	0.8	34.51	0.22
ANSYS, Inc.	4.6	21.96	0.84
FIGS, Inc.	0.7	17.80	0.12
Northvolt AB	0.2	3.50	0.00
Farmers Business Network, Inc.	0.0	–	–
Iridium Communications Inc.	4.0	–9.23	–0.54

Table II. (continued)
Total returns by category for the three months ended December 31, 2023

	% of Net Assets (as of 12/31/2023)	Total Return (%)	Contribution to Return (%)
Financials	**42.1**	**3.88**	**1.69**
The Carlyle Group Inc.	0.8	36.43	0.24
Moelis & Company	0.2	26.19	0.06
Morningstar, Inc.	3.4	22.40	0.75
Cohen & Steers, Inc.	1.7	22.11	0.32
Houlihan Lokey, Inc.	0.7	12.52	0.08
Essent Group Ltd.	0.3	12.11	0.04
MSCI Inc.	10.9	10.55	1.07
FactSet Research Systems Inc.	7.3	9.33	0.71
Primerica, Inc.	3.9	6.39	0.27
Clearwater Analytics Holdings, Inc.	0.1	3.57	0.00
Arch Capital Group Ltd.	8.5	–6.83	–0.56
Kinsale Capital Group, Inc.	4.3	–19.10	–1.31
Real/Irreplaceable Assets	**19.2**	**2.44**	**0.46**
Red Rock Resorts, Inc.	1.3	30.76	0.33
Alexandria Real Estate Equities, Inc.	1.1	27.89	0.27
Douglas Emmett, Inc.	0.7	15.05	0.10
PENN Entertainment, Inc.	1.4	13.51	0.19
Gaming and Leisure Properties, Inc.	3.4	10.04	0.32
Boyd Gaming Corporation	0.4	3.20	0.01
Vail Resorts, Inc.	5.4	–1.94	–0.07
Choice Hotels International, Inc.	4.4	–7.29	–0.39
Marriott Vacations Worldwide Corporation	1.1	–14.99	–0.31
Cash	**–0.4**	**–**	**0.00**
Fees	**–**	**–0.29**	**–0.31**
Total	**100.0***	**7.68****	**7.68****

Sources: FactSet PA, Baron Capital, 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 19% and 42% of the Fund's net assets, and aggregate to 89% of net assets. Another 10% 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 and advisory businesses appreciated significantly, while our investment in property and casualty (P&C) insurers declined. Shares of P&C insurers, such as Arch and Kinsale, declined in December as investors rotated away from defensive stocks to more speculative stocks following a decline in yields. Despite December declines, both stocks generated compelling full-year returns, and both have meaningfully outperformed the Benchmark during the period in which we have been invested. We believe that the hard market in P&C is durable and are optimistic that both will continue to generate attractive annual returns going forward.

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 12/31/2023	Millennium Internet Bubble to Present 12/31/1999 to 12/31/2023	Inception 12/31/1994 to 12/31/2023
Alpha (%)	5.05	3.92	5.39	6.85
Beta	0.58	0.82	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 12/31/2023		Millennium Internet Bubble to Present 12/31/1999 to 12/31/2023		Inception 12/31/1994 to 12/31/2023	
	Annualized Return	Value $10,000	Annualized Return	Value $10,000	Annualized Return	Value $10,000	Annualized Return	Value $10,000
Baron Growth Fund	2.46%	$12,448	14.15%	$72,836	9.62%	$90,670	12.88%	$335,394
Russell 2000 Growth Index	(4.71)%	$ 6,476	12.07%	$55,254	5.46%	$35,781	7.67%	$ 85,350
S&P 500 Index	(3.60)%	$ 7,188	13.97%	$71,080	7.03%	$51,092	10.47%	$179,394

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

The Fund has meaningfully outperformed its Benchmark over the long term. The Fund has gained 12.88% on an annualized basis since its inception on December 31, 1994, which exceeds that of the Benchmark by 5.21% and the S&P 500 Index by 2.41%, 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 versus the Benchmark 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 included 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. (Please see Table IV–Millennium Internet Bubble to Financial Panic). From the Financial Panic to present, the Fund generated an annualized return of 14.15%, which exceeded that of its Benchmark by 2.08% annualized, and the S&P 500 Index by 0.18% annualized.

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 December 31, 2023

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
Gartner, Inc.	2007	$2.3	$35.2	31.29%	2.41%
MSCI Inc.	2007	1.8	44.7	10.55	1.07
IDEXX Laboratories, Inc.	2005	1.9	46.1	26.94	0.85
ANSYS, Inc.	2009	2.3	31.5	21.96	0.84
CoStar Group, Inc.	2004	0.7	35.7	13.66	0.79

Shares of **Gartner, Inc.**, a provider of syndicated research, soared after reporting excellent quarterly earnings results. Gartner's core subscription research businesses continued to compound at attractive rates, and growth is poised to accelerate over the next several quarters. We believe Gartner will emerge as a critical decision support resource for every company evaluating the opportunities and risks of artificial intelligence for its business. We expect this development to provide a tailwind to Gartner's volume growth and pricing realization over time. Gartner's sustained revenue growth and focus on cost control should drive continued margin expansion and enhanced free cash flow generation. The company's balance sheet is in excellent shape and can support aggressive repurchases and bolt-on acquisitions.

Shares of **MSCI, Inc.**, a leading provider of investment decision support tools, contributed to performance. The company reported solid quarterly earnings results and reiterated its 2023 free-cash-flow guidance. Shares also climbed higher in November and December as equity market performance improved. Despite some near-term macro uncertainty, we retain long-term conviction as MSCI owns strong, "all weather" franchises and remains well positioned to benefit from numerous secular tailwinds in the investment community.

Shares of veterinary diagnostics leader **IDEXX Laboratories, Inc.** contributed to performance during the quarter. While foot traffic to veterinary clinics in the U.S. remained subdued, IDEXX's excellent execution has enabled the company to continue to deliver robust financial results. We believe IDEXX's competitive trends are outstanding, and we expect new proprietary innovations and field sales force expansion to be meaningful contributors to growth in 2024. We see increasing evidence that long-term secular trends around pet ownership and pet care spending have been structurally accelerated, which should help support IDEXX's long-term growth rate.

Table VI.
Top detractors from performance for the quarter ended December 31, 2023

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
Kinsale Capital Group, Inc.	2016	$0.6	$ 7.8	−19.10%	−1.31%
Arch Capital Group Ltd.	2002	0.4	27.7	−6.83	−0.56
Iridium Communications Inc.	2014	0.6	5.1	−9.23	−0.54
Choice Hotels International, Inc.	1996	0.4	5.6	−7.29	−0.39
Marriott Vacations Worldwide Corporation	2013	1.5	3.0	−14.99	−0.31

Shares of specialty insurer **Kinsale Capital Group, Inc.** gave back some gains from earlier this year after the company reported slower premium growth in the third quarter. Earnings beat Street expectations with EPS doubling and ROE exceeding 34%. However, investors focused on the slowdown in gross written premiums to 33% growth from 58% growth in the prior quarter, which management attributed to normal seasonality for property insurance. Additionally, we believe some of the share price weakness resulted from a market rotation away from defensive stocks to more speculative stocks following a decline in yields. 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.

Shares of specialty insurer **Arch Capital Group Ltd.** gave up some gains in the fourth quarter after solid performance for most of the year. We believe the share price weakness was primarily due to a market rotation away from defensive stocks to more speculative stocks following a decline in yields. Company fundamentals remained strong with net premiums written growing 23%, operating ROE expanding to 25%, and book value per share rising 30% in the third quarter. Management expects favorable market conditions to persist. We continue to own the stock due to Arch's experienced management team and our expectation of solid growth in earnings and book value.

Iridium Communications Inc. is a mobile voice and data communications services vendor offering global coverage via satellite. In 2022, Iridium announced an agreement with Qualcomm to incorporate Iridium's technology into Qualcomm's Snapdragon chip, allowing devices to seamlessly connect to both cellular and satellite networks. In a surprise turn of events, Qualcomm backed out of the partnership in November of this year. The decision shook investors' confidence in Iridium's direct-to-device opportunity. We retain conviction. Iridium remains a unique satellite asset and operator, with L-band spectrum, years of operational experience, relatively new satellite hardware, and hundreds of partners across verticals and geographies. In addition, management announced a commitment to return $3 billion to shareholders between 2023 and 2030, representing a material portion of its current enterprise value.

Recent Activity

During the quarter, the Fund added to its holdings in **Choice Hotels International, Inc.**, a leading hotel franchisor managing 22 brands and brand extensions that cover approximately 625,000 hotel rooms around the world. Choice provides a combination of services and technology-based offerings that help create compelling financial performance for franchisees, who pay Choice initial and ongoing franchise and other platform fees to support these efforts. Choice generates consistent growth in its effective royalty rate through the combination of higher prices, greater penetration of services, and a favorable mix of franchisors. Royalty rate growth is enhanced by modest growth in rooms under management and RevPAR growth over cycles, creating a consistently growing stream of high-quality cash flows.

Choice has historically enhanced its growth through M&A. In 2022, Choice acquired Radisson Hotels Americas in a deal valued at approximately $675 million. The company successfully integrated the Radisson assets in just 11 months, driving meaningful synergies from transitioning Radisson properties to Choice's distribution channels and rewards program while also leveraging economies of scale. The Radisson assets are on pace to generate $80 million of EBITDA in 2024, up from a loss of $12 million before the acquisition.

Recently, Choice made an offer to acquire Wyndham Resorts, which will create a global lodging platform that can generate significant value for all stakeholders. We believe that the pro forma company will be poised to generate meaningful revenue synergies from a broader partnership ecosystem, a vast rewards program database, and dramatic scale in marketing and reservations spending. This will be amplified by an estimated $150 million of cost synergies targeted by management. Wyndham management has rebuffed Choice to date, and shares of Choice have sold off on fears of greater financial leverage for Choice and a potential proxy battle. We expect the deal to ultimately be completed but believe that Choice shares represent attractive value from current levels regardless of whether a deal with Wyndham closes.

We also added to our investment in **Neogen Corp.**, a pure-play food security company. We have been investing in Neogen since 2009 and have been increasing our position as short-term merger integration challenges and end-market headwinds created an attractive entry point. Neogen continues to integrate its 2022 acquisition of 3M Food Safety, which we view as a transformational deal that solidifies the company's position as a scaled food security leader. This integration process is not trivial and is negatively impacting short-term financial results, along with some temporary end-market headwinds, but we believe that the long-term potential makes this effort worthwhile. Under prior ownership, the 3M Food Safety business was largely neglected, and we believe that Neogen management can dramatically improve performance by increasing the attention and investment directed towards this business.

Following the integration, we expect that Neogen will compound its revenue at a mid-to-high single-digit rate organically. The food security market is greater than $20 billion and is growing at a mid-single-digit annual rate, which is supported by several secular trends including rising incomes in emerging markets, more health-conscious consumers, increasing food allergies, more incidents of food contamination, and an increasing regulatory focus. Neogen boasts a strong underlying business model with high rates of customer retention and more than 95% of revenue coming from products that have recurring revenue. Margins are being depressed in the short term, but we believe that margins should increase and have the potential to exceed the 30% level over the next several years. Neogen has historically been a strong generator of free cash flow and we expect that this track record will resume as margins expand and one-time capital expenditures related to the 3M Food Safety integration subside.

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 durable secular tailwinds. We invest in business models that have recurring or predictable revenue, generate attractive incremental margins, are cash generative, and are not dependent on third-party financing. We invest with management teams that seek to consistently reinvest into their businesses to raise barriers to entry and pursue long-term profitable growth. We work with our growing team of analysts to conduct iterative and holistic due diligence by interacting with representatives of all a company's stakeholders. In addition to visiting regularly with a company's management team, we join our analysts in speaking with a company's existing and potential customers, key suppliers, and large competitors. We use such findings to refine our understanding of a business and its industry, assess its growth trajectory, test the durability of its competitive advantages, and ultimately reinforce or refute our investment thesis. We do this in an iterative manner and ultimately spend as much time researching long-held positions as we do when researching new potential investments.

We hold investments for the long term. As of December 31, 2023, our weighted average holding period was 16.1 years. This is dramatically longer than most other small-cap growth funds, which, according to Morningstar, turn over about 71% 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 17.9 years, ranging from a 7.1-year investment in **Kinsale Capital Group, Inc.** to investments in **Choice Hotels International, Inc.** and **Vail Resorts, Inc.** both of which the Fund has held for roughly 27 years. We have held 24 investments, representing 85.2% of the Fund's net assets, for more than 10 years. We have held 15 investments, representing 15.2% of the Fund's net assets, for fewer 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	3,756.5%	21.3%
Choice Hotels International, Inc.	1996	3,119.4	13.6
Arch Capital Group Ltd.	2002	2,497.9	16.2
MSCI Inc.	2007	2,406.3	22.1
CoStar Group, Inc.	2004	2,082.6	17.5
Gartner, Inc.	2007	1,937.5	20.2
Mettler-Toledo International Inc.	2008	1,581.4	20.6

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 we first purchased them. This exceeded the performance of the Fund's Benchmark by 8.2% annualized. Four 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	1,162.3%	43.1%
Trex Company, Inc.	2014	831.1	25.7
Iridium Communications Inc.	2014	474.3	19.9
Altair Engineering Inc.	2017	359.6	28.1

The cohort of investments that we have held for fewer than 10 years has returned 23.3% annually on a weighted average basis since our initial purchase, exceeding the Benchmark by 14.9% 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 December 31, 2023, we owned 39 investments. The top 10 holdings represented 63.5% of the Fund's total investments, all of which have been held for a minimum of seven years. All were small-cap businesses at the time of purchase and have become top 10 positions through stock appreciation. Our holdings in these stocks have returned 19.3% annually based on weighted average assets since our initial investment, exceeding the Benchmark by an average of 11.2% annually. We attribute much of this relative outperformance to the superior growth rates and quality exhibited by these businesses relative to the Benchmark average. We believe all our positions offer significant further appreciation potential individually, and that the Fund's diversification offers potentially better-than-market returns with less risk than the market as measured by beta. Note that diversification cannot guarantee a profit or protect against loss.

While we only purchase small-cap companies, we tend to hold stocks as long as our investment thesis remains intact, and we see a path to 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 $7.8 billion, and its weighted average market cap is $21.3 billion. This compares to Morningstar's U.S. market cap breakpoints for small- and mid-cap funds of $8.3 billion and $47.4 billion, respectively, as of December 31, 2023.

Table IX.
Top 10 holdings as of December 31, 2023

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Total Investments
MSCI Inc.	2007	$1.8	$44.7	$854.1	10.8%
Gartner, Inc.	2007	2.3	35.2	681.2	8.6
Arch Capital Group Ltd.	2002	0.4	27.7	672.1	8.5
FactSet Research Systems Inc.	2006	2.5	18.1	572.5	7.2
CoStar Group, Inc.	2004	0.7	35.7	450.9	5.7
Vail Resorts, Inc.	1997	0.2	8.1	426.9	5.4
ANSYS, Inc.	2009	2.3	31.5	362.9	4.6
Choice Hotels International, Inc.	1996	0.4	5.6	342.7	4.3
Kinsale Capital Group, Inc.	2016	0.6	7.8	334.9	4.2
Iridium Communications Inc.	2014	0.6	5.1	316.9	4.0

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 1-800-99-BARON or visiting 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.

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. **Enterprise value (EV)** is a measure of a company's total value, often used as a more comprehensive alternative to equity market capitalization. EV includes in its calculation the market capitalization of a company but also short-term and long-term debt as well as any cash on the company's balance sheet.

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 Small Cap Fund

Dear Baron Small Cap Fund Shareholder:

Performance

Baron Small Cap Fund® (the Fund) had a solid fourth quarter and a strong 2023, both on an absolute and relative basis. The Fund was up 12.64% (Institutional Shares) in the quarter and gained 27.19% for the year. This was essentially in line with the performance of the Russell 2000 Growth Index (the Benchmark) in the fourth quarter, which was up 12.75%, and was **853 basis points better than the Benchmark for the year.** The Fund slightly outperformed the broader S&P 500 Index this quarter and for the year, which was a good achievement as larger-cap stocks outperformed small caps in 2023. Overall, a very satisfying year.

As shown below, the Fund has outperformed the Benchmark for all relevant periods. We have beaten the Benchmark six of the last seven years. The down year we had in 2022, when quality growth underperformed, is now safely in the rearview mirror. Since inception, we have provided an annual excess return of 4.06%, which adds up. If you had hypothetically invested $10,000 at the inception of the Fund in September 1997, your investment would be worth $127,309, which is well in excess of $47,581, the value of the investment if you had invested in a fund that tracked the Benchmark. We appreciate the confidence and support of those who have been with us for these past 26 years, or any portion thereof.

CLIFF GREENBERG

PORTFOLIO MANAGER

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

Table I.
Performance[†]
Annualized for periods ended December 31, 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]	12.57%	12.64%	12.75%	11.69%
One Year	26.88%	27.19%	18.66%	26.29%
Three Years	0.27%	0.52%	(3.50)%	10.00%
Five Years	13.73%	14.02%	9.22%	15.69%
Ten Years	9.03%	9.31%	7.16%	12.03%
Fifteen Years	13.10%	13.39%	12.07%	13.97%
Since Inception (September 30, 1997)	10.02%	10.18%	6.12%	8.34%

The market staged a powerful rally late in the fourth quarter. U.S. Federal Reserve (the Fed) Chairman Powell indicated that the Fed was likely done raising interest rates, which ignited a big decline in yields and a corresponding increase in stock prices. Softer economic news and lower inflation readings contributed to the significant decrease. The yield on the 10-year government bond fell from 5% to under 4%, reversing the large increase in just the prior quarter when the market was focused on strength in the economy, sticky inflation, and troubling government debt and deficits. Though the market has flip-flopped in its take on inflation and rates, this felt like a real change, a pivot, and the end of the aggressive rate increases, which began in early 2022. This breathed new life into the market.

The market broadened in the fourth quarter. After a year of terrible relative performance, small-cap stocks finished strong to modestly outperform large caps for the quarter. However, the small-cap rally was tilted toward lower-quality issues and had a value bent. We view our relative performance as

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, 2023 was 1.31% and 1.05%, respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The 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 baronfunds.com or call 1-800-99-BARON.

† 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 **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 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.

solid, as often the Fund, which invests in high-quality growth companies, lags the Benchmark at the beginning of such rallies.

For the year, the market performed well, as the highly anticipated recession proved to be a no show. Inflation declined significantly and is trending lower, falling from a peak of over 8% to under 4%, and appears to have been mostly related to spikes caused by the pandemic, which have now reversed with time. The economy remained resilient and corporate earnings, though uninspiring in most sectors, held in just fine. Stock gains were led by the NASDAQ Composite Index, which appreciated nearly 45%, with dramatic gains from the so-called *Magnificent Seven*. The S&P 500 Index ended close to an all-time high. However, small caps are still well off their highs, and are relatively undervalued, so probably have more room to run.

The Fund's performance in the fourth quarter was broad based and driven by good stock selection. Our Consumer Discretionary and Information Technology (IT) stocks did very well in the quarter. Some strong performers in Consumer Discretionary were **Red Rock Resorts, Inc.**, which opened its new casino in Las Vegas, and **Planet Fitness, Inc.**, which brought on a new interim CEO and enhanced relations with franchisees. Of our IT investments, **Gartner, Inc.** and **Guidewire Software, Inc.** gained on robust earnings performance. The shares of perceived interest rate sensitive stocks or those helped by lower borrowing costs were strong – including Consumer Discretionary names **Installed Building Products, Inc.** and **Floor and Decor Holdings, Inc.**, Industrials company **Trex Company, Inc.**, and telecommunications company **SBA Communications Corp. Vertiv Holdings Co** continued to climb based on a strong outlook and higher trading multiple. What a stock it has been. Our results were negatively impacted by not owning biotechnology stocks, which were stronger this quarter.

For the year, our performance was based on great one-off stock performance. We benefited from both the strong earnings of many of our holdings and multiple expansion, which resulted from either better outlooks or a rebound from prior depressed levels. We had a dozen stocks that rose over 50% in the year. Our largest holdings did great, so our portfolio construction helped our performance significantly. Of our top 10, 9 holdings outgained the results of the Fund itself, with the top 10 rising anywhere from 18% (**ASGN Incorporated**) to 252% (Vertiv). In our top four areas of concentration, our Industrials and Consumer Discretionary stocks well outpaced those in the Benchmark. Our Health Care stocks did well and were nice contributors to our results, led by **ICON Plc**, **Dechra Pharmaceuticals PLC**, **Neogen Corp.**, and **IDEXX Laboratories, Inc.** Our IT holdings underperformed because we had some losers in that sector offsetting our winners.

Table II.
Top contributors to performance for the quarter ended December 31, 2023

	Percent Impact
Vertiv Holdings Co	2.12%
Gartner, Inc.	1.94
Installed Building Products, Inc.	1.17
Red Rock Resorts, Inc.	0.91
Planet Fitness, Inc.	0.77

Vertiv Holdings Co, a manufacturer of critical infrastructure equipment for data centers, continued its ascent, up 29% for the quarter. The company is benefiting from a robust demand environment as well as successful implementation of its strategy to improve margins. As one of the leading providers of precision cooling for data centers, Vertiv stands to benefit from the increasing adoption of artificial intelligence (AI), as AI-related servers have higher energy density, which will necessitate more complicated cooling solutions. During the quarter, Vertiv held its first Analyst Day, where it introduced long-term growth targets for revenue growth of 8% to 11% CAGR out to 2028 and 500 bps of margin expansion to 20% adjusted EBIT margins and $3 billion of share repurchases over that same time frame. We trimmed the position into strength, but we remain significant shareholders as we see substantial upside over the long term, as the company executes its strategy in a strong industry backdrop.

Shares of **Gartner, Inc.**, a provider of syndicated research, soared after reporting yet another beat and raise quarter. Gartner's core subscription research businesses continued to compound at attractive rates, and growth is poised to accelerate over the next several quarters. We believe Gartner will emerge as a critical decision support resource for many companies evaluating the opportunities and risks of AI for their businesses. We expect this development to provide a tailwind to Gartner's volume growth and pricing realization over time. Gartner's sustained revenue growth and focus on cost control should drive continued margin expansion and enhanced free-cash-flow generation. The company's balance sheet is in excellent shape and can support aggressive repurchases and bolt-on acquisitions.

Installed Building Products, Inc. (IBP) is a leading distributor and installer of insulation and complementary building products for residential and commercial end markets in the U.S. Stock performance was helped by a pronounced decline in mortgage rates during the fourth quarter and expected continuation into 2024, which would make new residential home purchases, a key driver of IBP's business, more affordable. Continued strong operating and financial results (record third quarter EBTIDA and EBITDA margins) also helped boost the share price. IBP is poised to benefit from outsized growth across U.S. residential construction, which remains below long-term historical averages.

Other stocks that rose over 30% in the quarter but contributed less to the overall performance of the Fund were **Red Rock Resorts, Inc.**, **Planet Fitness, Inc.**, **DexCom, Inc.**, **Trex Company, Inc.**, **Altair Engineering Inc.**, **Endava plc**, **Kratos Defense & Security Solutions, Inc.**, **ODDITY Tech Ltd.**, and **Clarivate Plc**.

Table III.
Top detractors from performance for the quarter ended December 31, 2023

	Percent Impact
Kinsale Capital Group, Inc.	–1.19%
Chart Industries, Inc.	–0.84
The Beauty Health Company	–0.41
E2open Parent Holdings, Inc.	–0.34
European Wax Center, Inc.	–0.22

Shares of specialty insurer **Kinsale Capital Group, Inc.** gave back some gains from earlier this year after the company reported slower premium growth in the third quarter. Earnings beat Street expectations with EPS doubling and ROE exceeding 34%. However, investors focused on the slowdown in gross written premiums to 33% growth(!) from 58% growth in the prior quarter, which management attributed to normal seasonality for property insurance. Additionally, we believe some of the share price weakness resulted from a market rotation away from defensive stocks to more speculative stocks, following a decline in yields. We continue to own the stock because we believe Kinsale is well managed and has a long runway for growth in an attractive niche segment of the insurance market.

Chart Industries, Inc. is a global leader in design, engineering, and manufacturing of process and storage technologies and equipment for gas and liquid handling. Shares fell during the quarter, as the company missed third quarter 2023 earnings expectations on project revenue recognition timing, along with free cash flow below expectations due to an accounting treatment of assets being divested. Despite this, fundamentals for the business continue to be strong, with management seeing solid order momentum across its entire portfolio, cost synergies ahead of targets from the Howden acquisition, and a higher-than-normal backlog into 2024. Chart held an Analyst Day introducing updated medium-term financial targets of mid-teens organic revenue growth, mid-30% gross margin (up from a low-30% margin currently), and mid-40% EPS CAGR, which imply earnings power well above current consensus expectations. We believe Chart is a globally diversified, high-quality, high-growth industrial business, with proprietary technology and solutions serving the growing hydrogen, carbon capture, water treatment, LNG, and other end-markets. We added to the position as valuation remains attractive, in our view, against Chart's growth and margin profile.

The Beauty Health Company is a skin care and beauty company that sells the flagship HydraFacial machine and related consumables. Shares declined after reporting disappointing results that revealed execution issues associated with the roll out of Syndeo, the latest generation of the HydraFacial machine. While the features and functionality of this new device surpassed the prior version, the machine also had several defects that caused potential buyers to delay their purchases. To remedy the defects, the company had to incur added costs to repair and replace existing Syndeos in the field. The company also announced that the CEO was leaving. Due to the continued uncertainty, lowered near-term financial results, suspension of 2025 guidance, and heightened management turnover, we exited our position.

Other stocks that declined over 10% this quarter but had less impact on our results were **E2open Parent Holdings, Inc.**, **European Wax Center, Inc.**, **Fox Factory Holding Corp.**, and **Shoals Technologies Group, Inc.**

Portfolio Structure & Recent Activity

As of December 31, 2023, the Fund had $4.6 billion in net assets. We held 61 stocks. The top 10 stocks made up 39.2% of net assets. As has been the trend, this is a more concentrated composition than in the past. The performance of the largest holdings was strong this quarter and year, as mentioned earlier, which led to the higher concentration. We remain excited about the prospects for each, and even after good stock performance, we believe there is still great upside in the stocks over the long term. During the year, we sold out of 10 smaller holdings and added 4. We expect to add more new names in the future, especially if the capital markets open up and IPOs become more prevalent.

Table IV.
Top 10 holdings as of December 31, 2023

	Year Acquired	Quarter End Investment Value (millions)	Percent of Net Assets
Vertiv Holdings Co	2019	324.2	7.0%
Gartner, Inc.	2007	259.4	5.6
ICON Plc	2013	198.1	4.3
ASGN Incorporated	2012	168.3	3.6
Red Rock Resorts, Inc.	2016	160.0	3.5
Kinsale Capital Group, Inc.	2019	159.1	3.4
SiteOne Landscape Supply, Inc.	2016	154.4	3.3
Guidewire Software, Inc.	2012	133.6	2.9
Installed Building Products, Inc.	2017	128.9	2.8
Floor & Decor Holdings, Inc.	2017	128.3	2.8

The Fund is concentrated in four sectors, as has been the case for a while. Industrials make up 32.0% of the Fund, IT 17.8%, Consumer Discretionary 17.3%, and Health Care 12.8%. Compared to the Benchmark, we are notably overweight in Industrials and Consumer Discretionary, underweight in IT, and significantly underweight in Health Care. Our weightings are not a reflection of which sector we expect to perform best in the near future but are an outgrowth of where we have found special companies that meet our high standards. Besides these main sectors, we have 8.5% of the Fund in Financials, which includes some specialty insurance and investment banks, and 3.9% in Communication Services. Our largest stocks in this sector are not typical communications companies; they are a digital advertising platform and some sports franchisees. Though some sectors do well and others do not in any given year…for instance, this was a year when IT shined and Health Care lagged….we note that the performance of the Fund is most affected by the business success and prospects of the individual holdings, not so much the sector weightings. Also, we always keep some cash in the Fund to make new investments. Last year, this averaged 4.6% and ended the year at 3.4%. Since the market was strong, this hurt our performance a bit for the year.

The Fund is different than many of its peers in that we hold our stocks longer than most to stay invested in our best ideas. This has proven to be a successful strategy, and we believe is core to our strong long-term performance. With the Fund now in its 27th year (boy, was that a quick 26-plus years!), our differentiated approach has resulted in a Fund that has distinct characteristics from others. We point to three unique attributes. Our Fund is loaded with what we call *big winners*, our Fund has low turnover and holds many stocks for a long time, and the market-cap stratification of the Fund skews larger.

We seek to find very special companies when they are small…typically investing in them when their market caps are between $1.5 billion and $2 billion…and hold them for the long term, as the companies grow and succeed. We have been positively amazed that the best of our investments can grow multiple fold and their stocks can appreciate dramatically and at high annualized returns. We have witnessed that success begets success, and that our best investments are companies that can continue to grow for years, often by just playing out the game plan that we bought into when they were small.

As of the end of 2023, we own 15 stocks that have appreciated over five-fold since their initial purchase price, 9 of which have gone up over 10 times! These 15 stocks make up 37.0% of the Fund's net assets. They have generated a weighted average annualized return of 29.4%. These are our *big winners*. Many of these stocks were among our best performers last year, including big gains in **TransDigm Group Incorporated**, **Gartner, Inc.**, **IDEXX Laboratories, Inc.**, **The Trade Desk**, **ICON Plc**, and **SiteOne Landscape Supply, Inc.** In addition, another 19 holdings, which make up an additional 33.1% of the Fund's net assets, have at least doubled. These too have compounded at high rates. So, 70.1% of the stocks in the Fund have already doubled or more, which, based on our experience, we regard as a reliable indicator of more to come, not that these investments have run their course.

These big winners provide a ballast to the portfolio. Their business models are proven, and our relationship with management and belief in their execution are well established. Also, these stocks tend to perform better in tougher markets and contribute to our Fund's attractive risk-adjusted profile, as evidenced by our higher Sharpe ratio and impressive Upside/Downside capture ratios.

We are long-term investors. We seek to find these great companies and investments when they are small and hold on as they grow. At the end of 2023, about 58.7% of the Fund's net assets were in 32 stocks that we have held for 5 years or more. Of that, 15 stocks representing 30.8% of net assets are in stocks we have held for 10 years or more. The weighted average annualized return for the stocks we have held for over 5 years was 19.6%. This is well in excess of the annualized return of the Benchmark over the holding period of 8.6%. The Fund's three-year average portfolio turnover is 12.9%, which is much lower than the small-cap fund average.

The resulting marketcap range of the Fund is that 33.5% of the Fund's net assets is invested in companies with market caps of $10 billion or more, 33.4% was in stocks that range from $5 billion to $10 billion, and 29.7% is invested in stocks with market caps under $5 billion, with the remainder in cash. Remember, the average market cap on initial purchase of all these names is approximately $2 billion, and we don't initiate any position if it isn't considered small cap. As market caps rise, we need to have higher conviction in the business and the stock for it to remain in the portfolio, as we consciously balance investment returns and our small-cap mandate. We actively manage the position sizes of our largest market cap stocks by trimming the holdings into strength. We now own only a small percentage of the initial positions in some of our biggest companies. For instance, we own 125,000 shares of TransDigm down from a peak position of 1.9 million shares, 550,000 shares of **DexCom, Inc.** from a peak position of 5 million. Our shareholders benefit from the fact that we still own even a fraction of the position of these sensational companies.

We are focused on keeping the market cap of the Fund in check, even with the strong performance of some of our biggest companies. This entails selling or trimming stocks with higher market caps and reinvesting the proceeds into smaller caps. For the year just ended, the weighted average market cap of new investments, both initial purchases and additions to existing holdings, was $3.6 billion. The weighted average market cap of stock sales, including both trimming positions and outright sales, was $13.5 billion. This resulted in a nice decrease in our *raw size score*, Morningstar's measure of the overall market capitalization of the portfolio.

Table V.

Top net purchases for the quarter ended December 31, 2023

	Year Acquired	Quarter End Market Cap (billions)	Net Amount Purchased (millions)
Fox Factory Holding Corp.	2023	$2.9	$39.0
nCino Inc.	2023	3.8	16.2
Chart Industries, Inc.	2022	5.8	13.1
ODDITY Tech Ltd.	2023	2.6	9.2
Neogen Corp.	2022	4.4	6.4

We more than doubled our position in **Fox Factory Holding Corp.**, following its third quarter earnings release, which we believe created an attractive buying opportunity. Fox is a manufacturer of premium components for high-end bicycles and powered vehicles (side-by-sides, on-road trucks with off-road capabilities, all-terrain vehicles, etc.). During the third quarter, Fox's auto business was negatively impacted by the UAW strike, which limited sell-in of their suspension products to OEM customers and effectively shut off supply of chassis for their aftermarket re-styling business. Management also set low expectations for recovery (from the COVID-driven pull-forward effect on demand to today's oversupply in the retail channel) of the bike business in 2024. The challenges in the powered vehicles group are short term in nature, and we believe the off-road and upfitted truck end markets have a long runway for growth.

Additionally, Fox announced its sizeable acquisition of Marucci Sports, a high-end manufacturer of baseball equipment. This is a new category for Fox's specialty sports group, which was previously only bikes, and investors were spooked by the headlines, as Marucci is primarily a baseball bat business perceived as a low-growth category lacking differentiation. We spent time meeting with Fox management and the founder of Marucci and believe Marucci has several actionable opportunities to continue to capture market share in the baseball category, continuing its impressive growth trajectory (at 25%-plus EBITDA margins). While Marucci is not directly related to Fox's other businesses, the companies share complementary cultures as a special enthusiast brand operating at the highest end of its market. The deal is immediately accretive to top and bottom lines, offers further opportunities in the form of engineering and sourcing synergies (aluminum and composites, for example), and we are confident in management's track record of generating successful returns from M&A outside of its legacy core shock and suspension business. We view Fox to be a high-quality, well-managed business that is fighting through some near-term issues. We were excited to buy more at what we believe is a cheap multiple.

This quarter we initiated a position in **nCino Inc.**, a leading provider of cloud-based banking software that was founded in 2012. The company's platform helps more than 1,850 global financial institutions modernize their processes around client onboarding and account opening, making loans, and managing loans after they have been originated. NCino's solutions support a large majority of customers at a financial institution, including commercial, small business, consumer, and mortgage customers.

NCino operates in a large market – the addressable market is approximately $10 billion in the Americas and $18.5 billion on a global basis – and has achieved high levels of customer satisfaction as evidenced by a strong net promoter score of 74 and very little voluntary churn. The company's solutions are deeply embedded in customer workflows and generate a strong return on investment in the form higher revenue from more loans, lower costs from a reduction in paper-based processes, faster decision making, and improved efficiency with the ability to consolidate several legacy systems. Relative to the competition, nCino's solution has several advantages, including operating a cloud-native single platform (built on top of Salesforce) that is free from legacy tech debt, having a well-known brand that is highly regarded in the marketplace (especially strong in commercial banking), and a long history of successful deployments with an impressive roster of customers (institutions like Bank of America, Wells Fargo, Barclays, Fifth Third, and many others) who can then serve as reference accounts.

NCino is well positioned to drive mid-teens or greater organic revenue growth for many years driven by a combination of growth with existing clients (even within its large U.S. customers, we estimate that nCino is only around mid-20% penetrated today), increasing penetration of nIQ (data analytics and machine learning products), continuing to win new commercial clients, gaining traction in newer end-markets like consumer loans and mortgages, and ramping its international expansion. The company is already seeing good success in the U.K., Canada, New Zealand, Japan, and several countries in continental Europe. The company has also started to ramp its margin profile, but we see a path for additional margin expansion from the low double-digit range today up to 30% to 35% operating margins over time. We believe there is a long runway for profitable growth for nCino, as banks and other financial institutions choose it as a partner to help digitize and transition to the cloud.

Table VI.
Top net sales for the quarter ended December 31, 2023

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Net Amount Sold (millions)
Gartner, Inc.	2007	$2.2	$35.2	$41.4
SBA Communications Corp.	2004	0.2	27.4	41.1
Dechra Pharmaceuticals PLC	2018	2.8	5.6	18.7
Vertiv Holdings Co	2019	1.0	18.3	16.2
Installed Building Products, Inc.	2017	2.4	5.2	15.2

We exited positions in **E2open Parent Holdings, Inc.** and **Liberty Media Corporation – Liberty SiriusXM** this quarter. E2open's organic growth stalled out and senior management was let go. We have lost confidence, so cut bait. Liberty SiriusXM was a longtime successful holding. The stock reacted favorably to their definitive agreement for the tracking stock to be combined with SiriusXM in creating a new public company. This was the catalyst we had been anticipating, and the implied valuation for the combination felt fair to us so we sold out because future growth is suspect. We exited **The Beauty Health Company**, as discussed above. We trimmed our holdings in larger caps **Gartner, Inc.**, **SBA Communications Corp.**, and **Vertiv Holdings Co** to manage their respective position sizes and be attentive to market cap. We sold some of our position in **Dechra Pharmaceuticals PLC**, which is being acquired by a private equity firm.

Outlook

The market is off to a bit of a shaky start at the beginning of 2024. The market had raced ahead at the end of last year and had baked in multiple interest rate cuts, which were expected to start relatively soon. However, the latest inflation report ticked up and yields rose as market participants and Fed governors seemed to back away from prognostications of easing in the near term.

Despite the modest pullback, the prevailing market sentiment is bullish. It is based on the three-fold expectations of continuing disinflation…with inflation dropping towards the Fed target of 2% in the medium term…, a notable change in global monetary policy from restrictive to easing…a lengthy period of rate cuts after 14 months and 525bps of increases…and an expectation that the economy and earnings remain resilient and growing. Lower interest rates would be a positive for stock multiples. And possibly, dare I say, ideally, lower rates along with better financial markets would generate positive momentum in the economy, lifting future growth rates. The pandemic has greatly distorted the economy for years, with faster-than-normal growth experienced in late 2020 and 2021 only to be followed by slower-than-normal growth in 2022 and 2023. Just as inflation seems to be reverting to historic trends, maybe growth will as well, which would be a welcome uptick from present levels.

The biggest risk facing the market is not when the Fed will start, or the extent of its interest rate reductions, but if the so-called *soft landing* that now reflects consensus expectations does not materialize. Economists and market prognosticators whom we respect point to history and academic studies that predict that an economic slowdown is in the offing; that the extremely aggressive Fed tightening cycle we have just lived through normally leads to a recession; and that monetary policy works with long and variable lags, so has not yet to have its effect on the economy. The concern is that corporate earnings will decline and disappoint, and that stock multiples would contract in conjunction, leading to a bad market even if interest rates decline. And there are other concerns (there always are), such as more persistent inflation than anticipated, government debt and deficits resulting in higher rates, and countless geopolitical and domestic political tensions. We are attuned to this all.

We believe we have a good lens through which to monitor the economy with our constant communications with the executives who manage the businesses in which we invest. These conversations have been prescient in the past. Our present sense is that business is stable and trending as it has for the past year; that many businesses have or are presently bottoming. We hear some green shoots and sense things will trend better as the year progresses. We expect nice earnings growth from our companies. Valuations of our stocks have moved from cheap to reasonable, so most likely we don't have the tailwind of multiple expansion in our quiver this year. But we note that valuations are not stretched and expect them to expand if growth reaccelerates.

Taking a step back, we own a diversified group of high-quality, unique/leading, successful, and well-managed businesses across many industry sectors. We have painstakingly assembled this portfolio over many years with the assistance of a top-notch research team. We believe that the future is bright for each and every one of these investments and the success that we expect will result in strong stock performance individually for the holdings and collectively for the Fund. That has been the case for the past 26-plus years we have managed the Fund in this manner, and our expectations for the future. I am optimistic.

I would like to thank assistant portfolio manager David Goldsmith for his great contribution to the Fund's management and success. I also commend the Baron research and investment team for its help as well.
And a big thank you to our investors. We appreciate your faith in us.

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 1-800-99-BARON or visiting 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.

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. **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 Opportunity Fund

MICHAEL A. LIPPERT

PORTFOLIO MANAGER

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

Dear Baron Opportunity Fund Shareholder:

Performance

During the fourth quarter, Baron Opportunity Fund® (the Fund) rose 15.10% (Institutional Shares), outperforming the broader market, including the Russell 3000 Growth Index, which gained 14.09%, and the S&P 500 Index, which advanced 11.69%. For the full-year 2023, the Fund increased nearly 50%, materially ahead of both indexes, and a solid rebound after a challenging 2022.

Table I.
Performance†
Annualized for periods ended December 31, 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]	15.03%	15.10%	14.09%	11.69%
One Year	49.55%	49.98%	41.21%	26.29%
Three Years	(1.51)%	(1.26)%	8.08%	10.00%
Five Years	20.40%	20.71%	18.85%	15.69%
Ten Years	13.78%	14.08%	14.33%	12.03%
Fifteen Years	17.21%	17.52%	16.37%	13.97%
Since Inception (February 29, 2000)	8.97%	9.14%	6.75%	7.40%

Review & Outlook

U.S. equities rose sharply in November and December, pushing the broad market indexes to double-digit gains for the quarter and reversing the losses suffered over the preceding three months. Moderating inflation coupled with a softening labor market and a perceived peak in the current cycle of interest rate hikes were the main drivers of the broad-based rally. The S&P 500 Index was up more than 26% for the year, closing at a new all-time high, while the NASDAQ Composite Index appreciated nearly 45%, its best year since COVID in 2020. Most of the gains in the major market indexes came from the so-called *Magnificent Seven*, which together were up 76% for the year, driven, in part, by excitement surrounding their 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.**, **Tesla, Inc.**, and **Meta Platforms, Inc.**, and we are overweight across the software, cloud computing, semiconductor, and electric vehicle (EV) industry verticals.

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, 2023 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 The Adviser may reimburse certain Fund expenses pursuant to a contract expiring on August 29, 2034, 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 baronfunds.com or call 1-800-99-BARON.

† 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 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 **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 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.

For the full-year 2023, we had 21 stocks that delivered total returns over 50% each, driving the Fund's return of nearly 50%. In the table below, we show our top 12 contributors to portfolio return for 2023, as well as the key secular megatrends driving these businesses.

Table II.
Top contributors to performance for the year ended December 31, 2023

Company Name	Total Return	Percent Impact	Secular Trends
NVIDIA Corporation	239.6%	10.13%	AI Semiconductors Cloud Computing
Microsoft Corporation	58.2	8.43	AI Cloud Computing SaaS
Amazon.com, Inc.	80.9	4.64	Cloud Computing E-commerce Digital Media/ Advertising
Tesla, Inc.	101.3	4.43	EVs/Autonomous Driving AI Robotics
Meta Platforms, Inc.	193.4	2.45	Digital Media/ Advertising Mobile AI
Advanced Micro Devices, Inc.	128.0	2.17	Semiconductors AI Cloud Computing
ServiceNow, Inc.	81.8	2.15	SaaS AI
Alphabet Inc.	57.1	2.14	Digital Media/ Advertising Cloud Computing AI
CrowdStrike Holdings, Inc.	142.2	1.71	Cybersecurity SaaS AI
Shopify Inc.	126.2	1.21	E-commerce Electronic Payments AI
Workday, Inc.	65.0	1.04	SaaS AI
Guidewire Software, Inc.	74.3	1.03	SaaS AI

As we start the new year, it appears the market is trying to find its 2024 footing. On the one hand, an extension of the past few years, it continues to be dominated by the macro uncertainties and debates about such hard-to-forecast issues as inflation levels (falling rock or persistent), an economic soft landing versus a recession, when the Federal Reserve will first cut rates and how many cuts will it make, wars in Europe and now the Middle East, U.S. trade relations with China, and the upcoming 2024 presidential election. On the other, the market has rewarded the secular winners, as just described. But the mere act of flipping the calendar sometimes has a short-term impact on market sentiment and trading. Some investors look to sell winners and buy laggards. Every sell-side analyst announces top picks and favorite trends for the new year. But arbitrary dates – yes, even January 1 – has absolutely no impact on fundamental business trends and secular themes.

I caution those trying to time the market or bet on short-term leadership changes. Our founder, Ron Baron, has written eloquently many times regarding the perils of market timing. I have echoed his wisdom in several of my own letters. I remind our investors (as I have done in the past) the simple but fundamental basics of investing (as opposed to trading): the market and individual stocks need a sustainable increase in earnings (E) and free cash flow to yield durable returns, and not merely gyrate with shifts in investor sentiment. We have a century of data that prove this dictum: the economy grows, businesses grow, earnings grow, and the market rises – the S&P 500 Index has delivered a 6% to 7% annualized price return over the past 60 years.[1] The only way to realize a persistent increase in E is to consistently grow sales. The best stocks in the history of the stock market have been the most durable, long-term growers (our *faster-for-longer*). Our Firm's 40-year investment approach has relentlessly been to find and own more of them – driven by indisputable, generational, permanently disruptive long-term secular growth themes and trends.

The trends we emphasize are real and they are intact; they are not stopping or pausing. AI is real. Cloud computing is real. Digital media, entertainment, commerce are real. Electric vehicles are real. Semiconductors powering every single digital or electronic device are real. I understand fears sometimes arise regarding hype cycles, these days mostly centered around AI. But AI is NOT hype. The impact it is having – and will have – is real. And we are now just glimpsing the dawn of the AI era. At the start of my career, people worried whether the internet was hype. But today there is no longer a shred of doubt how it forever changed the world. At the time of its launch, people argued the iPhone was hype and that smartphone adoption would be a challenge. But today it is near universal, and no one disputes how a computer in the palm of our hand has transformed our lives. It is the same with AI. The way we interact with a computer and with our data will forever change. It's what we were waiting for. It's the future we predicted in every science fiction movie ever made. You just talk to the computer, and it does what you want. It's a new world…again. We heed the lessons of the last new worlds – own the trends, own the winners.

Indeed, the best technology investments of the last half century are those companies that forged disruptive trends and grew faster for longer than consensus estimates initially predicted. But the market has historically underestimated the long-term growth potential for top companies in new and innovative verticals. The market misjudged the 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 cloud services to applications.

[1] See Baron Funds, The Power of Active, Long-Term Investing. "Staying invested in equities over longer periods increases the likelihood of positive returns. Historically, our economy has grown on average 6% to 7% nominally per year, or doubling every 10 to 12 years, and the stock markets have closely reflected that growth."

Morgan Stanley's fourth quarter 2023 CIO Survey, one of the reports we track each quarter, provides real-time evidence of these disruptions. At the highest level, the survey indicates that overall Information Technology (IT) spending growth is expected to accelerate in 2024 from 2023 levels – 3.3% overall growth from 2.6% growth last year. More specifically, AI rose to the top of the CIO priority list for the first time, with 68% of CIOs expecting AI to directly impact their investment priorities, up from 45% back in the first quarter. Moreover, in the fourth quarter survey, 23% of CIOs (vs. 9% in the first quarter) reported "starting pilot projects" and 7% (vs. 2% in the first quarter) reported "launch[ing] significant new projects." The top 5 CIO priorities[2] encompass major technology themes reflected in the Fund: AI (13.3% of responses), data warehousing/analytics (8.3%), security software (8.0%), digital transformation (8.0%), and cloud computing (7.3%). The "most defensive" IT projects[3] – security software, AI/machine learning/process automation, and ERP applications – are also highly represented in the portfolio. Regarding cloud computing, CIOs reported an "acceleration in the public cloud transition," with 36% of application workloads residing in the public cloud today, a "significant uptick" from the 27% reported a year ago (fourth quarter 2022 survey). Morgan Stanley noted that "the ~9% jump surpass[ed] the historical pace of ~2 points per year by a wide margin." Going forward, CIOs expect the percentage of workloads stored in the public cloud to increase from 36% today to 43% by the end of this year and 53% by the end of 2026 (vs. 46% in the first quarter). As workloads shift to the cloud, Microsoft and Amazon remain the clear leaders and "best positioned to gain incremental share of IT budgets." Microsoft Azure remained CIO's preferred public cloud vendor and is expected to remain so over the next three years, followed by Amazon AWS.

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

- Semiconductors and Semiconductor Equipment: **Lam Research Corporation**, **Advanced Micro Derives, Inc.**, **indie Semiconductor, Inc.**, and **Marvell Technology, Inc.**
- Digital Media/Advertising: **The Trade Desk**, **Meta Platforms, Inc.**, and **Alphabet Inc.**
- Software: **Dynatrace, Inc.**, **HubSpot, Inc.**, **Ceridian HCM Holding Inc.**, and **Workday, Inc.**
- Biotechnology/Pharmaceuticals: **Structure Therapeutics Inc.**, **Viking Therapeutics, Inc.**, and **Legend Biotech Corporation**
- Health Care Equipment: **Shockwave Medical, Inc.**
- Electric Vehicles: **Rivian Automotive, 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
- Genetic medicine/genomics
- Minimally invasive surgical procedures
- Cybersecurity
- Electric vehicles/autonomous driving
- Electronic payments
- Robotics

Table III.
Top contributors to performance for the quarter ended December 31, 2023

	Percent Impact
Microsoft Corporation	2.95%
Amazon.com, Inc.	1.36
NVIDIA Corporation	1.28
CrowdStrike Holdings, Inc.	1.00
Gartner, Inc.	0.97

Microsoft Corporation is the world's largest software company. Microsoft was traditionally known for its Windows and Office products, but over the last five years, it has built a $135 billion run-rate cloud business, including its Azure cloud infrastructure service and its Office 365 and Dynamics 365 cloud-delivered applications. The stock contributed to performance because of continued strong operating results, and investor enthusiasm regarding Microsofts's leadership across the secular megatrends of AI and cloud computing. As highlighted above, Morgan Stanley's fourth quarter 2023 CIO Survey confirmed the strength and attractiveness of Microsoft's product portfolio among its customer set: (1) 63% of CIOs expect to use at least one of Microsoft's generative AI products over the next 12 months; (2) "Microsoft widened its lead as the #1 share gainer of IT wallet share as a result of the shift to the cloud on both a 1-year and 3-year view;" (3) Microsoft Azure ranks as the preferred cloud vendor today (with 48% of application workloads today) and is expected to extend its lead over the next three years (to 50% of workloads). For the September quarter, Microsoft again reported better-than-expected financial results, highlighted by Microsoft Cloud growing 23% in constant currency and Azure revenue growing 28% in constant currency, a one-point acceleration from the June quarter, bolstered by ramping AI revenue contributing three points of growth (vs. guidance of two points). December quarter guidance came in well ahead of consensus, driven by continued strong trends across Microsoft Cloud, Azure, and AI. We remain confident that Microsoft is one of the best positioned companies across the overlapping software, cloud computing, and AI landscapes, with its vertically integrated technology stack and broad sales distribution. We believe Microsoft will continue taking share across its business, driving durable, long-term, double-digit growth and best-in-class profitability.

Amazon.com, Inc. is the world's largest retailer and cloud services provider. Shares of Amazon were up in the quarter. Reported results were better than consensus estimates, with a significant beat in North American operating profit and stabilization of AWS cloud computing trends. We believe the AWS cloud division has many years ahead of growth, with recent customer optimizations attenuating and AI emerging as a key driver. On the September quarter earnings call, CEO Andy Jassy declared: "AWS's year-over-year growth rate continued to stabilize...cost optimization…continued to attenuate as more companies transition to deploying net new workloads…[W]e're seeing the pace and volume of closed deals pick up…Top of mind for most companies continues to be generative AI…on AWS's AI work…we're focused on doing what we've always done for customers, taking technology that can transform customer experiences and businesses, but that can be complex and expensive, and democratizing it for customers of all sizes and technical abilities." We also believe Amazon is well positioned in the short-to-medium term to meaningfully improve core

[2] The precise question in the survey was "which three external IT spending projects will see the largest percentage increase in 2024?"
[3] The net percentage of IT projects most and least likely to get cut in 2024.

North American retail profitability to above pre-pandemic levels, benefiting from its new regionalized fulfillment network and its growing margin-accretive advertising business. Longer term, Amazon has substantially more room to grow in e-commerce, where it has less than 15% penetration of the total addressable market. Amazon also remains one of the clear leaders in the vast and growing cloud infrastructure market, with large opportunities enabling generative AI workloads.

NVIDIA Corporation is a leading semiconductor company that sells chips and software for accelerated computing and gaming and is indisputably recognized as one of the leaders and pioneers of AI. The stock rose in the fourth quarter, finishing the year up over 200% because of the unprecedented demand acceleration for generative AI. CEO Jensen Huang put it straight on the company's November 21 earnings call:

> *"The generative AI era is in full steam and has created the need for a new type of data center, an AI factory, optimized for refining data and training and inference and generating AI. AI factory workloads are different and incremental to legacy data center workloads supporting IT tasks. AI factories run copilots and AI assistants, which are significant software TAM expansion, and are driving significant new investment, expanding the $1 trillion traditional data center infrastructure install base, and powering the AI industrial revolution."*

NVIDIA is seeing the fruits of its nearly 20-year investment in AI and accelerated computing with data center revenues growing five-fold from $3 billion in 2019 to $15 billion in 2022, and they are expected to at least triple to $45 billion in 2023. This extraordinary top-line growth drove even faster growth in earnings per share, resulting in multiple contraction despite the rapid rise in shares. Over the last year, since AI's "iPhone moment" with the November 2022 public launch of ChatGPT, I've spent a lot of time answering investor questions about AI and our research, analysis, and investments. I've stated publicly that we have been investors in AI for many years and have shared the story of our team's visit with Jensen at NVIDIA's headquarters in September 2018, over five years ago now, and a full four years before most people had ever heard of ChatGPT. Here are a few select quotes directly from my notes of that day:

- "We created something called 'accelerated computing.'"
- "We are a full stack computing company…AI from top to bottom…hardware, software, algorithms, frameworks…every layer of AI was redesigned by us to go fast."
- "[O]ur computing platform was available to AI pioneers that needed a supercomputer…Deep learning is a supercomputing problem. If we are the supercomputer leader, we will be the training leader…. More than just chips. Large scale issue…. We are a supercomputing company."
- "20 m[illion] hyperscale servers in the world. 'I believe they will all be accelerated.'"
- "Computer science changed – software that writes software."

While 2023 was a banner year for generative AI, we remain at the early innings of broad adoption. While the opportunity within the data center installed base is already large at roughly $1 trillion, the pace of innovation in AI in general, and generative AI in particular, should drive significant expansion in the addressable market, as generative AI creates a new way for human-computer interaction through natural language, and as companies are better able to utilize their data for decision-making.

Table IV.
Top detractors from performance for the quarter ended December 31, 2023

	Percent Impact
argenx SE	–0.66%
GM Cruise Holdings LLC	–0.47
Illumina, Inc.	–0.35
X Holding Corp.	–0.27
Tesla, Inc.	–0.20

Argenx SE is a biotechnology company focused on autoimmune disorders. Shares fell in the quarter on the back of failed clinical trials in immune thrombocytopenic purpura and pemphigus vulgaris that called into question the scope of the FcRn treatment landscape. While the exact nature of these data sets is nuanced and not entirely thesis-breaking, we acknowledge that these trial results raise questions for the FcRn space that have not existed in the narrative for years. On the positive side, the strong launch of Vyvgart, with early sales tripling consensus expectations and global approvals coming earlier than guided, should continue to grow revenue, supporting a defensible valuation based on cash-flow analysis. We expect 2024 to be another year of solid performance, with many catalysts including readouts in myositis, Sjogren's syndrome, multifocal motor neuropathy, as well as argenx's subcutaneous formulation launch.

GM Cruise Holdings LLC offers autonomous driving software and a fleet of vehicles aimed at reducing costs and improving the safety of transporting people and goods. We marked down the stock after the company lost its autonomous operating license in California. Despite achieving significant milestones over the past year, including completing millions of fully autonomous miles with passengers in various states and cities, an October incident involving a pedestrian in San Francisco prompted the California DMV to rescind the company's license. The regulator cited concerns about incomplete incident information disclosure. Consequently, this triggered a near-complete cessation of operations and key management changes at Cruise, as General Motors, the majority shareholder, charts a new course for the organization and its capital needs. While we strongly believe the life-saving technology achieved through the autonomous revolution holds immense value for both investors and society at large, the path to recovery for Cruise remains uncertain at this juncture, which is reflected in our valuation framework.

Illumina, Inc. has been the leading provider of DNA sequencing platforms. The stock declined due to weak financial results, management turnover, and uncertainty about the outcome of the acquisition of Grail, which regulators have challenged on antitrust grounds and in the meantime has been burning cash flow and hampering Illumina's consolidated performance. We exited our Illumina position during the quarter but will continue our research and analysis regarding the adoption of Illumina's new sequencing instruments, management's plan to divest Grail, the evolving DNA-sequencing competitive environment, and the new company management team.

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 fourth quarter, the largest market cap holding in the Fund was $2.8 trillion and the smallest was $500 million. The median market cap of the Fund was $35.3 billion, and the weighted average market cap was $805.8 billion.

To end the quarter, the Fund had $1.1 billion of assets under management. We had investments in 45 unique companies. The Fund's top 10 positions accounted for 53.1% of net assets.

Fund flows were effectively flat for the year.

Table V.
Top 10 holdings as of December 31, 2023

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Microsoft Corporation	$2,794.8	$161.1	14.2%
NVIDIA Corporation	1,223.2	97.3	8.6
Amazon.com, Inc.	1,570.2	73.8	6.5
Tesla, Inc.	789.9	64.7	5.7
Meta Platforms, Inc.	909.6	43.0	3.8
Gartner, Inc.	35.2	34.7	3.1
CoStar Group, Inc.	35.7	32.5	2.9
Space Exploration Technologies Corp.	—	31.2	2.8
Visa Inc.	536.8	31.2	2.8
Alphabet Inc.	1,756.0	31.1	2.8

Recent Activity

Table VI.
Top net purchases for the quarter ended December 31, 2023

	Quarter End Market Cap (billions)	Net Amount Purchased (millions)
Lam Research Corporation	$103.2	$7.0
Structure Therapeutics Inc.	1.9	5.0
The Trade Desk	35.3	4.2
Viking Therapeutics, Inc.	1.9	4.1
Dynatrace, Inc.	16.1	4.0

Lam Research Corporation is a leading global supplier of wafer fabrication equipment (WFE) and services to the semiconductor industry. Lam's products tend to focus on etch and deposition process steps and its tools are critical in the production of NAND and DRAM memory chips as well as logic devices. While the share of overall WFE spending looks relatively fragmented across the top four to five players in the industry, each of these leading companies tends to have significant share within smaller slices of the industry, creating a stable and favorable industry structure, with share shifts tending to only happen at times of technology transition in the broader industry. We purchased shares of Lam in the quarter as we believe we are at one of those key transition points in the industry that will disproportionately benefit Lam, with a move to gate-all-around transistors in logic creating an increasing need for complex deposition and etch process stops and the emergence of high-bandwidth memory and advanced packaging requiring increasingly complex high-aspect-ratio (i.e., very deep) etches, where Lam has virtually 100% market share. We also believe the market is underestimating the pent-up earnings power in the company as NAND WFE spending recovers in the coming years from one of its worst downcycles ever in 2023.

We recently initiated a position in **Structure Therapeutics Inc.**, a biotechnology company developing a small molecule oral GLP-1 drug used to treat diabetes and obesity. The space is currently dominated by drugs like Ozempic/Wegovy that offer superb blood sugar control for diabetics, and impressively can drive up to 15% weight loss and improve cardiovascular outcomes in both diabetics and non-diabetic obese patients. We estimate that in the U.S. alone, there are about 32 million Type 2 diabetics and an additional 105 million obese patients who would qualify for GLP-1 drugs, and only about 14% of Type 2 diabetics and 1% of obese patients are currently on GLP-1 medication. We see Structure as a leader in the development of oral options that promise lower pricing and open access to these larger markets. Currently, Structure is in Phase 2 trials and is potentially the second oral option to make it to market this decade after Eli Lilly's orforglipron.

We added opportunistically to our long-term position in **The Trade Desk** when shares traded down sharply after the company reported third quarter results and issued initial fourth quarter guidance. While third quarter results were solid, with sales growing 25% year-over-year (and 27% adjusting for political spending in 2022), Trade Desk's management team gave cautious fourth quarter guidance as they saw advertisers pause or taper advertising spending after the tragic October 7 events in Israel. Apart from this real but short-term pressure, Trade Desk demonstrated how it continued to gain market share, discussed the major drivers of its business, including streaming video advertising and shopper marketing, and expressed optimism for the remainder of the fourth quarter and 2024. We snapped up shares given our conviction in Trade Desk's business and management team and our long-term investment perspective.

Table VII.
Top net sales for the quarter ended December 31, 2023

	Quarter End Market Cap or Market Cap When Sold (billions)	Net Amount Sold (millions)
ServiceNow, Inc.	$144.8	$11.4
CrowdStrike Holdings, Inc.	61.3	11.4
TKO Group Holdings, Inc.	14.4	9.9
ZoomInfo Technologies Inc.	6.2	9.8
DexCom, Inc.	30.6	7.5

We trimmed our positions in leading software vendors, **ServiceNow, Inc.** and **CrowdStrike Holdings, Inc.**, after the stocks performed well in 2023, resulting in higher valuations on both companies. Both remained in the top 25 of portfolio investments at year end. We spread this capital around several of our other software investments (as shown in the Review and Outlook section above), as well as another cybersecurity name we purchased after the first of the year and will discuss in our next quarterly letter.

We exited our investments in **TKO Group Holdings, Inc.**, **ZoomInfo Technologies Inc.**, and **DexCom, Inc.** during the period.

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 1-800-99-BARON or visiting 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.

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 Partners Fund Shareholder:

Performance

Baron Partners Fund® (the Fund) successfully managed a volatile quarter and year to produce good returns. In the fourth quarter, the Fund appreciated 8.39% (Institutional Shares). This return trailed that of the Fund's primary benchmark, the Russell Midcap Growth Index (the Index), and that of the S&P 500 Index, which rose 14.55% and 11.69%, respectively. The Morningstar Large Growth Category Average (the Peer Group) increased 13.83% in the quarter.

Table I.
Performance
Annualized for periods ended December 31, 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]	8.33%	8.39%	14.55%	11.69%
One Year	43.09%	43.47%	25.87%	26.29%
Three Years	2.60%	2.86%	1.31%	10.00%
Five Years	31.23%	31.57%	13.81%	15.69%
Ten Years	18.80%	19.11%	10.57%	12.03%
Fifteen Years	19.94%	20.25%	14.68%	13.97%
Since Conversion (April 30, 2003)	16.71%	16.93%	11.38%	10.46%
Since Inception (January 31, 1992)	15.03%	15.17%	9.91%	10.16%

MICHAEL BARON
PORTFOLIO MANAGER

RON BARON
CEO AND PORTFOLIO MANAGER

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

During the entire year 2023, the Fund's performance placed it in the top third of the Peer Group. In 2023, the Fund appreciated 43.47%. The Index and S&P 500 Index appreciated 25.87% and 26.29%, respectively. The Peer Group increased 36.74% for the year.*

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, 2034, 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 baronfunds.com or call 1-800-99-BARON.

* *As of 12/31/2023, the annualized returns of the Morningstar Large Growth Category average were 36.74%, 15.74%, and 12.03% for the 1-, 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 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.

The Fund's long-term record is exceptional. Its 5-, 10-, and 15-year annualized returns are 31.57%, 19.11%, and 20.25%, respectively. These figures compare to the Index's returns during the same periods of 13.81%, 10.57%, and 14.68%. Its annualized return for the period since conversion to a mutual fund (now over 20 years) is 16.93%, more than 550 basis points above the Index's. Baron Partners Fund is the #1 performing U.S. equity fund (out of 2,101 share classes) since its conversion to a mutual fund in 2003.*

While we are pleased with these results, persistent volatility resulting from news cycles has not made the path smooth. A horrific terrorist attack in Israel; a persistent war in Ukraine; and macroeconomic news about interest rates, inflation, and consumer sentiment caused large swings through the year. For example, in the final quarter, the Fund was down 10.76% in October, before investors' perception that inflation was under control and interest rates had peaked. In November and December, the Fund rallied 21.46%. We believe trying to predict macro events and the market's reaction to them is futile. Instead, we remain focused on our portfolio companies' ability to meet their long-term objectives regardless of short-term uncertainties.

We also believe market volatility boosts the importance of diversification within the portfolio. Despite our focused portfolio (the Fund's top 10 positions make up 89.2% of its total investments), we achieve diversification by investing in different types of growth businesses. While all Fund holdings meet our growth investment criteria, various sectors perform differently in distinct market environments. We diversify by investing in four distinct categories: **Disruptive Growth**, **Core Growth**, **Financials**, and **Real/ Irreplaceable Assets**. Interestingly, Disruptive Growth, Financials, and Core Growth were the best performing growth category in different quarters last year. We believe this diversification protects investors and reduces volatility.

The negative news for **Iridium Communications Inc.** impacted its share price in the quarter. The timeline for Iridium's direct-to-device offering has been prolonged. The company ended its exclusive relationship with Qualcomm and is now seeking other partners with whom to integrate its satellite direct to cellular chip. While this expands addressable customers, it has delayed the realization of revenue. While other aspects of Iridium's business including the internet of things, voice & data, and government services have stable growth, they do not offer the upside potential of direct to device. We continue to believe Iridium's long-term business objectives can be achieved, yet the near term is uncertain.

Few holdings impacted the Fund negatively in the period. The Fund held considerably more winners than losers. Fifteen holdings had double-digit returns in the quarter. Leaders from our diverse investment categories included top 10 positions **Gartner, Inc.**, **The Charles Schwab Corp.**, and **Space Exploration Technologies Corp.** (SpaceX). Gartner is experiencing improved growth as customers increase their budgets and assess artificial intelligence (AI) offerings. Schwab's organic growth has continued. Peaking interest rates should ease clients' cash movement towards money market funds. This will allow the company to earn more net interest income. And finally, SpaceX continues its exceptional growth trajectory. The company's launch business has set records with rocket durability and launch frequency. The Starlink business has also grown its number of satellites and customers to all-time highs.

* *This is a hypothetical ranking created by Baron Capital using Morningstar data and is as of 12/31/2023. There were 2,101 share classes in the nine Morningstar Categories mentioned below for the period from 4/30/2003 to 12/31/2023.*

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 1,200, 1,031, and 810 share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Partners Fund (Institutional Shares) in the 27th, 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 756 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 299th, 1st, 1st, and 1st best performing share class in its Category for the 1-, 5-, 10-year, and since conversion periods, respectively.

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Table II.
Total returns by category for the three months ended December 31, 2023

	% of Net Assets (as of 12/31/2023)	Total Return (%)	Contribution to Return (%)
Core Growth	**24.0**	**20.36**	**4.76**
Gartner, Inc.	4.5	31.29	1.34
IDEXX Laboratories, Inc.	6.4	26.94	1.53
Guidewire Software, Inc.	1.5	21.16	0.28
StubHub Holdings, Inc.	0.6	15.11	0.10
CoStar Group, Inc.	9.2	13.66	1.33
HEICO Corporation	0.6	10.36	0.06
Birkenstock Holding plc	1.2	5.97	0.11
Russell Midcap Growth Index		**14.55**	
Real/Irreplaceable Assets	**12.6**	**11.39**	**1.48**
Red Rock Resorts, Inc.	1.4	30.79	0.35
Hyatt Hotels Corporation	6.2	23.10	1.34
Gaming and Leisure Properties, Inc.	1.3	10.04	0.12
Vail Resorts, Inc.	3.7	–2.01	–0.06
Marriott Vacations Worldwide Corporation	–	–12.97	–0.26
Financials	**19.0**	**6.28**	**1.44**
The Charles Schwab Corp.	5.0	25.88	1.16
MSCI Inc.	2.0	10.55	0.20
FactSet Research Systems Inc.	5.0	9.33	0.50
Arch Capital Group Ltd.	7.0	–6.82	–0.41
Disruptive Growth	**58.4**	**3.12**	**1.26**
Space Exploration Technologies Corp.	11.3	29.53	2.78
Spotify Technology S.A.	0.6	21.51	0.15
FIGS, Inc.	0.5	17.53	0.08
NVIDIA Corporation	–	14.43	0.06
Tesla, Inc.	43.5	–0.70	–0.82
Northvolt AB	0.1	–4.91	–0.01
Iridium Communications Inc.	2.3	–9.35	–0.35
Moderna, Inc.	–	–30.49	–0.09
X Holding Corp.	0.2	–63.16	–0.54
Cash	**–14.1**	**–**	**0.00**
Fees	**–**	**–0.58**	**–0.58**
Total	**100.0***	**8.37****	**8.37****

Sources: FactSet PA, Baron Capital, 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 December 31, 2023

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
Space Exploration Technologies Corp.	2017	$ –	$ –	29.53%	2.78%
IDEXX Laboratories, Inc.	2013	4.7	46.1	26.94	1.53
Gartner, Inc.	2013	5.7	35.2	31.29	1.34
Hyatt Hotels Corporation	2009	4.2	13.5	23.10	1.34
CoStar Group, Inc.	2005	0.7	35.7	13.66	1.33

Space Exploration Technologies Corp. (SpaceX) is a high-profile private company founded by Elon Musk that designs, manufactures, and launches rockets and satellites. Shares contributed to performance in the wake of another record-breaking year. The company closed 2023 with a record 96 Falcon rocket launches, nearly twice a week on average, substantially more than the 61 launches in 2022 and surpassing all its private and government program peers. Starlink, SpaceX's satellite constellation, also achieved remarkable milestones, including operating over 5,500 satellites, the majority of active satellites in space, and now providing connectivity services to 2.3 million active customers, more than doubling its customer base during the year. Starship, SpaceX's groundbreaking new rocket, successfully performed its second test flight this quarter. Over time, SpaceX expects Starship to both reduce costs and expand the company's operational capabilities, including supporting SpaceX's long-term goal to enable human beings to inhabit Mars. We value SpaceX using a proprietary valuation model and recent financing transactions, which trended positively even through a more complex funding environment.

Shares of veterinary diagnostics leader **IDEXX Laboratories, Inc.** contributed to performance during the quarter. While foot traffic to veterinary clinics in the U.S. remained subdued, IDEXX's excellent execution has enabled the company to continue to deliver robust financial results. We believe IDEXX's competitive strengths are outstanding. Further, we expect new proprietary innovations and field sales force expansion to be meaningful contributors to growth in 2024. We see increasing evidence that long-term secular trends around pet ownership and pet care spending have been structurally accelerated. This should help support IDEXX's long-term growth rate.

