Letter from Ron

March 31, 2024

Baron Funds®

Quarterly Report

"I'm lucky I didn't visit Iscar's Israeli plant before Berkshire purchased that business. I would have paid a lot more for Iscar if I had!!!" Warren Buffett. Chairman. Berkshire Hathaway. 2006.

Buffett made that remark after Berkshire had purchased 80% of Iscar in 2006 for $4 billion! Iscar produces unique, small, consumable, tungsten carbide cutting machine tools. Iscar's tools allow its customers' expensive, large machine tools to earn more money. Iscar's executives, whom Buffett judged to be extraordinarily talented and unquestionably ethical, visited Buffett in Omaha before the acquisition was completed. Buffett did not visit Iscar's Israeli facility until three months *after* its acquisition by Berkshire! Eitan Wertheimer was Iscar's CEO. His family was the principal owner of that generational family business. Soon after Berkshire acquired Iscar, Eitan visited me in New York. When Buffett ultimately did tour Iscar's Israeli factory, Eitan described to me Warren's surprised reaction. "How can a factory that manufactures tools that use greasy lubricants be as spotless as a factory that manufactures drugs?!!!" Warren then remarked he was lucky to have not visited previously since he would have paid a much higher price had he done so.

Although Buffett and Baron both invest for the long term in exceptional people who operate unique, competitively advantaged businesses, we visit *before* we invest. And we keep visiting them...and their competitors...and consultants *after* we invest. Charlie Munger, Buffett's late business partner who recently passed away at age 99, attributed his and Warren's success to identifying and investing in "businesses that have unfair advantages." We, too, look for *unfair advantages*...and find they often become glaringly obvious during our research visits.

On Sunday afternoon, April 7, we visited **Vail Resorts, Inc.** in Vail, Colorado; **Space Exploration Technologies Corp.** (SpaceX) in Los Angeles the following

Monday morning and **Tesla, Inc.** in Palo Alto that Monday afternoon. We returned to New York City that evening. Whew. So, what did we learn? Plenty.

We first met Bill Rock, Vail Resorts' data driven, Chief of Mountain Operations on Sunday. We were interested in how data and AI, what I teasingly call *alien intelligence*, could enhance Vail's operations. Vail had struggled with heavy arrival traffic on weekends. Using data, Vail now dynamically charges for parking if fewer than three people arrive in one vehicle. It also instituted parking reservations. The impact? 60% of skiers arrive by carpool or shuttle! Further, skiers don't like to wait in lift lines. Vail now uses data to load and operate lifts more efficiently. This has reduced uphill time for each skier by more than 10 minutes...which has eliminated the need for four chair lifts! Chair lifts cost on average $10 to $14 million each. Mobile tickets enabled by Vail's scalable resort network also help in this regard. Finally, a super cool subscription revenue generating idea...Vail Epic Gear subscription memberships. Epic Gear equipment supply chains enabled by AI can potentially contribute several hundred million dollars annually to high-margin revenue.

On Monday morning in L.A., one of our analysts and I met a recently hired 23-year-old SpaceX engineer. Her new job was to work on the SpaceX Star Shield satellite network that protects our homeland. She had nine interviews since December before she was hired! The last was with a retired four-star general, the former commander of NORAD and Elon's special advisor on space. "What did he ask you?" was my question to her. "If you were going to design a satellite network, how would you do it? What coding would you use? Why?" "Seriously?" was my response. "You're just 23!!!" My colleague's reaction to that meeting? "She was one of the most impressive young individuals I have ever met." The next two hours we spent at SpaceX were with financial executives. That discussion centered on how SpaceX is able to accomplish so much so fast and at so much lower cost than its competitors. It seemed to us that it's all about SpaceX *question everything* and *first principles* culture that Elon has instilled. Starting from ground zero on all projects...how should each mission best be accomplished? Its focus is not on small incremental changes.

We spent the afternoon at Tesla's factory in Palo Alto. Speaking to engineers in charge of autonomous driving and

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compute. I have written a lot about Tesla over the past 10 years, so I won't do that again now. But I did appear on CNBC's Squawk Box on April 25 and spent a lot of my 25-minute interview discussing Tesla and our recent visit. That Squawk Box interview is posted on the Baron Funds website. As impressive as the two Tesla executives with whom we met, the afternoon ride in a Tesla full self-driving (FSD) car was as incredible. Actually, the meetings were the highlight…as they always are…it is so much fun to learn every day from awesome people...in this case, the awesome engineers who made this ride possible. The FSD ride was eye opening. We recommend you try it.

On April 19, 2024, *Barron's* published an interview with Jerry Sullivan, a Putnam portfolio manager. During that interview, Jerry described his work as a Fidelity summer research intern in 1985. At Fidelity, Jerry was mentored by my friend, Peter Lynch. Jerry's summer project was to research European chemical companies. He had the difficult task of "navigating differences in languages and accounting and reporting standards." It soon became obvious to Jerry all those years ago that the European businesses he was studying were far cheaper than their publicly owned U.S. counterparts. When he described his research to Peter, Peter invested in the companies. Jerry was puzzled. How could Peter possibly invest in those businesses when no research except Jerry's was available? Peter's response? "You don't know a lot compared to me. But you know a lot more, maybe, than anyone else." Those chemical stocks became among Fidelity Magellan Fund's top performing investments.

"If we had founded Netflix to compete against Blockbuster by renting movies through the mail instead of in stores, I would have named the business 'Movies Through the Mail.' We named the company Netflix!" Reed Hastings. Co-Founder. Netflix. 2002.

That was how Reed described his *vision* for Netflix to me when I visited the Netflix warehouse in Queens, New York, with him in 2002. That visit took place soon after the Netflix initial public offering on May 23, 2002. May 23, by the way, is my birthday, so the Netflix offering obviously had good karma. For the five years following its IPO, Netflix provided a DVD movie subscription service to its customers. That was because 22 years ago, the internet was not sufficiently robust to *stream* movies online. Netflix customers then ordered DVD movies sent from that warehouse facility through the mail. When Netflix subscribers returned their movie DVDs by mail, new DVDs were sent to the customer.

In 2007, Netflix inaugurated its disruptive Watch Now streaming service that we all now know as Netflix. Netflix' business valuation in 2002 was $300 million. Its current market value is more than $240 billion! We owned Netflix part of the way...but not long enough. Another great lesson about investing in visionary exceptional people...who create what we deem competitive advantaged growth businesses? *Invest for the long term*. Even if those businesses in the short term may seem expensive.

Charlie Munger was interviewed by Becky Quick on CNBC's Squawk Box five weeks before his 100th birthday. "Is there anything left on your bucket list? Anything you'd like to do?" Becky asked him. "Yes, Becky. I've always wanted to catch a 200 pound tuna. *But I'm not as strong as I was four years ago!"* I took that remark as encouraging. When Charlie was asked why he had been so successful as an investor, he answered, "I'm very good at recognizing unfair advantages." That's how we think we are distinctive as well. That and our assessment of people and our very long investment time horizon…and how much we enjoy our analyst "jobs" which are not impacted whether or not we can catch a 200 pound tuna.

Mike Minikes is a good friend. Mike is the Vice Chairman of Prime Finance at J.P. Morgan. That means he heads hedge fund prime brokerage, finance, custody, and transaction processing for the bank. Mike had previously been a senior executive at Bear Stearns where he held the same position. Bear was acquired by J.P. Morgan for nominal consideration after Bear went bankrupt in 2008 during the Great Financial Crisis. Not long after Bear Stearns' demise, Michael and his wife were driving to their summer home in East Hampton that Spring. As they passed a Carvel ice cream store in Bridgehampton, which rarely seemed to have any customers, Mike turned to his wife. "Can you believe it? Bear Stearns, one of Fortune's most admired companies...GONE!...but Carvel lives on!!!!" Clearly, Mike missed the competitive advantage Carvel had created with its Cookie Puss and Fudgie the Whale ice cream cakes. You can't make this stuff up. One more thing. Before Bear's collapse, few investors recognized the reason Bear had become so profitable and admired was due to the extraordinary leverage it used to invest in speculative debt securities. The strategy worked in good times, though not during the Great Financial Crisis. The lesson? The most distinguishing characteristic of Bear was its decision to risk its balance sheet.

"If you are doing the same thing as everyone else, you will not be hard to compete against." Sam Altman. Co-Founder and CEO, OpenAI. January 24, 2019.

We, like Sam, believe that if your business is not distinct from others, you will not be difficult to compete against. Baron has investments in about 400 businesses. Only 30 represent about 58% of our Firm's $43 billion AUM. All these growth investments have become significant Baron holdings because their underlying businesses have been successful. Not because we initially made large investments in those businesses. All are clearly different from their competitors and, as Charlie Munger liked to say, have *unfair advantages* over those competitors.

By the way. We founded our Firm in 1982 with $10 million in AUM. In 1992, we had approximately $100 million in AUM. Baron Capital has earned more than $44 billion in realized and unrealized gains since 1992!

Since their respective inceptions as mutual funds, 15 funds, representing 96.7% of Baron Funds' AUM, have outperformed their benchmarks and 12 funds, representing 94.6% of Baron Funds' AUM, rank in the top 20% of their respective Morningstar categories. Five funds, representing 45.7% of Baron Funds' AUM, rank in the top 1% of their categories. **Baron Partners Fund** is the top performing U.S. equity fund (out of 2,091 share classes) since its conversion in 2003 from a partnership to a mutual fund!*

Several examples of what we characterize as competitively advantaged businesses:

Interactive Brokers Group, Inc. has little competition. About 80% of this financial firm's clients are not U.S. citizens. About 80% of Interactive Brokers' customer assets are invested through Interactive Brokers in well-known U.S. growth businesses. Many of this firm's customers have become wealthy in their native countries and seek to diversify their investments to assure that their families will remain wealthy. Most Interactive Brokers' competitors long ago abandoned those markets. That is since compliance with continuously changing local country regulations is extraordinarily difficult. Interactive Brokers has invested significantly in coders and technology to keep up with rule changes and to provide terrific services at attractive prices to its customers in those geographies. Similar services provided by banks domiciled in those countries charge layers upon layers of fees.

Verisk Analytics, Inc. was founded as a not-for-profit data and analytics business by a consortium of insurers. Verisk's purpose was to consolidate and organize U.S. property and casualty insurance industry data to help digitize P&C insurers. P&C companies contribute their data to Verisk for no compensation. They then pay Verisk to use that data after it has been combined with data of other providers! Nearly all U.S. P&C companies contribute their data to Verisk, repurchase that data, and use Verisk analytics. Accordingly, Verisk services are deeply embedded in P&C workflows. Following Verisk's conversion to a for-profit business, its competitive advantage was substantial. *Verisk's contributory databases are virtually impossible to replicate*. The amount paid by P&C insurers to Verisk is less than 0.4% of the insurers' annual expenses. Further, Verisk's client revenue retention rates approximate 99%. Since Verisk continues to add analytics, software, and services to augment and enhance its contributory databases, Verisk's prospects for double-digit revenue and free-cash-flow growth remain strong.

Following adoption of regulations that limit construction of *locals* casinos in Las Vegas communities (e.g., near homes, schools, playgrounds, houses of worship, and hospitals), the Fertitta family's **Red Rock Resorts, Inc.** owns virtually all the casino developable land in such communities. *Locals* casinos, whose patrons are principally local residents and Strip hotel employees, earn dramatically higher returns on capital invested than Strip casinos. Las Vegas's Strip casinos generally cost four to five times the construction cost of *locals*' entertainment venues.

Vail Resorts, Inc. is the largest ski resort company in the world. Before winter snows, Vail sells season lift ticket passes that can be used at any of its worldwide 41 mountain resorts network. Vail's Epic ski passes purchased in the summer now account for more than 70% of annual skier visits. Vail's goal is to have more than 90% of its lift tickets purchased pre-season! Using data and analytics, Vail is able to more effectively market and invest in its properties. Vail's management team has begun a capital-light European expansion. Annual ski visits in Europe are three times those in the U.S. Other geographies also beckon.

Arch Capital Group Ltd.'s exceptional management team compensates its sales representatives based on profits produced over the term of its policies...not on how much additional premium revenues they produce in a given year. This is an unusual practice in the P&C insurance industry and incents careful underwriting not just premium growth. Accordingly, when rates are low, Arch doesn't grow much. When rates are high, like now, Arch grows a lot. One more thing. Arch management employs a *cycle management* strategy and depends on other insurance products like mortgage insurance...not just property and casualty. This diversification is how Arch stays rich...after it had become rich.

I will continue to write about the *unfair competitive advantages*, returns, and growth prospects of Baron Capital's Top 30 Holdings...as well as opportunities of more recent Baron Capital purchases in future "Letters from Ron."

"Warren and I played Monopoly when we were children. Warren always won. I saved money in little piles in front of me but as the game went on, I was landing on more and more properties with Warren's houses and hotels, and pretty soon all my money was gone. I realized it was a better strategy to buy property than to hoard money. He owes his success to me since I trained him to be a winner and he just kept going." Bertie Buffett Elliott. Warren's 91-year old *younger* sister. Berkshire Hathaway annual meeting, May 2024.

Bertie's perspective, of course, is in sync with Baron Capital's OWN IT! philosophy and the theme of the 2023 Annual Baron Investment Conference. We think of ourselves as part owners of the *unfairly advantaged*, growth businesses Baron OWNs. We believe over the long term these businesses will perform much better than market indexes...and inflation...because the businesses we OWN will grow much faster than markets and GDP, if we are right. We don't expect stocks of businesses in which we invest to outperform every year…just over the long term. To grow faster, businesses generally reinvest a substantial portion of their profits back into their businesses. In the short term, growth capital investments in factories...technology...hiring and training employees...research...hotels...rockets... and satellites...mask the profitability of current operations.

Just like Warren Buffett's hotels and real estate purchases in Monopoly reduced the cash horde in front of him while Bertie's was growing...his younger sister was bankrupt by the end of each game because she didn't invest and had to pay Warren rent. We believe, as Bertie learned, when you stop investing in the future, although your short-term profits may be fine...sooner or later you will go out of business.

I attended law school from 1966-1969 in the evenings and worked as a Patent Examiner in the U.S. Patent Office in the daytime. My position as an examiner was then classified as a *critical skill* position that required knowledge of science and law. My *annual* salary in 1966 was $7,729 and, in addition, I was reimbursed for a large part of my law school tuition.

It was then that I became really interested in the stock market. Uncertainty engendered by student demonstrations against the War in Vietnam...assassinations of President Kennedy...his brother Robert, the Attorney General...and Martin Luther King…race riots…100 of our cities aflame…marches on Washington for Civil Rights…women's rights…and high inflation and interest rates...kept stock prices relatively depressed.

The Dow Jones Industrial Average in 1970 hovered around 1,000. Then, like now, most market seers focused on macro developments rather than studying businesses. They carefully watched money supply on Fridays. Just like they watch non-farm payrolls...the Consumer Price Index...unit labor costs...core CPI ex-food and energy...personal consumption expenditures... average hourly earnings...Bitcoin prices... unemployment rates...labor participation rates... today which impacts markets instantly. Few consider that the Dow is now 39,000!...up 39 times since 1970...and GDP, which measures the size of our economy, is now $28 trillion...up 31 times since 1968. GDP was $900 billion when Robert Kennedy, the assassinated President's brother, campaigned for President...and was also assassinated!

One of my friends recently addressed a group of summer interns at a large Wall Street firm. After his brief presentation, he asked the group where they believed the Dow Jones Industrial Average would be in 50 years when they would retire. The average answer... "up 60%!" We think the economy will grow faster in the next 50 years than in the past 50. Due to the impact of technology and the same 4% to 5% annual inflation rate since WWII that has caused the prices of most items and services to double about every 14 to 15 years, the stock market has doubled about every 10 years during my lifetime. If that continues to be the case, the Dow in 50 years could be 30 to 40 times its current level…not up 60%! Investments in stocks have historically been a great way to protect your savings against inflation…

Thank you for joining us as investors in Baron mutual funds. We will continue to work hard to invest for you and your families as well as ourselves and our families…and to attempt to significantly outperform markets and the growth of our economy. We will also try to continue to provide you with the information about your investments that I would like to have if our roles were reversed.

Respectfully,

Ronald Baron
CEO
May 12, 2024

P.S. It is amazingly gratifying, as I am sure you must understand by now, for me to be recognized virtually wherever I go and be thanked by our shareholders for the returns that many long-time Baron Fund shareholders have earned…which have changed their lives. Thank you for trusting us to invest for you and your families.

* This is a hypothetical ranking created by Baron Capital using Morningstar data and is as of 3/31/2024. There were 2,091 share classes in the nine Morningstar Categories mentioned below for the period from 4/30/2003 to 3/31/2024.

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.

As of 3/31/2024, the Morningstar Large Growth Category consisted of 1,191, 1,037, and 807 share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Partners Fund (Institutional Shares) in the 100th, 1st, 3rd, 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 750 share classes. On an absolute basis, Morningstar ranked Baron Partners Fund Institutional Share Class as the 1,189th, 1st, 15th, and 1st best performing share class in its Category, for the 1-, 5-, 10-year, and since conversion periods, respectively.