Shares of **Gartner, Inc.**, a provider of syndicated research, soared after reporting excellent quarterly earnings results. Gartner's core subscription research businesses continued to compound at attractive rates. Its growth is poised to accelerate during the next several quarters. We believe Gartner will emerge as a critical decision support resource for every company evaluating the opportunities and risks of AI for its business. We expect this development to provide a tailwind to Gartner's volume growth and pricing realization. Gartner's sustained revenue growth and focus on cost control should drive continued margin expansion and enhanced free-cash-flow generation. The company's balance sheet is excellent and can support aggressive repurchases and bolt-on acquisitions.

Table IV.
Top detractors from performance for the quarter ended December 31, 2023

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap or Market Cap When Sold (billions)	Total Return	Percent Impact
Tesla, Inc.	2014	$21.9	$789.9	–0.70%	–0.82%
X Holding Corp.	2022	–	–	–63.16	–0.54
Arch Capital Group Ltd.	2002	0.6	27.7	–6.82	–0.41
Iridium Communications Inc.	2019	3.0	5.1	–9.35	–0.35
Marriott Vacations Worldwide Corporation	2018	3.2	3.1	–12.97	–0.26

Tesla, Inc. designs, manufactures, and sells electric vehicles, related software and components, and solar and energy storage products. Tesla's stock declined slightly in the period because the core automotive segment remained under pressure. A complex macroeconomic environment, higher interest rates, a two-week factory shutdown, and Tesla's car price reductions throughout the year pressured its near-term growth and margin profile. Nonetheless, Tesla continues to generate sufficient gross profit to support robust product development. Tesla also started to deliver its highly anticipated Cybertruck, its first pickup truck. There has been tremendous consumer interest in the truck and new technologies within the vehicle and its manufacturing lines. Tesla's refreshed Model 3 also seems to be generating strong demand while improving unit-level economics. We anticipate a new lower priced vehicle being introduced next year to address a much larger market segment. Finally, investors expect Tesla to benefit from its investment in AI through development of autonomous driving technology Dojo (an AI training computer), Autobidder (an automated energy trading platform), and Humanoid (a human-like robot).

With a vision to become the virtual "town square" and "everything app," X (formerly Twitter) embarked on a transformative journey. Elon Musk led the acquisition of Twitter in October 2022 through **X Holding Corp.** Post acquisition, the company experienced a material reduction in revenue and reduced advertising spend by several of its largest customers. On the plus side, the company witnessed improvements in user engagement while rapid product innovation should allow it to grow and diversify its revenues over time. X also announced a technical partnership and equity ownership in Elon Musk's generative AI startup, X.AI. Taking into account significant changes in the business and macroeconomics since the acquisition as well as the first post-acquisition equity transaction, an internal equity grant to employees, we marked down the stock price to ensure it accurately reflected the current state of the business and aligned with our proprietary valuation model. We continue to believe in the importance and unique value X can offer to the ecosystem and closely follow product innovation and its potential implications.

Shares of specialty insurer **Arch Capital Group Ltd.** gave up some gains in the fourth quarter after solid share price performance for most of the year. We believe its share price weakness was primarily due to a market rotation away from defensive stocks to more speculative stocks following a decline in yields. Company fundamentals remained strong. Net premiums written grew 23% in the third quarter; operating ROE expanded to 25%; and book value per share increased 30%. Management expects favorable market conditions to persist. We have been large shareholders in Arch since 2002. The share price of Arch has increased in value 27.9 times since 2002 with an annualized return of 16.8%.

Investment Strategy and Portfolio Structure

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

As of December 31, 2023, we held 22 investments. The median market capitalization of these growth companies was $17.4 billion. The top 10 positions represented 89.2% of total investments. Leverage was 14.1%.

The long-term absolute and relative performance of the Fund has been very good. The Fund has returned 15.17% annualized since inception as a private partnership on January 31, 1992, exceeding the Index by 5.26% per year.

The Fund's performance has also exceeded 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 when U.S. stock markets experienced 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-Great Recession to the start of the COVID Pandemic (12/31/2008 to 12/31/2019). During both periods, the Index had strong returns; however, the Fund's returns were even better. Baron Partners 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 Pandemic 12/31/2008 to 12/31/2019	
	Annualized Return	Value of $10,000	Annualized Return	Value of $10,000
Baron Partners Fund (Institutional Shares)	22.45%	$49,685	17.44%	$58,586
Russell Midcap Growth Index	19.26%	$40,316	16.84%	$55,380
S&P 500 Index	20.21%	$42,945	14.68%	$45,104

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 especially sets the Fund apart from other growth funds is its historic ability to outperform in more challenging periods. The nine-year period following the Internet Bubble collapse saw lower returns for the Fund. It had annualized returns of 1.54%. However, the Index declined substantially. $10,000 hypothetically invested in the Fund at the start of this period would have been worth $11,479 after those nine years. A $10,000 hypothetical investment in a fund designed to track the Index would be worth only $6,488, more than a 35% cumulative decline. The Fund preserved (and slightly grew) capital during this difficult 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 lingering macroeconomic issues caused excessive market volatility. Over the course of three years, there have been two market corrections. The Fund has performed well in both corrections. *During the COVID 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 significantly lower at 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		Performance in All Times Since Inception (1/31/1992) through 12/31/2023	
	Annualized Return	Value of $10,000	Annualized Return	Value of $10,000	Annualized Return	Value of $10,000
Baron Partners Fund (Institutional Shares)	1.54%	$11,479	23.65%	$18,903	15.17%	$906,173
Russell Midcap Growth Index	(4.69)%	$ 6,488	3.85%	$11,200	9.91%	$204,201
S&P 500 Index	(3.60)%	$ 7,188	7.66%	$12,479	10.16%	$219,417

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…

During periods of strong economic expansion, investors often don't consider more challenging periods. Losing capital during those periods, we believe, makes it nearly impossible to have exceptionally strong returns over the long term. We have shown our ability to grow capital during challenging periods. We believe our competitively advantaged growth portfolio 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, this combination has been rewarding for clients. A $10,000 hypothetical investment at the inception of the Fund as a private partnership on January 31, 1992, would have been worth $906,173 on December 31, 2023. That same $10,000 hypothetical investment in a fund designed to track the Index would now be worth $204,201, approximately 23% of what it would have been worth if invested in the Fund.

Portfolio Holdings

Table VII.
Top 10 holdings as of December 31, 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	$789.9	$3,018.4	38.1%
Space Exploration Technologies Corp.	2017	–	–	781.6	9.9
CoStar Group, Inc.	2005	0.7	35.7	642.3	8.1
Arch Capital Group Ltd.	2002	0.6	27.7	482.8	6.1
IDEXX Laboratories, Inc.	2013	4.7	46.1	444.0	5.6
Hyatt Hotels Corporation	2009	4.2	13.5	433.6	5.5
FactSet Research Systems Inc.	2007	2.7	18.1	348.2	4.4
The Charles Schwab Corp.	1992	1.0	125.4	344.0	4.3
Gartner, Inc.	2013	5.7	35.2	315.8	4.0
Vail Resorts, Inc.	2008	1.6	8.1	257.2	3.2

Thank you for joining us as fellow shareholders in the 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
Portfolio Manager

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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 38% 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.

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 Fifth Avenue Growth Fund Shareholder:

Performance

We had a strong quarter to finish up a great year.

Baron Fifth Avenue Growth Fund® (the Fund) was up 17.6% (Institutional Shares) in the fourth quarter, which compared favorably to the 14.2% gain for the Russell 1000 Growth Index (the R1KG) and the 11.7% gain for the S&P 500 Index, the Fund's benchmarks.

For the year, the Fund finished up 57.6% compared to gains of 42.7% and 26.3% for the benchmarks, respectively.

Table I.
Performance†
Annualized for periods ended December 31, 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]	17.54%	17.61%	14.16%	11.69%
One Year	57.20%	57.58%	42.68%	26.29%
Three Years	(4.87)%	(4.62)%	8.86%	10.00%
Five Years	11.65%	11.93%	19.50%	15.69%
Ten Years	10.75%	11.04%	14.86%	12.03%
Fifteen Years	13.20%	13.48%	16.68%	13.97%
Since Inception (April 30, 2004)	8.99%	9.19%	11.51%	9.86%

ALEX UMANSKY
PORTFOLIO MANAGER

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

U.S. large-cap growth equities had a strong bounce-back year in 2023. The Russell 1000 Growth Index had its *strongest performance in its history with a 42.7% return*. The year began with continued doom and gloom amid the unrelenting Fed continuing its historical tightening cycle, the ongoing recession debate, the geopolitical uncertainties, and the poor investor psychology following a 29.1% drawdown the year before, the worst decline experienced since the Great Financial Crisis of 2008. But for some reason stocks stopped going down. Restructuring announcements and mild guide downs were cheered by analysts and investors alike and the Index ended the first quarter with a 14.4% gain. It was more of the same in the spring and early summer as the Fed signaled that its interest rate hikes were likely coming to an end and the Index rose an additional 12.8%. The fall brought a realization that a stronger economy with a lower probability of recession meant interest rates were going to stay *higher for longer*, and the Index

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, 2023 was 1.06% and 0.78%, respectively, but the net annual expense ratio was 1.01% and 0.76% (net of the Adviser's fee waivers, comprised of operating expenses of 1.00% and 0.75%, 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 Adviser reimburses certain Fund expenses pursuant to a contract expiring on August 29, 2034, 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 baronfunds.com or call 1-800-99-BARON.

† 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 1000® Growth Index** measures the performance of large-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 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. Investors cannot invest directly in 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

pulled back 3.1% in the third quarter. But then, lower inflation data and investor focus shifting to rate cuts caused the Index to finish with a bang and a 14.2% quarterly gain to end the year.

The Fund performed better on the way up with quarterly gains of 19.7%, 16.0%, and 17.6% and basically held its own in the one down quarter with a 3.5% decline, for a total return of 57.6% on the year. While we are happy with this result and the significant outperformance versus our benchmarks, it came on the heels of a terrible 2022. When we combine the results of the two years, the Fund is still down almost 22% on a cumulative basis, while the R1KG has recovered all of its losses and is up 1.1%. So, we recognize that this is a good start, but we have much more work ahead of us.

From a quarterly performance attribution perspective, results were driven entirely by stock selection, which drove 349bps of the 345bps outperformance. Selection effect was strongest in Information Technology (IT) where everyone of our investments was up double digits, with 7 of the 13 holdings gaining at least 30% each, and in Financials, where **Block** and **Adyen** gained over 70% each, recovering from large declines earlier in the year. This positive performance was partially offset by poor relative performance in Health Care, Consumer Discretionary, Communication Services, and Industrials. We did not have many significant quarterly detractors. Leading immunology company **argenx** failed a clinical trial and saw its stock pull back by 22.6%, while shares of the autonomous driving company **GM Cruise** were revalued significantly lower following the well-publicized debacle in San Francisco costing the Fund 71bps and 52bps, respectively.

For the full year, the Fund's 1,490bps of outperformance was driven mostly by stock selection, which was responsible for 1,039bps of outperformance, while sector allocation effect contributed 447bps. Once again, IT was our most productive sector, driving 904bps of outperformance, followed by Consumer Discretionary, which drove another 406bps. Stock selection across our top three sectors was responsible for most of the relative gains, with returns of 82.7% in IT, 74.6% in Consumer Discretionary, and 68.2% in Communication Services. These returns significantly outpaced the 64.9%, 52.7%, and 64.7% returns for these sectors, respectively in the R1KG. We also benefited from not having investments in Consumer Staples, Energy, Real Estate, and Utilities, which were the worst four sectors in the Benchmark in 2023. Our strong performance was partially offset by poor stock selection as well as our overweight to Financials and Health Care, which cost us 249bps in relative returns.

From a stock-specific perspective, we benefited from both a high batting average and an excellent slugging percentage. The Fund had 24 contributors against only 7 detractors. More importantly, a staggering 16 out of the 24 contributed over 100bps each, while 10 of those contributed over 200bps each. **NVIDIA**, **Amazon**, **Meta**, **Shopify**, and **ServiceNow** were all up over 80% and added over *500bps* each to absolute gains. **MercadoLibre**, **Cloudflare**, and **Atlassian** were our other 80% – plus gainers, while Meta, **CrowdStrike**, Shopify, and **Tesla** were all up over 100%, with **NVIDIA** up a cool 239%. Among the 7 losers, only **ZoomInfo** cost us over 100bps, while **EPAM**, **Illumina**, and GM Cruise cost between 50bps and 100bps each.

The last two years proved to be extremely volatile for equity investors. We have long argued that while stock prices can experience violent moves up and down, the change in business fundamentals tends to be much more gradual. Clearly, over the last two years our businesses did not lose 50% of their *intrinsic values* in 2022, nor did they increase by 58% in 2023, even though that is what their stock prices did. Competitive advantages rarely if ever expand and erode suddenly, but rather evolve slowly over time. Brand name, company culture, and an ability to innovate and iterate are built and developed over many years. As growth continues and compounds over time, the economic value of solving more problems for customers becomes more apparent and visible. As long-term investors we continue to monitor and evaluate our companies' fundamentals – both quantitative and qualitative. We have a lot of conviction that over time, stock prices will reflect these realities.

We think it is important to differentiate between stock market volatility and the risk of a permanent loss of capital. While most investors define risk as volatility, we are not convinced that trying to manage or even mitigate the effects of market volatility is a worthwhile exercise. We believe that long-term investors should be optimizing for highest capital appreciation over time, while minimizing probability of permanent losses of capital, very much akin to the way we expect our management teams to allocate capital in the businesses that they manage. We believe it is impossible to accurately predict the direction of the market with any consistency and, therefore, we are not willing to forgo the potential long-term upside in the values of our businesses for a chance to mitigate temporary losses during corrections or bear markets. We are however, not shy about taking advantage of the opportunity that these market corrections present as we did in 2022.

So how would we assess the performance of our businesses in 2023?

Towards the latter part of 2022, it had become apparent that the broader economic uncertainty was impacting business fundamentals even in the most resilient companies. As customer focus shifted to cost cutting, sales cycles lengthened, and deal closure rates declined significantly. Digital transformation companies like **EPAM** and **Endava** experienced it earlier as projects got delayed and pushed out. We may have overestimated how high these projects were on their customers' priority lists – at least during the times of severe budget constraints and economic downturns. Similarly, companies with consumption-based business models, like **Snowflake**, **Datadog**, and even **Amazon**'s Web Services (AWS) saw the impact of lower usage by their customers translate immediately into lower revenue growth. Even though this trend clearly continued into early 2023, stock prices stopped going down and, in many cases, started moving up as the sentiment changed that this is likely as bad as it is going to get. Towards the middle of the year, many of our companies started reporting stabilization and some have seen improvement in short-term business fundamentals. As the year progressed, it became clear that many of those customers were moving towards the final stages of their optimization processes. And then at some point in the second half investors woke up to the inflection of generative artificial intelligence (GenAI), which created a new and possibly robust demand driver for digitization and the adoption of the cloud.

The following table summarizes the change in consensus expectations for 2024 revenues, operating income, and operating margins for the portfolio throughout the year,[1] which shows this broad stabilization trend (especially later in the year):

Change in expectations at the Portfolio level

	1st Half of 2023	1st Half of 2023 excluding NVIDIA	2nd Half of 2023	2nd Half of 2023 excluding NVIDIA	4Q23	4Q23 excluding NVIDIA	2023	2023 excluding NVIDIA
Revenues	1.3%	(4.5%)	6.7%	(0.3%)	0.9%	(0.7%)	11.8%	(4.5%)
Operating Income	7.5%	(2.2%)	22.8%	12.5%	18.9%	18.4%	39.8%	10.0%
Operating Margins	+113bps	+19bps	+294bps	+92bps	+80bps	+40bps	+294bps	+92bps

We believe it is worthwhile to look at the weighted average multiple of the portfolio to assess the extent to which stock prices have moved due to the changes in fundamentals as compared to exogenous factors, such as interest rates and investor psychology. After the weighted average multiple of the Fund declined a breath-taking 53% in 2022, it has only recovered by 24% in 2023,[2] which gives some reason for optimism, going forward.

Table II.
Top contributors to performance for the quarter ended December 31, 2023

	Quarter End Market Cap (billions)	Percent Impact
Shopify Inc.	$ 100.2	2.27%
ServiceNow, Inc.	144.8	2.03
Amazon.com, Inc.	1,570.2	1.85
CrowdStrike Holdings, Inc.	61.3	1.79
NVIDIA Corporation	1,223.2	1.67

Shopify Inc. is a cloud-based software provider for multi-channel commerce. Shares rose 42.8% in the fourth quarter (and finished the year up 124.7%) on strong financial results with growth in gross merchandise value of 22% year-over-year, revenue growth of 25%, and non-GAAP operating margins surpassing 15% (up 1,900 bps year-over-year). The company also hosted a well-attended Investor Day in which it shared a variety of data points showcasing growing success in new segments in which it historically has been less well known, such as enterprise, B2B, and offline commerce. The company's continuously improving product, revamped go-to-market strategy, and the lapping of the large COVID cohorts also helped the company add more merchants to its the platform in the last year than in the prior two. Existing Shopify merchants also continue to outperform the market, which supports continuous market share gains. Lastly, the company provided data on the rapid adoption of new offerings, with its emerging products category growing at a 71% CAGR since 2019. 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 the global commerce market.

ServiceNow, Inc. offers cloud-based solutions that improve workflow efficiency through automation and digitalization. The stock rose 26.4% in the fourth quarter, finishing the year up 82.0%. Stock appreciation was supported by strong quarterly results above expectations with 24.5% year-over-year subscription revenue growth in constant currency and 30% non-GAAP operating margins despite ongoing macro complexities. In addition, the stock benefited from growing investor expectations that the company would benefit from the integration of GenAI technology into its products, and a rise in software stocks more broadly. Management noted that key business drivers included strong traction with government customers, improving momentum with new customers, and budget consolidation into platforms like ServiceNow. In addition, the company launched its GenAI-supported product line, sold under a new higher-priced Pro Plus sku, at the end of the quarter and has already signed on multiple customers with hundreds more in the pipeline. The new product line should generate material efficiencies for customers as it improves their ability to automate and digitize, and hence we expect broader adoption of the Pro Plus sku, creating an additional growth engine for ServiceNow, supporting the company's long duration of growth.

Amazon.com, Inc. is the world's largest retailer and cloud services provider. Shares of Amazon were up 19.5% in the quarter and finished the year up 80.9%. Reported quarterly results were better than consensus estimates with 11% year-over-year revenue growth in constant currency, a significant beat in North American operating profit as operating margins reached 4.9% and a recovery in the cloud division, AWS, which grew 12% year-over-year and management reported that the impact of customer optimizations was attenuating. We believe that AWS has many years of growth ahead as IT budgets continue switching from on premise to the cloud and as Amazon remains the clear leader in the market, with large incremental opportunities in application software, including enabling GenAI workloads. We also believe Amazon is well positioned in the short-to-medium term to further improve core North American retail profitability to above pre-pandemic levels, benefiting from its new regionalized fulfillment network and its growing margin-accretive advertising business. Longer term, Amazon has substantially more room to grow in e-commerce, where it has less than 15% penetration of the total addressable market.

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[1] Note that NVIDIA has seen a very significant positive inflection in its business and hence it's also worth looking at the portfolio's short-term result excluding the company. Similarly, Shopify was excluded from the change in operating income due to its overwhelming impact on the Fund's overall weighted average since its operating income expectations for 2024 have increased by over 7 times between year-end 2022 and year-end 2023.

[2] We use P/E multiples for all stocks that had P/E ratios below 100 times (and positive) to start the year and EV/Revenues for all others. Note that using a P/E multiple for Shopify, which saw a dramatic inflection in profitability this year, would have reduced the total P/E expansion for the Fund to only 13%. We also calculate the weighted average based on the holding weights as of 12/31/2023.

Table III.
Top detractors from performance for the quarter ended December 31, 2023

	Quarter End Market Cap (billions)	Percent Impact
argenx SE	$22.5	–0.71%
GM Cruise Holdings LLC	–	–0.52
The Trade Desk	35.3	–0.41
Rivian Automotive, Inc.	22.5	–0.33
Veeva Systems Inc.	33.8	–0.21

Argenx SE is a biotechnology company focused on autoimmune disorders. Shares fell 22.6% in the quarter, though they still closed the year up 0.8%, on the back of failed clinical trials in immune thrombocytopenic purpura and pemphigus vulgaris that called into question the breadth of FcRn treatment applicability. While the exact nature of these data sets is nuanced and not thesis-breaking, in our view, there are now real questions for the FcRn space that have not existed in the narrative for years. On the positive side, the strong launch of Vyvgart, with early sales tripling consensus expectations and global approvals coming earlier than guided, should continue to drive revenue growth and justifies a defensible valuation based on cash flow analysis. We expect 2024 to be another year of solid performance, with many catalysts including readouts in myositis, Sjogren's syndrome, multifocal motor neuropathy, and argenx's subcutaneous formulation launch. We believe that positive readouts within those trials and others would expand argenx's opportunity set and therefore remain shareholders.

GM Cruise Holdings LLC offers autonomous driving software and a fleet of vehicles aimed at reducing costs and improving the safety of transporting people and goods. We marked down the stock after the company lost its autonomous operating license in California. Despite achieving significant milestones over the past year, including completing millions of fully autonomous miles with passengers in various states and cities, an October incident involving a pedestrian in San Francisco prompted the California DMV to rescind the company's license. The regulator cited concerns about incomplete incident information disclosure. Consequently, this triggered a near-complete cessation of operations and key management changes at Cruise, as General Motors, the majority shareholder, charts a new course for the organization and its capital needs. While we strongly believe the life-saving technology achieved through the autonomous revolution holds immense value for both investors and society at large, the path to recovery for Cruise remains uncertain at this juncture, which is reflected in our valuation framework.

The Trade Desk is the leading internet advertising demand-side platform, enabling agencies and companies to efficiently buy and track digital advertising across desktop, mobile, online video, and connected TV (CTV) channels. Shares were down 8.0% in the fourth quarter, though they still finished the year up 59.1%, after the company guided fourth quarter revenue growth of 18% year-over-year. This was as a result of heightened macro uncertainty impacting advertising budgets early in the fourth quarter particularly in the auto, consumer electronics, and media and entertainment industries, and despite the company noting an improvement in November. While guidance significantly outpaces competitors, suggesting that the Trade Desk is gaining market share, it was below consensus expectations and drove the share price action. We do not view this slowdown as structural and believe the company remains well positioned for 2024 and beyond, with strong tailwinds in CTV as more households continue to cut the cord and as more streaming services adopt and grow their CTV advertising businesses, while a growing proportion of advertisers adopt programmatic advertising. In addition, we believe that the company would benefit from growth in retail media, which enables connecting offline retail sales data with online digital advertising data, the adoption of the company's new platform, growth in audio, and more. Longer term, we remain positive on the company given its technology, scale, and estimated 10% share in the $100 billion programmatic advertising market, a small and growing subset of the $700 billion global advertising market.

Portfolio Structure

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

As of December 31, 2023, our top 10 holdings represented 59.4% of net assets, and our top 20 represented 86.9%. This compares to weightings of 54.5% and 86.2%, respectively, at the end of 2022. We finished the year with 30 individual investments. IT, Consumer Discretionary, Health Care, Communication Services, and Financials made up 97.3% of net assets. The remaining 2.7% was made up of **GM Cruise** and **SpaceX**, our two private investments classified as Industrials, and cash.

The Fund's turnover was 11.6% in 2023, compared to an average turnover of 21.6% over the last three years, and an average turnover of 20.1% over the last five years.

Table IV.
Top 10 holdings as of December 31, 2023

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
NVIDIA Corporation	$1,223.2	$54.3	10.1%
Amazon.com, Inc.	1,570.2	43.7	8.1
ServiceNow, Inc.	144.8	38.5	7.1
Meta Platforms, Inc.	909.6	32.2	6.0
Shopify Inc.	100.2	32.0	5.9
Snowflake Inc.	65.5	26.8	5.0
Intuitive Surgical, Inc.	118.8	25.2	4.7
Tesla, Inc.	789.9	23.3	4.3
CrowdStrike Holdings, Inc.	61.3	22.5	4.2
MercadoLibre, Inc.	79.5	21.7	4.0

Recent Activity

During the fourth quarter, we bought one new investment – the leading software provider, **Microsoft**, which we believe has a high likelihood of becoming a key beneficiary of GenAI. We also added to five existing positions including continuing to build our newer position in the leading e-commerce platform in Korea, **Coupang**, while also adding to the financial services and point-of-sale software and payments provider, **Block**, the leading demand side advertising platform, **Trade Desk**, the cloud-based commerce platform, **Shopify**, and the leading Latin American e-commerce platform, **MercadoLibre**. Lastly, we reduced 12 existing positions and sold 1 – the B2B sales and data provider, **ZoomInfo** – reallocating to names in which we saw a more positively skewed long-term risk-reward equation.

Table V.
Top net purchases for the quarter ended December 31, 2023

	Quarter End Market Cap (billions)	Net Amount Purchased (millions)
Microsoft Corporation	$2,794.8	$11.9
Block, Inc.	47.5	1.4
Coupang, Inc.	28.9	1.3
The Trade Desk	35.3	0.6
Shopify Inc.	100.2	0.4

Our biggest purchase in the fourth quarter was a new position we initiated in the software platform **Microsoft Corporation**. While we have owned shares of Microsoft in the large-cap core growth Baron Durable Advantage Fund, we have been reluctant to add Microsoft to this Fund for many years namely since we viewed it as a better fit for a post high-growth strategy. However, Microsoft's transformation under the helm of Satya Nadella has changed the company's trajectory as it went from a windows-centric, on – premises technology provider to one of the top two global cloud providers. Cloud now represents over 55% of total revenues and has been growing rapidly. Over time, Microsoft was able to build a $125 billion run-rate cloud business that is still growing at a rapid pace and continues to take market share, while becoming a more important driver for the company. For example, in the last quarterly earnings release, Microsoft Cloud grew 23% year-over-year in constant currency, significantly outpacing the company's 12% overall constant currency growth as well as the growth of its main competitors. A 23% growth rate at this scale essentially implies that Microsoft added a run rate of around $24 billion of cloud revenues year-over-year. Just to put this in perspective, $24 billion is nearly the size of **Mastercard**'s business, it is over 8 times **Snowflake**'s total revenue and is nearly 3 times **ServiceNow**'s total revenue. We continue to view cloud as early in its penetration opportunity – according to latest estimates from Gartner, global cloud spend is expected to be $564 billion[3] which still represents only 12% of the total $4.7 trillion worldwide IT spending.[4]

We also believe that Microsoft is one of the best competitively positioned large-cap companies with its vertically integrated software stack (infrastructure + applications), while the inflection in the adoption of artificial intelligence (AI) and GenAI represents potentially the biggest addressable market expansion for the company in recent history. We also view Microsoft's competitive positioning in AI as advantaged thanks to both the fact that it does not face an innovators dilemma in its core business (as compared with Alphabet's core search business, which could potentially be at risk due to GenAI). Microsoft also has a tight partnership with OpenAI, has a large proprietary data asset built over time, and has a go-to-market advantage through a vast and robust partner ecosystem and its significant installed base and product bundling opportunities. These should enable it to cross-sell its existing user base as AI becomes embedded into current and new products.

While businesses are early in their adoption of GenAI, Microsoft has shared various data points last quarter that point to broad interest by organizations in GenAI:

- 18,000 companies used Azure OpenAI in the September quarter, up from 11,000 in the prior quarter.
- M365 Copilot, Microsoft's productivity assistant that only went live on November 1, 2023, was used by 40% of Fortune 100 companies in early access (prior to going live).
- GitHub Copilot, an AI-based coding assistant, has passed the 1 million paid users milestone, with number of customers up 40% quarter-over-quarter.

M365 Copilot could become the next major franchise for the Office customer base of around 400 million business seats and 70 million consumer seats, which we expect to help power results for years to come. When Office 365 was released, it took approximately two years to reach 20% of the Office Commercial base, which we believe is a useful construct to think about the potential ramp for M365 Copilot. Ultimately, we believe every Office user will be a candidate to upgrade to Copilot over time as more enhancements are made to the platform and Microsoft employs its bundling strategies.

We continue to believe this will enable the company to continue taking share across its business and specifically in cloud and AI, driving a durable long-term double-digit growth profile for the business and best-in-class profitability. Lastly, we believe shares are reasonably priced for this high-quality franchise and what should be a year of accelerating revenue growth in fiscal 2024. The company can lap the easy comps from the cyclical consumer business, F/X headwinds are abating, and Azure continues to post upside to the conservative guidance and likely reaccelerates later this year as customer optimizations attenuate. We also expect Microsoft to invest prudently in the business, prioritizing rapidly growing segments, which should support continuous healthy double-digit EPS growth for years to come.

During the quarter, we also added to our existing investment in **Block, Inc.** The company provides a point-of-sale technology to small businesses and operates the Cash App ecosystem of financial services for individuals. After the company reported solid quarterly result, it has also guided to reach a rule of 40 on GAAP profitability for fiscal year 2026 (implying that the combination of gross profit growth and GAAP operating margins would be at least 40%). We believe Block's businesses are resilient, and greater management focus on cost discipline should drive further margin expansion over the long term. We also believe that Block has a long runway for growth, durable competitive advantages, and a robust track record of innovation.

We also took advantage of stock price volatility and slightly added to several existing positions:

- The Korean e-commerce platform, **Coupang, Inc.**, whose stock corrected during the quarter following a miss on EBITDA margins, which we don't view as structural. The company continues to gain market share while holding significant competitive advantages thanks to its robust delivery network.
- The demand side advertising platform, **The Trade Desk**, which also saw stock price volatility as a result of near-term slowdown in advertising spend by customers in several industries (see above), which we also don't view as structural.

Lastly, we modestly increased the size of our investment in the e-commerce platform, **Shopify Inc.**, which shared robust progress in expanding its platform both horizontally (to the enterprise segment, the B2B segment, and

[3] https://www.gartner.com/en/newsroom/press-releases/11-13-2023-gartner-forecasts-worldwide-public-cloud-end-user-spending-to-reach-679-billion-in-20240#:~:text=Worldwide%20end%2Duser%20spending%20on,Vice%20President%20Analyst%20at%20Gartner.

[4] https://www.gartner.com/en/newsroom/press-releases/2023-10-18-gartner-forecasts-worldwide-it-spending-to-grow-8-percent-in-2024

to international and cross-border markets) as well as vertically with incremental offerings (both internal and external through its robust ecosystem) while also rapidly expanding profit margins, increasing our conviction in the name.

Table VI.
Top net sales for the quarter ended December 31, 2023

	Quarter End Market Cap or Market Cap When Sold (billions)	Net Amount Sold (millions)
Mastercard Incorporated	$ 400.0	$8.5
ZoomInfo Technologies Inc.	6.0	5.4
EPAM Systems, Inc.	17.2	2.9
Datadog, Inc.	39.9	2.0
NVIDIA Corporation	1,223.2	1.3

Outlook

We continue to operate in an environment where an overwhelming majority of investors are hyper focused on the minute-by-minute news cycle. What is the incremental change? The reality is that this incremental change is very rarely of any consequence or materiality, yet many investors react to the change and stock prices move and pick up momentum in both directions. We work hard on trying to cut through the noise and focus on seeing the forest for the trees.

Seth Klarman, the famed value investor and CEO of the Baupost Group, once said that "Macro is like sports-talk radio. Anybody can do it." Debating whether the economy will grow 1% or 2% (or not at all), whether interest rates will stay at 5 ½% or go to 4 ½%, three rate cuts or six – is fun for equity investors. We do it for sport. But it is also so much more difficult than finding a company that is misunderstood and whose stock is mispriced where you can be wrong about a lot of things and still make an attractive return over the long term!

One of the biggest surprises of 2023 was the highly anticipated recession in the U.S. that has not materialized. While some were in the camp of hard landing and others were in the camp of soft landing, not many were in the camp of no landing… could that remain the case in 2024? When will the Fed start cutting rates? How aggressive will it be? What are the implications of the upcoming elections (*the S&P 500 has only declined twice in an election year since 1940*)?

Though we have a view on many of these questions, we do not have the answers. The range of outcomes continues to be extremely wide, creating a challenging environment for investors. But since we are not macro investors (or sports-talk radio hosts), we stick to focusing on well-managed, high-quality businesses with sustainable competitive advantages for the long term. We continue to speak with company management teams as often as we can, test our investment theses, look for disconfirming evidence, and measure how well our businesses are performing *fundamentally*.

Most of our portfolio companies have seen stabilization and modest improvements in short-term business fundamentals as the year progressed. More importantly in our view, many have been able to drive significant improvement in long-term Key Performance Indicators (KPIs) such as share gains, meaningful expansion of their total addressable market, and improvement in unit economics. These KPIs are significantly more important in driving the intrinsic values of our businesses, which we believe have increased noticeably during 2023. In the meantime, disruptive changes that we expect will benefit many of our businesses have also continued to pick up steam. Some examples include:

- The inflection in GenAI: While a company like **NVIDIA** is a clear beneficiary of GenAI, as its hardware and software solutions are used to train and run GenAI models, we believe that GenAI has the potential to benefit many of our other businesses as well. According to Accenture, a leading global IT service provider, enterprises are accelerating digitization trends in order to benefit from GenAI[5] and it remains early in that trend:

  "We estimate that less than 10% of companies have mature data and AI capabilities. This is a critical part of building the digital core, and we see this embedded in our larger transformations in work focused on data and AI modernization and in the opportunities of Generative AI."

  This trend should be a tailwind for many of our businesses that enable or benefit from digitization such as the cybersecurity platform, **CrowdStrike**, the infrastructure and application monitoring platform, **Datadog**, the data platform, **Snowflake**, or the digital IT service provider **Endava**. We also believe that GenAI offers an opportunity for leading platforms such as **ServiceNow** to effectively increase the monetization of their software platforms by embedding AI solutions into their existing products, which could significantly increase the value of their solutions for customers and hence enable incremental monetization for the platform. ServiceNow for example, which officially introduced its GenAI offering 1 day prior to the close of its third quarter, commented during its latest earnings conference call that *"AI is injecting new fuel into our already high-performing growth engine"* and that *"Gen AI products drove the largest net new ACV (Annual Contract Value) contribution in the first full quarter of any of our new product family releases ever"*. Its GenAI offering is sold through its Pro Plus sku, which has a list price that is 60% higher than the Pro sku, which itself is price 25% above the regular sku.

- Market share gains: Many of our companies have been reporting on customer consolidation trends and rising win rates against competitors. In its their most recent quarterly conference call, Datadog described a customer who replaced seven different tool providers with the Datadog platform and another one who replaced a dozen different tools and moved to Datadog. Another example is the leading cloud networking and cybersecurity solution provider, **Cloudflare**, who described market share gains and customers consolidating from multiple point solutions to Cloudflare's platform:

  "And so we're the one vendor that is able to give people that vendor consolidation, that single pane of glass… that comes through in a lot of customer examples…. people want to buy the entire Cloudflare platform. They want to protect their entire business with that, and that's driving more interest in both our network security, as well as our Zero Trust products."

[5] Accenture's fiscal first quarter 2024 earnings conference call.

- Rapid innovation velocity: Innovators set themselves apart from competitors, while lengthening revenue growth runway. The leading commerce platform, **Shopify**, is a great example. Over the last year, despite announcing a 23% reduction in its workforce, the company was able to accelerate innovation as it improved its offering for large enterprise merchants (driving a 38-to-1 win-loss ratio for enterprise merchants), B2B merchants, and merchants with brick-and-mortar stores. In addition, the company deepened and improved a variety of merchant solutions while also enhancing third-party development capabilities through solutions such as Shopify Functions, which enable customization of Shopify's software.
- Improving unit economics: Many of our companies were able to significantly expand margins during 2023 even though revenue growth decelerated for some of them, showcasing the power of their capital-light, recurring revenue business models, and their increased focus on efficiency. One public example that was at least partially responsible for driving other companies (especially in IT) to become more efficient is X (formerly Twitter), which reduced headcount by a whopping 80% after Elon Musk's acquisition, despite growing user engagement. Another well-known example is **Meta**, for which cost controls and margin expansion this year have been a key reason behind the stock's outperformance (Mark Zuckerberg called 2023 the year of efficiency). Other less well-known examples include the commerce platform, Shopify, which is expected to expand its operating margins from breakeven to 10.9% in 2023 thanks to the sale of its money-losing logistics business, and a 23% reduction in its workforce. What is even more impressive is that the company was able to accelerate innovation velocity (with a lower headcount) as well as improve sales and marketing productivity. Another example is the cybersecurity platform, CrowdStrike, which is expected to increase its operating margins from 15.9% in 2022 to 20.8% in 2023 as a result of growing efficiencies, while the company's platform offering is resonating with an increasing number of customers (for example, deals with eight or more modules grew 78% year-over-year in the last quarter), which is a tailwind to sales productivity.

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

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

Sincerely,

Alex Umansky
Portfolio Manager

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

Risks: The Fund invests primarily in large cap equity securities which are subject to price fluctuations in the stock market. Even though the Fund is diversified, it may establish significant positions where the Adviser has the greatest conviction. This could increase volatility of the Fund's returns. The Fund may not achieve its objectives.

Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk. There is no guarantee that these objectives will be met.

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

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

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 Focused Growth Fund Shareholder:

Performance

Baron Focused Growth Fund® (the Fund) had a strong fourth quarter. Although the Fund increased 9.74% (Institutional Shares) in the period, it underperformed the Russell 2500 Growth Index (the Benchmark), which increased 12.59%. Investor expectations of a U.S. Federal Reserve (the Fed) pivot from raising rates to lowering rates over the next year benefited leveraged, cyclical, and interest rate sensitive stocks significantly. We have modest investments in such businesses.

Table I.
Performance
Annualized for periods ended December 31, 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]	9.66%	9.74%	12.59%	11.69%
One Year	27.40%	27.78%	18.93%	26.29%
Three Years	2.77%	3.05%	(2.68)%	10.00%
Five Years	25.69%	26.01%	11.43%	15.69%
Ten Years	15.25%	15.54%	8.78%	12.03%
Fifteen Years	16.55%	16.83%	13.64%	13.97%
Since Conversion (June 30, 2008)	13.01%	13.27%	9.90%	11.06%
Since Inception (May 31,1996)	13.20%	13.35%	8.04%	9.39%

DAVID BARON
PORTFOLIO MANAGER

RONALD BARON
CEO AND PORTFOLIO MANAGER

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

For all of 2023, the Fund outperformed its Benchmark by 885 bps, increasing 27.78%. The Benchmark increased 18.93%. The Fund's strength was led by our well-financed, **Disruptive Growth** companies that continue to take share of large market opportunities and achieve extraordinary returns on capital. Examples include **Tesla, Inc.**, **Space Exploration Technologies Corp.**, **Spotify Technology S.A.**, and **Shopify Inc.** Our highly differentiated **Core Growth**

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, 2034, 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 baronfunds.com or call 1-800-99-BARON.

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 December 31, 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 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 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.

investments that have strong, recurring revenue with significant pricing power and high retention rates also led to outperformance in 2023. These include **Guidewire Software, Inc.** and **Verisk Analytics, Inc.** Finally, our **Real/Irreplaceable Assets** investments such as **Hyatt Hotels Corporation**, **Red Rock Resorts, Inc.**, and **Choice Hotels International, Inc.** also helped performance in 2023 given strong, well-known brands that would benefit from a stable economic environment and a potential pivot towards lower interest rates, lower inflation and greater consumer disposable income.

Our portfolio companies performed well in 2023 despite continued macroeconomic concerns of a slowdown in consumer spending and capital investments. While inflation is affecting operating expenses, most of our portfolio companies have offset a portion of their increased costs with higher prices without impacting demand.

The Fund has continued to generate strong returns with less than market risk. Over the trailing 3, 5, and 10 years, the Fund has captured 106%, 129%, and 114%, respectively, of the upside when the market increased. When markets declined, the Fund lost less with 87%, 93%, and 91% downside capture, respectively. The Fund's Sharpe ratio, a measure of risk-adjusted return, was also higher than the Benchmark for each of these periods.

We believe these strong returns with downside protection are due to our research-based investment process. Our research enables us to identify and understand businesses' competitive advantages, differentiation, long-term growth prospects, and exceptional people. As a result, the Fund has outperformed its Benchmark for the 1-, 3-, 5-, 10-, and 15-year periods, as well as since its inception on May 31, 1996. Since its inception as a private partnership more than 27 years ago, the Fund has increased 13.35% annualized. This compares to an 8.04% annualized return for the Benchmark and a 9.39% annualized return for the S&P 500 Index.

The underperformance in the fourth quarter was partly due to our **Financials** investments. Financials businesses represented 16.7% of the Fund's net assets compared to 8.5% for the Benchmark. While these companies continued to perform well, investor expectations for the Fed to begin lowering rates this year negatively impacted their stock price performance. We believe these businesses can continue to grow in a declining rate environment. That is because their recurring revenue, fee-oriented businesses have strong pricing power and high client retention rates.

Several of our Real/Irreplaceable Assets and Disruptive Growth holdings also declined in the period, accounting for the remainder of our underperformance. **Marriott Vacations Worldwide Corporation** and **Rivian Automotive, Inc.** penalized the Fund's results in the quarter, and we sold out of these positions. **Choice Hotels International, Inc.**, **BioNTech SE**, and **Tesla, Inc.** also declined in the period.

Hotel franchisor Choice declined 7.5% and hurt performance by 19 bps. Choice's proposed hostile takeover of Wyndham Hotels pressured shares because it would increase leverage that could take two to three years to pay down. Regardless, we think the acquisition would benefit Choice and Wyndham since increased scale would enable franchisees to pay lower fees to online travel agencies, increase revenue via a larger loyalty program, and generate higher royalty rates given better revenue management tools. Choice's shares are now trading at historically attractive levels, and we believe the stock is likely to increase if this transaction is not consummated.

BioNTech declined 12.2% in the fourth quarter and hurt performance by 20 bps. The company, a leader in the mRNA drug industry, was hurt in the quarter by lower uptake of its mRNA COVID vaccine as fewer people took the new vaccine. This has resulted in lower revenue and cash flow this year, but the company's strong pipeline of new oncology and infectious disease drugs over the next couple of years remains promising. The company is profitable and is generating strong cash flow. At current valuations, 70% of the company's equity value is cash. Accordingly, we believe investors are getting its pipeline for free at current price levels.

Our large position in Tesla was down modestly in the period, detracting 28 bps from performance. Tesla designs, manufactures, and sells electric vehicles, related software and components, and solar and energy storage products. The stock detracted as the core automotive segment remained under pressure due to a complex macroeconomic environment, higher interest rates, factory shutdowns, and Tesla's price reductions throughout the year, presenting pressure on the near-term growth and margin profile. Nonetheless, Tesla continued to generate sufficient gross profit to support a robust product development plan that can propel the automotive segment higher over time. Tesla also started to deliver its highly anticipated Cybertruck, its first pickup truck with a tremendous amount of consumer interest and a slew of new technologies within the car and its manufacturing lines. The refreshed Model 3 also seems to be generating strong demand while improving unit-level economics. Lastly, while early, investors now expect Tesla to benefit from its investment in artificial intelligence (AI) through development of autonomous driving technology Dojo (an AI training computer), autobidder (an automated energy trading platform), and humanoid (a human-like robot).

The one group that outperformed the Benchmark in the fourth quarter was Core Growth, owing mostly to strong gains from **IDEXX Laboratories, Inc.** and **Guidewire Software, Inc.**

Veterinary diagnostics leader IDEXX appreciated 26.9% in the period, contributing 34 bps to performance. While foot traffic to veterinary clinics in the U.S. has been subdued for the past year, IDEXX's excellent execution has enabled the company to continue delivering robust financial results. Traffic to clinics now appears to be rebounding, and we expect this to lead to accelerated revenue growth. We believe IDEXX's competitive trends are outstanding, and we expect new proprietary innovations to contribute to growth in 2024 and beyond. We see increasing evidence that long-term secular trends around pet ownership and pet care spending have been structurally accelerated, which should help support IDEXX's long-term growth rate.

Property and casualty (P&C) insurance software vendor Guidewire was up 21.2% for the quarter, adding 85 bps to performance. After a multi-year transition period, we believe the company's cloud transition is substantially complete. We believe that cloud will be the sole path forward, with annual recurring revenue (ARR) benefiting from new customer wins and migrations of the existing customer base to InsuranceSuite Cloud. We also expect the company to shift R&D resources to product development from infrastructure investment, which will help to drive cross-sales into its sticky installed base and potentially accelerate ARR over time. We are also encouraged by Guidewire's subscription gross margin expansion, which improved by approximately 1,600 bps in its most recently reported quarter. We believe that 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%.

Table II.
Total returns by category for the quarter ended December 31, 2023

	% of Net Assets (as of 12/31/2023)	Total Return (%)	Contribution to Return (%)
Core Growth	**22.5**	**13.92**	**3.12**
IDEXX Laboratories, Inc.	1.4	26.94	0.34
Krispy Kreme, Inc.	3.3	21.39	0.67
Guidewire Software, Inc.	4.3	21.16	0.85
Illumina, Inc.	2.1	17.99	0.41
CoStar Group, Inc.	4.2	13.66	0.61
Birkenstock Holding plc	1.6	6.53	0.11
Verisk Analytics, Inc.	2.9	1.25	0.04
On Holding AG	2.9	–2.04	0.09
Russell 2500 Growth Index		**12.59**	
Disruptive Growth	**36.0**	**12.06**	**3.97**
Shopify Inc.	2.0	42.75	0.75
Space Exploration Technologies Corp.	9.4	29.53	2.41
ANSYS, Inc.	2.6	21.96	0.46
Spotify Technology S.A.	3.7	21.56	0.88
FIGS, Inc.	3.0	17.80	0.54
Tesla, Inc.	11.4	–0.70	–0.28
Iridium Communications Inc.	2.2	–9.23	–0.35
BioNTech SE	1.6	–12.19	–0.20
Rivian Automotive, Inc.	–	–19.48	–0.23
Real/Irreplaceable Assets	**24.2**	**10.34**	**2.48**
Red Rock Resorts, Inc.	3.8	30.72	0.95
Alexandria Real Estate Equities, Inc.	1.6	27.90	0.40
Hyatt Hotels Corporation	4.9	23.10	1.07
MGM Resorts International	1.7	21.55	0.36
Douglas Emmett, Inc.	1.6	15.11	0.23
Las Vegas Sands Corporation	1.0	11.84	0.12
American Homes 4 Rent	0.6	7.38	0.05
Manchester United plc	1.8	3.18	0.05
Vail Resorts, Inc.	4.3	–1.90	–0.04
Choice Hotels International, Inc.	3.0	–7.45	–0.19
Marriott Vacations Worldwide Corporation	–	–28.59	–0.53
Financials	**16.7**	**2.08**	**0.43**
Jefferies Financial Group Inc.	0.8	11.31	0.08
MSCI Inc.	3.8	10.55	0.37
FactSet Research Systems Inc.	4.5	9.33	0.45
Interactive Brokers Group, Inc.	2.7	–4.10	–0.16
Arch Capital Group Ltd.	5.0	–6.82	–0.31
Cash	**0.5**	**–**	**0.01**
Fees	**–**	**–0.28**	**–0.28**
Total	**100.0***	**9.72****	**9.72****

Sources: FactSet PA, Baron Capital, 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 December 31, 2023

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
Space Exploration Technologies Corp.	2017	$ –	$ –	29.53%	2.41%
Hyatt Hotels Corporation	2009	4.2	13.5	23.10	1.07
Red Rock Resorts, Inc.	2017	2.6	5.6	30.72	0.95
Spotify Technology S.A.	2020	45.4	37.3	21.56	0.88
Guidewire Software, Inc.	2013	2.7	8.9	21.16	0.85

Space Exploration Technologies Corp. (SpaceX), a high-profile private company founded by Elon Musk, designs, manufactures, and launches rockets and satellites. Shares contributed to performance in the wake of another record-breaking year. The company closed 2023 with a record 96 Falcon rocket launches, nearly twice a week on average, substantially more than the 61 launches in 2022 and surpassing all its private and government program peers. Starlink, SpaceX's satellite constellation, also achieved remarkable milestones, including operating over 5,500 satellites, the majority of active satellites in space, and now providing connectivity services to 2.3 million active customers, more than doubling its customer base during the year. Starship, SpaceX's groundbreaking new rocket, successfully performed its second test flight this quarter. Over time, SpaceX expects Starship to both reduce costs and expand the company's operational capabilities, including supporting SpaceX's long-term goal to enable human beings to inhabit Mars. We value SpaceX using a proprietary valuation model and recent financing transactions, which trended positively even through a more complex funding environment.

Shares of global hotelier **Hyatt Hotels Corporation** increased in the quarter. The company reported strong demand across its portfolio, led by robust leisure travel and improvement in its business transient and group business that is now pacing above pre-COVID levels. Room rate increases are generating solid margins and cash flow. In our view, Hyatt's sound, underleveraged balance sheet keeps it well positioned should we enter a possible downturn in 2024. The hotel transaction market is improving, and the company has two properties for sale that should close in early 2024. At that time more than 80% of revenue will be generated from fees with the remainder from owned assets. We also believe these transactions should help boost the stock's multiple over time.

Shares of **Red Rock Resorts, Inc.,** a casino operator in the Las Vegas Locals market, increased on the opening of its new Durango casino in early December. The company reported strong initial visitation and spend levels without cannibalization at its other properties. Red Rock expects the casino to generate profits from its first day of operation and projects a 20% annualized return on capital its $800 million investment by 2026. The company has 300 acres of gaming-entitled land in the Las Vegas Locals market to develop and expects to double its current EBITDA levels by the end of the decade while funding all new developments internally with cash flow. We believe its stock remains very attractively valued at current levels.

Table IV.
Top detractors from performance for the quarter ended December 31, 2023

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap or Market Cap When Sold (billions)	Total Return	Percent Impact
Marriott Vacations Worldwide Corporation	2022	$ 5.5	$ 2.6	–28.59%	–0.53%
Iridium Communications Inc.	2014	0.6	5.1	–9.23	–0.35
Arch Capital Group Ltd.	2003	0.9	27.7	–6.82	–0.31
Tesla, Inc.	2014	31.2	789.9	–0.70	–0.28
Rivian Automotive, Inc.	2023	19.2	18.6	–19.48	–0.23

Shares of timeshare company **Marriott Vacations Worldwide Corporation** fell in the quarter, driven by soft sales of timeshare units due to higher interest rates and the slow ramp of a new product offering. A default rate that was higher than the company had anticipated forced it to take a charge to increase its reserves, pressuring earnings and cash flow. We opted to exit our position due to the increased stress on its consumer base and a resulting increase in financial leverage, which we found inappropriate for a focused fund.

Iridium Communications Inc. is a mobile voice and data communications services vendor offering global coverage via satellite. In 2022, Iridium announced an agreement with Qualcomm to incorporate Iridium's technology into Qualcomm's Snapdragon chip, allowing devices to seamlessly connect to both cellular and satellite networks. In a surprise turn of events, Qualcomm backed out of the partnership in November 2023. The decision shook investors' confidence in Iridium's direct-to-device opportunity. We retain conviction. Iridium remains a unique satellite owner and operator, with L-band spectrum, years of operational experience, relatively new satellite hardware, and hundreds of partners across verticals and geographies. In addition, management announced a commitment of $3 billion in return to shareholders between 2023 and 2030, representing a material portion of the current enterprise value.

Shares of specialty insurer **Arch Capital Group Ltd.** gave up some gains in the fourth quarter after solid performance for most of the year. We believe the share price weakness was primarily due to a sector rotation away from defensive stocks to more speculative stocks following a decline in interest rates. Company fundamentals remained strong, with net premiums written growing 23%, operating ROE expanding to 25%, and book value per share rising 30% in the third quarter. Management expects favorable market conditions will persist. We continue to own Arch due to its experienced and talented management team and our expectation of solid growth in earnings and book value.

Investment Strategy & Portfolio Structure

We remain steadfast in our commitment to long-term investing in competitively advantaged growth businesses. We believe these investments are an effective way to protect and increase the purchasing power of your savings. Wars, pandemics, financial panics, higher-than-normal inflation, and interest rate increases can cause significant market declines, but when these negative influences abate, and interest rates stabilize and decline, stock prices can increase substantially. We believe this will happen again, although the timing remains uncertain.

As of December 31, 2023, we owned 31 investments. The Fund's average portfolio turnover for the past three years was 24.5%. This means the Fund has an average holding period for its investments of approximately four years. The average mid-cap growth mutual fund typically turns over its entire portfolio every 17 months. From a quality standpoint, the Fund's investments have stronger sales growth, higher EBITDA, operating, and free-cash-flow margins, and stronger returns on invested capital than the Benchmark. We believe these metrics help limit risk in this focused portfolio.

While focused, the Fund is diversified by sector. The Fund's weightings are significantly different than those of the Benchmark. For example, we are heavily weighted to Consumer Discretionary businesses with 40.9% of net assets in this sector versus 13.4% for the Benchmark. We have no exposure to Energy, Materials, or Utilities. We believe companies in these sectors can be cyclical, linked to commodity prices, and/or have very little if any competitive advantage. This compares to the Benchmark that had 8.8% exposure to these sectors. We also have lower exposure to Health Care stocks at 5.1% for the Fund versus 21.0% for the Benchmark. The performance of many stocks in the Health Care sector can change quickly due to exogenous events or binary outcomes (e.g., biotechnology and pharmaceuticals). As a result, we do not invest a large amount in these stocks in this focused portfolio. In Health Care, we invest in competitively advantaged companies such as our positions in **IDEXX Laboratories, Inc.**, the leading provider of diagnostics to the veterinary industry, **BioNTech SE**, the leader in mRNA drugs, and **Illumina, Inc.**, the leader in DNA sequencing instruments and consumables. The Fund is further diversified by investments in businesses at different stages of growth and development.

Table V.
Disruptive Growth Companies as of December 31, 2023

	Percent of Net Assets	Year Acquired	Cumulative Return Since Initial Purchase
Tesla, Inc.	11.4%	2014	1,388.4%
Space Exploration Technologies Corp.	9.4	2017	601.4
Spotify Technology S.A.	3.7	2020	–21.5
FIGS, Inc.	3.0	2022	–24.1
ANSYS, Inc.	2.6	2022	49.0
Iridium Communications Inc.	2.2	2014	510.5
Shopify Inc.	2.0	2022	123.8
BioNTech SE	1.6	2023	1.5

Disruptive Growth firms accounted for 36.0% of the Fund's net assets. On current metrics, these businesses may appear expensive; however, we think they will continue to grow significantly and, if we are correct, they have the potential to generate exceptional returns over time. Examples of these companies include electric vehicle leader **Tesla, Inc.**, commercial satellite and launch company **Space Exploration Technologies Corp.**, and audio streaming service provider **Spotify Technology S.A.** These companies all have large, underpenetrated addressable markets.

Table VI.
Investments with Real/Irreplaceable Assets as of December 31, 2023

	Percent of Net Assets	Year Acquired	Cumulative Return Since Initial Purchase
Hyatt Hotels Corporation	4.9%	2009	377.3%
Vail Resorts, Inc.	4.3	2013	327.8
Red Rock Resorts, Inc.	3.8	2017	188.3
Choice Hotels International, Inc.	3.0	2010	464.9
Manchester United plc	1.8	2022	–3.9
MGM Resorts International	1.7	2023	1.3
Douglas Emmett, Inc.	1.6	2022	–2.8
Alexandria Real Estate Equities, Inc.	1.6	2022	–9.2
Las Vegas Sands Corporation	1.0	2023	8.5
American Homes 4 Rent	0.6	2018	86.3

Companies that own what we believe are **Real/Irreplaceable Assets** represented 24.2% of net assets. **Vail Resorts, Inc.**, owner of the premier ski resort portfolio in the world, **Hyatt Hotels Corporation**, upscale lodging brand, and **Red Rock Resorts, Inc.**, the largest player in the Las Vegas Locals casino gaming market, are examples of companies we believe possess meaningful brand equity and barriers to entry that equate to pricing power.

Table VII.
Core Growth Investments as of December 31, 2023

	Percent of Net Assets	Year Acquired	Cumulative Return Since Initial Purchase
Guidewire Software, Inc.	4.3%	2013	135.9%
CoStar Group, Inc.	4.2	2014	308.4
Krispy Kreme, Inc.	3.3	2021	8.8
On Holding AG	2.9	2023	–15.4
Verisk Analytics, Inc.	2.9	2022	39.1
Illumina, Inc.	2.1	2023	19.1
Birkenstock Holding plc	1.6	2023	21.2
IDEXX Laboratories, Inc.	1.4	2022	25.8

Core Growth investments, steady growers that continually invest in their businesses for growth and return excess free-cash-flow to shareholders, represented 22.5% of net assets. An example would be **CoStar Group, Inc.**, a marketing and data analytics provider to the real estate industry. The company continues to add new services in commercial and residential 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.

Table VIII.
Financials Investments as of December 31, 2023

	Percent of Net Assets	Year Acquired	Cumulative Return Since Initial Purchase
Arch Capital Group Ltd.	5.0	2003	1,939.8%
FactSet Research Systems Inc.	4.5	2008	999.3
MSCI Inc.	3.8	2021	–11.6
Interactive Brokers Group, Inc.	2.7	2023	4.0
Jefferies Financial Group Inc.	0.8	2023	35.1

Financials investments accounted for 16.7% of the Fund's net assets. These businesses generate strong recurring earnings through subscriptions and premiums that generate highly predictable earnings and cash flow. These 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.**

Portfolio Holdings

As of December 31, 2023, the Fund's top 10 holdings represented 55.6% of net assets. Most 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 **FactSet Research Systems 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 December 31, 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	$789.9	$152.8	11.4%
Space Exploration Technologies Corp.	2017	–	–	126.1	9.4
Arch Capital Group Ltd.	2003	0.9	27.7	66.8	5.0
Hyatt Hotels Corporation	2009	4.2	13.5	65.2	4.9
FactSet Research Systems Inc.	2008	2.5	18.1	59.6	4.5
Vail Resorts, Inc.	2013	2.3	8.1	57.6	4.3
Guidewire Software, Inc.	2013	2.7	8.9	57.4	4.3
CoStar Group, Inc.	2014	6.2	35.7	55.5	4.2
MSCI Inc.	2021	53.9	44.7	50.9	3.8
Red Rock Resorts, Inc.	2017	2.6	5.6	50.2	3.8

Recent Activity

In the fourth quarter, we initiated a new position in **Illumina, Inc.**, the leader in next-generation DNA sequencing, after the stock fell 45% earlier in the year. Controversy regarding the company's acquisition and disposition of Grail with its cancer diagnostic test is the reason Illumina's share price performed poorly. With Illumina's products, customers perform life science research, run diagnostic tests, treat cancer, and perform noninvasive prenatal testing, among other applications. Customers include leading genomic research centers, academic institutions, government laboratories, and hospitals. Illumina has a $120 billion addressable market opportunity through oncology testing, genetic disease testing, prenatal testing, and scientific research and analysis. Its sales are currently about $4.5 billion. The company generates high margins and cash flow and is currently accelerating its investments in the business. We believe Illumina can grow its revenue at a double-digit rate, and its EBITDA even faster.

Outlook

We believe the shares of many of our portfolio investments already reflect overly pessimistic earnings estimates for 2024. 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 believe investors will see significant near-term upside in the portfolio. We believe our stocks are cyclically depressed, not secularly challenged, and see further upside over the next 12 to 18 months. So far, most of our portfolio holdings have not experienced a slowdown in sales or earnings growth, and their outlooks remain strong. In addition, we believe that even if a downturn were to occur, our portfolio companies would still be operating above pre-pandemic levels. These businesses' balance sheets have been strengthened compared to pre-COVID levels, and we believe they remain well positioned to weather a downturn should one occur.

Thank you for investing with us 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 1-800-99-BARON or visiting 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 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.

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. **Enterprise value (EV)** is a measure of a company's total value, often used as a more comprehensive alternative to equity market capitalization. EV includes in its calculation the market capitalization of a company but also short-term and long-term debt as well as any cash on the company's balance sheet.

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

Dear Baron International Growth Fund Shareholder:

Performance

Baron International Growth Fund® (the Fund) gained 7.78% (Institutional Shares) during the final quarter of 2023, while its primary benchmark index, the MSCI ACWI ex USA Index (the Benchmark), rallied 9.75%. The MSCI ACWI ex USA IMI Growth Index (the Proxy Benchmark) added 10.99% for the quarter. For the full-year 2023, the Fund appreciated 7.60% while the Benchmark rallied 15.62% and the all-cap growth Proxy Benchmark gained 14.04%. The Fund underperformed the Benchmark and the Proxy Benchmark during the final quarter and the full-year periods. In recent quarters, we have highlighted that we were likely passing through *peak hawkishness*, with better days ahead for the relative performance of non-U.S. equities. Early in the fourth quarter, an increasingly restrictive rise in real yields and slowing U.S. employment and inflation momentum, triggered a re-evaluation of likely U.S. Federal Reserve (the Fed) policy, which the Fed soon confirmed by suggesting its hiking cycle was complete. The Fed also surprised markets by communicating that rate cuts would likely occur sooner and in greater magnitude than investors expected. While we previously believed that the Fed would be too backward-looking and too patient to meaningfully pivot, thereby raising the likelihood of global recession, we were impressed with its more flexible and forward-looking reaction. In short, bond yields and financial conditions reacted swiftly, pricing in rate cuts and easing liquidity conditions. While markets cheered the pivot, evidenced by the largest quarterly gain in global equities in the past 3 years, we believe this event also likely foreshadows the end of the 14-year U.S. dollar bull market, and will usher in a cycle of relative outperformance by non-U.S. equities. While we suspect financial markets may have moved a bit too far, too fast, and some consolidation of gains and market volatility will follow, we believe the time has come for investors to rebalance portfolios in favor of international and emerging market (EM) equities. Of course, we remain confident that our diversified portfolio of well-positioned and well-managed companies will capitalize on their attractive growth potential over the coming years.

MICHAEL KASS

PORTFOLIO MANAGER

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

Table I.
Performance
Annualized for periods ended December 31, 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]	7.69%	7.78%	9.75%	10.99%
One Year	7.33%	7.60%	15.62%	14.04%
Three Years	(5.15)%	(4.91)%	1.55%	(2.58)%
Five Years	7.53%	7.79%	7.08%	7.52%
Ten Years	4.92%	5.18%	3.83%	4.60%
Fifteen Years and Since Inception (December 31, 2008)	8.67%	8.94%	6.74%	7.49%

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, 2034, 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 baronfunds.com or call 1-800-99-BARON.

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

For 2023, we underperformed the Benchmark, as well as our all-cap international growth Proxy Benchmark. Much of our underperformance was primarily attributable to a handful of investments (**Meyer Burger Technology AG**, **Cirata plc**, and **S4 Capital plc**) that suffered material price corrections during the year. While we acknowledge 2023 to be a disappointing and difficult year, we believe it was an anomaly given the aggregate impact of the positions that moved against us after idiosyncratic events. We cannot recall such a portfolio event in the 15 years of managing the Fund. From a sector or theme perspective, adverse stock selection effect in the Information Technology (IT) sector, driven by select positions in our sustainability/ESG theme (**Meyer Burger Technology AG**), digitization theme (**Cirata plc**), and China value-added theme (**Glodon Company Limited** and **Kingdee International Software Group Company Limited**), was the largest detractor to relative performance for the year. In addition, poor stock selection in the Industrials sector, primarily attributable to holdings in our sustainability/ESG theme (**Befesa S.A.** and **Ceres Power Holdings plc**), digitization theme (**Full Truck Alliance Co. Ltd.** and **MonotaRO Co., Ltd.**), and Japan staffing theme (**SMS Co., Ltd.**) also weighed on relative results. Finally, weak stock selection effect in the Materials sector, relating once again to investments in our sustainability/ESG theme also adversely impacted relative performance. Partially offsetting the above, solid stock selection across multiple themes within Consumer Discretionary (**eDreams ODIGEO SA**, **Industria de Diseno Textil, S.A.**, **Trent Limited, B&M European Value Retail S.A.**, and **Afya limited**) and Consumer Staples (**ODDITY Tech Ltd.** and **Dino Polska S.A.**) was a positive contributor to relative performance during the year.

From a country perspective for calendar year 2023, poor stock selection effect in the U.K., Switzerland, the Netherlands, France, and China, primarily attributable to the above-mentioned investments, drove the majority of relative underperformance. In our view, the weakness in China was due to the general lack of a material earnings recovery after China terminated its zero-COVID policy in late 2022. The ongoing liquidity strain in China's property sector and geopolitical friction also weighed on broad economic growth and investor sentiment. Partially offsetting the above was solid stock selection effect in Canada, Japan, and Israel along with positive allocation effect in Poland. In addition, favorable allocation effect together with strong stock selection in Spain and India also bolstered relative results.

For the fourth quarter, we underperformed the Benchmark, as well as our Proxy Benchmark. Adverse stock selection effect across multiple themes within the Financials, Health Care, IT, and Materials sectors was the key detractor to relative results. Partly offsetting the above was favorable stock selection in the Consumer Staples and Consumer Discretionary sectors, primarily driven by some of our digitization and EM consumer related investments. From a country perspective, poor stock selection effect in the Netherlands and Switzerland was the key detractor to relative performance during the quarter. We enter 2024 cautiously optimistic and believe the portfolio is well positioned to begin recovering lost ground.

Table II.
Top contributors to performance for the quarter ended December 31, 2023

	Percent Impact
eDreams ODIGEO SA	0.56%
ODDITY Tech Ltd.	0.48
Constellation Software Inc.	0.46
Dino Polska S.A.	0.46
Taiwan Semiconductor Manufacturing Company Limited	0.36

EDreams ODIGEO SA is an online travel agency based in Spain that offers a subscription-based travel savings program for flights and hotels. Shares were up in the fourth quarter, as the company had strong net additions to its Prime subscription program and showed leverage from Prime in its financial results, getting closer towards fiscal year 2025 targets. EDreams has improved its fundamental positioning with a total of 5.1 million subscribers and has demonstrated its relative competitive strength in Europe. The product roadmap should also materially improve the customer value proposition, with the addition of hotels (particularly in Europe's fragmented hotel landscape) and generative artificial intelligence (AI) improvements, which the team has been working on for years. Given the strong customer acquisition, impressive pipeline of new products, and plans for the attractive hotel market, we retain conviction in the long-term opportunity.

ODDITY Tech Ltd. seeks to transform the beauty and wellness market by using proprietary technologies to sell exclusively online. ODDITY sits at a unique intersection among the beauty/wellness, technology, and health care technology spaces. The company is comprised of two brands: IL MAKIAGE, a prestige cosmetics brand; and SpoiledChild, a prestige wellness brand selling skincare, hair care, and supplements. Shares increased after the company announced quarterly results ahead of pre-reported guidance and increased fiscal year 2023 guidance as a result of repeat purchase behavior that was stronger than the company had forecast. Investors were further encouraged by credit card data indicating continued robust performance in the fourth quarter. ODDITY is well positioned to deliver strong, profitable growth as a result of its use of AI and machine learning to drive customer conversion and repeat purchase behavior and capitalize on the consumer shift toward e-commerce in categories that have historically relied on the wholesale model and high-touch retail environments. We remain optimistic regarding ODDITY's long-term opportunity.

Constellation Software Inc., a holding company that owns and operates a large number of vertical-market software businesses, contributed positively to performance. The company reported good quarterly earnings results and continued to execute well on M&A. We retain conviction that Constellation can continue to compound free cash flow per share at a solid rate, and, while the company is not immune to macro conditions, it benefits from a healthy balance sheet, strong profitability and free cash flow generation, and a diversified end-market composition.

Table III.
Top detractors from performance for the quarter ended December 31, 2023

	Percent Impact
Meyer Burger Technology AG	–0.77%
argenx SE	–0.72
AMG Critical Materials N.V.	–0.26
Ceres Power Holdings plc	–0.22
Yum China Holdings Inc.	–0.15

Meyer Burger Technology AG is a Switzerland-based supplier of solar modules. Shares were down due to challenging market conditions in Europe and delays in regulatory support, which prompted the company to halt the expansion of its German solar cell factory and move production equipment to the U.S. In addition, the German government announced plans to cut solar energy spending in response to a federal court ruling on budget limits. We retain conviction in Meyer Burger as a long-term beneficiary of greater localization of energy supply chains and reduced global reliance on China. Meyer Burger's next-generation heterojunction solar modules are more efficient, resulting in premium prices and much higher margins. The company is also seeing strong order momentum as it ramps up capacity at its U.S. facilities, supported by long-term off-take agreements with key customers. The U.S. Inflation Reduction Act, which provides incentives to manufacture solar modules and cells in the U.S., also provides an additional long-term growth catalyst.

Argenx SE is a biotechnology company focused on autoimmune disorders. Shares fell in the quarter on the back of failed clinical trials in immune thrombocytopenic purpura and pemphigus vulgaris that called into question the applicability of the FcRn treatment landscape. While the exact nature of these data sets is nuanced, in our view, there are now new questions for the FcRn space that have not existed for years. On the positive side, the strong launch of Vyvgart, with early sales tripling consensus expectations and global approvals coming earlier than guided, should continue to drive quite attractive revenue growth, and justifies the current valuation based on cash flow analysis. We expect 2024 to be another year of solid performance, with many catalysts including readouts in myositis, Sjogren's syndrome, multifocal motor neuropathy, and argenx's subcutaneous formulation launch.

AMG Critical Materials N.V. is a European specialty metals and minerals company. Shares fell due to a miss in third quarter earnings and lowered full-year guidance driven by the decline in lithium and vanadium prices principally as a result of weaker demand in China. We retain conviction. The company has a captive customer base with long-term contracts in the energy, transportation, infrastructure, specialty metals, and chemicals industries. Demand for its services is driven by environmental regulations to reduce hazardous waste. 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 commissioning 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 higher and more stable margin profile for this business.