Baron Funds (Institutional Shares) and Benchmark Performance 3/31/2024

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 Discovery Fund†	Russell 2000 Growth Index	12.59%	8.36%	9/30/2013	15.27%	(6.72)%	8.96%	10.55%	1.06%(3)	$1.54 billion
Baron Growth Fund	Russell 2000 Growth Index	12.97%	7.88%	12/31/1994	12.46%	3.87%	11.69%	10.81%	1.05%(3)(4)	$8.05 billion
Baron Small Cap Fund	Russell 2000 Growth Index	10.54%	6.36%	9/30/1997	29.94%	3.42%	11.84%	10.64%	1.05%(3)	$4.88 billion
SMALL/MID CAP										
Baron Focused Growth Fund(1)	Russell 2500 Growth Index	13.29%	8.28%	5/31/1996	13.48%	3.58%	23.56%	15.79%	1.06%(5)	$1.39 billion
MID CAP										
Baron Asset Fund	Russell Midcap Growth Index	11.47%	10.40%(2)	6/12/1987	18.08%	2.10%	9.98%	11.06%	1.05%(3)	$4.57 billion
LARGE CAP										
Baron Durable Advantage Fund	S&P 500 Index	15.97%	13.37%	12/29/2017	39.01%	15.89%	18.84%	N/A	1.00%/0.70%(3)(7)	$329.97 million
Baron Fifth Avenue Growth Fund†	Russell 1000 Growth Index	9.72%	11.97%	4/30/2004	48.30%	(0.24)%	10.76%	12.32%	0.78%/0.76%(3)(8)	$612.20 million
ALL CAP										
Baron Opportunity Fund†	Russell 3000 Growth Index	9.69%	7.15%	2/29/2000	46.63%	3.25%	19.47%	15.81%	1.06%(3)	$1.31 billion
Baron Partners Fund(1)	Russell Midcap Growth Index	14.70%	10.14%	1/31/1992	5.78%	(0.20)%	25.16%	17.37%	1.99%(5)(6)	$6.05 billion
NON-U.S./GLOBAL										
Baron Emerging Markets Fund	MSCI EM Index	3.31%	1.70%	12/31/2010	8.09%	(8.17)%	1.19%	2.54%	1.11%(5)	$4.22 billion
Baron Global Advantage Fund†	MSCI ACWI Index	10.64%	9.63%	4/30/2012	18.88%	(13.49)%	5.63%	9.29%	0.95%/0.91%(5)(9)	$637.91 million
Baron International Growth Fund	MSCI ACWI ex USA Index	8.88%	6.95%	12/31/2008	5.11%	(5.22)%	4.79%	5.15%	0.98%/0.95%(5)(10)	$370.22 million
Baron New Asia Fund	MSCI AC Asia ex Japan Index	(6.50)%	(6.17)%	7/30/2021	9.42%	N/A	N/A	N/A	6.93%/1.20%(5)(11)	$4.64 million
SECTOR										
Baron FinTech Fund†	FactSet Global FinTech Index	10.58%	2.27%	12/31/2019	29.12%	1.80%	N/A	N/A	1.21%/0.95%(5)(12)	$61.38 million
Baron Health Care Fund	Russell 3000 Health Care Index	13.61%	11.45%	4/30/2018	20.36%	3.49%	14.19%	N/A	0.88%/0.85%(5)(13)	$240.82 million
Baron Real Estate Fund	MSCI USA IMI Extended Real Estate Index	14.14%	11.36%	12/31/2009	26.46%	2.75%	16.09%	10.41%	1.06%(5)	$1.89 billion
Baron Real Estate Income Fund	MSCI US REIT Index	8.29%	3.78%	12/29/2017	12.46%	0.95%	9.41%	N/A	0.96%/0.80%(5)(14)	$150.14 million
Baron Technology Fund	MSCI ACWI Information Technology Index	1.93%	7.08%	12/31/2021	53.08%	N/A	N/A	N/A	5.04%/0.95%(5)(15)	$25.22 million
EQUITY ALLOCATION										
Baron WealthBuilder Fund	S&P 500 Index	13.10%	13.37%	12/29/2017	19.42%	0.80%	14.18%	N/A	1.22%/1.19%(5)(16)	$569.76 million

(1) Reflects the actual fees and expenses that were charged when the Funds were partnerships. The predecessor partnerships charged a 20% performance fee (Baron Partners Fund) or a 15% performance fee (Baron Focused Growth Fund) after reaching a certain performance benchmark. If the annual returns for the Funds did not reflect the performance fee for the years the predecessor partnerships charged a performance fee, returns would be higher. The Funds' shareholders are not charged a performance fee.
(2) For the period June 30, 1987 to March 31, 2024.
(3) As of 9/30/2023.
(4) Comprised of operating expenses of 1.04% and interest expense of 0.01%.
(5) As of 12/31/2023.
(6) Comprised of operating expenses of 1.04% and interest expense of 0.95%.
(7) Gross annual expense ratio was 1.00%, but the net annual expense ratio was 0.70% (net of Adviser's fee waivers).
(8) 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%).
(9) Gross annual expense ratio was 0.95%, 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 0.98%, but the net annual expense ratio was 0.95% (net of Adviser's fee waivers).
(11) Gross annual expense ratio was 6.93%, but the net annual expense ratio was 1.20% (net of Adviser's fee waivers and expense reimbursements).
(12) Gross annual expense ratio was 1.21%, but the net annual expense ratio was 0.95% (net of Adviser's fee waivers).
(13) Gross annual expense ratio was 0.88%, but the net annual expense ratio was 0.85% (net of Adviser's fee waivers).
(14) Gross annual expense ratio was 0.96%, but the net annual expense ratio was 0.80% (net of Adviser's fee waivers).
(15) Gross annual expense ratio was 5.04%, but the net annual expense ratio was 0.95% (net of Adviser's fee waivers and expense reimbursements).
(16) Gross annual expense ratio was 1.22%, but the net annual expense ratio was 1.19% (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.

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 waives and/or reimburses or may waive or 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 Discovery Fund's 1Q2024, 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, and **Baron Opportunity Fund's** 3-, 5- and 10-year historical performance were impacted by gains from IPOs and there is no guarantee that these results can be repeated or that the Funds' level of participation in IPOs will be the same in the future.

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

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

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

Ranking information provided is calculated for the **Institutional Share Class** and is as of **3/31/2024.** 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 1191, 1037, and 807, share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Opportunity Fund in the 7th, 5th, 10th, and 3rd percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 2/29/2000, and the category consisted of 592 share classes. Morningstar ranked Baron Partners Fund in the 100th, 1st, 3rd, and 1st percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund converted into a mutual fund 4/30/2003, and the category consisted of 750 share classes. Morningstar ranked Baron Durable Advantage Fund in the 43rd, 9th, and 22nd percentiles for the 1-, 5-, and since inception periods, respectively. The Fund launched 12/29/2017, and the category consisted of 1079 share classes. The **Morningstar Mid Cap Growth Category** consisted of 549, 489, and 393, share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Asset Fund in the 78th, 68th, 28th, 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 94th, 32nd, 34th, 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 92nd, 1st, 1st, and 3rd percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund converted into a mutual fund 6/30/2008, and the category consisted of 434 share classes. The **Morningstar Small Cap Growth Category** consisted of 585, 520, and 400, share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Small Cap Fund in the 6th, 16th, 15th, and 5th percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 9/30/1997, and the category consisted of 235 share classes. Morningstar ranked Baron Discovery Fund in the 68th, 46th, 16th, and 5th percentiles for the 1-, 5-, 10-, and since inception periods, respectively. The Fund launched 9/30/2013, and the category consisted of 513 share classes. The Fund launched 9/30/2013, and the category consisted of 513 share classes. The **Morningstar Real Estate Category** consisted of 250, 217, and 160, 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 181 share classes. Morningstar ranked Baron Real Estate Income Fund in the 9th, 2nd, and 2nd percentiles for the 1-, 5-, and since inception periods, respectively. The Fund launched 12/29/2017, and the category consisted of 224 share classes. The **Morningstar Foreign Large Growth Category** consisted of 407, 327, 223, and 244 share classes for the 1-, 5-,10-year, and since inception (12/31/2008) periods. Morningstar ranked Baron International Growth Fund in the 92nd, 85th, 58th, and 24th, respectively. The **Morningstar Diversified Emerging Markets Category** consisted of 817, 657, 425, and 375 share classes for the 1-, 5-, 10-year, and since inception (12/31/2010) periods. Morningstar ranked Baron Emerging Markets Fund in the 59th, 80th, 61st, and 14th, respectively. The **Morningstar Health Category** consisted of 178, 136, and 138 share classes for the 1-, 5-, and since inception (12/31/2018) periods. Morningstar ranked Baron Health Care Fund in the 15th, 2nd, and 1st, respectively. The **Morningstar Aggressive Allocation Category** consisted of 184, 163, and 175 share classes for the 1-, 5-, and since inception (12/29/2017) periods. Morningstar ranked Baron WealthBuilder Fund in the 68th, 1st, and 1st, respectively.

BARON CAPITAL'S TOP 30 HOLDINGS
As of 3/31/2024

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 (X)	Annualized Total Return (%)
1	TSLA	*Tesla, Inc.*	2014	$3,027	6.8	$4,238	1,378.2	14.8	30.4
2	931JQH909	*Space Exploration Technologies Corp.*	2017	$2,231	5.0	$1,255	576.4	6.8	33.9
3	IT	*Gartner, Inc.*	2007	$2,026	4.6	$2,669	1,772.2	18.7	18.8
4	ACGL	*Arch Capital Group Ltd.*	2002	$1,944	4.4	$2,139	3,133.4	32.3	17.1
5	CSGP	*CoStar Group, Inc.*	2001	$1,868	4.2	$2,134	5,467.7	55.7	19.6
6	MSCI	*MSCI Inc.*	2007	$1,263	2.8	$1,354	2,390.2	24.9	21.7
7	FDS	*FactSet Research Systems Inc.*	2006	$1,244	2.8	$1,319	973.6	10.7	14.6
8	IDXX	*IDEXX Laboratories, Inc.*	2005	$1,137	2.6	$2,271	3,651.5	37.5	20.8
9	MTN	*Vail Resorts, Inc.*	1997	$1,069	2.4	$1,209	1,203.6	13.0	9.9
10	KNSL	*Kinsale Capital Group, Inc.*	2016	$1,008	2.3	$960	2,841.8	29.4	55.4
11	H	*Hyatt Hotels Corporation*	2009	$858	1.9	$673	484.8	5.8	13.0
12	GWRE	*Guidewire Software, Inc.*	2012	$725	1.6	$464	404.4	5.0	14.6
13	RRR	*Red Rock Resorts, Inc.*	2016	$623	1.4	$374	298.7	4.0	19.1
14	ANSS	*ANSYS, Inc.*	2009	$610	1.4	$894	1,235.7	13.4	18.6
15	CHH	*Choice Hotels International, Inc.*	1996	$601	1.4	$791	3,490.2	35.9	14.0
16	SCHW	*The Charles Schwab Corp.*	1992	$538	1.2	$1,493	11,477.4	115.8	16.4
17	PRI	*Primerica, Inc.*	2010	$482	1.1	$591	1,397.5	15.0	21.3
18	TSM	*Taiwan Semiconductor Manufacturing Company Limited*	2013	$456	1.0	$374	873.6	9.7	23.5
19	MTD	*Mettler-Toledo International Inc.*	2008	$405	0.9	$983	1,745.4	18.5	21.0
20	MORN	*Morningstar, Inc.*	2005	$404	0.9	$449	1,607.7	17.1	16.2
21	NVDA	*NVIDIA Corporation*	2018	$403	0.9	$403	1,266.1	13.7	60.7
22	VRT	*Vertiv Holdings Co*	2019	$396	0.9	$503	641.6	7.4	59.3
23	GLPI	*Gaming and Leisure Properties, Inc.*	2013	$381	0.9	$375	161.3	2.6	9.7
24	WST	*West Pharmaceutical Services, Inc.*	2013	$353	0.8	$535	1,145.0	12.4	26.3
25	TECH	*Bio-Techne Corporation*	2009	$352	0.8	$365	501.1	6.0	12.6
26	ICLR	*ICON Plc*	2013	$326	0.7	$286	1,065.7	11.7	24.4
27	IRDM	*Iridium Communications Inc.*	2014	$312	0.7	$244	266.7	3.7	14.0
28	VRSK	*Verisk Analytics, Inc.*	2009	$308	0.7	$450	796.3	9.0	16.3
29	677172	*Samsung Electronics Co., Ltd.*	2013	$264	0.6	$146	178.0	2.8	10.4
30	SITE	*SiteOne Landscape Supply, Inc.*	2016	$261	0.6	$260	554.5	6.5	26.9

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 Capital's first purchase until 3/31/2024. Depending on Baron Capital's purchases and sales over the period, this performance may be lower or higher than the performance of the investment.

Portfolio holdings as a percentage of net assets as of March 31, 2024 for securities mentioned are as follows: Tesla, Inc. – Baron Fifth Avenue Growth Fund (2.7%), Baron Focused Growth Fund (7.8%), Baron Global Advantage Fund (2.8%), Baron Opportunity Fund (3.0%), Baron Partners Fund (29.3% *), Baron Technology Fund (1.4%); ***Space Exploration Technologies Corporation*** – Baron Asset Fund (2.3%), Baron Fifth Avenue Growth Fund (0.9%), Baron Focused Growth Fund (9.1%), Baron Global Advantage Fund (4.9%), Baron Opportunity Fund (2.4%), Baron Partners Fund (11.1% *); ***Gartner, Inc.*** – Baron Asset Fund (9.8%), Baron Growth Fund (8.8%), Baron Opportunity Fund (3.0%), Baron Partners Fund (4.6% *), Baron Small Cap Fund (5.1%), Baron Technology Fund (2.9%); ***Arch Capital Group Ltd.*** – Baron Asset Fund (4.1%), Baron Durable Advantage Fund (2.5%), Baron FinTech Fund (2.7%), Baron Focused Growth Fund (6.0%), Baron Growth Fund (10.4%), Baron International Growth Fund (2.8%), Baron Partners Fund (8.5% *); ***CoStar Group, Inc.*** – Baron Asset Fund (4.8%), Baron Durable Advantage Fund (1.4%), Baron FinTech Fund (1.6%), Baron Focused Growth Fund (4.7%), Baron Growth Fund (6.2%), Baron Opportunity Fund (3.3%), Baron Partners Fund (10.0% *), Baron Real Estate Fund (4.6%), Baron Technology Fund (4.3%); ***MSCI Inc.*** – Baron Asset Fund (0.6%), Baron Durable Advantage Fund (2.2%), Baron FinTech Fund (2.8%), Baron Focused Growth Fund (3.6%), Baron Growth Fund (10.4%), Baron Partners Fund (2.0% *); ***FactSet Research Systems Inc.*** – Baron Asset Fund (3.4%), Baron FinTech Fund (2.7%), Baron Focused Growth Fund (4.1%), Baron Growth Fund (6.8%), Baron Partners Fund (4.6% *); ***IDEXX Laboratories, Inc.*** – Baron Asset Fund (6.5%), Baron Focused Growth Fund (1.3%), Baron Growth Fund (3.4%), Baron Health Care Fund (1.6%), Baron Partners Fund (5.4% *), Baron Small Cap Fund (0.3%); ***Vail Resorts, Inc.*** – Baron Asset Fund (2.7%), Baron Focused Growth Fund (4.4%), Baron Growth Fund (5.5%), Baron Partners Fund (3.8% *); ***Kinsale Capital Group, Inc.*** – Baron Discovery Fund (3.4%), Baron FinTech Fund (1.5%), Baron Growth Fund (6.5%), Baron Small Cap Fund (5.1%); ***Hyatt Hotels Corporation*** – Baron Asset Fund (1.7%), Baron Focused Growth Fund (5.7%), Baron Partners Fund (7.5% *), Baron Real Estate Fund (1.9%); ***Guidewire Software, Inc.*** – Baron Asset Fund (3.3%), Baron Discovery Fund (1.8%), Baron FinTech Fund (2.5%), Baron Focused Growth Fund (4.4%), Baron Growth Fund (1.3%), Baron Opportunity Fund (1.6%), Baron Partners Fund (1.5% *), Baron Small Cap Fund (2.9%), Baron Technology Fund (1.2%); ***Red Rock Resorts, Inc.*** – Baron Discovery Fund (1.5%), Baron Focused Growth Fund (4.2%), Baron Growth Fund (1.5%), Baron Partners Fund (1.5% *), Baron Real Estate Fund (1.8%), Baron Small Cap Fund (3.7%); ***ANSYS, Inc.*** – Baron Asset Fund (2.3%), Baron Focused Growth Fund (2.4%), Baron Growth Fund (4.3%); ***Choice Hotels International, Inc.*** – Baron Asset Fund (1.4%), Baron Focused Growth Fund (3.4%), Baron Growth Fund (4.7%); ***The Charles Schwab Corp.*** – Baron Asset Fund (2.6%), Baron FinTech Fund (1.4%), Baron Partners Fund (4.6% *); ***Primerica, Inc.*** – Baron Growth Fund (4.7%); ***Taiwan Semiconductor Manufacturing Company Limited*** – Baron Durable Advantage Fund (2.1%), Baron Emerging Markets Fund (7.9%), Baron International Growth Fund (2.4%), Baron New Asia Fund (8.2%), Baron Opportunity Fund (1.2%), Baron Technology Fund (3.5%); ***Mettler-Toledo International Inc.*** – Baron Asset Fund (4.6%), Baron Durable Advantage Fund (1.0%), Baron Growth Fund (1.1%), Baron Health Care Fund (1.5%), Baron Small Cap Fund (0.9%); ***Morningstar, Inc.*** – Baron Asset Fund (1.1%), Baron FinTech Fund (2.6%), Baron Growth Fund (3.5%); ***NVIDIA Corporation*** – Baron Durable Advantage Fund (4.4%), Baron Fifth Avenue Growth Fund (14.7%), Baron Global Advantage Fund (11.1%), Baron Opportunity Fund (11.6%), Baron Technology Fund (9.7%); ***Vertiv Holdings Co*** – Baron Small Cap Fund (8.1%); ***Gaming and Leisure Properties, Inc.*** – Baron Growth Fund (3.0%), Baron Partners Fund (1.2% *); ***West Pharmaceutical Services, Inc.*** – Baron Asset Fund (2.6%), Baron Growth Fund (1.8%), Baron Health Care Fund (1.9%); ***Bio-Techne Corporation*** – Baron Asset Fund (2.2%), Baron Growth Fund (2.4%), Baron Health Care Fund (1.2%); ***ICON Plc*** – Baron Asset Fund (1.4%), Baron Health Care Fund (2.8%), Baron Small Cap Fund (4.8%); ***Iridium Communications Inc.*** – Baron Focused Growth Fund (1.4%), Baron Growth Fund (2.4%), Baron Partners Fund (0.8% *); ***Verisk Analytics, Inc.*** – Baron Asset Fund (4.5%), Baron FinTech Fund (2.4%), Baron Focused Growth Fund (2.7%); ***Samsung Electronics Co., Ltd.*** – Baron Emerging Markets Fund (4.9%), Baron International Growth Fund (1.4%), Baron New Asia Fund (5.0%); ***Interactive Brokers Group, Inc.*** – Baron FinTech Fund (1.8%), Baron Focused Growth Fund (3.7%); ***SiteOne Landscape Supply, Inc.*** – Baron Discovery Fund (2.5%), Baron Real Estate Fund (2.5%), Baron Small Cap Fund (3.3%).

*% of Long Positions

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

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INFLATION ACCORDING TO RON BARON

Did you know the price of most goods and services doubles every 14 years?

Inflation, a general increase in prices over time, has a significant impact on the purchasing power of our money. One effective way to outpace inflation and preserve or even grow our wealth is by investing in assets that have the potential to generate returns higher than the rate of inflation.