Portfolio Structure

Table IV.
Top 10 holdings as of December 31, 2023 – Developed Countries

	Percent of Net Assets
Linde plc	2.8%
eDreams ODIGEO SA	2.6
Constellation Software Inc.	2.4
argenx SE	2.3
Arch Capital Group Ltd.	2.1
AstraZeneca PLC	2.1
Industria de Diseno Textil, S.A.	1.9
BNP Paribas S.A.	1.7
Renesas Electronics Corporation	1.7
Pernod Ricard SA	1.6

Table V.
Top five holdings as of December 31, 2023 – Emerging Countries

	Percent of Net Assets
Taiwan Semiconductor Manufacturing Company Limited	2.0%
InPost S.A.	1.9
HD Korea Shipbuilding & Offshore Engineering Co., Ltd.	1.3
Suzano S.A.	1.3
Dino Polska S.A.	1.3

Table VI.
Percentage of securities in Developed Markets as of December 31, 2023

	Percent of Net Assets
Japan	13.4%
United Kingdom	10.9
France	7.3
Netherlands	6.5
Spain	5.0
Switzerland	3.5
United States	3.5
Canada	3.4
Israel	2.9
Germany	2.9
Denmark	2.0
Sweden	1.2
Ireland	0.9
Italy	0.9
Hong Kong	0.6
Norway	0.6

Table VII.
Percentage of securities in Emerging Markets as of December 31, 2023

	Percent of Net Assets
India	9.5%
China	5.9
Brazil	4.6
Korea	3.9
Poland	3.2
Taiwan	2.0
Mexico	0.9
Peru	0.7

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 fourth quarter of 2023, the Fund's median market cap was $14.7 billion. We were invested 64.8% in large- and giant-cap companies, 20.7% in mid-cap companies, and 10.6% in small- and micro-cap companies, as defined by Morningstar, with the remainder in cash.

Recent Activity

During the fourth quarter, we added a handful of new investments toward existing themes, while also increasing exposure to several positions that we established in earlier periods. We continue our endeavor to add to our highest conviction ideas.

We added to our biotechnology/diagnostics theme by building a position in **Novo Nordisk A/S**, a global pharmaceutical company. Novo Nordisk develops and commercializes leading GLP-1 drugs, representing approximately 75% of revenues, that are used in the treatment of diabetes and obesity, and it is one of the two leaders in the space. The latest generation of Novo Nordisk's GLP-1 drugs (brand names Ozempic/Wegovy) offers superior blood sugar control in diabetics, while also driving up to 15% weight loss and improving cardiovascular outcomes in both diabetics and non-diabetic obese patients alike. Beyond Ozempic/Wegovy, the company continues to develop next generation metabolic drugs, including CagriSema, which can support up to 25% weight loss with a potential launch in 2027. We estimate that in the U.S. alone, there are roughly 32 million Type 2 diabetics and an additional 105 million obese patients who would qualify for GLP-1 drugs. Today only 14% of Type 2 diabetics and a mere 1% of obese patients are currently on GLP-1 medication. Although manufacturing supply and access is limited in the near term, we believe GLP-1 drugs will become the standard of care for both diabetes and obesity and will become a $150 billion-plus market opportunity. We see Novo Nordisk as a leader in the space, setting a high efficacy bar with their GLP-1 drugs and capturing significant long-term market share. In our view, the adoption of GLP-1s will enable Novo Nordisk to double its revenues by 2030.

During the quarter, we initiated an investment in **CyberArk Software Ltd.**, a leading identity security platform with a primary focus on privileged access management (PAM). The company's PAM technology prevents bad actors from stealing and exploiting the credentials of superuser accounts such as IT administrators, cybersecurity managers, and network administrators. CyberArk has successfully leveraged its industry leading position (about 20% market share in PAM) to expand into large complementary verticals such as identity and access management (authentication of a company's employees and vendors), secrets management (detection of credentials used for machine-to-machine communications), and endpoint management. These newer solutions now account for over 45% of annual subscription recurring revenue, drive significant price increases, and are currently growing over 100% year-over-year. CyberArk is also making good progress in its business model transition from on-premise (one-time perpetual license payment plus some recurring maintenance payments) to a recurring subscription revenue model. The new model expands the company's addressable market, enables it to cross-sell products more efficiently, increases the lifetime value of its customers, and improves revenue predictability. Subscriptions account for more than 95% of bookings, and annualized recurring revenue has been growing over 35% for the past several quarters. As subscription contracts come up for renewal in the next two to three years, we expect cash flow margins to increase from mid-single digits today to CyberArk's healthy historical margin levels of over 20%. Long term, the combination of resilient end-market growth, better recurring revenue mix, and margin expansion should bode well for the stock.

We increased exposure to our fintech disruption theme by initiating a position in **Nu Holdings Ltd.**, a Latin American digital bank with operations in Brazil, Mexico, and Colombia. Nu was founded in 2014, and its core mission is to provide Brazilian consumers with better and more convenient access to financial products. The financial services industry in Brazil has historically operated as an oligopoly, where the top five banks control a large share of assets and deposits. This has led to high prices, poor customer service, and limited access to basic products such as credit for the mass market. Nu is disrupting this market via its digital distribution and intense focus on customer experience, which has enabled it to reach over 80 million registered users (almost half of the Brazilian adult population) with little investment in marketing. In our view, Nu has four key competitive advantages: a user-friendly, technology-driven platform; a track record of conservative credit underwriting; a low-cost funding base consisting mainly of retail deposits; and a solid and recognized brand name. Earlier this year, the company swung to profitability as operating leverage is beginning to play out. Nu has been scaling its credit business rapidly and has already gained a 10% share of Brazil's credit card market. The company's recent launch in Mexico and Colombia also expands its addressable market and adds to its long-term growth visibility. Additionally, we believe Nu's ROE will expand from 10% currently to 25% or 30% in the medium term. This will be driven by scale gains, as revenue growth begins to exceed expense growth, and balance sheet optimization, as its asset mix and operating leverage improve. Ultimately, we are confident the combination of strong growth and ROE improvement will drive stock outperformance for many years to come.

During the quarter, we also added to our digitization theme by initiating an investment in **PDD Holdings Inc.**, a leading Chinese e-commerce platform. Founded in 2015, the company has emerged as China's second largest e-commerce player, capturing approximately 20% market share. In our view, PDD's competitive moat lies in its *team purchase* model that facilitates bulk buying through direct partnerships with manufacturers, thereby eliminating intermediaries (e.g., distributors and middlemen) and lowering costs. Key factors driving the company's meteoric growth include rising consumer demand for affordable products in China amid an economic slowdown, small-scale merchants seeking alternatives to Alibaba, and superior management execution. PDD's revenue growth outpaces gross merchandize value growth owing to rising take rates as merchants aggressively compete for consumer traffic on the platform. In our view, PDD should continue to gain market share given its dominance in the value-for-money segment, growing affordable branded product offerings, and high operational efficiency. We believe the company's growth will be further supported by the recent launch of its international e-commerce platform, Temu, which has become one of the fastest growing apps globally. Leveraging China's excess manufacturing capacity, Temu has strong negotiating power with domestic suppliers and attracts global consumers with competitively priced products. Temu's recent initiatives to improve unit economics, coupled with achieving variable breakeven in the sizable U.S. market, showcase management's skill and commitment to sustained growth. We expect PDD to at least double its earnings and free cash flow in the next three years, with the potential for continued compounding thereafter.

Finally, we added to several of our existing positions during the quarter, most notably **ODDITY Tech Ltd.**, **Watches of Switzerland Group PLC**, **Japan Exchange Group, Inc.**, **Samsung Electronics Co., Ltd.**, **Jio Financial Services Limited**, **Baidu, Inc.**, **Eurofins Scientific SE**, and **Meyer Burger Technology AG**.

In our endeavor to concentrate our holdings where we have highest conviction in quality and return potential, during the quarter, we also exited a few positions, including **StoneCo Ltd.**, **Samsung SDI Co., Ltd.**, **Galaxy Entertainment Group Limited**, and **Cirata plc**.

Outlook

In our third quarter letter, we suggested that signs of deteriorating U.S. economic and earnings visibility and a peak in bond yields were a likely prerequisite to the inflection point in relative performance in favor of international and EM equities that we believe will ultimately occur. Early in the fourth quarter, an increasingly restrictive rise in real yields, and slowing employment and inflation momentum, triggered a re-evaluation of likely Fed policy, which the Fed soon confirmed by suggesting its hiking cycle was complete. The Fed also surprised markets by communicating that rate cuts would likely occur sooner and in greater magnitude than investors expected. While we previously believed that the Fed would be too backward-looking and too patient to meaningfully pivot, thereby raising the likelihood of recession, we were impressed with its more flexible and forward-looking reaction. In short, bond yields and financial conditions reacted swiftly, pricing in rate cuts and easing liquidity conditions. Thus, in early November the Fed meaningfully increased the likelihood of a soft landing, in effect declaring that it is shifting its attention from pure inflation fighting to a dual-mandate and a desire to balance growth and inflation. While markets cheered the pivot, evidenced by the largest quarterly gain in global equities in the past 3 years, we believe this event also likely foreshadows the end of the 14-year U.S. dollar bull market, and will usher in a cycle of relative outperformance by non-U.S. equities. While we suspect financial markets may have moved a bit too far, too fast, and some consolidation of gains and market volatility will follow, we believe the time has come for investors to rebalance portfolios in favor of international and EM equities.

As we have remarked in recent letters, we believe EM in general, and particularly those economies and companies geared toward the improvement in domestic growth, consumption, and investment that we expect to result from declining interest rates and appreciating currencies, will likely benefit the most from this inflection point in financial conditions and capital flows. In anticipating such an environment, we have increased the Fund's EM exposure during the year, and we enter 2024 with roughly 31% of the Fund's net assets in developing world investments, one of the higher weights in the Fund's history and well above our peers on average. Developed international markets also historically perform favorably, as peaking real interest rates presage a transition from a slowing global economy toward re-acceleration and such markets tend to be more economically and interest rate sensitive, while U.S. equities often lag on a relative basis as they traditionally outperform during the slowdown. We anticipate an extended period of enhanced relative earnings growth potential in most international jurisdictions–essentially a mean reversion or mirror image of the past several years. While we do not view this inflection point as negative per se for absolute earnings growth in the U.S., we do expect outperformance by non-U.S. equities, as current valuations reflect conservative relative earnings expectations, in our view. Historically, the interest rate and bond yield sensitive markets and regions such as Europe, Latin America (particularly Brazil), India, and Southeast Asia are disproportionate beneficiaries, and we believe our portfolio is well positioned to benefit, given our overweight positions in Europe, India, and Latin America/Brazil, and our structural and thematic bias towards domestic consumer, financial, and industrial leaders. In addition, our healthy exposure to mid- and small-cap investments should also shift from a performance headwind to a tailwind in an environment of declining real rates.

Consistent with our view that global markets have reached an important inflection point, we note that EM ex-China, evidenced by the iShares MSCI Emerging Markets ex China ETF, actually outperformed the mighty S&P 500 Index from the recent Fed-driven market low on October 27, 2023 through year end. This ETF also outperformed the *equal-weighted* S&P 500 Index (which helps neutralize the overwhelming impact of the *Magnificent Seven* on the market cap weighted S&P 500 Index) by over 500 basis points for the full-year 2023, which we believe lends credibility to our mean-reversion thesis for the ex-US asset class. Specific to the international markets, we note that performance and sentiment over the past couple of years has been tempered by ongoing skepticism regarding China, particularly given that it has historically had a relatively large weight in the Benchmark. While inconsistent policy signals and geopolitical developments have been frustrating for investors with China exposure and have triggered ongoing capitulation (and caused us to move to a modest underweight exposure in China), we believe that China's policymakers have the tools and capacity to engineer a recovery, and we remain cautiously optimistic that ongoing incremental efforts will render current valuation and skepticism as too conservative. We point to the recently enhanced urban development/social housing programs funded by a large increase in the Pledged Supplemental Lending facility as the most recent example, that likely represents a transition in policy from pure supply-side to a mix of supply- and demand-side support. We believe a mean-reverting recovery in China-related equities would contribute to international equity outperformance.

As mentioned above, we view Brazil and India as particularly well positioned for the environment we see developing; In Brazil, our investments in rate-sensitive consumer (**Localiza Rent a Car S.A.**) and fintech/financial holdings (**XP Inc.**, **Nu Holdings Ltd.**, **B3 S.A. – Brasil, Bolsa, Balcao**), have been performing well since the Fed pivot, and in our view presage improving earnings momentum we discussed above. While several of our India holdings, in particular our consumer, wealth management/consumer finance, and real estate-related holdings (**Trent Limited**, **Godrej Consumer Products Limited**, **Nippon Life India Asset Management Limited**, **JM Financial Limited**, and **Godrej Properties Limited**) have posted stellar recent returns, though they are still only scratching the surface of their long-term potential, in our opinion. We reiterate our view that India, our largest single country overweight exposure, has reached escape velocity after years of implementing a series of productivity-enhancing reforms, and also stands out as a material beneficiary in the evolving global geopolitical environment. While we expect some consolidation of 2023's strong performance, we remain particularly enthusiastic regarding the growth and investment opportunity in this exciting market. Finally, as we detailed in our recent third quarter letter, we remain quite optimistic regarding the improving investment landscape in Japan, and we continue to seek additional high-conviction, long-term investment opportunities in this market.

We continue to believe that international equities are likely emerging from a long cycle of relative underperformance, and 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 1-800-99-BARON or visiting 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.

This report does not constitute an offer to sell or a solicitation of any offer to buy securities of Baron International 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).

DEAR BARON REAL ESTATE FUND SHAREHOLDER:

PERFORMANCE

Baron Real Estate Fund® (the Fund) generated strong performance in 2023, gaining 25.04% (Institutional Shares) for the year ended December 31, 2023.

The Fund's 25.04% gain in 2023 was more than double that of the MSCI US REIT Index (the REIT Index), which rose 12.27%, and it outperformed the MSCI USA IMI Extended Real Estate Index (the MSCI Real Estate Index), which rose 23.09%.

For the most recent three-month period ended December 31, 2023, the Fund increased 18.42%, exceeding the REIT Index's return of 15.60% and the MSCI Real Estate Index's return of 16.90%.

We are pleased to report that as of December 31, 2023, the Fund has received special recognition from Morningstar:

- **#1 real estate fund ranking for each of its 10-year, 5-year, and 1-year performance periods**
- **#1 real estate fund ranking since the Fund's inception on December 31, 2009**

Since inception on December 31, 2009 through December 31, 2023, the Fund's cumulative return of 508.3% exceeds that of the REIT Index and MSCI Real Estate Index, which have increased 196.2% and 334.9%, respectively.

We will address the following topics in this letter:

- Big picture thoughts regarding 2023 and 2024
- The prospects for real estate in the public markets (preview: we remain bullish)
- 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

JEFFREY KOLITCH

PORTFOLIO MANAGER

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

As of 12/31/2023, the Morningstar Real Estate Category consisted of 251, 235, 215, 156, and 182 share classes for the 1-, 3-, 5-, 10-year, and since inception (12/31/2009) periods. Morningstar ranked Baron Real Estate Fund Institutional Share Class in the 1st, 80th, 1st, 1st, and 1st percentiles, respectively. On an absolute basis, Morningstar ranked Baron Real Estate Fund Institutional Share Class as the 1st, 196th, 2nd, 1st, and 2nd best performing share class in its Category, for the 1-, 3-, 5-, 10-year, and since inception periods, respectively.

As of 12/31/2023, Morningstar ranked Baron Real Estate Fund R6 Share Class in the 1st, 79th, 1st, 1st, and 1st percentiles for the 1-, 3-, 5-, 10-year, and since inception periods, respectively. On an absolute basis, Morningstar ranked Baron Real Estate Fund R6 Share Class as the 2nd, 195th, 1st, 1st, and 1st best performing share class in its Category for the 1-, 3-, 5-, 10-year, and since inception 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. Since inception rankings include all share classes of funds in the Morningstar Real Estate Category. Performance for all share classes date back to the inception date of the oldest share class of each fund based on Morningstar's performance calculation methodology.

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BARON FUNDS 1987

Table I.
Performance
Annualized for periods ended December 31, 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]	18.33%	18.42%	16.90%	15.60%
One Year	24.70%	25.04%	23.09%	12.27%
Three Years	3.36%	3.62%	8.58%	5.89%
Five Years	18.01%	18.32%	11.68%	6.15%
Ten Years	9.78%	10.06%	9.11%	6.29%
Since Inception (December 31, 2009) (Annualized)	13.48%	13.76%	11.07%	8.07%
Since Inception (December 31, 2009) (Cumulative)[3]	487.01%	508.28%	334.88%	196.23%

Big Picture Thoughts Regarding 2023 and 2024

One year ago, in our year end 2022 shareholder letter, we stated that we believed 2023 would ultimately emerge as a mirror image of 2022 in that many of the headwinds of 2022 (multi-decade high inflation, a hawkish Federal Reserve policy and corresponding spike in interest rates, and elevated corporate and economic growth) would reverse course and become tailwinds in 2023. We stated that we were optimistic about the full-year prospects for the stock market, public real estate securities, and the Fund. Though there were fits and starts along the way, our expectation for 2023 largely materialized.

As we peer into 2024, we remain optimistic.

Though we are aware that our bullish view appears to be the consensus view and are mindful of possible market headwinds such as an escalation in geopolitical tensions, a reversal in the disinflationary process, and the lag effect of interest rate increases resulting in a sharp slowdown in growth, we are sanguine about the prospects for the stock market for the following reasons:

1. We believe a severe economic slowdown is unlikely to materialize, in part due to still relatively healthy consumer spending and wage growth:
   - The U.S. unemployment rate remains at only 3.7%
   - The demand for labor is strong as there are 1.4 jobs available for every unemployed worker
   - Consumers have purchasing power as wage growth of approximately 4% exceeds inflation for the first time since early 2021
2. We expect ongoing disinflation.
3. We anticipate that the global pivot in monetary policy will result in interest rate cuts and welcome relief for consumers and corporations.
4. We see the potential for an improvement in company valuations (e.g., P/E expansion, capitalization rate compression) driven by an easing in financial conditions and better-than-feared economic and corporate growth.

We believe prospective two- to three-year returns for the stock market, public real estate securities, and the Fund could be strong should a sharp economic slowdown be avoided, and 2025 emerges as a rebound year for economic and corporate profit growth.

The Prospects for Real Estate in the Public Markets

We see a strong backdrop for real estate securities – REITs and non-REIT real estate-related companies – in 2024:

- Several public real estate companies have underperformed the S&P 500 Index since 2019, in part due to the lingering impacts from COVID-19, the aggressive Federal Reserve interest rate tightening cycle, and more recently, the overhang of the commercial real estate crisis narrative which we continue to believe is unlikely to materialize.
- The global pivot in monetary policy – from restrictive to accommodative – has historically been bullish for real estate.
- We expect a decline in interest rates and tighter credit spreads, which will support real estate valuations, reduce the weight of debt refinancings, and reignite the transaction market.

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, 2034, 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 baronfunds.com or call 1-800-99-BARON.

1 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 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 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.

- We see attractive demand versus supply prospects. Vacancies are low, rents and home prices continue to increase albeit at a slower rate, and competitive new construction is muted for most commercial and residential sectors and geographic markets over the next several years.
- Most balance sheets are in strong shape.
- Several public real estate companies are cheap relative to historical averages and relative to private real estate alternatives.
- 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.
- Generalist investors who have been *underweight* real estate may increase allocations and real estate fund flows may turn positive given the aforementioned considerations.

We continue to believe the long-term case for real estate remains compelling as real estate tends to provide:

- Partial inflation protection
- Diversification and low correlation to equities/bonds
- Strong historical long-term returns relative to most investment alternatives

Portfolio Composition and Key Investment Themes

We currently have investments in REITs, plus six 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 December 31, 2023

		Percent of Net Assets
REITs		26.1%
Non-REITs		72.3
Homebuilders & Land Developers	22.6	
Casinos & Gaming Operators	15.8	
Building Products/Services	11.6	
Real Estate Service Companies	9.5	
Real Estate Operating Companies	8.6	
Hotels & Leisure	4.2	
Cash and Cash Equivalents		1.5%
Total		100.0%*

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

Investment Themes

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

1. REITs
2. Residential-related real estate
3. Travel-related real estate
4. Real asset-focused alternative asset managers
5. Commercial real estate services companies
6. Property technology companies

REITs

Business fundamentals and prospects for many REITs remain solid although, in most cases, growth is slowing due to debt refinancing headwinds, a moderation in organic growth (occupancy, rent and/or expense pressures), reduced investment activity (acquisitions and development), and, in a few select instances, the impacts from transitory oversupplied conditions. Most REITs enjoy occupancy levels of more than 90% with modest new competitive supply forecasted in the next few years due to elevated construction costs and contracting credit availability for new construction. Balance sheets are in good shape. Several REITs have inflation-protection characteristics. Many REITs have contracted cash flows that provide a high degree of visibility into near-term earnings growth and dividends. Dividend yields are generally well covered by cash flows and are growing.

REIT valuations are attractive on an absolute basis relative to history and relative to private market valuations, but not relative to fixed income alternatives. If economic growth contracts and evolves into no worse than a mild recession and the path of interest rates peaks at levels not much higher than current rates, we believe the shares of certain REITs may begin to perform relatively well. 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 logistics, 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 on a regular basis to combat inflation's impact on their businesses. Examples include our investments in single-family rental, multi-family, and self-storage REITs.

For a more detailed discussion of the investment case for REITs and the various REIT categories, we encourage you to read our December 31, 2023, Baron Real Estate Income Fund shareholder letter.

As of December 31, 2023, we had investments in seven REIT categories representing 26.1% of the Fund's net assets. Please see Table III below.

Table III.
REITs as of December 31, 2023

	Percent of Net Assets
Industrial REITs	9.5%
Data Center REITs	8.1
Wireless Tower REITs	2.8
Health Care REITs	2.5
Single-Family Rental REITs	1.6
Multi-Family REITs	1.4
Self-Storage REITs	0.3
Total	26.1%*

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

Residential-related real estate

Investment opportunities in the U.S. housing market have been a long-term investment theme for the Fund.

We anticipate it will remain a multi-year investment theme. The underpinnings of our optimism are three-fold:

1. There has been a **multi-decade structural underinvestment in the construction of residential real estate relative to the demographic needs of our country that bodes well for long-term housing construction activity, sales, rentals, pricing, and repair and remodel activity**.

   The U.S. is building fewer homes today than 60 years ago – approximately 1.4 million homes versus 1.6 million homes in 1963. This annual construction figure is shockingly low considering that the U.S. population has grown by more than 150 million people since 1963 – 339 million people today versus 189 million people in 1963!

   Since the Global Financial Crisis, the U.S. has entered a sustained period of underbuilding. On average, approximately 1.1 million homes have been built each year (2008 to 2023). This low figure compares to approximately 1.6 million homes built each year from 1963 to 1973 (50 to 60 years ago) when the U.S. population was materially lower than it is today.

   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 and may continue to do so. U.S. Census data shows that the homeownership rate for those younger than 35 is only 39%, and that number jumps to 62% for those ages 35 to 44. Most millennials are between 29 and 32, which bodes well for prospective housing demand.

   The large imbalance between pent-up housing demand and low construction levels supports a favorable long-term backdrop for single-family home purchases. It should also be promising for home and apartment rentals.

2. There are **powerful cyclical AND secular tailwinds** that should aid the housing market in the years ahead.

   Cyclical tailwinds

   In addition to cyclically depressed levels of construction activity and pent-up demand, low inventory levels and a still healthy consumer (low unemployment and solid wage growth) should continue to benefit the U.S. housing market. The current situation is nothing like what occurred during the Global Financial Crisis when our country's inventory of homes was historically high relative to demand.

   Secular tailwinds

   COVID-19, an aging existing housing stock, and higher mortgage rates have given rise to secular tailwinds that may aid the U.S. housing market for several years:

   - COVID-19 has led to more flexible work arrangements (an ability to work from home for a portion or all of each week) and an ability to relocate away from urban areas to suburban towns. These factors should underpin strong demand for single-family homes, to purchase or rent. Further, if homeowners or renters are likely to spend more time at home given the ability to work from home, they are likely to spend more on home repair and remodeling activity (home office, outdoor decks and living spaces, pools, refreshing paint jobs), which should benefit the Fund's investments in residential-related building product and services companies.
   - According to a recent research report by UBS, the median age of the existing U.S. housing stock is more than 40 years old. We believe many buyers of homes will continue to be more inclined to consider new construction, which should benefit the Fund's U.S. homebuilding companies.
   - The move higher in mortgage rates has created a lock-in effect for existing homeowners that may persist for several years. According to Redfin, approximately 62% of all homeowners with a 30-year fixed mortgage have mortgage rates below 4%. 82% have mortgage rates below 5%. We expect U.S. homebuilders to continue to benefit as existing homeowners are staying put because of below market mortgage rates.

3. **Several U.S. homebuilders have dramatically improved the long-term potential for their businesses given a strategic pivot to a more *land-light* business model, the utilization of lower leverage, and the prioritization of scale advantages. We believe these important changes may lead to higher valuations for homebuilders over time.**

   Please see "Top contributors and detractors to performance" later in this letter. There, we discuss the Fund's homebuilder investments and these topics in more detail.

As of December 31, 2023, residential-related real estate companies represented 34.2% of the Fund's net assets. Please see Table IV below.

Table IV.
Residential-related real estate companies as of December 31, 2023

	Percent of Net Assets
Homebuilders	20.6%
Building Products/Services	11.2
Home Centers	2.3
Total	34.2%*

* *Total would be 35.8% if we include 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.

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).
- *Cyclical depression, not secular challenge:* 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:* 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 December 31, 2023, travel-related real estate companies represented 20.0% of the Fund's net assets. Please see Table V below.

Table V.
Travel-related real estate as of December 31, 2023

	Percent of Net Assets
Casinos & Gaming Operators	15.8%
Hotels	3.3
Ski Resorts	0.9
Total	20.0%*

* *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 three investment themes and various companies that do not fit neatly in our traditional REIT, residential-related real estate, and travel-related real estate categories. They currently include three investment themes:

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

Real asset-focused alternative asset managers

We remain optimistic about the long-term prospects for Blackstone and Brookfield 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 Blackstone and Brookfield. 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 Blackstone and Brookfield 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.

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 in 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 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.

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 embraced it. 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 December 31, 2023, other real estate-related companies represented 18.1% of the Fund's net assets. Please see Table VI below.

Table VI.
Other real estate-related companies as of December 31, 2023

	Percent of Net Assets
Real Estate-Focused Alternative Asset Managers	8.6%
Commercial Real Estate Services Companies	5.0
Real Estate Data Analytics Companies	4.4
Total	18.1%*

* 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 December 31, 2023

	Quarter End Market Cap (billions)	Percent Impact
Toll Brothers, Inc.	$ 10.7	3.52%
D.R. Horton, Inc.	50.6	2.07
Lennar Corporation	41.9	1.69
Blackstone Inc.	158.4	1.04
Prologis, Inc.	123.2	1.02

The share prices of our investments in homebuilder companies – **Toll Brothers, Inc.**, **D.R. Horton, Inc.**, and **Lennar Corporation** – gained 39.4%, 41.8%, and 33.2%, respectively, in the most recent quarter, in part due to the continuation of strong quarterly business results, management optimism about 2024 prospects, and a more than 100 basis point decline in 30-year mortgage rates during the quarter.

2023 was an excellent year for the public homebuilders. Housing fundamentals were resilient despite the affordability challenges of elevated mortgage rates and home prices. Several years of pent-up demand, fears that mortgage rates could move higher, a dearth of inventory in the existing home market, and an overall housing supply shortage drove home buyers off the sidelines to "stretch their wallet," in part due to fears that they could miss out on the opportunity to buy a home. The Fund's homebuilding companies Toll Brothers, D.R. Horton, and Lennar increased 108.0%, 71.4%, and 66.3%, respectively, in 2023.

Though we anticipate more modest gains for the Fund's homebuilder investments in 2024, we remain optimistic about the long-term prospects for Toll Brothers, D.R. Horton, and Lennar. Further, we continue to believe there is a compelling case for the homebuilder valuations to re-rate higher over time.

The strategic pivot

We are pleased that the Fund's homebuilder companies and other builders have transitioned to a more *land-light* business model by prioritizing optioned land and reducing owned land holdings. This lower risk land strategy is less capital intensive, less cyclical, results in minimal land impairments, utilizes modest leverage, and generates higher and more consistent cash flow and more consistent capital returns to shareholders.

Toll Brothers, D.R. Horton, and Lennar have also prioritized growth so that they can take advantage of scale advantages that help each company procure materials, labor, and land more easily and at more favorable prices than many of their competitors. Each company is well positioned to increase market share because many of their competitors are smaller public and private builders that lack comparable access to materials, labor, and land, and are capital constrained.

The potential for a re-rate higher in valuation

In our June 30, 2023, shareholder letter, we introduced our view that we believe there is a compelling case for a favorable paradigm shift in how homebuilding companies are valued in the public markets.

- Since the beginning of 2020, D.R. Horton, Lennar, and Toll Brothers have demonstrated substantial resilience and operating prowess. Despite several black swan events – COVID-19, a sharp increase in mortgage rates from 3% to 8%, and supply-chain disruptions – each company has managed its business exceptionally well and demonstrated that the demand to buy homes is resilient.
- NVR, Inc., a well-managed and highly regarded homebuilder that adopted a 100% *land-light* strategy several years ago, has seen its valuation P/E multiple expand to 16 times earnings per share while the valuation of the other public homebuilders remains in the historical P/E range of 5 to 10 times earnings per share. Now that several homebuilders are in the process of pivoting to a more *land-light* strategy, their valuations have the potential to improve over time.
- In the second quarter of 2023, legendary investor Warren Buffett's Berkshire Hathaway Inc. invested $800 million in three U.S. homebuilders (DR Horton, Lennar, and NVR) despite the dramatic increase in homebuilder share prices and mortgage rates in the trailing 12-month period. We suspect Berkshire Hathaway has taken notice of the operating prowess of several U.S. homebuilders and believes that valuations are compelling.

Homebuilding companies tend to be valued in the public market on a price-to-book value ranging from 1 to 2 times book value. This compares to the S&P 500 Index average book value since 2000 of approximately 3 times (with a historical range of 1.78 times to 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 even more compelling.

Table VIII.
Top detractors from performance for the quarter ended December 31, 2023

	Quarter End Market Cap or Market Cap When Sold (billions)	Percent Impact
Public Storage Incorporated	$42.7	–0.13%
Wynn Resorts, Limited	10.3	–0.12
Marriott Vacations Worldwide Corporation	2.8	–0.09
Equity Residential	23.2	–0.01
SiteOne Landscape Supply, Inc.	7.3	–0.01

In the most recently reported quarter, business results for **Public Storage Incorporated**, a REIT that is the world's largest owner, operator, and developer of self-storage facilities, were mildly disappointing as occupancy trends and rents moderated as a result of less housing-related movement and a more price-sensitive consumer. We decided to sell our position because we believe near-term rent and overall cash-flow growth may remain subdued.

The shares of **Wynn Resorts, Limited**, an owner and operator of hotels and casino resorts, declined modestly in the most recent quarter, in part due to concerns about economic weakness in China.

We remain optimistic about the multi-year prospects for the company. We believe the ongoing 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 30% to 50% higher than where they have 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 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; and (v) an expansion in the company's valuation multiple to levels achieved prior to the pandemic.

The shares of **Marriott Vacations Worldwide Corporation**, a leading timeshare company with more than 120 resorts, remained under pressure in the most recent quarter following disappointing earnings results. We exited the Fund's small position in the company and reallocated the capital to other travel-related real estate-related companies that we believe offer superior near-term business prospects.

Recent Activity

Table IX.
Top net purchases for the quarter ended December 31, 2023

	Quarter End Market Cap (billions)	Amount Purchased (millions)
American Tower Corporation	$100.6	$30.8
Equity Residential	23.2	24.1
Caesars Entertainment, Inc.	10.1	17.1
Janus International Group, Inc.	1.9	9.9
SiteOne Landscape Supply, Inc.	7.3	9.2

Early in 2023, we sold the majority of our position in **American Tower Corporation**, a global operator of over 200,000 wireless towers, and even further reduced our modest position in the third quarter of 2023. We had concluded in late 2022 and early 2023 that growth expectations were too high given forthcoming headwinds from significantly higher financing costs (20%-plus exposure to floating rate debt), upcoming debt maturities, continued payment shortfalls from a key tenant in India, foreign exchange headwinds, and a reduction in mobile carrier capital expenditures.

Following a sharp decline in American Tower's shares in the first nine months of 2023, we began rebuilding our position because we believed that the company's shares had become more attractively valued, growth headwinds were better understood, and the potential monetization event of its India business would ultimately be value accretive to its business. Further, we believe that 2023 will mark the trough in earnings growth for American Tower and growth should reaccelerate in the next few years.

In the most recent quarter, we re-acquired shares in **Equity Residential**, the largest U.S. multi-family REIT. The company has assembled an excellent portfolio of Class A apartment buildings located in high barrier-to-entry coastal markets with favorable long-term demographic trends and muted overall supply growth. We believe the company is also well positioned to benefit from the affordability advantages of renting versus home ownership, annual leases that provide the potential for partial inflation protection, and its low levered balance sheet, which positions the company to take advantage of acquisition opportunities.

In our opinion, Equity Residential's shares are attractively valued relative to private market values and the company owns and operates excellent and relevant real estate that should perform well, long term.

In the most recent quarter, we acquired additional shares 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 are big fans of CEO Tom Reeg and remain optimistic about the long-term prospects for the company.

The company operates primarily under the Caesars, Harrah's, Horseshoe, and Eldorado brand names. The company generates approximately 50% of its cash flow from Las Vegas and 50% from regional destination markets. The company owns approximately half of its real estate and leases the other half from gaming REIT companies – Gaming and Leisure Properties, Inc. and VICI Properties Inc.

We are optimistic about the long-term prospects for Caesars for the following reasons:

1. We are optimistic about the long-term prospects for Las Vegas and Las Vegas represents approximately 50% of Caesars' cash flow. We believe that Las Vegas has structurally changed and has a year-round business and event calendar that has effectively eliminated off-peak months or lulls in business activity.

2. Management is focused on improving its balance sheet. Early in 2023, the company opportunistically refinanced and extended the maturity on $4.5 billion of its debt. Management is also focused on improving Caesars' overall leverage profile and believes there is a path to lowering its current lease-adjusted net debt to cash flow from approximately 5.5 times to less than 4 times in the next two years through cash flow generated from asset sales and the company's business operations.

3. The company has an online sports betting and casino business that management believes will turn profitable and generate more than $500 million of cash flow by 2025.

4. *We believe the shares are attractively valued.* At a recent price of only $46 per share, the shares are highly discounted (only 8 times enterprise value to cash flow and a mid-teens free cash flow yield) versus our assessment of fair value of $75 per share or more than 60% above its recent price.

Table X.
Top net sales for the quarter ended December 31, 2023

	Quarter End Market Cap or Market Cap When Sold (billions)	Amount Sold (millions)
Brookfield Corporation	$65.8	$25.5
Public Storage Incorporated	42.7	13.2
Digital Realty Trust, Inc.	41.6	11.2
CBRE Group, Inc.	28.4	10.5
Extra Space Storage Inc.	33.9	7.7

In the most recent quarter, we reduced our large position in **Brookfield Corporation**, a premier real asset alternative manager, but remain of the view that the long-term growth and share price appreciation potential are compelling.

We have a favorable view of CEO Bruce Flatt and his deep leadership team. They are, in our view, a highly talented group of executives who are astute allocators of capital and excellent operators of businesses. Management's interests are aligned with its shareholders given that officers and directors own approximately 20% of the company.

We continue to believe Brookfield will increase its market share of the growing pool for alternative assets given the company's scale advantages, global capabilities, and operating expertise.

We believe Brookfield's shares remain highly discounted versus the liquidation value of its overall business.

In the most recent quarter, we exited our 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 may continue to moderate. We are likely to revisit Public Storage in the future.

Following strong share performance, we trimmed our large investment in data center REIT **Digital Realty Trust, Inc.** We remain optimistic about the long-term potential for the company.

Data center landlords such as Digital Realty (and **Equinix**, **Inc.**) 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.

In the last few months, we have also spent time with CEO Andy Power of Digital Realty. Over the last few years, Andy and Digital Realty's management team have 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 Andy 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 the next few years and are optimistic about the long-term prospects for the company.

Concluding Thoughts on the Prospects for Real Estate and the Fund

The last few years have been unusually challenging for real estate. Much of real estate has had to absorb a hurricane of headwinds including COVID-19, the most aggressive Federal Reserve interest rate tightening campaign in decades, a spike in mortgage rates from 3% to 8%, fears of a commercial real estate crisis, a tightening of credit availability, multi-decade high inflation, and supply-chain challenges.

We believe many of the challenges of the last few years are subsiding. Though we expect market volatility at various points in the year ahead, we believe brighter prospects for real estate are on the horizon. We are optimistic.

We continue to believe the narrative about a commercial real estate crisis is hyperbole and unlikely to materialize. Public real estate generally enjoys favorable demand versus supply prospects, maintains conservatively capitalized balance sheets, and has access to credit.

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, in part due to the rapidly changing real estate landscape which, in our opinion, requires more discerning analysis.

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

Table XI.
Top 10 holdings as of December 31, 2023

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Toll Brothers, Inc.	$ 10.7	$172.7	9.9%
Prologis, Inc.	123.2	99.0	5.7
Equinix, Inc.	75.6	95.5	5.5
D.R. Horton, Inc.	50.6	94.9	5.5
Lennar Corporation	41.9	91.6	5.3
Blackstone Inc.	158.4	89.1	5.1
CoStar Group, Inc.	35.7	77.3	4.4
MGM Resorts International	15.3	60.7	3.5
Wynn Resorts, Limited	10.3	58.3	3.4
Las Vegas Sands Corporation	37.6	49.0	2.8

I would like to thank our core real estate team – David Kirshenbaum, George Taras, and David Baron – for their outstanding work, dedication, and partnership. 2023 was, once again, a challenging year to navigate, and each of you continue to impress. I would also like to welcome the newest member of our real estate team, David Berk. We are thrilled to have David join our team.

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
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 1-800-99-BARON or visiting 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. **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. **Enterprise value (EV)** is a measure of a company's total value, often used as a more comprehensive alternative to equity market capitalization. EV includes in its calculation the market capitalization of a company but also short-term and long-term debt as well as any cash on the company's balance sheet. **Free cash flow yield** is a financial solvency ratio that compares the free cash flow per share a company is expected to earn against its market value per share.

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 6.81% (Institutional Shares) during the final quarter of 2023, while its primary benchmark index, the MSCI EM Index (the Benchmark), appreciated 7.86%. The MSCI EM IMI Growth Index (the Proxy Benchmark) gained 7.72% for the quarter. For the full-year 2023, the Fund appreciated 8.29% while the Benchmark rallied 9.83% and the all-cap growth Proxy Benchmark gained 8.09%. The Fund modestly underperformed the Benchmark and the Proxy Benchmark during a quarter of strong returns, while for the full year, the Fund modestly trailed the Benchmark while performing essentially in line with the Proxy Benchmark. In recent quarters, we have highlighted that we were likely passing through *peak hawkishness*, with better days ahead for the relative performance of non-U.S. equities. Early in the fourth quarter, an increasingly restrictive rise in real yields and slowing U.S. employment and inflation momentum triggered a re-evaluation of likely U.S. Federal Reserve (the Fed) policy, which the Fed soon confirmed by suggesting its hiking cycle was complete. The Fed also surprised markets by communicating that rate cuts would likely occur sooner and in greater magnitude than investors expected. While we previously believed that the Fed would be too backward-looking and too patient to meaningfully pivot, thereby raising the likelihood of global recession, we were impressed with its more flexible and forward-looking reaction. In short, bond yields and financial conditions reacted swiftly, pricing in rate cuts and easing liquidity conditions. While markets cheered the pivot, evidenced by the largest quarterly gain in global equities in the past 3 years, we believe this event also likely foreshadows the end of the 14-year U.S. dollar bull market, and will usher in a cycle of relative outperformance by non-U.S. equities. While we suspect financial markets may have moved a bit too far, too fast, and some consolidation of gains and market volatility will follow, we believe the time has come for investors to rebalance portfolios in favor of emerging markets (EM) and international equities. Of course, we remain confident that our diversified portfolio of well-positioned and well-managed companies will capitalize on their attractive growth potential over the coming years regardless of the macro environment.

MICHAEL KASS

PORTFOLIO MANAGER

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

Table I.
Performance
Annualized for periods ended December 31, 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]	6.80%	6.81%	7.86%	7.72%
One Year	8.03%	8.29%	9.83%	8.09%
Three Years	(9.18)%	(8.96)%	(5.08)%	(8.05)%
Five Years	2.72%	2.99%	3.68%	4.67%
Ten Years	2.21%	2.48%	2.66%	3.44%
Since Inception (December 31, 2010)	2.92%	3.18%	1.55%	2.36%

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, 2034, 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 baronfunds.com or call 1-800-99-BARON.

[1] The **MSCI EM (Emerging Markets) Index Net (USD)** is designed to measure equity market performance of large and mid-cap securities across 24 Emerging Markets countries. The **MSCI EM (Emerging Markets) IMI Growth Index Net (USD)** is a free float-adjusted market capitalization index designed to measure equity market performance of large, mid and small-cap securities exhibiting overall growth characteristics across 24 Emerging Markets countries. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. The indexes and the Fund include reinvestment of dividends, net of foreign withholding taxes, which positively impact the performance results. The indexes are unmanaged. Index performance is not Fund performance; one cannot invest directly into an index.

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

[3] Not annualized.

BARON FUNDS 1987

For 2023, we underperformed the Benchmark, while broadly performing in line with our all-cap EM growth Proxy Benchmark. Given our quality growth bias, our performance was in line with our expectations as value-oriented equities, within the EM landscape, outperformed their growth peers by a wide margin for the third consecutive year. From a sector or theme perspective, relative underperformance was largely a result of adverse stock selection in the Information Technology (IT) sector, primarily driven by a material correction in some of our software-related holdings (**Glodon Company Limited** and **Kingdee International Software Group Company Limited**) within the China value-added theme. In addition, poor stock selection effect and our underweight positioning in the Energy sector, driven by our global security theme (**Tenaris S.A.**) and digitization theme (**Reliance Industries Limited**), also stood out as key detractors during the period. As explained in previous letters, we remain excited about Reliance not for its energy assets, but as a play on Digital India. The company is well positioned to emerge as the *Amazon/Netflix* of India. Lastly, unfavorable stock selection in Consumer Staples, owing mostly to declines from a few of our China consumer investments (**Budweiser Brewing Company APAC Limited**, **China Mengniu Dairy Co. Ltd.**, and **Wuliangye Yibin Co., Ltd.**) also weighed on relative results. Partially offsetting the above was solid stock selection effect in the Financials sector, particularly in our fintech disruption theme (**XP Inc.**, **Inter & Co. Inc.**, **StoneCo Ltd.**, and **Pine Labs Pte. Ltd.**), and more broadly our India consumer finance/wealth management theme (**Nippon Life India Asset Management Limited**, **Edelweiss Financial Services Limited**, **Max Financial Services Limited**, **JM Financial Limited**, and **Muthoot Finance Limited**). In addition, favorable stock selection and our underweight positioning in the Materials sector (**Grupo Mexico, S.A.B. de C.V.**, **Suzano S.A.**, and **Gold Fields Limited**) also bolstered relative performance during the year.

From a country perspective, for calendar year 2023, adverse stock selection in China and our exposure to Hong Kong drove the majority of relative underperformance. Our underweight positioning in Taiwan was also a notable detractor during the period. In our view, the weakness in China was primarily driven by the general lack of material earnings recovery after China terminated its zero-COVID policy in late 2022. Investors anticipated such a recovery and partially priced it into their market expectations in late 2022, which presented a difficult setup for China-related equities when earnings failed to deliver. The ongoing liquidity strain in China's property sector and geopolitical friction also weighed on broad economic growth and investor sentiment. While we are disappointed with developments in China and have accordingly moved to a modest underweight position there, we continue to believe that current market values remain well below fundamental intrinsic value for many of our investments. We are closely monitoring ongoing developments related to government stimulus as well as monetary and regulatory policy that could potentially serve as a catalyst for a positive repricing of Chinese equities. Partly offsetting the above was favorable allocation effect in India, which is now our largest absolute (and relative) weighting in the portfolio. Solid stock selection together with positive allocation effect in South Africa and Brazil also stood out as contributors to relative results during the year.

For the fourth quarter, we modestly underperformed our Benchmark, as well as the Proxy Benchmark. Our underweight positioning and adverse stock selection in Taiwan, together with our markdown of the fair value of **Think & Learn Private Limited**, a private Indian investment, were key detractors to relative performance during the quarter. Our cash position in a market rally also adversely impacted the Fund during the period, while our underweight position in China and overweight in India were the largest offsetting positive contributors. From a sector or theme perspective, poor stock selection effect in IT and Communication Services was a drag on relative results. Contributing positively during the quarter were positions in interest-rate sensitive sectors such as Materials, Real Estate, and Financials. We are ending the year on a cautiously optimistic tone and are enthusiastic about portfolio positioning as we enter 2024, which we believe may mark the beginning of a multi-year upcycle for EM equities.

Table II.
Top contributors to performance for the quarter ended December 31, 2023

	Percent Impact
Taiwan Semiconductor Manufacturing Company Limited	1.16%
Samsung Electronics Co., Ltd.	0.96
Trent Limited	0.36
Nippon Life India Asset Management Limited	0.35
InPost S.A.	0.32

Semiconductor giant **Taiwan Semiconductor Manufacturing Company Limited** contributed in the fourth quarter due to investor expectations for a cyclical recovery in semiconductors heading into 2024 and significant incremental demand for artificial intelligence (AI) chips. We retain conviction that Taiwan Semi's technological leadership, pricing power, and exposure to secular growth markets, including high-performance computing, automotive, 5G, and IoT, will allow the company to sustain strong double-digit 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 2024, driven by supply discipline, 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, and further believe the company may exceed expectations by capturing share gains in the attractive high bandwith memory and high-end foundry markets in the relatively near term.

Shares of **Trent Limited** contributed to performance during the quarter. Trent is a leading retailer in India that sells direct-to-consumer private label apparel through its proprietary retail network. Share price appreciation was driven by strong quarterly sales performance as well as continued footprint expansion of its Zudio value fashion franchise. We believe the company will 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 a 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.

Table III.
Top detractors from performance for the quarter ended December 31, 2023

	Percent Impact
Think & Learn Private Limited	–0.45%
Yum China Holdings Inc.	–0.42
Alibaba Group Holding Limited	–0.42
China Mengniu Dairy Co. Ltd.	–0.22
Jiangsu Hengli Hydraulic Co., Ltd.	–0.20

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 Directors also resigned from the Board in late June. These developments were deemed a material adverse event that required the fair market value of our holdings to be adjusted down accordingly. In our view, as India's largest edtech player, the company is well positioned to benefit from structural growth in online education services in India. While we are disappointed with recent developments, we continue to believe that Byju's remains a dominant franchise and can sustain low-to-mid-20% earnings growth over the next few years.

Yum China Holdings Inc. is the master franchisee for the YUM brands in China and operator of the KFC and Pizza Hut restaurant networks in that market. Shares detracted after the company reported a negative surprise on margins for the third quarter and hinted that increased competition and cost-consciousness among Chinese consumers could cause that margin compression to continue through the first quarter of 2024. Although in-year margins are volatile at Yum China, its pristine balance sheet, cumulative investments in technology, unmatched scale, and successful pivot to higher-ROI, smaller footprint stores in recent years should drive continued 8% to 10% store growth at attractive returns. Further, given its strong free-cash-flow generation and strong balance sheet, we believe the company is likely to offer capital returns to shareholders in excess of earnings over the next several years. We remain shareholders.

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 in the fourth quarter due largely to the delay of the previously announced spin-off of its cloud division. Quarterly results were roughly in line with Street expectations, with strength in profitability. We retain conviction that Alibaba is well positioned to benefit from the ongoing growth in online commerce and cloud development in China. While the company is seeing early progress in its efforts to re-invigorate customer engagement and retention as well as merchant investment initiatives, we believe this investment will likely take some time to flow through to accelerating earnings growth. As such, we remain investors but have reduced our position as we monitor further progress.

Portfolio Structure

Table IV.
Top 10 holdings as of December 31, 2023

	Percent of Net Assets
Taiwan Semiconductor Manufacturing Company Limited	6.9%
Samsung Electronics Co., Ltd.	5.3
Tencent Holdings Limited	3.7
Bajaj Finance Limited	2.5
Suzano S.A.	2.3
Alibaba Group Holding Limited	2.2
HDFC Bank Limited	2.2
HD Korea Shipbuilding & Offshore Engineering Co., Ltd.	2.0
Bharti Airtel Limited	2.0
Bundl Technologies Private Limited	1.9

Exposure By Country

Table V.
Percentage of securities by country as of December 31, 2023

	Percent of Net Assets
India	30.3%
China	22.8
Korea	11.3
Brazil	8.5
Taiwan	8.3
Mexico	2.8
Poland	2.3
Philippines	2.1
Hong Kong	2.0
Indonesia	1.9
South Africa	1.4
Peru	1.0
France	0.9
Japan	0.8
United Arab Emirates	0.3
Spain	0.1
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 fourth quarter of 2023, the Fund's median market cap was $12.9 billion, and we were invested 48.2% in giant-cap companies, 39.4% in large-cap companies, 9.1% in mid-cap companies, and 0.3% in small- and micro-cap companies, as defined by Morningstar, with the remainder in cash.

Recent Activity

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

We added to our digitization theme by building a position in **PDD Holdings Inc.**, a leading Chinese e-commerce platform. Founded in 2015, the company has emerged as China's second largest e-commerce player, capturing approximately 20% market share. In our view, PDD's competitive moat lies in its *team purchase* model that facilitates bulk buying through direct partnerships with manufacturers, thereby eliminating intermediaries (e.g., distributors and middlemen) and lowering costs. Key factors driving the company's meteoric growth include rising consumer demand for affordable products in China amid an economic slowdown, small-scale merchants seeking alternatives to Alibaba, and superior management execution. PDD's revenue growth outpaces gross merchandize value growth owing to rising take rates as merchants aggressively compete for consumer traffic on the platform. In our view, PDD should continue to gain market share given its dominance in the value-for-money segment, growing affordable branded product offerings, and high operational efficiency. We believe the company's growth will be further supported by the recent launch of its international e-commerce platform, Temu, which has become one of the fastest growing apps globally. Leveraging China's excess manufacturing capacity, Temu has strong negotiating power with domestic suppliers and attracts global consumers with competitively priced products. Temu's recent initiatives to improve unit economics, coupled with achieving variable breakeven in the sizable U.S. market, showcase management's skill and commitment to sustained growth. We expect PDD to at least double its earnings and free cash flow in the next three years, with the potential for continued compounding thereafter.

During the quarter, we also increased exposure to our global security/supply-chain diversification theme by initiating a position in **Kaynes Technology India Limited**, a leading electronics manufacturing service (EMS) player in India. We expect to further build our position in coming quarters. Kaynes provides OEM and ODM services for a variety of end industries, including automotive, industrial, railway, medical, and aerospace & defense. The company strategically focuses on low-volume and high-value sub-spaces, which contribute to its industry-leading EBITDA margin of approximately 15% compared to the average of mid-to-high single digits among other EMS players. In our view, the company is well positioned to benefit from the Indian government's "Make in India" initiative, which encourages domestic manufacturing of electronic products and components by providing attractive tax subsidies and manufacturing infrastructure. We are excited about Kaynes' recent announcement about setting up an Outsourced Semiconductor Assembly and Test facility, which we believe represents a significant incremental growth opportunity in the medium to long term. We expect the company to deliver 40% to 45% compounded EBITDA growth over the next three to five years.

Finally, we added to several of our existing positions during the quarter, most notably **Jio Financial Services Limited**, **Kweichow Moutai Co., Ltd.**, **Nu Holdings Ltd.**, **Baidu, Inc.**, **SK hynix Inc.**, **Localiza Rent a Car S.A.**, **Pernod Ricard SA**, **Budweiser Brewing Company APAC Limited**, and **B3 S.A. – Brasil, Bolsa, Balcao.** During the quarter, we also exited positions in **Wuliangye Yibin Co., Ltd.** and **JD.com, Inc.** due to uncertainties over durability of earnings growth and/or competitive positioning going forward.

Outlook

In our third quarter letter, we suggested that signs of deteriorating U.S. economic and earnings visibility and a peak in bond yields were a likely prerequisite to the inflection point in relative performance in favor of EM and international equities that we believe will ultimately occur. Early in the fourth quarter, an increasingly restrictive rise in real yields, and slowing employment and inflation momentum triggered a re-evaluation of likely Fed policy, which the Fed soon confirmed by suggesting its hiking cycle was complete. The Fed also surprised markets by communicating that rate cuts would likely occur sooner and in greater magnitude than investors expected. While we previously believed that the Fed would be too backward-looking and too patient to meaningfully pivot, thereby raising the likelihood of recession, we were impressed with its more flexible and forward-looking reaction. In short, bond yields and financial conditions reacted swiftly, pricing in rate cuts and easing liquidity conditions. Thus, in early November the Fed meaningfully increased the likelihood of a soft landing, in effect declaring that it is shifting its attention from pure inflation fighting to a dual-mandate and a desire to balance growth and inflation. While markets cheered the pivot, evidenced by the largest quarterly gain in global equities in the past 3 years, we believe this event also foreshadows the end of the 14-year U.S. dollar bull market, and will usher in a cycle of relative outperformance by non-U.S. equities. While we suspect financial markets may have moved a bit too far, too fast, and some consolidation of gains and market follow, we believe the time has come for investors to rebalance portfolios in favor of EM and international equities.

As we have remarked in recent letters, we believe that EM in general, and particularly those economies and companies geared toward the improvement in domestic growth, consumption, and investment that we expect to result from declining interest rates and appreciating currencies, will benefit most from this inflection point in financial conditions and capital flows. We anticipate a sustainable period of enhanced relative earnings growth potential in EM and international jurisdictions – essentially a mean reversion or mirror image of the past several years. While we do not view this inflection point as negative per se for absolute earnings growth in the U.S., we do expect outperformance by non-U.S. equities, as current valuations reflect conservative relative earnings expectations, in our view. Historically, interest rate and bond yield sensitive markets such as Latin America (particularly Brazil), India, and Southeast Asia are disproportionate beneficiaries, and we believe our portfolios are well positioned to benefit, given our overweight positions in India and Brazil, and our structural and thematic bias towards domestic consumer, financial, and industrial leaders.

Specific to EM, we note that recent performance and sentiment has been masked by ongoing skepticism regarding China, particularly given its relatively large weight in the Benchmark. Consistent with our view that global markets have reached an important inflection point, we note that EM ex-China, evidenced by the iShares MSCI Emerging Markets ex-China ETF, actually outperformed the mighty S&P 500 Index from the recent Fed-driven market low on October 27, 2023 through year end. Further, this ETF outperformed the *equal-weighted* S&P 500 Index (which helps neutralize the overwhelming impact of the *Magnificent Seven* on the market cap weighted S&P 500 Index) by over 500 basis points for the full-year 2023, which we believe lends credibility to our mean-reversion thesis for the EM asset class. Of course, the obvious conclusion given the above is that China remains the elephant in the EM room. While inconsistent policy signals and geopolitical developments have been frustrating for investors and have triggered ongoing capitulation (and caused us to move to a modest underweight exposure in China), we believe that China's policymakers have the tools and capacity to engineer a recovery, and we remain cautiously optimistic that ongoing incremental efforts will render current valuation and skepticism as too conservative. We point to the recently enhanced urban development/social housing programs funded by a large increase in the Pledged Supplemental Lending facility as the most recent example, which likely represents a transition in policy from pure supply-side to a mix of supply- and demand-side support. We believe a mean-reverting recovery in China-related equities would almost surely drive EM equity outperformance from current levels.

As mentioned above, we view Brazil and India as particularly well positioned for the environment we see developing. In Brazil, our investments in rate-sensitive consumer (**Localiza Rent a Car S.A.**) and fintech/financial holdings (**XP Inc.**, **Nu Holdings Ltd.**, and **B3 S.A. – Brasil, Bolsa, Balcao**), have been performing well since the Fed pivot, and in our view presage improving earnings momentum we discussed above. While several of our India holdings, in particular our consumer, wealth management/consumer finance, and real estate-related holdings (**Trent Limited**, **Tata Consumer Products Limited/Godrej Consumer Products Limited**, **Bundl Technologies Private Limited**, **Nippon Life India Asset Management Limited**, and **Godrej Properties Limited**) have posted stellar recent returns, though they are still only scratching the surface of their long-term potential, in our opinion. We reiterate our view that India, our largest overweight exposure by a margin, has reached escape velocity after years of implementing a series of productivity-enhancing reforms, and further, stands out as a material beneficiary in the evolving global geopolitical environment. While we expect some consolidation of 2023's strong performance, we remain enthusiastic regarding the growth and return opportunity of our many investments in this exciting market.

We continue to believe that EM and international equities are likely emerging from a long cycle of relative underperformance, and 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 1-800-99-BARON or visiting 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.

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 Global Advantage Fund Shareholder:

Performance

Finally… a good quarter.

Baron Global Advantage Fund® (the Fund) was up 14.8% (Institutional Shares) during the fourth quarter, compared to the 11.0% gain for the MSCI ACWI Index (the Index) and the 12.7% gain for the MSCI ACWI Growth Index, the Fund's benchmarks. For the year, the Fund finished up 25.6% compared to gains of 22.2% and 33.2% for the benchmarks, respectively.

Table I.
Performance†
Annualized for periods ended December 31, 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]	14.72%	14.80%	11.03%	12.74%
One Year	25.26%	25.56%	22.20%	33.22%
Three Years	(15.23)%	(15.03)%	5.75%	3.66%
Five Years	9.60%	9.88%	11.72%	14.58%
Ten Years	8.79%	9.04%	7.93%	10.06%
Since Inception (April 30, 2012)	10.30%	10.55%	9.11%	10.85%

ALEX UMANSKY

PORTFOLIO MANAGER

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

We cannot recall another year when a gain of over 25% felt like such a struggle.

Equity markets started with a strong January and a solid first quarter, amid generally gloomy predictions and an unrelenting Fed continuing its tightening cycle. It got modestly better in the spring and early summer as the Fed signaled that a 25bps hike on July 26 was likely its last. We sold off in the fall as investors realized that a stronger economy likely meant interest rates were going to stay *higher for longer*, and finished the year with a bang as the soft landing appears to be the current mainstream view. The MSCI ACWI Index gained 22.2%, its best showing since 2019 and third best in the last decade, but it wasn't all *easy pickins*. Within the Index, China was down 11.2% for the year, while Hong Kong was down 14.8%. Giant-cap stocks rose 28.9%, while mid-caps only gained 15.0%, and small-cap stocks were up just 7.3%. The U.S. ended the year at 62.5% of the Index, versus the Fund at 46.1%, and outperformed. While we are entirely bottom-up stock pickers, this was not a favorable backdrop and so it felt like we were chasing early and often and were generally struggling to keep up.

From a quarterly performance attribution perspective, stock selection in Information Technology (IT) stood out, contributing 511bps to relative returns as 10 out of our 13 IT investments gained at least 20% each. We also benefited from positive stock selection in Financials, with shares of **Block** and **Adyen** up over 70% each. This was partially offset by poor stock selection in Consumer Discretionary, Health Care, and Industrials, which detracted 411bps. Sector allocation effect contributed 231bps driven primarily by an overweight to IT and lack of exposure to Energy and Consumer Staples.

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 1.20% and 0.94%, respectively, but the net annual expense ratio was 1.16% and 0.91% (net of the Adviser's fee waivers, comprised of operating expenses of 1.15% and 0.90%, 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 Adviser reimburses certain Fund expenses pursuant to a contract expiring on August 29, 2034, 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 baronfunds.com or call 1-800-99-BARON.

† The Fund's 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.

For 2023, performance attribution was unlike anything we have seen before. All of the Fund's outperformance came from sector allocation, which contributed 1,094bps to relative returns and was offset by stock selection, which detracted 762bps. This was heavily skewed by the multiple write-downs of our three private investments – **Think & Learn**, **Farmers Business Network**, and **GM Cruise**, which combined accounted for over 100% of the negative stock selection. India-based Think & Learn was also the reason why we underperformed in emerging markets, which was offset by outperformance in developed markets, as well as other investments (Argentina). After significantly reducing our exposure to China over the last few years we are no longer invested in China at all. This is also a first since the inception of the Fund. Ironically, this is the closest to consensus that we perceive our views on China to be. We have written about the *China conundrum* since the government crackdown on Alibaba and its cancellation of the Ant Financial IPO in November of 2020. It got progressively worse with the regulators attacking the technology and education industries and obliterating the after-school tutoring companies. Moreover, the growing geopolitical tensions with the U.S. and the looming fight over Taiwan's future, make the probability of permanent losses of capital increasingly more likely in our view. We are not particularly comfortable with the consensus view but need good reasons to be contrarian and in this case, at this time, we just can't find any. This is not to say that we will not invest in China in the future should the environment improve, and we find the right opportunities.

We had many big winners in 2023. From a company-specific perspective, we had 25 gainers against 16 detractors. Six of our investments more than doubled in price, while seven more were up between 50% and 100%. **NVIDIA**, **MercadoLibre**, **Shopify**, **CrowdStrike**, **Cloudflare**, and **Tesla** contributed over 200bps each to absolute returns, while **Snowflake**, **Datadog**, **Zscaler**, **ASML**, **InPost**, and **SpaceX**, added between 100bps and 200bps each. This strong performance was partially offset by five large detractors, which detracted at least 100bps each, three of which were private investments mentioned earlier that were revalued lower.

Decision making and learning from mistakes

We have written a lot in the past about the importance of making good decisions and exercising good investment judgment. When we broke it down, it came to creating conditions that are necessary to enable good investment judgment. In one word – it was BALANCE. Balance between having the courage of conviction to see an investment through versus the flexibility to acknowledge a mistake. Balance arrogance to believe in our divergent view with humility to understand that our perspective could be wrong. Ability to imagine an incredibly exciting future for our portfolio businesses (and the world) versus being grounded in the reality of the world as it is. Since the beginning of the COVID-19 disruption creating and maintaining balance has been more challenging. While mistakes are definitionally unavoidable, we work hard on minimizing the frequency and the impact of mistakes. We try to err on the side of humility and flexibility while continually seeking disconfirming evidence. We guard against our biases and tinker and adjust as we learn and evolve in struggling to improve and become just a little bit wiser every day.

We operate in an environment of incomplete information and high uncertainty with a wide range of investment outcomes. It is not obvious that all bad outcomes are necessarily a result of poor decision making. In this way investing is akin to poker. Poker is entirely about stack management – (i.e., capital allocation). We're oversimplifying a bit, but the objective of the game is to get most of your money in the middle when the odds are most in your favor. Skillful poker players can calculate the probability of making a winning hand with a reasonably high degree of certainty after estimating the likely strength of the opposing field. They can then ascertain whether the price they are getting (or giving) to continue with the hand is attractive enough to allocate more capital to. If we have a 33.3% (or 1 out of 3) chance of making the winning hand, we will need to win at least $2 for every $1 we are putting in, in order for it to be a break-even proposition. So, in this situation putting more money in every time the pot odds are greater than 2:1 will prove to be a money-making move over the long run, while we would need to fold or lose money over the long run if the pot odds are lower (we are ignoring the implied odds here for simplicity's sake). In this example, if offered 20 to 1, or 10 to 1, even the most novice of players would likely make the correct decision to put their money in. Of course, at the conclusion of the hand, they would lose 66.7% of the time (or 2 out of 3) despite making the correct decision. Knowing and understanding that and learning how to manage risk (Kelly ratio) is essential to developing poker skills.

Investing is more complicated in that poker probabilities can be checked and verified conclusively after the fact whereas our assessment of probabilities is often difficult to judge. For example, we may estimate that a biotechnology company has an 80% probability of success in an upcoming trial that we believe will increase the value of the company by 50%. Should the trial fail (20% probability) we believe it may lose 50% of its value. Mathematically speaking, this is an attractive setup to allocate some capital to as it is easy to understand, and it has a highly positive expected value (0.8x50% + 0.2x(-50%) = 30%). However, whichever scenario materializes, it will be challenging for us to know whether our probabilities were right. And that's in a binary outcome example. Unlike poker, in investing, probabilities are inherently subjective and basically unverifiable even after the fact. Learning from decisions with probabilistic outcomes adds an extra layer of complexity since it is difficult to determine whether a bad outcome was due to a poor decision or because a bad outcome materialized even though the decision itself was the right one. Because we always live through only a single scenario for each decision (the one that materialized), it makes it difficult to judge whether we were right about our estimated probabilities. *Only through observing the results of many decisions with similar circumstances would it be possible to start drawing conclusions about how accurate those probabilities were*. Andy Jassy famously said, "There is no compression algorithm for experience." Seth Klarman said it even better, – "Real life investment experience matters and cannot be faked or purchased." Michael J. Mauboussin has written great articles and books on the topic of decision making and speaks about the importance of creating a process that helps investors make better decisions. "Focus on the process versus the outcome; constantly search for favorable odds; and understand the role of time and sample size."[1]

The way in which an investor defines risk is another factor that, on the one hand, helps long-term investors make better risk-adjusted decisions, but, on the other hand, makes it more challenging to identify mistakes. While most market participants define and measure risk as volatility of stock prices, long-term investors could take advantage of volatility by thinking about risk differently. We define risk as the probability of a permanent loss of capital. The market certainly knows how to price volatility, but not necessarily a

1 https://twitter.com/mjmauboussin/status/1532347034740699137?lang=en

permanent loss of capital. In allocating capital, we attempt to ensure we get an appropriate reward for every unit of *that* risk. Because our calculus is different, it results in greater volatility on average for the stocks we tend to invest in.

This can be seen through the Fund's higher beta since its inception, as well as high idiosyncratic volatility. Greater volatility makes it even more challenging to identify mistakes.

With this preamble, some of our bad outcomes can be attributed to poor decision making with a higher degree of confidence than the others. Here is a list of some of these mistakes and lessons learned in order of conviction:

- While mutual funds are permitted to invest up to 15% of their assets in illiquid securities, the mismatch in duration between a mutual fund's daily liquidity and the illiquid nature of private companies adversely impacted the Fund's performance in a way that has caused us to rethink investing in private companies. We continue to see a lot of value in meeting with, learning about, and analyzing private companies to better understand competitive advantages and the disruptive change dynamics, but we believe that the misalignment between the structure of a mutual fund which is traded daily, and the private investments, which are illiquid, makes the risk of private investments greater than what we had underwritten. We had thought that capping any individual private investment at 1% at cost, and at 5% of assets under management cumulatively (at cost), would offer reasonable protection against redemptions and market drawdowns. We were proven to be woefully wrong, as the significant write downs in the values of three of our private investments proved to be the difference between a good year and what could have been an excellent one.
- Notably increasing the number of investments in late 2020 and through 2021 in response to unpalatable valuations in large pockets of the Fund was a mistake. It was a tough set up and allocating significant inflows to 90% of quality for 50% of the price was not unreasonable per se, but it required a change in the process and quite possibly a different skillset. Most of these investments ended up performing worse than higher quality businesses since then, even though the higher quality companies were more expensive. What's worse, the resultant dilution in the sizes of positions in these higher quality investments cost us when they started recovering this year. Great investors do not hit more singles or doubles than ordinary investors do. They hit more grand slams. We have become more vigilant in guarding against overdiversification.
- We were too slow to sell when the probability of a likely thesis change dictated action over inaction. Each investment is like a puzzle. Different pieces are missing in different puzzles. Our process is deliberately slow and is built on collecting and analyzing as much information as possible and building conviction over time. In a highly stressful environment with a wide range of outcomes, a recognized lack of balance with emotions running high, postponing "bad decisions" is often the correct course of action except, when there is evidence of a potential or likely thesis change on the negative side in a bear market. We were often too slow and too timid in running for the exit. For example, when a company's revenues prove to be less sticky during times of stress despite high average retention rates. **ZoomInfo**, the business-to-business (B2B) sales data and software provider readily comes to mind, where we made a mistake selling the stock too slowly, as we did not fully appreciate the extent to which the company oversold unused licenses to its customers, which exacerbated the slowing demand environment, creating a whiplash effect as the license inventory was used up later on, causing revenue growth to decelerate materially.
- Few things felt better than selling Meta (formally known as Facebook) in late 2021, just before it missed third quarter expectations and guided down. The blow up was massive and the price of the stock declined from $350s into the $80s over the next 12 months. Despite recognizing the value of platform businesses with large ecosystems and powerful network affects not only did we fail to buy Meta back, but we compounded that mistake by selling Alphabet and Amazon in 2022. We justified those decisions by arguing that these companies were progressing naturally from Big Ideas to holders of value as their core businesses (digital advertising and e-commerce) were becoming more mature and highly penetrated. We also thought that the other investments we held would benefit even more from similar tailwinds as their runway for growth was longer. We surely underappreciated the magnitude with which customers and investors alike gravitate to the best, most stable platforms during times of heightened uncertainty. Not owning any Amazon, Meta, Alphabet, Microsoft, or Apple certainly did not help our returns in 2023.

While all of these mistakes have led to recent bad outcomes, we recognize that many of them could have resulted in good outcomes under different circumstances or if/when evaluated at a different point in time. Still, we believe these are good lessons to be learned and internalized that will lead to better investment decision making in years to come.

Table II.
Top contributors to performance for the quarter ended December 31, 2023

	Quarter End Market Cap (billions)	Percent Impact
Shopify Inc.	$ 100.2	2.79%
MercadoLibre, Inc.	79.5	2.56
Endava plc	4.5	1.95
NVIDIA Corporation	1,223.2	1.55
Snowflake Inc.	65.5	1.47

Shopify Inc. is a cloud-based software provider for multi-channel commerce. Shares rose 42.8% in the fourth quarter and finished the year up 124.5% on strong financial results with growth in gross merchandise value (GMV) of 22% year-over-year, revenue growth of 25%, and non-GAAP operating margins surpassing 15% (up 1,900bps year-over-year). The company also hosted a well-attended Investor Day in which it shared a variety of data points showcasing growing success in new segments in which it historically has been less well known, such as enterprise, B2B, and offline commerce. The company's continuously improving product, revamped go-to-market strategy, and the lapping of the large COVID cohorts also helped the company add more merchants to its platform in the last year than in the prior two. Existing Shopify merchants also continue to outperform the overall market. Lastly, the company provided data on the rapid adoption of new offerings, with its emerging products category growing at a 71% CAGR from 2019. 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 the global commerce market.

MercadoLibre, Inc., Latin America's leading e-commerce company, contributed to performance in the fourth quarter with shares rising 23.9% and closing the year up 85.7% after reporting third quarter earnings that beat Street expectations across the board. It had 59% constant-currency year-over-year growth in GMV, 69% growth in commerce revenues, 121% growth in total payments volume, and a 720bps increase in operating margins year-over-year. The company is generating above-market GMV growth across its major Latin American markets and is increasingly outperforming its peers in e-commerce, particularly in Brazil thanks to its broad selection and differentiated logistics capabilities, which enable the company to deliver items faster than its competitors. Over the last several quarters, MercadoLibre has also benefited from product innovation in fintech and solid underwriting in the growing credit business, which we believe will drive continued margin expansion and earnings growth as e-commerce in the region continues maturing over the next decade.

Endava plc provides outsourced software development for business customers. Shares followed through on last quarter's positive momentum after lagging for most of 2022 and the first half of 2023, rising 35.8% in the fourth quarter and finishing the year in positive territory, up 1.8%. Macroeconomic uncertainty has weighed on client demand and revenue growth, but management expects a meaningful rebound early in 2024 supported by a growing pipeline of large projects from newer clients. Margins should expand alongside faster revenue growth as the company leverages upfront costs to build capacity in anticipation of an expected recovery. The company has been acquisitive and is benefiting from vendor consolidation. We remain investors because we believe Endava will continue gaining share in a large global market for IT services.

Table III.
Top detractors from performance for the quarter ended December 31, 2023

	Quarter End Market Cap (billions)	Percent Impact
Think & Learn Private Limited	$ –	-1.76%
GM Cruise Holdings LLC	–	-1.29
argenx SE	22.5	-1.01
BILL Holdings, Inc.	8.7	-0.82
Bajaj Finance Limited	54.4	-0.41

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 early 2021 as part of a private round of financing. As India's largest edtech player, the company has a significant opportunity to benefit from structural growth in online education services in the country.

GM Cruise Holdings LLC offers autonomous driving software and a fleet of vehicles aimed at reducing costs and improving the safety of transporting people and goods. Our position was revalued lower after the company lost its autonomous operating license in California. Despite achieving significant milestones over the past year, including completing millions of fully autonomous miles with passengers in various states and cities, an October incident involving a pedestrian in San Francisco prompted the California DMV to rescind the company's license. The regulator cited concerns about incomplete incident information disclosure. Consequently, this triggered a near-complete cessation of operations and key management changes at Cruise, as General Motors, the majority shareholder, charts a new course for the organization and its capital needs. While we strongly believe the life-saving technology achieved through the autonomous revolution holds immense value for both investors and society at large, the path to recovery for Cruise remains uncertain at this juncture, which is reflected in our valuation framework.

Argenx SE is a biotechnology company focused on autoimmune disorders. Shares fell 22.6% in the quarter, though they still closed the year up 0.7%, on the back of failed clinical trials in immune thrombocytopenic purpura and pemphigus vulgaris that called into question the breadth of FcRn's treatment applicability. While the exact nature of these data sets is nuanced and not thesis-breaking, in our view, there are now real questions for the FcRn space that have not existed in the narrative for years. On the positive side, the strong launch of Vyvgart, with early sales tripling consensus expectations and global approvals coming earlier than guided, should continue to drive revenue growth and justifies a defensible valuation based on cash flow analysis. We expect 2024 to be another year of solid performance, with many catalysts including readouts in myositis, Sjogren's syndrome, multifocal motor neuropathy, and argenx's subcutaneous formulation launch. We believe that positive readouts within those trials and others would expand argenx's opportunity set and therefore remain shareholders.

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 December 31, 2023, the top 10 positions represented 60.2% of the Fund, and the top 20 represented 87.7% (this compares to 45.9% and 73.0% at the end of 2022, respectively). We ended 2023 with 34 investments compared to 41 at the end of 2022, and 57 at the end of 2021.

Our investments in the IT, Consumer Discretionary, Industrials, Financials, and Health Care sectors, as classified by GICS, represented 100.0% of the Fund's net assets. Our investments in non-U.S. companies represented 54.1% of net assets, and our investments in emerging markets and other non-developed countries (Argentina) totaled 26.8%.

The Fund's active share was 96.2% compared to 94.2% on average over the last three years, and its 3-year average turnover was 12.4% compared to its 13.1% average over the last five years.

Table IV.
Top 10 holdings as of December 31, 2023

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
MercadoLibre, Inc.	$ 79.5	$63.3	9.2%
NVIDIA Corporation	1,223.2	62.9	9.2
Shopify Inc.	100.2	53.4	7.8
Endava plc	4.5	46.1	6.7
Snowflake Inc.	65.5	36.4	5.3
Cloudflare, Inc.	28.0	32.4	4.7
Space Exploration Technologies Corp.	–	31.8	4.6
Tesla, Inc.	789.9	30.1	4.4
Coupang, Inc.	28.9	29.3	4.3
Bajaj Finance Limited	54.4	27.5	4.0

Table V.
Percentage of securities by country as of December 31, 2023

	Percent of Net Assets
United States	46.1%
Argentina	11.5
Netherlands	8.0
Canada	7.8
United Kingdom	6.7
India	6.4
Korea	4.3
Israel	4.1
Poland	2.4
Brazil	2.2
Spain	0.7

Recent Activity

During the fourth quarter, we added to one investment – the leading freelancing platform **Fiverr** as we took advantage of continued weakness in its share price to increase our position. We also reduced 22 positions and sold 2 investments, digital services provider **EPAM** and Chinese local services provider **Meituan**, in order to meet investor redemptions.

Table VI.
Top net purchases for the quarter ended December 31, 2023

	Quarter End Market Cap (billions)	Net Amount Purchased (millions)
Fiverr International Ltd.	$1.0	$0.8

Fiverr International Ltd. is the leading two-sided online freelance marketplace, offering a platform that connects businesses with freelancers across a variety of functions, from web design to digital marketing, computer programming, and inventory management. The stock has been weak due to a complex macro environment driving small businesses, who represent the majority of Fiverr's buyers, to cut down on freelancing spending. This recent trend was exacerbated by investor fears that Generative AI (GenAI) would disrupt various freelancing jobs. While we agree that some freelancing functions are more exposed to artificial intelligence (AI) disruption than others (logo design for example), we believe Fiverr's diverse platform as well as new incremental demand from AI-related work, would minimize the potential negative impact from GenAI. In our view, macro conditions are behind the recent deceleration in the company's revenue growth. However, the fact that growth decelerated at the same time as GenAI adoption began gaining steam, created a bearish narrative for the stock. In our view, Fiverr's current stock price overly discounts that risk and offers an extremely attractive risk-reward equation for long-term investors. Over 20% of the company's market cap is in net cash, the stock is trading at approximately an 8% free-cash-flow yield, and management continues to make rapid progress on margin expansion; EBITDA margins are expanding from 7.2% in 2022 to 16.3% in 2023 based on the company's mid-point guidance.

Table VII.
Top net sales for the quarter ended December 31, 2023

	Quarter End Market Cap or Market Cap When Sold (billions)	Net Amount Sold (millions)
MercadoLibre, Inc.	$ 79.5	$11.2
Snowflake Inc.	65.5	9.6
EPAM Systems, Inc.	17.3	9.5
NVIDIA Corporation	1,223.2	9.4
Meituan Inc.	529.5	7.6

As mentioned above, we exited investments in **EPAM Systems, Inc.** and **Meituan Inc.** during the quarter in order to meet investor redemptions and reallocate into ideas in which we see a more positively skewed risk/reward profile for the long term.

Outlook

Seth Klarman, the famed value investor and CEO of the Baupost Group once said that "Macro is like sports-talk radio. Anybody can do it." Debating whether the economy will grow 1% or 2% (or not at all), whether interest rates will stay at 5 ½% or go to 4 ½%, three rate cuts or six – is fun for equity investors. We do it for sport. But it is also so much more difficult than finding a company that is misunderstood and whose stock is mispriced where you can be wrong about a lot of things and still make an attractive return over the long term!

When will the Fed start cutting rates? How aggressive will it be in 2024? Will the economy have a soft landing or a hard one? What are the implications of the upcoming elections (*the S&P 500 has only declined twice in an election year since 1940*)? How about the ongoing wars in Europe and the Middle East or the evolving geopolitical conflict with China? How big could GenAI be? What are the implications of GenAI on digitization, cloud adoption, IT spending, and broader economies? What are the implications for employment? Which industries are at an increased risk of disruption?

Though we have a view on many of these important topics, we do not have the answers. The range of outcomes continues to be extremely wide, creating a challenging environment for investors. Since we are not macro investors or sports-talk radio hosts, we stick to focusing on high-quality businesses with sustainable competitive advantages and large and growing addressable markets that create innovative solutions for their customers and that are managed by exceptional people.

From the 30,000-foot view, our companies have reported improving business trends as 2023 progressed. The table below summarizes the change in consensus expectations for 2024 revenues, operating income, and operating margins at the portfolio level throughout the year[2]:

Change in expectations at the Portfolio level

	1st Half of 2023	2nd Half of 2023	Fourth Quarter of 2023	Fourth Quarter of 2023 excluding NVIDIA	2023	2023 excluding NVIDIA
Revenues	0.8%	7.4%	1.9%	0.5%	11.8%	(3.6%)
Operating Income	12.8%	26.9%	21.7%	21.6%	49.2%	21.2%
Operating Margins	+78bps	+271bps	+103bps	+69bps	+271bps	+80bps

Most of our portfolio companies have seen stabilization and modest improvement in short-term business fundamentals as the year progressed. More importantly in our view, many have been able to drive significant improvement in long-term key performance indicators (KPIs) such as share gains, expansion of total addressable market, and improvement in unit economics. These KPIs are significantly more meaningful in driving the intrinsic values of our businesses, which we believe have increased noticeably during 2023. In the meantime, disruptive changes that we expect will benefit many of our businesses have also continued to pick up steam. Some examples include:

- The inflection in GenAI: While a company like **NVIDIA** is a clear beneficiary of GenAI, as its hardware and software solutions are used to train and run GenAI models, we believe that GenAI has the potential to benefit many of our other businesses as well. According to Accenture, a leading global IT service provider, enterprises are accelerating digitization trends in order to benefit from GenAI[3] and it remains early in that trend:

  "We estimate that less than 10% of companies have mature data and AI capabilities. This is a critical part of building the digital core, and we see this embedded in our larger transformations in work focused on data and AI modernization and in the opportunities of Generative AI."

  This trend should be a tailwind for many of our businesses that enable or benefit from digitization such as the cybersecurity platform, **CrowdStrike**, the infrastructure and application monitoring platform, **Datadog**, the data platform, **Snowflake**, or the digital IT service providers **Endava** and **Globant**.

- Market share gains: Many of our portfolio companies have been reporting on customer consolidation trends and rising win rates against competitors. In their most recent quarterly conference call, **Datadog** described a customer who consolidated seven different tool providers onto the Datadog platform and another one that consolidated a dozen different tools and moved to Datadog. Another example is the leading cloud networking and cybersecurity solution provider, **Cloudflare**, who described market share gains and customers consolidating from multiple point solutions onto Cloudflare's platform:

  "And so, we're the one vendor that is able to give people that vendor consolidation, that single pane of glass…that comes through in a lot of customer examples…people want to buy the entire Cloudflare platform. They want to protect their entire business with that, and that's driving more interest in both our network security, as well as our Zero Trust products."

- Rapid innovation: The velocity of innovation separates our portfolio companies from competitors, while lengthening their revenue growth runway. The leading commerce platform, **Shopify**, is a great example. Over the last year, despite announcing a 23% reduction in workforce, the company was able to accelerate innovation as they improved its offering for large enterprise merchants (driving a 38-to-1 win-loss ratio for enterprise merchants), B2B merchants, and merchants with brick-and-mortar stores. In addition, the company deepened and improved a variety of merchant solutions while also enhancing third-party development capabilities through solutions such as Shopify Functions that enable customization of Shopify's software.

- Improving unit economics: Many of our companies were able to significantly expand margins during 2023 even though revenue growth decelerated for some of them, showcasing the leverage of their capital-light and recurring revenue business models and their increased focus on efficiency. We described several examples above such as **MercadoLibre** and **Fiverr**. We expect Shopify to expand its operating margins from breakeven to 11% thanks to the sale of the money losing logistics business, the 23% reduction in workforce, and the improving productivity of its sales and marketing efforts. Other notable examples include CrowdStrike, which is expected to increase its operating margins from 15.9% in 2022 to 20.8% in 2023, and **Wix.com**, which is expected to see its operating margins rise from -2.6% in 2022 to 14.5% in 2023 due to the increasing maturation of its new offering for web designers and agencies as well as the significant improvement in marketing efficiency.

We believe we have collected a portfolio of great businesses that are seeing positive long-term trends. After the weighted average multiple of the Fund[4] declined 57% in 2022, it recovered just 16% in 2023, while business fundamentals and KPIs improved significantly. This combination creates an attractive risk/reward equation for long-term investors, in our view.

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

2 Shopify was excluded from the change in operating income due to its overwhelming impact on the Fund's overall weighted average since its operating income expectations for 2024 have increased by over 7 times between year end 2022 and year end 2023. Codere was excluded due to missing consensus expectations and Schrodinger was excluded due to abnormal impact as a result of large percentage changes off a small dollar base.
3 Accenture's fiscal first quarter 2024 earnings conference call.
4 Calculated based on year end weights and using either an EV/Revenue multiple or a P/E multiple based on FactSet consensus estimates for the next 12 months.

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 prospective investments are trading at attractive prices relative to their intrinsic values.

Sincerely,

Alex Umansky
Portfolio Manager

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

Risks: Growth stocks can react differently to issuer, political, market and economic developments than the market as a whole. Non-U.S. investments may involve additional risks to those inherent in U.S. investments, including exchange-rate fluctuations, political or economic instability, the imposition of exchange controls, expropriation, limited disclosure and illiquid markets, resulting in greater share price volatility. Securities of small and medium-sized companies may be thinly traded and more difficult to sell. The Fund may not achieve its objectives.

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

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 Global Advantage 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. **Free cash flow yield** is a financial solvency ratio that compares the free cash flow per share a company is expected to earn against its market value per share.

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 Discovery Fund Shareholder:

Performance

This past year was incredibly challenging but Baron Discovery Fund® (the Fund) returned 22.58% (Institutional Shares) in 2023, which was 3.92% better than the 18.66% return of the Russell 2000 Growth Index (the Index). In the fourth quarter, the Fund returned 12.44%, 0.31% less than the Index. Since inception, investors in the Fund have more than tripled their money and have earned an annualized return of 12.42%, or 4.62% better than the Index when including fees. Beating the market in any given quarter is random. Beating it consistently over longer time periods requires patience, judgment, and experience.

RANDY GWIRTZMAN
PORTFOLIO MANAGER

LAIRD BIEGER
PORTFOLIO MANAGER

Retail Shares: BDFFX
Institutional Shares: BDFIX
R6 Shares: BDFUX

Table I.
Performance†
Annualized for periods ended December 31, 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]	12.36%	12.44%	12.75%	11.69%
One Year	22.28%	22.58%	18.66%	26.29%
Three Years	(6.10)%	(5.86)%	(3.50)%	10.00%
Five Years	11.65%	11.94%	9.22%	15.69%
Ten Years	10.74%	11.02%	7.16%	12.03%
Since Inception (September 30, 2013) (Annualized)	12.14%	12.42%	7.80%	12.82%
Since Inception (September 30, 2013) (Cumulative)[3]	223.59%	232.02%	115.98%	244.24%

So much has changed in the past 20 years and these changes have made it harder to have a so-called *edge* in the markets. Cheap or free access to the most important market data including financial statements, pricing information, and real time news, has led to informational democracy. Significantly increased regulation (most notably, Reg FD) ensures equal dissemination of market moving news. An increased variety of investment options (ETFs, index funds, and a host of other public and private investment vehicles) enable a variety of ways to execute investment strategies. And soon, artificial intelligence (AI), which we expect will be available to nearly everyone, could democratize trading even further. And yet, against all odds, Baron Discovery Fund and most of the other Baron Funds have consistently beaten their principal benchmarks over the last decade and have garnered top rankings in their respective categories. Why have our returns been meaningfully better than benchmark averages? What is it that we see that others don't? In other words, why should you invest with us for the future?

We believe our advantage lies in two key areas. First, we are long-term, fundamentally based investors. Our *edge* does not depend on getting a quick trading jump on other investors, but rather by truly investing in businesses we believe can grow meaningfully over time due to quality management teams, strong protected business models, and large unexploited market opportunities. Second, we have the experience to

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, 2023 was 1.33% 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, 2034, 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 baronfunds.com or call 1-800-99-BARON.

† 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 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 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. Investors cannot invest directly in 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

recognize these opportunities and to correctly value them. This deep understanding of our business allows us to hold our positions even in the face of transient adversity. We believe that while AI will help investors in many ways, it will never have the ability to replicate or replace our experiential judgment in evaluating management teams and the competitive environments in which they operate.

The *experience* component captured my attention over the holidays. I read two interesting books that shed some light on our experiential edge in the markets: *Elon Musk* by Walter Isaacson (2023); and *Blink: The Power of Thinking Without Thinking* (2005) by Malcolm Gladwell.

Elon Musk is a fascinating biography, which attempts to capture the mindset and human underpinnings of a controversial but unimpeachably game-changing inventor, businessman, and "speciest." The latter term, which I'd never heard of until reading the book, refers to Elon's moral belief that human consciousness should be favored over that of machines. This seems elementary, but there are those who believe otherwise, and this will become relevant in the "singularity" (when machine-based intelligence reaches the point where it equals and then exceeds that of humans). Elon does not like these people (and I agree), and the drive to perpetuate human consciousness is driving his mission to populate Mars. However, I believe the singularity is a long way off even in the age of AI, and particularly in the realm of investing, where the human element of intuition (informed by experience) is the ultimate *edge*. Even a genius like Elon Musk has had years of experientially informed trial and error to help him extend his products to the realm of what was originally thought to be impossible. Blowing up multiple SpaceX rockets to iterate on the best engine designs ("If we're not blowing up engines we're not trying hard enough"), dealing with massive parts reductions in Tesla cars that sometimes lead to recalls ("the best part is no part"), and refusing to accept conventional wisdom in how to engineer a NeuraLink chip to interface with the human brain, are how Elon learns on an iterative basis.

At Baron, our team of analysts and portfolio managers do something very similar with regard to stress testing management teams, investment theses, and portfolio construction. We visit companies and we talk to customers, competitors, and suppliers. We interview experts in the field whether they are surgeons, semiconductor engineers, or insurance executives. Then we circle back to the management teams in which we invest, to ask follow-up questions to ensure that the original investment theses and our initial estimations of managements' character are sound. There is a correlation with the average experience of our 17 Baron portfolio managers at 27 years, and why Baron Funds outperform over the long term. It is because we have been there. In the words of Elon, "If you've not been there, you're just talking bull-#@$%." (*Elon Musk*, p. 583).

A corollary to the necessity of having tremendous experience for investment success, is that you need to know when not to *overthink* the situation. This is the crux of *Blink*. The book posits that in certain circumstances unconscious thinking can be better than conscious analysis. This is particularly apropos in complex situations when we are overloaded with information. "We have virtually unlimited amounts of data at our fingertips at all times, and we're well versed in the arguments of not knowing enough and doing our homework. But what I have sensed is an enormous frustration with the unexpected costs of knowing too much, of being inundated with information. We have come to confuse information with understanding." (*Blink*, p. 264). In fact, this phenomenon is a big issue in AI when "hallucinations" (conclusions formed by synthesizing massive amounts of information in a logical but ultimately incorrect manner) are substituted for real world truth. In public market investing, information overload situations happen constantly. They can occur when a public company CEO says something in a meeting that doesn't ring *true* (requiring an immediate follow-up question), or a rapid negative pricing dislocation in the market that might lead to adding to or reducing an investment (given a high level of confidence in the circumstances). In cases such as these, investors need to balance in-depth analytics and massive information gathering with instinctual decision-making processes. This necessitates a deep experiential base. "Being able to act intelligently and instinctively in the moment is possible only after a long and rigorous course of education and experience." (*Blink*, p. 259). Experts have "a way to structure their first impressions, the vocabulary to capture them, and the experience to understand them . . ." (*Blink*, p. 187). In other words, experts have judgment. "[J]udgement matters. It's what separates winners from losers." (*Blink*, p. 260).

This is in sync with another book that Gladwell wrote in 2008 called *Outliers: The Story of Success* where the author argues that true expertise is not achieved until practitioners have at least 10,000 hours of experience in their field. Laird and I have each been investing for over a quarter of a century, which at 60 hours per week (we probably each work a lot more than that including weekends) would equate to about 3,000 hours per year, or 75,000 hours each of total experience in honing our craft. Talk about AI (actual intelligence™) training! Our experience and judgment separate us from nearly all of our peers. Our excess returns bear that out.

Table II.

Top contributors to performance for the quarter ended December 31, 2023

	Percent Impact
SentinelOne, Inc.	1.37%
GitLab Inc.	1.13
Varonis Systems, Inc.	1.02
CyberArk Software Ltd.	0.93
Kratos Defense & Security Solutions, Inc.	0.89

SentinelOne, Inc. is a cybersecurity software company that specializes in endpoint protection, cloud security, and security data analytics. Shares rose on outstanding quarterly financial results and strong guidance. SentinelOne is one of the fastest growing public cybersecurity companies, with revenue expected to grow more than 46% this fiscal year. Growth has been driven by a combination of: 1) market share capture from legacy endpoint vendors that struggle to compete against SentinelOne's AI-enabled platform; 2) an ongoing shift of Information Technology (IT) infrastructure to the cloud driving demand for cloud application protection (growing triple digits); and 3) cybersecurity vendor consolidation favoring end-to-end platforms with comprehensive security portfolios over single-point solutions. The company is also leveraging its single data store and AI capabilities to cross-sell more products into its existing customer base and increase average sale prices. Between larger deal sizes and improving operating efficiencies, we believe the company can continue to expand margins at a significant rate and begin generating positive free cash flow in the next fiscal year.

GitLab Inc. is an end-to-end software development and IT operations platform that enterprises use to create, secure, and deploy programming code. The stock rose after GitLab delivered strong quarterly results driven by improving win rates in enterprise deals, solid seat growth, and higher average selling prices. In recent years, GitLab has delivered more than 400 feature enhancements to its platform, enabling its customers to consolidate more software development steps into GitLab, lowering total IT costs and achieving faster software delivery times. As a result, GitLab has realized higher average revenue per user (ARPU) through a combination of price increases and upgrades to its Ultimate Tier product. These ARPU increases, coupled with consistent user growth, bode well for future sales and margin expansion. GitLab also has several exciting new growth levers, including a monetizable generative AI product that helps developers write code, detect vulnerabilities automatically, and remediate bottlenecks in the coding process, a new enterprise planning SKU that brings non-developers onto the platform, and a Dedicated Tier for clients in regulated industries.

Varonis Systems, Inc. is a cybersecurity vendor that helps organizations classify, locate, and protect sensitive data across on-premise and cloud environments. Shares of Varonis increased on strong quarterly results with annual recurring revenue (ARR) growth and free cash flow beating consensus. Last year, Varonis began transitioning to a Subscription as a Service (SaaS) model, which will benefit clients via lower maintenance costs, better automation, and faster remediations of data vulnerabilities. Throughout 2023, demand for the SaaS model has been much higher than investors anticipated, and SaaS already accounts for over 15% of ARR. SaaS customers are landing with more licenses, paying 30% higher prices per license, and signing deals faster. As this mix shift progresses, we anticipate improved sales efficiency and higher margins. Varonis remains a competitively advantaged business in the data security industry, which we believe can accelerate in 2024 as recent SEC disclosure requirements for security breaches drive industry awareness, and regulated companies look to invest in data security as a prerequisite for adopting generative AI.

Table III.
Top detractors from performance for the quarter ended December 31, 2023

	Percent Impact
Kinsale Capital Group, Inc.	-1.21%
Chart Industries, Inc.	-0.87
Establishment Labs Holdings Inc.	-0.56
The Beauty Health Company	-0.51
European Wax Center, Inc.	-0.23

Shares of specialty insurer **Kinsale Capital Group, Inc.** gave back some gains from earlier this year after the company reported slower premium growth in the third quarter. Earnings beat Street expectations with EPS doubling and ROE exceeding 34%. However, investors focused on the slowdown in gross written premiums to 33% growth from 58% growth in the prior quarter, which management attributed to normal seasonality for property insurance. Additionally, we believe some of the share price weakness resulted from a market rotation away from defensive stocks to more speculative stocks following a decline in interest rates. 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.

Chart Industries, Inc. is a global leader in design, engineering, and manufacturing of process and storage technologies and equipment for gas and liquid handling. Shares fell after the company missed analyst earnings forecasts on project revenue recognition timing. Chart also held an Investor Day in which it provided mid-term financial targets instead of further detail on its 2024 outlook, falling short of some analyst expectations. We remain bullish on the company's prospects. Business fundamentals are strong, with management seeing solid demand across the portfolio and cost synergies from the Howden acquisition are ahead of company targets. Chart also has a much larger than normal backlog supporting growth in 2024, providing good visibility. We believe the integration of Howden is proceeding well, with the combined company on track to become a globally diversified, high-quality, high-growth industrial business with proprietary technology and solutions serving the growing hydrogen, carbon capture, liquid natural gas, and other end markets. Chart's valuation remains attractive relative to its growth and margin profile, in our view.

Establishment Labs Holdings Inc. sells next-generation breast implants that have meaningfully lower safety risks compared to competitor products. The company's implants have captured significant share in many international markets, and the upcoming U.S. and China launches will more than double the addressable market. Shares fell in the quarter. The near-term issue is that breast augmentations are expensive discretionary cash-pay procedures, and macroeconomic headwinds are leading to weaker global demand. Compounding this, distributors in Asia-Pacific are working down inventory as they run leaner in uncertain economic times. This weakness also creates uncertainty as to whether Establishment Labs can achieve certain milestones needed to access additional tranches of debt, absent which the company will likely need to raise capital. Longer term, we think Establishment Labs will capture significant share in the U.S. and China and will launch a unique minimally invasive implant product that will accelerate revenue growth and profitability.

Portfolio Structure

Table IV.
Top 10 holdings as of December 31, 2023

	Year Acquired	Quarter End Investment Value (millions)	Percent of Net Assets
GitLab Inc.	2022	$49.0	3.4%
DraftKings Inc.	2023	43.5	3.0
SentinelOne, Inc.	2023	43.2	3.0
Advanced Energy Industries, Inc.	2019	43.1	3.0
Axon Enterprise, Inc.	2022	42.9	3.0
CyberArk Software Ltd.	2022	41.7	2.9
Axonics, Inc.	2020	39.7	2.8
Floor & Decor Holdings, Inc.	2019	39.0	2.7
Rexford Industrial Realty, Inc.	2019	36.5	2.6
Couchbase, Inc.	2021	35.9	2.5

Our top 10 holdings represented 29.0% of the portfolio, versus 32.1% at December 31, 2022 and 25.6% at December 31, 2021. This is within our typical 25% to 35% range. Cash holdings were 5.8%, which is also a typical mid-single digit level. As of September 30, 2023, the Fund had capital loss carryforwards of about $205 million representing cumulative short and long-term losses that may be applied against future capital gains. We have no expectation of distributable gains in the near future, and we are always attuned to the tax position of the Fund.

We generally don't expect our sector exposures to vary greatly from the Index, but the Fund is presently overweight IT by about 16% due to our belief that small-cap IT has continued to show compelling valuations coupled with strong business growth characteristics. A portion of our overweight position in IT (2.7%) comes from our investment in **Advanced Energy Industries, Inc.**, which we consider to be more of an Industrials company. In Industrials, the Fund is 1.7% overweight (4.4% if we re-allocate Advanced Energy), which includes 4.5% exposure to defense-oriented names. The Fund is 7.8% underweight in Health Care, but this is mostly due to our lack of exposure to biotechnology stocks, which represent over 10% of the Index. Finally, the Fund does not have exposure to more cyclical/value-oriented sectors comprising over 10% of the Index including Energy (4.5% of the Index), Materials (4.1%), and Utilities (1.5%). While this latter allocation decision can hurt the Fund's relative performance during periods when the market is exceedingly defensive and commodities are in an inflationary cycle, we believe that such periods are more the exception than the rule.

The Fund's portfolio turnover was 32.3% for the year (versus 31.8% last year) and 34.8% on average over the last three years. This is significantly lower than the 71.1% three-year average for the Morningstar Small Growth Category, which reflects our long-term strategic investment focus.

Recent Activity

Table V.
Top net purchases for the quarter ended December 31, 2023

	Year Acquired	Quarter End Market Cap (billions)	Net Amount Purchased (millions)
AAON, Inc.	2023	$ 6.0	$12.9
Mercury Systems, Inc.	2015	2.2	5.3
DraftKings Inc.	2023	16.4	5.2
SentinelOne, Inc.	2023	8.2	4.0
Maravai LifeSciences Holdings, Inc.	2022	1.6	3.9

AAON, Inc. is a high-quality manufacturer of HVAC equipment based in Tulsa, OK. It is a leader in providing premium, semi-custom HVAC equipment to the non-residential market with products that are more energy efficient, have longer life spans, and overall are better customized than peers to fit customers' needs. This has driven significant outperformance over the past decade with organic growth in the high single-digit to low double-digit range compared to a low to mid-single-digit range for its peers.

Strong secular growth driven by decarbonization and broader ESG trends/regulations is leading to greater demand for the types of products AAON specializes in such as energy efficient HVAC equipment that provides better air quality. To satisfy incoming regulations, peers have been forced to update their offerings and raise prices, while AAON today has ready-to-ship products satisfying all regulations. This dynamic is reducing the price premium between AAON's products and the industry standards from 15% to 20% historically to a high single-digit level today. This price gap reduction is accelerating volume growth and enabling the company to take share. With the acquisition of BasX Solutions, a leader in data center, cleanroom systems, and custom HVAC units in December 2021, AAON expanded its addressable market by around 50% to over $30 billion in segments of the market where its focus on energy efficient units is extremely valuable. BasX's adjusted cash flow (EBITDA) has roughly doubled over the past two years under AAON's ownership. Lastly, CEO Gary Fields has undertaken a multi-year reorganization of the company's management team and invigoration of company culture with a greater focus on selling and pushing the AAON solution from niche to mainstream. A simple illustration of the change brought by Gary is the opening of the exploration center this past April. This is a 28,000 square foot facility with over 10,000 square feet of exhibits and AAON products. We toured this facility at the company's Analyst Day this past May where AAON units were placed next to competitor solutions. By purchasing and deconstructing competitors' solutions, the team clearly highlighted the value of AAON's superior products. They are more durable and have higher levels of efficiency. The team hoped that they would bring one to two potential customers a week to the center, but the demand has been so strong that one to two customers a day are visiting with a strong conversion from visits to eventual orders.

Going forward, with run-rate revenue at a little over $1 billion in a $30 billion market, there is ample opportunity ahead for AAON to grow and take market share. We expect mid-single-digit price increases across its product set along with mid-single-digit volume growth. The business is about 65% replacement/35% new construction with a mix of end-markets and limited exposure to new office construction. Given the growth opportunity ahead, the company is continuing to invest aggressively but at the same time has taken steps to maximize its physical footprint and, over time, will achieve greater levels of operating leverage. We believe the company will drive gross margins from the low 30% to the mid-high 30% levels with EBITDA margins expanding from the low to high 20% levels over our five year investment horizon. We calculate this combination of above market growth combined with significant margin expansion will allow us to double our investment over the next five years.

We added to our position in **Mercury Systems, Inc.**, the leading U.S. Tier 2 defense electronics manufacturer and integrator, as we are convinced that the new management team put in place in August 2023 has made meaningful progress in their turnaround efforts, and that shares remain meaningfully undervalued. We also added a small amount to our **SentinelOne, Inc.** investment as we are excited about valuation and the acceleration in its business fundamentals.

We added to our position in **DraftKings Inc.**, the leading mobile sportsbook and gaming operator in the U.S. While we lowered our estimates for the fourth quarter due to lower hold in the month of November, it is important to keep in mind that while hold can be volatile from quarter to quarter, the company continues to slowly increase hold over time (primarily because of a higher percentage of the handle being in higher hold "parlay" bets). We continue to be attracted to DraftKing's dominant market share and the scale advantages that come with this.

While **Maravai LifeSciences Holdings, Inc.** remains a relatively small position in the Fund, we believe that better days are ahead for this mRNA-oriented drug development technology company. We think that over the coming years its pipeline will start to bear fruit, and we can be patient as it is already cash-flow positive with net cash on its balance sheet.

Table VI.
Top net sales for the quarter ended December 31, 2023

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap or Market Cap When Sold (billions)	Net Amount Sold (millions)
Kinsale Capital Group, Inc.	2016	$0.4	$7.8	$17.5
European Wax Center, Inc.	2023	1.2	0.9	13.1
ACV Auctions Inc.	2021	0.5	2.4	8.3
Ichor Holdings, Ltd.	2016	0.2	1.0	6.9
Kratos Defense & Security Solutions, Inc.	2020	2.2	2.6	6.1

We trimmed our position in **Kinsale Capital Group, Inc.** in an effort to risk manage the position size. That being said, we continue to like the company's longer-term prospects and opportunities to take share in the excess and surplus lines insurance market.

We sold our position in **European Wax Center, Inc.** due to what we viewed as an appropriate valuation given the recent macroeconomic slowdown in visits from the company's *episodic guests*.

We trimmed our position in **ACV Auctions Inc.** during the quarter. While we continue to believe in the company's longer-term growth opportunities, we believe the current valuation reflects the challenging near-term economic environment.

We sold some of our position in **Ichor Holdings, Ltd.**, which is a manufacturer of semiconductor capital equipment. We like Ichor and its management team, but as we await the turnaround of the equipment cycle broadly, we believed there were better opportunities to deploy capital within the IT sector.

Outlook

In our 2022 fourth quarter letter, we posited that there were already signs that inflation, which was driven by massive monetary and fiscal stimulus and COVID-related supply-chain issues, was starting to ease. During 2023 our message to investors was that markets will rally as participants start to discount a pause in interest rate increases by the Federal Reserve, and will ultimately discount rate *decreases* by the Fed. While they did not move in a straight line, markets played to type and rallied in what we viewed as a *typical* economic cycle reaction. That being said, large-cap stocks, and particularly a small set of these, rallied higher than small caps in 2023. We believe that 2024 will be the *year of small cap* as relative valuations return to more normalized levels, with small caps garnering bigger multiples than large caps. We also believe that our style of stock picking—active management driven by experiential-based fundamental analysis—will be amply rewarded. We appreciate your trust in us, and we are glad that you have chosen Baron Discovery Fund as an investment.

Randy Gwirtzman	Laird Bieger
Portfolio Manager	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 1-800-99-BARON or visiting 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.

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

Dear Baron Durable Advantage Fund Shareholder:

Performance

We had another strong quarter to close out the best year since the Fund's inception.

Baron Durable Advantage Fund® (the Fund) gained 13.9% (Institutional Shares) in the fourth quarter, compared to the 11.7% gain for the S&P 500 Index (the Benchmark). For the calendar year 2023, the Fund gained 45.5%, compared to the 26.3% gain for the Benchmark.

Table I.
Performance
Annualized for periods ended December 31, 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]	13.86%	13.94%	11.69%
One Year	45.11%	45.51%	26.29%
Three Years	12.78%	13.08%	10.00%
Five Years	19.39%	19.68%	15.69%
Since Inception (December 29, 2017)	14.42%	14.70%	12.07%

ALEX UMANSKY
PORTFOLIO MANAGER

Retail Shares: BDAFX
Institutional Shares: BDAIX
R6 Shares: BDAUX

U.S. equities had a strong bounce-back year in 2023. The S&P 500 Index gained 26.3%, which is its third highest return in the last decade. The year began with continued doom and gloom amid the unrelenting Fed continuing its historical tightening cycle, the ongoing recession debate, the geopolitical uncertainties, and the poor investor psychology following an 18.1% drawdown the year before, the worst decline experienced since the Great Financial Crisis of 2008. But for some reason stocks stopped going down. Restructuring announcements and mild guide downs were cheered by analysts and investors alike and the Index ended the first quarter with a 7.5% gain. It was more of the same in the spring and early summer as the Fed signaled that its interest rate hikes were likely coming to an end and the Index rose an additional 8.7%. The fall brought a realization that a stronger economy with a lower probability of recession meant rates were going to stay *higher for longer*, and the Index pulled back 3.3% in the third quarter. But then, lower inflation data and investor focus shifting to rate cuts caused the Index to finish with a bang and an 11.7% quarterly gain to end the year.

The Fund had an unusually consistent year as it outperformed in every quarter, rising more than the Benchmark on the way up, 16.0% in the first quarter, 10.7% in the second quarter and 13.9% in the fourth quarter, and declining less on the way down, just 0.6% in the third quarter. While we view this as a sign of a well-constructed and well-performing portfolio, we neither manage for nor expect this type of consistency to be the norm.

From a quarterly performance attribution perspective, both stock selection and sector allocation contributed to relative returns. Selection was strongest in Information Technology (IT) and Consumer Discretionary, which was partially offset by poor performance in Financials and Industrials, while overweights in Financials and IT, and lack of investments in Energy also contributed to relative gains.

For the full year, performance was driven by stock selection, which generated 1,481bps of the total 1,922bps of outperformance. We saw consistent contributions across the portfolio as all sectors in which the Fund was invested except Health Care outperformed the Benchmark. Our best sector was Communication Services, which drove 688bps of outperformance, thanks to **Meta** (up 194%) and **Alphabet** (up 57%). IT and Financials were also strong, contributing an additional 664bps of outperformance. Within IT, we had the biggest weights in the right sub-industries – semiconductors, application software, and systems software, as these were the three best

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, 2023 was 1.40% and 1.00%, 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, 2034, 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 baronfunds.com or call 1-800-99-BARON.

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.

BARON FUNDS® 1987

performing IT sub-industries during 2023. Think **NVIDIA** (up 241%), **Monolithic Power Systems** (up 80%), and **Adobe** (up 77%). We were also in the right stocks within Financials, as the sector underperformed with a gain of just 14.8% versus 26.3% for the Benchmark. Our Financials investments were up 31.0% driven by **Blackstone** (up 83%) and **Moody's** (up 41%). Consumer Staples and Consumer Discretionary drove an additional 345bps of outperformance highlighted by **Amazon** (up 80%) and **Costco** (up 49%). Lastly, we also benefited from not investing in Energy and Utilities stocks, which were the two worst performing sectors in the Benchmark.

From a stock specific perspective, we benefited both from a high batting average and an excellent slugging percentage. The Fund had 26 contributors against only 6 detractors. More importantly, 15 of our investments added over 100bps each to absolute returns, 7 of which contributed 200bps or more. The shares of Alphabet, **Microsoft**, **Intuit**, Adobe, Monolithic Power Systems, Amazon, and Blackstone all rose over 50%, while Meta and NVIDIA posted extraordinary gains of 194% and 241%, respectively. On the other side of the ledger, **Estee Lauder**, **Danaher**, and **Mettler-Toledo** were our three largest detractors, costing the Fund 87bps combined.

The last two years proved to be quite a ride for equity investors. In some ways, it can be perceived and evaluated as a compressed market cycle. A sizable drawdown in 2022, followed by a meaningful recovery in 2023. We are pleased with how the Fund performed over this combined period generating a cumulative gain of 9.4%, a full 600bps better than the 3.4% return for the S&P 500 Index. As a reminder, we seek a targeted return of 100bps to 200bps of alpha over the Benchmark (per year, net of fees and expenses, and over full-market cycles) by investing in high-quality, competitively advantaged businesses for the long term, while minimizing the probability of a permanent loss of capital. We do it differently from many of our competitors who construct their portfolios similarly to the Index by combining cheap *value* stocks with more expensive *growth* stocks. Both value and growth labels are primarily a function of the multiple that is currently assigned to the stock; they do not tell us anything about the most important characteristic of the business: its quality.

Instead of splitting the investable universe into value stocks and growth stocks, we separate them into high-quality and lower-quality businesses. We further split the high-quality category into *Big Ideas* and companies that we call *holders of value*. Big Ideas are businesses going through the steep part of their growth s-curves that are in the earlier stages of their growth life cycles from the industry penetration perspective. These are companies that are either driving or are benefiting from disruptive change and that can become significantly larger in the future than they are today. This is the bread and butter of many investment strategies at Baron. This Fund, however, offers a home for the companies that are either in the later stages of being a Big Idea or that are transitioning into becoming holders of value (although, occasionally we may find a company priced and perceived as a holder of value that is on its way to becoming a Big Idea, as was the case with NVIDIA when we first invested in it in this Fund towards the end of 2022). Essentially, we focus on long-term *compounders with lower risk*: the highest quality large-cap companies with attractive business models (asset light, high recurring revenues, low financial leverage, etc.), durable growth characteristics (long duration of growth, though the growth rates may be lower), that solve critical problems for their customers, and have durable competitive advantages. Typically, these companies face lower risk of getting disrupted by competitors or new technologies. We also look for management teams with long track records of operational excellence and prudent capital allocation. One of the most common signs of a company leaving the realm of a Big Idea and transitioning into the holder of value is the recognition that it can no longer reinvest all of its excess cashflow back into the business at high rates of return, and therefore it chooses to return capital back to shareholders via dividends or stock buybacks. If we are successful in identifying and investing in businesses with the above characteristics, it should make our claim and conviction in *lower risk of a permanent loss of capital* somewhat self-evident.

We think it is important to differentiate between stock market volatility and the risk of permanent loss of capital. As long-only equity managers, we do not have the proper tools to manage market volatility effectively. Furthermore, we are not convinced that managing or mitigating the effects of volatility is a worthwhile exercise for long-term investors who tend to optimize for maximizing long-term returns. Numerous academic studies have concluded that overdiversification by mutual funds has been alpha destructive, particularly in an efficient asset class such as U.S. large cap where fewer stocks are mispriced. So instead of owning all kinds of businesses across the wide swath of the economy (like the Index) to dampen market volatility, we invest exclusively in high-quality, competitively advantaged businesses trading at attractive/reasonable multiples for the long term. The strategy has worked well so far, with the Fund outperforming by 308bps per year on an annualized basis over the last three years, by 399bps per year over the last five years, and by 263bps per year since inception. While we have a lot of conviction that our process works, we cannot guarantee that this positive outcome will continue to be the case.

Table II.
Top contributors to performance for the quarter ended December 31, 2023

	Quarter End Market Cap (billions)	Percent Impact
Microsoft Corporation	$2,794.8	1.84%
Amazon.com, Inc.	1,570.2	1.45
Meta Platforms, Inc.	909.6	1.16
Monolithic Power Systems, Inc.	30.2	1.03
S&P Global Inc.	139.6	0.87

Microsoft Corporation is a software company traditionally known for its Windows and Office products. Over the last eight years, it has built a $120 billion-plus cloud business, including Office 365, CRM product Dynamics 365, and infrastructure-as-a-service product Azure (including Azure AI services). Shares increased 19.3% (and closed the year up 58.1%) after posting strong quarterly results, with a material top-line beat and upside across all three operating segments and strong margin growth, despite ramping investments behind AI. Microsoft Cloud revenues grew 23% year-over-year in constant currency, significantly outpacing the company's 12% overall constant currency revenue growth as well as the growth rate of its main competitors. We continue to believe cloud is a durable growth engine for the company. We remain confident that Microsoft is one of the best positioned companies in IT with its vertically integrated software stack and broad sales distribution. We believe Microsoft will continue taking share across its business, driving durable, long-term, double-digit growth and best-in-class profitability.

Amazon.com, Inc. is the world's largest retailer and cloud services provider. Shares of Amazon were up 19.5% in the quarter and finished the year up 80.5%. Reported quarterly results were better than consensus estimates with 11% year-over-year revenue growth in constant currency, and a significant beat in North American operating profit as operating margins reached 4.9%. The cloud division, AWS, also grew 12% year-over-year and management reported that the impact of customer optimizations was attenuating. We believe that AWS has many years of growth ahead as IT budgets continue switching from on-premises to the cloud and as Amazon remains the clear leader in the market, with large incremental opportunities in application software, including enabling generative AI (GenAI) workloads. We also believe Amazon is well positioned in the short-to-medium term to further improve core North American retail profitability to above pre-pandemic levels, benefiting from its new regionalized fulfillment network and its growing margin-accretive advertising business. Longer term, Amazon has substantially more room to grow in e-commerce taking share from offline retail, which still represents the majority of retail spending.

Shares of **Meta Platforms, Inc.**, the world's largest social network, were up 17.9% in the quarter due to healthy top-line growth and expense guidance that beat consensus. Revenues grew 21% year-over-year in constant currency, driven by growth in ad impressions, which were up 31% year-over-year, and with operating margins of 40%. Our industry checks have also validated advertiser adoption and satisfaction, with particular improvements in monetizing Instagram Reels (which has become net-neutral to revenues earlier than expected) and click-to-message ads. Moreover, Meta continues to innovate in GenAI, with a leading AI research lab and a number of widely adopted open-source models; we are also beginning to see Meta's core apps incorporate GenAI in the user experience. Core app engagement remains healthy with video and Instagram Reels incremental to user time spent on the platform. Longer term, we believe Meta will utilize its leadership in mobile advertising, user base size, innovative culture, GenAI research and distribution, and technological scale to sustain durable growth for years to come, with further monetization optionality ahead.

Table III.
Top detractors from performance for the quarter ended December 31, 2023

	Quarter End Market Cap or Market Cap When Sold (billions)	Percent Impact
Arch Capital Group Ltd.	$27.7	–0.19%
LPL Financial Holdings Inc.	17.2	–0.12
The Estee Lauder Companies Inc.	51.9	–0.02

Shares of specialty insurer **Arch Capital Group Ltd.** declined 6.8% in the fourth quarter after solid performance for most of the year (shares finished the year up 18.3%). We believe the share price weakness was primarily due to a market rotation away from defensive stocks following a decline in interest rate expectations. Company fundamentals remained strong with net premiums written growing 23% year-over-year, operating ROE expanding to 25%, and book value per share rising 30% year-over-year in the third quarter. Management expects favorable market conditions will persist. We continue to own the stock due to Arch's long history of world-class management execution, proving itself as an exceptional capital allocator, across insurance cycles and with a strong underwriting discipline over many years. We expect durable growth in earnings and book value for years to come.

LPL Financial Holdings Inc. is the largest independent broker-dealer in the U.S. Shares declined 4.1% in the quarter as expectations for the number of interest rate cuts in 2024 increased (shares still finished the year up 12.7%). LPL invests idle client cash in both floating as well as fixed rate contracts. Rate cuts could reduce LPL's cash revenues and earnings from its floating rate contracts. LPL's interest rate exposure has also made it a favored stock for short-term traders to gain exposure to higher interest rates. We believe some of the stock weakness was a result of these investors reducing their stake as rates look set to fall. On a long-term basis, we believe that even under conservative assumptions for rates, the stock offers a positively skewed risk/reward profile. Moreover, LPL's execution continues to be strong as it gains share among advisors and wins large enterprise deals. We therefore remain shareholders and have been adding to our position.

The Estee Lauder Companies Inc. is a leading manufacturer, marketer, and retailer of prestige beauty products globally. Shares continued underperforming in the fourth quarter after management cut the company's outlook for the fiscal year ending 6/30/2024. This downward revision was mainly driven by a worsening outlook in China, business disruptions in Israel and other parts of the Middle East, and worsening F/X headwinds. Estee Lauder's disproportionate exposure to the Chinese consumer and the travel retail channel in Asia relative to peers continues to place pressure on both growth and margins. We decided to exit our position and reallocate to ideas in which we have greater conviction.

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 December 31, 2023, our top 10 positions represented 52.6% of the Fund's net assets, the top 20 were 82.2%, and we exited 2023 with 30 investments (this compares to 49.9%, 82.6%, and 29 investments as of the end of 2022, respectively). As of year end, IT and Financials were our largest sectors, representing 61.2% of the Fund. Health Care, Communication Services, Consumer Discretionary, Industrials, and Consumer Staples represented another 36.1% of the Fund. Cash was the remaining 2.7%.

Table IV.
Top 10 holdings as of December 31, 2023

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Microsoft Corporation	$2,794.8	$17.5	9.6%
Amazon.com, Inc.	1,570.2	14.8	8.1
Meta Platforms, Inc.	909.6	11.9	6.5
Alphabet Inc.	1,756.0	8.6	4.7
Visa Inc.	536.8	7.9	4.3
S&P Global Inc.	139.6	7.9	4.3
Intuit Inc.	175.0	7.5	4.1
NVIDIA Corporation	1,223.2	7.1	3.9
UnitedHealth Group Incorporated	486.9	6.7	3.6
Moody's Corporation	71.5	6.4	3.5

Recent Activity

During the fourth quarter, we took advantage of flows into the Fund to add to 28 existing holdings, with the largest additions flowing into our highest conviction ideas: **Microsoft**, **Amazon**, **Alphabet**, **Visa**, and **Meta**. We also exited **Estee Lauder** during the quarter and reallocated proceeds to ideas in which we had greater conviction.

Table V.
Top net purchases for the quarter ended December 31, 2023

	Quarter End Market Cap (billions)	Net Amount Purchased (millions)
Microsoft Corporation	$2,794.8	$6.4
Amazon.com, Inc.	1,570.2	6.1
Alphabet Inc.	1,756.0	3.4
Visa Inc.	536.8	3.2
Meta Platforms, Inc.	909.6	3.2

Our biggest add in the fourth quarter was to the software platform **Microsoft Corporation**. The stock has been the largest position in the Fund for years now as we continue to have a lot of conviction in the business. Microsoft's transformation under the helm of Satya Nadella has changed the company's trajectory as it went from a windows-centric, on-premises technology provider to one of the top two global cloud providers. Cloud now represents over 55% of total revenues and has been growing in the mix – it is now a $125 billion run-rate business, it is still growing rapidly and taking market share, and it is becoming a more important driver for the company overall. In the third quarter, Microsoft Cloud grew 23% year-over-year in constant currency, significantly outpacing the company's overall 12% growth. A 23% growth rate at this scale essentially implies that Microsoft added a run rate of around $24 billion of cloud revenues year-over-year. Just to put this in perspective, $24 billion is nearly the size of **Mastercard**'s business, it is over 8 times Snowflake's total revenues and is nearly 3 times ServiceNow's total revenues. We continue to view cloud as a durable growth driver for the company. According to the latest estimates from Gartner, global cloud spending was expected to finish 2023 at $564 billion,[1] still representing only 12% of the total $4.7 trillion worldwide IT spending.[2]

We also believe that Microsoft is one of the best competitively positioned companies in large cap with its vertically integrated software stack (infrastructure + applications) while the inflection in the adoption of AI and GenAI represents a significant positive optionality for the business. Microsoft also has a tight partnership with OpenAI, has a large proprietary data asset built over time, and has a go-to-market advantage through a vast and robust partner ecosystem. These aspects should enable it to cross-sell its existing user base as AI becomes embedded in current and new products.

We continue to believe Microsoft is well positioned to continue taking share across its business and specifically in cloud and AI, driving a durable long-term double-digit growth profile and a best-in-class profitability. Lastly, we believe shares are reasonably priced for this high-quality franchise and what should be a year of accelerating revenue growth in fiscal 2024 (as we lap the easy comps from the cyclical consumer business and as F/X headwinds abate, while Azure continues to post upside to the conservative guidance and likely reaccelerates later this year as customer optimizations attenuate). We also expect Microsoft to invest prudently in the business, prioritizing rapidly growing segments, which should support continuous healthy double-digit EPS growth for years to come.

Our second largest add in the fourth quarter was to **Amazon.com, Inc.** Despite the strong performance for Amazon's stock in 2023, its valuation remains attractive, in our view, as the company remains well positioned to benefit from durable growth, while the inflection in margins remains in early innings and is just starting to show in the reported numbers. For example, the company reported 4.9% margins for its North America segment in the last quarter and guided for margins to continue moving higher thanks to scale, operational efficiency, and the growing mix of the highly profitable advertising revenue stream. 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,[3] domestic e-commerce still accounts for only 15.6% of retail sales (as of the third quarter of 2023). 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 10%, even though it continues to outgrow other digital advertising companies. For example, Amazon's advertising revenues were up 25% year-over-year in the third quarter of 2023, compared to revenue growth rates of 21% for Meta and 11% for 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 12% of the $4.7 trillion spending on global IT products and services. Areas such as logistics and health care present additional optionality. Lastly, we also believe that GenAI presents a potentially large opportunity for AWS, given its large installed base, data gravity and the likelihood that AI models would be brought to data (and not vice versa), and its 3-layered approach to AI across compute (through its own chips), AI services (such as Bedrock) and applications.

During the quarter, we also added to our other high-conviction investments including **Alphabet Inc.**, **Visa Inc.**, and **Meta Platforms, Inc.**, which we believe are well positioned to benefit from GenAI while their core businesses continue to exhibit durable growth characteristics with sustainable competitive advantages and high profitability.

Table VI.
Top net sales for the quarter ended December 31, 2023

	Market Cap When Sold (billions)	Net Amount Sold (thousands)
The Estee Lauder Companies Inc.	$51.9	$328.2

During the fourth quarter, we sold our position in the prestige beauty company **The Estee Lauder Companies Inc.** We have been studying the drivers behind the challenges the company has been facing over the last few years, which contributed to market share losses and margin deterioration. After not allocating incremental capital to the stock for some time, we decided to sell our position and reallocate the proceeds to investments in which we had greater conviction of a more positively skewed risk/reward over the long term.

1 https://www.gartner.com/en/newsroom/press-releases/11-13-2023-gartner-forecasts-worldwide-public-cloud-end-user-spending-to-reach-679-billion-in-20240#:~:text=Worldwide%20end%2Duser%20spending%20on,Vice%20President%20Analyst%20at%20Gartner.
2 https://www.gartner.com/en/newsroom/press-releases/2023-10-18-gartner-forecasts-worldwide-it-spending-to-grow-8-percent-in-2024
3 https://www.census.gov/retail/ecommerce.html

Outlook

We continue to operate in an environment where an overwhelming majority of investors are hyper-focused on the minute-by-minute news cycle. What is the incremental change? The reality is that this incremental change is rarely of any consequence or materiality, yet stock prices react to the change and pick up momentum in both directions. We work hard on trying to cut through the noise and focus on seeing the forest for the trees.

Seth Klarman, the famed value investor and CEO of the Baupost Group once said that "Macro is like sports-talk radio. Anybody can do it." Debating whether the economy will grow 1% or 2% (or not at all), whether interest rates will stay at 5 ½% or go to 4 ½%, three rate cuts or six – is fun for equity investors. We do it for sport. But it is also so much more difficult than finding a company that is misunderstood and whose stock is mispriced where you can be wrong about a lot of things and still make an attractive return over the long term!

One of the biggest surprises of 2023 was the highly anticipated recession in the U.S. that has not materialized. While some were in the camp of hard landing and others were in the camp of soft landing, not many were in the camp of no landing… could that remain the case in 2024? When will the Fed start cutting rates? How aggressive will it be? What are the implications of the upcoming elections (*the S&P 500 has only declined twice in an election year since 1940*)?

Though we have a view on many of these questions, we do not have the answers. The range of outcomes continues to be extremely wide, creating a challenging environment for investors. But since we are not macro investors (or sports-talk radio hosts), we stick to focusing on well-managed, high-quality businesses with sustainable competitive advantages for the long term. We continue to speak with company management teams as often as we can, test our investment theses, look for disconfirming evidence and measure how well our businesses are performing *fundamentally*.

From the 30,000-foot view, our companies have reported a stabilization in business trends as the year 2023 progressed. The table below summarizes the change in consensus expectations for 2023 revenues, operating income, and operating margins at the portfolio level throughout the year:

Change in expectations at the Portfolio level

	1st Half of 2023	1st Half of 2023 excluding NVIDIA	2nd Half of 2023	2nd Half of 2023 excluding NVIDIA	Fourth Quarter of 2023	Fourth Quarter of 2023 excluding NVIDIA	2023	2023 excluding NVIDIA
Revenues	1.7%	(0.4%)	2.9%	0.1%	(0.3%)	(0.9%)	6.2%	(0.1%)
Operating Income	4.6%	0.5%	8.5%	3.0%	1.1%	0.0%	17.7%	3.7%
Operating Margins	+66bps	+29bps	+123bps	+41bps	+11bps	-6bps	+123bps	+41bps

Revenue estimates for the portfolio as a whole[4] are 6% higher now than at the start of the year (and flattish if we exclude **NVIDIA**, which has seen its business inflect due to the adoption of GenAI); operating income is 18% higher (4% higher excluding NVIDIA) and operating margins are 123bps higher (41bps higher excluding NVIDIA), as our businesses are running more efficiently during this time of increased uncertainty.

While the change in business fundamentals is one angle to gain more clarity over the portfolio's outlook, the change in valuation multiples is another. We looked at the weighted average multiple of the portfolio to assess the extent to which stock prices have moved due to changes in fundamentals as compared to exogenous factors (such as interest rates) and investor psychology. The conclusion is that while in 2022, the Fund's negative return was driven entirely by multiple contraction, in 2023, only part of the Fund's gains were due to multiple expansion. After the Fund's weighted average multiple declined 26% in 2022, it has partially recovered in 2023, finishing the year up 17%.[5]

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

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4 Based on FactSet consensus estimates for 2024 and calculated using a weighted average of all holdings in the portfolio as of 12/31/2023.

5 We use P/E multiples for all stocks other than Blackstone, for which we use Price to Fee-related-earnings per share, which is the more appropriate valuation multiple for this type of business. We excluded Brookfield Corporation from our calculation since we value this business based on a sum-of-the-parts valuation methodology.

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 1-800-99-BARON or visiting 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.

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

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

Performance

Baron Real Estate Income Fund® (the Fund) generated strong performance in 2023, gaining 15.51% (Institutional Shares) for the year ended December 31, 2023.

The Fund's 15.51% gain in 2023 exceeded the performance of the MSCI US REIT Index (the REIT Index), which rose 12.27%.

For the most recent three-month period ended December 31, 2023, the Fund increased 14.14%, underperforming the REIT Index that gained 15.60%.

Since inception on December 29, 2017 through December 31, 2023, the Fund's cumulative return of 61.30% was more than double that of the REIT Index, which increased 26.92%.

We are pleased to report that as of December 31, 2023, the Fund has received high rankings from Morningstar for its performance:

- **Top 9% real estate fund ranking for its 1-year performance period**
- **#5 ranked real estate fund for its 5-year performance period**
- **#4 ranked real estate fund ranking since the Fund's inception on December 29, 2017**

We will address the following topics in this letter:

- Big picture thoughts regarding 2023 and 2024
- The prospects for real estate in the public markets (preview: we remain bullish)
- 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

JEFFREY KOLITCH

PORTFOLIO MANAGER

Retail Shares: BRIFX
Institutional Shares: BRIIX
R6 Shares: BRIUX

As of 12/31/2023, the Morningstar Real Estate Category consisted of 251, 235, 215, and 225 share classes for the 1-, 3-, 5-year, and since inception (12/29/2017) periods. Morningstar ranked Baron Real Estate Income Fund Institutional Share Class in the 9th, 87th, 3rd, and 2nd percentiles for the 1-, 3-, 5-year, and since inception periods, respectively. On an absolute basis, Morningstar ranked Baron Real Estate Income Fund Institutional Share Class as the 28th, 215th, 5th, and 4th best performing share class in its Category, for the 1-, 3-, 5-year, and since inception 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. Since inception rankings include all share classes of funds in the Morningstar Real Estate Category. Performance for all share classes date back to the inception date of the oldest share class of each fund based on Morningstar's performance calculation methodology.

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BARON FUNDS 1987

Table I.
Performance
Annualized for periods ended December 31, 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]	14.00%	14.14%	15.60%
One Year	15.10%	15.51%	12.27%
Three Years	2.49%	2.78%	5.89%
Five Years	12.41%	12.64%	6.15%
Since Inception (December 29, 2017)	8.05%	8.29%	4.05%
Since Inception (December 29, 2017) (Cumulative)[3]	59.17%	61.30%	26.92%

Big Picture Thoughts Regarding 2023 and 2024

One year ago, in our year-end 2022 shareholder letter, we stated that we believed 2023 would ultimately emerge as a mirror image of 2022 in that many of the headwinds of 2022 (multi-decade high inflation, a hawkish Federal Reserve policy and corresponding spike in interest rates, and elevated corporate and economic growth) would reverse course and become tailwinds in 2023. We stated that we were optimistic about the full-year prospects for the stock market, public real estate securities, and the Fund. Though there were fits and starts along the way, our expectation for 2023 largely materialized.

As we peer into 2024, we remain optimistic.

Though we are aware that our bullish view appears to be the consensus view and are mindful of possible market headwinds such as an escalation in geopolitical tensions, a reversal in the disinflationary process, and the lag effect of interest rate increases resulting in a sharp slowdown in growth, we are sanguine about the prospects for the stock market for the following reasons:

1. We believe a severe economic slowdown is unlikely to materialize, in part due to still relatively healthy consumer spending and wage growth:
   - The U.S. unemployment rate remains at only 3.7%
   - The demand for labor is strong as there are 1.4 jobs available for every unemployed worker
   - Consumers have purchasing power as wage growth of approximately 4% exceeds inflation for the first time since early 2021
2. We expect ongoing disinflation.
3. We anticipate that the global pivot in monetary policy will result in interest rate cuts and welcome relief for consumers and corporations.
4. We see the potential for an improvement in company valuations (e.g., P/E expansion, capitalization rate compression) driven by an easing in financial conditions and better-than-feared economic and corporate growth.

We believe prospective two- to three-year returns for the stock market, public real estate securities, and the Fund could be strong should a sharp economic slowdown be avoided, and 2025 emerges as a rebound year for economic and corporate profit growth.

The Prospects for Real Estate in the Public Markets

We see a strong backdrop for real estate securities – REITs and non-REIT real estate-related companies – in 2024:

- Several public real estate companies have underperformed the S&P 500 Index since 2019, in part due to the lingering impacts from COVID-19, the aggressive Federal Reserve interest rate tightening cycle, and more recently, the overhang of the commercial real estate crisis narrative which we continue to believe is unlikely to materialize.
- The global pivot in monetary policy – from restrictive to accommodative – has historically been bullish for real estate.
- We expect a decline in interest rates and tighter credit spreads which would support real estate valuations, reduce the weight of debt refinancings, and reignite the transaction market.
- We see attractive demand versus supply prospects. Vacancies are low, rents and home prices continue to increase albeit at a slower rate, and competitive new construction is muted for most commercial and residential sectors and geographic markets over the next several years.
- Most balance sheets are in strong shape.
- Several public real estate companies are cheap relative to historical averages and relative to private real estate alternatives.

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, 2034, 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 baronfunds.com or call 1-800-99-BARON.

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

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

[3] Not annualized.

– 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.

– Generalist investors who have been *underweight* real estate may increase allocations and real estate fund flows may turn positive given the aforementioned considerations.

We continue to believe the long-term case for real estate remains compelling as real estate tends to provide:

– Partial inflation protection

– Diversification and low correlation to equities/bonds

– Strong historical long-term returns relative to most investment alternatives

Portfolio Composition and Key Investment Themes

As of December 31, 2023, we invested the Fund's net assets as follows: REITs (84.2%), non-REIT real estate companies (14.6%), and cash (1.2%). We currently have investments in 11 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 December 31, 2023

	Percent of Net Assets	
REITs		84.2%
Industrial REITs	17.3%	
Data Center REITs	13.7	
Multi-Family REITs	9.2	
Health Care REITs	9.1	
Single-Family Rental REITs	8.4	
Self-Storage REITs	7.7	
Wireless Tower REITs	6.2	
Mall REITs	5.3	
Manufactured Housing REITs	2.9	
Other REITs	2.2	
Hotel REITs	2.2	
Non-REIT Real Estate Companies		14.6
Cash and Cash Equivalents		1.2
Total		100.0%*

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

REITs

Business fundamentals and prospects for many REITs remain solid although, in most cases, growth is slowing due to debt refinancing headwinds, a moderation in organic growth (occupancy, rent and/or expense pressures), reduced investment activity (acquisitions and development), and, in a few select instances, the impacts from transitory oversupplied conditions. Most REITs enjoy occupancy levels of more than 90% with modest new competitive supply forecasted in the next few years due to elevated construction costs and contracting credit availability for new construction. Balance sheets are in good shape. Several REITs have inflation-protection characteristics. Many REITs have contracted cash flows that provide a high degree of visibility into near-term earnings growth and dividends. Dividend yields are generally well covered by cash flows and are growing.

REIT valuations are attractive on an absolute basis relative to history and relative to private market valuations, but not relative to fixed income alternatives. If economic growth contracts and evolves into no worse than a mild recession and the path of interest rates peaks at levels not much higher than current rates, we believe the shares of certain REITs may begin to perform relatively well. 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 logistics, data center, wireless tower, and life science REITs. As of December 31, 2023, secular growth REITs represented 39.4% 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 on a regular basis to combat inflation's impact on their businesses. Examples include our investments in single-family rental, multi-family, self-storage, manufactured housing, and hotel REITs. As of December 31, 2023, short-lease duration real estate companies represented approximately 30.4% of the Fund's net assets.

Secular growth REITs (39.5% of the Fund's net assets)

Industrial REITs (17.3%): Though we are a bit cautious near term due to expectations that demand will continue to normalize to pre-pandemic levels (elongated corporate decision making), anticipated elevated supply deliveries in the first half of 2024, and expectations of moderating rent growth in certain geographic markets, we remain optimistic about the long-term prospects for industrial REITs.

With industrial vacancies at less than 4%; moderating new supply in the second half of 2024; rents on in-place leases more than 50% below market; and multi-faceted secular demand drivers including the ongoing growth in e-commerce, companies' seeking to improve inventory supply chain resiliency by carrying more inventory (shift from *just in time* to *just in case* inventory), and *on-shoring*, we believe our investments in industrial warehouse REITs **Prologis, Inc.**, **Rexford Industrial Realty, Inc.**, **First Industrial Realty Trust, Inc.**, **EastGroup Properties, Inc.**, and **Terreno Realty Corporation** have compelling multi-year cash-flow growth runways.

Data Center REITs (13.7%): Following strong share price performance in the first three quarters of 2023, we trimmed our large exposure in data centers from 19.2% to 13.7%. We continue to 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 rising rental rates. Regarding the demand outlook, several secular demand vectors are contributing to robust demand for data center space globally. They include outsourcing of information technology, increased cloud computing adoption, ongoing growth in mobile data and internet traffic, and artificial intelligence (AI) as a new wave of data center demand.

Wireless Tower REITs (6.2%): Following a sharp decline in the wireless tower REITs in the first nine months of 2023, we reacquired shares of **American Tower Corporation** during the fourth quarter**.** For our more complete thoughts on American Tower, please see "Top net purchases for the quarter ended December 31, 2023." We remain optimistic about the long-term growth prospects for tower REITs given strong secular growth expectations for mobile data usage, 5G spectrum deployment and network investment, edge computing (possible requirement of mini data centers next to a tower presents an additional revenue opportunity), and *connected homes and cars*, which will require increased wireless bandwidth and increased spending by the mobile carriers.

Life Science REITs (2.2%): Alexandria Real Estate Equities, Inc. is 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 expectations for long-term demand-driven growth.

Short-lease duration REITs (30.3% of the Fund's net assets)

Multi-Family REITs (9.2%): In the fourth quarter, we modestly increased our exposure to apartment REITs **Equity Residential** and **AvalonBay Communities, Inc.** from 7.9% to 9.2% of the Fund's net assets as public valuations were highly discounted relative to the private market.

In the months ahead, we are cognizant that multi-family REITs may face moderating demand and rent growth in part due to the possibility of accelerating job losses in certain geographic markets. Further, reports of elevated multi-family supply and select private market distress may weigh on multi-family shares, though a portion of these headwinds are, in our opinion, already reflected in share prices.

We remain long-term bullish on multi-family REITs and may look for an opportunity to increase the Fund's exposure at some point in 2024 or 2025. 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 believe the supply outlook is likely to be attractive in 2025 to 2027. Balance sheets are well capitalized with low leverage thereby positioning certain multi-family REITs to take advantage of M&A opportunities should they arise.

Single-Family Rental REITs (8.4%): Following strong performance in the first three quarters of 2023, we modestly decreased 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 in 2024. We will continue to closely monitor business developments and will adjust our exposures accordingly.

Self-Storage REITs (7.7%): Following share price underperformance in the first three quarters of 2023 largely due to moderating new customer demand that weighed on occupancy and rents, we increased our exposure to self-storage REITs – **Extra Space Storage Inc.** and **Public Storage Incorporated** – in the fourth quarter because we believed that valuations had become attractive and business fundamentals would likely improve in the next year to two years.

Long term, we believe there is a lot to like about self-storage businesses. Existing customers continue to perform well with strong high single-digit to double-digit existing customer rate increases. 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.

Manufactured Housing REITs (2.9%): After suffering a more than 35% decline between early February and late October, we re-acquired shares in **Sun Communities, Inc.** when the stock was trading near lows for the year. For our more complete thoughts Sun Communities, please see "Top net purchases for the quarter ended December 31, 2023."

Manufactured housing REITs (Sun Communities and Equity Lifestyle Properties, Inc.) are a niche real estate category that we expect to benefit from favorable long-term demand/supply dynamics. The companies are beneficiaries of strong demand from budget-conscious home buyers such as retirees and millennials, and negligible new inventory due to high development barriers. Sun Communities and Equity Lifestyle Properties have solid long-term cash flow growth prospects and lower capital expenditure requirements than a number of other REIT categories.

Hotel REITs (2.2%): We are long-term bullish about the prospects for hotel REITs and other travel-related real estate companies. Several factors are likely to contribute to multi-year tailwinds 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, which would negatively impact leisure spending and business travel, we maintain an allocation to select travel-related real estate because we believe the long-term investment case for travel is compelling.

We modestly increased our position in **DiamondRock Hospitality Company** during the fourth quarter. DiamondRock owns high-quality hotel assets skewed towards resort and leisure. We believe the value of the company's irreplaceable leisure-focused portfolio the company has curated over the past 20 years will ultimately be realized either in the public or private markets. There is a significant amount of undeployed private equity capital on the sidelines geared toward the exact types of assets that DiamondRock owns. Shares remained attractively valued both on a relative and absolute basis with the company being conservatively capitalized relative to its peers and with no near-term debt maturities.