	Year	*Cost*	*March 2024**	*Multiple*	*CAGR*
Ron's Home 1948-1955 1122 Grassmere Avenue, Wanamassa, NJ (Asbury Park, NJ "suburb")	1948	$5,000	$558,100[1]	111.6X	6.5%
Ron's Home 1955-1975 542 Deal Parkway, West Allenhurst, NJ (Asbury Park, NJ "suburb")	1955	$20,000	$1,293,300[1]	64.7X	6.3%
Minimum Wage (New York City)	1957	$1 hour	$16[2] hour	16.0X	4.3%
Golf Caddy Fees	1957	$4 18 holes	$160 18 holes	40.0x	5.7%
Gallon of Gasoline	1960	$0.31 gallon	*$3.52*[3] *gallon*	11.4x	3.9%
Ron's Annual Tuition at Bucknell University	1965	$3,500	*$64,418*[4]	18.4X	5.1%
Ron's U.S. Patent Examiner Annual Salary	1966	$7,729	$138,728[5]	17.9x	5.2%
Ford Mustang (starting price)	1966	$2,500	$30,920[6]	12.4x	4.5%
Sirloin Steak	1966	$0.67 pound	$11.72[7] pound	17.5x	5.1%
NYC Top Law Firm – First Year Associate Annual Salary	1970	$15,000	$225,000[8]	15.0x	5.2%
Gold	1974	$188 ounce	$2,255[9] ounce	12.0x	5.2%
Dow Jones Industrial Average	1982	795	39,807[9]	50.0x**	9.7%**
S&P 500 Index	1982	107	5,354.35[9]	49.9x**	9.7%**
Gross Domestic Product (GDP)	1968	$968 billion	$27,957[10] Billion	28.9x	6.3%

* Sirloin Steak cost as of 2/29/2024, GDP data as of 12/31/2023.

** Returns for indexes listed do not include dividends which add an estimated 1.5% to 2.0% annually to such returns.

Sources:

1 - www.zillow.com. Data Retrieved April 1, 2024.
2 - New York State Department of Labor, New York's Minimum Wage, www.labor.ny.gov/minimumwage
3 - U.S. Energy Information Administration, US Regular All Formulations Gas Price [GASREGW], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/GASREGW, April 1, 2024.
4 - Bucknell University - Bursar Services, Cost Breakdown for 2023-24, https://www.bucknell.edu/admissions-aid/tuition-fees-financial-aid/information-about-tuition-fees
5 - Office of Personnel Management(OPM) Enterprise Human Resources Integration, Patent Examiner – Federal Salaries of 2022, retrieved from FederalPay.org, www.federalpay.org/employees/occupations/patent-examining
6 - Ford Motor Company, 2024 Ford Mustang, https://www.ford.com/cars/mustang/
7 - U.S. Bureau of Labor Statistics, Average Price: Steak, Sirloin, USDA Choice, Boneless (Cost per Pound/453.6 Grams) in U.S. City Average [APU0000703613], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/APU0000703613, April 1, 2024.
8 - Merken, S. (2023, November 29). U.S. law firm salary raises spread for second year in a row. *Reuters*. https://www.reuters.com/legal/legalindustry/us-law-firm-salary-raises-spread-second-year-row-2023-11-29/
9 - FactSet.
10 - U.S. Bureau of Economic Analysis, Gross Domestic Product [GDP], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/GDP, April 1, 2024.

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

The ***Dow Jones Industrial Average*** is a price-weighted measure of 30 U.S. blue-chip companies. It covers all industries with the exception of Transportation and Utilities. The ***S&P 500 Index*** measures the performance of 500 widely held large-cap U.S. companies. The indexes include reinvestment of dividends which positively impact the performance results. The indexes are unmanaged. Index performance is not fund performance; one cannot invest directly into an index.

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

BARON CAPITAL
EST 1982

The first three months of 2024 brought robust returns to U.S. and global equity markets, adding to the strong results from the prior quarter. The cumulative increases over the past two quarters elevated popular U.S. equity indexes, such as the S&P 500 Index and the Russell 3000 Index, to new all-time highs. Stocks were largely buoyed by ongoing economic resilience, a surge in positive sentiment surrounding advancements in artificial intelligence (AI), and the prospect of lower interest rates, although not as soon as initially expected.

LINDA MARTINSON
CHAIRMAN, PRESIDENT AND COO

New market peaks, however, should not be mistaken for peaking markets. All-time highs occur more frequently than one might expect. Since 1960, the S&P 500 Index has reached an all-time high 25% of the time, measured using month-end data. The Russell 3000 Index has done so 29% of the time since 1979, when index data first became available. Therefore, these peaks are not uncommon and do not mark something highly unusual. However, as markets continue to push to new heights, inefficiencies and dislocations begin to develop – conditions that create prime opportunities for active managers to demonstrate their value.

"We tend to overestimate the effect of a technology in the short run and underestimate the effect in the long run." This observation, known as Amara's Law, was made by American scientist and futurologist Roy Amara in the 1960s. Its relevance appears strikingly profound in today's financial landscape, especially in the context of the growing interest in generative AI and the ensuing buildup in investor excitement and expectations. While it is still hard to tell whether investors are expecting too much from AI in the near term, the attention to and the performance of key technology stocks suggests that market dynamics are currently aligning with this hypothesis.

The excessive focus on a small number of companies connected to the AI theme may be preventing investors from seeing a broader, long-term picture and from getting exposure to other attractive growth opportunities. This is particularly valid for passive equity investors who are exposed to the large bias of the popular equity indexes to a handful of stocks – something that we have addressed in the past and that has been broadly covered by financial media and commentators.

In the last quarter of 2023, the Russell 3000 Index returned 12%, with nearly one-third of this performance driven by six stocks of the Magnificent 7[1], recognized as pioneers in AI and some of the biggest beneficiaries of AI advancements. Moving into the first quarter of 2024, the Russell 3000 Index gained another 10%, with five stocks of the Magnificent 7 accounting for nearly half of this increase. These meaningful contributions to index performance were a function of solid stock returns but also of the significant weights these stocks have accumulated in the indexes. When there is concentration of momentum within a small number of stocks with material index weights, this tends to drive market cap outperformance. An analysis of longer-term historical data shows that this tends to be temporary, and that market cap outperformance and equal weight outperformance move in cycles.

The most popular stock market indexes, including the S&P 500 Index and the Russell 3000 Index, are market cap weighted. A market cap weighted index assigns larger weights to the stocks with larger market capitalization. When larger companies make up a bigger portion of the index, they are more likely to have a greater impact on its performance. On the other hand, each company included in an equal weight index is assigned the same weight, regardless of the company's size, market capitalization, or other characteristics. This can provide a clearer view of the market's overall performance.

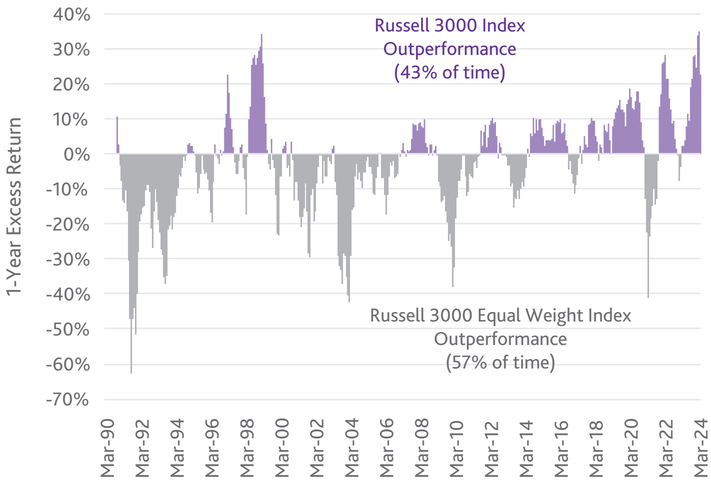
The chart on the next page shows the rolling one-year excess return of the Russell 3000 Index versus its equal-weight counterpart. More recently, the market-cap weighted Russell 3000 Index has been outperforming significantly, by amounts comparable only to those in the late 90s.

[1] *The group of stocks referred to as the Magnificent 7 consists of Microsoft Corp., Apple Inc., NVIDIA Corp., Alphabet, Inc., Amazon.com, Inc., Meta Platforms, Inc., and Tesla, Inc. In 2023, all of these stocks performed significantly better than the general stock market, which earned the group that name.*

Market Cap Weighted Indexes Don't Always Outperform

Rolling One-Year Excess Return of the Russell 3000 Index vs. the Russell 3000 Equal Weight Index*

1/31/1990 - 3/31/2024



Sources: FactSet, Baron Capital.

** The Russell 3000 Equal Weight Index is not an actual index and is not part of the FTSE Russell family of indexes. In the above analysis, the Russell 3000 Equal Weight Index reflects the hypothetical performance of the Russell 3000 Index if each index constituent carried the same weight. The performance was measured by calculating the average return of the index constituents, daily, and then chain-linking the average returns to calculate rolling one-year performance. The performance data quoted represents past performance. Past performance is no guarantee of future results. Index performance is not Fund performance. Investors cannot invest directly in an index.*

Historically, such significant divergence in performance has always subsided and reverted. We have no reason to believe this time will be different. It's important to note that this doesn't necessarily imply a market pullback. Instead, for the effects of concentration to dissipate, it would be sufficient to see improved performance across a broader array of stocks. We believe that this broadening of market performance is already underway.

As shown in the next table, in Q1'24, NVIDIA Corp. was the largest contributor to the performance of the Russell 3000 Index, with an impressive three-month return of 82.46%. Despite this standout performance, 37 of the nearly 3000 index constituents outperformed NVIDIA Corp. during the quarter. Additionally, 846 index constituents outperformed the second largest contributor, Microsoft Corp., which returned 12.09%. And a total of 972 index constituents, representing 33% of all constituents, outperformed the index itself.

The Stocks That Drove Q1'24 Market Returns Were Not Necessarily the Best Performers

Top 10 Contributors to the Performance of the Russell 3000 Index in Q1'24

#	Company Name	Index Weight as of 3/31/24	Total Return	Contribution to Index Return	# of Stocks in the Index with Better Performance
1	NVIDIA Corp.	4.23%	82.46%	2.15%	37
2	Microsoft Corp.	6.17%	12.09%	0.77%	846
3	Meta Platforms, Inc.	2.12%	37.33%	0.67%	171
4	Amazon.com, Inc.	3.20%	18.72%	0.56%	525
5	Eli Lilly and Co.	1.30%	33.69%	0.37%	203
6	Alphabet, Inc.	3.27%	8.05%	0.27%	1087
7	Berkshire Hathaway, Inc.	1.52%	17.91%	0.26%	568
8	Broadcom, Inc.	1.13%	19.23%	0.21%	511
9	JPMorgan Chase & Co.	1.14%	18.48%	0.19%	540
10	Exxon Mobil Corp.	0.92%	17.35%	0.14%	597
	Top 37 Index Stocks by Total Return	0.22%	82.7% to 473.5%	0.14%	
	Russell 3000 Index		**10.02%**		**972**

Source: FactSet.

The performance data quoted represents past performance. Past performance is no guarantee of future results.

This data clearly shows that strong performance has not been limited to just a handful of stocks, and that there is a distinct opportunity for active managers to showcase their skill.

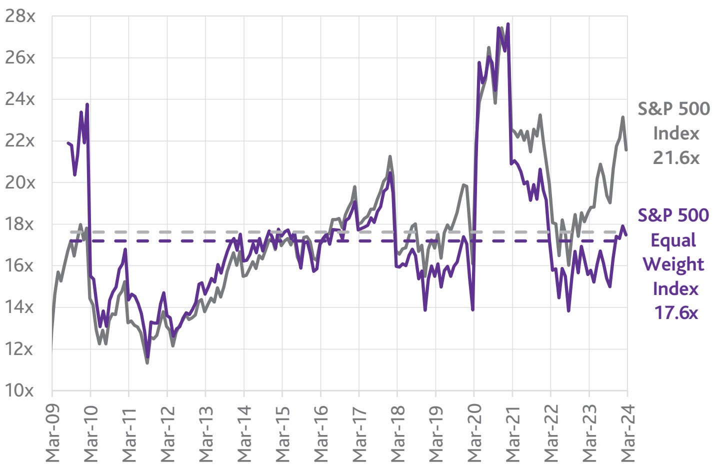
The higher dispersion among stocks is additionally evident in valuations. As the charts on the next page show, the range of stock valuations has been expanding recently. While some stocks may have become too richly valued, there remain a significant number of companies with more attractive valuations.

The first chart illustrates the one-year forward price-to-earnings (P/E) ratios of the S&P 500 Index and the S&P 500 Equal Weight Index, along with their long-term averages. Since 2009, when data for the S&P 500 Equal Weight Index first became available, the valuations of the two indexes have generally remained closely aligned. This suggests that, historically, investors have not consistently favored either the larger or smaller companies within the S&P 500 Index. However, more recently, we have observed a significant divergence, with the P/E ratio of the S&P 500 Index rising faster than that of the S&P 500 Equal Weight Index. This divergence points to some of the larger companies gaining a higher valuation relative to the broader market, a trend underscored by the S&P 500 Index's P/E ratio surpassing its 15-year average by a substantial margin, while the S&P 500 Equal Weight Index's valuation remains only moderately above its typical level. Our interpretation of this data: while overall valuations have risen, the increase is most pronounced among some of the largest cap stocks. Meanwhile, a multitude of smaller-sized companies are trading at considerably more reasonable valuations.

Mega Caps Have Caused Significant Dispersion in Valuations

Price-to-Earnings Using FY1 Earnings Estimates

As of 3/31/2024



Source: FactSet.

Note: FY1 estimates reflect the Street's expectations for a company's earnings per share over the next fiscal year.

The breadth of the market's valuation landscape is further illustrated by the subsequent charts, which depict P/E and price to sales (P/S) ratios across different market cap segments, based on one-year forward earnings and sales estimates.

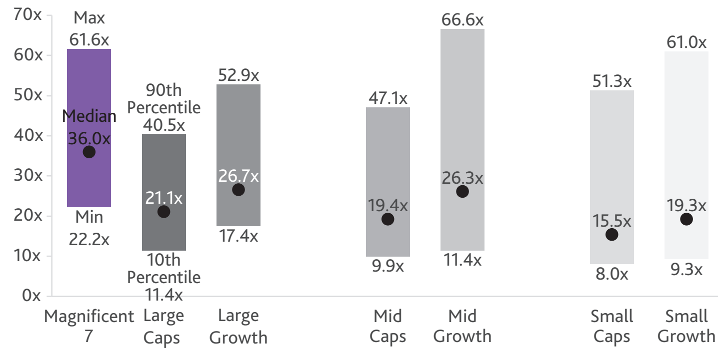
The first chart details the P/E ratios for large, mid, and small cap segments, alongside their respective growth categories, and the valuation spread of the Magnificent 7. Each bar, aside from the Magnificent 7, represents the valuation spectrum within each segment, with the 10th and 90th percentiles indicating the lowest and highest values, respectively, and the median highlighted for comparison. The Magnificent 7's valuation range is defined by the lowest and highest multiples in the group.

Key observations include: (i) the Magnificent 7 exhibit not only the highest median P/E and highest minimum, but also a remarkable variance within their valuations; (ii) larger cap stocks generally command higher median P/Es; and (iii) there is a notable spread in P/Es within each market cap category, more pronounced among smaller caps. Growth stocks reflect similar trends, with even wider valuation ranges, signaling potentially better opportunities for active investors in that segment.

There Is a Significant Dispersion of Valuations Across the Market Cap Spectrum

Price-to-Earnings Using FY1 Earnings Estimates

As of 3/31/2024



Source: FactSet.

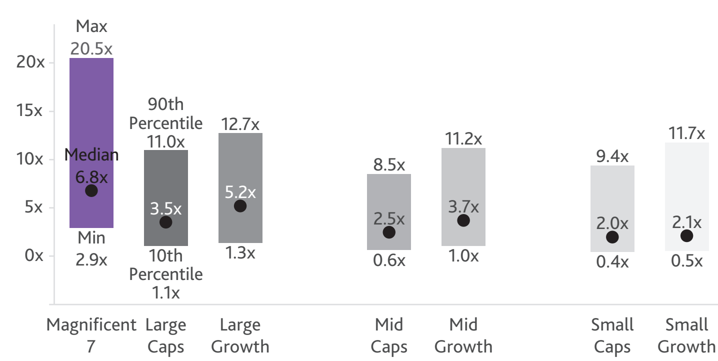
Note: The market cap categories in the charts above and below are represented by the following indexes: Large Caps by the Russell Top 200 Index, Large Growth by the Russell Top 200 Growth Index, Mid Caps by the Russell Midcap Index, Mid Cap Growth by the Russell Midcap Growth Index, Small Caps by the Russell 2000 Index, and Small Cap Growth by the Russell 2000 Growth Index.

Note: FY1 estimates reflect the Street's expectations for a company's earnings per share over the next fiscal year.

Equally telling is the second chart, which presents the P/S ratios across the market cap spectrum. A similar pattern emerges, with Magnificent 7 and larger growth stocks commanding higher sales multiples, a possible indication of investor expectations for substantial future revenue growth. Yet, this enthusiasm does not seem to extend uniformly across the market, as evidenced by the lower P/S ratios seen in smaller cap stocks. This disparity in sales valuation, particularly at the median and 10th percentile levels, offers a compelling narrative: there seems to be a segment of the market that may be overlooked by investors flocking to larger, more popular names.

Price-to-Sales Using FY1 Sales Estimates

As of 3/31/2024

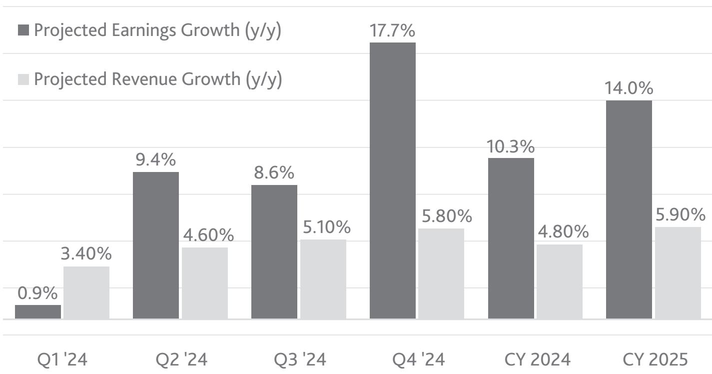


Source: FactSet. Note: FY1 estimates reflect the Street's expectations for a company's sales over the next fiscal year.