Other REIT and non-REIT real estate investments (29.0% of the Fund's net assets)

Health Care REITs (9.1%): We remain optimistic about our health care REIT investments in **Welltower Inc.** and **Ventas, Inc.** largely due to our favorable view of the multi-year prospects for senior housing. We believe senior housing real estate is likely to benefit from favorable cyclical and secular growth opportunities in the next few years. Fundamentals are improving (rent increases and occupancy gains) against a backdrop of muted supply growth 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 (baby boomers and the growth of the 80-plus population), which is expected to accelerate in the years ahead. Expense pressures (labor shortages/other costs) are abating, and we believe highly accretive acquisition opportunities may surface, particularly for Welltower given its cost of capital advantage.

Mall REITs (5.3%): In the most recent quarter, we acquired shares in **Simon Property Group, Inc.** We believe the shares are attractively valued and Simon and certain other mall landlords are benefiting from strong tenant demand for space, positive rent growth, and limited store closures and bankruptcies. For our more complete thoughts on Simon, please see "Top net purchases for the quarter ended December 31, 2023."

Tanger, Inc., an owner and operator of the second-largest outlet center portfolio in the U.S., was an excellent performer in 2023. Its shares increased 43.2% during the period held. We have maintained a position in the company as Tanger is the only mall REIT that focuses exclusively on outlets and, as a result, there is less risk of department store closures. Tenant demand and rents remain healthy, and we believe the shares remain attractively valued.

Non-REIT Real Estate Companies (14.6%): 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 some REITs.

We are bullish about the prospects for the Fund's non-REIT real estate investments, which include: **Toll Brothers, Inc.**, **Wynn Resorts, Limited**, **Brookfield Asset Management Ltd.**, **Brookfield Infrastructure Corporation**, **Brookfield Corporation**, **Marriot Vacations Worldwide Corporation**, and **Lowe's Companies, Inc.**

Top Contributors and Detractors to Performance

Table III.
Top contributors to performance for the quarter ended December 31, 2023

	Quarter End Market Cap (billions)	Percent Impact
Prologis, Inc.	$123.2	2.01%
Extra Space Storage Inc.	33.9	1.59
Toll Brothers, Inc.	10.7	1.55
American Tower Corporation	100.6	1.53
Equinix, Inc.	75.6	1.30

The shares of **Prologis, Inc.**, the world's largest industrial REIT, increased 19.5% in the fourth quarter of 2023 due to strong business results, an encouraging investor day update, and a favorable backdrop for most REITs in part due to the fourth quarter decline in interest rates.

We are big fans of CEO Hamid Moghadam and Prologis' management team, and we remain optimistic about the company's long-term growth outlook. Encouragingly, management believes it has strong visibility into annual earnings growth of approximately 10% for each of 2024, 2025, and 2026.

Prologis owns a high-quality real estate portfolio that is concentrated in major global trade markets and large population centers across the Americas, Europe, and Asia. It has an unmatched global platform, strong competitive advantages (scale, data, and technology), and attractive embedded growth prospects. The company is the only industrial REIT with an A credit rating.

We continue to believe the appreciation potential for Prologis' shares remain compelling given that the company's rents on its in-place leases are more than 50% below current market rents, thus providing a strong runway for growth in the next three to five years.

Following a more than 50% decline in its shares since the beginning of 2022, in the fourth quarter we acquired additional shares of **Extra Space Storage Inc.**, a best-in-class self-storage REIT. The shares rebounded strongly in the last few months of 2023, gaining 29.2%, as the company's valuation had become compelling, and management delivered better-than-expected third quarter business results.

We see 2023 as a transition year for Extra Space. Growth has been retracing to a more sustainable run-rate and the management team is preparing to incorporate its 2023 $12 billion acquisition of Life Storage. As a result, we remain optimistic about the long-term prospects for the company.

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 this advantage by more than tripling its owned self-storage count since 2010. The company maintains a well capitalized and liquid balance sheet. We believe Extra Space's management team will continue to create tremendous value for shareholders and believe the long-term growth opportunity for the company remains strong.

The share price of our investment in homebuilder company, **Toll Brothers, Inc.**, gained 39.2% in the most recent quarter, in part due to the continuation of strong quarterly business results, management optimism about 2024 prospects, and a more than 100 basis point decline in 30-year mortgage rates during the quarter.

2023 was an excellent year for Toll Brothers. Housing fundamentals were resilient despite the affordability challenges of elevated mortgage rates and home prices. Several years of pent-up demand, fears that mortgage rates could move higher, a dearth of inventory in the existing home market, and an overall housing supply shortage drove home buyers off the sidelines to *stretch their wallet*, in part due to fears that they could miss out on the opportunity to buy a home. Toll Brother's share price increased 80.4% during the period held in 2023.

Though we anticipate more modest gains for Toll Brothers in 2024, we remain optimistic about the long-term prospects for the company. Further, we continue to believe there is a compelling case for homebuilder valuations to re-rate higher over time. For our more detailed thoughts on the long-term opportunity for Toll Brothers and other U.S. homebuilders, please see our December 31, 2023 Baron Real Estate Fund shareholder letter.

Table IV.
Top detractors from performance for the quarter ended December 31, 2023

	Quarter End Market Cap or Market Cap When Sold (billions)	Percent Impact
Americold Realty Trust	$ 7.6	–0.32%
Equity Residential	23.2	–0.28
CubeSmart	7.6	–0.16
Wynn Resorts, Limited	10.3	–0.13
Travel + Leisure Co.	2.4	–0.11

The shares of **Americold Realty Trust**, the second largest owner-operator of cold storage facilities in the U.S. and globally, underperformed in the most recent quarter due to disappointing quarterly results. We exited the Fund's investment because we believe growth expectations and the company's valuation are currently not compelling relative to several other REIT and non-REIT companies.

In the most recent quarter, the shares of **Equity Residential**, the largest U.S. multi-family REIT, trailed the performance of most other REITs because of concerns that near-term business fundamentals (occupancy, rent, and growth) may moderate in 2024. Though we are aware that business conditions may be somewhat challenged in 2024, we believe a portion of these concerns are already reflected in the company's attractively valued shares.

Management has assembled an excellent portfolio of Class A apartment buildings located in high barrier-to-entry coastal markets with favorable long-term demographic trends and muted overall supply growth. We believe the company is also well positioned to benefit from the affordability advantages of renting versus owning homes, annual leases that provide the potential for partial inflation protection, and its low levered balance sheet, which positions the company to take advantage of acquisition opportunities.

In our opinion, Equity Residential's shares are attractively valued relative to private market values and the company owns and operates excellent and relevant real estate that should perform well, long term.

Shares of **CubeSmart** were down in the period before we chose to sell our position and reallocate the capital to other REITs that we believe offer superior return potential over the next few years. The company is the third largest self-storage REIT. It owns and operates a high-quality portfolio of approximately 1,274 self-storage properties. Management maintains a conservative balance sheet. We may revisit CubeSmart at a later date.

Recent Activity

Table V.
Top net purchases for the quarter ended December 31, 2023

	Quarter End Market Cap (billions)	Net Amount Purchased (millions)
American Tower Corporation	$100.6	$7.4
Simon Property Group, Inc.	46.5	5.5
Sun Communities, Inc.	16.6	3.5
Extra Space Storage Inc.	33.9	2.5
Equity Residential	23.2	2.2

Late in 2022, we concluded that 2023 growth expectations were too high for **American Tower Corporation,** a global operator of over 200,000 wireless towers, given forthcoming headwinds from significantly higher financing costs (20%-plus exposure to floating rate debt), upcoming debt maturities, continued payment shortfalls from a key tenant in India, foreign exchange headwinds, and a reduction in mobile carrier capital expenditures.

Following a sharp decline in its shares in the first nine months of 2023, we re-acquired additional shares of American Tower in the fourth quarter because we believed that its shares had become more attractively valued, growth headwinds were better understood, and the potential monetization event of its India business would ultimately be value accretive to its business. We believed that 2023 would mark the trough in earnings growth for American Tower and growth would likely reaccelerate in the next few years.

We hold American Tower's management team in high regard and are long-term bullish about the company's prospects due to: i) accelerating growth expectations; ii) cash flow stability underpinned by core developed markets; iii) secular demand drivers such as strong mobile data usage, 5G spectrum deployment and network investment, edge computing (possible requirement of mini data centers next to a tower presents an additional revenue opportunity), and *connected homes and cars*, which will require increased wireless bandwidth and increased spending by the mobile carriers; and iv) optionality regarding its acquisition of a network-dense data center company (CoreSite) as future network needs and architecture evolve.

In the most recent quarter, we re-acquired shares in **Simon Property Group, Inc.**, the largest U.S. mall and outlet REIT, because we felt the shares were attractively valued and business prospects remained strong.

The company has assembled a well located portfolio of retail malls, outlets, and community centers. Simon's size and access to capital are distinct advantages in the retail real estate industry. Led by CEO David Simon, its management team has a long track record of solid capital allocation decisions, while managing its portfolio especially well. Over time, we believe the company will continue to acquire Class A malls.

We think Simon has opportunities to increase occupancy and rents and acquire new properties and assets at attractive prices relative to the company's cost of capital, while growing the company's attractive 5.4% dividend.

We believe Simon's valuation is compelling at less than 13 times earnings (AFFO) versus a long-term average of 15 times earnings.

In the fourth quarter of 2023, we re-acquired shares in **Sun Communities, Inc.**, a REIT that owns a portfolio of manufactured housing properties, recreational vehicle parks, and marinas.

Following a near 50% decline in its share price since the beginning of 2022, we believed the company's valuation had sufficiently reflected concerns about the company's investments in the U.K., which have weighed on growth. Further, demand for Sun Communities' core business (manufactured housing, RVs, and marinas) remains strong. We have a favorable view of CEO Gary Shiffman whose interests are aligned given his significant investment in the company.

Over the next few years, we expect the company to benefit from favorable long-term 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.

Table VI.
Top net sales for the quarter ended December 31, 2023

	Quarter End Market Cap or Market Cap When Sold (billions)	Net Amount Sold (millions)
Digital Realty Trust, Inc.	$41.6	$7.0
Americold Realty Trust	7.6	2.9
CubeSmart	7.6	2.0
Brookfield Corporation	65.8	1.7
Invitation Homes, Inc.	20.9	1.6

Following strong share performance, we trimmed our large investment in data center REIT **Digital Realty Trust, Inc.** We remain optimistic about the long-term potential for the company.

Data center landlords such as Digital Realty (and **Equinix, Inc.**) 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 AI as a new wave of data center demand.

In the last few months, we have also spent time with CEO Andy Power of Digital Realty. Over the last few years, Andy and Digital Realty's management team have 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 Andy 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 the next few years and are optimistic about the long-term prospects for the company.

As noted early in this letter, we exited the Fund's investments in **Americold Realty Trust** and **CubeSmart** in the most recent quarter and may revisit both companies at a later date.

Concluding Thoughts on the Prospects for Real Estate and the Fund

The last few years have been unusually challenging for real estate. Much of real estate has had to absorb a hurricane of headwinds including COVID-19, the most aggressive Federal Reserve interest rate tightening campaign in decades, a spike in mortgage rates from 3% to 8%, fears of a commercial real estate crisis, a tightening of credit availability, multi-decade high inflation, and supply-chain challenges.

We believe many of the challenges of the last few years are subsiding. Though we expect market volatility at various points in the year ahead, we believe brighter prospects for real estate are on the horizon. We are optimistic.

We continue to believe the narrative about a commercial real estate crisis is hyperbole and unlikely to materialize. Public real estate generally enjoys favorable demand versus supply prospects, maintains conservatively capitalized balance sheets, and has access to credit.

We believe we have assembled a portfolio of best-in-class competitively advantaged REITs and non-REIT 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 believe our approach to investing in REITs and non-REIT real estate companies will shine even brighter in the years ahead, in part due to the rapidly changing real estate landscape which, in our opinion, requires more discerning analysis.

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

Table VII.
Top 10 holdings as of December 31, 2023

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Prologis, Inc.	$123.2	$15.6	10.5%
Equinix, Inc.	75.6	13.8	9.3
Welltower Inc.	50.1	11.5	7.7
American Tower Corporation	100.6	9.2	6.2
Extra Space Storage Inc.	33.9	7.9	5.3
AvalonBay Communities, Inc.	26.6	7.3	4.9
Digital Realty Trust, Inc.	41.6	6.6	4.5
American Homes 4 Rent	13.0	6.3	4.3
Equity Residential	23.2	6.3	4.2
Invitation Homes, Inc.	20.9	6.1	4.1

I would like to thank my assistant portfolio manager, David Kirshenbaum, who is an outstanding partner. David's contribution to our real estate business is exemplary. I would also like to thank the other members of our core real estate team – George Taras and David Baron – for their excellent work and dedication. 2023 was, once again, a challenging year to navigate, and David, George, and David continue to impress. I would also like to welcome the newest member of our real estate team, David Berk. We are thrilled to have David join our team.

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
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 1-800-99-BARON or visiting 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. **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 WealthBuilder Fund Shareholder:

Performance

Baron WealthBuilder Fund® (the Fund) performed well in the volatile three months ended December 31, 2023. The Fund appreciated 11.42% (Institutional Shares) in the fourth quarter. The Fund's absolute returns during 2023 were also strong. In 2023, the Fund gained 25.73%.

The S&P 500 Index (the Benchmark), which measures the performance of publicly traded large-cap U.S. companies, slightly exceeded the Fund's performance during the quarter as well as the full year. The Benchmark increased 11.69% in the quarter and 26.29% for 2023. Larger, dividend paying, slower growing, financially strong companies with lower valuations and large-cap technology companies are heavily weighted in the Benchmark. During the year, larger-cap and profitable businesses generally outperformed smaller businesses that invest a substantial part of their profits to accelerate their growth.

The S&P 500 Index is one of two benchmarks for the Fund. The other is the MSCI ACWI Index (the Global Index). The Fund's performance for both the quarter and 2023 exceeded the Global Index's performance. The Global Index increased 11.03% for the quarter and 22.20% for the year.

MICHAEL BARON
PORTFOLIO
MANAGER

RONALD BARON
CEO AND PORTFOLIO
MANAGER

Retail Shares: BWBFX
Institutional Shares: BWBIX
TA Shares: BWBTX

Table I.
Performance
Annualized for periods ended December 31, 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]	11.39%	11.42%	11.42%	11.69%	11.03%
One Year	25.36%	25.73%	25.66%	26.29%	22.20%
Three Years	(0.62)%	(0.37)%	(0.38)%	10.00%	5.75%
Five Years	16.78%	17.06%	17.05%	15.69%	11.72%
Since Inception (December 29, 2017)	12.52%	12.78%	12.77%	12.07%	7.88%

The Fund also outperformed the Morningstar Aggressive Allocation Category (the Peer Group), both for the quarter and the year. The Peer Group increased 10.48% for the quarter and 17.66% for 2023. The Fund's performance ranked in the ***top 5%* of its Peer Group for 2023.***

The Fund trailed both the Benchmark and the Global Index (following the Fund's exceptionally strong performance in 2021) during 2022. As a result of that difficult year, the Fund's performance was penalized during the past three years, both in absolute and relative terms. This was because the Fund's investments in the underlying Baron mutual funds (the Baron Funds), which have historically outperformed their benchmarks, underperformed in 2022. Baron Funds own growing, innovative businesses, and those businesses lagged indexes that year.

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 expense reimbursements), 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, 2034, 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, 2034, 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 baronfunds.com or call 1-800-99-BARON.

* As of 12/31/2023, the annualized returns of the Morningstar Aggressive Allocation Category average were 17.66%, 4.56%, 10.39%, and 6.20% 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

Baron WealthBuilder Fund

Despite a tough 2022, the Fund's performance for the past five years is in the top 1% of its Peer Group…and in the top 1% of its Peer Group since the Fund's inception six years ago. Share prices of many businesses in which several Baron Funds' have invested are again outperforming.

It is unusual that mutual funds, or most investors for that matter, have outperformed passive indexes like the Benchmark or the Global Index. The Fund's goal is to outperform both passive indexes and its Peer Group over the long term. We hope to accomplish our goal by investing for the long term in a diversified portfolio of Baron Funds that outperform their respective indexes. Our Funds have historically outperformed by investing in what we regard as well managed, competitively advantaged growth businesses.

Since their respective inceptions as mutual funds, 16 funds, representing 98.6% of Baron Funds' AUM, have outperformed their benchmarks and 14 funds, representing 96.6% of Baron Funds' AUM, rank in the top 20% of their respective Morningstar categories. Five funds, representing 46.5% of Baron Funds' AUM, rank in the top 1% of their categories.

Investments for the Baron Funds are selected using the same investment process and criteria, regardless of their respective category or sector. During 2023, larger-cap holdings outperformed smaller and mid-sized businesses. Investor interest has lately begun to broaden. As a result, performance disparities between larger and smaller companies have narrowed. This should benefit Baron Funds, since they have substantial investments in smaller and mid-sized growth businesses.

The Fund's portfolio of top performing Baron Funds owns shares in approximately 400 businesses looking through the Fund to the underlying Baron Funds portfolios. Despite this, only **30 long-term holdings** represent **51%** of the Fund's net assets. Those investments have become significant holdings because they have increased substantially in value…not because we made large initial investments in those businesses.

As of 12/31/2023 the Morningstar Aggressive Allocation Category consisted of 186, 179, 165, and 177 share classes for the 1-, 3-, 5-year, and since inception (12/29/2017) time periods. Morningstar ranked Baron WealthBuilder Fund in the 5th, 97th, 1st, and 1st percentiles, respectively.

Morningstar calculates the Morningstar Aggressive Allocation 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.

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Table II.
Baron Funds Performance
as of December 31, 2023

Institutional Share Class Data

% of Net Assets of Fund		Fourth Quarter of 2023*	Annualized 12/29/2017 to 12/31/2023	Primary Benchmark	Fourth Quarter of 2023*	Annualized 12/29/2017 to 12/31/2023
32.2%	**Small Cap**					
4.7%	Baron Discovery Fund	12.44%	9.97%	Russell 2000 Growth Index	12.75%	5.89%
14.4%	Baron Growth Fund	7.70%	11.78%			
13.1%	Baron Small Cap Fund	12.64%	10.19%			
6.3%	**Small/Mid Cap**					
6.3%	Baron Focused Growth Fund	9.74%	22.05%	Russell 2500 Growth Index	12.59%	8.03%
12.9%	**Mid Cap**					
12.9%	Baron Asset Fund	12.45%	10.60%	Russell Midcap Growth Index	14.55%	10.49%
7.4%	**Large Cap**					
2.9%	Baron Durable Advantage Fund	13.94%	14.04%†	S&P 500 Index	11.69%	11.79%†
4.5%	Baron Fifth Avenue Growth Fund	17.61%	10.10%	Russell 1000 Growth Index	14.16%	15.71%
18.5%	**All Cap**					
4.4%	Baron Opportunity Fund	15.10%	18.55%	Russell 3000 Growth Index	14.09%	15.06%
14.1%	Baron Partners Fund	8.39%	25.32%	Russell Midcap Growth Index	14.55%	10.49%
9.1%	**Non-U.S./Global**					
2.7%	Baron Emerging Markets Fund	6.81%	(0.95)%	MSCI EM Index	7.86%	0.39%
3.5%	Baron Global Advantage Fund	14.80%	6.70%†	MSCI ACWI Index	11.03%	7.39%†
2.9%	Baron International Growth Fund	7.78%	3.06%	MSCI ACWI ex USA Index	9.75%	3.20%
13.7%	**Sector**					
2.6%	Baron FinTech Fund	13.85%	9.77%†	FactSet Global FinTech Index	15.54%	3.03%†
2.8%	Baron Health Care Fund	7.69%	12.23%†	Russell 3000 Health Care Index	6.96%	8.74%†
6.1%	Baron Real Estate Fund	18.42%	10.37%	MSCI USA IMI Extended Real Estate Index	16.90%	4.05%
2.2%	Baron Real Estate Income Fund	14.14%	(1.10)%†	MSCI US REIT Index	15.60%	1.18%†

* Not annualized.

† Performance is calculated from the time the Fund was added to Baron WealthBuilder Fund: Baron Durable Advantage Fund – 3/13/2018; Baron Global Advantage Fund – 1/9/2018; Baron FinTech Fund – 2/27/2020; Baron Health Care Fund – 10/18/2018; and Baron Real Estate Income Fund – 5/17/2021.

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

Our exceptionally talented, long-tenured, and consistently growing 45-person portfolio managers and research analysts identify and research businesses in which we invest. Baron research analysts are supported by more than 160 awesome, hardworking individuals including senior executives, risk managers, lawyers, compliance, client service, traders, accountants, human resources...and the nicest assistants you could ever imagine.

In the current period, Baron Funds' ownership of specialty insurer **Kinsale Capital Group, Inc.** and satellite business **Iridium Communications Inc.** penalized our results. Those two investments in aggregate represent about **2.2%** of the Fund's net assets. Kinsale had modestly slower premium growth in the quarter. While continuing to demonstrate extraordinary ROE statistics and earnings growth, Kinsale's gross written premiums increased *only* 33%. They had increased 58% in the preceding quarter. Enabled by proprietary data and technology sets, we believe Kinsale will continue to win market share due to its ability to quote business quickly. The timeline for Iridium's direct-to-device offering has been extended. Iridium's exclusive relationship with Qualcomm ended in the fourth quarter, and Iridium is now seeking other partners with whom to integrate its communications chip. While this expands Iridium's addressable customer base, it has delayed its realization of revenue. While other elements of its business including the internet of things, voice & data, and government services have stable growth prospects, their upside potential is less than direct to device.

While just a few holdings penalized performance, Baron Funds held a lot more winners than losers in the period; 245 holdings had positive double-digit returns. Among the leaders were a diverse set of investments including **Gartner, Inc.**, **IDEXX Laboratories, Inc.**, and **Space Exploration Technologies Corp.** (SpaceX).

Gartner's information technology consulting business experienced improved growth. Advising its clients on their significant artificial intelligence opportunities provides Gartner additional potential. Gartner's net new contract revenue for both its technology and human resources consulting were above expectations.

IDEXX is a veterinary diagnostic company. Although veterinary visits remain inconsistent, increased clarity on instrument introductions provides growth potential. The first of two anticipated new IDEXX instruments will launch in early 2024. Consumables attached to IDEXX instruments offer long-term recurring revenue streams. IDEXX contracts last five to six years with minimum annual commitments and price escalators. Additionally, new devices provide access to new accounts. New accounts historically produce large cross sales of existing chemistry equipment. Chemistry is the most profitable aspect of IDEXX's in-clinic revenue stream.

SpaceX is a high-profile private company founded by Elon Musk that designs, manufactures, and launches rockets and satellites. Shares contributed to performance in the wake of another record-breaking year. The company closed 2023 with a record 96 Falcon rocket launches, nearly twice a week on average, substantially more than the 61 launches in 2022 and surpassing all its private and government program peers. Starlink, SpaceX's satellite constellation, also achieved remarkable milestones, including operating over 5,500 satellites, the majority of active satellites in space, and now providing connectivity services to 2.3 million active customers, more than doubling its customer base during the year. Starship, SpaceX's groundbreaking new rocket, successfully performed its second test flight this quarter. Over time, SpaceX expects Starship to both reduce costs and expand the company's operational capabilities, including supporting SpaceX's long-term goal to enable human beings to inhabit Mars. We value SpaceX using a proprietary valuation model and recent financing transactions, which trended positively even through a more complex funding environment.

The various Baron Funds quarterly letters provide you with a more comprehensive description of their portfolio holdings and strategies.

Fund of Funds Structure and Investment Strategy

Baron WealthBuilder Fund's portfolio is composed of top performing Baron Funds and provides broad equity exposures. We do not attempt to mimic benchmark indexes. We also do not structure portfolios to conform to views of macro developments. That is since we regard such developments and their impacts to be unpredictable. We focus exclusively on business fundamentals. This includes our assessment of executives' talent and ethics...and the growth prospects and competitive advantages for their distinctive businesses long term.

We believe small- and mid-cap growth businesses offer extremely attractive return potential relative to their risk over the long term. Small- and mid-cap businesses represent 65.4% of the Fund compared to 17.8% for the Benchmark. While Baron Funds' investments in such companies have been successful over our Firm's 42-year history, that has not always been so every year. As we noted, large-cap stocks generally outperformed smaller companies in 2023 as well as in the prior five years.

Over the past five years, one-year rolling monthly returns of the large-cap Russell 1000 Growth Index outperformed the small-cap Russell 2000 Growth Index 71% of the time. That includes four of the past five calendar years. That has also been the case in five of the six calendar years since the Fund's inception.

Regardless, the Fund has outperformed its benchmark indexes during the past five years and since its inception six years ago.

Table III.
Performance based characteristics since inception through December 31, 2023

	Baron WealthBuilder Fund (Institutional Shares)	S&P 500 Index	Morningstar Aggressive Allocation Category
Alpha (%) – Annualized	–0.82	0.00	–4.51
Beta	1.19	1.00	0.93
Sharpe Ratio	0.46	0.56	0.25
Standard Deviation (%) – Annualized	23.41	18.06	17.11
Upside Capture (%)	111.18	100.00	81.79
Downside Capture (%)	113.53	100.00	98.44

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 IV.
Sector exposures as of December 31, 2023

	Percent of Net Assets	S&P 500 Index	MSCI ACWI Index
Consumer Discretionary	23.4%	10.9%	11.1%
Information Technology	20.4	28.9	22.9
Financials	17.6	13.0	15.9
Health Care	12.3	12.6	11.2
Industrials	11.7	8.8	10.7
Real Estate	8.9	2.5	2.4
Communication Services	4.1	8.6	7.3
Materials	0.7	2.4	4.5
Consumer Staples	0.7	6.2	6.8
Energy	0.1	3.9	4.5
Utilities	0.0	2.3	2.6

Table V.
Fund of fund holdings as of December 31, 2023

	Percent of Net Assets
Baron Growth Fund	14.4%
Baron Partners Fund	14.1
Baron Small Cap Fund	13.1
Baron Asset Fund	12.9
Baron Focused Growth Fund	6.3
Baron Real Estate Fund	6.1
Baron Discovery Fund	4.7
Baron Fifth Avenue Growth Fund	4.5
Baron Opportunity Fund	4.4
Baron Global Advantage Fund	3.5
Baron International Growth Fund	2.9
Baron Durable Advantage Fund	2.9
Baron Health Care Fund	2.8
Baron Emerging Markets Fund	2.7
Baron FinTech Fund	2.6
Baron Real Estate Income Fund	2.2

Thank you for joining us as fellow shareholders in the 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 for you and your family.

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 1-800-99-BARON or visiting baronfunds.com. Please read them carefully before investing.

Risks: The Fund is a non-diversified fund because it invests, at any given time, in the securities of a select number of Baron mutual funds (the Underlying Funds), representing specific investment strategies. The Fund can invest in funds holding U.S. and international stocks; small-cap, small to mid-cap, large-cap, all-cap stocks; and specialty stocks. Each of the Underlying Funds has its own investment risks, and those risks can affect the value of the Fund's investments and therefore the value of the Fund's shares. To the extent that the Fund invests more of its assets in one Underlying Fund than in another, it will have greater exposure to the risks of that Underlying Fund. For further information regarding the investment risks of the Underlying Funds, please refer to the Underlying Funds' prospectus.

The 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 WealthBuilder 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 is a term used to describe the share of a portfolio's holdings that differ from that portfolio's benchmark index. It is calculated by comparing the weight of each holding in the Fund to that holding's weight in the benchmark. Positions with either a positive or negative weighting versus the benchmark have Active Share. An Active Share of 100% implies zero overlap with the benchmark. Active Share was introduced in 2006 in a study by Yale academics, M. Cremers and A. Petajisto, as a measure of active portfolio management. **Alpha** measures the difference between a fund's actual returns and its expected performance, given its level of risk as measured by beta. **Beta** measures a fund's sensitivity to market movements. The beta of the market is 1.00 by definition. **EPS Growth Rate** (3-5-year forecast) indicates the long term forecasted EPS growth of the companies in the portfolio, calculated using the weighted average of the available 3-to-5 year forecasted growth rates for each of the stocks in the portfolio provided by FactSet Estimates. The EPS Growth rate does not forecast the Fund's performance. **Sharpe Ratio** is a risk-adjusted performance statistic that measures reward per unit of risk. The higher the Sharpe ratio, the better a fund's risk adjusted performance. **Upside Capture** explains how well a fund performs in time periods where the benchmark's returns are greater than zero. **Downside Capture** measures how well a fund performs in time periods where the benchmark's returns are less than zero. **Standard Deviation** (Std. Dev) measures the degree to which a fund's performance has varied from its average performance over a particular time period. The greater the standard deviation, the greater a fund's volatility (risk).

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

Baron Funds (Institutional Shares) and Benchmark Performance 12/31/2023

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	12.88%	7.67%	12/31/1994	14.97%	2.34%	14.92%	10.24%	1.05%[3][4]	$7.87 billion
Baron Small Cap Fund†	Russell 2000 Growth Index	10.18%	6.12%	9/30/1997	27.19%	0.52%	14.02%	9.31%	1.05%[3]	$4.62 billion
Baron Discovery Fund†	Russell 2000 Growth Index	12.42%	7.80%	9/30/2013	22.58%	(5.86)%	11.94%	11.02%	1.06%[3]	$1.43 billion
Small/Mid Cap										
Baron Focused Growth Fund[1]	Russell 2500 Growth Index	13.35%	8.04%	5/31/1996	27.78%	3.05%	26.01%	15.54%	1.06%[5]	$1.34 billion
Mid Cap										
Baron Asset Fund†	Russell Midcap Growth Index	11.37%	10.20%[2]	6/12/1987	17.35%	(0.21)%	12.82%	10.49%	1.05%[3]	$4.82 billion
Large Cap										
Baron Fifth Avenue Growth Fund†	Russell 1000 Growth Index	9.19%	11.51%	4/30/2004	57.58%	(4.62)%	11.93%	11.04%	0.78%/0.76%[3][7]	$539.19 million
Baron Durable Advantage Fund	S&P 500 Index	14.70%	12.07%	12/29/2017	45.51%	13.08%	19.68%	N/A	1.00%/0.70%[3][8]	$183.26 million
All Cap										
Baron Partners Fund[1]	Russell Midcap Growth Index	15.17%	9.91%	1/31/1992	43.47%	2.86%	31.57%	19.11%	1.44%[5][6]	$6.94 billion
Baron Opportunity Fund†	Russell 3000 Growth Index	9.14%	6.75%	2/29/2000	49.98%	(1.26)%	20.71%	14.08%	1.06%[3]	$1.13 billion
Non-U.S./Global										
Baron Emerging Markets Fund	MSCI EM Index	3.18%	1.55%	12/31/2010	8.29%	(8.96)%	2.99%	2.48%	1.12%[5]	$4.54 billion
Baron Global Advantage Fund†	MSCI ACWI Index	10.55%	9.11%	4/30/2012	25.56%	(15.03)%	9.88%	9.04%	0.94%/0.91%[5][9]	$685.79 million
Baron International Growth Fund	MSCI ACWI ex USA Index	8.94%	6.74%	12/31/2008	7.60%	(4.91)%	7.79%	5.18%	0.99%/0.95%[5][10]	$511.96 million
Baron New Asia Fund	MSCI AC Asia ex Japan Index	-9.48%	-7.69%	7/30/2021	5.79%	N/A	N/A	N/A	7.22%/1.20%[5][11]	$4.34 million
Sector										
Baron Real Estate Fund	MSCI USA IMI Extended Real Estate Index	13.76%	11.07%	12/31/2009	25.04%	3.62%	18.32%	10.06%	1.07%[5]	$1.74 billion
Baron Real Estate Income Fund	MSCI US REIT Index	8.29%	4.05%	12/29/2017	15.51%	2.78%	12.64%	N/A	0.96%/0.80%[5][12]	$148.08 million
Baron Health Care Fund†	Russell 3000 Health Care Index	12.54%	10.38%	4/30/2018	6.42%	0.78%	15.43%	N/A	0.90%/0.85%[5][13]	$210.43 million
Baron FinTech Fund†	FactSet Global FinTech Index	9.58%	1.51%	12/31/2019	27.31%	(0.69)%	N/A	N/A	1.20%/0.95%[5][14]	$59.60 million
Baron Technology Fund	MSCI ACWI Information Technology Index	(4.61)%	2.03%	12/31/2021	63.38%	N/A	N/A	N/A	6.42%/0.95%[5][15]	$9.03 million
Equity Allocation										
Baron WealthBuilder Fund	S&P 500 Index	12.78%	12.07%	12/29/2017	25.73%	(0.37)%	17.06%	N/A	1.14%/1.11%[5][16]	$547.52 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 December 31, 2023.
(3) As of 9/30/2023.
(4) Comprised of operating expenses of 1.04% and interest expenses of 0.01%.
(5) As of 12/31/2022.
(6) Comprised of operating expenses of 1.04% and interest expenses of 0.40%.
(7) Gross annual expense ratio was 0.78%, but the net annual expense ratio was 0.76% (net of Adviser's fee waivers, including interest expense of 0.01%).
(8) Gross annual expense ratio was 1.00%, but the net annual expense ratio was 0.70% (net of Adviser's fee waivers).
(9) 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%).
(10) Gross annual expense ratio was 0.99%, but the net annual expense ratio was 0.95% (net of Adviser's fee waivers).
(11) Gross annual expense ratio was 7.22%, but the net annual expense ratio was 1.20% (net of Adviser's fee waivers and expense reimnbursements).
(12) Gross annual expense ratio was 0.96%, but the net annual expense ratio was 0.80% (net of Adviser's fee waivers).
(13) Gross annual expense ratio was 0.90%, but the net annual expense ratio was 0.85% (net of Adviser's fee waivers).
(14) Gross annual expense ratio was 1.20%, but the net annual expense ratio was 0.95% (net of Adviser's fee waivers).
(15) 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).
(16) Gross annual expense ratio was 1.14%, but the net annual expense ratio was 1.11% (includes acquired fund fees and expenses, net of the 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.

Ranking information provided is calculated for the **Institutional Share Class** and is as of **12/31/2023**. 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 1200, 1031, and 810, share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Opportunity Fund in the 11^{th}, 4^{th}, 13^{th}, and 4^{th} percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 2/29/2000, and the category consisted of 597 share classes. Morningstar ranked Baron Partners Fund in the 27^{th}, 1^{st}, 1^{st}, and 1^{st} percentiles for the 1-, 5-, 10-year, and since conversion periods, respectively. The Fund converted into a mutual fund 4/30/2003, and the category consisted of 756 share classes. Morningstar ranked Baron Durable Advantage Fund in the 21^{st}, 8^{th}, and 18^{th} percentiles for the 1-, 5-, and since inception periods, respectively. The Fund launched 12/29/2017, and the category consisted of 1089 share classes. The **Morningstar Mid Cap Growth Category** consisted of 553, 492, and 395, share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Asset Fund in the 74^{th}, 49^{th}, 22^{nd}, and 11^{th} percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 6/12/1987, and the category consisted of 70 share classes. Morningstar ranked Baron Growth Fund in the 83^{rd}, 15^{th}, 29^{th}, and 1^{st} percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 12/31/1994, and the category consisted of 160 share classes. Morningstar ranked Baron Focused Growth Fund in the 10^{th}, 1^{th}, 1^{th}, and 3^{rd} percentiles for the 1-, 5-, 10-year, and since conversion periods, respectively. The Fund converted into a mutual fund 6/30/2008, and the category consisted of 438 share classes. The **Morningstar Small Cap Growth Category** consisted of 597, 528, and 405, share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Small Cap Fund in the 5^{th}, 13^{th}, 21^{st}, and 7^{th} 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 10^{th}, 36^{th}, 6^{th}, and 4^{th} percentiles for the 1-, 5-, 10-, and since inception periods, respectively. The Fund launched 9/30/2013, and the category consisted of 523 share classes. The **Morningstar Real Estate Category** consisted of 251, 215, and 156, share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Real Estate Fund in the 1^{st}, 1^{st}, 1^{st}, and 1^{st} percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 12/30/2009, and the category consisted of 182 share classes. Morningstar ranked Baron Real Estate Income Fund in the 9^{th}, 3^{rd}, and 2^{nd} percentiles for the 1-, 5-, and since inception periods, respectively. The Fund launched 12/29/2017, and the category consisted of 225 share classes. The **Morningstar Foreign Large Growth Category** consisted of 417, 336, 229, and 251 share classes for the 1-, 5-,10-year, and since inception (12/31/2008) periods. Morningstar ranked Baron International Growth Fund in the 96^{th}, 63^{rd}, 38^{th}, and 19^{th}, respectively. The **Morningstar Diversified Emerging Markets Category** consisted of 816, 656, 402, and 373 share classes for the 1-, 5-, 10-year, and since inception (12/31/2010) periods. Morningstar ranked Baron Emerging Markets Fund in the 76^{th}, 78^{th}, 51^{st}, and 14^{th}, respectively. The **Morningstar Diversified Health Category** consisted of 176, 135, and 138 share classes for the 1-, 5-, and since inception (12/31/2018) periods. Morningstar ranked Baron Health Care Fund in the 25^{th}, 1^{st}, and 1^{st}, respectively. The **Morningstar Aggressive Allocation Category** consisted of 186, 165, and 177 share classes for the 1-, 5-, and since inception (12/29/2017) periods. Morningstar ranked Baron WealthBuilder Fund in the 5^{th}, 1^{st}, and 1^{st}, respectively.

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Dear Baron Health Care Fund Shareholder:

Performance

In the quarter ended December 31, 2023, Baron Health Care Fund® (the Fund) advanced 7.69% (Institutional Shares), compared with the 6.96% gain for the Russell 3000 Health Care Index (the Benchmark) and the 11.69% gain for the S&P 500 Index (the Index). For the full year 2023, the Fund advanced 6.42%, the Benchmark advanced 2.87%, and the Index increased 26.29%. Since inception (April 30, 2018), the Fund increased 12.54% on an annualized basis compared with the 10.38% gain for the Benchmark and the 12.90% gain for the Index.

Table I.
Performance†
Annualized for periods ended December 31, 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]	7.62%	7.69%	6.96%	11.69%
One Year	6.16%	6.42%	2.87%	26.29%
Three Years	0.53%	0.78%	4.63%	10.00%
Five Years	15.16%	15.43%	10.79%	15.69%
Since Inception (April 30, 2018)	12.26%	12.54%	10.38%	12.90%

NEAL KAUFMAN

PORTFOLIO MANAGER

Retail Shares: BHCFX
Institutional Shares: BHCHX
R6 Shares: BHCUX

The Fund rebounded 7.69% in the fourth quarter, modestly outperforming the Benchmark by 73 basis points due to stock selection.

Favorable stock selection in health care equipment, pharmaceuticals, and health care supplies accounted for most of the relative gains in the period. Medical device company Opsens Inc., which makes pressure-sensing guidewires for heart disease diagnostics, led the way in health care equipment after being acquired by Haemonetics for an attractive premium. We exited our position when the acquisition closed during the quarter. Additional tailwinds to performance came from continuous glucose monitoring (CGM) manufacturer **DexCom, Inc.** and robotic surgical system pioneer **Intuitive Surgical, Inc.** DexCom's shares rapidly recovered after reporting strong quarterly results and as investors became more confident that GLP-1 drugs will be used in conjunction with CGM technology. Intuitive Surgical was a top contributor in response to investor speculation that the company could launch a new robotic system in 2024. We believe Intuitive Surgical will continue to innovate and launch new products that enhance surgical outcomes, and we think the company has a long runway for growth.

Most of the relative gains in pharmaceuticals came from not owning certain large-cap pharmaceutical stocks, namely Pfizer Inc. and Bristol-Myers Squibb Company, whose shares were each down double digits in the period due to weak results and concerns about upcoming patent expirations. Stock selection was also positive in the sub-industry owing to strong gains from global animal health company **Zoetis Inc.** and therapeutics-focused

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, 2034, 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 baronfunds.com or call 1-800-99-BARON.

† 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 **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 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.

pharmaceutical giant **Eli Lilly and Company**. Zoetis shares were up after the company reported solid quarterly results with operational revenue and EPS growing 8% and 15%, respectively. Growth was balanced with the U.S. and international segments each growing 8%. Lilly's stock continued to outperform driven by strong sales of blockbuster diabetes medicine Mounjaro and ongoing enthusiasm surrounding the company's obesity and diabetes franchises, particularly after Novo Nordisk released its SELECT trial results showing a 20% relative risk reduction in overweight patients with cardiovascular disease and no prior history of diabetes.

Strength in health care supplies was driven by **The Cooper Companies, Inc.**, a leading global contact lens manufacturer and distributor of women's health products and services. The company reported its October fiscal year end results in December, which were generally in line with expectations. Investors reacted positively to achievable and likely conservative guidance for fiscal year 2024, calling for 6% to 8% organic top-line growth, supported by healthy market growth, continued share gains, greater operating leverage, and the potential for interest cost savings. Management also committed to allowing any FX benefit to drop through to the bottom line, adding potential earnings upside after several years of strong U.S. dollar driven headwinds. We remain positive on the outlook for Cooper Companies.

Somewhat offsetting the above was adverse stock selection in life sciences tools & services, where the principal detractors were **West Pharmaceutical Services, Inc.** and **Stevanato Group S.p.A**. Shares of West, a manufacturer of components and systems for the packaging and delivery of injectable drugs, declined after the company reported sales that missed analyst forecasts and cut guidance due to inventory management by certain customers who delayed orders into 2024. We believe this shortfall is a timing issue and does not detract from the positive long-term outlook for the business. We believe West has a competitively advantaged business that we estimate can grow revenue by 7% to 9% on a normalized basis, driven by mix shift, volume, and price. Stevanato sells primary glass containers for injectable drugs, including vials, syringes, and pen cartridges. The industry Stevanto caters to is benefiting from the growth of injectable medicines, an aging population, and increasing global access to medicines. Customers are also increasingly adopting higher-value solutions with tighter manufacturing specifications, specialized coatings, and/or which are sterilized and ready to fill. Collectively, this is driving double-digit revenue growth. After the company reported third quarter 2023 earnings, some investors were concerned that the order book continued to contract, which led to concerns about revenues for 2024 and beyond. We think these concerns are unfounded. Order lead times grew substantially during COVID and the resulting supply-chain constraints, and the order book contraction is a result of normalizing order patterns. The backlog is still elevated, and we expect the contraction to continue. Management has other lines of sight into customer demand, which appears as strong as ever, and we think Stevanato will grow revenues in the double digits for a number of years.

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 an estimated 17.4% of GDP in 2022 and encompassing a diverse array of sub-industries. Health Care is also a dynamic sector 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 December 31, 2023

	Percent Impact
Rocket Pharmaceuticals, Inc.	1.28%
Eli Lilly and Company	0.85
Intuitive Surgical, Inc.	0.72
Vertex Pharmaceuticals Incorporated	0.69
Opsens Inc.	0.63

Rocket Pharmaceuticals, Inc. specializes in the development of gene therapies for rare, life-threatening inherited genetic diseases. The company's current programs include, among others, gene therapies for Danon disease, Fanconi Anemia, Leukocyte Adhesion Deficiency-1 (LAD-1), and Pyruvate Kinase Disorder. The first three drug treatments should all be commercially launched by 2025, potentially generating substantial revenue for the company. Shares increased on the announcement of a pivotal trial design for Danon disease that had been previously delayed by two to three months. In addition, the first-ever approval of a gene editing therapy for sickle cell disease was a positive for the genetic medicine space. Near term, the focus is on next steps in the clinical trials as well as execution on initial commercial launches for Fanconi Anemia and LAD-1. Given the life-saving nature of Rocket's therapies and the high unmet need for each of these diseases, we retain conviction in our investment.

Eli Lilly and Company is a global pharmaceutical company that discovers, develops, manufactures, and sells medicines in the categories of diabetes, oncology, neuroscience, and immunology, among other areas. Stock performance was strong due to strong third quarter sales of blockbuster diabetes medicine Mounjaro and ongoing enthusiasm surrounding the company's obesity and diabetes franchises. We continue to think Lilly is well positioned to grow revenue and earnings at attractive rates through the end of the decade and beyond.

Intuitive Surgical, Inc. sells the da Vinci surgical robotic system for minimally invasive surgical procedures. The stock rose on investor speculation that the company could launch a new robotic system in 2024. We believe Intuitive Surgical will continue to innovate and launch new products that enhance surgical outcomes, and we think the company has a long runway for growth.

Table III.
Top detractors from performance for the quarter ended December 31, 2023

	Percent Impact
argenx SE	–1.10%
Structure Therapeutics Inc.	–0.34
Legend Biotech Corporation	–0.29
Veeva Systems Inc.	–0.20
West Pharmaceutical Services, Inc.	–0.16

Argenx SE is a biotechnology company focused on autoimmune disorders. Shares fell in the quarter on the back of failed clinical trials in immune thrombocytopenic purpura and pemphigus vulgaris. While the company is still analyzing the data to understand the reason for the trial failures, we do not think these events are thesis changing. On the positive side, the strong launch of Vyvgart, with early sales tripling consensus expectations and global approvals coming earlier than guided, should continue to drive revenue growth. We expect 2024 to be another year of solid stock performance, with many catalysts including the company's subcutaneous formulation launch along with readouts in myositis, Sjogren's syndrome, and multifocal motor neuropathy.

Structure Therapeutics Inc. is a biotechnology company dedicated to making oral small molecule medicines to target the obesity and diabetes market. Recent share weakness has been due to two large pharmaceutical acquisitions in the space: Roche's purchase of Carmot and AstraZeneca's in-licensing of Eccogene's GLP-1 asset. These developments were followed by updates from Structure that implied it had a promising asset, but it might be inferior to Eli Lilly's first-in-class product. Shares fell as analysts reduced the probability of success surrounding potential peak sales. We think it is too early to reach a final conclusion on the company's oral small molecule GLP-1, as these data sets are limited in total sample size, and there are compelling arguments for both sides. Given how quickly this space changes and our smaller position sizing due to the aforementioned dynamics, we are monitoring our position and making decisions based on our evolving analysis.

Legend Biotech Corporation is dedicated to researching, manufacturing, and distributing cellular therapies for cancers. Its lead product, Carvykti is in the midst of a commercial launch for the treatment of multiple myeloma patients who have second line or more advanced disease. Demand wildly outstrips supply in this 60,000 patient opportunity, as Carvykti has shown best-in-class clinical response rates and offers patients a potential curative-like *one and done* treatment approach to the cancer. Partner Johnson & Johnson has already invested $1 billion in this cellular therapy, and we expect additional investments as the therapy is scaled in what will likely be a $10 billion to $20 billion revenue opportunity. As a niche market with limited competition, we expect continued strong financial growth. Recent share weakness was due to Arcellx's data disclosures at the American Society of Hematology conference and FDA updates on safety investigations, neither of which we deem overly concerning.

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 grow revenue at least mid-single digits and compound earnings at double-digit rates over the long term. We define high-growth stocks as companies we expect to generate double-digit 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 December 31, 2023, we held 42 stocks. This compares with 524 stocks in the Benchmark. International stocks represented 12.4% of the Fund's net assets. The Fund's 10 largest holdings represented 51.6% of net assets. Compared with the Benchmark, the Fund was overweight in life sciences tools & services, health care supplies, health care distributors, and health care facilities, and underweight in pharmaceuticals, health care services, health care equipment, and managed health care. The market cap range of the investments in the Fund was $1.9 billion to $553 billion with a weighted average market cap of $163 billion. This compared with the Benchmark's weighted average market cap of $199 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 December 31, 2023

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Eli Lilly and Company	2021	$187.4	$553.4	$20.2	9.6%
UnitedHealth Group Incorporated	2018	227.2	486.9	19.8	9.4
Intuitive Surgical, Inc.	2018	49.9	118.8	10.2	4.8
Merck & Co., Inc.	2022	205.6	276.3	9.5	4.5
Thermo Fisher Scientific Inc.	2019	117.4	205.1	9.4	4.5
Vertex Pharmaceuticals Incorporated	2022	61.4	104.8	9.4	4.4
Boston Scientific Corporation	2023	73.4	84.7	8.3	4.0
Rocket Pharmaceuticals, Inc.	2022	1.1	2.7	7.8	3.7
argenx SE	2018	2.8	22.5	7.6	3.6
Zoetis Inc.	2019	55.8	90.6	6.3	3.0

Table V.
Fund investments in GICS sub-industries as of December 31, 2023

	Percent of Net Assets
Pharmaceuticals	20.3%
Biotechnology	19.6
Life Sciences Tools & Services	17.9
Health Care Equipment	16.9
Managed Health Care	12.1
Health Care Supplies	4.1
Health Care Facilities	3.0
Health Care Distributors	2.4
Health Care Technology	1.5
Cash and Cash Equivalents	2.3
Total	100.0%*

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

Recent Activity

During the fourth quarter, we added eight new positions and exited four positions. Below we discuss some of our top net purchases and sales.

Table VI.
Top net purchases for the quarter ended December 31, 2023

	Quarter End Market Cap (billions)	Net Amount Purchased (millions)
Stryker Corporation	$113.8	$3.8
Immunovant, Inc.	6.1	2.1
Structure Therapeutics Inc.	1.9	2.1
Boston Scientific Corporation	84.7	1.6
Surgery Partners, Inc.	4.0	1.5

We initiated a position in **Stryker Corporation** during the quarter. Stryker is a large diversified medical device company with two business segments: (1) MedSurg and Neurotechnology, and (2) Orthopedics and Spine. The stock sold off during the quarter along with many other medical device stocks because of concerns about the impact of GLP-1 weight loss medicines on their business. Specific to Stryker, the concern was that weight loss would reduce demand for hip and knee implant procedures because obesity is one factor that drives osteoarthritis. We think this concern was overstated and saw the sell-off as an opportunity to buy a high-quality growth company at a reasonable valuation. We think Stryker is well positioned with its broad product portfolio to benefit from the trend of more orthopedic and other medical procedures moving from the hospital to ambulatory surgery centers. The company also has several new product launches coming up that should drive growth. At its recent Investor Day, management provided long-term financial goals including organic sales growth at the high end of the medical technology industry and double-digit EPS growth.

We initiated a position in **Immunovant, Inc.**, a clinical-stage biotechnology company developing therapies for autoimmune diseases. During the quarter, the company announced data from a Phase 1 clinical trial of IMVT-1402, an FcRn inhibitor that has broad potential applicability to multiple autoimmune diseases. The data showed that IMVT-1402 delivered dose dependent and deep reductions in disease-causing auto-antibodies with minimal changes in albumin and low-density lipoprotein cholesterol. The company's first generation FcRn inhibitor has shown strong efficacy but there have been questions about the safety profile of the drug. This promising data makes Immunovant a real competitor in the FcRn inhibitor drug class, though Immunovant is behind argenx in terms of timing. We think both companies can be successful given the broad array of autoimmune diseases that can potentially be treated with a safe and effective FcRn inhibitor.

We initiated a small position in **Structure Therapeutics Inc.**, a clinical-stage biotechnology company. Structure is developing an oral small molecule GLP-1 with once daily dosing. We think the GLP-1 class of obesity/diabetes drugs has the potential to be the largest drug class ever and that parts of the market will be particularly well suited to oral medications. Some people find oral medications more convenient than injectables, and oral small molecule drugs are cheaper and easier to manufacture than injectables, which could allow for lower pricing and greater access, particularly in international markets. Structure's drug is still in its early phase of development, but there is reason to think that it could be successful. The drug was designed through the company's structure-based drug discovery platform and was designed to selectively activate the G-protein signaling pathway, which should lead to a better efficacy/safety profile. In late September, Structure announced promising results from a Phase 1 multiple ascending dose study in non-diabetic overweight/obese individuals. Although there were only a few patients in the study, the drug impressively demonstrated reductions in mean body weight of up to 4.9% placebo-adjusted after 28 days, which would suggest a best-in-class profile. Then, in December, Structure announced results from its Phase 2a study, including a diabetic cohort and a non-diabetic overweight/obese cohort. The interim data from the obesity cohort continued to look competitive with 4.7% placebo-adjusted weight loss after 56 days. The diabetes data was somewhat underwhelming, with a 1.0% placebo-adjusted HbA1c reduction and 3.3% to 3.5% placebo-adjusted weight loss over 84 days (in comparison, Lilly's orforglipron showed a 1.5% to 1.7% HbA1c reduction and 4.1% to 6.3% placebo-adjusted weight loss in a similar study). Structure is planning to study additional doses and titration regimens to optimize the drug's profile in diabetes. Overall, we would characterize the early data as supportive of an active GLP-1 drug that has the potential to be among the leaders in the category. At this point we have a small position in the stock while we await more data to evaluate the competitiveness of Structure's drug.

We added to our 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 in the high single digits, driven by differentiated products used to treat atrial fibrillation, such as pulsed field ablation, among others. The company held an Investor Day in September at which management established financial targets for the 2024 to 2026 period calling for an organic sales CAGR of 8% to 10%, 150 basis points of margin expansion, and strong double-digit adjusted EPS growth and improved free-cash-flow conversion. We think this growth profile makes Boston Scientific a compelling name within the large medical device universe.

We established a small position in **Surgery Partners, Inc.**, a leading operator of ambulatory surgery centers in the U.S. Like Stryker, the stock sold off during the quarter due to concerns about the impact of GLP-1s on its business, and we felt the sell-off offered a buying opportunity. The company, which operates primarily majority owned centers in partnership with physicians or hospital systems, is benefiting from a multi-year trend of surgical procedures migrating from inpatient to outpatient settings, facilitated by advances in medicine, payors' push towards lower cost outpatient facilities and patient/physician preference and convenience. The company's solid organic revenue growth profile has multiple drivers, including the mix shift to higher acuity, higher cost orthopedic and cardiac procedures, volume growth from additional physician recruitment and expanded medical specialties and better payor contracting. On top of this organic growth, management intends to deploy $200 million annually for acquisitions, leading to mid-teens EBITDA growth. We believe the stock can compound for many years as the company executes on its plan.

Table VII.
Top net sales for the quarter ended December 31, 2023

	Net Amount Sold (millions)
Opsens Inc.	$3.0
DexCom, Inc.	3.0
Inspire Medical Systems, Inc.	1.6
Insulet Corporation	1.5
Veeva Systems Inc.	1.3

Our top net sales in the quarter included **Opsens Inc.**, which was acquired by Haemonetics during the quarter; **DexCom, Inc.**, **Inspire Medical Systems, Inc.**, **Insulet Corporation**, which we reduced (in the case of DexCom and Inspire Medical) or exited (in the case of Insulet) due to increased uncertainty about the long-term impact of GLP-1s on their businesses; and **Veeva Systems Inc.**, which we reduced because of concerns about slowing growth.

Outlook

We believe the Health Care sector is well positioned in 2024 and beyond. Interest rates have come down with lower inflation expectations, which should relieve the pressure on valuations of long-duration growth companies. Capital markets appear to be opening up again. More funding for biotechnology should flow through to life sciences tools companies that sell products and services used in life sciences research. Innovation in life sciences is accelerating. Scientists have a better understanding of the genetic drivers of diseases and clinicians have more tools to treat diseases. The FDA approved 55 novel drugs in 2023, up from 37 in 2022 and the most since 2018, and in December the FDA approved the first CRISPR-based gene editing treatment in the U.S. Large pharmaceutical companies that face upcoming patent expiries have stepped up their M&A activity, leading to a record number of transactions in 2023, despite increasing scrutiny from the FTC. Secular drivers like the aging population and rising health care spending continue unabated. Given this backdrop we are optimistic heading into the coming year.

Our biopharmaceutical investments include, among others, companies focused on developing and commercializing innovative therapies for obesity, severe autoimmune diseases, and blood cancers such as multiple myeloma. We own **Eli Lilly and Company**, which we believe will remain a leader in the GLP-1 medicine class with Mounjaro, Zepbound, and the company's deep pipeline of next generation GLP-1 medicines. Our severe autoimmune disease investments include **argenx SE** and **Immunovant, Inc.**, which have products that reduce disease-causing IgG antibodies by targeting the FcRn receptor. We expect cell therapy to revolutionize multiple myeloma care and own **Legend Biotech Corporation** and **Arcellx, Inc.** Outside of these three areas, we own **Rocket Pharmaceuticals, Inc.**, a developer of gene therapies for rare, life-threatening inherited genetic diseases.

Medical device stocks had a challenging year in 2023 due to concerns about the impact of GLP-1 diabetes/obesity medicines on their businesses. We took advantage of opportunities to buy stocks where we believed the market had overreacted and we adjusted positions where we felt the long-term impact was uncertain. In general, we think the outlook for medical device stocks in 2024 is positive based on healthy procedure volumes, favorable pricing, more normalized staffing conditions, and easing inflationary and supply-chain pressures. We think the medical device companies we own are well positioned for long-term growth.

Life sciences tools stocks also had a challenging year in 2023 during which they faced multiple headwinds, 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 think these are cyclical, temporary headwinds and we think business trends are likely to improve in 2024. We remain invested in several life sciences tools companies with secular growth drivers, pricing power, recurring revenues, high margins, and low-capital intensity.

Managed care stocks also faced a challenging 2023 due to heightened political and regulatory scrutiny, less favorable Medicare Advantage rates, and an uptick in medical cost trends. We continue to believe the managed care stocks we own are well positioned for long-term growth driven by Medicare Advantage enrollment growth, price increases ahead of cost trends, and expansion into diversified health care services.

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 holds competitively advantaged growth companies with strong management teams.

As always, I would like to thank my colleague Josh Riegelhaupt, Assistant Portfolio Manager of the Fund, for his invaluable contributions.

Thank you for investing in the 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 1-800-99-BARON or visiting 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.

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

Dear Baron FinTech Fund Shareholder:

Performance

In the quarter ended December 31, 2023, Baron FinTech Fund® (the Fund) rose 13.85% (Institutional Shares) compared with a 15.54% gain for the FactSet Global FinTech Index (the Benchmark). In 2023, the Fund rose 27.31% compared with a 23.34% gain for the Benchmark.

JOSH SALTMAN

PORTFOLIO MANAGER

Retail Shares: BFINX
Institutional Shares: BFIIX
R6 Shares: BFIUX

Table I.
Performance[†]
Annualized for periods ended December 31, 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]	13.82%	13.85%	15.54%	11.69%
One Year	26.96%	27.31%	23.34%	26.29%
Three Years	(0.95)%	(0.69)%	(7.64)%	10.00%
Since Inception (December 31, 2019)	9.31%	9.58%	1.51%	12.04%

U.S. equities rose sharply in November and December, pushing the broad market indexes to double-digit gains for the quarter. Moderating inflation coupled with a softening labor market and a perceived peak in interest rates were the main drivers of the broad-based rally. After rising for much of the year, the 10-Year Treasury yield reached 5% in October and then promptly fell below 4% to end the year back where it started. The S&P 500 Index returned more than 26% in 2023, finishing the year at an all-time high. Most of the S&P 500 Index's gains came from mega-cap technology stocks with the *Magnificent Seven* up 76% for the year, while the remaining stocks in the Index rose by a more modest 14%. Most sectors closed higher during the quarter, led by Information Technology (IT), while Energy was the only sector to close lower as oil prices fell. Growth outperformed value for the quarter and the year. Small-cap stocks outperformed large caps during the fourth quarter, while large caps outperformed for the year.

The Fund rose nearly 14% in the quarter, trailing the Benchmark, but outperforming the broader market. Challengers outperformed Leaders (up 20.8% vs. up 12.6%, respectively) in a risk-on environment. Four of our seven themes contributed to relative performance (Payments, Digital IT Services, E-Commerce, and Enterprise Software), while three themes detracted (Tech-Enabled Financials, Information Services, and Capital Markets).

Our Payments stocks contributed the most to relative performance during the quarter due to favorable stock selection coupled with lower exposure to this lagging category. Financial services and digital payments company **Block, Inc.** led the way in this category with shares rebounding after poor performance in the prior quarter. The company reported healthy 21% gross profit growth and earnings that beat Street estimates. Management emphasized a greater focus on cost discipline and margin expansion, while continuing to innovate and grow faster than the market. Block committed to achieving a "Rule of 40" investment framework by 2026 with at least mid-teens gross profit growth and a mid-20% operating margin.

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 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, 2034, 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 baronfunds.com or call 1-800-99-BARON.

† 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 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.

BARON FUNDS 1987

Our exposure to Digital IT Services also contributed to relative performance during the quarter. Shares of outsourced software provider **Endava plc** rose 35.7% during the quarter, continuing last quarter's positive momentum after lagging for most of 2022 and the first half of 2023. Macroeconomic uncertainty has weighed on client demand and revenue growth, but management expects a rebound in 2024 supported by a large pipeline of projects from newer clients. Margins should expand alongside faster revenue growth as the company leverages upfront costs to build capacity in anticipation of a demand recovery. The company has been acquisitive and is benefiting from vendor consolidation. Latin America-based **Globant S.A.** also contributed to performance after rising over 20% during the quarter as the company gains market share.

The impact of falling yields was a common source of relative underperformance across Tech-Enabled Financials, Information Services, and Capital Markets. Lower yields drove a market rotation away from defensive stocks into more speculative ones, weighing on the performance of insurance carriers **Arch Capital Group Ltd.** and **Kinsale Capital Group, Inc.** and insurance data provider **Verisk Analytics, Inc.** Conversely, not owning highly shorted and credit-sensitive stocks hurt relative performance as these stocks benefited from the risk-on rally. Lower yields also impacted the fundamentals of some of our stocks, likely weighing on relative performance. Shares of broker-dealers **LPL Financial Holdings Inc.** and **Interactive Brokers Group, Inc.** fell slightly as investors anticipated the impact of lower yields on client cash balances. Nevertheless, both companies continue to grow client assets at a healthy clip and earn other fees that will likely benefit from lower interest rates, offsetting some of the potential headwinds on interest income. In addition, shares of alternative asset manager **Apollo Global Management, Inc.** didn't fully participate in this quarter's market rally due to the expectation that lower rates could weigh on annuity sales and fixed income spreads.

We take a balanced approach to portfolio construction when considering the impact of changing interest rates. By our estimate, approximately 20% of Fund holdings benefit from higher interest rates (e.g., higher interest income for insurance carriers and broker-dealers), while approximately 20% benefit from lower interest rates (e.g., higher debt issuance for ratings agencies and credit bureaus). We believe the remaining 60% of holdings have minimal direct exposure to interest rates, putting aside the valuation multiple expansion that may accompany falling rates and a lower cost of capital. We believe having a diversified portfolio with varying levels of interest rate sensitivity should lead to higher returns with lower volatility over a market cycle, even if short-term performance is impacted by interest rate movements.

For the year, the Fund beat the Benchmark, marking the fourth consecutive year of outperformance in the four years since inception. We are pleased with the over 800 basis points of average annual outperformance the Fund has achieved over this period. This was accomplished through outperformance in both up and down markets, with higher Upside Capture and lower Downside Capture compared to the Benchmark. We believe our focus on quality growth stocks and the Fund's balanced holdings across Leaders and Challengers has served us well.

Table II.

Top contributors to performance for the quarter ended December 31, 2023

	Percent Impact
Fair Isaac Corporation	1.31%
Intuit Inc.	1.10
S&P Global Inc.	0.99
MercadoLibre, Inc.	0.91
Block, Inc.	0.89

Shares of **Fair Isaac Corporation**, a data and analytics company that predicts consumer behavior, contributed to performance. The company reported good earnings results and provided annual financial guidance that appears conservative, especially given significant pricing actions in the Scores business. CEO Will Lansing expressed confidence that the business can perform well in varying economic environments and was optimistic about continued momentum in the software business. We expect price increases and margin expansion to drive double-digit earnings growth and share price returns.

Intuit Inc. is the leading provider of accounting software for small businesses and tax preparation software for individuals and tax professionals. Shares increased after the company reported quarterly financial results that exceeded Street expectations, with 15% revenue growth and 49% EPS growth. Intuit is benefiting from the sale of higher-value services and is well positioned to capitalize on increasing adoption of artificial intelligence (AI) given its vast data sets. The company recently launched Intuit Assist, a generative AI-powered digital assistant that improves productivity and unlocks valuable insights for customers. We continue to own the stock due to Intuit's strong competitive position and numerous growth opportunities.

Shares of rating agency and data provider **S&P Global Inc.** increased due to higher debt issuance amid more favorable market conditions. Billed issuance rose 47% in October and 26% in November against subdued levels last year, with issuance boosted by declining interest rates and tighter bond spreads. Positive equity market performance in the fourth quarter benefited asset-based fees. In addition, the company reported strong quarterly financial results with double-digit growth in revenue and earnings and raised full-year earnings guidance. We continue to own the stock due to the company's long runway for growth and significant competitive advantages.

Table III.

Top detractors from performance for the quarter ended December 31, 2023

	Percent Impact
Kinsale Capital Group, Inc.	–0.47%
TransUnion	–0.29
BILL Holdings, Inc.	–0.29
LPL Financial Holdings Inc.	–0.22
Arch Capital Group Ltd.	–0.16

Shares of specialty insurer **Kinsale Capital Group, Inc.** gave back some gains from earlier this year after the company reported slower premium growth in the third quarter. Earnings beat Street expectations, with EPS doubling and ROE exceeding 34%. However, investors focused on a slowdown in gross written premiums, which management attributed to normal seasonality for property insurance. Additionally, we believe some of the share price weakness resulted from a market rotation away from defensive stocks to more speculative stocks following a decline in yields. 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.

TransUnion is a consumer credit bureau that helps businesses make lending and marketing decisions. Shares fell after the company reported quarterly financial results that were below consensus expectations and reduced full-year guidance. Lending and marketing activity softened during the quarter, particularly among smaller, subprime lenders. Management believes the new financial guidance is highly achievable and is increasingly focused on cost efficiency to improve margins. We continue to own the stock because we expect earnings growth to improve as cyclical headwinds abate and the company integrates recent acquisitions.

BILL Holdings, Inc., a leading provider of cloud-based software that simplifies, digitizes, and automates back-office financial processes, detracted from performance. The company reported solid quarterly financial results, but the stock fell after management provided a weaker-than-expected outlook. Slower economic growth among small- and medium-sized businesses (SMB) is weighing on customer payment volumes. In addition, there is some pressure on the revenue take-rate due to some suppliers limiting acceptance of virtual cards and a stronger U.S. dollar impacting currency conversion fees for international payments. Despite near-term headwinds, we retain conviction as the digitization of B2B payments is a powerful secular trend with a long runway for growth, and we believe BILL will be a winner in the SMB market.

Portfolio Structure

We seek to invest in competitively advantaged, growing fintech companies for the long term. 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 December 31, 2023, we held 44 positions. The Fund's 10 largest holdings represented 41.0% of net assets, and the 20 largest holdings represented 67.7%. International stocks represented 14.3% of net assets. The market capitalization range of the investments in the Fund was $703 million to $537 billion with a median of $29.6 billion and a weighted average of $100.9 billion. The Fund's active share versus the Benchmark was 85.4%.

We segment the Fund's holdings into seven investment themes. As of December 31, 2023, Information Services represented 23.8% of net assets, Tech-Enabled Financials represented 21.7%, Payments represented 18.2%, Enterprise Software represented 13.6%, Capital Markets represented 8.5%, Digital IT Services represented 7.8%, and E-Commerce represented 5.3%, with the remainder in cash. Relative to the Benchmark, the Fund was meaningfully underweight Enterprise Software and Payments, and has overweight positions in Tech-Enabled Financials, Capital Markets, Digital IT Services, 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 December 31, 2023, Leaders represented 76.6% of net assets and Challengers represented 22.2%, with the remainder in cash.

Table IV.
Top 10 holdings as of December 31, 2023

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Intuit Inc.	2020	$ 69.3	$175.0	$3.1	5.2%
Visa Inc.	2020	376.2	536.8	2.9	4.9
S&P Global Inc.	2020	67.9	139.6	2.9	4.9
Mastercard Incorporated	2020	306.1	400.0	2.9	4.8
Fair Isaac Corporation	2020	11.1	28.8	2.6	4.3
MercadoLibre, Inc.	2020	53.7	79.5	2.2	3.7
Apollo Global Management, Inc.	2023	40.4	52.9	2.1	3.6
The Progressive Corporation	2022	65.4	93.2	2.1	3.5
MSCI Inc.	2020	22.5	44.7	1.9	3.1
Fiserv, Inc.	2022	67.7	79.7	1.8	3.0

Table V.
Fund investments in GICS sub-industries as of December 31, 2023

	Percent of Net Assets
Transaction & Payment Processing Services	21.6%
Financial Exchanges & Data	21.0
Application Software	13.9
It Consulting & Other Services	7.8
Investment Banking & Brokerage	7.7
Property & Casualty Insurance	6.8
Research & Consulting Services	4.8
Broadline Retail	3.7
Diversified Financial Services	3.6
Asset Management & Custody Banks	2.9
Internet Services & Infrastructure	1.6
Diversified Banks	1.6
Real Estate Services	1.5
Insurance Brokers	0.4
Cash and Cash Equivalents	1.2
Total	100.0%*

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

Recent Activity

Trading activity was relatively limited during the quarter with no new positions added and only one small position exited. Below we discuss some of our top net purchases and sales.

Table VI.
Top net purchases for the quarter ended December 31, 2023

	Quarter End Market Cap (billions)	Net Amount Purchased (thousands)
Arch Capital Group Ltd.	$27.7	$561.3
Guidewire Software, Inc.	8.9	109.4
Nu Holdings Ltd.	39.5	100.9
Equifax Inc.	30.5	86.2
Fiserv, Inc.	79.7	53.2

We added to **Arch Capital Group Ltd.** after initiating a position in the prior quarter. The insurance carrier reported excellent quarterly results with 30% growth in its book value per share and a 25% ROE, which reached a multi-decade high for a September quarter that is typically impacted by hurricane season. Nevertheless, the share price fell during the quarter, likely due to a market rotation away from defensive stocks to more speculative stocks following a decline in yields. Arch is now a full-sized position and is attractively valued below 10 times earnings as of the end of the quarter.

We also added to insurance software provider, **Guidewire Software, Inc.**, a long - time holding that is nearing a successful completion of its cloud transition. The company recently held an Investor Day where management guided to accelerating revenue growth and expanding margins based on customer wins that are ramping up over the next few years. Following years of infrastructure investment to build out its cloud-based offering, the company will now pivot R&D resources to developing new applications, which offer significant revenue potential. Guidewire's competitive position appears as strong as ever, with a high 90% customer retention rate and an 80% win rate by value for new business. We expect free cash flow per share to exceed $6 in a few years, which should drive continued share price appreciation.

Table VII.
Top net sales for the quarter ended December 31, 2023

	Quarter End Market Cap or Market Cap When Sold (billions)	Net Amount Sold (thousands)
LPL Financial Holdings Inc.	$ 17.2	$255.6
Kinsale Capital Group, Inc.	7.8	210.9
TransUnion	13.3	109.9
Intuit Inc.	175.0	107.0
Paymentus Holdings, Inc.	0.3	98.2

We trimmed **LPL Financial Holdings Inc.** and **Kinsale Capital Group, Inc.** to fund the purchase of higher-conviction ideas. We trimmed **TransUnion** and used the proceeds to add to **Equifax Inc.** where we have greater confidence in the competitive positioning of the employment and income verification business and expect an earnings recovery as mortgage activity normalizes. We sold our small position in **Paymentus Holdings, Inc.** as the valuation looked full following a period of significant outperformance.

Outlook

Since the Fund's inception four years ago, global events have had massive impacts on equity markets. We've lived through a global pandemic, enormous fiscal and monetary stimulus, a reopening economy, supply-chain disruptions, a war involving a global superpower, soaring inflation, and unprecedented interest rate hikes. Against this backdrop, the Fund produced strong returns in 2020 (+47%), solid returns in 2021 (+15%), lousy results in 2022 (-33%), and good returns in 2023 (+27%).

The fintech sector has underperformed the broader market over this four-year period with the Benchmark up 2% per year compared to the S&P 500 Index up 12% per year. Most of the weakness was concentrated in the 12-month period from September 2021 through September 2022. This period corresponded with core CPI rising above 4% and peaking at over 6%, leading to tighter monetary policy. However, since the end of 2022, core CPI has been slowing and recently fell below 4% on a 12-month basis, increasing expectations for more dovish Fed rate policy later this year. If inflation remains low and the historical pattern holds, then we'd expect the fintech sector to generate more consistent outperformance against the broader market going forward.

We believe the fintech sector is experiencing a normalization following the boom cycle in the years following the COVID-19 pandemic. Venture capital funding for fintech companies fell 44% by volume and 32% by number of deals in 2023 according to PitchBook. While these declines appear substantial, we believe investment activity is normalizing from abnormally heightened levels in 2021 and 2022 when funding was driven by low interest rates and insatiable demand for growth. The investment environment has since reversed with interest rates at elevated levels and investors increasingly focused on profitability. We believe the end of the hype cycle is healthy for the long-term growth of the fintech industry and more aligned with our strategy of investing in competitively advantaged businesses with sustainable earnings growth.

We are optimistic about our portfolio holdings at the start of 2024. We expect many of the cyclical headwinds that our companies faced last year to reverse and become tailwinds this year. This includes stronger debt issuance for our rating agencies, rebounding mortgage and consumer lending for our credit bureaus, more robust deal activity for our advisory firm, and a return to digital transformation projects for our IT services companies. This is counterbalanced by potentially moderating rates of growth for payment businesses that benefited from elevated inflation and a post-pandemic travel surge.

We expect forward-thinking fintech companies to invest more in AI, especially generative AI, which improves the accessibility of AI for consumers. We see AI as more of an enabler than a disrupter for the fintech industry, at least over the next few years, with incumbents benefiting first from AI since they have the scale to invest, the data to train models, and the broad distribution to capitalize on AI innovations. Financial services are highly regulated, so AI adoption might take longer or be more limited in scope for fintech than for other industries that don't require regulatory approval for new advancements. Like other major technologies, AI likely follows Amara's Law, which states that the market overestimates the potential of a technology in the near term but underestimates it in the long term. This pattern was demonstrated during the PC, internet, mobile, and cloud adoption eras. We view 2024 as an investment year for AI that will be followed by measurable productivity improvements beginning in 2025. We maintain an active dialogue with the management teams of our portfolio companies to evaluate the opportunities and threats of technology innovation, including AI.

Thank you for investing in the Fund. We 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 contain this and other information about the Funds. You may obtain them from the Funds' distributor, Baron Capital, Inc., by calling 1-800-99-BARON or visiting 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 is 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. **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. **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 NEW ASIA FUND SHAREHOLDER:

PERFORMANCE

Baron New Asia Fund® (the Fund) gained 6.07% (Institutional Shares) during the final quarter of 2023, while its primary benchmark index, the MSCI AC Asia ex Japan Index (the Benchmark), appreciated 6.43%. The MSCI AC Asia ex Japan IMI Growth Index (the Proxy Benchmark) gained 6.28% for the quarter. For the full-year 2023, the Fund appreciated 5.79% while the Benchmark rallied 5.98% and the all-cap growth Proxy Benchmark gained 4.37%. The Fund modestly underperformed the Benchmark and the Proxy Benchmark during a quarter of strong returns, while for the full year, the Fund slightly trailed the Benchmark while outperforming the Proxy Benchmark. In recent quarters, we have highlighted that we were likely passing through *peak hawkishness*, with better days ahead for the relative performance of non-U.S. equities. Early in the fourth quarter, an increasingly restrictive rise in real yields, and slowing U.S. employment and inflation momentum, triggered a re-evaluation of likely U.S. Federal Reserve (the Fed) policy, which the Fed soon confirmed by suggesting its hiking cycle was complete. The Fed also surprised markets by communicating that rate cuts would likely occur sooner and in greater magnitude than investors expected. While we previously believed that the Fed would be too backward-looking and too patient to meaningfully pivot, thereby raising the likelihood of global recession, we were impressed with its more flexible and forward-looking reaction. In short, bond yields and financial conditions reacted swiftly, pricing in rate cuts and easing liquidity conditions. While markets cheered the pivot, evidenced by the largest quarterly gain in global equities in the past 3 years, we believe this event also likely foreshadows the end of the 14-year U.S. dollar bull market, and will usher in a cycle of relative outperformance by non-U.S. equities. While we suspect financial markets may have moved a bit too far, too fast, and some consolidation of gains and market volatility follow, we believe the time has come for investors to rebalance portfolios in favor of emerging markets (EM)/Asia and international equities. Of course, we remain confident that our diversified portfolio of well-positioned and well-managed companies will capitalize on their attractive growth potential over the coming years regardless of the macro environment.

MICHAEL KASS PORTFOLIO MANAGER

ANUJ AGGARWAL PORTFOLIO MANAGER

Retail Shares: BNAFX
Institutional Shares: BNAIX
R6 Shares: BNAUX

Table I.
Performance
Annualized for periods ended December 31, 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]	5.97%	6.07%	6.43%	6.28%
One Year	5.54%	5.79%	5.98%	4.37%
Since Inception (July 30, 2021)	(9.72)%	(9.48)%	(7.69)%	(10.66)%

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 and expense reimbursements), 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, 2034, 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 baronfunds.com or call 1-800-99-BARON.

[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.

For 2023, we performed broadly in line with our Benchmark while outperforming our Proxy Benchmark. Given our quality growth bias, we are encouraged by our performance as value-oriented equities, within the EM/Asia landscape, outperformed growth peers by a wide margin during the year. From a sector or theme perspective, slight relative underperformance against the Benchmark was largely a result of adverse stock selection in the Information Technology (IT) sector, primarily driven by a material correction in some of our software-related holdings (**Glodon Company Limited** and **Kingdee International Software Group Company Limited**) within the China value-added theme. Poor stock selection effect due to a decline in a few of our China consumer investments (**Budweiser Brewing Company APAC Limited**, **China Mengniu Dairy Co. Ltd.**, and **Wuliangye Yibin Co., Ltd.**) weighed on relative results. Our overweight positioning in the underperforming Consumer Staples sector also detracted from relative results. Broadly offsetting the above was strong stock selection effect in the Consumer Discretionary sector driven by select positions in our Asia consumer (**Trent Limited** and **Titan Company Limited**), digitization (**Zomato Limited**), and global security/supply-chain diversification (**Amber Enterprises India Ltd.** and **Dixon Technologies Ltd.**) themes. Our underweight positioning combined with favorable stock selection in the Real Estate sector, through our single investment in **Godrej Properties Limited**, also bolstered relative performance during the year.

From a country perspective, for calendar year 2023, adverse stock selection in China drove the majority of our slight relative underperformance. Our underweight positioning in Taiwan was also a material detractor during the period. In our view, the weakness in China was primarily driven by the general lack of material earnings recovery after China terminated its zero-COVID policy in late 2022. Investors anticipated such a recovery and partially priced it into markets in late 2022, which presented a difficult setup for China-related equities when earnings failed to deliver. The ongoing liquidity strain in China's property sector and geopolitical friction also weighed on broad economic growth and investor sentiment. While we are disappointed with developments in China, we continue to believe that current market values are well below fundamental intrinsic value for many of our investments. We remain significantly underweight China but are closely monitoring ongoing developments related to government stimulus as well as monetary and regulatory policy that could potentially serve as a positive catalyst to reevaluate our investments there. Mostly offsetting the above was our large overweight positioning and solid stock selection in India. As discussed in previous letters, we remain excited about the long-term investment opportunities within India driven by several productivity enhancing economic reforms implemented by the Modi administration that are kickstarting a virtuous investment cycle and positioning the country to become the fastest growing large economy in the world. Finally, our active exposure to Japan through select positions in our digitization (**Tokyo Electron Limited** and **Hoya Corporation**) and automation (**Keyence Corporation**) themes also stood out as a contributor to relative results during the year.

For the fourth quarter, we modestly underperformed our principal Benchmark, while performing essentially in line with our Proxy Benchmark. Our underweight positioning and adverse stock selection in both Taiwan and Korea were the key detractors to relative performance during the quarter. Our cash position in a market rally also adversely impacted results, while our underweight position in China and meaningful overweight in India both contributed positively to relative results during the period. From a sector or theme perspective, poor stock selection and adverse allocation effect in IT was the largest drag on relative performance. Contributing positively during the quarter were positions across various themes in Consumer Discretionary, Real Estate, and Health Care. We are ending the year cautiously optimistic and are enthusiastic about portfolio positioning as we enter 2024, which we believe may mark the beginning of a multi-year upcycle for EM/Asian equities.

Table II.
Top contributors to performance for the quarter ended December 31, 2023

	Percent Impact
Taiwan Semiconductor Manufacturing Company Limited	1.28%
Trent Limited	1.06
Samsung Electronics Co., Ltd.	1.05
Zomato Limited	0.70
Bharti Airtel Limited	0.48

Semiconductor giant **Taiwan Semiconductor Manufacturing Company Limited** contributed in the fourth quarter due to investor expectations for a cyclical recovery in semiconductors heading into 2024 and significant incremental demand for artificial intelligence (AI) chips. We retain conviction that Taiwan Semi's technological leadership, pricing power, and exposure to secular growth markets, including high-performance computing, automotive, 5G, and IoT, will allow the company to sustain strong double-digit earnings growth over the next several years.

Shares of **Trent Limited** contributed to performance during the quarter. Trent is a leading retailer in India that sells direct-to-consumer private label apparel through its proprietary retail network. Share price appreciation was driven by strong quarterly sales performance as well as continued footprint expansion of its Zudio value fashion franchise. We believe the company will 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 a 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.

Shares of South Korean conglomerate **Samsung Electronics Co., Ltd.** increased during the quarter due to an improving outlook for memory semiconductors in 2024, driven by supply discipline, 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 December 31, 2023

	Percent Impact
Yum China Holdings Inc.	–0.54%
Alibaba Group Holding Limited	–0.41
Bajaj Finance Limited	–0.26
China Mengniu Dairy Co. Ltd.	–0.23
Tata Communications Limited	–0.21

Yum China Holdings Inc. is the master franchisee for the YUM brands in China and operator of the KFC and Pizza Hut restaurant networks in that market. Shares detracted after the company reported a negative surprise on margins for the third quarter and hinted that increased competition and cost-consciousness among Chinese consumers could cause margin pressure to continue through the first quarter of 2024. Although in-year margins are volatile at Yum China, its pristine balance sheet, cumulative investments in technology, unmatched scale, and successful pivot to higher-ROI, smaller footprint stores in recent years should drive continued 8% to 10% store growth at attractive returns and capital returns to shareholders in excess of earnings over the next several years. We remain shareholders.

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 in the fourth quarter due largely to the delay of the previously announced spin-off of its cloud division. Quarterly results were roughly in line with Street expectations, with strength in profitability. We retain conviction that Alibaba is well positioned to benefit from the ongoing growth in online commerce and cloud in China, though competitive market concerns remain.

Shares of **Bajaj Finance Limited**, a leading non-bank financial company in India, detracted from performance largely due to regulatory restrictions imposed on certain lending products during the quarter, which negatively impacted investor sentiment. We retain conviction in Bajaj due to its best-in-class management team, robust long-term growth outlook, and conservative risk management frameworks. We think the company is well positioned to benefit from growing demand for consumer financial services such as mortgages and personal and credit card loans, among other related products.

Portfolio Structure

Table IV.
Top 10 holdings as of December 31, 2023

	Percent of Net Assets
Taiwan Semiconductor Manufacturing Company Limited	7.4%
Samsung Electronics Co., Ltd.	5.7
Bharti Airtel Limited	4.4
Tencent Holdings Limited	4.0
Zomato Limited	3.8
Bajaj Finance Limited	3.3
Trent Limited	3.0
Alibaba Group Holding Limited	2.3
Jio Financial Services Limited	2.3
Godrej Consumer Products Limited	2.2

Exposure by Country

Table V.
Percentage of securities by country as of December 31, 2023

	Percent of Net Assets
India	42.7%
China	23.4
Korea	10.5
Taiwan	8.9
Hong Kong	3.3
Japan	3.3
Indonesia	1.9
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 fourth quarter of 2023, the Fund's median market cap was $14.7 billion, and we were invested 53.4% in giant-cap companies, 35.4% in large-cap companies, 4.7% in mid-cap companies, and 1.4% in small-cap companies, as defined by Morningstar, with the remainder in cash.

Recent Activity

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

We added to our digitization theme by building a position in **PDD Holdings Inc.**, a leading Chinese e-commerce platform. Founded in 2015, the company has emerged as China's second largest e-commerce player, capturing approximately 20% market share. In our view, PDD's competitive moat lies in its *team purchase* model that facilitates bulk buying through direct partnerships with manufacturers, thereby eliminating intermediaries (e.g., distributors and middlemen) and lowering costs. Key factors driving the company's meteoric growth include rising consumer demand for affordable products in China amid an economic slowdown, small-scale merchants seeking alternatives to Alibaba, and superior management execution. PDD's revenue growth outpaces gross merchandize value growth owing to rising take rates as merchants aggressively compete for consumer traffic on the platform. In our view, PDD should continue to gain market share given its dominance in the value-for-money segment, growing affordable branded product offerings, and high operational efficiency. We believe the company's growth will be further supported by the recent launch of its international e-commerce platform, Temu, which has become one of the fastest growing apps globally. Leveraging China's excess manufacturing capacity, Temu has strong negotiating power with domestic suppliers and attracts global consumers with competitively priced products. Temu's recent initiatives to improve unit economics, coupled with achieving variable breakeven in the sizable U.S. market, showcase management's skill and commitment to sustained growth. We expect PDD to at least double its earnings and free cash flow in the next three years, with the potential for continued compounding thereafter.

During the quarter, we also increased exposure to our global security/supply-chain diversification theme by initiating a position in **Kaynes Technology India Limited**, a leading electronics manufacturing service (EMS) player in India. We expect to further build our position in coming quarters. Kaynes provides OEM and ODM services for a variety of end industries, including automotive, industrial, railway, medical, and aerospace & defense. The company strategically focuses on low-volume and high-value sub-spaces, which contribute to its industry-leading EBITDA margin of approximately 15% compared to the average of mid-to-high single digits among other EMS players. In our view, the company is well positioned to benefit from the Indian government's "Make in India" initiative, which encourages domestic manufacturing of electronic products and components by providing attractive tax subsidies and manufacturing infrastructure. We are excited about Kaynes' recent announcement about setting up an Outsourced Semiconductor Assembly and Test facility, which we believe represents a significant incremental growth opportunity in the medium to long term. We expect the company to deliver 40% to 45% compounded EBITDA growth over the next three to five years.

Finally, we added to several of our existing positions during the quarter, most notably **Jio Financial Services Limited**, **Zomato Limited**, **Max Healthcare Institute Limited**, **Kweichow Moutai Co., Ltd.**, **JM Financial Limited**, **Baidu, Inc.**, **Budweiser Brewing Company APAC Limited**, and **SK hynix Inc**. During the quarter, we also exited positions in **Wuliangye Yibin Co., Ltd.**, **PI Industries Limited**, and **JD.com, Inc.** due to uncertainties over durability of earnings growth and/or competitive positioning going forward.

Outlook

In our third quarter letter, we suggested that signs of deteriorating U.S. economic and earnings visibility and a peak in bond yields were a likely prerequisite to the inflection point in relative performance in favor of EM/Asia and international equities that we believe will ultimately occur. Early in the fourth quarter, an increasingly restrictive rise in real yields and slowing employment and inflation momentum triggered a re-evaluation of likely Fed policy, which the Fed soon confirmed by suggesting its hiking cycle was complete. The Fed also surprised markets in communicating that rate cuts would likely occur sooner and in greater magnitude than investors expected. While we previously believed that the Fed would be too backward-looking and too patient to meaningfully pivot, thereby raising the likelihood of recession, we were impressed with its more flexible and forward-looking reaction. In short, bond yields and financial conditions reacted swiftly, pricing in rate cuts and easing liquidity conditions. Thus, in early November the Fed meaningfully increased the likelihood of a soft landing, in effect declaring that it is shifting its attention from pure inflation fighting to a dual-mandate and a desire to balance growth and inflation. While markets cheered the pivot, evidenced by the largest quarterly gain in global equities in the past 3 years, we believe this event also likely foreshadows the end of the 14-year U.S. dollar bull market, and will usher in a cycle of relative outperformance by non-U.S. equities. While we suspect financial markets may have moved a bit too far, too fast, and some consolidation of gains and market volatility will follow, we believe the time has come for investors to rebalance portfolios in favor of EM/Asia and international equities.

As we have remarked in recent letters, we believe that EM in general, and particularly those economies and companies geared toward the improvement in domestic growth, consumption, and investment that we expect to result from declining interest rates and appreciating currencies, will benefit the most from this inflection point in financial conditions and capital flows. We anticipate an extended period of enhanced relative earnings growth potential in EM/Asia jurisdictions–essentially a mean reversion or mirror image of the past several years. While we do not view this inflection point as negative per se for absolute earnings growth in the U.S., we do expect outperformance by non-U.S. equities, as current valuations reflect conservative earnings expectations, in our view. Historically, the interest rate and bond yield sensitive markets such as India and Southeast Asia are disproportionate beneficiaries, and we believe our portfolio is well positioned to benefit, given our large overweight position in India and our structural and thematic bias towards domestic consumer, financial, and industrial leaders.

Specific to the Asian markets, we note that recent performance and sentiment has been masked by ongoing skepticism regarding China, particularly given its relatively large weight in the Benchmark. Consistent with our view that global markets have reached an important inflection point, we note that the MSCI EM Asia ex-China Index actually outperformed the mighty S&P 500 Index from the recent Fed-driven market low on October 27, 2023 through year end. Further, this Index outperformed the *equal-weighted* S&P 500 Index (which helps neutralize the overwhelming impact of the *Magnificent Seven* on the market cap weighted S&P 500 Index) by over 700 basis points for the full-year 2023, which we believe lends credibility to our mean reversion thesis for this asset class. Of course, the obvious conclusion given the above is that China remains the elephant in the developing Asia room. While inconsistent policy signals and geopolitical developments have been frustrating for investors and have triggered ongoing capitulation (and is also a key reason for our significant underweight exposure in China), we believe that China's policymakers have the tools and capacity to engineer a recovery, and we are carefully monitoring developments for leading indicators of improved earnings momentum.

As mentioned above, we view India as particularly well positioned for the environment we see developing and note that several of our India holdings, in particular our consumer, wealth management/consumer finance, and real estate-related holdings (**Trent Limited**, **Tata Consumer Products Limited**, **Godrej Consumer Products Limited**, **Zomato Limited**, **360 ONE WAM Limited**, and **Godrej Properties Limited**) have posted stellar recent returns, though they are still only scratching the surface of their long-term potential, in our opinion. We reiterate our view that India, our largest overweight exposure by a margin, has reached escape velocity after years of implementing a series of productivity-enhancing reforms and stands out as a material beneficiary in the evolving global geopolitical environment. While we expect some consolidation of 2023's strong performance, we remain enthusiastic regarding the growth and return opportunity of our many investments in this exciting market.

We continue to believe that developing Asia equities are likely emerging from a long cycle of relative underperformance, and 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 1-800-99-BARON or visiting baronfunds.com. Please read them carefully before investing.

Risks: Non-U.S. investments may involve additional risks to those inherent in U.S. investments, including exchange-rate fluctuations, political or economic instability, the imposition of exchange controls, expropriation, limited disclosure and illiquid markets. In addition, investments in developing countries may have increased risks due to a greater possibility of settlement delays; currency and capital controls; interest rate sensitivity; corruption and crime; exchange rate volatility; and inflation or deflation. Government actions, bureaucratic obstacles and inconsistent economic reform within the Indian government have had a significant effect on the Indian economy and could adversely affect market conditions, economic growth and the profitability of private enterprises in India.

The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

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

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

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).

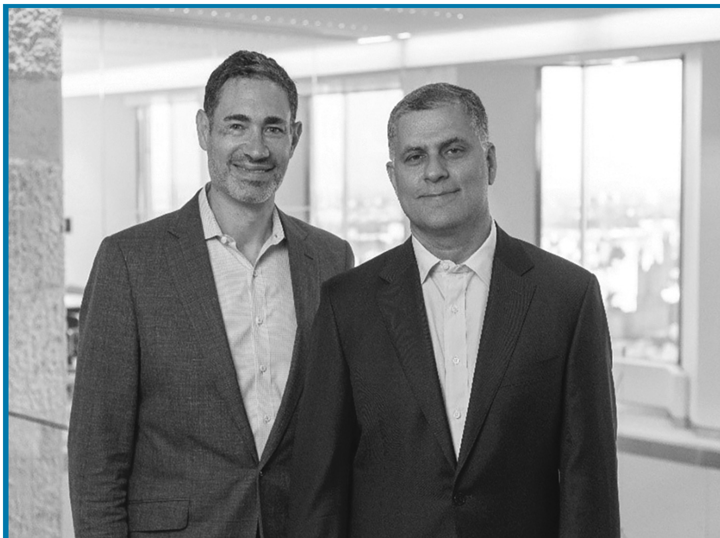
Dear Baron Technology Fund Shareholder:

Performance

During the fourth quarter, Baron Technology Fund® (the Fund) rose 18.95% (Institutional Shares), outperforming the MSCI ACWI Information Technology Index, which increased 17.56%. The Fund also outperformed the broader S&P 500 Index, which rose 11.69%. For the full year, the Fund gained 63.38%, ahead of both indexes, which returned 51.02% and 26.29%, respectively.

Table I.
Performance
Annualized for periods ended December 31, 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]	18.82%	18.95%	17.56%	11.69%
One Year	62.41%	63.38%	51.02%	26.29%
Since Inception (December 31, 2021)	(4.97)%	(4.61)%	2.03%	1.69%



MICHAEL A. LIPPERT
PORTFOLIO MANAGER

ASHIM MEHRA
PORTFOLIO MANAGER

Retail Shares: BTEEX
Institutional Shares: BTECX
R6 Shares: BTEUX

Review & Outlook

U.S. equities rose sharply in November and December, pushing the broad market indexes to double-digit gains for the quarter and reversing the losses suffered over the preceding three months. Moderating inflation coupled with a softening labor market and a perceived peak in the current cycle of interest rate hikes were the main drivers of the broad-based rally. The S&P 500 Index was up more than 26% for the year, closing at a new all-time high, while the NASDAQ Composite Index appreciated nearly 45%, its best year since COVID in 2020. Most of the gains in the major market indexes came from the so-called *Magnificent Seven*, which together were up 76% for the year, driven, in part, by excitement surrounding their 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.**, **Tesla, Inc.**, and **Meta Platforms, Inc.**; and across the software, cloud computing, semiconductor, and electric vehicle (EV) industry verticals.

For the full-year 2023, we had 20 stocks that delivered total returns over 60% each, driving the Fund's return of just over 63%. In the table below, we show our top 12 contributors to portfolio return for 2023, as well as the key secular megatrends driving these businesses.

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%, respectively, but the net annual expense ratio was 1.20% and 0.95% (net of the Adviser's fee waivers and expense reimbursements), 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, 2034, 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 baronfunds.com or call 1-800-99-BARON.

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.

Table II.
Top contributors to performance for the year ended December 31, 2023

Company Name	Total Return	Percent Impact	Secular Trends
NVIDIA Corporation	238.0%	10.30%	AI Semiconductors Cloud Computing
Amazon.com, Inc.	80.5	7.33	Cloud Computing E-commerce Digital Media/Advertising
Microsoft Corporation	58.3	6.40	AI Cloud Computing SaaS
Meta Platforms, Inc.	192.5	4.32	Digital Media/Advertising Mobile AI
Advanced Micro Devices, Inc.	126.6	3.94	Semiconductors AI Cloud Computing
Tesla, Inc.	101.4	3.93	EVs/Autonomous Driving AI Robotics
ServiceNow, Inc.	81.9	2.59	SaaS AI
CrowdStrike Holdings, Inc.	141.4	2.06	Cybersecurity SaaS AI
HubSpot, Inc.	96.3	1.90	SaaS AI
Lam Research Corporation	87.7	1.89	Semiconductors AI Cloud Computing
Broadcom Inc.	104.0	1.84	Semiconductors AI Cloud Computing
Shopify Inc.	123.3	1.77	E-commerce Electronic Payments AI

We have both been investors for over two decades, and we have witnessed that sometimes the mere act of flipping the calendar can have a short-term impact on market sentiment and trading. But arbitrary dates – yes, even January 1 – have absolutely no impact on fundamental business trends and secular themes. There has been no change at all in our research-based view of the longer-term secular trends we emphasize, particularly AI, semiconductors, software, cloud computing, and EVs. The trends we emphasize are real and they are intact; they are not stopping or pausing. AI is real. Cloud computing is real. Digital media, entertainment, and e-commerce are real. EVs are real. Semiconductors powering every single digital or electronic device are real.

We understand fears sometimes arise regarding hype cycles; these days mostly centered around AI. But AI is NOT hype. The impact it is having – and will have – is real. And we are now just glimpsing the dawn of the AI era.[1] At the start of our careers, people worried whether the internet was hype. But today there is no longer a shred of doubt how it forever changed the world. At the time of its launch, people argued the iPhone was hype and that smartphone adoption would be a challenge. But today it is nearly universal, and no one disputes how a computer in the palm of our hand has transformed our lives. It is the same with AI. The way we interact with a computer and with our data will forever change. It's what we were waiting for. It's the future we predicted in every science fiction movie ever made. You just talk to the computer, and it does what you want. It's a new world…again. We heed the lessons of the last new worlds – own the trends, own the winners.

Indeed, the best technology investments of the last half century are those companies that forged disruptive trends and grew faster for longer than consensus estimates initially predicted. But the market has historically underestimated the long-term growth potential for top companies in new and innovative verticals. The market misjudged the 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.

Morgan Stanley's fourth quarter 2023 CIO Survey, one of the reports we track each quarter, provides real-time evidence of many of the AI, cloud, and software innovations woven throughout our portfolio. At the highest level, the survey indicates that overall Information Technology (IT) spending growth is expected to accelerate in 2024 from 2023 levels – 3.3% overall growth from 2.6% growth last year. More specifically, AI rose to the top of the CIO priority list for the first time, with 68% of CIOs expecting AI to directly impact their investment priorities, up from 45% back in the first quarter. Moreover, in the fourth quarter survey, 23% of CIOs (vs. 9% in the first quarter) reported "starting pilot projects" and 7% (vs. 2% in the first quarter) reported "launch[ing] significant new projects." The top 5 CIO priorities[2] encompass major technology themes reflected in the Fund: AI (13.3% of responses), data warehousing/analytics (8.3%), security software (8.0%), digital transformation (8.0%), and cloud computing (7.3%). The "most defensive" IT projects[3] – security software, AI/machine learning/process automation, and ERP applications – are also highly represented in the portfolio. Regarding cloud computing, CIOs reported an "acceleration in the public cloud transition," with 36% of application workloads residing in the public cloud today, a "significant uptick" from the 27% reported a year ago (fourth quarter 2022 survey). Morgan Stanley noted that "the ~9% jump surpass[ed] the historical pace of ~2 points per year by a wide margin." Going forward, CIOs expect the percentage of workloads stored in the public cloud to increase from 36% today to 43% by the end of this year

1 See AMD CEO Dr. Lisa Su quote below, and NVIDIA CEO Jensen Huang quote in our September letter.
2 The precise question in the survey was "which three external IT spending projects will see the largest percentage increase in 2024?"
3 The net percentage of IT projects most and least likely to get cut in 2024.

and 53% by the end of 2026 (vs. 46% in the first quarter). As workloads shift to the cloud, Microsoft and Amazon remain the clear leaders and "best positioned to gain incremental share of IT budgets." Microsoft Azure remained CIO's preferred public cloud vendor and is expected to remain so over the next three years, followed by Amazon AWS.

Across the semiconductor industry, the AI and data center segments are witnessing a surge in demand for accelerated computing capabilities required for AI training and inferencing that is outstripping supply, and we expect this imbalance to persist through 2024. NVIDIA and **Advanced Micro Devices, Inc.** (AMD) were both top 5 contributors to Fund performance for the fourth quarter and the full-year 2023. NVIDIA is seeing the fruits of its nearly 20-year investment in AI and accelerated computing with data center revenues growing five-fold from $3 billion in 2019 to $15 billion in 2022 and expected to at least triple to $45 billion in 2023. CEO Jensen Huang put it straight on the company's November 21 earnings call:

> *"The generative AI era is in full steam and has created the need for a new type of data center, an AI factory, optimized for refining data and training and inference and generating AI. AI factory workloads are different and incremental to legacy data center workloads supporting IT tasks. AI factories run copilots and AI assistants, which are significant software TAM expansion, and are driving significant new investment, expanding the $1 trillion traditional data center infrastructure install base, and powering the AI industrial revolution."*

At AMD's December 6, 2023 "Advancing AI" product launch, for its MI300 series chips, the company's CEO, Dr. Lisa Su, made an astounding projection, forecasting that the data center AI accelerator market would grow faster than a 70% CAGR from $45 billion in 2023 to over $400 billion by 2027, marking a significant upward revision from previous estimates.[4] In her presentation, Lisa shared AMD's view of the impact of AI:

> *"A year ago, OpenAI unveiled ChatGPT. And it's really sparked a revolution that has totally reshaped the technology landscape…AI hasn't just progressed. It's actually exploded…It's actually the future of computing. At AMD, when we think about it,* ***we… view AI as the single most transformational technology over the last 50 years. Maybe the only thing that has been close has been the introduction of the internet…We're just at the very beginning of the AI era.*** *And we can see how it's so capable of touching every aspect of our lives…AI is already being used everywhere. Think about improving healthcare, accelerating climate research, enabling personal assistance for all of us and for greater business productivity, things like industrial robotics, security, and providing lots of new tools for content creators." (Emphasis added.)*

We continue to run a high-conviction portfolio with an emphasis on the secular trends cited above. Among others, during the fourth quarter we initiated positions in, or increased portfolio weights of, the following positions:

- Semiconductors and Semiconductor Equipment: **Micron Technology, Inc.**, **Lam Research Corporation**, and **Advanced Micro Devices, Inc.**
- Digital Media/Advertising: **The Trade Desk**
- Software: **HubSpot, Inc.**, **SentinelOne, Inc.**, and **GitLab Inc.**

We remain steadfast in our belief that exposure to the broader IT 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 III.
Top contributors to performance for the quarter ended December 31, 2023

	Percent Impact
Microsoft Corporation	2.26%
Amazon.com, Inc.	1.81
Advanced Micro Devices, Inc.	1.52
NVIDIA Corporation	1.49
CrowdStrike Holdings, Inc.	1.13

Microsoft Corporation is the world's largest software company. Microsoft was traditionally known for its Windows and Office products, but over the last five years, it has built a $135 billion run-rate cloud business, including its Azure cloud infrastructure service and its Office 365 and Dynamics 365 cloud-delivered applications. The stock contributed to performance because of continued strong operating results, and investor enthusiasm regarding Microsofts's leadership across the secular megatrends of AI and cloud computing. As highlighted above, Morgan Stanley's fourth quarter 2023 CIO Survey confirmed the strength and attractiveness of Microsoft's product portfolio among its customer set: (1) 63% of CIOs expect to use at least one of Microsoft's generative AI products over the next 12 months; (2) "Microsoft widened its lead as the #1 share gainer of IT wallet share as a result of the shift to the cloud on both a 1-year and 3-year view;" (3) Microsoft Azure ranks as the preferred cloud vendor today (with 48% of application workloads today) and is expected to extend its lead over the next three years (to 50% of workloads). For the September quarter, Microsoft again reported better-than-expected financial results, highlighted by Microsoft Cloud growing 23% in constant currency and Azure revenue growing 28% in constant currency, a one-point acceleration from the June quarter, bolstered by ramping AI revenue contributing three points of growth (vs. guidance of two points). December quarter guidance came in well ahead of consensus, driven by continued strong trends across Microsoft Cloud, Azure, and AI. We remain confident that Microsoft is one of the best positioned companies across the overlapping software, cloud computing, and AI landscapes, with its vertically integrated technology stack and broad sales distribution. We believe Microsoft will continue taking share across its business, driving durable, long-term, double-digit growth and best-in-class profitability.

Amazon.com, Inc. is the world's largest retailer and cloud services provider. Shares of Amazon were up in the quarter. Reported results were better than consensus estimates, with a significant beat in North American operating profit and stabilization of AWS cloud computing trends. We believe the AWS cloud division has many years of growth ahead, with recent customer optimizations attenuating and AI emerging as a key driver. On the September quarter earnings call, CEO Andy Jassy declared: "AWS's year-over-year growth rate continued to stabilize...cost optimization…continued to attenuate as more companies transition to deploying net new workloads…[W]e're seeing the pace and volume of closed deals pick up…Top of mind for most companies continues to be generative AI…on AWS's AI work…we're focused on doing what we've always done for

[4] Approximately one year ago, Lisa forecast the data center AI accelerator market would grow at a 50% CAGR from $30 billion in 2023 to $150 billion in 2027.

customers, taking technology that can transform customer experiences and businesses, but that can be complex and expensive, and democratizing it for customers of all sizes and technical abilities." We also believe Amazon is well positioned in the short-to-medium term to meaningfully improve core North American retail profitability to above pre-pandemic levels, benefiting from its new regionalized fulfillment network and its growing margin-accretive advertising business. Longer term, Amazon has substantially more room to grow in e-commerce, where it has less than 15% penetration of the total addressable market. Amazon also remains one of the clear leaders in the vast and growing cloud infrastructure market, with large opportunities enabling generative AI workloads.

Advanced Micro Devices, Inc. (AMD) is a global fabless semiconductor company focusing on high-performance computing technology, software, and products. Shares of AMD rose during the quarter on anticipation of strong growth from its data center segment in 2024 and beyond, driven by a combination of its central processing unit (CPU) chips and its recently launched MI300 AI accelerator chips. Over the past several years, AMD has been gaining share from Intel in data center CPUs given the superior performance and total cost of ownership proposition of its products, with AMD at close to 30% share of data center CPU shipments exiting 2023 from virtually no share over five years ago. At its December "Advancing AI" event, AMD officially launched its MI300 accelerator that is similarly aimed at taking share from a large incumbent, in this case NVIDIA, but in the data center accelerator market. While NVIDIA is a more formidable competitor than Intel was at the time AMD re-entered the CPU market, AMD has launched a highly competitive chip at a time when its customers are clamoring for as much computing power as possible spurred by the AI infrastructure buildout, and we believe AMD will follow a similar playbook in becoming the number two supplier in a large and growing market. At the December event, AMD gave initial projections for "greater than $2 billion" in revenue from its MI300 products, and we along with most other analysts and investors believe they will blow these expectations away. Despite a strong year for the stock in 2023, we believe the opportunity for AMD in both data center CPUs and its accelerator products presents far more upside than currently embedded in the stock price and thus remain excited about the long-term prospects for the company.

Table IV.
Top detractors from performance for the quarter ended December 31, 2023

	Percent Impact
Tesla, Inc.	–0.26%
Rivian Automotive, Inc.	–0.21
Ceridian HCM Holding Inc.	–0.06
Mobileye Global Inc.	–0.05
Tencent Holdings Limited	–0.04

Tesla, Inc. designs, manufactures, and sells EVs, related software and components, and solar and energy storage products. The stock detracted as the core automotive segment remained under pressure due to a complex macroeconomic environment, higher interest rates, factory shutdowns, and Tesla's price reductions throughout the year, presenting pressure on its near-term growth and margin profile. Nonetheless, Tesla continued to generate sufficient gross profit to support a robust product development plan that can propel the automotive segment higher over time. Tesla also started to deliver its highly anticipated Cybertruck, its first pickup truck with a tremendous amount of consumer interest and a slew of new technologies within the car and its manufacturing lines. The refreshed Model 3 also seems to be generating strong demand while improving unit-level economics. Lastly, while early, investors now expect Tesla to benefit from its investment in AI through development of autonomous driving technology and Dojo chips (AI training compute designed for image and video use case), autobidder (an automated energy trading platform), and Optimus (a humanoid robot).

Shares of **Rivian Automotive, Inc.**, a U.S.-based EV manufacturer, fell during the quarter and detracted from performance. At this early stage of ramping vehicle production and profitability, Rivian has been a volatile stock; it was our top contributor last quarter, and we have maintained it at a small position in the portfolio. We have long-term conviction in Rivian and its management team, but we recognize that Rivian introduced its R1 vehicles and started to ramp production during the perfect storm of the COVID pandemic, which yielded one of the most challenging periods in the automotive supply chain in decades, especially related to shortages in automotive semiconductors. Consequently, vehicle production scaled at a slower pace than scheduled, leading to unfavorable unit-level economics and significant cash outflows. Despite substantial improvements in production and delivery volumes in 2023, as well as improved unit economics, Rivian's operation remains unprofitable. As we've articulated in our recent letters, we believe Rivian is hitting a turning point in its execution, particularly ramping production, rolling out engineering innovations (such as the Enduro motor and lithium-iron-phosphate (LFP) battery pack) and lowering costs-of-goods-sold per vehicle. Rivian's third quarter results demonstrated that Rivian's unit-level economics continued to improve due to the company's rising production rate, which is driving better fixed cost absorption, and the ramp-up of its cheaper in-house technologies, including Enduro and LFP batteries. While backlog remains healthy for now, we are monitoring demand trends as production volume and competition increase. We think Rivian will benefit from the release of its next-generation R2 model, which it plans to unveil in early 2024.

Shares of **Ceridian HCM Holding Inc.**, a leader in payroll and human capital management (HCM) software, detracted from performance during the quarter. We attribute the relative decline to investors erroneously extrapolating growth issues at competitor Paycom onto the broader industry. We believe Paycom's issues are completely idiosyncratic. We also believe investors are concerned that slowing employment growth will reduce Ceridian's growth rate in the near term. While Ceridian has some exposure to employment levels, it is benefiting from secular trends around the modernization of HCM software and growing adoption of software-as-a-service. We believe Ceridian can continue to grow above 20%, helped by share gains, a move up-market, early international traction, and increasing success in cross-selling to existing customers.

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 fourth quarter, the largest market cap holding in the Fund was $3.0 trillion and the smallest was $1.1 billion. The median market cap of the Fund was $67.0 billion, and the weighted average market cap was $836.9 billion. We had $9.0 million in net assets.

We had investments in 38 unique companies. Our top 10 positions accounted for 52.5% of net assets.

Table V.
Top 10 holdings as of December 31, 2023

	Quarter End Market Cap (billions)	Quarter End Investment Value (thousands)	Percent of Net Assets
Microsoft Corporation	$2,794.8	$899.1	10.0%
NVIDIA Corporation	1,223.2	838.4	9.3
Amazon.com, Inc.	1,570.2	709.4	7.9
Tesla, Inc.	789.9	438.1	4.9
Advanced Micro Devices, Inc.	238.1	393.1	4.4
Apple Inc.	2,994.4	388.3	4.3
Lam Research Corporation	103.2	274.9	3.0
Meta Platforms, Inc.	909.6	271.5	3.0
Intuit Inc.	175.0	271.3	3.0
The Trade Desk	35.3	254.6	2.8

Table VI.
Fund investments in GICS industries as of December 31, 2023

	Percent of Net Assets
Semiconductors & Semiconductor Equipment	31.5%
Software	26.3
Broadline Retail	7.9
Automobiles	5.9
Technology Hardware Storage & Peripherals	4.3
Interactive Media & Services	3.9
IT Services	3.4
Media	2.8
Professional Services	2.4
Financial Services	2.0
Real Estate Management & Development	1.6
Electronic Equipment Instruments & Components	1.5
Hotels Restaurants & Leisure	1.2
Entertainment	0.9
Cash and Cash Equivalents	4.4
Total	100.0%*

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

Recent Activity

Table VII.
Top net purchases for the quarter ended December 31, 2023

	Quarter End Market Cap (billions)	Net Amount Purchased (thousands)
The Trade Desk	$ 35.3	$175.8
Micron Technology, Inc.	94.2	131.2
Lam Research Corporation	103.2	98.0
Microsoft Corporation	2,794.8	62.0
Advanced Micro Devices, Inc.	238.1	46.0

We added opportunistically to our position in **The Trade Desk** when shares traded down sharply after the company reported third quarter results and issued initial fourth quarter guidance. While third quarter results were solid, with sales growing 25% year-over-year (and 27% adjusting for political spending in 2022), Trade Desk's management team gave cautious fourth quarter guidance as they saw advertisers pause or taper advertising spending after the tragic October 7 events in Israel. Apart from this real but short-term pressure, Trade Desk demonstrated how it continued to gain market share, discussed the major drivers of its business, including streaming video advertising and shopper marketing, and expressed optimism for the remainder of the fourth quarter and 2024. We snapped up shares given our conviction in Trade Desk's business and management team and our long-term investment perspective.

We recently initiated a position in **Micron Technology, Inc.**, a frontrunner in the memory chip industry, renowned for its production of Dynamic Random Access Memory (DRAM, volatile memory) and non-volatile flash memory (NAND) chips. This strategic move aligns with the industry's significant momentum, particularly in the high bandwidth memory (HBM) area, a critical component in various AI chipset architectures. We believe Micron's superior technology in crafting high-performance HBM should position it to capture market share from competitors in the upcoming cycle. HBM manufacturing also strategically reduces the industry's overall DRAM capacity, creating a favorable tailwind for pricing dynamics that are showing signs of stabilizing after a period of decline. Further fortifying our investment rationale is Micron's groundbreaking 11ß DRAM process. This innovation introduces a suite of advantages, including enhanced density, accelerated data transfer rates, and heightened power efficiency. These technological advancements are pivotal, especially in the realm of AI, where they contribute to swifter training times for large language models and yield a more cost-effective total ownership model for data centers immersed in AI-intensive workloads. In our view, Micron's technological prowess and strategic positioning in the memory chip market present a compelling investment case, aligning with broader industry trends and specific advancements in AI-related infrastructure.

Lam Research Corporation is a leading global supplier of wafer fabrication equipment (WFE) and services to the semiconductor industry. Lam's products tend to focus on etch and deposition process steps and its tools are critical in the production of NAND and DRAM memory chips as well as logic devices. While the share of overall WFE spending looks relatively fragmented across the top four to five players in the industry, each of these leading companies tends to have significant share within smaller slices of the industry, creating a stable and favorable industry structure, with share shifts tending to only happen at times of technology transition in the broader industry. We added to our position in the quarter as we believe we are at one of those key transition points in the industry that will disproportionately benefit Lam, with a move to gate-all-around transistors in logic creating an increasing need for complex deposition and etch process stops and the emergence of HBM and advanced packaging requiring increasingly complex high-aspect-ratio or very deep etches, where Lam has virtually 100% market share. We also believe the market is underestimating the pent-up earnings power in the company as NAND WFE spending recovers in the coming years from one of its worst downcycles ever in 2023.

Table VIII.
Top net sales for the quarter ended December 31, 2023

	Quarter End Market Cap or Market Cap When Sold (billions)	Net Amount Sold (thousands)
CrowdStrike Holdings, Inc.	$ 61.3	$99.9
Mobileye Global Inc.	33.1	67.9
ZoomInfo Technologies Inc.	6.2	60.2
Tencent Holdings Limited	355.7	58.5
Arm Holdings plc	70.6	47.5

We trimmed our position in leading cybersecurity vendor, **CrowdStrike Holdings, Inc.**, after the stock performed very well in 2023, resulting in a higher valuation. We spread this capital around several of our other software investments (as shown in the Review and Outlook section above), including initiating a position in **SentinelOne, Inc.**, an emerging cybersecurity vendor.

We exited our investments in **Mobileye Global Inc.**, **ZoomInfo Technologies Inc.**, **Tencent Holdings Limited**, and **Arm Holdings plc** during the period.

To conclude, 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 1-800-99-BARON or visiting 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 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 Technology 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).

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.	$125,393	2.5%
Equinix, Inc.	75,613	1.1
Amphenol Corporation	59,311	1.8
Roper Technologies, Inc.	58,236	2.9
DexCom, Inc.	47,945	1.0
IDEXX Laboratories, Inc.	46,098	7.1
MSCI Inc.	44,738	0.6
CoStar Group, Inc.	35,687	4.4
The Trade Desk	35,282	0.8
Gartner, Inc.	35,163	9.6
Verisk Analytics, Inc.	34,632	4.7
Veeva Systems Inc.	33,790	1.6
ANSYS, Inc.	31,524	3.8
Quanta Services, Inc.	31,353	1.4
CDW Corporation	30,452	1.8
Fair Isaac Corporation	28,767	3.3
CBRE Group, Inc.	28,373	1.1
Arch Capital Group Ltd.	27,716	3.4
SBA Communications Corp.	27,370	0.4
Mettler-Toledo International Inc.	26,302	4.4
West Pharmaceutical Services, Inc.	26,053	2.4
Willis Towers Watson Public Limited Company	24,906	0.5
T. Rowe Price Group, Inc.	24,066	0.4
ICON Plc	23,304	1.2
argenx SE	22,475	0.3
Tradeweb Markets Inc.	21,333	0.6
Rollins, Inc.	$21,138	1.5%
VeriSign, Inc.	21,029	2.3
Axon Enterprise, Inc.	19,358	0.3
The Cooper Companies, Inc.	18,743	1.7
FactSet Research Systems Inc.	18,122	3.7
LPL Financial Holdings Inc.	17,213	0.3
Booz Allen Hamilton Holding Corporation	16,677	0.5
IDEX Corporation	16,419	1.5
SS&C Technologies Holdings, Inc.	15,126	1.0
Aspen Technology, Inc.	14,023	0.8
Hyatt Hotels Corporation	13,450	1.5
TransUnion	13,309	1.3
Morningstar, Inc.	12,222	1.0
Bio-Techne Corporation	12,203	2.4
Floor & Decor Holdings, Inc.	11,889	0.5
MarketAxess Holdings Inc.	11,101	0.4
Ceridian HCM Holding Inc.	10,479	2.3
Repligen Corporation	10,039	0.7
Birkenstock Holding plc	9,153	0.4
Guidewire Software, Inc.	8,934	3.2
On Holding AG	8,580	0.6
Vail Resorts, Inc.	8,105	2.7
Choice Hotels International, Inc.	5,642	1.3
		94.8%*

* 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 Total Investments
IDEXX Laboratories, Inc.	$46,098	3.7%
MSCI Inc.	44,738	10.8
CoStar Group, Inc.	35,687	5.7
Gartner, Inc.	35,163	8.6
ANSYS, Inc.	31,524	4.6
Arch Capital Group Ltd.	27,716	8.5
Mettler-Toledo International Inc.	26,302	1.1
West Pharmaceutical Services, Inc.	26,053	2.0
Alexandria Real Estate Equities, Inc.	22,030	1.1
FactSet Research Systems Inc.	18,122	7.2
The Carlyle Group Inc.	14,681	0.8
Gaming and Leisure Properties, Inc.	13,177	3.4
Morningstar, Inc.	12,222	3.4
Bio-Techne Corporation	12,203	2.9
Trex Company, Inc.	8,991	1.1
Guidewire Software, Inc.	8,934	1.3
Houlihan Lokey, Inc.	8,292	0.7
Vail Resorts, Inc.	8,105	5.4
Kinsale Capital Group, Inc.	7,761	4.2
Primerica, Inc.	7,209	3.9
Altair Engineering Inc.	6,872	0.8
Littelfuse, Inc.	$6,663	0.2%
Boyd Gaming Corporation	6,127	0.3
Choice Hotels International, Inc.	5,642	4.3
Essent Group Ltd.	5,631	0.3
Red Rock Resorts, Inc.	5,567	1.3
Bright Horizons Family Solutions, Inc.	5,457	1.0
Iridium Communications Inc.	5,098	4.0
Clearwater Analytics Holdings, Inc.	4,866	0.1
Neogen Corp.	4,350	0.3
Moelis & Company	3,994	0.2
PENN Entertainment, Inc.	3,949	1.3
Cohen & Steers, Inc.	3,721	1.7
Marriott Vacations Worldwide Corporation	3,015	1.1
Krispy Kreme, Inc.	2,544	0.9
Douglas Emmett, Inc.	2,418	0.7
FIGS, Inc.	1,176	0.7
		99.8%*

* 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
TransDigm Group Incorporated	$55,956	2.7%
DexCom, Inc.	47,945	1.5
IDEXX Laboratories, Inc.	46,098	0.4
Waste Connections, Inc.	38,458	1.2
The Trade Desk	35,282	1.2
Gartner, Inc.	35,163	5.6
SBA Communications Corp.	27,370	0.4
Mettler-Toledo International Inc.	26,302	0.9
ICON Plc	23,304	4.3
Vertiv Holdings Co	18,321	7.0
DraftKings Inc.	16,435	0.7
Liberty Media Corporation – Liberty Formula One	14,667	1.6
Aspen Technology, Inc.	14,023	1.7
Floor & Decor Holdings, Inc.	11,889	2.8
Ceridian HCM Holding Inc.	10,479	1.4
Trex Company, Inc.	8,991	1.3
Guidewire Software, Inc.	8,934	2.9
Americold Realty Trust	8,582	0.6
WEX Inc.	8,315	1.1
Houlihan Lokey, Inc.	8,292	1.6
RBC Bearings Incorporated	8,286	1.7
Kinsale Capital Group, Inc.	7,761	3.4
SiteOne Landscape Supply, Inc.	7,333	3.3
Cognex Corporation	7,185	1.4
Altair Engineering Inc.	6,872	1.3
Planet Fitness, Inc.	6,435	1.9
Clarivate Plc	6,148	0.4
Inspire Medical Systems, Inc.	6,006	0.9
Chart Industries, Inc.	5,828	2.5
HealthEquity, Inc.	5,689	1.1
Dechra Pharmaceuticals PLC	5,601	0.5
Red Rock Resorts, Inc.	5,567	3.5
Bright Horizons Family Solutions, Inc.	$5,457	1.3%
Installed Building Products, Inc.	5,194	2.8
Clearwater Analytics Holdings, Inc.	4,866	0.7
ASGN Incorporated	4,539	3.6
Endava plc	4,496	1.3
Madison Square Garden Sports Corp.	4,352	0.9
Neogen Corp.	4,350	1.9
nCino Inc.	3,805	0.4
Avient Corporation	3,790	1.5
Sprout Social, Inc.	3,440	1.0
Liberty Media Corporation – Liberty Live	3,314	0.2
John Bean Technologies Corporation	3,166	1.1
Axonics, Inc.	3,153	1.3
Fox Factory Holding Corp.	2,860	1.3
BRP Group, Inc.	2,804	1.7
ODDITY Tech Ltd.	2,643	0.6
Shoals Technologies Group, Inc.	2,643	0.6
Kratos Defense & Security Solutions, Inc.	2,616	0.9
First Advantage Corporation	2,405	1.3
Driven Brands Holdings Inc.	2,338	0.5
UTZ Brands, Inc.	2,282	1.1
Mercury Systems, Inc.	2,168	0.6
Janus International Group, Inc.	1,916	1.7
The Cheesecake Factory, Inc.	1,778	1.7
indie Semiconductor, Inc.	1,462	0.7
Grid Dynamics Holdings, Inc.	1,008	0.9
Repay Holdings Corporation	858	0.7
European Wax Center, Inc.	849	0.9
Holley Inc.	579	0.5
		96.6%*

* 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	$2,794,828	14.2%
Alphabet Inc.	1,756,000	2.8
Amazon.com, Inc.	1,570,153	6.5
NVIDIA Corporation	1,223,193	8.6
Meta Platforms, Inc.	909,629	3.8
Tesla, Inc.	789,898	5.7
Visa Inc.	536,849	2.8
Mastercard Incorporated	399,971	2.3
ASML Holding N.V.	303,387	1.4
Advanced Micro Devices, Inc.	238,141	2.6
ServiceNow, Inc.	144,831	2.2
Intuitive Surgical, Inc.	118,775	1.6
Lam Research Corporation	103,227	0.7
Shopify Inc.	100,184	1.4
Equinix, Inc.	75,613	1.0
Workday, Inc.	72,604	2.2
Snowflake Inc.	65,531	1.2
CrowdStrike Holdings, Inc.	61,314	1.5
Marvell Technology, Inc.	52,138	1.2
Datadog, Inc.	39,880	1.2
CoStar Group, Inc.	35,687	2.9
The Trade Desk	35,282	1.8
Gartner, Inc.	$35,163	3.1%
Mobileye Global Inc.	34,922	0.7
Monolithic Power Systems, Inc.	30,222	1.5
HubSpot, Inc.	29,219	1.4
Cloudflare, Inc.	27,956	1.2
Take-Two Interactive Software, Inc.	27,372	1.1
argenx SE	22,475	2.2
Rivian Automotive, Inc.	22,468	1.6
Dynatrace, Inc.	16,100	1.0
Legend Biotech Corporation	10,938	0.5
Ceridian HCM Holding Inc.	10,479	1.5
GitLab Inc.	9,803	1.1
Guidewire Software, Inc.	8,934	1.7
Shockwave Medical, Inc.	7,031	1.0
Endava plc	4,496	1.4
Rocket Pharmaceuticals, Inc.	2,702	2.0
Structure Therapeutics Inc.	1,891	0.3
Viking Therapeutics, Inc.	1,862	0.5
indie Semiconductor, Inc.	1,462	1.9
		95.0%*

* 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.	$789,898	38.1%
The Charles Schwab Corp.	125,393	4.3
IDEXX Laboratories, Inc.	46,098	5.6
MSCI Inc.	44,738	1.8
Spotify Technology S.A.	37,299	0.5
CoStar Group, Inc.	35,687	8.1
Gartner, Inc.	35,163	4.0
Arch Capital Group Ltd.	27,716	6.1
HEICO Corporation	21,687	0.5
FactSet Research Systems Inc.	18,122	4.4
Hyatt Hotels Corporation	13,450	5.5
Gaming and Leisure Properties, Inc.	$13,177	1.1%
Birkenstock Holding plc	9,153	1.1
Guidewire Software, Inc.	8,934	1.3
Vail Resorts, Inc.	8,105	3.2
Red Rock Resorts, Inc.	5,567	1.2
Iridium Communications Inc.	5,098	2.0
FIGS, Inc.	1,176	0.4
		89.3%*

* 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
Microsoft Corporation	$2,794,828	2.3%
Amazon.com, Inc.	1,570,153	8.1
NVIDIA Corporation	1,223,193	10.1
Meta Platforms, Inc.	909,629	6.0
Tesla, Inc.	789,898	4.3
Mastercard Incorporated	399,971	2.9
ASML Holding N.V.	303,387	2.7
ServiceNow, Inc.	144,831	7.1
Intuitive Surgical, Inc.	118,775	4.7
Shopify Inc.	100,184	5.9
MercadoLibre, Inc.	79,456	4.0
Snowflake Inc.	65,531	5.0
Atlassian Corporation Plc	61,382	1.5
CrowdStrike Holdings, Inc.	61,314	4.2
Block, Inc.	47,500	2.2
Adyen N.V.	39,954	1.3
Datadog, Inc.	$39,880	3.4%
The Trade Desk	35,282	3.2
Mobileye Global Inc.	34,922	1.5
Veeva Systems Inc.	33,790	1.6
Coupang, Inc.	28,944	1.1
Cloudflare, Inc.	27,956	3.5
argenx SE	22,475	2.3
Rivian Automotive, Inc.	22,468	2.1
Illumina, Inc.	22,111	1.1
EPAM Systems, Inc.	17,157	1.0
GitLab Inc.	9,803	1.3
Endava plc	4,496	2.9
		97.3%*

* 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.	$789,898	11.4%
Shopify Inc.	100,184	2.0
IDEXX Laboratories, Inc.	46,098	1.4
MSCI Inc.	44,738	3.8
Las Vegas Sands Corporation	37,621	1.0
Spotify Technology S.A.	37,299	3.7
CoStar Group, Inc.	35,687	4.2
Interactive Brokers Group, Inc.	35,119	2.7
Verisk Analytics, Inc.	34,632	2.9
ANSYS, Inc.	31,524	2.6
Arch Capital Group Ltd.	27,716	5.0
BioNTech SE	25,089	1.6
Illumina, Inc.	22,111	2.1
Alexandria Real Estate Equities, Inc.	22,030	1.6
FactSet Research Systems Inc.	18,122	4.5
MGM Resorts International	15,262	1.7
Hyatt Hotels Corporation	13,450	4.9
American Homes 4 Rent	$13,020	0.6%
Jefferies Financial Group Inc.	9,352	0.8
Birkenstock Holding plc	9,153	1.6
Guidewire Software, Inc.	8,934	4.3
On Holding AG	8,580	2.9
Vail Resorts, Inc.	8,105	4.3
Choice Hotels International, Inc.	5,642	3.0
Red Rock Resorts, Inc.	5,567	3.8
Iridium Communications Inc.	5,098	2.2
Manchester United plc	3,325	1.8
Krispy Kreme, Inc.	2,544	3.3
Douglas Emmett, Inc.	2,418	1.6
FIGS, Inc.	1,176	3.0
		90.0%*

* 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	$501,058	2.0%
Novo Nordisk A/S	466,560	1.1
LVMH Moet Hennessy Louis Vuitton SE	406,588	1.2
Samsung Electronics Co., Ltd.	363,870	1.2
Tencent Holdings Limited	359,372	1.1
Nestle S.A.	309,556	1.2
Reliance Industries Limited	210,180	1.2
AstraZeneca PLC	208,775	2.1
Linde plc	197,310	2.8
Alibaba Group Holding Limited	197,141	0.5
PDD Holdings Inc.	194,386	0.4
HDFC Bank Limited	155,944	0.8
Industria de Diseno Textil, S.A.	135,664	1.9
Keyence Corporation	107,149	1.2
Mitsubishi UFJ Financial Group, Inc.	106,228	1.4
Tokyo Electron Limited	83,800	1.3
Compagnie Financiere Richemont SA	81,384	0.8
BNP Paribas S.A.	79,286	1.7
Prosus N.V.	79,267	0.4
Bharti Airtel Limited	72,741	1.0
Recruit Holdings Co., Ltd.	71,724	0.9
Sberbank of Russia PJSC	65,740	0.0
Sumitomo Mitsui Financial Group, Inc.	65,264	1.4
Bajaj Finance Limited	54,423	1.0
Midea Group Co., Ltd.	54,109	0.2
Constellation Software Inc.	52,541	2.4
Universal Music Group N.V.	51,905	1.3
Pernod Ricard SA	45,082	1.6
Grupo Mexico, S.A.B. de C.V.	43,177	0.9
Baidu, Inc.	41,634	0.9
Agilent Technologies, Inc.	40,736	1.4
Nu Holdings Ltd.	39,506	0.4
Experian plc	37,501	1.4
Renesas Electronics Corporation	35,405	1.7
Coupang, Inc.	28,944	0.7
Cellnex Telecom, S.A.	27,812	0.4
Arch Capital Group Ltd.	27,716	2.1
Agnico Eagle Mines Limited	27,224	0.9
LY Corporation	27,061	1.3
DSM-Firmenich AG	26,983	1.3
Epiroc AB	23,335	1.2
argenx SE	22,475	2.3
Techtronic Industries Co. Ltd.	21,859	0.6
Genmab A/S	21,038	0.9
Jio Financial Services Limited	17,786	0.3
B3 S.A. – Brasil, Bolsa, Balcao	17,430	0.6
Yum China Holdings Inc.	17,334	0.3
Symrise AG	15,375	1.5
Suzano S.A.	15,164	1.3
XP Inc.	14,289	0.6
Godrej Consumer Products Limited	13,904	0.6
Localiza Rent a Car S.A.	$13,883	0.7%
Trent Limited	13,051	0.8
Eurofins Scientific SE	12,565	1.4
Credicorp Ltd.	11,924	0.7
Dino Polska S.A.	11,479	1.3
Japan Exchange Group, Inc.	11,183	1.3
Jiangsu Hengli Hydraulic Co., Ltd.	10,338	0.2
Bank of Ireland Group plc	9,586	0.9
Birkenstock Holding plc	9,153	0.3
CyberArk Software Ltd.	9,149	0.6
HD Hyundai Heavy Industries Co., Ltd.	8,892	0.7
Max Healthcare Institute Limited	8,015	0.5
Full Truck Alliance Co. Ltd.	7,504	0.6
Kanzhun Limited	7,309	0.4
Stevanato Group S.p.A	7,224	0.9
B&M European Value Retail S.A.	7,160	1.4
Wix.com Ltd.	7,032	0.6
InPost S.A.	6,908	1.9
Godrej Properties Limited	6,727	0.8
HD Korea Shipbuilding & Offshore Engineering Co., Ltd.	6,644	1.3
Tata Communications Limited	6,063	0.5
Dechra Pharmaceuticals PLC	5,601	0.8
Kingdee International Software Group Company Limited	5,292	0.5
Clariant AG	4,902	0.4
Endava plc	4,496	0.8
Kingsoft Corporation Ltd.	4,215	0.2
Japan Airport Terminal Co., Ltd.	4,103	1.2
Max Financial Services Limited	3,958	0.5
Nippon Life India Asset Management Limited	3,373	0.7
Zai Lab Limited	2,701	0.4
ODDITY Tech Ltd.	2,643	1.4
Watches of Switzerland Group PLC	2,164	1.1
Afya Limited	2,012	0.9
Kaynes Technology India Limited	2,005	0.1
SMS Co., Ltd.	1,801	1.1
Lufax Holding Ltd	1,760	0.2
Befesa S.A.	1,554	1.1
Taboola.com Ltd.	1,487	0.3
JM Financial Limited	1,129	0.6
eDreams ODIGEO SA	1,081	2.6
Meyer Burger Technology AG	836	1.0
AMG Critical Materials N.V.	819	1.1
Aker Carbon Capture ASA	808	0.6
Okamoto Industries, Inc.	639	0.7
Waga Energy SA	576	1.4
Ceres Power Holdings plc	450	0.2
S4 Capital plc	397	0.4
		96.1%*

* 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
Blackstone Inc.	$158,352	5.1%
Lowe's Companies, Inc.	127,991	2.3
Prologis, Inc.	123,151	5.7
American Tower Corporation	100,636	2.8
Equinix, Inc.	75,613	5.5
Brookfield Corporation	65,795	2.2
D.R. Horton, Inc.	50,609	5.5
Welltower Inc.	50,143	2.5
Hilton Worldwide Holdings Inc.	46,695	1.8
Lennar Corporation	41,894	5.3
Digital Realty Trust, Inc.	41,629	2.6
Las Vegas Sands Corporation	37,621	2.8
CoStar Group, Inc.	35,687	4.4
Extra Space Storage Inc.	33,874	0.3
Vulcan Materials Company	30,164	0.6
CBRE Group, Inc.	28,373	2.7
Equity Residential	23,224	1.4
Invitation Homes, Inc.	20,874	1.6
Brookfield Asset Management Ltd.	16,585	1.3
Pool Corporation	15,422	2.2
MGM Resorts International	$15,262	3.5%
Hyatt Hotels Corporation	13,450	1.5
Floor & Decor Holdings, Inc.	11,889	2.1
Rexford Industrial Realty, Inc.	11,843	2.1
Toll Brothers, Inc.	10,702	9.9
Wynn Resorts, Limited	10,291	3.4
Caesars Entertainment, Inc.	10,113	2.8
Fortune Brands Innovations, Inc.	9,601	1.3
Jones Lang LaSalle Incorporated	8,985	2.3
EastGroup Properties, Inc.	8,504	1.3
Vail Resorts, Inc.	8,105	0.9
SiteOne Landscape Supply, Inc.	7,333	2.5
Boyd Gaming Corporation	6,127	1.6
Red Rock Resorts, Inc.	5,567	1.7
Terreno Realty Corporation	5,351	0.5
Installed Building Products, Inc.	5,194	1.9
Janus International Group, Inc.	1,916	0.6
		98.5%*

* 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	$501,058	6.9%
Samsung Electronics Co., Ltd.	363,870	5.3
Tencent Holdings Limited	359,372	3.7
Kweichow Moutai Co., Ltd.	305,716	1.2
Reliance Industries Limited	210,180	1.8
Alibaba Group Holding Limited	197,141	2.2
PDD Holdings Inc.	194,386	1.3
Tata Consultancy Services Limited	166,802	0.6
HDFC Bank Limited	155,944	2.2
Keyence Corporation	107,149	0.8
AIA Group Limited	99,344	0.2
SK hynix Inc.	79,985	0.9
Wal-Mart de Mexico, S.A.B. de C.V.	73,531	1.6
Bharti Airtel Limited	72,741	2.0
Sberbank of Russia PJSC	65,740	0.0
PT Bank Rakyat Indonesia (Persero) Tbk	56,354	1.9
Bajaj Finance Limited	54,423	2.5
Midea Group Co., Ltd.	54,109	0.8
Shenzhen Mindray Bio-Medical Electronics Co., Ltd.	49,679	0.5
Pernod Ricard SA	45,082	0.9
Grupo Mexico, S.A.B. de C.V.	43,177	1.2
Baidu, Inc.	41,634	1.5
Nu Holdings Ltd.	39,506	1.0
Titan Company Limited	39,212	1.0
Naspers Limited	31,531	0.5
Coupang, Inc.	28,944	1.2
Delta Electronics, Inc.	26,534	1.5
Mahindra & Mahindra Limited	25,844	0.8
NARI Technology Co. Ltd.	25,281	1.0
Samsung SDI Co., Ltd.	25,201	0.2
Budweiser Brewing Company APAC Limited	24,796	0.9
Galaxy Entertainment Group Limited	24,505	0.5
Techtronic Industries Co. Ltd.	21,859	0.9
Jio Financial Services Limited	17,786	0.7
B3 S.A. – Brasil, Bolsa, Balcao	17,430	1.1
Yum China Holdings Inc.	17,334	1.0
SBI Life Insurance Company Limited	17,237	1.4
Shenzhou International Group Holdings Ltd.	15,478	1.0
Suzano S.A.	15,164	2.3
XP Inc.	14,289	1.1
Godrej Consumer Products Limited	13,904	1.4
Localiza Rent a Car S.A.	13,883	1.6
Trent Limited	13,051	1.1
Gold Fields Limited	12,921	0.9
Cholamandalam Investment and Finance Company Limited	12,712	0.1

Company	Equity Market Cap (in millions)	% of Net Assets
Divi's Laboratories Limited	$12,454	0.7%
Yunnan Baiyao Group Co., Ltd.	12,453	0.2
BDO Unibank, Inc.	12,415	1.2
Tata Consumer Products Limited	12,133	1.1
Credicorp Ltd.	11,924	1.0
Dino Polska S.A.	11,479	0.5
China Mengniu Dairy Co. Ltd.	10,584	0.7
Jiangsu Hengli Hydraulic Co., Ltd.	10,338	0.7
Ayala Land, Inc.	9,296	0.8
HD Hyundai Heavy Industries Co., Ltd.	8,892	0.9
Max Healthcare Institute Limited	8,015	0.6
Full Truck Alliance Co. Ltd.	7,504	1.3
Kanzhun Limited	7,309	0.8
Muthoot Finance Limited	7,122	0.6
InPost S.A.	6,908	1.8
Godrej Properties Limited	6,727	1.1
HD Korea Shipbuilding & Offshore Engineering Co., Ltd.	6,644	2.0
Tata Communications Limited	6,063	1.5
StoneCo Ltd.	5,666	0.2
Kingdee International Software Group Company Limited	5,292	1.1
Jubilant FoodWorks Limited	4,481	0.6
Kingsoft Corporation Ltd.	4,215	0.6
Glodon Company Limited	4,024	0.4
Max Financial Services Limited	3,958	1.1
Korea Aerospace Industries, Ltd.	3,784	0.7
Venustech Group Inc.	3,593	0.7
Nippon Life India Asset Management Limited	3,373	1.1
Aarti Industries Limited	2,830	0.6
Zai Lab Limited	2,701	0.7
Network International Holdings Plc	2,647	0.3
Estun Automation Co., Ltd.	2,279	0.5
Inter & Co Inc.	2,264	0.3
Afya Limited	2,012	0.9
Kaynes Technology India Limited	2,005	0.1
Lufax Holding Ltd	1,760	0.2
Nuvama Wealth Management Limited	1,519	0.4
JM Financial Limited	1,129	1.1
Edelweiss Financial Services Limited	883	0.4
Aarti Pharmalabs Limited	549	0.1
Codere Online Luxembourg, S.A.	133	0.1
		93.2%*