While valuation multiples have trended up in the past few months, we believe they largely remain supported by strong and improving fundamentals. As the next chart shows, earnings per share and revenues are generally expected by the Street to keep improving throughout the year and in 2025.

The Street Expects Corporate Revenues and Earnings to Improve in 2024 and 2025

Projected Earnings Per Share and Revenue Growth for the S&P 500 Index



Source: FactSet Earnings Insight from 4/12/2024.

This underpinning of stable growth rates sets the stage for what we expect may be a strong market for the rest of the year. Nevertheless, the performance and valuation dispersion of equities beyond the Magnificent 7 indicates a potential shift in how market leadership may unfold. In addition, the prospect of lower interest rates, persistent geopolitical volatility, and the upcoming U.S. presidential elections, present a complex backdrop and a potentially more intricate investment environment for investors to navigate. In our view, these varying market conditions favor the agility inherent in active management.

Returning to Amara's Law, it is the part about underestimating technology's long-term impact that captures our attention. In our view, people's tendency to underestimate long-term effects extends beyond technology. For example, the long-term potential of growth is frequently underestimated. This common oversight stems from a fundamental misunderstanding of how compounding can exponentially influence growth over extended periods, and a prevalent focus among investors on short-term earnings. Long-term compounding is crucial for long-term investing, particularly in growth stocks where investments in research and development and capital expenditures (e.g., building production facilities or buying equipment) may not provide immediate returns but are vital for sustained growth. Such investments often go underappreciated because they may temporarily impact earnings. We actively seek out these companies, convinced of their potential to outperform the market over the long term.

Our research team puts a significant emphasis on the importance of exceptional management teams and their commitment to long-term growth. We believe that strong, visionary leadership is crucial for transforming potential into success and navigating companies through market and technological changes. At the same time, we aim to make our investments at attractive valuations, which provide a safety margin and enhance the potential for superior returns. These four pillars – long-term growth potential, durable competitive advantages, high-quality management, and attractive valuations – are the fundamental components of our growth investing strategy at Baron Capital.

The exposures of the Baron Funds to different types of growth stocks vary widely based on the range and availability of opportunities in each Fund's investment universe, investment strategy objectives, and the risk appetites of the portfolio managers. Broadly speaking, our investments fall within stable growth or high/disruptive growth. The companies that we consider stable growth tend to be high-quality, well-established businesses with strong competitive advantages. These firms boast robust business models, often featuring high recurring revenues, attractive incremental margins, and strong cash generation capabilities. Many firms we initially invested in as smaller enterprises have matured into stable, core growth investments.

Our high/disruptive growth investments are aimed at innovative companies that are leading transformations within their industries. These companies are marked by their rapid scalability in large and expanding markets and are pioneers in or are driven by significant secular trends. We believe these businesses offer greater growth potential, albeit with more risk relative to other investments.

In connection with our long-term approach to investing, our research team looks for secular growth trends that represent transformative shifts that reshape industries and drive sustained economic progress. Within these secular growth trends, we identify themes that we believe provide the most attractive long-term opportunities.

One of the tech-related secular growth trends that we are investing in focuses on advancements in AI and machine learning (ML). While AI and ML have been focal points for our research team for years, we believe that these technologies are still in the early days of development. Recent breakthroughs have underscored their significant potential to disrupt entire industries and create substantial business value.

We view generative AI as the next major secular tectonic shift, like cloud platforms, and the most compelling force to power technology innovation and impact human life over the next decade. We believe it will disrupt many industries, strengthening some businesses and weakening others. In addition to semiconductor companies, we expect companies in systems software, autonomous driving, and business application software, along with investors in generative AI themselves, to benefit. For more of our thoughts on AI investing, please read our most recent publication on the subject *Agent Ascendancy: GenAI's Future Frontliners in Large-Scale Consumer Applications*.

An example of a secular growth trend in the Health Care sector where we are finding investment opportunities is treatment for the increasing number of obese and diabetic people. For years, medical technology and pharmaceutical companies have been developing innovative devices and drugs that can help people manage their blood sugar and lose weight. Last year, a new class of weight loss drugs (GLP-1s) gained significant popularity, after showing significant potential to mitigate these conditions and the health issues that accompany them. According to scientists, these drugs have been shown to reduce weight by 15% to 20%, with few major side effects or safety concerns. We think people will be motivated to try GLP-1s for health, lifestyle, and aesthetic reasons. Over time, we expect this space could represent the largest growth opportunity in the history of health care, one in which multiple players can win. For more of our thoughts and ideas on the subject, please read *INSIGHTS: A Multi-Billion-Dollar Drug Market*.

The technology-driven secular changes in the financial industry have been another source of investment ideas for Baron Capital. The global shift from cash to electronic payments, the growing demand for data to inform decision-making, and the electronification of capital markets are three of several fintech trends we have been actively exploring. For more details on our investment approach in the fintech space, please read *The FinTech Revolution: The Future of Finance*.

Despite the turbulent markets of the last few years, our long-term view on the U.S. and global economies remains optimistic. Our investment style has not changed, and neither has our outlook. We do not know, nor are we trying to guess, if 2024 will be more like last year or some other time in history. Our attention and efforts remain firmly focused on the long run. With so many things changing around us, we are highly confident that these are opportune times for active long-term investors to capitalize on market inefficiencies and dislocations. We remain committed to uncovering the best long-term opportunities for our investors.

Sincerely,

Linda S. Martinson
Chairman, President, and COO

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

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

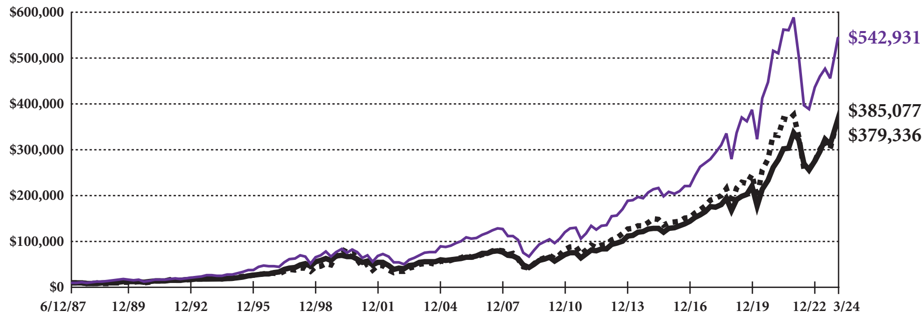
The **Russell Top 200® Index** measures the performance of the largest cap segment of the US equity universe. The **Russell Top 200® Growth Index** measures the performance of the especially large cap segment of the US equity universe represented by stocks in the largest 200 by market cap. The **Russell 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® Index** measures the performance of the broad segment of the U.S. equity universe comprised of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market. The **Russell 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 **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 indexes include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts performance results. The indexes are unmanaged. Index performance is not Fund performance. Investors cannot invest directly in an index.

Price/Earnings Ratio or P/E (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. **Price/Sales Ratio** is a valuation ratio of a stock's price relative to its past performance. It represents the amount an investor is willing to pay for a dollar generated from a particular company's operations.

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

Baron Asset Fund

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



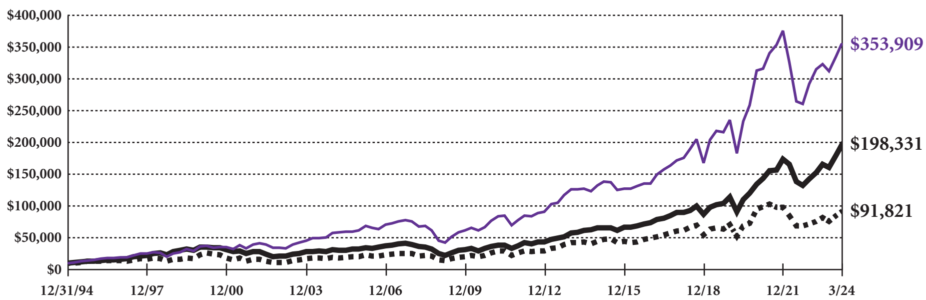
Returns

Not Annualized	Annualized				
3-Month	1-year	3-year	5-year	10-year	Since Inception
6.00%	18.08%	2.10%	9.98%	11.06%	11.47%

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



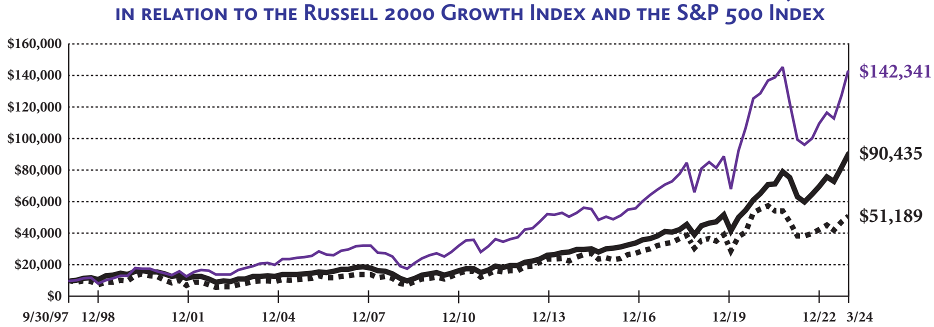
Returns

Not Annualized	Annualized				
3-Month	1-year	3-year	5-year	10-year	Since Inception
5.52%	12.46%	3.87%	11.69%	10.81%	12.97%

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

Baron Small Cap Fund

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



Returns

Not Annualized	Annualized				
3-Month	1-year	3-year	5-year	10-year	Since Inception
11.81%	29.94%	3.42%	11.84%	10.64%	10.54%

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

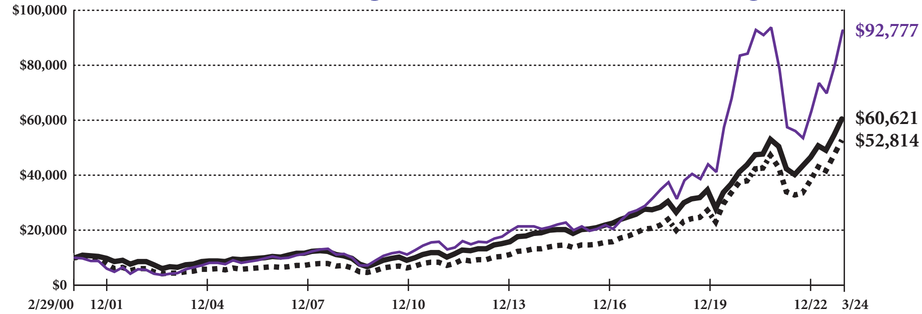
The Funds include reinvestment of dividends, net of foreign withholding taxes, while the Russell Midcap Growth Index, Russell 2000 Growth Index, and S&P 500 Index include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts performance results. The indexes are unmanaged. The index performance is not fund performance; one cannot invest directly into an index.

^ Performance for the Institutional Shares prior to May 29, 2009 is based on the performance of the Retail Shares, which have a distribution fee. The Institutional Shares do not have a distribution fee. If the annual returns for the Institutional Shares prior to May 29, 2009 did not reflect this fee, the returns would be higher.
See index footnotes on page 7.

Baron Funds Performance

Baron Opportunity Fund

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



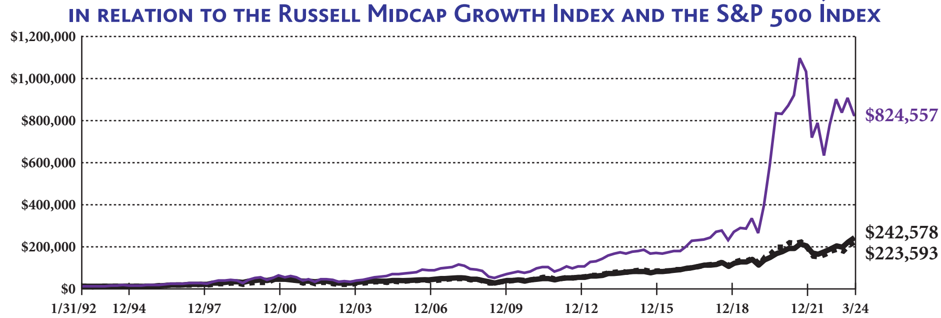
Returns

Not Annualized	Annualized				
3-Month	1-year	3-year	5-year	10-year	Since Inception
15.33%	46.63%	3.25%	19.47%	15.81%	9.69%

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



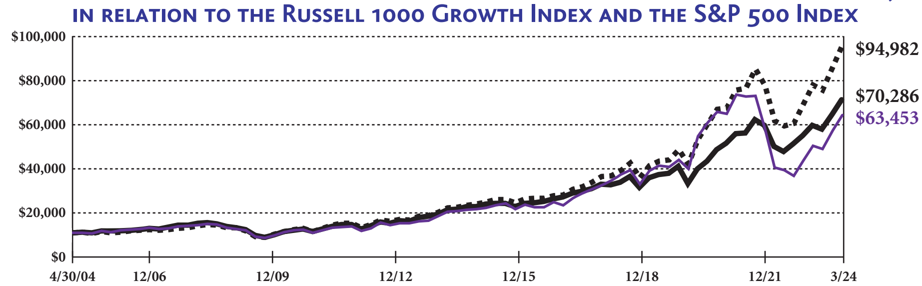
Returns

Not Annualized	Annualized				
3-Month	1-year	3-year	5-year	10-year	Since Inception
(9.01)%	5.78%	(0.20)%	25.16%	17.37%	14.70%

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
12.62%	48.30%	(0.24)%	10.76%	12.32%	9.72%

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

The Funds include reinvestment of dividends, net of foreign withholding taxes, while the 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.

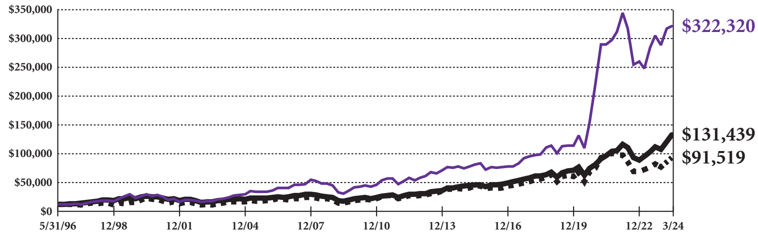
^ Performance for the Institutional Shares prior to May 29, 2009 is based on the performance of the Retail Shares, which have a distribution fee. The Institutional Shares do not have a distribution fee. If the annual returns for the Institutional Shares prior to May 29, 2009 did not reflect this fee, 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 7.

Baron Focused Growth Fund

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



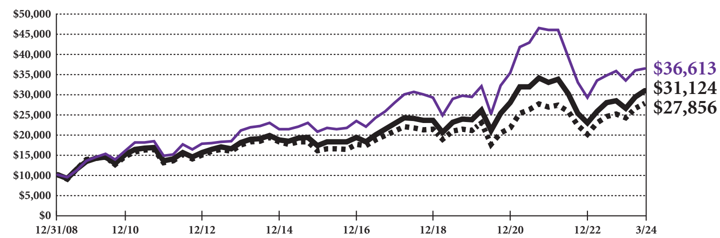
Returns

Not Annualized	Annualized				
3-Month	1-year	3-year	5-year	10-year	Since Inception
1.68%	13.48%	3.58%	23.56%	15.79%	13.29%

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



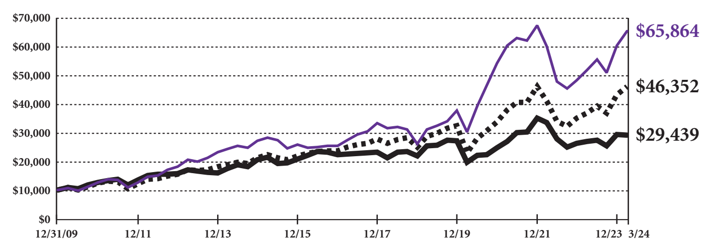
Returns

Not Annualized	Annualized				
3-Month	1-year	3-year	5-year	10-year	Since Inception
1.35%	5.11%	(5.22)%	4.79%	5.15%	8.88%

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
8.28%	26.46%	2.75%	16.09%	10.41%	14.14%

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.

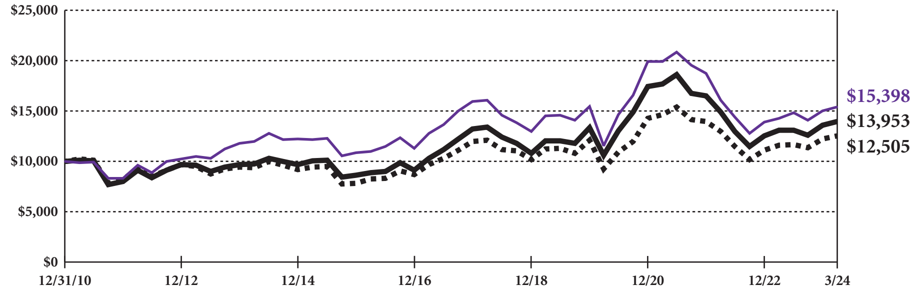
* Reflects the actual fees and expenses that were charged when the Fund was a partnership. The predecessor partnership charged a 15% performance fee through 2003 after reaching a certain performance benchmark. If the annual returns for the Fund did not reflect the performance fees for the years the predecessor 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 7.

Baron Funds Performance

Baron Emerging Markets Fund

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



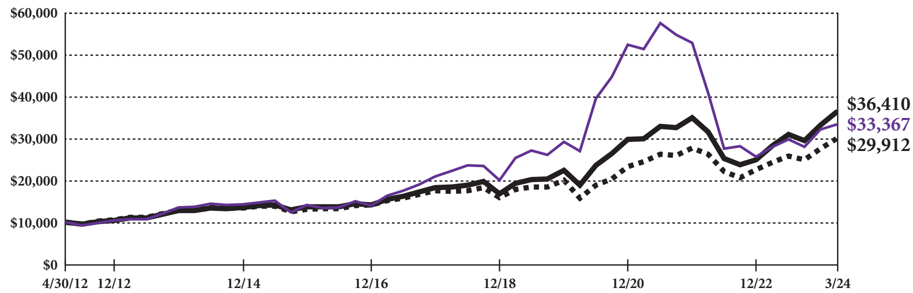
Returns

Not Annualized	Annualized				
3-Month	1-year	3-year	5-year	10-year	Since Inception
2.50%	8.09%	(8.17)%	1.19%	2.54%	3.31%

Baron Emerging Markets Fund
MSCI Emerging Markets Index[11]
MSCI Emerging Markets 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



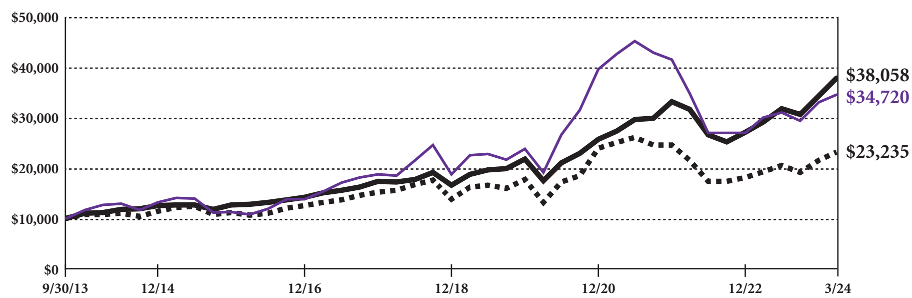
Returns

Not Annualized	Annualized				
3-Month	1-year	3-year	5-year	10-year	Since Inception
3.59%	18.88%	(13.49)%	5.63%	9.29%	10.64%

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
4.57%	15.27%	(6.72)%	8.96%	10.55%	12.59%

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

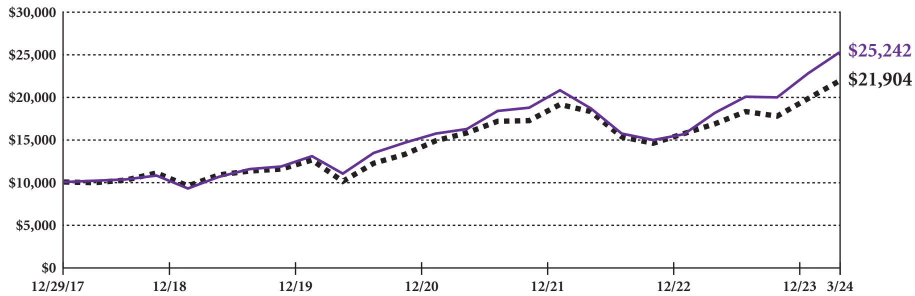
The Funds, MSCI Emerging Markets Index, MSCI Emerging Markets IMI Growth Index, MSCI ACWI Index, and MSCI ACWI Growth Index include reinvestment of dividends, net of foreign withholding taxes, while the Russell 2000 Growth Index and S&P 500 Index include reinvestment of dividends before taxes. Reinvestment 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-month, 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 7.

Baron Durable Advantage Fund

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



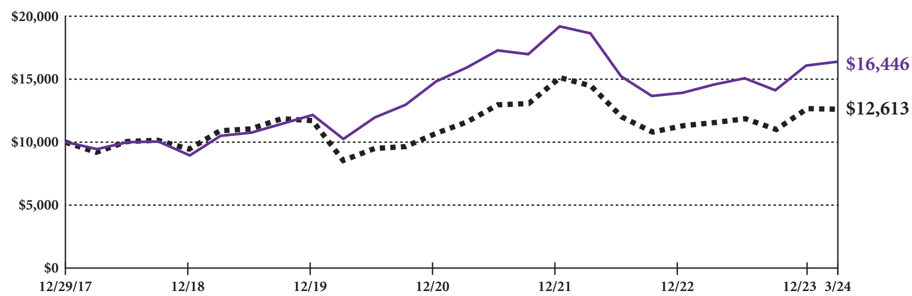
Returns

Not Annualized	Annualized			
3-Month	1-year	3-year	5-year	Since Inception
10.86%	39.01%	15.89%	18.84%	15.97%

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



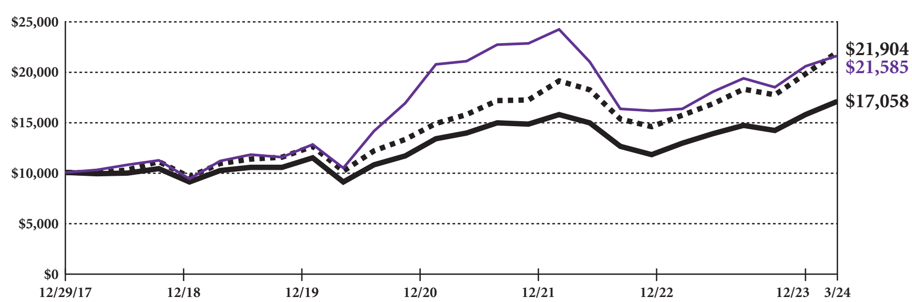
Returns

Not Annualized	Annualized			
3-Month	1-year	3-year	5-year	Since Inception
1.96%	12.46%	0.95%	9.41%	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

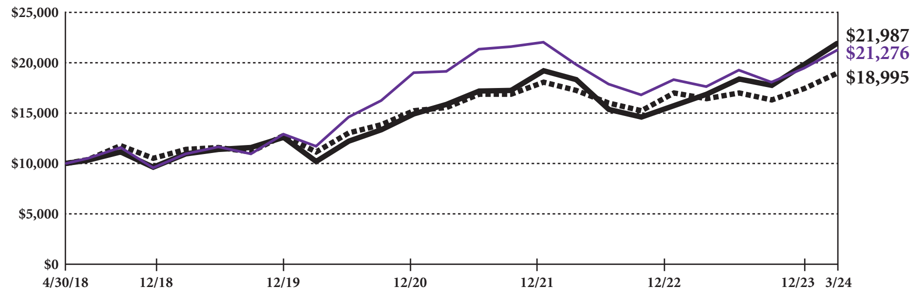
Not Annualized	Annualized			
3-Month	1-year	3-year	5-year	Since Inception
4.87%	19.42%	0.80%	14.18%	13.10%

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 includes reinvestment of dividends before taxes. Reinvestment of dividends positively impacts performance results. The indexes are unmanaged. The index performance is not fund performance; one cannot invest directly into an index.
See index footnotes on page 7.

Baron 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



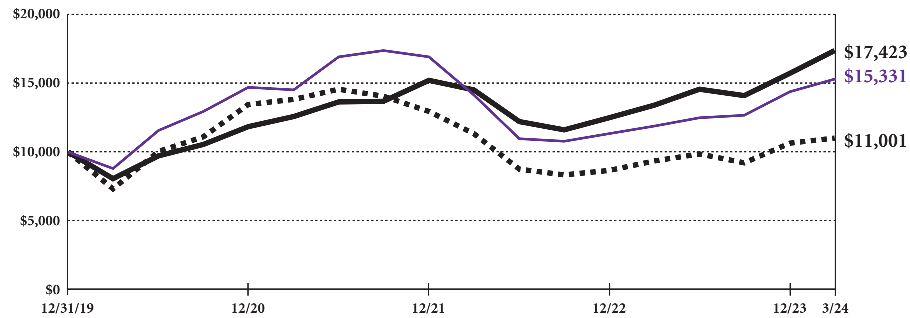
Returns

Not Annualized	Annualized			
3-Month	1-year	3-year	5-year	Since Inception
8.92%	20.36%	3.49%	14.19%	13.61%

Baron Health Care Fund
Russell 3000 Health Care Index[15]
S&P 500 Index[2]

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



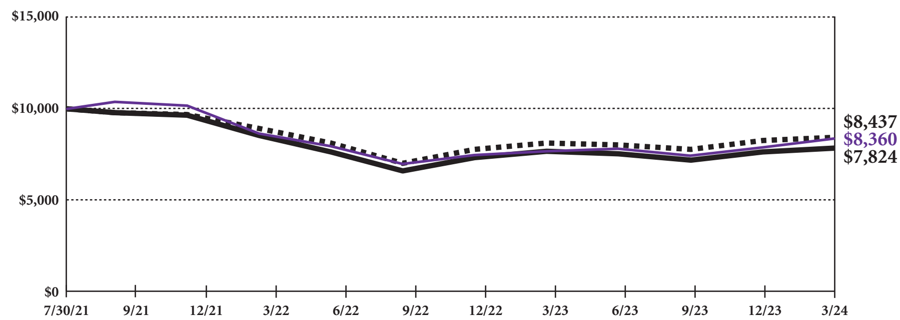
Returns

Not Annualized	Annualized		
3-Month	1-year	3-year	Since Inception
6.33%	29.12%	1.80%	10.58%

Baron FinTech Fund
FactSet Global FinTech Index[16]
S&P 500 Index[2]

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
6.36%	9.42%	(6.50)%

Baron New Asia Fund
MSCI AC Asia ex Japan Index[17]
MSCI AC Asia ex Japan IMI Growth Index[18]

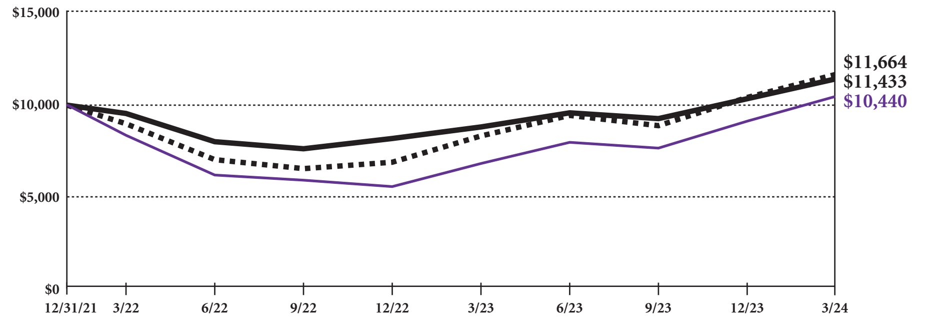
The Funds, MSCI AC Asia ex Japan Index, and MSCI AC Asia ex Japan IMI Growth Index include reinvestment of dividends, net of foreign withholding taxes, while the Russell 3000 Health Care Index, FactSet Global FinTech Index, and S&P 500 Index include reinvestment of dividends before taxes. Reinvestment 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 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 7.

Baron Technology Fund

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



Returns

Not Annualized	Annualized	
3-Month	1-year	Since Inception
14.73%	53.08%	1.93%

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 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 Emerging Markets IMI Growth Index Net (USD)** is designed to measure equity market performance of large, mid and small-cap securities exhibiting overall growth characteristics across 24 Emerging Markets countries.
13 The **MSCI ACWI Index Net (USD)** measures the equity market performance of large and midcap securities across developed and emerging markets, including the United States.
14 The **MSCI ACWI Growth Index Net (USD)** captures large and mid cap securities exhibiting overall growth style characteristics across 23 Developed Markets (DM) countries and 24 Emerging Markets (EM) countries.
15 The **Russell 3000® Health Care Index** is an unmanaged index representative of companies involved in medical services or health care in the Russell 3000 Index, which is comprised of the 3,000 largest U.S. companies as determined by total market capitalization.
16 The **FactSet Global FinTech Index™** is an unmanaged and equal-weighted index that measures the equity market performance of companies engaged in Financial Technologies, primarily in the areas of software and consulting, data and analytics, digital payment processing, money transfer, and payment transaction-related hardware, across 30 developed and emerging markets.
17 The **MSCI AC Asia ex Japan Index Net (USD)** measures the performance of large and mid cap equity securities representation across 2 of 3 developed markets countries (excluding Japan) and 8 emerging markets countries in Asia.
18 The **MSCI AC Asia ex Japan IMI Growth Index Net (USD)** measures the performance of large, mid, and small cap securities exhibiting overall growth style characteristics across 2 of 3 developed markets countries (excluding Japan) and 8 emerging markets countries in Asia.
19 The **MSCI ACWI Information Technology Index Net (USD)** includes large and mid cap securities across 23 Developed Markets (DM) countries and 27 Emerging Markets (EM) countries. All securities in the index are classified in the Information Technology as per the Global Industry Classification Standard (GICS®).

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

U.S. equities continued their strong run to begin the year, with major market indexes achieving new all-time highs during the first quarter. The rally was supported by robust economic data and relatively strong corporate earnings, which fueled investor hopes for a *soft landing*. Investors appeared unfazed by concerns about persistent inflation, the uncertain timing of Federal Reserve (Fed) interest rate cuts, record consumer and government debt, and potential government shutdowns.

Most sectors closed higher in the period, led by Communication Services, which was bolstered by double-digit gains from Meta and Netflix. Cyclical sectors, such as Energy, Information Technology (IT), Financials, and Industrials, were also among the leaders thanks to strong gains from integrated oil & gas, semiconductor, property & casualty insurance, and machinery stocks, respectively. The only sector to decline in the period was Real Estate, as REITs were pressured by the prospect of interest rates staying higher for longer. Defensive sectors, including Health Care, Utilities, and Consumer Staples also underperformed amid the ongoing *risk-on* market environment. Small- and mid-cap stocks benefited from improving market breadth in March, but still trailed large caps for the quarter. Growth stocks dominated their value counterparts in January and February to begin the year on the front foot.

The *risk-on* market environment resulted in a continuation of many of last year's trends. Bitcoin reached new highs, as did a narrow group of perceived AI winners. The types of stocks that performed best included higher beta, cyclical, and lower quality companies. The momentum factor also maintained an outsized impact on stocks. The Health Care sector, which is Baron Asset Fund®'s (the Fund) second largest weighting, continued to lag in this environment. As the economy stabilizes and interest rates inevitably come down, 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.

ANDREW PECK

PORTFOLIO MANAGER

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

Table I.
Performance
Annualized for periods ended March 31, 2024

	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]	5.94%	6.00%	9.50%	10.56%
One Year	17.77%	18.08%	26.28%	29.88%
Three Years	1.83%	2.10%	4.62%	11.49%
Five Years	9.70%	9.98%	11.82%	15.05%
Ten Years	10.77%	11.06%	11.35%	12.96%
Fifteen Years	14.64%	14.94%	15.64%	15.63%
Since Inception (June 12, 1987)	11.35%	11.47%	10.40%[4]	10.43%

Performance listed in the above table is net of annual operating expenses. The 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.

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 March 31, 2024.

5 Not annualized.

BARON CAPITAL EST 1982

The Fund appreciated 6.00% (Institutional Shares) in the first quarter, trailing the Russell Midcap Growth Index by 350 basis points due to stock selection and headwinds from the Fund's longtime style biases. The Fund was hurt most by its underexposure to securities with robust short-term momentum and elevated idiosyncratic volatility, which were strong performers in the period.

Investments in Industrials, Financials, Health Care, and IT were largely responsible for the relative shortfall in the period. Within Industrials, data and analytics vendor **Verisk Analytics, Inc.** reported solid quarterly earnings, but we believe the stock lagged as part of a broader market rotation away from steady-growing, compounding stocks. We maintain conviction in its competitive positioning, long-term growth, margin expansion, and capital deployment prospects for the business. Human capital management (HCM) software leader **Dayforce, Inc.** fell on concerns that slowing employment growth will reduce the company's growth rate in the near term. Although Dayforce has some direct exposure to employment levels, it is also benefiting from powerful secular trends around the modernization of HCM software and growing adoption of SaaS.

Performance in Financials was hindered by **FactSet Research Systems Inc.**, a leading provider of investment management tools. The company revised its fiscal year 2024 growth in annual subscription value downward given ongoing challenges in its financial services end-market. While there is some near-term uncertainty, we maintain long-term conviction in the company's large addressable market, consistent execution on both new product development and financial results, and robust free-cash-flow generation.

Health Care was challenged by modest declines in veterinary diagnostics leader **IDEXX Laboratories, Inc**. and life sciences tools developer **Bio-Techne Corporation**. IDEXX's shares fell as foot traffic to veterinary clinics in the U.S. remained uneven, modestly hampering aggregate revenue growth. IDEXX's competitive trends are outstanding, and we expect new proprietary innovations and field sales force expansion to meaningfully contribute to growth this year. Bio-Techne was hurt by a slowdown in its business in China and ongoing biotechnology funding constraints.

Weakness in IT was led by disappointing performance from internet infrastructure company **VeriSign, Inc.** and physics-based simulation software leader **ANSYS, Inc**., whose shares pulled back for reasons noted below. Syndicated research provider **Gartner, Inc.** also underperformed in the period, relinquishing a portion of last year's strong relative gains. The company's core subscription research businesses continued to compound at attractive rates, and we believe that growth is poised to accelerate over the next several quarters. We think Gartner will emerge as a key decision support resource for every company evaluating the opportunities and risks of AI on its business, providing a tailwind to volume growth and pricing realization.

Somewhat offsetting the above was solid stock selection in Communication Services, where internet advertising demand-side platform **The Trade Desk** delivered a solid quarter after experiencing some softness related to macroeconomic uncertainty in late 2023. This year appears promising for Trade Desk, as the company continues to benefit from tailwinds stemming from the secular growth of Connected TV. 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.

Table II.
Top contributors to performance for the quarter ended March 31, 2024

	Year Acquired	Percent Impact
Arch Capital Group Ltd.	2003	0.88%
Gartner, Inc.	2007	0.57
CoStar Group, Inc.	2016	0.45
Mettler-Toledo International Inc.	2008	0.41
Veeva Systems Inc.	2017	0.34

Specialty insurer **Arch Capital Group Ltd.** contributed to performance after reporting strong financial results that exceeded Wall Street expectations. In the most recent reported quarter, operating ROE was 24% and book value per share rose 44% as underwriting profitability remained excellent. Pricing trends in the property and casualty insurance market are favorable, and elevated interest rates are driving higher investment income. Insurance stocks broadly rebounded from weakness in the prior quarter as interest rates stabilized. We believe Arch's exceptional management team will continue to grow earnings and book value at attractive rates.

Shares of **Gartner, Inc.**, the leading provider of syndicated research to the IT sector, contributed to performance. Fourth quarter financial results were mixed, with declines in net income and EPS. However, solid increases in contract value and strong full-year performance, including a 9% increase in net income and an 11% rise in diluted EPS, helped boost the company's share price. In addition, a 19% increase in free cash flow for the quarter and 6% for the full year underscored Gartner's operational efficiency. Gartner's core subscription research businesses compounded at attractive rates, and we believe growth is poised to accelerate. We think Gartner will emerge as a key decision support resource for every company evaluating the opportunities and risks of AI on its business, providing a tailwind to volume growth and pricing realization. We expect Gartner's sustained revenue growth and focus on cost control to 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, in our view.

Shares of real estate marketing and data analytics provider **CoStar Group, Inc.** contributed to performance after posting strong quarterly and year-end results, including 2023 revenue of $2.46 billion, a 13% year-over-year increase, and above-consensus estimates. It was CoStar's 13th consecutive year of double-digit revenue growth. We remain enthusiastic about CoStar's growing traction in the residential home market. CoStar began to monetize its new Homes.com platform in February 2024, and it is targeting close to $100 million in run-rate revenue by year end. We believe momentum can be amplified by the recent class action settlement with the National Association of Realtors, which has the potential to disrupt the residential brokerage industry and enhance the return on investment for brokers advertising on Homes.com. CoStar plans to invest almost $1 billion in its residential business in 2024, which, while a significant upfront commitment, represents the peak level of annual spending, in our view. We think success in the residential segment has the potential to double the size of CoStar's overall revenue stream.