* 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 Total Investments
NVIDIA Corporation	$1,223,193	9.2%
Tesla, Inc.	789,898	4.4
ASML Holding N.V.	303,387	2.8
Shopify Inc.	100,184	7.8
MercadoLibre, Inc.	79,456	9.2
Snowflake Inc.	65,531	5.3
CrowdStrike Holdings, Inc.	61,314	3.4
Bajaj Finance Limited	54,423	4.0
Block, Inc.	47,500	2.0
Adyen N.V.	39,954	1.7
Datadog, Inc.	39,880	3.2
Zscaler, Inc.	32,865	2.9
Coupang, Inc.	28,944	4.3
Cloudflare, Inc.	27,956	4.7
argenx SE	22,475	3.5
Rivian Automotive, Inc.	22,468	2.2
Illumina, Inc.	$22,111	0.0%
Zomato Limited	12,949	1.6
Globant S.A.	10,099	2.3
BILL Holdings, Inc.	8,710	1.7
Wix.com Ltd.	7,032	2.7
InPost S.A.	6,908	2.4
Endava plc	4,496	6.7
Schrodinger, Inc.	2,579	1.4
Afya Limited	2,012	2.2
Taboola.com Ltd.	1,487	0.0
Fiverr International Ltd.	1,041	1.3
Innovid Corp.	211	0.0
Codere Online Luxembourg, S.A.	133	0.7
		93.5%*

* 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
Axon Enterprise, Inc.	$19,358	3.0%
DraftKings Inc.	16,435	3.0
Dynatrace, Inc.	16,100	1.6
Liberty Media Corporation – Liberty Formula One	14,667	0.8
Floor & Decor Holdings, Inc.	11,889	2.7
Rexford Industrial Realty, Inc.	11,843	2.6
Ceridian HCM Holding Inc.	10,479	1.9
Repligen Corporation	10,039	2.1
GitLab Inc.	9,803	3.4
CyberArk Software Ltd.	9,149	2.9
Trex Company, Inc.	8,991	1.4
Guidewire Software, Inc.	8,934	1.8
On Holding AG	8,580	1.0
RBC Bearings Incorporated	8,286	1.5
SentinelOne, Inc.	8,196	3.0
Texas Roadhouse, Inc.	8,163	1.7
Kinsale Capital Group, Inc.	7,761	2.3
SiteOne Landscape Supply, Inc.	7,333	2.3
Stevanato Group S.p.A	7,224	1.0
Qualys, Inc.	7,220	0.5
10x Genomics, Inc.	6,615	0.5
Smartsheet Inc.	6,516	1.8
Boyd Gaming Corporation	6,127	2.3
Novanta Inc.	6,031	0.9
AAON, Inc.	6,002	0.9
Chart Industries, Inc.	5,828	2.1
Allegro MicroSystems, Inc.	5,826	0.2
Red Rock Resorts, Inc.	5,567	1.4
RH	5,311	0.6
Varonis Systems, Inc.	4,933	2.4
Clearwater Analytics Holdings, Inc.	$4,866	1.8%
ASGN Incorporated	4,539	2.2
Endava plc	4,496	1.4
Advanced Energy Industries, Inc.	4,061	3.0
Nova Ltd.	3,976	1.3
Inari Medical, Inc.	3,739	2.1
Liberty Media Corporation – Liberty Live	3,314	1.3
Axonics, Inc.	3,153	2.8
Certara, Inc.	2,812	0.9
SiTime Corporation	2,742	1.7
Kratos Defense & Security Solutions, Inc.	2,616	2.4
ACV Auctions Inc.	2,446	0.2
Alkami Technology Inc.	2,313	1.2
Mercury Systems, Inc.	2,168	2.1
Veracyte, Inc.	2,009	1.1
Maravai LifeSciences Holdings, Inc.	1,646	0.5
Definitive Healthcare Corp.	1,545	1.9
indie Semiconductor, Inc.	1,462	1.9
Navitas Semiconductor Corporation	1,440	1.4
PAR Technology Corporation	1,220	2.1
Couchbase, Inc.	1,083	2.5
Ichor Holdings, Ltd.	988	0.5
Montrose Environmental Group, Inc.	970	1.7
Revance Therapeutics, Inc.	772	0.5
Establishment Labs Holdings Inc.	668	0.5
SmartRent, Inc.	648	0.4
Silk Road Medical, Inc.	478	0.8
		94.2%*

* 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	$2,794,828	9.6%
Alphabet Inc.	1,756,000	4.7
Amazon.com, Inc.	1,570,153	8.1
NVIDIA Corporation	1,223,193	3.9
Meta Platforms, Inc.	909,629	6.5
Visa Inc.	536,849	4.3
Taiwan Semiconductor Manufacturing Company Limited	501,058	2.5
UnitedHealth Group Incorporated	486,945	3.6
Mastercard Incorporated	399,971	2.9
Costco Wholesale Corporation	292,896	1.6
Adobe Inc.	271,632	3.5
Accenture plc	234,131	2.9
Thermo Fisher Scientific Inc.	205,083	3.2
Intuit Inc.	174,968	4.1
Danaher Corporation	170,943	2.7
Blackstone Inc.	158,352	2.9
Texas Instruments Incorporated	$154,813	1.2%
S&P Global Inc.	139,557	4.3
CME Group, Inc.	75,815	1.9
Moody's Corporation	71,473	3.5
Brookfield Corporation	65,795	2.8
MSCI Inc.	44,738	2.9
TE Connectivity Ltd.	43,665	0.5
Agilent Technologies, Inc.	40,736	1.5
Monolithic Power Systems, Inc.	30,222	2.7
Arch Capital Group Ltd.	27,716	3.1
Mettler-Toledo International Inc.	26,302	1.5
HEICO Corporation	21,687	2.6
Veralto Corporation	20,261	0.1
LPL Financial Holdings Inc.	17,213	1.7
		97.3%*

* 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
Lowe's Companies, Inc.	$127,991	1.0%
Prologis, Inc.	123,151	10.5
American Tower Corporation	100,636	6.2
Equinix, Inc.	75,613	9.3
Brookfield Corporation	65,795	1.2
Public Storage Incorporated	53,628	2.4
Welltower Inc.	50,143	7.7
Simon Property Group, Inc.	46,537	4.0
Digital Realty Trust, Inc.	41,629	4.5
Extra Space Storage Inc.	33,874	5.3
AvalonBay Communities, Inc.	26,588	4.9
Equity Residential	23,224	4.2
Alexandria Real Estate Equities, Inc.	22,030	2.2
Invitation Homes, Inc.	20,874	4.1
Ventas, Inc.	20,055	1.4
Sun Communities, Inc.	16,632	2.9
Brookfield Asset Management Ltd.	$16,585	1.6%
American Homes 4 Rent	13,020	4.3
Rexford Industrial Realty, Inc.	11,843	2.8
Toll Brothers, Inc.	10,702	4.1
Wynn Resorts, Limited	10,291	3.9
EastGroup Properties, Inc.	8,504	1.6
First Industrial Realty Trust, Inc.	6,967	1.9
Terreno Realty Corporation	5,351	0.5
Brookfield Infrastructure Corporation	4,652	1.5
Marriott Vacations Worldwide Corporation	3,015	1.2
Tanger, Inc.	2,920	1.3
DiamondRock Hospitality Company	1,968	2.2
		98.8%*

* 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
Eli Lilly and Company	$553,370	9.6%
UnitedHealth Group Incorporated	486,945	9.4
Merck & Co., Inc.	276,259	4.5
AstraZeneca PLC	208,775	2.6
Thermo Fisher Scientific Inc.	205,083	4.5
Danaher Corporation	170,943	1.7
Intuitive Surgical, Inc.	118,775	4.8
Stryker Corporation	113,763	2.0
Elevance Health, Inc.	110,797	1.5
Vertex Pharmaceuticals Incorporated	104,849	4.4
Zoetis Inc.	90,615	3.0
Boston Scientific Corporation	84,691	4.0
HCA Healthcare, Inc.	72,450	2.4
McKesson Corporation	61,605	2.4
Humana Inc.	56,361	1.2
DexCom, Inc.	47,945	2.1
IDEXX Laboratories, Inc.	46,098	1.8
Moderna, Inc.	37,919	0.4
Veeva Systems Inc.	33,790	0.9
Mettler-Toledo International Inc.	26,302	1.5
West Pharmaceutical Services, Inc.	26,053	1.9
BioNTech SE	25,089	0.3
ICON Plc	23,304	2.7

Company	Equity Market Cap (in millions)	% of Net Assets
argenx SE	$22,475	3.6%
The Cooper Companies, Inc.	18,743	2.9
Exact Sciences Corporation	13,379	1.1
Bio-Techne Corporation	12,203	1.5
Legend Biotech Corporation	10,938	2.1
Repligen Corporation	10,039	0.9
Natera, Inc.	7,526	0.7
Stevanato Group S.p.A	7,224	1.1
Shockwave Medical, Inc.	7,031	1.1
10x Genomics, Inc.	6,615	0.4
Immunovant, Inc.	6,095	1.2
Inspire Medical Systems, Inc.	6,006	1.1
Neogen Corp.	4,350	1.2
Surgery Partners, Inc.	4,047	0.7
Xenon Pharmaceuticals Inc.	3,448	2.2
Arcellx, Inc.	2,702	1.7
Rocket Pharmaceuticals, Inc.	2,702	3.7
Schrodinger, Inc.	2,579	0.6
Structure Therapeutics Inc.	1,891	0.7
		97.8%*

* 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.	$536,849	4.9%
Mastercard Incorporated	399,971	4.8
Accenture plc	234,131	2.6
Intuit Inc.	174,968	5.2
S&P Global Inc.	139,557	4.9
The Charles Schwab Corp.	125,393	1.5
BlackRock Inc.	121,550	2.9
Shopify Inc.	100,184	1.6
The Progressive Corporation	93,227	3.5
Fiserv, Inc.	79,729	3.0
MercadoLibre, Inc.	79,456	3.7
CME Group, Inc.	75,815	2.0
Moody's Corporation	71,473	2.8
Apollo Global Management, Inc.	52,891	3.6
Block, Inc.	47,500	1.8
MSCI Inc.	44,738	3.1
Nu Holdings Ltd.	39,506	1.6
CoStar Group, Inc.	35,687	1.5
Interactive Brokers Group, Inc.	35,119	1.4
Verisk Analytics, Inc.	34,632	2.6
Global Payments Inc.	33,069	1.9
Equifax Inc.	30,470	1.1
Fair Isaac Corporation	28,767	4.3
Arch Capital Group Ltd.	27,716	2.2
Tradeweb Markets Inc.	$21,333	2.9%
FactSet Research Systems Inc.	18,122	3.0
LPL Financial Holdings Inc.	17,213	2.6
TransUnion	13,309	1.2
Morningstar, Inc.	12,222	2.4
Jack Henry & Associates, Inc.	11,901	1.6
Wise Plc	11,417	2.3
Globant S.A.	10,099	2.4
Guidewire Software, Inc.	8,934	2.5
BILL Holdings, Inc.	8,710	0.6
WEX Inc.	8,315	1.1
Houlihan Lokey, Inc.	8,292	2.2
Kinsale Capital Group, Inc.	7,761	1.1
Clearwater Analytics Holdings, Inc.	4,866	0.7
Endava plc	4,496	2.5
nCino Inc.	3,805	0.2
BRP Group, Inc.	2,804	0.4
Alkami Technology Inc.	2,313	0.5
Repay Holdings Corporation	858	0.2
CI&T, Inc.	703	0.3
		98.8%*

* 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	$501,058	7.4%
Samsung Electronics Co., Ltd.	363,870	5.7
Tencent Holdings Limited	359,372	4.0
Kweichow Moutai Co., Ltd.	305,716	1.3
Reliance Industries Limited	210,180	1.4
Alibaba Group Holding Limited	197,141	2.3
PDD Holdings Inc.	194,386	1.4
Tata Consultancy Services Limited	166,802	0.6
HDFC Bank Limited	155,944	2.0
Keyence Corporation	107,149	1.0
AIA Group Limited	99,344	1.0
Tokyo Electron Limited	83,800	1.0
SK hynix Inc.	79,985	1.0
Bharti Airtel Limited	72,741	4.4
PT Bank Rakyat Indonesia (Persero) Tbk	56,354	1.9
Bajaj Finance Limited	54,423	3.3
Midea Group Co., Ltd.	54,109	0.7
Shenzhen Mindray Bio-Medical Electronics Co., Ltd.	49,679	0.5
Pernod Ricard SA	45,082	0.7
Hoya Corporation	43,701	1.3
Hong Kong Exchanges and Clearing Limited	43,514	0.5
Baidu, Inc.	41,634	1.5
Titan Company Limited	39,212	1.9
Coupang, Inc.	28,944	1.3
Delta Electronics, Inc.	26,534	1.5
Mahindra & Mahindra Limited	25,844	0.7
NARI Technology Co. Ltd.	25,281	1.1
Samsung SDI Co., Ltd.	25,201	0.2
Budweiser Brewing Company APAC Limited	24,796	0.9
Galaxy Entertainment Group Limited	24,505	0.6
Techtronic Industries Co. Ltd.	21,859	1.0
Jio Financial Services Limited	17,786	2.3
Yum China Holdings Inc.	17,334	1.1
SBI Life Insurance Company Limited	17,237	1.7
Shenzhou International Group Holdings Ltd.	15,478	0.8
Godrej Consumer Products Limited	13,904	2.2
Trent Limited	13,051	3.0
Zomato Limited	$12,949	3.8%
Cholamandalam Investment and Finance Company Limited	12,712	0.7
Divi's Laboratories Limited	12,454	0.8
Yunnan Baiyao Group Co., Ltd.	12,453	0.2
Tata Consumer Products Limited	12,133	1.3
China Mengniu Dairy Co. Ltd.	10,584	0.7
Jiangsu Hengli Hydraulic Co., Ltd.	10,338	0.7
Apollo Hospitals Enterprise Limited	9,856	0.6
HD Hyundai Heavy Industries Co., Ltd.	8,892	0.9
Tube Investments of India Limited	8,230	0.8
Max Healthcare Institute Limited	8,015	1.5
Full Truck Alliance Co. Ltd.	7,504	1.2
Kanzhun Limited	7,309	0.8
Godrej Properties Limited	6,727	1.6
HD Korea Shipbuilding & Offshore Engineering Co., Ltd.	6,644	0.6
Tata Communications Limited	6,063	1.5
Kingdee International Software Group Company Limited	5,292	1.2
Dixon Technologies Ltd.	4,720	0.8
Jubilant FoodWorks Limited	4,481	0.5
Kingsoft Corporation Ltd.	4,215	0.6
Glodon Company Limited	4,024	0.4
Max Financial Services Limited	3,958	0.6
Korea Aerospace Industries, Ltd.	3,784	0.8
Venustech Group Inc.	3,593	0.7
360 ONE WAM Limited	3,058	0.7
Zai Lab Limited	2,701	0.7
Estun Automation Co., Ltd.	2,279	0.5
Kaynes Technology India Limited	2,005	0.8
Lufax Holding Ltd	1,760	0.3
Amber Enterprises India Ltd.	1,270	0.8
JM Financial Limited	1,129	1.0
Aarti Pharmalabs Limited	549	0.7
Neogen Chemicals Limited	469	0.7
		94.9%*

* 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.	$2,994,371	4.3%
Microsoft Corporation	2,794,828	10.0
Alphabet Inc.	1,756,000	0.9
Amazon.com, Inc.	1,570,153	7.9
NVIDIA Corporation	1,223,193	9.3
Meta Platforms, Inc.	909,629	3.0
Tesla, Inc.	789,898	4.9
Visa Inc.	536,849	1.0
Broadcom Inc.	522,562	2.1
Taiwan Semiconductor Manufacturing Company Limited	501,058	2.8
Mastercard Incorporated	399,971	1.0
ASML Holding N.V.	303,387	2.0
Advanced Micro Devices, Inc.	238,141	4.4
Intuit Inc.	174,968	3.0
ServiceNow, Inc.	144,831	2.0
Lam Research Corporation	103,227	3.0
Shopify Inc.	100,184	1.4
Micron Technology, Inc.	94,208	1.5
Workday, Inc.	72,604	2.7
CrowdStrike Holdings, Inc.	61,314	1.5
Marvell Technology, Inc.	$52,138	2.2%
Datadog, Inc.	39,880	1.1
CoStar Group, Inc.	35,687	1.6
The Trade Desk	35,282	2.8
Gartner, Inc.	35,163	2.0
Monolithic Power Systems, Inc.	30,222	1.1
HubSpot, Inc.	29,219	1.9
Cloudflare, Inc.	27,956	1.0
Take-Two Interactive Software, Inc.	27,372	0.9
Rivian Automotive, Inc.	22,468	1.0
Dynatrace, Inc.	16,100	1.0
BE Semiconductor Industries N.V.	12,259	1.1
Ceridian HCM Holding Inc.	10,479	2.4
GitLab Inc.	9,803	1.5
SentinelOne, Inc.	8,196	0.5
indie Semiconductor, Inc.	1,462	2.0
PAR Technology Corporation	1,220	1.5
eDreams ODIGEO SA	1,081	1.2
		95.6%*

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

Baron Asset Fund — PORTFOLIO OF INVESTMENTS

December 31, 2023 (Unaudited)

Shares		Cost	Value
Common Stocks (94.82%)			
Communication Services (0.85%)			
	Advertising (0.85%)		
569,000	The Trade Desk, Inc., Cl A[1]	$ 11,034,463	$ 40,945,240
Consumer Discretionary (6.97%)			
	Footwear (1.02%)		
380,069	Birkenstock Holding PLC[1,2]	17,483,174	18,520,762
1,125,000	On Holding AG, Cl A[1,2]	33,083,212	30,341,250
		50,566,386	48,862,012
	Home Improvement Retail (0.53%)		
230,000	Floor & Decor Holdings, Inc., Cl A[1]	20,284,646	25,658,800
	Hotels, Resorts & Cruise Lines (2.75%)		
546,442	Choice Hotels International, Inc.	5,198,084	61,911,879
543,233	Hyatt Hotels Corp., Cl A	16,817,762	70,843,015
		22,015,846	132,754,894
	Leisure Facilities (2.67%)		
603,538	Vail Resorts, Inc.	11,683,688	128,837,257
Total Consumer Discretionary		104,550,566	336,112,963
Financials (13.27%)			
	Asset Management & Custody Banks (0.38%)		
168,514	T. Rowe Price Group, Inc.	4,065,256	18,147,273
	Financial Exchanges & Data (6.26%)		
370,725	FactSet Research Systems, Inc.	19,898,420	176,854,361
63,267	MarketAxess Holdings, Inc.	6,590,773	18,527,741
170,000	Morningstar, Inc.	35,654,025	48,660,800
50,000	MSCI, Inc.	17,194,424	28,282,500
326,189	Tradeweb Markets, Inc., Cl A	11,978,713	29,644,056
		91,316,355	301,969,458
	Insurance Brokers (0.46%)		
92,421	Willis Towers Watson PLC[2]	11,293,050	22,291,945
	Investment Banking & Brokerage (2.78%)		
1,750,936	The Charles Schwab Corp.	1,542,899	120,464,397
60,000	LPL Financial Holdings, Inc.	13,576,561	13,657,200
		15,119,460	134,121,597
	Property & Casualty Insurance (3.39%)		
2,203,444	Arch Capital Group Ltd.[1,2]	7,933,936	163,649,786
Total Financials		129,728,057	640,180,059
Health Care (22.76%)			
	Biotechnology (0.33%)		
41,366	argenx SE, ADR[1,2]	13,431,821	15,736,867
	Health Care Equipment (8.05%)		
373,000	DexCom, Inc.[1]	24,561,670	46,285,570
615,630	IDEXX Laboratories, Inc.[1]	11,044,784	341,705,432
		35,606,454	387,991,002
	Health Care Supplies (1.65%)		
210,418	The Cooper Companies, Inc.	35,236,018	79,630,588
	Health Care Technology (1.61%)		
404,386	Veeva Systems, Inc., Cl A[1]	22,662,982	77,852,393

Shares		Cost	Value
Common Stocks (continued)			
Health Care (continued)			
	Life Sciences Tools & Services (11.12%)		
1,524,944	Bio-Techne Corporation	$ 37,146,743	$ 117,664,679
200,000	ICON plc[1,2]	43,086,335	56,614,000
174,117	Mettler-Toledo International, Inc.[1]	10,328,145	211,196,956
195,000	Repligen Corp.[1]	33,141,836	35,061,000
329,404	West Pharmaceutical Services, Inc.	14,199,696	115,989,737
		137,902,755	536,526,372
Total Health Care		244,840,030	1,097,737,222
Industrials (14.45%)			
	Aerospace & Defense (0.33%)		
61,000	Axon Enterprise, Inc.[1]	12,033,737	15,758,130
	Construction & Engineering (1.39%)		
310,000	Quanta Services, Inc.	52,752,332	66,898,000
	Data Processing & Outsourced Services (0.98%)		
771,076	SS&C Technologies Holdings, Inc.	20,933,204	47,120,454
	Environmental & Facilities Services (1.49%)		
1,643,418	Rollins, Inc.	24,597,482	71,768,064
	Human Resource & Employment Services (2.28%)		
1,636,093	Ceridian HCM Holding, Inc.[1]	64,026,866	109,814,562
	Industrial Machinery & Supplies & Components (1.53%)		
340,760	IDEX Corp.	24,525,881	73,982,404
	Research & Consulting Services (6.45%)		
185,000	Booz Allen Hamilton Holding Corp.	19,820,788	23,663,350
898,500	TransUnion	38,848,061	61,735,935
946,206	Verisk Analytics, Inc.	23,442,330	226,010,765
		82,111,179	311,410,050
Total Industrials		280,980,681	696,751,664
Information Technology (29.51%)			
	Application Software (14.01%)		
507,856	ANSYS, Inc.[1]	13,620,308	184,290,785
176,026	Aspen Technology, Inc.[1]	32,258,986	38,752,124
135,000	Fair Isaac Corp.[1]	56,060,248	157,141,350
1,421,809	Guidewire Software, Inc.[1]	77,473,157	155,034,053
257,192	Roper Technologies, Inc.	26,184,327	140,213,363
		205,597,026	675,431,675
	Electronic Components (1.85%)		
900,000	Amphenol Corp., Cl A	42,881,684	89,217,000
	Internet Services & Infrastructure (2.25%)		
527,103	Verisign, Inc.[1]	24,083,235	108,562,134
	IT Consulting & Other Services (9.58%)		
1,024,323	Gartner, Inc.[1]	21,214,961	462,082,349
	Technology Distributors (1.82%)		
386,363	CDW Corp.	25,149,812	87,828,037
Total Information Technology		318,926,718	1,423,121,195

Baron Asset Fund — PORTFOLIO OF INVESTMENTS (Continued)

December 31, 2023 (Unaudited)

Shares		Cost	Value
Common Stocks (continued)			
Real Estate (7.01%)			
	Data Center REITs (1.09%)		
65,416	Equinix, Inc.	$ 4,258,857	$ 52,685,392
	Real Estate Services (5.52%)		
570,323	CBRE Group, Inc., Cl A[1]	8,204,812	53,091,368
2,439,930	CoStar Group, Inc.[1]	59,005,227	213,225,483
		67,210,039	266,316,851
	Telecom Tower REITs (0.40%)		
75,856	SBA Communications Corp.	1,708,730	19,243,909
Total Real Estate		73,177,626	338,246,152
TOTAL COMMON STOCKS		**1,163,238,141**	**4,573,094,495**
Private Common Stocks (1.23%)			
Communication Services (0.90%)			
	Movies & Entertainment (0.90%)		
197,613	StubHub Holdings, Inc., Cl A[1,3,4]	50,000,041	43,648,759
Industrials (0.33%)			
	Aerospace & Defense (0.33%)		
92,406	Space Exploration Technologies Corp., Cl A[1,3,4]	7,115,262	8,963,382
69,932	Space Exploration Technologies Corp., Cl C[1,3,4]	5,384,764	6,783,404
Total Industrials		12,500,026	15,746,786
TOTAL PRIVATE COMMON STOCKS		**62,500,067**	**59,395,545**
Private Preferred Stocks (1.94%)			
Industrials (1.94%)			
	Aerospace & Defense (1.94%)		
96,298	Space Exploration Technologies Corp., Series N[1,3,4]	**26,000,460**	**93,409,060**

Principal Amount		Cost	Value
Short Term Investments (1.69%)			
$81,866,318	Repurchase Agreement with Fixed Income Clearing Corp., dated 12/29/2023, 4.85% due 1/2/2024; Proceeds at maturity $81,910,435; (Fully Collateralized by $4,190,000 U.S. Treasury Note, 3.875% due 12/31/2029 Market value - $4,187,872 and Fully Collateralized by $60,387,100 U.S. Treasury Note, 2.875% due 5/15/2032 Market value - $56,568,010 and Fully Collateralized by $22,986,400 U.S. Treasury Note, 3.50% due 4/30/2028 Market value - $22,747,764)	**$ 81,866,318**	**$ 81,866,318**
TOTAL INVESTMENTS (99.68%)		**$1,333,604,986**	**4,807,765,418**
CASH AND OTHER ASSETS LESS LIABILITIES (0.32%)			**15,369,151**
NET ASSETS			**$4,823,134,569**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
[3] At December 31, 2023, the market value of restricted and fair valued securities amounted to $152,804,605 or 3.17% 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

December 31, 2023 (Unaudited)

Shares		Cost	Value
Common Stocks (100.25%)			
Communication Services (4.03%)			
	Alternative Carriers (4.03%)		
7,700,000	Iridium Communications, Inc.[4]	$ 47,246,162	$ 316,932,000
Consumer Discretionary (16.52%)			
	Apparel, Accessories & Luxury Goods (0.75%)		
8,453,539	Figs, Inc., Cl A[1]	64,746,059	58,752,096
	Casinos & Gaming (3.04%)		
440,000	Boyd Gaming Corporation	11,056,071	27,548,400
4,100,000	Penn Entertainment, Inc.[1]	37,573,844	106,682,000
1,968,677	Red Rock Resorts, Inc., Cl A	43,528,673	104,989,545
		92,158,588	239,219,945
	Education Services (0.96%)		
800,000	Bright Horizons Family Solutions, Inc.[1]	25,421,554	75,392,000
	Hotels, Resorts & Cruise Lines (5.47%)		
3,025,000	Choice Hotels International, Inc.[4]	78,436,269	342,732,500
1,036,424	Marriott Vacations Worldwide Corp.	54,915,122	87,982,033
		133,351,391	430,714,533
	Leisure Facilities (5.43%)		
2,000,000	Vail Resorts, Inc.[4]	56,102,210	426,940,000
	Restaurants (0.87%)		
4,540,000	Krispy Kreme, Inc.	65,918,556	68,508,600
Total Consumer Discretionary		437,698,358	1,299,527,174
Financials (42.06%)			
	Asset Management & Custody Banks (2.56%)		
1,600,000	The Carlyle Group, Inc.	32,614,747	65,104,000
1,800,000	Cohen & Steers, Inc.	38,387,000	136,314,000
		71,001,747	201,418,000
	Commercial & Residential Mortgage Finance (0.35%)		
520,000	Essent Group Ltd.[2]	14,300,210	27,424,800
	Financial Exchanges & Data (21.49%)		
1,200,000	FactSet Research Systems, Inc.	59,954,575	572,460,000
925,000	Morningstar, Inc.	18,840,637	264,772,000
1,510,000	MSCI, Inc.	27,852,102	854,131,500
		106,647,314	1,691,363,500
	Investment Banking & Brokerage (0.94%)		
450,000	Houlihan Lokey, Inc.	19,625,873	53,959,500
350,000	Moelis & Co., Cl A	4,682,331	19,645,500
		24,308,204	73,605,000
	Life & Health Insurance (3.92%)		
1,500,000	Primerica, Inc.	31,190,715	308,640,000
	Property & Casualty Insurance (12.80%)		
9,050,000	Arch Capital Group Ltd.[1,2]	28,212,744	672,143,500
1,000,000	Kinsale Capital Group, Inc.	35,007,763	334,910,000
		63,220,507	1,007,053,500
Total Financials		310,668,697	3,309,504,800

Shares		Cost	Value
Common Stocks (continued)			
Health Care (9.98%)			
	Health Care Equipment (3.67%)		
520,000	IDEXX Laboratories, Inc.[1]	$ 7,281,107	$ 288,626,000
	Health Care Supplies (0.34%)		
1,342,434	Neogen Corp.[1]	17,026,471	26,996,348
	Life Sciences Tools & Services (5.97%)		
2,930,000	Bio-Techne Corporation	38,471,971	226,078,800
70,000	Mettler-Toledo International, Inc.[1]	3,201,575	84,907,200
450,000	West Pharmaceutical Services, Inc.	15,258,622	158,454,000
		56,932,168	469,440,000
Total Health Care		81,239,746	785,062,348
Industrials (1.10%)			
	Building Products (1.10%)		
1,050,000	Trex Co., Inc.[1]	9,426,630	86,929,500
Information Technology (15.59%)			
	Application Software (6.77%)		
725,000	Altair Engineering, Inc., Cl A[1]	11,330,019	61,008,750
1,000,000	ANSYS, Inc.[1]	22,816,668	362,880,000
305,000	Clearwater Analytics Holdings, Inc., Cl A[1]	4,682,009	6,109,150
940,000	Guidewire Software, Inc.[1]	28,833,355	102,497,600
		67,662,051	532,495,500
	Electronic Components (0.17%)		
50,000	Littelfuse, Inc.	5,377,000	13,378,000
	IT Consulting & Other Services (8.65%)		
1,510,000	Gartner, Inc.[1]	20,973,165	681,176,100
Total Information Technology		94,012,216	1,227,049,600
Real Estate (10.97%)			
	Office REITs (1.86%)		
700,000	Alexandria Real Estate Equities, Inc.	24,195,006	88,739,000
4,000,000	Douglas Emmett, Inc.	35,524,932	58,000,000
		59,719,938	146,739,000
	Other Specialized REITs (3.38%)		
5,385,000	Gaming and Leisure Properties, Inc.	114,093,295	265,749,750
	Real Estate Services (5.73%)		
5,160,000	CoStar Group, Inc.[1]	21,547,653	450,932,400
Total Real Estate		195,360,886	863,421,150
TOTAL COMMON STOCKS		**1,175,652,695**	**7,888,426,572**
Private Common Stocks (0.01%)			
Materials (0.01%)			
	Fertilizers & Agricultural Chemicals (0.01%)		
422,278	Farmers Business Network, Inc.[1,2,3,5]	**16,300,002**	**785,437**

Baron Growth Fund — PORTFOLIO OF INVESTMENTS (Continued)

December 31, 2023 (Unaudited)

Shares		Cost	Value
Private Convertible Preferred Stocks (0.18%)			
Industrials (0.18%)			
	Electrical Components & Equipment (0.18%)		
59,407,006	Northvolt AB (Sweden)[1,2,3,5]	$ 9,374,989	$ 14,353,624

Principal Amount			
Short Term Investments (0.01%)			
$510,472	Repurchase Agreement with Fixed Income Clearing Corp., dated 12/29/2023, 4.85% due 1/2/2024; Proceeds at maturity $510,747; (Fully Collateralized by $505,400 U.S. Treasury Note, 4.50% due 7/15/2026 Market value - $520,755)	510,472	510,472
TOTAL INVESTMENTS (100.45%)		$1,201,838,158	7,904,076,105
LIABILITIES LESS CASH AND OTHER ASSETS (-0.45%)			(35,390,253)
NET ASSETS			$7,868,685,852

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
[3] At December 31, 2023, the market value of restricted and fair valued securities amounted to $15,139,061 or 0.19% 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

December 31, 2023 (Unaudited)

Shares		Cost	Value
Common Stocks (96.59%)			
Communication Services (3.86%)			
	Advertising (1.17%)		
750,000	The Trade Desk, Inc., Cl A[1]	$ 2,662,500	$ 53,970,000
	Movies & Entertainment (2.69%)		
1,200,000	Liberty Media Corp.-Liberty Formula One, Cl C[1]	20,511,579	75,756,000
207,610	Liberty Media Corporation-Liberty Live, Cl C[1]	680,178	7,762,538
225,000	Madison Square Garden Sports Corp.[1]	8,416,557	40,911,750
		29,608,314	124,430,288
Total Communication Services		32,270,814	178,400,288
Consumer Discretionary (17.29%)			
	Automotive Parts & Equipment (1.84%)		
900,000	Fox Factory Holding Corp.[1]	67,818,000	60,732,000
5,000,000	Holley, Inc.[1]	40,431,893	24,350,000
		108,249,893	85,082,000
	Casinos & Gaming (4.13%)		
875,000	DraftKings, Inc., Cl A[1]	11,187,787	30,843,750
3,000,000	Red Rock Resorts, Inc., Cl A	86,392,310	159,990,000
		97,580,097	190,833,750
	Education Services (1.32%)		
650,000	Bright Horizons Family Solutions, Inc.[1]	21,025,394	61,256,000
	Home Improvement Retail (2.77%)		
1,150,000	Floor & Decor Holdings, Inc., Cl A[1]	42,051,665	128,294,000
	Homebuilding (2.79%)		
705,000	Installed Building Products, Inc.	32,727,323	128,888,100
	Leisure Facilities (1.89%)		
1,200,000	Planet Fitness, Inc., Cl A[1]	51,711,447	87,600,000
	Restaurants (1.67%)		
2,200,000	The Cheesecake Factory, Inc.	60,116,924	77,022,000
	Specialized Consumer Services (0.88%)		
3,000,000	European Wax Center, Inc., Cl A[1]	56,247,266	40,770,000
Total Consumer Discretionary		469,710,009	799,745,850
Consumer Staples (1.75%)			
	Packaged Foods & Meats (1.14%)		
3,250,000	UTZ Brands, Inc.	51,593,468	52,780,000
	Personal Care Products (0.61%)		
600,000	Oddity Tech Ltd.[1,2]	19,867,618	27,918,000
Total Consumer Staples		71,461,086	80,698,000

Shares		Cost	Value
Common Stocks (continued)			
Financials (8.52%)			
	Insurance Brokers (1.69%)		
3,250,000	BRP Group, Inc., Cl A[1]	$ 54,388,028	$ 78,065,000
	Investment Banking & Brokerage (1.62%)		
625,000	Houlihan Lokey, Inc.	28,909,333	74,943,750
	Property & Casualty Insurance (3.44%)		
475,000	Kinsale Capital Group, Inc.	69,271,272	159,082,250
	Transaction & Payment Processing Services (1.77%)		
3,900,000	Repay Holdings Corporation[1]	33,541,410	33,306,000
250,000	WEX, Inc.[1]	10,329,020	48,637,500
		43,870,430	81,943,500
Total Financials		196,439,063	394,034,500
Health Care (12.85%)			
	Health Care Equipment (4.12%)		
1,000,000	Axonics, Inc.[1]	35,459,918	62,230,000
550,000	DexCom, Inc.[1]	1,823,402	68,249,500
35,000	IDEXX Laboratories, Inc.[1]	483,345	19,426,750
200,000	Inspire Medical Systems, Inc.[1]	10,019,389	40,686,000
		47,786,054	190,592,250
	Health Care Supplies (1.91%)		
4,400,000	Neogen Corp.[1]	80,584,755	88,484,000
	Life Sciences Tools & Services (5.14%)		
700,000	ICON plc[1,2]	38,492,341	198,149,000
32,500	Mettler-Toledo International, Inc.[1]	1,571,421	39,421,200
		40,063,762	237,570,200
	Managed Health Care (1.15%)		
800,000	HealthEquity, Inc.[1]	13,208,487	53,040,000
	Pharmaceuticals (0.53%)		
500,000	Dechra Pharmaceuticals PLC (United Kingdom)[2]	13,580,939	24,572,461
Total Health Care		195,223,997	594,258,911
Industrials (31.98%)			
	Aerospace & Defense (4.24%)		
2,000,000	Kratos Defense & Security Solutions, Inc.[1]	29,935,426	40,580,000
800,000	Mercury Systems, Inc.[1]	19,226,473	29,256,000
125,000	TransDigm Group, Inc.[1]	0	126,450,000
		49,161,899	196,286,000
	Building Products (2.95%)		
6,000,000	Janus International Group, Inc.[1]	59,406,533	78,300,000
700,000	Trex Co., Inc.[1]	25,966,709	57,953,000
		85,373,242	136,253,000

Baron Small Cap Fund — PORTFOLIO OF INVESTMENTS (Continued)

December 31, 2023 (Unaudited)

Shares		Cost	Value
Common Stocks (continued)			
Industrials (continued)			
	Diversified Support Services (0.54%)		
1,750,000	Driven Brands Holdings, Inc.[1]	$ 41,909,755	$ 24,955,000
	Electrical Components & Equipment (7.61%)		
1,800,000	Shoals Technologies Group, Inc., Cl A[1]	29,324,282	27,972,000
6,750,000	Vertiv Holdings Co.	68,125,983	324,202,500
		97,450,265	352,174,500
	Environmental & Facilities Services (1.21%)		
375,000	Waste Connections, Inc.[2]	16,375,000	55,976,250
	Human Resource & Employment Services (6.36%)		
1,750,000	ASGN, Inc.[1]	55,248,585	168,297,500
950,000	Ceridian HCM Holding, Inc.[1]	29,430,555	63,764,000
3,750,000	First Advantage Corp.[1]	60,629,977	62,137,500
		145,309,117	294,199,000
	Industrial Machinery & Supplies & Components (5.33%)		
850,000	Chart Industries, Inc.[1]	131,432,046	115,880,500
525,000	John Bean Technologies Corp.	45,760,616	52,211,250
275,000	RBC Bearings, Incorporated[1]	32,617,037	78,344,750
		209,809,699	246,436,500
	Research & Consulting Services (0.40%)		
2,000,000	Clarivate PLC[1,2]	21,208,068	18,520,000
	Trading Companies & Distributors (3.34%)		
950,000	SiteOne Landscape Supply, Inc.[1]	43,421,179	154,375,000
Total Industrials		710,018,224	1,479,175,250
Information Technology (17.81%)			
	Application Software (7.94%)		
700,000	Altair Engineering, Inc., Cl A[1]	11,083,514	58,905,000
350,000	Aspen Technology, Inc.[1]	32,534,028	77,052,500
1,650,000	Clearwater Analytics Holdings, Inc., Cl A[1]	30,075,588	33,049,500
1,225,000	Guidewire Software, Inc.[1]	31,269,359	133,574,000
500,000	nCino, Inc.[1]	16,194,292	16,815,000
775,000	Sprout Social, Inc., Cl A[1]	43,145,304	47,616,000
		164,302,085	367,012,000
	Electronic Equipment & Instruments (1.35%)		
1,500,000	Cognex Corp.	25,832,809	62,610,000
	IT Consulting & Other Services (7.82%)		
800,000	Endava plc, ADR[1,2]	27,430,574	62,280,000
575,000	Gartner, Inc.[1]	7,684,644	259,388,250
3,000,000	Grid Dynamics Holdings, Inc.[1]	36,322,597	39,990,000
		71,437,815	361,658,250
	Semiconductors (0.70%)		
4,000,000	indie Semiconductor, Inc., Cl A[1]	28,385,293	32,440,000
Total Information Technology		289,958,002	823,720,250

Shares		Cost	Value
Common Stocks (continued)			
Materials (1.53%)			
	Specialty Chemicals (1.53%)		
1,700,000	Avient Corp.	$ 53,733,696	$ 70,669,000
Real Estate (1.00%)			
	Industrial REITs (0.56%)		
850,000	Americold Realty Trust, Inc.	12,961,599	25,729,500
	Telecom Tower REITs (0.44%)		
80,000	SBA Communications Corp.	322,222	20,295,200
Total Real Estate		13,283,821	46,024,700
TOTAL COMMON STOCKS		**2,032,098,712**	**4,466,726,749**
Principal Amount			
Short Term Investments (3.28%)			
$151,953,077	Repurchase Agreement with Fixed Income Clearing Corp., dated 12/29/2023, 4.85% due 1/2/2024; Proceeds at maturity $152,034,963; (Fully Collateralized by $165,456,200 U.S. Treasury Note, 2.875% due 5/15/2032 Market value - $154,992,174)	**151,953,077**	**151,953,077**
TOTAL INVESTMENTS (99.87%)		**$2,184,051,789**	**4,618,679,826**
CASH AND OTHER ASSETS LESS LIABILITIES (0.13%)			**5,970,436**
NET ASSETS			**$4,624,650,262**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
[ADR] American Depositary Receipt.

Baron Opportunity Fund — PORTFOLIO OF INVESTMENTS

December 31, 2023 (Unaudited)

Shares		Cost	Value
Common Stocks (95.01%)			
Communication Services (9.52%)			
	Advertising (1.82%)		
285,510	The Trade Desk, Inc., Cl A[1]	$ 8,852,748	$ 20,545,300
	Interactive Home Entertainment (1.15%)		
80,700	Take-Two Interactive Software, Inc.[1]	8,525,083	12,988,665
	Interactive Media & Services (6.55%)		
220,800	Alphabet, Inc., Cl C[1]	9,997,776	31,117,344
121,500	Meta Platforms, Inc., Cl A[1]	23,697,329	43,006,140
		33,695,105	74,123,484
Total Communication Services		51,072,936	107,657,449
Consumer Discretionary (14.58%)			
	Automobile Manufacturers (7.32%)		
770,183	Rivian Automotive, Inc., Cl A[1]	12,095,471	18,068,493
260,400	Tesla, Inc.[1]	19,644,628	64,704,192
		31,740,099	82,772,685
	Automotive Parts & Equipment (0.74%)		
192,200	Mobileye Global, Inc., Cl A[1]	7,250,911	8,326,104
	Broadline Retail (6.52%)		
485,500	Amazon.com, Inc.[1]	29,742,116	73,766,870
Total Consumer Discretionary		68,733,126	164,865,659
Financials (5.11%)			
	Transaction & Payment Processing Services (5.11%)		
62,300	MasterCard, Incorporated, Cl A	13,361,059	26,571,573
119,900	Visa, Inc., Cl A	18,936,666	31,215,965
Total Financials		32,297,725	57,787,538
Health Care (7.99%)			
	Biotechnology (5.16%)		
64,739	argenx SE, ADR[1,2]	9,490,491	24,628,658
97,500	Legend Biotech Corp., ADR[1,2]	6,391,817	5,866,575
748,270	Rocket Pharmaceuticals, Inc.[1]	13,910,524	22,425,652
291,600	Viking Therapeutics, Inc.[1]	4,057,272	5,426,676
		33,850,104	58,347,561
	Health Care Equipment (2.54%)		
52,005	Intuitive Surgical, Inc.[1]	7,280,110	17,544,407
58,900	Shockwave Medical, Inc.[1]	6,096,143	11,223,984
		13,376,253	28,768,391
	Pharmaceuticals (0.29%)		
79,000	Structure Therapeutics, Inc., ADR[1,2]	4,962,335	3,220,040
Total Health Care		52,188,692	90,335,992

Shares		Cost	Value
Common Stocks (continued)			
Industrials (1.52%)			
	Human Resource & Employment Services (1.52%)		
255,570	Ceridian HCM Holding, Inc.[1]	$ 13,070,250	$ 17,153,858
Information Technology (52.46%)			
	Application Software (8.57%)		
196,800	Gitlab, Inc., Cl A[1,4]	6,877,447	12,390,528
175,100	Guidewire Software, Inc.[1]	5,058,280	19,092,904
26,400	HubSpot, Inc.[1]	9,567,987	15,326,256
35,600	ServiceNow, Inc.[1,4]	7,310,942	25,151,044
90,500	Workday, Inc., Cl A[1]	15,499,873	24,983,430
		44,314,529	96,944,162
	Internet Services & Infrastructure (1.38%)		
200,500	Shopify, Inc., Cl A [1,2]	6,469,838	15,618,950
	IT Consulting & Other Services (4.43%)		
197,368	Endava plc, ADR[1,2]	6,552,344	15,365,099
76,887	Gartner, Inc.[1]	983,742	34,684,495
		7,536,086	50,049,594
	Semiconductor Materials & Equipment (2.08%)		
21,300	ASML Holding N.V.[2]	10,043,235	16,122,396
9,400	Lam Research Corp.	7,036,858	7,362,644
		17,080,093	23,485,040
	Semiconductors (15.73%)		
203,000	Advanced Micro Devices, Inc.[1]	15,890,528	29,924,230
2,597,600	indie Semiconductor, Inc., Cl A[1]	18,031,326	21,066,536
216,400	Marvell Technology, Inc.	8,993,597	13,051,084
26,200	Monolithic Power Systems, Inc.	10,450,027	16,526,436
196,500	NVIDIA Corp.	16,883,032	97,310,730
		70,248,510	177,879,016
	Systems Software (20.27%)		
163,300	Cloudflare, Inc., Cl A[1,4]	6,498,094	13,596,358
65,923	Crowdstrike Holdings, Inc., Cl A[1]	3,955,302	16,831,460
110,000	Datadog, Inc., Cl A[1,4]	8,216,336	13,351,800
206,000	Dynatrace, Inc.[1,4]	9,884,021	11,266,140
428,400	Microsoft Corporation	63,017,175	161,095,536
66,008	Snowflake, Inc., Cl A[1,4]	8,447,455	13,135,592
		100,018,383	229,276,886
Total Information Technology		245,667,439	593,253,648
Real Estate (3.83%)			
	Data Center REITs (0.95%)		
13,425	Equinix, Inc.	1,782,534	10,812,361
	Real Estate Services (2.88%)		
372,330	CoStar Group, Inc.[1]	16,242,529	32,537,918
Total Real Estate		18,025,063	43,350,279
TOTAL COMMON STOCKS		**481,055,231**	**1,074,404,423**

Baron Opportunity Fund — PORTFOLIO OF INVESTMENTS (Continued)

December 31, 2023 (Unaudited)

Shares		Cost	Value
Private Common Stocks (1.33%)			
Communication Services (0.12%)			
	Interactive Media & Services (0.12%)		
50,000	X Holdings I, Inc., Cl A[1,3,4]	$ 5,000,000	$ 1,366,000
Industrials (1.18%)			
	Aerospace & Defense (1.18%)		
105,020	Space Exploration Technologies Corp., Cl A[1,3,4]	4,607,169	10,186,940
31,890	Space Exploration Technologies Corp., Cl C[1,3,4]	1,392,972	3,093,330
		6,000,141	13,280,270
	Passenger Ground Transportation (0.00%)		
3,571	GM Cruise Holdings LLC, Cl B[1,3,4]	103,563	21,676
Total Industrials		6,103,704	13,301,946
Materials (0.03%)			
	Fertilizers & Agricultural Chemicals (0.03%)		
182,067	Farmers Business Network, Inc.[1,3,4]	2,394,652	338,645
TOTAL PRIVATE COMMON STOCKS		**13,498,356**	**15,006,591**
Private Convertible Preferred Stocks (0.24%)			
Materials (0.24%)			
	Fertilizers & Agricultural Chemicals (0.24%)		
37,254	Farmers Business Network, Inc. Series F[1,3,4]	4,855,355	684,729
615,761	Farmers Business Network, Inc., Units[1,3,4]	615,761	2,081,272
TOTAL PRIVATE CONVERTIBLE PREFERRED STOCKS		**5,471,116**	**2,766,001**
Private Preferred Stocks (1.73%)			
Industrials (1.73%)			
	Aerospace & Defense (1.59%)		
18,519	Space Exploration Technologies Corp., Series N[1,3,4]	5,000,130	17,963,430
	Passenger Ground Transportation (0.14%)		
266,956	GM Cruise Holdings LLC, Cl G[1,3,4]	7,034,290	1,620,423
TOTAL PRIVATE PREFERRED STOCKS		**12,034,420**	**19,583,853**

Principal Amount		Cost	Value
Short Term Investments (1.65%)			
$18,620,284	Repurchase Agreement with Fixed Income Clearing Corp., dated 12/29/2023, 4.85% due 1/2/2024; Proceeds at maturity $18,630,318; (Fully Collateralized by $18,601,000 U.S. Treasury Note, 4.625% due 11/15/2026 Market value - $18,992,726)	**$ 18,620,284**	**$ 18,620,284**
TOTAL INVESTMENTS (99.96%)		**$530,679,407**	**1,130,381,152**
CASH AND OTHER ASSETS LESS LIABILITIES (0.04%)			**499,190**
NET ASSETS			**$1,130,880,342**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
[3] At December 31, 2023, the market value of restricted and fair valued securities amounted to $37,356,445 or 3.30% 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

December 31, 2023

Shares		Cost	Value
Common Stocks (101.84%)			
Communication Services (2.88%)			
	Alternative Carriers (2.25%)		
3,800,000	Iridium Communications, Inc.[6]	$ 123,562,269	$ 156,408,000
	Movies & Entertainment (0.63%)		
230,000	Spotify Technology SA[1,2,6]	37,473,451	43,219,300
Total Communication Services		161,035,720	199,627,300
Consumer Discretionary (56.51%)			
	Apparel, Accessories & Luxury Goods (0.50%)		
5,020,000	Figs, Inc., Cl A[1]	48,282,143	34,889,000
	Automobile Manufacturers (43.46%)		
12,147,500	Tesla, Inc.[1,5]	183,484,451	3,018,410,800
	Casinos & Gaming (1.39%)		
1,810,000	Red Rock Resorts, Inc., Cl A[6]	63,666,953	96,527,300
	Footwear (1.21%)		
1,725,000	Birkenstock Holding PLC[1,2]	78,199,680	84,059,250
	Hotels, Resorts & Cruise Lines (6.24%)		
3,325,000	Hyatt Hotels Corp., Cl A	115,871,182	433,613,250
	Leisure Facilities (3.71%)		
1,205,000	Vail Resorts, Inc.[6]	99,015,011	257,231,350
Total Consumer Discretionary		588,519,420	3,924,730,950
Financials (18.96%)			
	Financial Exchanges & Data (7.05%)		
730,000	FactSet Research Systems, Inc.[6]	59,424,553	348,246,500
250,000	MSCI, Inc.[6]	88,967,758	141,412,500
		148,392,311	489,659,000
	Investment Banking & Brokerage (4.96%)		
5,000,000	The Charles Schwab Corp.[6]	148,569,984	344,000,000
	Property & Casualty Insurance (6.95%)		
6,500,000	Arch Capital Group Ltd.[1,2,6]	29,781,178	482,755,000
Total Financials		326,743,473	1,316,414,000
Health Care (6.39%)			
	Health Care Equipment (6.39%)		
800,000	IDEXX Laboratories, Inc.[1,6]	35,048,047	444,040,000
Industrials (0.56%)			
	Aerospace & Defense (0.56%)		
125,625	HEICO Corp.[6]	9,632,520	22,470,544
116,875	HEICO Corp., Cl A[6]	7,586,429	16,647,675
Total Industrials		17,218,949	39,118,219

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (6.00%)			
	Application Software (1.45%)		
925,000	Guidewire Software, Inc.[1,6]	$ 75,206,412	$ 100,862,000
	IT Consulting & Other Services (4.55%)		
700,000	Gartner, Inc.[1,6]	83,980,674	315,777,000
Total Information Technology		159,187,086	416,639,000
Real Estate (10.54%)			
	Other Specialized REITs (1.29%)		
1,819,296	Gaming and Leisure Properties, Inc.[6]	57,529,251	89,782,257
	Real Estate Services (9.25%)		
7,350,000	CoStar Group, Inc.[1,6]	98,974,400	642,316,500
Total Real Estate		156,503,651	732,098,757
TOTAL COMMON STOCKS		**1,444,256,346**	**7,072,668,226**
Private Common Stocks (4.38%)			
Communication Services (0.86%)			
	Interactive Media & Services (0.23%)		
600,000	X Holdings I, Inc., Cl A[1,3,4]	60,000,000	16,392,000
	Movies & Entertainment (0.63%)		
197,613	StubHub Holdings, Inc., Cl A[1,3,4]	50,000,041	43,648,760
Total Communication Services		110,000,041	60,040,760
Industrials (3.52%)			
	Aerospace & Defense (3.52%)		
2,216,310	Space Exploration Technologies Corp., Cl A[1,3,4]	29,920,185	214,982,070
302,210	Space Exploration Technologies Corp., Cl C[1,3,4]	4,079,835	29,314,370
Total Industrials		34,000,020	244,296,440
TOTAL PRIVATE COMMON STOCKS		**144,000,061**	**304,337,200**
Private Convertible Preferred Stocks (0.11%)			
Industrials (0.11%)			
	Electrical Components & Equipment (0.11%)		
21,213,656	Northvolt AB, Series E2 (Sweden)[1,3,4]	**7,843,621**	**7,361,160**
Private Preferred Stocks (7.74%)			
Industrials (7.74%)			
	Aerospace & Defense (7.74%)		
311,111	Space Exploration Technologies Corp., Cl H[1,3,4]	41,999,985	301,777,670
131,657	Space Exploration Technologies Corp., Cl I[1,3,4]	22,250,032	127,707,290
111,111	Space Exploration Technologies Corp., Series N[1,3,4]	29,999,970	107,777,670
TOTAL PRIVATE PREFERRED STOCKS		**94,249,987**	**537,262,630**

Baron Partners Fund — PORTFOLIO OF INVESTMENTS (Continued)

December 31, 2023

Principal Amount		Cost	Value
Short Term Investments (0.01%)			
$664,989	Repurchase Agreement with Fixed Income Clearing Corp., dated 12/29/2023, 4.85% due 1/2/2024; Proceeds at maturity $665,348; (Fully Collateralized by $697,300 U.S. Treasury Note, 3.50% due 2/15/2033 Market value - $678,342)	$ 664,989	$ 664,989
TOTAL INVESTMENTS (114.08%)		$1,691,015,004	7,922,294,205
LIABILITIES LESS CASH AND OTHER ASSETS (-14.08%)			(977,507,143)
NET ASSETS			$6,944,787,062

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
[3] At December 31, 2023, the market value of restricted and fair valued securities amounted to $848,960,990 or 12.23% 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.
[6] All or a portion of this security is pledged with the custodian in connection with the Fund's loans payable outstanding.

Baron Fifth Avenue Growth Fund — PORTFOLIO OF INVESTMENTS

December 31, 2023 (Unaudited)

Shares		Cost	Value
Common Stocks (97.34%)			
Communication Services (9.13%)			
	Advertising (3.16%)		
236,381	The Trade Desk, Inc., Cl A[1]	$ 13,155,111	$ 17,009,977
	Interactive Media & Services (5.97%)		
90,909	Meta Platforms Inc., Cl A[1]	6,630,519	32,178,149
Total Communication Services		19,785,630	49,188,126
Consumer Discretionary (21.13%)			
	Automobile Manufacturers (6.38%)		
471,580	Rivian Automotive, Inc., Cl A[1]	12,257,318	11,063,266
93,883	Tesla, Inc. [1]	24,345,419	23,328,048
		36,602,737	34,391,314
	Automotive Parts & Equipment (1.49%)		
186,268	Mobileye Global, Inc., Cl A [1]	4,587,439	8,069,130
	Broadline Retail (13.26%)		
287,686	Amazon.com, Inc.[1]	2,726,880	43,711,011
374,199	Coupang, Inc., Cl A[1]	6,564,390	6,058,282
13,817	MercadoLibre, Inc.[1]	9,299,061	21,713,968
		18,590,331	71,483,261
Total Consumer Discretionary		59,780,507	113,943,705
Financials (6.42%)			
	Transaction & Payment Processing Services (6.42%)		
5,491	Adyen N.V., 144A (Netherlands)[1,2]	4,111,141	7,088,558
155,798	Block, Inc.[1]	9,308,979	12,050,975
36,284	MasterCard Incorporated, Cl A	1,493,353	15,475,489
Total Financials		14,913,473	34,615,022
Health Care (9.70%)			
	Biotechnology (2.32%)		
32,834	argenx SE, ADR [1,2]	10,908,181	12,491,039
	Health Care Equipment (4.68%)		
74,792	Intuitive Surgical, Inc.[1]	8,845,700	25,231,829
	Health Care Technology (1.56%)		
43,814	Veeva Systems, Inc., Cl A[1]	2,802,912	8,435,071
	Life Sciences Tools & Services (1.14%)		
44,160	Illumina, Inc.[1]	4,995,828	6,148,839
Total Health Care		27,552,621	52,306,778
Information Technology (50.96%)			
	Application Software (9.92%)		
34,349	Atlassian Corp., Cl A[1,2]	8,918,541	8,170,253
108,633	Gitlab, Inc., Cl A[1,4]	6,989,883	6,839,534
54,458	ServiceNow, Inc.[1,4]	20,815,805	38,474,032
		36,724,229	53,483,819
	Internet Services & Infrastructure (5.94%)		
411,171	Shopify, Inc., Cl A[1,2]	15,469,462	32,030,221
	IT Consulting & Other Services (3.96%)		
201,215	Endava plc, ADR [1,2]	18,269,297	15,664,588
19,030	EPAM Systems, Inc.[1]	1,254,582	5,658,380
		19,523,879	21,322,968
	Semiconductor Materials & Equipment (2.74%)		
19,541	ASML Holding N.V.[2]	1,203,894	14,790,974

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (continued)			
	Semiconductors (10.07%)		
109,629	NVIDIA Corp.	$ 16,296,295	$ 54,290,473
	Systems Software (18.33%)		
228,022	Cloudflare, Inc., Cl A[1,4]	17,270,235	18,985,112
87,980	Crowdstrike Holdings, Inc., Cl A [1]	4,891,583	22,463,053
151,618	Datadog, Inc., Cl A[1,4]	9,184,124	18,403,393
32,372	Microsoft Corporation	11,875,737	12,173,167
134,832	Snowflake, Inc., Cl A[1,4]	23,497,594	26,831,568
		66,719,273	98,856,293
Total Information Technology		155,937,032	274,774,748
TOTAL COMMON STOCKS		**277,969,263**	**524,828,379**
Private Common Stocks (0.96%)			
Industrials (0.96%)			
	Aerospace & Defense (0.96%)		
41,330	Space Exploration Technologies Corp., Cl A[1,3,4]	1,932,253	4,009,010
12,240	Space Exploration Technologies Corp., Cl C[1,3,4]	567,691	1,187,280
TOTAL PRIVATE COMMON STOCKS		**2,499,944**	**5,196,290**
Private Preferred Stocks (0.15%)			
Industrials (0.15%)			
	Passenger Ground Transportation (0.15%)		
133,288	GM Cruise Holdings LLC, Cl G[1,3,4]	**3,512,139**	**809,058**
Principal Amount			
Short Term Investments (1.93%)			
$10,400,448	Repurchase Agreement with Fixed Income Clearing Corp., dated 12/29/2023, 4.85% due 1/2/2024; Proceeds at maturity $10,406,053; (Fully Collateralized by $11,324,700 U.S. Treasury Note, 2.875% due 5/15/2032 Market value - $10,608,487)	**10,400,448**	**10,400,448**
TOTAL INVESTMENTS (100.38%)		**$ 294,381,794**	**541,234,175**
LIABILITIES LESS CASH AND OTHER ASSETS (-0.38%)			**(2,040,857)**
NET ASSETS			**$ 539,193,318**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 At December 31, 2023, the market value of restricted and fair valued securities amounted to $6,005,348 or 1.11% 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 December 31, 2023, the market value of Rule 144A securities amounted to $7,088,558 or 1.31% of net assets.

Baron Focused Growth Fund — PORTFOLIO OF INVESTMENTS

December 31, 2023

Shares		Cost	Value
Common Stocks (90.04%)			
Communication Services (7.70%)			
	Alternative Carriers (2.25%)		
730,000	Iridium Communications, Inc.	$ 16,852,106	$ 30,046,800
	Movies & Entertainment (5.45%)		
1,160,000	Manchester United PLC, Cl A[1,2]	24,231,713	23,640,800
262,000	Spotify Technology SA[1,2]	35,016,218	49,232,420
		59,247,931	72,873,220
Total Communication Services		76,100,037	102,920,020
Consumer Discretionary (40.86%)			
	Apparel, Accessories & Luxury Goods (3.00%)		
5,765,000	Figs, Inc., Cl A[1]	49,696,759	40,066,750
	Automobile Manufacturers (11.44%)		
615,000	Tesla, Inc.[1]	8,168,271	152,815,200
	Casinos & Gaming (6.47%)		
275,000	Las Vegas Sands Corp.	12,100,000	13,532,750
507,900	MGM Resorts International[1]	21,704,038	22,692,972
942,100	Red Rock Resorts, Inc., Cl A	31,998,332	50,242,193
		65,802,370	86,467,915
	Footwear (4.47%)		
435,000	Birkenstock Holding PLC[1,2]	19,795,221	21,197,550
1,425,000	On Holding AG, Cl A[1,2]	40,071,549	38,432,250
		59,866,770	59,629,800
	Hotels, Resorts & Cruise Lines (7.89%)		
355,000	Choice Hotels International, Inc.	28,040,597	40,221,500
500,000	Hyatt Hotels Corp., Cl A	24,424,809	65,205,000
		52,465,406	105,426,500
	Leisure Facilities (4.32%)		
270,000	Vail Resorts, Inc.	45,521,428	57,636,900
	Restaurants (3.27%)		
2,895,000	Krispy Kreme, Inc.	41,020,175	43,685,550
Total Consumer Discretionary		322,541,179	545,728,615
Financials (16.69%)			
	Financial Exchanges & Data (8.28%)		
125,000	FactSet Research Systems, Inc.	25,848,440	59,631,250
90,000	MSCI, Inc.	43,089,524	50,908,500
		68,937,964	110,539,750
	Investment Banking & Brokerage (3.41%)		
427,500	Interactive Brokers Group, Inc., Cl A	34,188,678	35,439,750
250,000	Jefferies Financial Group, Inc.	7,732,070	10,102,500
		41,920,748	45,542,250
	Property & Casualty Insurance (5.00%)		
900,000	Arch Capital Group Ltd.[1,2]	25,104,585	66,843,000
Total Financials		135,963,297	222,925,000

Shares		Cost	Value
Common Stocks (continued)			
Health Care (5.08%)			
	Biotechnology (1.58%)		
200,000	BioNTech SE, ADR[1,2]	$ 20,929,351	$ 21,108,000
	Health Care Equipment (1.41%)		
34,000	IDEXX Laboratories, Inc.[1]	15,205,826	18,871,700
	Life Sciences Tools & Services (2.09%)		
200,000	Illumina, Inc.[1]	22,341,835	27,848,000
Total Health Care		58,477,012	67,827,700
Industrials (2.86%)			
	Research & Consulting Services (2.86%)		
160,000	Verisk Analytics, Inc.	28,339,398	38,217,600
Information Technology (8.92%)			
	Application Software (6.88%)		
95,000	ANSYS, Inc.[1]	24,133,643	34,473,600
526,300	Guidewire Software, Inc.[1]	48,175,978	57,387,752
		72,309,621	91,861,352
	Internet Services & Infrastructure (2.04%)		
350,000	Shopify, Inc., Cl A[1,2]	15,502,934	27,265,000
Total Information Technology		87,812,555	119,126,352
Real Estate (7.93%)			
	Office REITs (3.14%)		
165,000	Alexandria Real Estate Equities, Inc.	23,085,132	20,917,050
1,450,000	Douglas Emmett, Inc.	21,593,180	21,025,000
		44,678,312	41,942,050
	Real Estate Services (4.16%)		
635,000	CoStar Group, Inc.[1]	14,752,834	55,492,650
	Single-Family Residential REITs (0.63%)		
235,000	American Homes 4 Rent, Cl A	5,062,679	8,450,600
Total Real Estate		64,493,825	105,885,300
TOTAL COMMON STOCKS		**773,727,303**	**1,202,630,587**
Private Common Stocks (5.61%)			
Industrials (5.61%)			
	Aerospace & Defense (5.61%)		
629,570	Space Exploration Technologies Corp., Cl A[1,3,4]	26,390,845	61,068,290
143,170	Space Exploration Technologies Corp., Cl C[1,3,4]	6,808,820	13,887,490
TOTAL PRIVATE COMMON STOCKS		**33,199,665**	**74,955,780**

Baron Focused Growth Fund — PORTFOLIO OF INVESTMENTS (Continued)

December 31, 2023

Shares		Cost	Value
Private Preferred Stocks (3.83%)			
Industrials (3.83%)			
	Aerospace & Defense (3.83%)		
29,630	Space Exploration Technologies Corp., Cl H[1,3,4]	$ 4,000,050	$ 28,741,100
1,479	Space Exploration Technologies Corp., Cl I[1,3,4]	249,951	1,434,630
12,346	Space Exploration Technologies Corp., Series K[1,3,4]	10,000,260	11,975,620
9,259	Space Exploration Technologies Corp., Series N[1,3,4]	2,499,930	8,981,230
TOTAL PRIVATE PREFERRED STOCKS		**16,750,191**	**51,132,580**

Principal Amount		Cost	Value
Short Term Investments (0.39%)			
$5,193,277	Repurchase Agreement with Fixed Income Clearing Corp., dated 12/29/2023, 4.85% due 1/2/2024; Proceeds at maturity $5,196,075; (Fully Collateralized by $3,386,200 U.S. Treasury Note, 4.625% due 11/15/2026 Market value - $3,457,511 and Fully Collateralized by $1,859,000 U.S. Treasury Note, 3.50% due 4/30/2028 Market value - $1,839,701)	**5,193,277**	**5,193,277**
TOTAL INVESTMENTS (99.87%)		**$ 828,870,436**	**1,333,912,224**
CASH AND OTHER ASSETS LESS LIABILITIES (0.13%)			**1,781,991**
NET ASSETS			**$1,335,694,215**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 At December 31, 2023, the market value of restricted and fair valued securities amounted to $126,088,360 or 9.44% 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 International Growth Fund — PORTFOLIO OF INVESTMENTS

December 31, 2023

Shares		Cost	Value
Common Stocks (96.10%)			
Brazil (4.59%)			
215,252	Afya Ltd., Cl A[1]	$ 3,408,199	$ 4,720,476
1,085,886	B3 S.A. - Brasil, Bolsa, Balcao	2,904,509	3,248,938
286,910	Localiza Rent a Car SA	3,625,722	3,756,454
241,101	NU Holdings Ltd., Cl A[1]	2,010,651	2,008,371
580,003	Suzano SA	5,311,419	6,604,976
121,975	XP, Inc., Cl A	1,790,071	3,179,888
Total Brazil		19,050,571	23,519,103
Canada (3.36%)			
86,392	Agnico Eagle Mines Ltd.	4,223,660	4,738,601
5,029	Constellation Software, Inc.	370,283	12,468,679
Total Canada		4,593,943	17,207,280
China (5.88%)			
34,856	Alibaba Group Holding Limited, ADR	3,060,397	2,701,689
36,968	Baidu, Inc., ADR[1]	4,406,163	4,402,519
423,027	Full Truck Alliance Co. Ltd., ADR[1]	2,884,473	2,965,419
126,286	Jiangsu Hengli Hydraulic Co. Ltd., Cl A[3]	1,055,356	973,894
136,349	Kanzhun Ltd., ADR[1]	2,277,079	2,264,757
1,644,616	Kingdee International Software Group Co. Ltd.[1]	1,430,584	2,400,831
345,371	Kingsoft Corp. Ltd.	1,163,785	1,067,688
345,129	Lufax Holding Ltd., ADR	2,050,617	1,059,545
135,081	Midea Group Co., Ltd., Cl A	792,942	1,040,819
13,401	PDD Holdings, Inc., ADR[1]	1,946,423	1,960,700
81,615	Tencent Holdings Limited	2,299,777	3,081,362
68,371	Tencent Holdings Limited, ADR	2,939,121	2,583,740
32,558	Yum China Holdings, Inc.	1,578,978	1,381,436
81,884	Zai Lab Limited, ADR[1]	2,030,968	2,237,890
Total China		29,916,663	30,122,289
Denmark (1.98%)			
138,945	Genmab A/S, ADR[1]	5,457,241	4,424,009
55,247	Novo Nordisk AS, ADR	5,466,621	5,715,302
Total Denmark		10,923,862	10,139,311
France (7.29%)			
128,143	BNP Paribas S.A.	5,087,944	8,898,975
109,345	Eurofins Scientific SE	3,109,934	7,132,838
7,407	LVMH Moët Hennessy Louis Vuitton SE	2,053,761	6,018,460
46,201	Pernod Ricard SA	8,892,285	8,164,724
252,654	Waga Energy SA[1]	7,313,238	7,105,433
Total France		26,457,162	37,320,430
Germany (2.89%)			
139,879	Befesa SA, 144A	5,754,933	5,424,019
36,009	Birkenstock Holding PLC[1]	1,656,414	1,754,719
69,378	Symrise AG	6,165,182	7,624,331
Total Germany		13,576,529	14,803,069
Hong Kong (0.63%)			
269,276	Techtronic Industries Co. Ltd.	2,258,335	3,208,446
India (9.48%)			
59,634	Bajaj Finance Limited	2,842,116	5,247,273
664,810	Bharti Airtel Ltd. PP	3,737,072	5,091,865
241,420	Godrej Consumer Products Ltd.	3,010,886	3,280,623
161,750	Godrej Properties Ltd.[1]	1,944,203	3,909,826
206,686	HDFC Bank Ltd.	3,323,760	4,232,107
588,284	Jio Financial Services Ltd.[1]	1,454,072	1,644,705
2,458,395	JM Financial Limited	2,893,665	2,901,874

Shares		Cost	Value
Common Stocks (continued)			
India (continued)			
17,207	Kaynes Technology India Ltd.[1]	$ 518,938	$ 539,557
231,007	Max Financial Services Ltd.[1]	1,504,024	2,647,699
331,492	Max Healthcare Institute Ltd.	2,286,496	2,733,760
688,913	Nippon Life India Asset Management Ltd., 144A	2,429,190	3,705,845
197,113	Reliance Industries Limited[3]	3,658,739	6,117,982
117,850	Tata Communications Ltd.	2,279,053	2,505,993
108,335	Trent Ltd.	2,089,438	3,975,064
Total India		33,971,652	48,534,173
Ireland (0.94%)			
527,750	Bank of Ireland Group PLC	4,003,943	4,791,151
Israel (2.91%)			
13,221	CyberArk Software Ltd.[1]	2,308,836	2,896,060
157,416	Oddity Tech Ltd.[1]	5,550,164	7,324,567
350,062	Taboola.com Ltd.[1]	2,199,917	1,515,768
25,534	Wix.com Ltd.[1]	1,346,574	3,141,193
Total Israel		11,405,491	14,877,588
Italy (0.89%)			
167,130	Stevanato Group SpA	3,496,452	4,560,978
Japan (13.39%)			
137,747	Japan Airport Terminal Co. Ltd.	5,802,383	6,060,146
304,177	Japan Exchange Group, Inc.	5,769,989	6,419,804
14,444	Keyence Corporation	3,911,650	6,346,062
1,893,668	LY Corp. (formerly, Z Holdings Corporation)	7,424,782	6,696,543
824,897	Mitsubishi UFJ Financial Group, Inc., ADR	6,040,571	7,102,363
105,520	Okamoto Industries, Inc.	4,831,807	3,715,770
104,900	Recruit Holdings Co, Ltd.	2,063,271	4,385,986
477,759	Renesas Electronics Corp.[1]	5,843,989	8,542,791
272,300	SMS Co. Ltd.	7,612,593	5,582,598
143,233	Sumitomo Mitsui Financial Group, Inc.	6,253,213	6,969,689
37,895	Tokyo Electron Limited	3,406,692	6,735,452
Total Japan		58,960,940	68,557,204
Korea, Republic of (3.91%)			
213,291	Coupang, Inc., Cl A[1]	3,007,827	3,453,181
33,975	HD Hyundai Heavy Industries Co. Ltd.[1]	3,136,372	3,389,200
72,276	HD Korea Shipbuilding & Offshore Engineering Co. Ltd.	5,789,663	6,759,953
105,369	Samsung Electronics Co., Ltd.	5,779,735	6,395,560
Total Korea, Republic of		17,713,597	19,997,894
Mexico (0.91%)			
833,273	Grupo Mexico S.A.B. de C.V., Series B	2,202,834	4,631,312
Netherlands (6.50%)			
225,093	AMG Critical Materials NV	6,705,228	5,681,377
31,042	argenx SE, ADR[1]	2,034,287	11,809,308
66,691	DSM-Firmenich AG	9,351,935	6,782,036
76,774	Prosus NV	2,693,802	2,287,105
234,606	Universal Music Group NV	4,984,097	6,697,325
Total Netherlands		25,769,349	33,257,151
Norway (0.62%)			
2,387,346	Aker Carbon Capture ASA[1]	3,918,045	3,184,055

Baron International Growth Fund — PORTFOLIO OF INVESTMENTS (Continued)

December 31, 2023

Shares		Cost	Value
Common Stocks (continued)			
Peru (0.66%)			
22,682	Credicorp, Ltd.	$ 3,219,519	$ 3,400,712
Poland (3.18%)			
55,785	Dino Polska SA, 144A[1]	4,025,150	6,531,603
702,136	InPost SA[1]	9,114,056	9,721,406
Total Poland		13,139,206	16,253,009
Russia (0.00%)			
487,800	Sberbank of Russia PJSC[1,2]	1,650,983	316
Spain (4.95%)			
52,997	Cellnex Telecom S.A., 144A	2,551,939	2,086,651
1,597,890	eDreams ODIGEO SA[1]	12,240,087	13,525,642
223,364	Industria de Diseno Textil, S.A.	6,814,857	9,746,276
Total Spain		21,606,883	25,358,569
Sweden (1.18%)			
300,929	Epiroc AB, Cl A	4,559,848	6,057,365
Switzerland (3.51%)			
134,841	Clariant AG	2,560,851	1,992,237
31,051	Compagnie Financiere Richemont SA, Cl A	3,679,974	4,288,890
22,938,829	Meyer Burger Technology AG[1]	9,196,109	5,349,530
54,668	Nestle S.A.	5,615,400	6,337,107
Total Switzerland		21,052,334	17,967,764
Taiwan (2.03%)			
66,949	Taiwan Semiconductor Manufacturing Co., Ltd.	1,230,513	1,283,515
87,797	Taiwan Semiconductor Manufacturing Co., Ltd., ADR	8,268,466	9,130,888
Total Taiwan		9,498,979	10,414,403
United Kingdom (10.95%)			
158,887	AstraZeneca PLC, ADR	7,322,283	10,701,040
1,012,149	B&M European Value Retail S.A.	4,630,106	7,217,078
544,959	Ceres Power Holdings PLC[1]	4,216,114	1,269,787
80,824	Dechra Pharmaceuticals PLC	2,533,869	3,972,089
54,264	Endava plc, ADR[1]	2,191,063	4,224,452
170,217	Experian plc	3,928,940	6,944,057
34,980	Linde Public Limited Company	6,288,750	14,229,880
3,034,700	S4 Capital PLC[1]	5,713,401	2,062,162
603,982	Watches of Switzerland Group PLC, 144A[1]	5,028,229	5,446,241
Total United Kingdom		41,852,755	56,066,786
United States (3.47%)			
50,934	Agilent Technologies, Inc.	2,577,583	7,081,354
144,115	Arch Capital Group Ltd.[1]	2,899,696	10,703,422
Total United States		5,477,279	17,784,776
TOTAL COMMON STOCKS		**390,277,154**	**492,015,134**
Rights (0.00%)			
Brazil (0.00%)			
1,029	Localiza Rent a Car SA, Exp. 2/5/2024[1]	**0**	**4,237**

Shares		Cost	Value
Warrants (0.01%)			
Canada (0.00%)			
5,029	Constellation Software, Inc. Exp. 3/31/2040[1,2]	$ 0	$ 0
Israel (0.01%)			
56,745	Taboola.com Ltd. Exp. 6/29/2026[1]	104,540	22,221
TOTAL WARRANTS		**104,540**	**22,221**

Principal Amount		Cost	Value
Short Term Investments (4.13%)			
$21,161,339	Repurchase Agreement with Fixed Income Clearing Corp., dated 12/29/2023, 4.85% due 1/2/2024; Proceeds at maturity $21,172,742; (Fully Collateralized by $20,948,200 U.S. Treasury Note, 4.50% due 7/15/2026 Market value - $21,584,651)	**21,161,339**	**21,161,339**
TOTAL INVESTMENTS (100.24%)		**$ 411,543,033**	**513,202,931**
LIABILITIES LESS CASH AND OTHER ASSETS (-0.24%)			**(1,242,538)**
NET ASSETS			**$ 511,960,393**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] At December 31, 2023, the market value of restricted and fair valued securities amounted to $316 or 0.00% 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 December 31, 2023, the market value of Rule 144A securities amounted to $23,194,359 or 4.53% of net assets.