Table III.
Top detractors from performance for the quarter ended March 31, 2024

	Year Acquired	Percent Impact
Bio-Techne Corporation	2015	–0.24%
ANSYS, Inc.	2009	–0.22
VeriSign, Inc.	2013	–0.17
FactSet Research Systems Inc.	2006	–0.17
IDEXX Laboratories, Inc.	2006	–0.16

Bio-Techne Corporation is a leading developer and manufacturer of reagents, instruments, and services for the life sciences research, diagnostics, and bioprocessing markets. The stock detracted from performance after the company reported weak fourth-quarter financial results, including a 2% decline in organic growth, driven by a slowdown in China and ongoing funding constraints for biotechnology customers. While management noted that business in China has stabilized and the funding environment has started to recover, it did not forecast marked improvement until later in 2024. We believe these headwinds are cyclical, and we are encouraged by some signs of stabilization in the company's business. We continue to believe Bio-Techne is well positioned for long-term growth.

ANSYS, Inc. is a leading provider of physics-based simulation software. By accurately mimicking real world physics with software, simulation tools help customers reduce costs and accelerate their time to market. In December 2023, shares rose on news that several entities were interested in acquiring the company. In January 2024, Synopsys officially announced its intent to acquire ANSYS in a deal valued at nearly $35 billion, marking one of the largest software acquisitions in history. While the stock price remained above levels seen before the acquisition reports, the official announcement spurred a somewhat unfavorable market reaction given an implied price per share slightly below market expectations, a relatively long period between the announcement and anticipated closing date, heightened risk perception stemming from a substantial portion of the deal's value being proposed to ANSYS shareholders in the form of Synopsys shares, and perceived regulatory hurdles. We believe ANSYS is well positioned to benefit from multi-year contracts, its strategic relationships with its large and diversified customer base, and secular trends such as growing product complexity and the adoption of simulation technology.

VeriSign, Inc., a global provider of internet infrastructure and domain name registry services, manages the .com and .net domains. Shares of VeriSign declined because of continued weakness in new domain registrations, stemming largely from weaker demand in China. We believe that VeriSign maintains an exceptional competitive position and the contractual ability to raise prices. Longer term, we are encouraged by VeriSign's opportunity to win the rights to administer the ".web" domain, produce substantial free cash flow, and generate attractive capital returns as it continues to prioritize share buybacks.

Portfolio Structure

As of March 31, 2024, the Fund held 53 positions. The Fund's 10 largest holdings represented 47.2% of net assets, and the 20 largest represented 70.1% of net assets. The Fund's largest weighting was in the IT sector at 28.6% of net assets. This sector includes software companies, IT consulting firms, technology distributors, and internet services companies. The Fund held 22.9% of its net assets in the Health Care sector, which includes investments in life sciences companies, and health care equipment, technology, and supplies companies. The Fund held 17.2% of its net assets in the Industrials sector, which includes investments in research and consulting companies, aerospace & defense companies, and human resource and employment services companies. The Fund also had significant weightings in Financials at 13.7% of net assets and Consumer Discretionary at 7.8% of net assets.

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

Table IV.
Top 10 holdings as of March 31, 2024

	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	$37.2	$445.4	9.8%
IDEXX Laboratories, Inc.	2006	2.5	44.9	296.2	6.5
CoStar Group, Inc.	2016	5.0	39.5	217.2	4.8
Mettler-Toledo International Inc.	2008	2.4	28.5	209.2	4.6
Verisk Analytics, Inc.	2009	4.0	33.8	205.4	4.5
Arch Capital Group Ltd.	2003	0.9	34.6	187.8	4.1
FactSet Research Systems Inc.	2006	2.5	17.3	155.7	3.4
Guidewire Software, Inc.	2013	2.8	9.7	153.0	3.3
Fair Isaac Corporation	2020	12.1	31.1	151.2	3.3
Roper Technologies, Inc.	2011	7.4	60.0	133.6	2.9

Recent Activity

Table V.
Top net purchases for the quarter ended March 31, 2024

	Quarter End Market Cap (billions)	Net Amount Purchased (millions)
Procore Technologies, Inc.	$11.9	$27.0
Spotify Technology S.A.	52.3	23.1
Hilton Worldwide Holdings Inc.	53.8	6.5

We initiated an investment in **Procore Technologies, Inc.** Founded in 2002, Procore provides cloud-based construction management software that helps general contractors, subcontractors, and asset owners manage every step of the construction process. Procore's product suite includes project execution (storing and updating blueprints, designs, work orders, and project schedules in a single system of record), pre-construction (managing bids, permitting, and approvals), workforce management (scheduling worker hours and recording safety compliance), financial management (budgeting and invoicing), and data analytics. Together these products help contractors execute projects more efficiently, plan more accurately, avoid costly rework, improve worker safety, and generate better margins. This has led to very low customer churn.

Procore serves a large and growing addressable market – annual construction volume exceeds $2 trillion in the U.S. alone – that is still in the early stages of digitization and technology adoption. The company has leading market share in the sector, with more than 16,000 construction firms and asset owners using its software to manage billions of dollars of annual project volume. Yet, Procore has penetrated just 12% of U.S. construction volume and 2% of international volume. We believe the company has several competitive advantages that will drive further share gains and revenue growth. First, Procore is the only cloud-native technology vendor that addresses all stages of the project life cycle with a single, integrated interface and data model. Second, Procore was the first vendor to price its platform using a *take-rate* model, charging a percentage fee against its customers' total construction volume. Compared to seat-based license models offered by many competitors, this approach has encouraged far more industry practitioners to trial and use Procore products. As of last year, more than 500,000 collaborator companies were interacting with its product, driving a strong pipeline for new customer wins.

We see a long runway for growth through new customer additions and expanded usage within existing accounts. Recent product innovations like Procore Pay (managing payments for the various vendors and subcontractors on a given project) and geospatial mapping (for larger civil engineering projects) should improve the company's prospects. Procore is cash flow positive today and has been increasing its margins meaningfully during the past two years. We think the business can continue to grow at a healthy rate while further expanding free-cash-flow margins in excess of 20%, as it benefits from greater market share, higher take rates, and operating leverage. We believe this should result in good earnings growth and bodes well for the stock long term.

Another new addition was **Spotify Technology S.A.**, a leading global digital music service, offering on-demand audio streaming through paid premium subscriptions and an ad-supported free option. Spotify was among the originators of paid streaming music after the downloads/Napster era, with the Spotify app launching broadly in the early 2010s. Since then, streaming music has grown at a 20%-plus CAGR, and Spotify has been the leading streaming music service both in the U.S. and globally, with more than 600 million monthly average users. We believe that Spotify offers a compelling user experience, which includes algorithmic recommendations and podcasts.

While we have monitored Spotify for some time because of its product leadership and large market opportunity, we believe the last few months have signaled a meaningful positive inflection point for the company. First, Spotify has continued to show that its market is far from penetrated – subscriber net adds accelerated in 2023, even as the product has been widely available for years, thanks to targeted marketing in various countries and new product features. Next, Spotify's gross margin profile continues to improve thanks to the impact of its artist promotions marketplace, growth in its advertising business, and improved profitability in its podcast offerings.

In addition, management has recently become much more focused on operating discipline, with 2024 expected to be Spotify's first meaningfully profitable year after operating losses in 2021 and 2022. This has entailed material staff layoffs, restructuring the podcast division, and hiring a new operationally focused CFO. Furthermore, Spotify increased its pricing structure while seeing minimal customer loss, demonstrating the pricing power in its product and the broader streaming music industry. Finally, Spotify has continued to innovate its product roadmap, introducing audiobooks and features like AI DJ that differentiate it from other music streaming providers. We believe that Spotify has the potential to reach more than 1 billion monthly active users, as its global market share increases and music listening habits mature internationally, and we expect its profitability to continue to improve.

Table VI.
Top net sales for the quarter ended March 31, 2024

	Net Amount Sold (millions)
ANSYS, Inc.	$68.2
Gartner, Inc.	41.1
IDEXX Laboratories, Inc.	36.6
VeriSign, Inc.	35.1
Mettler-Toledo International Inc.	20.3

We took some profits in **ANSYS, Inc.** after the announcement that it would be acquired by Synopsys, a software company focused on electronic design automation. We also took some profits and managed the position size of long-term holdings **Gartner, Inc.**, **IDEXX Laboratories, Inc.**, and **Mettler-Toledo International Inc.** We reduced our position in **VeriSign, Inc.** as its growth in new internet domains has slowed.

Outlook

The market has been roiled by the largely unanticipated increase in interest rates throughout 2024. Inflation has proved more stubborn than most expected, and the Fed has continued to delay interest rate decreases. As a result, a higher discount rate is being applied to the future earnings streams of all companies. We believe this phenomenon has had an outsized impact on many of the businesses we favor – companies that benefit from long-term secular growth drivers with highly visible and growing earnings streams. Although we don't have particular insight into the timing of the Fed's actions, we believe it is inevitable that it will eventually cut rates, and we believe our investments should benefit.

In addition, the market has been especially focused on a relatively narrow group of companies that are perceived to be the beneficiaries of breakthroughs in AI. We believe that many of our holdings are well positioned to utilize AI to expand their product offerings and competitive differentiation, increase their growth rate and, in some cases, reduce their cost structure. We expect the market to eventually appreciate these opportunities and see them reflected in these businesses' valuations.

It is also worth noting that the Benchmark has dramatically underperformed the Russell 1000 Growth Index, a key benchmark for large-cap growth stocks, during the past five years – by 670 basis points annualized over this period. This has reduced the relative valuation for mid-cap growth stocks, as they usually trade at a premium to large-cap growth stocks and that is not the case presently. 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.

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:

NEAL ROSENBERG
PORTFOLIO MANAGER

RONALD BARON
CEO AND PORTFOLIO MANAGER

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

Performance

Baron Growth Fund® (the Fund) gained 5.52% (Institutional Shares) for the quarter ended March 31, 2024. This trailed the return of the Fund's benchmark, the Russell 2000 Growth Index (the Benchmark), which gained 7.58% for the quarter. The S&P 500 Index, which measures the performance of publicly traded large-cap U.S. companies, gained 10.56% for the quarter.

The Fund's underperformance was partially due to not investing in two securities that generated over half of the Benchmark's return. Neither meets our investment criteria, and we will not compromise on business fundamentals to chase trends that we believe are temporarily in vogue or are highly speculative. We continue to be successful in generating favorable stock selection, which gives us confidence that our process is repeatable, scalable, and well positioned to deliver superior returns over time across all market cycles.

Table I.
Performance
Annualized for periods ended March 31, 2024

	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]	5.46%	5.52%	7.58%	10.56%
One Year	12.16%	12.46%	20.35%	29.88%
Three Years	3.61%	3.87%	(2.68)%	11.49%
Five Years	11.40%	11.69%	7.38%	15.05%
Ten Years	10.53%	10.81%	7.89%	12.96%
Fifteen Years	14.86%	15.15%	13.39%	15.63%
Since Inception (December 31, 1994)	12.82%	12.97%	7.88%	10.75%

To begin this year, stocks continued their rally, with all major domestic indexes achieving new all-time highs on multiple occasions during the first quarter. Performance was driven by sustained macroeconomic growth and optimism that moderating inflation will enable the Federal Reserve to reduce interest rates this year. We expect investors to continue to allocate capital towards riskier assets such as stocks, as yields on cash decline from elevated levels.

The Benchmark returned 7.58% in the quarter. We note that just two stocks, Super Micro Computer, Inc. (Supermicro) and MicroStrategy Incorporated, generated over 50% of the Benchmark's total return for the quarter, which is something rarely seen in the small-growth universe. In fact, the combined impact of these two stocks on the Benchmark exceeded the aggregate impact of NVIDIA, Microsoft, Meta, and Amazon on the S&P 500 Index, despite the extraordinary hype and media attention surrounding these four mega-cap stocks. Supermicro, a manufacturer of computer servers and full-scale rack solutions, benefited from exuberance for AI-related investments. While the company's revenue growth is significant this year, it is non-recurring and does not convert to earnings or free cash flow at

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Performance listed in the above table is net of annual operating expenses. The 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.

BARON CAPITAL EST 1982

attractive rates. Shares soared 255% in the quarter alone, propelling the stock to a market capitalization of nearly $60 billion. MicroStrategy, a vendor of business intelligence software and related services, has not succeeded in generating revenue growth since 2014. Rather than investing for growth, the company has invested its cash in Bitcoin, and is now the largest public holder of the digital currency. Investors presently view MicroStrategy as a proxy for Bitcoin, and shares jumped this quarter along with the price of the cryptocurrency.

When it comes to relative performance, Supermicro was a 265-plus basis point drag on performance this quarter, meaning the company itself was entirely responsible for our underperformance in the period. It is almost unprecedented for a single company to have such a dramatic impact on our relative performance over such a short period. We estimate that Supermicro's impact was nearly nine times greater than the average largest detrimental effect measured over the last 25 years, which was approximately 30 basis points.[1] This is a remarkable seven-plus standard deviations away from the norm.

Neither Supermicro nor MicroStrategy have operating businesses that meet our stringent investment criteria. As mentioned above, wee will not change our process or strategy, nor compromise on our criteria, to pursue trends that we think are short term or speculative. Instead, we exclusively seek to invest in businesses with sustainable competitive advantages, that sell highly differentiated products or services, have sticky customer bases, and are run by management teams that optimize for long-term growth. We spend the majority of our time working with our growing team of analysts to iteratively research these businesses. We seek to invest in those businesses at attractive prices, and endeavor to hold our investments for the long term. We note that the Fund's performance exceeded that of the Benchmark in the quarter when excluding the gains generated by these two outliers, and we were pleased that our performance was driven by favorable stock selection in this hypothetical scenario.

Last quarter, we highlighted how 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. We noted that the verdict could change how residential real estate brokers in the U.S. are compensated for their services, leading to enhanced clarity and lower fees for consumers. We were optimistic that such a development would provide a meaningful tailwind for our investment in **CoStar Group, Inc.**, a leading provider of real estate information, analytics, and marketplaces.

In mid-March, the NAR announced a $418 million national settlement to resolve all class action lawsuits challenging the industry's commission policies. If approved by the court, the settlement will resolve claims against the NAR, approximately 1 million NAR members, association-owned multiple listing services (MLS), and all brokerages with less than $2 billion of transaction volume in 2022. Large brokerages will seek to craft their own settlements, and we anticipate that the total settlement proceeds will be in the billions of dollars.

While the monetary damages sound significant, they are modest for an industry that is estimated to generate over $100 billion in annual revenue. However, we believe that the settlement proscribes two important changes that could result in more significant changes for brokers, brokerages, and homeowners. First, listing agents will no longer be able to offer buyer agents a commission split directly on the MLS. This practice, known as "cooperative compensation," encourages buyer brokers to steer their clients towards the properties that offer them the highest commission payout rather than what best meets their client's needs. The Department of Justice (DOJ) has argued that cooperative compensation serves to artificially inflate overall brokerage commissions, harming both buyers and sellers. Additionally, the settlement will require buyer brokers to sign written contracts with prospective buyers before touring a home, helping to enhance transparency around fees and services. The settlement calls for both changes to be implemented in July 2024.

We expect more information to come to light over the next several weeks as various judges and perhaps the DOJ opine on the settlement terms. As is typical with all legal settlements, the true outcome will be determined by the fine print and how various parties choose to interpret it. We are optimistic that the terms, as proposed, will help add incremental transparency to the complex, convoluted, and opaque process of buying and selling a home. We also believe that the settlement will have some success in reducing aggregate brokerage commissions from their historic level of 6%, but we do not believe the changes are significant enough to drive commissions toward the 2% to 3% level that predominates globally.

We believe the changes are positive for our investment in CoStar. We expect CoStar to invest almost $1 billion into Homes.com in 2024, and we see a path to management creating a residential business with $2.5 billion of revenue and 50% EBITDA margins. We note that CoStar's management is even more optimistic about the potential for Homes.com. We think the changes are likely to increase the importance of listing brokers, which CoStar's Homes.com platform has been specifically courting. We also think that lower buyer broker commissions may be negative for Homes.com's incumbent competitors, helping to improve Homes.com's competitive position.

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

Table II.
Total returns by category for the three months ended March 31, 2024

	% of Net Assets (as of 3/31/2024)	Total Return (%)	Contribution to Return (%)
Financials	**46.3**	**13.18**	**5.78**
Kinsale Capital Group, Inc.	6.5	56.73	2.55
Arch Capital Group Ltd.	10.4	24.46	2.18
Primerica, Inc.	4.7	23.31	0.97
The Carlyle Group Inc.	0.9	16.20	0.14
Essent Group Ltd.	0.4	13.41	0.05
Morningstar, Inc.	3.5	7.89	0.26
Houlihan Lokey, Inc.	0.7	7.36	0.05
Cohen & Steers, Inc.	1.7	2.35	0.02
Moelis & Company	0.2	2.23	0.00

[1] 1 - The quarterly performance impacts referenced were determined using security-level attribution for a composite of Baron's Small Cap Funds (Baron Discovery Fund, Baron Small Cap Fund, and Baron Growth Fund) versus the Russell 2000 Growth Index to identify the largest negative impacts from individual securities that were unique to the Index (i.e., not owned by any of the Baron small-cap funds and relative performance was penalized as a result) every quarter for the last 25 years.

Table II. (continued)

	% of Net Assets (as of 3/31/2024)	Total Return (%)	Contribution to Return (%)
Financials (continued)			
MSCI Inc.	10.4	–0.64	–0.10
FactSet Research Systems Inc.	6.8	–4.55	–0.34
Clearwater Analytics Holdings, Inc.	0.1	–11.68	–0.01
Russell 2000 Growth Index		**7.58**	
Core Growth	**28.4**	**5.29**	**1.48**
Trex Company, Inc.	1.2	20.52	0.23
Bright Horizons Family Solutions, Inc.	1.1	20.32	0.20
West Pharmaceutical Services, Inc.	1.8	11.14	0.22
CoStar Group, Inc.	6.2	10.54	0.59
Mettler-Toledo International Inc.	1.1	9.73	0.10
Guidewire Software, Inc.	1.3	7.04	0.10
Gartner, Inc.	8.8	5.67	0.51
Krispy Kreme, Inc.	0.9	1.22	0.00
IDEXX Laboratories, Inc.	3.4	–2.73	–0.10
Bio-Techne Corporation	2.4	–8.73	–0.27
Littelfuse, Inc.	–	–10.32	–0.02
Neogen Corp.	0.3	–21.53	–0.08
Real/Irreplaceable Assets	**16.9**	**3.02**	**0.52**
Red Rock Resorts, Inc.	1.5	14.64	0.20
Choice Hotels International, Inc.	4.7	11.52	0.52
Boyd Gaming Corporation	0.4	7.81	0.03
Vail Resorts, Inc.	5.5	5.46	0.33
Marriott Vacations Worldwide Corporation	–	3.09	0.00
Alexandria Real Estate Equities, Inc.	1.1	2.74	0.03

Table II. (continued)

	% of Net Assets (as of 3/31/2024)	Total Return (%)	Contribution to Return (%)
Real/Irreplaceable Assets (continued)			
Douglas Emmett, Inc.	0.7	–2.94	–0.03
Gaming and Leisure Properties, Inc.	3.0	–5.09	–0.20
PENN Entertainment, Inc.	–	–32.03	–0.36
Disruptive Growth	**8.3**	**–18.12**	**–1.99**
Altair Engineering Inc.	0.8	2.38	0.02
Farmers Business Network, Inc.	0.0	–	–
ANSYS, Inc.	4.3	–4.33	–0.23
Northvolt AB	0.1	–16.44	–0.03
FIGS, Inc.	0.7	–28.68	–0.26
Iridium Communications Inc.	2.4	–36.15	–1.49
Cash	**0.1**	**–**	**0.00**
Fees	**–**	**–0.29**	**–0.29**
Total	**100.0***	**5.50****	**5.50****

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 16.9% and 46.3% of the Fund's net assets, and aggregate to 91.6% of net assets. Another 8.3% of net assets are invested in businesses that we consider to be **Disruptive Growth** businesses, which we believe offer greater growth potential, albeit with more risk relative to other investments. We believe this balance appropriately reflects our goal to generate superior returns over time with less risk than the Benchmark. As shown in the table above, our Financials investments meaningfully outperformed the Benchmark, while our investments in the other three cohorts trailed the Benchmark in the quarter.

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 3/31/2024	Millennium Internet Bubble to Present 12/31/1999 to 3/31/2024	Inception 12/31/1994 to 3/31/2024
Alpha (%)	5.05	3.90	5.36	6.81
Beta	0.58	0.81	0.70	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 3/31/2024		Millennium Internet Bubble to Present 12/31/1999 to 3/31/2024		Inception 12/31/1994 to 3/31/2024	
	Value $10,000	Annualized	Value $10,000	Annualized	Value $10,000	Annualized	Value $10,000	Annualized
Baron Growth Fund	$12,448	2.46%	$76,857	14.31%	$95,675	9.76%	$353,909	12.97%
Russell 2000 Growth Index	$ 6,476	–4.71%	$59,444	12.40%	$38,494	5.72%	$ 91,821	7.88%
S&P 500 Index	$ 7,188	–3.60%	$78,584	14.47%	$56,486	7.40%	$198,331	10.75%

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 12.97% on an annualized basis since its inception on December 31, 1994, which exceeds that of the Benchmark by 5.09% and the S&P 500 Index by 2.22%, 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 includes the highs of the Internet Bubble and the lows of the Financial Panic, it did generate a positive annualized return of 2.46%. Conversely, a hypothetical investment in a fund designed to track the Fund's Benchmark would have declined in value by 4.71% on an annualized basis over the same time. Similarly, a hypothetical investment in a fund designed to track the large-cap S&P 500 Index would have declined 3.60% annualized. (Please see Table IV–Millennium Internet Bubble to Financial Panic). From the Financial Panic to present, the Fund generated an annualized return of 14.31%, which has exceeded that of its Benchmark by 1.91% annualized.

We believe that the power of compounding is better demonstrated by viewing these returns in dollar terms. A hypothetical investment of $10,000 in the Fund at its inception on December 31, 1994 would be worth $353,909 on March 31, 2024. This is approximately 3.9 times greater than the $91,821 the same hypothetical investment made in a fund designed to track the Benchmark would be worth, and almost double a hypothetical investment in the S&P 500 Index. Hypothetically, our returns were achieved with approximately 28% less volatility than the Benchmark, as represented by its beta. (Please see Tables III and IV.) Importantly, we believe that the returns in the portfolio have come primarily through the compounded growth in the revenue and cash flow of the businesses in which we have invested rather than increases in valuation multiples. We are pleased that our long-term investments in what we believe are competitively advantaged companies with attractive growth prospects and exceptional management teams have generated attractive returns in good markets and have helped to protect capital during more challenging ones.

Table V.

Top contributors to performance for the quarter ended March 31, 2024

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
Kinsale Capital Group, Inc.	2016	$0.6	$12.2	56.73%	2.55%
Arch Capital Group Ltd.	2002	0.4	34.6	24.46	2.18
Primerica, Inc.	2010	1.0	8.8	23.31	0.97
CoStar Group, Inc.	2004	0.7	39.5	10.54	0.59
Choice Hotels International, Inc.	1996	0.4	6.3	11.52	0.52

Specialty insurer **Kinsale Capital Group, Inc.** contributed to performance due to financial results that exceeded Street forecasts. After a slowdown in the prior quarter, gross written premiums grew 34% and EPS grew 49% with a record-high underwriting margin. Market conditions remain favorable with rising premium rates and more business shifting from the standard market to the excess and surplus lines market where Kinsale operates. In addition, insurance stocks broadly rebounded from last quarter's pullback as interest rates stabilized. We continue to own the stock because we believe Kinsale's proprietary technology and data represent sustainable competitive advantages that enable the company to sustainably gain share in an attractive segment of the insurance market.

Specialty insurer **Arch Capital Group Ltd.** contributed to performance after reporting strong financial results that exceeded Street expectations. In the most recent reported quarter, operating ROE was 24% and book value per share rose 44% as underwriting profitability remained excellent. Pricing trends in the P&C insurance market are favorable, and elevated interest rates are driving higher investment income. Insurance stocks broadly rebounded from weakness in the prior quarter as rates stabilized. We continue to own the stock due to Arch's strong management team and our expectation for significant growth in earnings and book value.

Primerica, Inc. is a leading provider of term life insurance and investment products in the U.S. and Canada. Shares increased after the company reported solid growth in the fourth quarter of 2023. Financial results reflected steady growth in term life insurance revenue, higher investment product sales and appreciation of client asset values, and higher net investment income. We expect positive momentum to continue into 2024. In addition, the company is repurchasing a significant amount of stock at an attractive valuation, boosting earnings per share. We continue to own the stock because we expect earnings growth to persist as Primerica provides much-needed financial advice to underserved middle-income households.

Table VI.

Top detractors from performance for the quarter ended March 31, 2024

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap or Market Cap When Sold (billions)	Total Return	Percent Impact
Iridium Communications Inc.	2014	$0.6	$ 3.2	–36.15%	–1.49%
PENN Entertainment, Inc.	2008	2.5	2.7	–32.03	–0.36
FactSet Research Systems Inc.	2006	2.5	17.3	–4.55	–0.34
Bio-Techne Corporation	2009	2.1	11.1	–8.73	–0.27
FIGS, Inc.	2022	1.7	0.8	–28.68	–0.26

Iridium Communications Inc. is a mobile voice and data communications services vendor offering global coverage via satellite. Shares fell during the quarter as investors assessed the potential for SpaceX to take market share from Iridium in the maritime business. The stock's multiple has been broadly under pressure since late 2023 when Qualcomm unexpectedly terminated an agreement with Iridium to enable direct-to-device workloads on Iridium's network. Despite these headwinds, we retain conviction in the opportunity. We believe that Iridium is a unique satellite asset and operator, with L-band spectrum, global coverage, 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 returns to shareholders between 2023 and 2030, which represents a material portion of the current enterprise value.

Regional casino company **PENN Entertainment, Inc.** detracted from performance. PENN reported declining market share in its sports betting app ESPN Bet due to fewer promotions and more competition. The expected increase in losses in the digital business will likely force PENN to take on additional leverage, which will cut into the company's share repurchase capacity. We exited our position.

Shares of **FactSet Research Systems Inc.**, a leading provider of investment management tools, detracted from performance. While the company reported solid earnings for the second fiscal quarter of 2024, it revised its fiscal year 2024 growth in annual subscription value towards the lower end of the prior guidance range given ongoing challenges in the financial services end-market. FactSet has a strong pipeline and is seeing signs of stabilization, but client caution continues to delay purchasing decisions. While there is some near-term uncertainty, we maintain long-term conviction in FactSet due to the company's large addressable market, consistent execution on both new product development and financial results, and robust free-cash-flow generation.

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, sustainable 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 company 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 March 31, 2024, our weighted average holding period was 16.5 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 18.2 years, ranging from a 7.3-year investment in **Kinsale Capital Group, Inc.** to investments in **Choice Hotels International, Inc.** and **Vail Resorts, Inc.** that now both exceed 27 years. We have held 23 investments, representing 85.3% of the Fund's net assets, for more than 10 years. We have held 13 investments, representing 14.6% 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 Total Return Since First Date of Purchase	Annualized Return Since First Date of Purchase
IDEXX Laboratories, Inc.	2005	3,651.5%	20.9%
Choice Hotels International, Inc.	1996	3,490.2	14.0
Arch Capital Group Ltd.	2002	3,133.4	17.1
MSCI Inc.	2007	2,390.2	21.7
CoStar Group, Inc.	2004	2,312.6	17.8
Gartner, Inc.	2007	2,053.0	20.3
Mettler-Toledo International Inc.	2008	1,745.4	21.0

The cohort of investments that we have held for more than 10 years earned a weighted average annualized rate of return of 17.3% since we first purchased them. This exceeded the performance of the Fund's Benchmark by 8.4% annualized. Six 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 Total Return Since First Date of Purchase	Annualized Return Since First Date of Purchase
Kinsale Capital Group, Inc.	2016	1,878.4%	50.3%
Altair Engineering Inc.	2017	370.5	27.4
Moelis & Company	2015	300.8	16.9
Red Rock Resorts, Inc.	2016	298.7	19.1
Iridium Communications Inc.	2014	266.7	14.0
Houlihan Lokey, Inc.	2017	257.6	21.9

The cohort of investments that we have held for fewer than 10 years has returned 28.7% annually on a weighted average basis since our initial purchase, exceeding the Benchmark by 18.8% annualized. Three of these investments have achieved annualized returns that exceeded the Benchmark by more than 10% per year, including two that have achieved annualized returns that exceeded the Benchmark by more than 20% per year.

PORTFOLIO HOLDINGS

As of March 31, 2024, we owned 36 investments. The top 10 holdings represented 68.2% of the Fund's net assets, 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 20.8% annually based on weighted average assets since our initial investment, exceeding the Benchmark by an average of 12.2% 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.

Table IX.
Top 10 holdings as of March 31, 2024

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
MSCI Inc.	2007	$1.8	$44.3	$835.1	10.4%
Arch Capital Group Ltd.	2002	0.4	34.6	834.3	10.4
Gartner, Inc.	2007	2.3	37.2	710.2	8.8
FactSet Research Systems Inc.	2006	2.5	17.3	545.3	6.8
Kinsale Capital Group, Inc.	2016	0.6	12.2	524.7	6.5
CoStar Group, Inc.	2004	0.7	39.5	496.5	6.2
Vail Resorts, Inc.	1997	0.2	8.5	445.7	5.5
Primerica, Inc.	2010	1.0	8.8	379.4	4.7
Choice Hotels International, Inc.	1996	0.4	6.3	379.1	4.7
ANSYS, Inc.	2009	2.3	30.2	343.7	4.3

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

Respectfully,

Ronald Baron
CEO and Portfolio Manager

Neal Rosenberg
Portfolio Manager

Investors should consider the investment objectives, risks, and charges and expenses of the investment carefully before investing. The prospectus and summary prospectus contain this and other information about the Funds. You may obtain them from the Funds' distributor, Baron Capital, Inc., by calling 1-800-99-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. **Free cash flow (FCF)** represents the cash that a company generates after accounting for cash outflows to support operations and maintain its capital assets.

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

Dear Baron Small Cap Fund Shareholder:

Performance

CLIFF GREENBERG

PORTFOLIO MANAGER

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

Baron Small Cap Fund® (the Fund) had a stellar first quarter. The Fund was up 11.81% (Institutional Shares) in the quarter, which was well ahead of the Russell 2000 Growth Index (the Benchmark), which was up 7.58%. The Benchmark's performance was inflated by the anomalous performance of one stock, Super Micro Computer, Inc., which more than tripled in the quarter and accounted for over one-third of the Benchmark's gains, so the relative performance of the Fund was actually more impressive in comparison. The Fund outpaced the broader S&P 500 Index as well, which was up 10.56% in the quarter. Large-cap stocks outperformed small caps and a handful of popular stocks drove general market returns.

As shown in Table I below, the Fund has outperformed the Benchmark for all relevant periods. Since inception, the Fund has generated an annualized excess return of 4.18% and has exceeded that level over the last 1-, 3-, and 5- year periods. If you would have hypothetically invested $10,000 at the inception of the Fund in September 1997, your investment would be worth $142,341, which is well in excess of the $51,189 you would have if you had hypothetically invested in a fund that tracked the Benchmark. Many investors have been with us the whole way…for 26 years plus. We thank you for your confidence in us and are happy we have been able to do well for you. We are working hard in an effort to continue to outperform. We are confident we can do so.

Table I.
Performance
Annualized for periods ended March 31, 2024

	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]	11.73%	11.81%	7.58%	10.56%
One Year	29.61%	29.94%	20.35%	29.88%
Three Years	3.16%	3.42%	(2.68)%	11.49%
Five Years	11.56%	11.84%	7.38%	15.05%
Ten Years	10.35%	10.64%	7.89%	12.96%
Fifteen Years	14.55%	14.84%	13.39%	15.63%
Since Inception (September 30, 1997)	10.38%	10.54%	6.36%	8.66%

The market strength of the fourth quarter of 2023 continued into 2024, and the Dow Jones Industrial Average and S&P 500 Index closed the first quarter at record highs. Sentiment was positive based on the belief that the economy was resilient, inflation was moderating, and rate cuts were on the horizon and actually expected in the near term. Stock multiples increased. Growth did better than value, and Information Technology (IT) and Communication Services stocks led the way in the market in general. In the small-cap growth space, IT, Energy, and Industrials were the best groups and more defensive sectors underperformed.

The Fund's strong performance in the quarter was driven by stock selection. Also, as has been the case recently, many of our largest positions were among our best performing stocks. Investments in Industrials and Financials were the source of most of our absolute gains and excess returns. The stocks rose because the fundamentals of the businesses are doing very well, and the outlooks are bright and improving. **Vertiv Holdings Co**, the leading provider of cooling solutions to data centers, continued its torrid performance, gaining another 70% in the quarter after rising over 250% in 2023. **TransDigm Group Incorporated**, the maker of proprietary parts for planes, rose over 20%, as did

Performance listed in the above table is net of annual operating expenses. The 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.

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.

BARON CAPITAL
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liquid handling company **Chart Industries, Inc.**, and composite decking manufacturer **Trex Company, Inc.** Strength in our Financials holdings came from specialty insurer **Kinsale Capital Group, Inc.**, which gained over 50% in the quarter. Other sectors that did well were Health Care, paced by **ICON Plc**, a leading CRO, and Consumer Discretionary, with nice gains from casino operator **Red Rock Resorts, Inc.**, childcare provider **Bright Horizons Family Solutions, Inc.**, and online gaming company **DraftKings Inc.** Some of our perceived interest rate sensitive stocks, including housing installation contractor **Installed Building Products, Inc.**, and flooring retailer **Floor & Decor Holdings, Inc.**, continued to rebound with rate declines. Our IT stocks did not do well this quarter. Some of our vertical software holdings, **Intapp, Inc.** and **Clearwater Analytics Holdings, Inc.**, and digital transformation service providers, **Endava plc** and **Grid Dynamics Holdings, Inc.**, were down in the quarter and hurt our performance. The Fund's bias toward owning some larger market caps because of appreciation helped this quarter, but we are underweight securities with elevated idiosyncratic volatility, so these factors offset.

Table II.
Top contributors to performance for the quarter ended March 31, 2024

	Percent Impact
Vertiv Holdings Co	4.67%
Kinsale Capital Group, Inc.	2.06
Installed Building Products, Inc.	1.12
ICON Plc	0.77
TransDigm Group Incorporated	0.56

Shares of **Vertiv Holdings Co**, a manufacturer of critical infrastructure equipment for data centers, rose during the quarter due to improved focus on operational execution, strong revenue growth prospects, and robust opportunities for margin expansion. We expect Vertiv to benefit from the rising demand for data center capacity, with approximately 70% of its revenue coming from the data center end market. As one of the leading providers of precision cooling for data centers, Vertiv also stands to benefit from the increasing adoption of generative AI (GenAI), as GenAI-related servers have higher energy density, which will necessitate more complicated cooling solutions. We reduced the position into strength, but we remain large shareholders. We believe that Vertiv's leading market position in data center thermal and power management will lead to strong growth and substantial upside over the long term.

Specialty insurer **Kinsale Capital Group, Inc.** gained after financial results exceeded Street forecasts. After last quarter's cameo on the detractor list, Kinsale fundamentals remain strong, with 34% growth in gross written premiums and 49% EPS growth highlighted by record underwriting margin. Market conditions remain favorable with rising premium rates and more businesses shifting from the standard market to the excess and surplus lines market where Kinsale operates. In addition, insurance stocks broadly rebounded from last quarter's pullback as interest rates stabilized. 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.

Installed Building Products, Inc. is a leading distributor and installer of insulation and complementary building products for residential and commercial end markets in the U.S. Shares rose on improving industry conditions, particularly in the new single-family residential construction market, which drives approximately 60% of the company's revenue. Installed Building Products' excellent execution across various strategic initiatives continues to generate growth from other construction end markets, including multi-family construction, light and heavy commercial construction, and remodeling. We believe the company also stands to benefit from pricing and profitability improvements and our expectation of attractive tuck-in acquisitions, which has long been a mainstay of the company's growth algorithm.