Summary of Investments by Sector as of December 31, 2023	Percentage of Net Assets
Financials	15.3%
Industrials	13.6%
Consumer Discretionary	13.6%
Information Technology	13.6%
Health Care	11.8%
Materials	10.9%
Communication Services	7.8%
Consumer Staples	6.2%
Energy	2.6%
Real Estate	0.8%
Cash and Cash Equivalents*	3.9%
	100.0%**

* Includes short term investments, other assets and liabilities - net.
** Individual weights may not sum to 100% due to rounding.

Baron Real Estate Fund — PORTFOLIO OF INVESTMENTS

December 31, 2023

Shares		Cost	Value
Common Stocks (98.46%)			
Consumer Discretionary (49.24%)			
	Casinos & Gaming (15.81%)		
454,750	Boyd Gaming Corporation	$ 12,612,725	$ 28,471,898
1,040,700	Caesars Entertainment, Inc.[1]	48,229,355	48,788,016
995,400	Las Vegas Sands Corp.	47,754,737	48,983,634
1,359,656	MGM Resorts International[1]	51,269,699	60,749,430
560,340	Red Rock Resorts, Inc., Cl A	8,242,128	29,882,932
640,250	Wynn Resorts Ltd.	62,125,696	58,333,177
		230,234,340	275,209,087
	Distributors (2.18%)		
95,300	Pool Corp.	32,454,169	37,997,063
	Home Improvement Retail (4.48%)		
331,850	Floor & Decor Holdings, Inc., Cl A[1]	24,218,988	37,021,186
183,600	Lowe's Companies, Inc.	35,861,937	40,860,180
		60,080,925	77,881,366
	Homebuilding (22.58%)		
624,650	D.R. Horton, Inc.	52,857,478	94,934,307
184,450	Installed Building Products, Inc.	21,220,106	33,721,149
614,599	Lennar Corp., Cl A	50,103,579	91,599,835
1,680,500	Toll Brothers, Inc.	83,930,228	172,738,595
		208,111,391	392,993,886
	Hotels, Resorts & Cruise Lines (3.27%)		
170,300	Hilton Worldwide Holdings, Inc.	24,141,742	31,009,927
198,700	Hyatt Hotels Corp., Cl A	21,443,273	25,912,467
		45,585,015	56,922,394
	Leisure Facilities (0.92%)		
75,350	Vail Resorts, Inc.	18,907,743	16,084,965
Total Consumer Discretionary		595,373,583	857,088,761
Financials (8.62%)			
	Asset Management & Custody Banks (8.62%)		
680,700	Blackstone, Inc.	64,336,407	89,117,244
579,906	Brookfield Asset Management Ltd., Cl A[2]	18,566,171	23,294,824
935,425	Brookfield Corp., Cl A[2]	28,522,003	37,529,251
Total Financials		111,424,581	149,941,319
Industrials (4.42%)			
	Building Products (1.90%)		
287,136	Fortune Brands Innovations, Inc.	16,897,382	21,862,535
856,448	Janus International Group, Inc.[1]	9,921,588	11,176,646
		26,818,970	33,039,181
	Trading Companies & Distributors (2.52%)		
270,585	SiteOne Landscape Supply, Inc.[1]	33,136,183	43,970,063
Total Industrials		59,955,153	77,009,244
Materials (0.56%)			
	Construction Materials (0.56%)		
42,750	Vulcan Materials Co.	4,378,591	9,704,678
Real Estate (35.62%)			
	Data Center REITs (8.09%)		
336,976	Digital Realty Trust, Inc.	37,083,721	45,350,230
118,540	Equinix, Inc.	67,711,175	95,470,931
		104,794,896	140,821,161

Shares		Cost	Value
Common Stocks (continued)			
Real Estate (continued)			
	Health Care REITs (2.47%)		
477,750	Welltower, Inc.	$ 36,453,129	$ 43,078,717
	Industrial REITs (9.52%)		
120,650	EastGroup Properties, Inc.	19,847,828	22,144,101
742,400	Prologis, Inc.	78,273,548	98,961,920
641,459	Rexford Industrial Realty, Inc.	32,957,112	35,985,850
136,422	Terreno Realty Corp.	7,928,794	8,549,567
		139,007,282	165,641,438
	Multi-Family Residential REITs (1.40%)		
397,375	Equity Residential	23,712,527	24,303,455
	Real Estate Services (9.47%)		
500,850	CBRE Group, Inc., Cl A[1]	35,482,370	46,624,126
884,463	CoStar Group, Inc.[1]	49,416,560	77,293,222
216,492	Jones Lang LaSalle, Inc.[1]	30,768,341	40,888,844
		115,667,271	164,806,192
	Self Storage REITs (0.32%)		
34,350	Extra Space Storage, Inc.	5,261,394	5,507,335
	Single-Family Residential REITs (1.59%)		
813,200	Invitation Homes, Inc.	23,418,918	27,738,252
	Telecom Tower REITs (2.76%)		
222,750	American Tower Corp.	34,372,351	48,087,270
Total Real Estate		482,687,768	619,983,820
TOTAL COMMON STOCKS		**1,253,819,676**	**1,713,727,822**

Principal Amount			
Short Term Investments (1.36%)			
$23,643,399	Repurchase Agreement with Fixed Income Clearing Corp., dated 12/29/2023, 4.85% due 1/2/2024; Proceeds at maturity $23,656,140; (Fully Collateralized by 6,302,700 U.S. Treasury Note, 3.50% due 2/15/2033 Market value - $6,131,345 and Fully Collateralized by 18,173,600 U.S. Treasury Note, 3.50% due 4/30/2028 Market value - $17,984,929)	**23,643,399**	**23,643,399**
TOTAL INVESTMENTS (99.82%)		**$1,277,463,075**	**1,737,371,221**
CASH AND OTHER ASSETS LESS LIABILITIES (0.18%)			**3,227,813**
NET ASSETS			**$1,740,599,034**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.

Baron Emerging Markets Fund — PORTFOLIO OF INVESTMENTS

December 31, 2023

Shares		Cost	Value
Common Stocks (93.19%)			
Brazil (8.48%)			
1,778,866	Afya Ltd., Cl A[1]	$ 41,412,270	$ 39,010,531
16,440,207	B3 S.A. - Brasil, Bolsa, Balcao	40,853,887	49,188,598
2,682,676	Inter & Co., Inc. BDR[1]	11,037,198	15,120,490
5,407,364	Localiza Rent a Car SA	43,653,401	70,797,501
5,662,048	NU Holdings Ltd., Cl A[1]	45,368,219	47,164,860
509,160	StoneCo Ltd., Cl A[1]	4,687,822	9,180,155
9,061,629	Suzano SA	82,143,430	103,192,296
1,974,147	XP, Inc., Cl A	33,209,568	51,466,012
Total Brazil		302,365,795	385,120,443
China (22.78%)			
1,313,433	Alibaba Group Holding Limited, ADR	111,188,211	101,804,192
585,365	Baidu, Inc., ADR[1]	70,193,992	69,711,118
11,599,903	China Mengniu Dairy Co. Ltd.	21,122,538	31,249,109
8,500,118	Estun Automation Co. Ltd., Cl A	28,380,772	22,271,864
8,250,441	Full Truck Alliance Co. Ltd., ADR[1]	62,518,415	57,835,591
4,199,554	Galaxy Entertainment Group Ltd.[1]	28,125,825	23,521,126
7,575,204	Glodon Co. Ltd., Cl A	26,831,470	18,302,040
4,319,560	Jiangsu Hengli Hydraulic Co. Ltd., Cl A	34,491,955	33,311,641
2,182,924	Kanzhun Ltd., ADR[1]	37,273,029	36,258,368
35,548,843	Kingdee International Software Group Co. Ltd.[1]	29,670,596	51,894,650
9,485,635	Kingsoft Corp. Ltd.	32,830,145	29,324,113
228,260	Kweichow Moutai Co. Ltd., Cl A[1]	57,730,889	55,563,489
3,472,215	Lufax Holding Ltd., ADR	40,525,782	10,659,698
4,462,926	Midea Group Co., Ltd., Cl A[3]	22,951,230	34,387,501
14,946,047	NARI Technology Co. Ltd., Cl A	47,309,999	47,023,869
399,172	PDD Holdings, Inc., ADR[1]	45,595,365	58,402,855
519,226	Shenzhen Mindray Bio-Medical Electronics Co. Ltd., Cl A	13,898,888	21,290,774
4,292,636	Shenzhou International Group Holdings Ltd.	22,717,839	44,037,546
3,711,325	Tencent Holdings Limited	93,905,589	140,120,521
779,406	Tencent Holdings Limited, ADR	34,941,929	29,453,753
8,246,769	Venustech Group, Inc., Cl A	39,898,630	31,360,626
595,325	Yum China Holdings, Inc.	29,300,031	25,259,640
488,680	Yum China Holdings, Inc., (Hong Kong)	25,707,337	20,806,753
1,368,731	Yunnan Baiyao Group Co. Ltd., Cl A	11,301,505	9,487,387
1,146,006	Zai Lab Limited, ADR[1]	24,472,926	31,320,344
Total China		992,884,887	1,034,658,568
France (0.94%)			
241,338	Pernod Ricard SA	48,458,186	42,649,685
Hong Kong (2.02%)			
1,128,193	AIA Group Ltd.	9,022,340	9,818,527
21,354,362	Budweiser Brewing Co. APAC Ltd., 144A	59,646,240	40,033,025
3,501,361	Techtronic Industries Co. Ltd.	17,252,550	41,719,008
Total Hong Kong		85,921,130	91,570,560
India (26.57%)			
3,631,048	Aarti Industries Ltd.	36,445,956	28,324,105
978,880	Aarti Pharmalabs Ltd.[1]	5,711,120	5,934,068
1,278,377	Bajaj Finance Limited	42,845,163	112,486,048
5,927,046	Bharti Airtel Ltd.	43,683,172	73,477,990
2,090,990	Bharti Airtel Ltd. PP	10,214,309	16,015,162
305,421	Cholamandalam Investment & Finance Co. Ltd.[3]	4,430,400	4,619,623
640,972	Divi's Laboratories Ltd.[3]	6,060,153	30,052,295
20,762,810	Edelweiss Financial Services Ltd.	11,456,467	19,400,774
4,561,354	Godrej Consumer Products Ltd.	55,528,583	61,983,619

Shares		Cost	Value
Common Stocks (continued)			
India (continued)			
1,980,988	Godrej Properties Ltd.[1]	$ 37,987,813	$ 47,884,504
4,793,160	HDFC Bank Ltd.	79,303,505	98,144,838
11,445,167	Jio Financial Services Ltd.[1]	28,591,325	31,998,017
41,576,748	JM Financial Limited	56,907,230	49,076,937
4,289,427	Jubilant FoodWorks Ltd.	34,494,460	29,110,666
154,105	Kaynes Technology India Ltd.[1]	4,645,098	4,832,241
1,647,925	Mahindra & Mahindra Ltd.	31,088,330	34,225,052
4,529,597	Max Financial Services Ltd.[1]	31,728,481	51,916,222
3,435,709	Max Healthcare Institute Ltd.	24,129,810	28,333,723
1,420,751	Muthoot Finance Ltd.	20,286,812	25,190,680
9,581,104	Nippon Life India Asset Management Ltd., 144A	32,094,816	51,539,292
380,415	Nuvama Wealth Management Ltd.[1]	18,347,402	16,364,811
2,697,025	Reliance Industries Limited	45,472,897	83,710,114
3,582,339	SBI Life Insurance Company Limited, 144A	37,225,454	61,651,190
3,264,939	Tata Communications Ltd.	18,848,348	69,426,502
571,871	Tata Consultancy Services Ltd.	24,117,703	26,045,217
3,860,773	Tata Consumer Products Ltd.	21,893,060	50,397,399
1,059,451	Titan Co. Ltd.	17,810,458	46,760,968
1,304,384	Trent Ltd.	26,411,240	47,860,889
Total India		807,759,565	1,206,762,946
Indonesia (1.85%)			
226,108,871	Bank Rakyat Indonesia (Persero) Tbk PT	66,199,623	84,037,354
Japan (0.82%)			
84,528	Keyence Corporation[3]	28,924,921	37,137,906
Korea, Republic of (11.30%)			
3,452,947	Coupang, Inc., Cl A[1]	45,987,002	55,903,212
415,540	HD Hyundai Heavy Industries Co. Ltd.	21,775,022	41,452,481
972,257	HD Korea Shipbuilding & Offshore Engineering Co. Ltd.	91,550,524	90,934,906
843,869	Korea Aerospace Industries Ltd.[1]	27,513,658	32,667,965
3,928,144	Samsung Electronics Co., Ltd.	128,622,926	238,425,741
30,004	Samsung SDI Co. Ltd.	16,637,022	10,924,172
393,377	SK Hynix, Inc.	35,016,550	42,932,352
Total Korea, Republic of		367,102,704	513,240,829
Mexico (2.83%)			
9,974,177	Grupo Mexico S.A.B. de C.V., Series B	25,471,505	55,436,242
17,348,118	Wal-Mart de Mexico, S.A.B de C.V.	41,482,817	72,933,405
Total Mexico		66,954,322	128,369,647
Peru (1.04%)			
314,486	Credicorp, Ltd.	38,777,513	47,150,886
Philippines (2.09%)			
61,742,165	Ayala Land, Inc.	43,918,523	38,379,463
23,978,091	BDO Unibank, Inc.	41,734,409	56,490,387
Total Philippines		85,652,932	94,869,850
Poland (2.31%)			
202,955	Dino Polska SA, 144A[1]	17,861,966	23,763,047
5,859,536	InPost SA[1]	83,887,316	81,128,057
Total Poland		101,749,282	104,891,104
Russia (0.00%)			
17,949,100	Sberbank of Russia PJSC[1,2]	64,430,586	11,644

Baron Emerging Markets Fund — PORTFOLIO OF INVESTMENTS (Continued)

December 31, 2023

Shares		Cost	Value
Common Stocks (continued)			
South Africa (1.42%)			
825,386	Gold Fields Ltd.	$ 9,618,575	$ 12,524,753
2,027,731	Gold Fields Ltd., ADR	21,620,357	29,320,990
132,167	Naspers Ltd., Cl N	18,990,555	22,623,031
Total South Africa		50,229,487	64,468,774
Spain (0.14%)			
1,791,760	Codere Online Luxembourg, S.A. Forward Shares[1]	17,917,600	5,285,692
358,352	Codere Online Luxembourg, S.A. Founders Share[1]	3,116	1,057,138
26,518	Codere Online Luxembourg, S.A. Private Shares, Cl A[1]	265,181	78,228
Total Spain		18,185,897	6,421,058
Taiwan (8.33%)			
6,500,403	Delta Electronics, Inc.	24,319,836	66,293,912
7,310,537	Taiwan Semiconductor Manufacturing Co., Ltd.	127,456,732	140,154,238
1,653,690	Taiwan Semiconductor Manufacturing Co., Ltd., ADR	37,534,303	171,983,760
Total Taiwan		189,310,871	378,431,910
United Arab Emirates (0.27%)			
2,435,850	Network International Holdings plc, 144A[1]	13,421,790	12,102,731
TOTAL COMMON STOCKS		**3,328,329,491**	**4,231,895,895**
Private Common Stocks (1.63%)			
India (1.63%)			
27,027	Pine Labs PTE. Ltd., Series 1[1,2]	10,077,362	18,650,522
6,833	Pine Labs PTE. Ltd., Series A[1,2]	2,547,771	4,715,249
7,600	Pine Labs PTE. Ltd., Series B[1,2]	2,833,757	5,244,532
6,174	Pine Labs PTE. Ltd., Series B2[1,2]	2,302,055	4,260,492
9,573	Pine Labs PTE. Ltd., Series C[1,2]	3,569,416	6,606,040
1,932	Pine Labs PTE. Ltd., Series C1[1,2]	720,371	1,333,215
2,459	Pine Labs PTE. Ltd., Series D[1,2]	916,870	1,696,882
45,680	Pine Labs PTE. Ltd., Series J[1,2]	17,032,398	31,522,398
TOTAL PRIVATE COMMON STOCKS		**40,000,000**	**74,029,330**
Private Convertible Preferred Stocks (2.14%)			
India (2.14%)			
11,578	Bundl Technologies Private Ltd., Series K[1,2]	76,776,872	87,247,656
15,334	Think & Learn Private Limited, Series F[1,2]	49,776,072	9,639,855
TOTAL PRIVATE CONVERTIBLE PREFERRED STOCKS		**126,552,944**	**96,887,511**
Rights (0.00%)			
Brazil (0.00%)			
19,401	Localiza Rent a Car SA, Exp. 2/5/2024[1]	**0**	**79,879**
Warrants (0.00%)			
Spain (0.00%)			
13,259	Codere Online Luxembourg S.A. Private Shares, Exp. 11/30/2026 [1]	**$ 0**	**$ 937**

Principal Amount		Cost	Value
Short Term Investments (3.60%)			
$163,499,913	Repurchase Agreement with Fixed Income Clearing Corp., dated 12/29/2023, 4.85% due 1/2/2024; Proceeds at maturity $163,588,021; (Fully Collateralized by $161,852,500 U.S. Treasury Note, 4.50% due 7/15/2026 Market value - $166,769,925)	**163,499,913**	**163,499,913**
TOTAL INVESTMENTS (100.56%)		**$3,658,382,348**	**4,566,393,465**
LIABILITIES LESS CASH AND OTHER ASSETS (-0.56%)			**(25,407,468)**
NET ASSETS			**$4,540,985,997**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] At December 31, 2023, the market value of restricted and fair valued securities amounted to $170,928,485 or 3.76% 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 December 31, 2023, the market value of Rule 144A securities amounted to $189,089,285 or 4.16% of net assets.

Summary of Investments by Sector as of December 31, 2023	Percentage of Net Assets
Financials	21.8%
Information Technology	18.5%
Consumer Discretionary	15.1%
Industrials	11.4%
Communication Services	10.2%
Consumer Staples	8.3%
Materials	5.0%
Health Care	2.8%
Real Estate	1.9%
Energy	1.8%
Cash and Cash Equivalents*	3.0%
	100.0%**

* Includes short term investments, other assets and liabilities - net.
** Individual weights may not sum to 100% due to rounding.

Baron Global Advantage Fund — PORTFOLIO OF INVESTMENTS

December 31, 2023

Shares		Cost	Value
Common Stocks (93.62%)			
Argentina (11.54%)			
66,449	Globant S.A.[1]	$ 4,475,572	$ 15,813,533
40,286	MercadoLibre, Inc.[1]	24,530,220	63,311,061
Total Argentina		29,005,792	79,124,594
Brazil (2.16%)			
676,241	Afya Ltd., Cl A[1]	12,805,729	14,829,965
Canada (7.79%)			
685,490	Shopify, Inc., Cl A[1]	25,793,754	53,399,671
India (5.61%)			
312,750	Bajaj Finance Limited	18,432,672	27,519,278
7,379,067	Zomato Ltd.[1]	12,454,605	10,952,588
Total India		30,887,277	38,471,866
Israel (4.06%)			
331,500	Fiverr International Ltd.[1]	7,554,653	9,023,430
152,772	Wix.com Ltd.[1]	12,754,491	18,794,011
Total Israel		20,309,144	27,817,441
Korea, Republic of (4.27%)			
1,809,565	Coupang, Inc., Cl A[1]	35,806,043	29,296,857
Netherlands (7.98%)			
8,934	Adyen N.V., 144A[1]	6,863,044	11,533,268
63,343	argenx SE, ADR[1]	5,543,118	24,097,577
25,272	ASML Holding N.V.	4,811,157	19,077,516
Total Netherlands		17,217,319	54,708,361
Poland (2.37%)			
1,174,705	InPost SA[1,3]	16,088,621	16,264,348
Spain (0.65%)			
920,012	Codere Online Luxembourg S.A.[1]	8,419,057	2,714,035
498,488	Codere Online Luxembourg, S.A. Forward Shares[1]	4,984,880	1,470,540
104,612	Codere Online Luxembourg, S.A. Founders Shares[1]	910	308,605
Total Spain		13,404,847	4,493,180
United Kingdom (6.72%)			
592,115	Endava plc, ADR[1]	23,725,725	46,096,153
United States (40.47%)			
141,583	Bill.Com Holdings, Inc.[1]	6,149,064	11,551,757
180,421	Block, Inc.[1]	14,648,530	13,955,564
389,280	Cloudflare, Inc., Cl A[1]	10,130,053	32,411,453
92,096	Crowdstrike Holdings, Inc., Cl A[1]	5,142,494	23,513,951
183,762	Datadog, Inc., Cl A[1]	8,804,166	22,305,032
928	Illumina, Inc.[1]	259,532	129,215
127,066	NVIDIA Corp.	25,640,391	62,925,624
634,936	Rivian Automotive, Inc., Cl A[1]	13,602,870	14,895,599
270,578	Schrödinger, Inc.[1]	6,248,053	9,686,692
183,129	Snowflake, Inc., Cl A[1]	25,305,426	36,442,671
121,272	Tesla, Inc.[1]	33,837,359	30,133,667
88,388	Zscaler, Inc.[1]	4,500,184	19,583,245
Total United States		154,268,122	277,534,470
TOTAL COMMON STOCKS		**379,312,373**	**642,036,906**

Shares		Cost	Value
Private Common Stocks (4.71%)			
United States (4.71%)			
299,761	Farmers Business Network, Inc.[1,2]	$ 12,250,006	$ 557,556
252,130	Space Exploration Technologies Corp., Cl A[1,2]	11,571,518	24,456,610
75,250	Space Exploration Technologies Corp., Cl C[1,2]	3,428,124	7,299,250
TOTAL PRIVATE COMMON STOCKS		**27,249,648**	**32,313,416**
Private Convertible Preferred Stocks (1.37%)			
India (0.84%)			
9,201	Think & Learn Private Limited, Series F[1,2]	29,867,591	5,784,290
United States (0.53%)			
69,926	Resident Home, Inc., Series B1[1,2]	4,999,968	3,601,189
TOTAL PRIVATE CONVERTIBLE PREFERRED STOCKS		**34,867,559**	**9,385,479**
Private Preferred Stocks (0.41%)			
United States (0.41%)			
461,004	GM Cruise Holdings LLC, Cl G[1,2]	**12,147,455**	**2,798,294**
Warrants (0.02%)			
Israel (0.01%)			
68,986	Innovid Corp., Exp. 12/31/2027[1]	117,942	2,069
228,748	Taboola.com Ltd., Exp. 6/29/2026[1]	417,100	89,578
Total Israel		535,042	91,647
Spain (0.01%)			
502,360	Codere Online Luxembourg S.A. Private Shares, Exp. 11/30/2026[1]	845,632	35,517
TOTAL WARRANTS		**1,380,674**	**127,164**
TOTAL INVESTMENTS (100.13%)		**$454,957,709**	**686,661,259**
LIABILITIES LESS CASH AND OTHER ASSETS (-0.13%)			**(867,644)**
NET ASSETS			**$685,793,615**

% Represents percentage of net assets.
1 Non-income producing securities.
2 At December 31, 2023, the market value of restricted and fair valued securities amounted to $44,497,189 or 6.49% 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 December 31, 2023, the market value of Rule 144A securities amounted to $11,533,268 or 1.68% of net assets.

Baron Global Advantage Fund — PORTFOLIO OF INVESTMENTS (Continued)

December 31, 2023

Summary of Investments by Sector as of December 31, 2023	Percentage of Total Investments
Information Technology	52.7%
Consumer Discretionary	25.8%
Industrials	8.7%
Financials	7.7%
Health Care	4.9%
Materials	0.1%
Communication Services	0.0%^
	100.0%*

* Individual weights may not sum to 100% due to rounding.
^ Rounds to less than 0.1%.

Baron Discovery Fund — PORTFOLIO OF INVESTMENTS

December 31, 2023 (Unaudited)

Shares		Cost	Value
Common Stocks (94.18%)			
Communication Services (2.06%)			
	Movies & Entertainment (2.06%)		
185,000	Liberty Media Corporation-Liberty Formula One, Cl A[1]	$ 5,408,362	$ 10,726,300
500,000	Liberty Media Corporation-Liberty Live, Cl C[1]	16,972,337	18,695,000
Total Communication Services		22,380,699	29,421,300
Consumer Discretionary (12.89%)			
	Casinos & Gaming (6.79%)		
535,000	Boyd Gaming Corporation	33,074,142	33,496,350
1,235,000	DraftKings, Inc., Cl A[1]	23,984,451	43,533,750
375,000	Red Rock Resorts, Inc., Cl A	13,003,045	19,998,750
		70,061,638	97,028,850
	Footwear (1.04%)		
550,000	On Holding AG, Cl A[1,2]	13,746,107	14,833,500
	Home Improvement Retail (2.74%)		
350,000	Floor & Decor Holdings, Inc., Cl A[1]	11,703,809	39,046,000
	Homefurnishing Retail (0.61%)		
30,000	RH[1]	7,459,296	8,744,400
	Restaurants (1.71%)		
200,000	Texas Roadhouse, Inc.	17,901,519	24,446,000
Total Consumer Discretionary		120,872,369	184,098,750
Financials (2.35%)			
	Property & Casualty Insurance (2.35%)		
100,000	Kinsale Capital Group, Inc.	4,813,070	33,491,000
Health Care (14.58%)			
	Health Care Equipment (5.66%)		
637,982	Axonics, Inc.[1]	28,878,670	39,701,620
466,078	Inari Medical, Inc.[1]	24,225,323	30,257,784
891,486	Silk Road Medical, Inc.[1]	22,906,370	10,938,533
		76,010,363	80,897,937
	Health Care Supplies (0.46%)		
254,000	Establishment Labs Holdings, Inc.[1,2]	17,425,350	6,576,060
	Health Care Technology (2.73%)		
700,591	Certara, Inc.[1]	14,628,630	12,323,396
2,684,590	Definitive Healthcare Corp.[1]	48,189,355	26,684,824
		62,817,985	39,008,220
	Life Sciences Tools & Services (5.25%)		
140,000	10X Genomics, Inc., Cl A[1]	6,908,279	7,834,400
1,129,676	Maravai LifeSciences Holdings, Inc., Cl A[1]	11,398,399	7,399,378
165,000	Repligen Corp.[1]	26,821,529	29,667,000
521,456	Stevanato Group SpA[2]	14,843,683	14,230,534
573,790	Veracyte, Inc.[1,3]	14,716,344	15,784,963
		74,688,234	74,916,275
	Pharmaceuticals (0.48%)		
775,832	Revance Therapeutics, Inc.[1]	11,448,086	6,819,563
Total Health Care		242,390,018	208,218,055

Shares		Cost	Value
Common Stocks (continued)			
Industrials (21.79%)			
	Aerospace & Defense (7.55%)		
166,095	Axon Enterprise, Inc.[1]	$ 18,709,890	$ 42,907,321
1,702,370	Kratos Defense & Security Solutions, Inc.[1]	22,166,226	34,541,087
830,380	Mercury Systems, Inc.[1]	30,388,391	30,366,997
		71,264,507	107,815,405
	Building Products (2.37%)		
177,612	AAON, Inc.	12,862,770	13,120,199
250,000	Trex Co., Inc.[1]	9,601,133	20,697,500
		22,463,903	33,817,699
	Diversified Support Services (0.16%)		
146,576	ACV Auctions, Inc., Cl A[1]	2,937,630	2,220,626
	Environmental & Facilities Services (1.74%)		
774,642	Montrose Environmental Group, Inc.[1]	16,672,227	24,889,248
	Human Resource & Employment Services (4.05%)		
326,131	ASGN, Inc.[1]	31,749,731	31,364,018
395,000	Ceridian HCM Holding, Inc.[1]	21,822,194	26,512,400
		53,571,925	57,876,418
	Industrial Machinery & Supplies & Components (3.64%)		
225,000	Chart Industries, Inc.[1]	30,390,512	30,674,250
75,000	RBC Bearings, Inc.[1]	15,747,212	21,366,750
		46,137,724	52,041,000
	Trading Companies & Distributors (2.28%)		
200,000	SiteOne Landscape Supply, Inc.[1]	12,575,112	32,500,000
Total Industrials		225,623,028	311,160,396
Information Technology (37.96%)			
	Application Software (10.47%)		
700,000	Alkami Technology, Inc.[1]	16,087,729	16,975,000
1,300,000	Clearwater Analytics Holdings, Inc., Cl A[1]	23,059,097	26,039,000
777,889	Gitlab, Inc., Cl A[1,3]	30,872,131	48,975,892
235,357	Guidewire Software, Inc.[1]	18,259,547	25,663,327
1,750,000	SmartRent, Inc.[1,3]	4,499,472	5,582,500
550,000	Smartsheet, Inc., Cl A[1]	20,433,218	26,301,000
		113,211,194	149,536,719
	Electronic Equipment & Instruments (6.02%)		
395,321	Advanced Energy Industries, Inc.	27,937,769	43,058,363
74,131	Novanta, Inc.[1,2]	8,196,882	12,484,402
700,000	PAR Technology Corp.[1]	22,991,689	30,478,000
		59,126,340	86,020,765
	IT Consulting & Other Services (1.36%)		
250,000	Endava plc, ADR[1,2]	6,125,604	19,462,500
	Semiconductor Materials & Equipment (1.80%)		
210,800	Ichor Holdings Ltd.[1,2]	4,685,655	7,089,204
135,000	Nova Ltd.[1,2]	3,115,172	18,547,650
		7,800,827	25,636,854

Baron Discovery Fund — PORTFOLIO OF INVESTMENTS (Continued)

December 31, 2023 (Unaudited)

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (continued)			
	Semiconductors (5.31%)		
105,000	Allegro MicroSystems, Inc.[1]	$ 1,470,000	$ 3,178,350
3,338,093	indie Semiconductor, Inc., Cl A[1]	30,591,344	27,071,934
2,564,620	Navitas Semiconductor Corp.[1]	22,011,037	20,696,483
204,000	SiTime Corp.[1]	23,354,907	24,904,320
		77,427,288	75,851,087
	Systems Software (13.00%)		
1,594,900	Couchbase, Inc.[1,3]	35,483,397	35,917,148
190,200	CyberArk Software Ltd.[1,2]	24,587,553	41,663,310
430,775	Dynatrace, Inc.[1,3]	10,425,483	23,559,085
35,100	Qualys, Inc.[1]	1,079,689	6,889,428
1,575,000	SentinelOne, Inc., Cl A[1]	24,893,625	43,218,000
761,000	Varonis Systems, Inc.[1]	19,904,795	34,458,080
		116,374,542	185,705,051
Total Information Technology		380,065,795	542,212,976
Real Estate (2.55%)			
	Industrial REITs (2.55%)		
650,000	Rexford Industrial Realty, Inc.	31,657,136	36,465,000
TOTAL COMMON STOCKS		**1,027,802,115**	**1,345,067,477**

Principal Amount			
Short Term Investments (5.90%)			
$84,204,560	Repurchase Agreement with Fixed Income Clearing Corp., dated 12/29/2023, 4.85% due 1/2/2024; Proceeds at maturity $84,249,936; (Fully Collateralized by $83,356,200 U.S. Treasury Note, 4.50% due 7/15/2026 Market value - $85,888,740)	**84,204,560**	**84,204,560**
TOTAL INVESTMENTS (100.08%)		**$1,112,006,675**	**1,429,272,037**
LIABILITIES LESS CASH AND OTHER ASSETS (-0.08%)			**(1,072,625)**
NET ASSETS			**$1,428,199,412**

% 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

December 31, 2023 (Unaudited)

Shares		Cost	Value
Common Stocks (97.29%)			
Communication Services (11.22%)			
	Interactive Media & Services (11.22%)		
61,339	Alphabet, Inc., Cl C[1]	$ 7,142,574	$ 8,644,505
33,666	Meta Platforms, Inc., Cl A[1]	6,829,116	11,916,418
Total Communication Services		13,971,690	20,560,923
Consumer Discretionary (8.07%)			
	Broadline Retail (8.07%)		
97,328	Amazon.com, Inc.[1]	12,492,117	14,788,016
Consumer Staples (1.59%)			
	Consumer Staples Merchandise Retail (1.59%)		
4,412	Costco Wholesale Corp.	1,961,793	2,912,273
Financials (30.37%)			
	Asset Management & Custody Banks (5.74%)		
40,471	Blackstone, Inc.	4,121,765	5,298,463
130,086	Brookfield Corp.[2]	4,726,001	5,219,050
		8,847,766	10,517,513
	Financial Exchanges & Data (12.58%)		
16,537	CME Group, Inc.	3,248,278	3,482,692
16,359	Moody's Corp.	5,216,196	6,389,171
9,273	MSCI, Inc.	4,546,974	5,245,272
18,007	S&P Global, Inc.	6,432,219	7,932,444
		19,443,667	23,049,579
	Investment Banking & Brokerage (1.70%)		
13,685	LPL Financial Holdings, Inc.	2,942,832	3,114,980
	Property & Casualty Insurance (3.12%)		
77,081	Arch Capital Group Ltd.[1,2]	4,586,337	5,724,806
	Transaction & Payment Processing Services (7.23%)		
12,420	MasterCard, Incorporated, Cl A	4,491,870	5,297,254
30,522	Visa, Inc., Cl A	7,143,165	7,946,403
		11,635,035	13,243,657
Total Financials		47,455,637	55,650,535
Health Care (12.54%)			
	Life Sciences Tools & Services (8.90%)		
19,575	Agilent Technologies, Inc.	2,372,469	2,721,512
21,415	Danaher Corp.	4,458,612	4,954,146
2,318	Mettler-Toledo International, Inc.[1]	2,636,173	2,811,641
10,989	Thermo Fisher Scientific, Inc.	5,382,415	5,832,852
		14,849,669	16,320,151
	Managed Health Care (3.64%)		
12,664	UnitedHealth Group, Incorporated	5,911,382	6,667,216
Total Health Care		20,761,051	22,987,367
Industrials (2.71%)			
	Aerospace & Defense (2.56%)		
33,020	HEICO Corp., Cl A	4,204,816	4,703,369
	Industrial Machinery & Supplies & Components (0.15%)		
3,314	Veralto Corp.[3]	250,273	272,609
Total Industrials		4,455,089	4,975,978
Common Stocks (continued)			
Information Technology (30.79%)			
	Application Software (7.56%)		
10,605	Adobe, Inc.[1]	$ 5,090,448	$ 6,326,943
12,057	Intuit, Inc.	5,896,990	7,535,987
		10,987,438	13,862,930
	Electronic Manufacturing Services (0.51%)		
6,675	TE Connectivity Ltd.[2]	831,183	937,838
	IT Consulting & Other Services (2.88%)		
15,013	Accenture plc, Cl A[2]	4,425,550	5,268,212
	Semiconductors (10.27%)		
7,866	Monolithic Power Systems, Inc.	3,296,403	4,961,715
14,367	NVIDIA Corp.	3,956,537	7,114,826
43,383	Taiwan Semiconductor Manufacturing Co., Ltd., ADR[2]	4,081,864	4,511,832
13,085	Texas Instruments, Inc.	2,220,244	2,230,469
		13,555,048	18,818,842
	Systems Software (9.57%)		
46,628	Microsoft Corporation	13,971,004	17,533,993
Total Information Technology		43,770,223	56,421,815
TOTAL COMMON STOCKS		**144,867,600**	**178,296,907**

Principal Amount		Cost	Value
Short Term Investments (2.55%)			
$4,667,241	Repurchase Agreement with Fixed Income Clearing Corp., dated 12/29/2023, 4.85% due 1/2/2024; Proceeds at maturity $4,669,756; (Fully Collateralized by $4,620,300 U.S. Treasury Note, 4.50% due 7/15/2026 Market value - $4,760,675)	**4,667,241**	**4,667,241**
TOTAL INVESTMENTS (99.84%)		**$149,534,841**	**182,964,148**
CASH AND OTHER ASSETS LESS LIABILITIES (0.16%)			**297,563**
NET ASSETS			**$183,261,711**

% 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 Real Estate Income Fund — PORTFOLIO OF INVESTMENTS

December 31, 2023

Shares		Cost	Value
Common Stocks (98.79%)			
Consumer Discretionary (10.15%)			
	Casinos & Gaming (3.89%)		
63,225	Wynn Resorts Ltd.	$ 6,224,615	$ 5,760,430
	Home Improvement Retail (0.96%)		
6,363	Lowe's Companies, Inc.	1,431,434	1,416,086
	Homebuilding (4.07%)		
58,665	Toll Brothers, Inc.	3,737,364	6,030,175
	Hotels, Resorts & Cruise Lines (1.23%)		
21,527	Marriott Vacations Worldwide Corp.	1,760,395	1,827,427
Total Consumer Discretionary		13,153,808	15,034,118
Financials (2.88%)			
	Asset Management & Custody Banks (2.88%)		
45,800	Brookfield Corp., Cl A	1,479,123	1,837,496
60,571	Brookfield Asset Management Ltd., Cl A	2,024,009	2,433,137
Total Financials		3,503,132	4,270,633
Real Estate (84.22%)			
	Data Center REITs (13.75%)		
48,970	Digital Realty Trust, Inc.	5,249,235	6,590,383
17,096	Equinix, Inc.	12,169,929	13,768,947
		17,419,164	20,359,330
	Health Care REITs (9.10%)		
40,332	Ventas, Inc.	1,818,262	2,010,147
127,161	Welltower, Inc.	9,785,482	11,466,107
		11,603,744	13,476,254
	Hotel & Resort REITs (2.18%)		
343,224	DiamondRock Hospitality Co.	2,799,429	3,222,873
	Industrial REITs (17.34%)		
12,606	EastGroup Properties, Inc.	1,849,108	2,313,705
53,913	First Industrial Realty Trust, Inc.	2,758,688	2,839,598
117,050	Prologis, Inc.	13,306,458	15,602,765
74,293	Rexford Industrial Realty, Inc.	3,863,382	4,167,837
12,060	Terreno Realty Corp.	676,057	755,800
		22,453,693	25,679,705
	Multi-Family Residential REITs (9.17%)		
38,975	AvalonBay Communities, Inc.	7,003,839	7,296,900
102,652	Equity Residential	6,149,593	6,278,196
		13,153,432	13,575,096
	Office REITs (2.18%)		
25,508	Alexandria Real Estate Equities, Inc.	2,822,773	3,233,649

Shares		Cost	Value
Common Stocks (continued)			
Real Estate (continued)			
	Retail REITs (5.33%)		
41,406	Simon Property Group, Inc.	$ 5,542,708	$ 5,906,152
71,725	Tanger, Inc. (formerly, Tanger Factory Outlet Centers, Inc.)	1,547,960	1,988,217
		7,090,668	7,894,369
	Self Storage REITs (7.73%)		
49,147	Extra Space Storage, Inc.	5,893,292	7,879,739
11,706	Public Storage	3,142,220	3,570,330
		9,035,512	11,450,069
	Single-Family Residential REITs (11.25%)		
176,583	American Homes 4 Rent, Cl A	6,080,751	6,349,925
178,017	Invitation Homes, Inc.	5,947,982	6,072,160
31,750	Sun Communities, Inc.	3,469,638	4,243,387
		15,498,371	16,665,472
	Telecom Tower REITs (6.19%)		
42,425	American Tower Corp.	7,441,532	9,158,709
Total Real Estate		109,318,318	124,715,526
Utilities (1.54%)			
	Multi-Utilities (1.54%)		
64,600	Brookfield Infrastructure Corp., Cl A[1,2]	1,809,973	2,279,088
TOTAL COMMON STOCKS		**127,785,231**	**146,299,365**

Principal Amount		Cost	Value
Short Term Investments (0.81%)			
$1,195,576	Repurchase Agreement with Fixed Income Clearing Corp., dated 12/29/2023, 4.85% due 1/2/2024; Proceeds at maturity $1,196,220; (Fully Collateralized by $1,232,300 U.S. Treasury Note, 3.50% due 4/30/2028 Market value - $1,219,507)	**1,195,576**	**1,195,576**
TOTAL INVESTMENTS (99.60%)		**$128,980,807**	**147,494,941**
CASH AND OTHER ASSETS LESS LIABILITIES (0.40%)			**588,233**
NET ASSETS			**$148,083,174**

% 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

December 31, 2023

Shares		Cost	Value
Affiliated Mutual Funds (100.01%)			
Small Cap Funds (32.18%)			
914,251	Baron Discovery Fund - Institutional Shares	$ 23,178,115	$ 25,608,172
782,409	Baron Growth Fund - Institutional Shares	74,440,884	79,085,859
2,187,911	Baron Small Cap Fund - Institutional Shares	72,660,781	71,522,819
Total Small Cap Funds		170,279,780	176,216,850
Small to Mid Cap Funds (6.28%)			
903,189	Baron Focused Growth Fund - Institutional Shares	29,605,351	34,402,480
Mid Cap Funds (12.86%)			
677,289	Baron Asset Fund - Institutional Shares	65,517,702	70,431,241
Large Cap Funds (7.45%)			
704,627	Baron Durable Advantage Fund - Institutional Shares	11,114,018	15,896,384
574,033	Baron Fifth Avenue Growth Fund - Institutional Shares	20,513,764	24,884,344
Total Large Cap Funds		31,627,782	40,780,728
All Cap Funds (18.49%)			
645,766	Baron Opportunity Fund - Institutional Shares	16,329,290	24,261,417
463,115	Baron Partners Fund - Institutional Shares	42,074,948	76,974,292
Total All Cap Funds		58,404,238	101,235,709
International Funds (9.16%)			
1,051,558	Baron Emerging Markets Fund - Institutional Shares	15,121,887	14,742,838
613,451	Baron Global Advantage Fund - Institutional Shares	16,402,335	19,317,565
618,875	Baron International Growth Fund - Institutional Shares	16,740,999	16,078,360
Total International Funds		48,265,221	50,138,763
Sector Funds (13.59%)			
1,003,942	Baron FinTech Fund - Institutional Shares	13,875,568	14,276,057
793,631	Baron Health Care Fund - Institutional Shares	14,017,322	15,118,679
927,553	Baron Real Estate Fund - Institutional Shares	31,191,013	33,160,012
814,354	Baron Real Estate Income Fund - Institutional Shares	12,846,183	11,832,569
Total Sector Funds		71,930,086	74,387,317
TOTAL AFFILIATED INVESTMENTS (100.01%)		**$475,630,160**	**547,593,088**
LIABILITIES LESS CASH AND OTHER ASSETS (-0.01%)			**(74,619)**
NET ASSETS			**$547,518,469**

% Represents percentage of net assets.

Baron Health Care Fund — PORTFOLIO OF INVESTMENTS

December 31, 2023

Shares		Cost	Value
Common Stocks (97.75%)			
Health Care (97.75%)			
	Biotechnology (19.59%)		
63,500	Arcellx, Inc.[1]	$ 2,574,692	$ 3,524,250
20,055	argenx SE, ADR[1,2]	6,699,349	7,629,524
5,000	BioNTech SE, ADR[1,2]	526,268	527,700
59,000	Immunovant, Inc.[1]	2,105,528	2,485,670
75,000	Legend Biotech Corp., ADR[1,2]	4,504,654	4,512,750
7,500	Moderna, Inc.[1]	684,567	745,875
261,254	Rocket Pharmaceuticals, Inc.[1]	4,842,850	7,829,782
23,000	Vertex Pharmaceuticals, Incorporated[1]	5,946,486	9,358,470
100,100	Xenon Pharmaceuticals, Inc.[1,2]	3,651,406	4,610,606
		31,535,800	41,224,627
	Health Care Distributors (2.38%)		
10,800	McKesson Corp.	2,651,423	5,000,184
	Health Care Equipment (16.86%)		
144,300	Boston Scientific Corp.[1]	7,557,843	8,341,983
35,000	DexCom, Inc.[1]	3,975,409	4,343,150
6,995	IDEXX Laboratories, Inc.[1]	2,933,296	3,882,574
11,000	Inspire Medical Systems, Inc.[1]	1,457,249	2,237,730
30,233	Intuitive Surgical, Inc.[1]	7,267,519	10,199,405
12,000	Shockwave Medical, Inc.[1]	2,503,752	2,286,720
14,000	Stryker Corp.	3,827,687	4,192,440
		29,522,755	35,484,002
	Health Care Facilities (3.04%)		
18,300	HCA Healthcare, Inc.	4,144,546	4,953,444
45,000	Surgery Partners, Inc.[1]	1,459,178	1,439,550
		5,603,724	6,392,994
	Health Care Supplies (4.07%)		
128,000	Neogen Corp. [1]	2,420,635	2,574,080
15,850	The Cooper Companies, Inc.	5,478,798	5,998,274
		7,899,433	8,572,354
	Health Care Technology (1.51%)		
35,000	Schrödinger, Inc.[1]	942,721	1,253,000
10,000	Veeva Systems, Inc., Cl A[1]	1,917,760	1,925,200
		2,860,481	3,178,200
	Life Sciences Tools & Services (17.90%)		
14,700	10X Genomics, Inc., Cl A[1]	823,014	822,612
40,000	Bio-Techne Corporation	3,091,287	3,086,400
15,100	Danaher Corp.	3,439,353	3,493,234
31,000	Exact Sciences Corp.[1,3]	2,035,047	2,293,380
20,200	ICON plc[1,2]	4,159,401	5,718,014
2,650	Mettler-Toledo International, Inc.[1]	2,726,860	3,214,344
23,600	Natera, Inc.[1,3]	1,441,631	1,478,304
10,000	Repligen Corp.[1]	1,616,032	1,798,000
81,631	Stevanato Group SpA[2]	1,923,580	2,227,710
17,749	Thermo Fisher Scientific, Inc.	8,573,805	9,420,992
11,650	West Pharmaceutical Services, Inc.	3,438,733	4,102,198
		33,268,743	37,655,188

Shares		Cost	Value
Common Stocks (continued)			
Health Care (continued)			
	Managed Health Care (12.08%)		
6,700	Elevance Health, Inc.	$ 2,975,916	$ 3,159,452
5,425	Humana, Inc.	2,291,526	2,483,619
37,572	UnitedHealth Group, Incorporated	13,933,454	19,780,531
		19,200,896	25,423,602
	Pharmaceuticals (20.32%)		
80,000	AstraZeneca PLC, ADR[2]	4,902,730	5,388,000
34,592	Eli Lilly & Co.	8,224,141	20,164,369
87,400	Merck & Co., Inc.	8,188,605	9,528,348
35,000	Structure Therapeutics, Inc., ADR[1,2]	2,097,304	1,426,600
31,700	Zoetis, Inc.	4,884,223	6,256,629
		28,297,003	42,763,946
TOTAL COMMON STOCKS		**160,840,258**	**205,695,097**

Principal Amount		Cost	Value
Short Term Investments (2.18%)			
$4,598,348	Repurchase Agreement with Fixed Income Clearing Corp., dated 12/29/2023, 4.85% due 1/2/2024; Proceeds at maturity $4,600,826 ; (Fully Collateralized by $2,312,800 U.S. Treasury Note, 4.625% due 11/15/2026 Market value - $2,361,506 and Fully Collateralized by $2,260,200 U.S. Treasury Note, 4.50% due 7/15/2026 Market value - $2,328,870)	**4,598,348**	**4,598,348**
TOTAL INVESTMENTS (99.93%)		**$165,438,606**	**210,293,445**
CASH AND OTHER ASSETS LESS LIABILITIES (0.07%)			**138,959**
NET ASSETS			**$210,432,404**

% 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

December 31, 2023

Shares		Cost	Value
Common Stocks (98.82%)			
Consumer Discretionary (3.69%)			
	Broadline Retail (3.69%)		
1,400	MercadoLibre, Inc.[1]	$ 2,084,586	$ 2,200,156
Financials (65.57%)			
	Asset Management & Custody Banks (2.93%)		
2,150	BlackRock, Inc.	1,749,771	1,745,370
	Diversified Banks (1.57%)		
112,000	NU Holdings Ltd., Cl A[1,2]	878,100	932,960
	Diversified Financial Services (3.60%)		
23,000	Apollo Global Management, Inc.	1,683,361	2,143,370
	Financial Exchanges & Data (21.05%)		
5,600	CME Group, Inc.	1,170,111	1,179,360
3,700	FactSet Research Systems, Inc.	1,549,393	1,765,085
4,200	Moody's Corp.	1,497,327	1,640,352
5,100	Morningstar, Inc.	1,114,127	1,459,824
3,300	MSCI, Inc.	1,460,004	1,866,645
6,600	S&P Global, Inc.	2,605,418	2,907,432
19,000	Tradeweb Markets, Inc., Cl A	1,567,302	1,726,720
		10,963,682	12,545,418
	Insurance Brokers (0.40%)		
10,000	BRP Group, Inc., Cl A[1]	286,809	240,200
	Investment Banking & Brokerage (7.70%)		
11,000	Houlihan Lokey, Inc.	843,251	1,319,010
10,000	Interactive Brokers Group, Inc., Cl A	796,800	829,000
6,800	LPL Financial Holdings, Inc.	1,140,768	1,547,816
13,000	The Charles Schwab Corp.	972,540	894,400
		3,753,359	4,590,226
	Property & Casualty Insurance (6.75%)		
17,300	Arch Capital Group Ltd.[1,2]	1,416,332	1,284,871
2,000	Kinsale Capital Group, Inc.	342,522	669,820
13,000	The Progressive Corp.	1,581,601	2,070,640
		3,340,455	4,025,331
	Transaction & Payment Processing Services (21.57%)		
14,000	Block, Inc.[1]	2,535,138	1,082,900
13,400	Fiserv, Inc.[1]	1,438,436	1,780,056
9,000	Global Payments, Inc.	1,126,052	1,143,000
5,700	Jack Henry & Associates, Inc.	948,461	931,437
6,700	MasterCard, Incorporated, Cl A	2,318,807	2,857,617
13,000	Repay Holdings Corporation[1]	260,634	111,020
11,200	Visa, Inc., Cl A	2,382,161	2,915,920
3,300	WEX, Inc.[1]	656,410	642,015
125,000	Wise PLC, Cl A (United Kingdom)[1,2]	1,445,918	1,390,185
		13,112,017	12,854,150
Total Financials		35,767,554	39,077,025
Industrials (4.80%)			
	Research & Consulting Services (4.80%)		
2,600	Equifax, Inc.	549,418	642,954
10,000	TransUnion	968,707	687,100
6,400	Verisk Analytics, Inc.	1,229,237	1,528,704
Total Industrials		2,747,362	2,858,758

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (23.30%)			
	Application Software (13.94%)		
12,000	Alkami Technology, Inc.[1]	$ 304,549	$ 291,000
4,200	Bill.Com Holdings, Inc.[1]	518,119	342,678
20,000	Clearwater Analytics Holdings, Inc., Cl A[1]	484,321	400,600
2,200	Fair Isaac Corp.[1]	1,038,604	2,560,822
13,500	Guidewire Software, Inc.[1]	1,513,374	1,472,040
5,000	Intuit, Inc.	1,942,827	3,125,150
3,500	nCino, Inc.[1]	246,976	117,705
		6,048,770	8,309,995
	Internet Services & Infrastructure (1.57%)		
12,000	Shopify, Inc., Cl A[1,2]	1,697,734	934,800
	IT Consulting & Other Services (7.79%)		
4,500	Accenture plc, Cl A[2]	1,229,138	1,579,095
30,000	CI&T, Inc., Cl A[1,2]	439,692	157,800
19,000	Endava plc, ADR[1,2]	1,366,853	1,479,150
6,000	Globant S.A.[1,2]	1,493,374	1,427,880
		4,529,057	4,643,925
Total Information Technology		12,275,561	13,888,720
Real Estate (1.46%)			
	Real Estate Services (1.46%)		
10,000	CoStar Group, Inc.[1]	863,804	873,900
TOTAL COMMON STOCKS		**53,738,867**	**58,898,559**

Principal Amount			
Short Term Investments (1.22%)			
$726,336	Repurchase Agreement with Fixed Income Clearing Corp., dated 12/29/2023, 4.85% due 1/2/2024; Proceeds at maturity $726,727; (Fully Collateralized by $748,700 U.S. Treasury Note, 3.50% due 4/30/2028 Market value - $740,927)	**726,336**	**726,336**
TOTAL INVESTMENTS (100.04%)		**$54,465,203**	**59,624,895**
LIABILITIES LESS CASH AND OTHER ASSETS (-0.04%)			**(26,010)**
NET ASSETS			**$59,598,885**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
ADR American Depositary Receipt.

Baron New Asia Fund — PORTFOLIO OF INVESTMENTS

December 31, 2023

Shares		Cost	Value
Common Stocks (94.95%)			
China (23.42%)			
1,303	Alibaba Group Holding Limited, ADR	$ 122,893	$ 100,996
457	Baidu, Inc., ADR[1]	65,203	54,424
838	Baidu, Inc., Cl A[1]	13,648	12,474
11,010	China Mengniu Dairy Co. Ltd.	39,787	29,660
7,574	Estun Automation Co. Ltd., Cl A	26,797	19,845
7,164	Full Truck Alliance Co. Ltd., ADR[1]	51,674	50,220
4,713	Galaxy Entertainment Group Ltd.[1]	30,166	26,397
1,000	Glodon Co. Ltd., Cl A	4,370	2,416
6,179	Glodon Co. Ltd., Cl A (Hong Kong)	27,952	14,929
4,090	Jiangsu Hengli Hydraulic Co. Ltd., Cl A	34,282	31,541
2,191	Kanzhun Ltd., ADR[1]	37,134	36,393
34,398	Kingdee International Software Group Co. Ltd.[1]	63,126	50,215
8,929	Kingsoft Corp. Ltd.	37,908	27,603
234	Kweichow Moutai Co. Ltd., Cl A	59,819	56,961
3,795	Lufax Holding Ltd., ADR	47,319	11,649
4,216	Midea Group Co., Ltd., Cl A	39,137	32,485
15,098	NARI Technology Co. Ltd., Cl A	52,122	47,502
404	PDD Holdings, Inc., ADR[1]	47,118	59,109
513	Shenzhen Mindray Bio-Medical Electronics Co. Ltd., Cl A	25,577	21,035
3,239	Shenzhou International Group Holdings Ltd.	33,699	33,228
4,630	Tencent Holdings Limited, ADR	234,912	174,968
8,487	Venustech Group, Inc., Cl A	35,262	32,274
1,157	Yum China Holdings, Inc., (Hong Kong)	66,548	49,262
1,288	Yunnan Baiyao Group Co. Ltd., Cl A	10,203	8,928
1,140	Zai Lab Limited, ADR[1]	71,628	31,156
Total China		1,278,284	1,015,670
France (0.74%)			
182	Pernod Ricard SA	39,599	32,164
Hong Kong (3.33%)			
4,881	AIA Group Ltd.	52,861	42,479
21,121	Budweiser Brewing Co. APAC Ltd., 144A	53,179	39,595
592	Hong Kong Exchanges & Clearing Ltd.	33,138	20,306
3,513	Techtronic Industries Co. Ltd.	52,649	41,858
Total Hong Kong		191,827	144,238
India (42.76%)			
3,704	360 ONE WAM Ltd.	20,342	31,597
4,904	Aarti Pharmalabs Ltd.[1]	19,122	29,728
898	Amber Enterprises India Ltd.[1]	24,089	33,806
402	Apollo Hospitals Enterprise Ltd.	26,281	27,539
1,634	Bajaj Finance Limited	141,438	143,778
7,301	Bharti Airtel Ltd.	68,273	90,511
12,900	Bharti Airtel Ltd. PP	88,016	98,803
2,074	Cholamandalam Investment & Finance Co. Ltd.	28,983	31,370
720	Divi's Laboratories Ltd.	46,193	33,758

Shares		Cost	Value
Common Stocks (continued)			
India (continued)			
462	Dixon Technologies India Ltd.	$ 26,382	$ 36,434
7,042	Godrej Consumer Products Ltd.	87,152	95,693
2,914	Godrej Properties Ltd.[1]	59,319	70,437
4,151	HDFC Bank Ltd.	81,156	84,996
35,035	Jio Financial Services Ltd.[1]	96,710	97,950
35,480	JM Financial Limited	35,541	41,880
3,086	Jubilant FoodWorks Ltd.	24,881	20,943
1,061	Kaynes Technology India Ltd.[1]	31,797	33,270
1,539	Mahindra & Mahindra Ltd.	28,943	31,963
2,236	Max Financial Services Ltd.[1]	32,837	25,628
8,003	Max Healthcare Institute Ltd.	57,409	65,999
1,632	Neogen Chemicals Ltd.	22,731	29,005
1,917	Reliance Industries Limited	52,045	59,500
4,364	SBI Life Insurance Company Limited, 144A	70,384	75,103
3,091	Tata Communications Ltd.	53,628	65,728
554	Tata Consultancy Services Ltd.	23,385	25,231
4,298	Tata Consumer Products Ltd.	43,687	56,105
1,851	Titan Co. Ltd.	56,096	81,698
3,604	Trent Ltd.	72,481	132,239
862	Tube Investments of India Ltd.	32,146	36,671
112,299	Zomato Ltd.[1]	128,718	166,683
Total India		1,580,165	1,854,046
Indonesia (1.95%)			
226,900	Bank Rakyat Indonesia (Persero) Tbk PT	66,793	84,332
Japan (3.27%)			
440	Hoya Corp.	61,199	54,797
97	Keyence Corporation	52,421	42,618
249	Tokyo Electron Limited	36,123	44,257
Total Japan		149,743	141,672
Korea, Republic of (10.53%)			
3,441	Coupang, Inc., Cl A[1]	48,805	55,710
396	HD Hyundai Heavy Industries Co. Ltd.	31,104	39,503
281	HD Korea Shipbuilding & Offshore Engineering Co. Ltd.[1]	17,417	26,282
872	Korea Aerospace Industries Ltd.	29,593	33,757
4,062	Samsung Electronics Co., Ltd.	225,446	246,550
28	Samsung SDI Co. Ltd.	15,317	10,194
410	SK Hynix, Inc.	36,311	44,747
Total Korea, Republic of		403,993	456,743
Taiwan (8.95%)			
6,553	Delta Electronics, Inc.	56,106	66,830
6,698	Taiwan Semiconductor Manufacturing Co., Ltd.	116,593	128,411
1,855	Taiwan Semiconductor Manufacturing Co., Ltd., ADR	171,557	192,920
Total Taiwan		344,256	388,161
TOTAL COMMON STOCKS		**4,054,660**	**4,117,026**

Baron New Asia Fund — PORTFOLIO OF INVESTMENTS (Continued)

December 31, 2023

Principal Amount		Cost	Value
Short Term Investments (6.24%)			
$270,813	Repurchase Agreement with Fixed Income Clearing Corp., dated 12/29/2023, 4.85% due 1/2/2024; Proceeds at maturity $270,959; (Fully Collateralized by $268,100 U.S. Treasury Note, 4.50% due 7/15/2026 Market value - $276,245)	$ 270,813	$ 270,813
TOTAL INVESTMENTS (101.19%)		$ 4,325,473	4,387,839
LIABILITIES LESS CASH AND OTHER ASSETS (-1.19%)			(51,778)
NET ASSETS			$ 4,336,061

% Represents percentage of net assets.
1 Non-income producing securities.
ADR American Depositary Receipt.
144A Security is exempt from registration pursuant to Rule 144A under the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. At December 31, 2023, the market value of Rule 144A securities amounted to $114,698 or 2.65% of net assets.

Summary of Investments by Sector as of December 31, 2023	Percentage of Net Assets
Information Technology	21.5%
Consumer Discretionary	20.7%
Financials	15.9%
Communication Services	12.9%
Consumer Staples	7.1%
Industrials	6.7%
Health Care	6.3%
Real Estate	1.6%
Energy	1.4%
Materials	0.7%
Cash and Cash Equivalents*	5.1%
	100.0%**

* Includes short term investments, other assets and liabilities - net.
** Individual weights may not sum to 100% due to rounding.

Baron Technology Fund — PORTFOLIO OF INVESTMENTS — PORTFOLIO HOLDINGS

December 31, 2023

Shares		Cost	Value
Common Stocks (95.58%)			
Communication Services (7.62%)			
	Advertising (2.82%)		
3,538	The Trade Desk, Inc., Cl A[1]	$ 246,864	$ 254,594
	Interactive Home Entertainment (0.88%)		
496	Take-Two Interactive Software, Inc.[1]	72,912	79,831
	Interactive Media & Services (3.92%)		
582	Alphabet, Inc., Cl C[1]	76,538	82,021
767	Meta Platforms, Inc., Cl A[1]	128,520	271,488
		205,058	353,509
Total Communication Services		524,834	687,934
Consumer Discretionary (14.91%)			
	Automobile Manufacturers (5.89%)		
4,000	Rivian Automotive, Inc., Cl A[1]	59,041	93,840
1,763	Tesla, Inc.[1]	446,657	438,070
		505,698	531,910
	Broadline Retail (7.86%)		
4,669	Amazon.com, Inc.[1]	664,467	709,408
	Hotels, Resorts & Cruise Lines (1.16%)		
12,397	eDreams ODIGEO SA (Spain)[1,2]	104,465	104,937
Total Consumer Discretionary		1,274,630	1,346,255
Financials (2.02%)			
	Transaction & Payment Processing Services (2.02%)		
214	MasterCard, Incorporated, Cl A	79,426	91,273
352	Visa, Inc., Cl A	77,929	91,643
Total Financials		157,355	182,916
Industrials (2.43%)			
	Human Resource & Employment Services (2.43%)		
3,266	Ceridian HCM Holding, Inc.[1]	252,852	219,214
Information Technology (66.99%)			
	Application Software (11.24%)		
2,222	Gitlab, Inc., Cl A[1,3]	94,167	139,897
302	HubSpot, Inc.[1]	152,192	175,323
434	Intuit, Inc.	237,197	271,263
256	ServiceNow, Inc.[1,3]	135,432	180,862
897	Workday, Inc., Cl A[1]	201,628	247,626
		820,616	1,014,971
	Electronic Equipment & Instruments (1.49%)		
3,086	PAR Technology Corp.[1]	128,277	134,364
	Internet Services & Infrastructure (1.42%)		
1,652	Shopify, Inc., Cl A[1,2]	139,918	128,691
	IT Consulting & Other Services (2.02%)		
404	Gartner, Inc.[1]	134,061	182,249
	Semiconductor Materials & Equipment (6.12%)		
233	ASML Holding N.V.[2]	151,665	176,362
674	BE Semiconductor Industries NV (Netherlands)[2]	78,394	101,758
351	Lam Research Corp.	225,799	274,924
		455,858	553,044

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (continued)			
	Semiconductors (25.38%)		
2,667	Advanced Micro Devices, Inc.[1]	$ 299,132	$ 393,142
173	Broadcom, Inc.	121,688	193,111
22,578	indie Semiconductor, Inc., Cl A[1]	167,398	183,108
3,231	Marvell Technology, Inc.	166,305	194,862
1,632	Micron Technology, Inc.	131,182	139,275
155	Monolithic Power Systems, Inc.	64,586	97,771
1,693	NVIDIA Corp.	559,425	838,407
6,629	Taiwan Semiconductor Manufacturing Co. Ltd. (Taiwan)[2]	136,332	127,088
1,204	Taiwan Semiconductor Manufacturing Co., Ltd., ADR[2]	113,125	125,216
		1,759,173	2,291,980
	Systems Software (15.02%)		
1,101	Cloudflare, Inc., Cl A[1,3]	51,390	91,669
520	Crowdstrike Holdings, Inc., Cl A[1]	78,029	132,766
796	Datadog, Inc., Cl A[1,3]	66,818	96,619
1,663	Dynatrace, Inc.[1,3]	79,603	90,950
2,391	Microsoft Corporation	786,269	899,112
1,635	SentinelOne, Inc., Cl A[1]	45,274	44,864
		1,107,383	1,355,980
	Technology Hardware, Storage & Peripherals (4.30%)		
2,017	Apple, Inc.	357,759	388,333
Total Information Technology		4,903,045	6,049,612
Real Estate (1.61%)			
	Real Estate Services (1.61%)		
1,665	CoStar Group, Inc.[1]	131,696	145,504
TOTAL COMMON STOCKS		**7,244,412**	**8,631,435**

Principal Amount		Cost	Value
Short Term Investments (3.79%)			
$341,928	Repurchase Agreement with Fixed Income Clearing Corp., dated 12/29/2023, 4.85% due 1/2/2024; Proceeds at maturity $342,112; (Fully Collateralized by $338,500 U.S. Treasury Note, 4.50% due 7/15/2026 Market value - $348,784)	**341,928**	**341,928**
TOTAL INVESTMENTS (99.37%)		**$7,586,340**	**8,973,363**
CASH AND OTHER ASSETS LESS LIABILITIES (0.63%)			**56,851**
NET ASSETS			**$9,030,214**

% 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.

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