Other stocks that rose over 20% in the quarter but contributed less to the overall performance of the Fund were **DraftKings Inc.**, **Repay Holdings Corporation**, **HealthEquity, Inc.**, **WEX Inc.**, **TransDigm Group Incorporated**, **The Trade Desk**, **Chart Industries, Inc.**, **Trex Company, Inc.**, **BRP Group, Inc.**, and **Bright Horizons Family Solutions, Inc.**

Table III.
Top detractors from performance for the quarter ended March 31, 2024

	Percent Impact
Endava plc	–0.70%
Neogen Corp.	–0.47
Fox Factory Holding Corp.	–0.31
Planet Fitness, Inc.	–0.27
Intapp, Inc.	–0.21

Shares of IT services provider **Endava plc** fell after management cut guidance for the fiscal year ending June 30, 2024. Growth has slowed over the last year as business customers pulled back on discretionary IT spending due to macroeconomic uncertainty. Last fall, management was seeing early signs of a recovery, but new projects have been taking longer to materialize as customers delay spending decisions. Higher expenses, due to increased staffing to meet anticipated demand, weighed on margins as well. Management acknowledged that it misread the market and is taking steps to right-size the cost structure to improve margins, but it remains confident in its pipeline of work. We remain invested because we expect these near-term headwinds to abate over time, leading to a return to historical growth rates as clients embrace digital transformation.

Shares of **Neogen Corp.**, a leading provider of food and animal safety products, detracted from performance. While end-market challenges appear to be bottoming, this improvement is happening at a slower pace than the company had forecast, which caused it to lower fiscal year 2024 guidance. Neogen also continues to deal with issues integrating the assets of 3M's Food Safety business, its pivotal recent acquisition. We think that the company will be a juggernaut when this integration is behind it and that the stock has huge potential, so we have been adding to our position amid near-term troubles.

Shares of **Fox Factory Holding Corp.**, a leading provider of suspension systems and engineered products for the mountain bike, power sport, and off-road truck categories, declined during the quarter following an earnings update that indicated uncertain volumes in its bike and aftermarket truck segments. The company's challenges are mostly attributable to temporary issues, such as vehicle production delays associated with the 2023 United Auto Workers strike, which is now resolved. We believe Fox Factory is protecting its brand positioning and leading innovation within its categories. As near-term demand headwinds dissipate, Fox Factory should return to strong growth rates in the large automotive aftermarket.

Other stocks that declined over 15% in the quarter but had less impact on our results were **Shoals Technologies Group, Inc.**, **Intapp, Inc.**, **Mercury Systems, Inc.**, **Clarivate Plc**, and **Americold Realty Trust**.

Portfolio Structure & Recent Activity

As of March 31, 2024, the Fund had $4.9 billion in net assets and owned 60 stocks. The top 10 stocks in the Fund made up 43.1% of net assets, continuing the trend of higher concentration. This is the result of strong contributions from many of our larger holdings. We are comfortable with this outcome, as we retain conviction about the prospects for these holdings. We are starting to see the reopening of the IPO market. We suspect this will lead to some new investments for us, as high-quality businesses are often the first ones to go public. We welcome this development, as new issues have historically been the source of successful investments for us. We also note that the capital markets are becoming unfrozen, which we expect will lead to more merger and acquisitions activity. We suspect that some of our holdings will be acquired or taken private, like in the past.

Table IV.
Top 10 holdings as of March 31, 2024

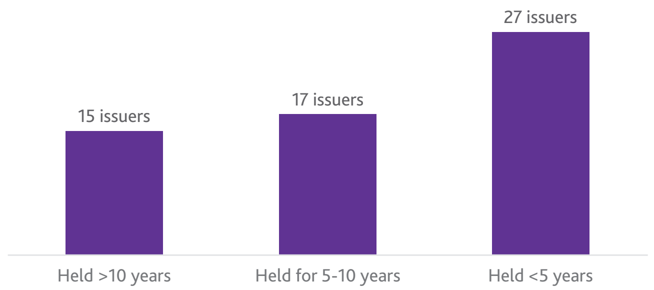
	Year Acquired	Quarter End Investment Value (millions)	Percent of Net Assets
Vertiv Holdings Co	2019	$396.1	8.1%
Gartner, Inc.	2007	250.3	5.1
Kinsale Capital Group, Inc.	2019	249.3	5.1
ICON Plc	2013	235.2	4.8
ASGN Incorporated	2012	183.3	3.8
Red Rock Resorts, Inc.	2016	179.5	3.7
Installed Building Products, Inc.	2017	161.7	3.3
SiteOne Landscape Supply, Inc.	2016	161.5	3.3
Chart Industries, Inc.	2022	144.1	3.0
Guidewire Software, Inc.	2012	143.0	2.9

The Fund's investments remain concentrated in the same sectors as usual. Industrials make up 32.9% of the Fund's net assets, IT is 17.9%, Consumer Discretionary is 17.1%, and Health Care is 11.4%. Compared to the Benchmark, we are notably overweight in Industrials, slightly overweight in Consumer (if one combines Consumer Discretionary with Consumer Staples), underweight in IT, and significantly underweight in Health Care. We are bottom-up investors, and the aforementioned variances are the result of the stock selections we make and their subsequent success. We invest in what we consider to be high-quality, competitively advantaged, well-managed businesses across various industries. We do not manage to mimic the Benchmark.

The high concentration in Industrials consists of multiple investments in leading niche businesses that we believe have strong long-term growth prospects because of superior market positioning and secular tailwinds. It does not reflect a near-term conviction in the pace of economic growth. The underweight in Health Care is primarily the result of our aversion to investing in biotechnology stocks, as most small-cap issues in this sector are early stage and their success is binary…which is not our thing.

We are long-term investors. We set out to invest in small-cap companies, usually at an initial market cap of $1.5 billion to $2.0 billion, that we believe can grow and become significantly larger and that we can own for years. It is our experience that if the companies can succeed as hoped or as expected, their stocks will compound at high rates. Having managed the Fund for the past 26-plus years, we can affirm this has been our practice. As shown in the chart below, at the end of the first quarter, we own 15 stocks which make up about 31% of the Fund's net assets for 10 years or more. We own another 17 stocks, representing 28% of the Fund for between 5 and 10 years. We hold 27 stocks, making up 40% of the Fund for under 5 years. The weighted average return is over 20% for the stocks in the three different periods, which we believe is exceptional.

Baron Small Cap Fund
AUM Breakdown by Period Held[1]



Portfolio weight	**30.9%**	**27.8%**	**39.8%**
Weighted average return for period held	**20.2%**	**20.8%**	**21.4%**

[1] – As of 3/31/2024, the portfolio held 60 publicly traded equity issuers. The balance of the portfolio was held in cash and cash equivalents. Portfolio holdings are subject to change.

Sources: Baron Capital and FactSet.

We own many stocks which have been terrific performers…our *big winners*. As the table below shows, we own 10 stocks that have increased 10 TIMES OR MORE since initial purchase! These stocks have been held anywhere from 7 to 20 years, with the average being 14.5 years. The annualized weighted average rate of return of these investments is 26.9%, which is outstanding. Some of the returns have been mind-blowing. **TransDigm Group Incorporated** has increased 123 times since our initial investment over 18 years ago, **DexCom, Inc.** has increased 40 times since our initial purchase over 11 years ago, **The Trade Desk** has increased nearly 21 times since our initial investment over 7 years ago, and **ICON Plc** has increased nearly 12 times since our initial purchase over 11 years ago. In addition to the "tenbaggers," we also own another 6 stocks that have appreciated between 5 and 10 times since our initial purchase. These stocks have returned 44.1% on a weighted average annualized basis. In total, these 16 stocks make up 63.1% of the Fund and have returned 36.1% a year during our holding periods. This has been the essence of our alpha generation.

Baron Small Cap Fund – Big Winners

Holding	% of Net Assets	Multiples of First Purchase Price (X)[1]	# of Years Held
Multiples of 10 or more			
TransDigm Group Incorporated	2.5	123	18
SBA Communications Corp.	0.4	55	20
DexCom, Inc.	1.6	40	11
IDEXX Laboratories, Inc.	0.3	32	15
Liberty Complex[2]	1.8	27	15
Gartner, Inc.	5.1	23	17
The Trade Desk	1.3	21	7
Mettler-Toledo International Inc.	0.9	18	15
Waste Connections, Inc.	1.2	14	15
ICON Plc	4.8	12	11
Multiples of 5 to <10			
Vertiv Holdings Co	8.1	9	4
SiteOne Landscape Supply, Inc.	3.3	7	8
Kinsale Capital Group, Inc.	5.1	6	4
ASGN Incorporated	3.8	6	12
Cognex Corporation	1.3	6	13
Aspen Technology, Inc.	1.5	5	9
Multiples of 10 or more	**20.0**	**37**	**14.5**
Multiples of 5 or more	**43.1**	**25**	**12.1**

[1] - The stock price multiples reflect the increase of the stocks' share prices from the date of the Fund's first purchase until 3/31/2024. This performance may be lower or higher than the performance of the stocks in the Fund depending on the portfolio manager's purchases and sales over the period. This is a select group of holdings. Not all holdings in the portfolio reflect this type of return.

[2] - Liberty Complex consists of the Fund's investments in Starz Inc., Liberty Media Corporation, Atlanta Braves Holdings, Inc., Liberty Broadband Corporation, Liberty Expedia Holdings, Liberty Media Corporation–Liberty SiriusXM, Liberty Media Corporation–Liberty Formula One, and Liberty Media Corporation–Liberty Live, some of which are no longer held.

Sources: Baron Capital and FactSet.

As the stocks age in the portfolio, we stay diligent in monitoring the position to make sure we believe that they can continue to perform. We have learned over the years that the stocks of truly special companies can perform well for a long period of time. We are happy to report that many of our best recent performers are some of our longest held and *biggest winners*. We also pay close attention to the market cap of our holdings, seeking to balance investment returns within our small-cap mandate. We trim our larger-cap holdings so that the positions aren't too large. We now own just a small fraction of our original positions. Still, we are glad we own them, as the stocks have continued to perform. We use the proceeds from the sales to make new small-cap investments. In the first quarter of 2024, the weighted average market cap of stocks purchased was $3.2 billion, while the weighted average market cap of stocks sold and trimmed was $20.0 billion.

Table V.
Top net purchases for the quarter ended March 31, 2024

	Year Acquired	Quarter End Market Cap (billions)	Net Amount Purchased (millions)
Intapp, Inc.	2024	$2.5	$75.2
Exponent, Inc.	2024	4.2	20.2
ODDITY Tech Ltd.	2023	2.5	15.2
nCino Inc.	2023	4.3	14.5
John Bean Technologies Corporation	2017	3.3	12.7

We initiated a position in **Intapp, Inc.** Founded in 2000, Intapp provides cloud-based software for regulated professional services industries, such as legal, accounting, consulting, private capital markets, and investment banking. Intapp's software helps manage and automate many of the administrative workflows unique to these industries, such as clearing conflicts for new engagements, onboarding new clients, recording billable hours, and establishing regulatory walls between divisions. Its DealCloud suite also functions as a deal lifecycle management and customer relationship management system that has become the industry standard in private equity and investment banking. Intapp serves more than 2,400 customers, including 96 of the top 100 American law firms, 15 of the top 20 accounting firms, and 1,600 leading financial services firms.

Intapp competes in a large and growing serviceable addressable market, spanning 28,000 firms that collectively spend about $15 billion annually on software in Intapp's categories. The company has grown its annual recurring revenue by more than 20% annually for the past five years, as customers have seen good returns on their Intapp investment. For example, Intapp products have helped professional services firms reduce new client onboarding and conflict clearance processing times by more than 50%, saved millions of dollars in billable hours leakage, and significantly expanded new deal origination volumes for financial services firms. This success has led to low churn rates, increased market share capture, and expanding footprints in existing accounts. Intapp has several competitive advantages that should drive continued market share capture over time, including a proprietary graph data model that is better equipped for professional services needs than traditional databases, good brand recognition with decades of experience serving the largest firms in its industries, and AI capabilities that continuously improve product effectiveness.

We see a long runway for growth through a combination of new customer wins and existing customer expansion. Management believes its largest 200 customers alone represent a $1.3 billion wallet opportunity, and that Intapp can continue to generate mid-teens expansion rates in existing accounts by cross-selling product modules, growing its user penetration, and raising prices. While Intapp is profitable today and has expanded its free-cash-flow margins over the last two years, we see an opportunity for margins to increase to 20% or more as the company benefits from operating leverage and a higher cloud revenue mix. The combination of good organic growth and free-cash-flow margin expansion should bode well for the stock long term.

In February, Intapp reported a solid fourth quarter with 23% revenue growth and 7% operating margins – both above consensus estimates – and management raised its full-year guidance for software-as-a-service revenue, operating margin, and earnings per share. However, shares sold off during the quarter due to some concerns about near-term budgetary headwinds in the investment banking customer segment and due to one of Intapp's pre-IPO investors exiting most of its position in early March. We view both issues as short term and opportunistically purchased additional shares on weakness.

Exponent, Inc. is a leading engineering & scientific consulting firm. Around half of the business is reactive work where the company gets brought in to determine the root cause of an event such as car recalls, oil spills, and wildfires; and the remainder is proactive work where clients engage Exponent before an issue arises to help with risk management and product design. Exponent is a business that we have admired from the sidelines for a while, and we finally saw an opportunity to initiate a position at an attractive price due to a rare pause in annual growth, which we believe to be temporary.

Exponent has a strong competitive position. The company has been around for over 50 years and has developed a well-known brand; it is the go-to consultant in the engineering & scientific space. Additionally, Exponent has a unique combination of scale and premium service orientation. The company has more than 1,000 consulting staff (including 740 doctoral-level professionals) across 90 technical disciplines in over 30 offices around the globe. We estimate that even the biggest competitor is only 15% to 20% of Exponent's size. No competitors can match the capabilities that Exponent brings to the table, especially as it relates to multi-disciplinary and highly complex matters.

Despite the near-term growth pause, we believe Exponent is well positioned to drive high single-digit or greater revenue growth over time through a combination of 6% to 8% net headcount growth, low/mid-70s utilization, and 2% to 4% realized price increases. From a market demand perspective, the business is driven by several secular trends, including an increasing focus on safety, health, and the environment, a faster pace of innovation, higher complexity of new technologies, amplified brand risk when product launches go wrong, and an increased risk of litigation. Exponent is not immune from the macro, as evidenced by the recent softness in consumer electronics, but its business model has held up well across economic cycles and key demand drivers are not impacted as much by the economy compared to most other consulting firms.

Exponent has a robust financial model. Given its superior capabilities, the company is a premium priced provider. Bill rates for each consultant are set at the beginning of the year, and the company does not discount for any client. This drives strong adjusted EBITDA margins in the high-20s to low-30s and free-cash-flow generation, which the company deploys for internal investments and capital allocation (both dividends and share repurchase). The company also has a strong balance sheet with ample cash and no debt. We believe that Exponent is a high-quality business and will be a solid earnings compounder, which should drive good returns for the stock over a multi-year period.

Table VI.
Top net sales for the quarter ended March 31, 2024

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap or Market Cap When Sold (billions)	Net Amount Sold (millions)
Vertiv Holdings Co	2019	$1.1	$31.2	$135.1
Axonics, Inc.	2020	1.4	3.5	67.7
Floor & Decor Holdings, Inc.	2017	3.0	13.8	35.8
TransDigm Group Incorporated	2006	1.1	68.5	27.5
Dechra Pharmaceuticals PLC	2018	2.8	5.6	24.5

We sold **Axonics, Inc.**, which is being acquired by Boston Scientific. The expected closing shifted from the second quarter to the second half of 2024, so we decided to cash out now and redeploy the funds. The **Dechra Pharmaceuticals PLC** take-out by a consortium of private equity firms closed early in the first quarter, capping a successful investment (85% total return). We trimmed positions in **Vertiv Holdings Co**, **Floor & Decor Holdings, Inc.**, and **TransDigm Group Incorporated** to manage their respective position sizes and be attentive to market cap.

Outlook

There has been a noted change in market sentiment in the beginning of the second quarter. Interest rates have spiked, with the 10-Year Treasury Bond going from 3.9% to 4.6%. Rates have risen after a robust employment report in March, after hotter-than-expected inflation reports for March and the prior three months, and after oil prices jumped from increased tensions in the Middle East. The Federal Reserve Chair and Board of Governors are in a data dependent mode, and their present stance seems to be that the economy is doing well and that inflation is not coming down quickly enough to their 2% target. So, it appears that interest rate cuts, which seemed likely, even imminent, early in the year, are now on hold. This shift in interest rate view has resulted in a whipsaw for stocks, which have now given back most all of the gains for the year.

We are in consistent contact with the management teams of our portfolio companies and follow carefully what other companies are saying. We have found that those conversations give us a good bead on the pace and trends of economic growth. What we hear is incongruous with what is now common narrative. The economy is fine/resilient, but not strong. We are more concerned about softening consumer spending than overheating. Employment is no longer tight. Companies can now find good people, and some companies continue to scale back from over hiring from faster-than-normal growth a few years ago. Inflation is in the rearview mirror. Most of our portfolio companies experienced significant cost increases during COVID-19, and then raised prices to maintain profit margins. That is over, and we see some signs of reversal. Not that we are macro guys, but we suspect that interest rates will decline from here when the softer economic conditions and lower inflation that we are hearing about are recognized by the decision makers.

The case for small-cap stocks remains compelling. Small-cap growth stocks have significantly underperformed large caps for years. Small-cap growth stocks are priced well below the premium they have historically traded at. And small-cap stocks usually perform better as the economy improves and interest rates are cut…both of which we believe are on the horizon. We believe our investments will continue to perform well, and we foresee faster growth in the future, as most of our portfolio companies are growing below what we expect to be their long-term pace. We considered our stocks to be cheap a year ago, and now the stocks are reasonably valued in the near term and still offer great upside on what we believe they will earn in the long term. The biggest risk to this scenario is that corporate earnings will disappoint, which would be caused by a softer economy than we project.

I would like to thank our fellow investors and others for your interest in the Fund. We believe our approach, of investing in high-quality, special, well-managed businesses, diversified across industry sectors, will continue to provide market-beating returns, as it has for the long life of the Fund. We believe that we have built a portfolio of such businesses, many of which have done very well for years, and which we see as a harbinger of good things to come. We have a great research group at Baron to help identify new potential investments and monitor our present holdings.

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.

Alpha measures the difference between a fund's actual returns and its expected performance, given its level of risk as measured by beta. **Free cash flow (FCF)** represents the cash that a company generates after accounting for cash outflows to support operations and maintain its capital assets.

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Dear Baron Opportunity Fund Shareholder:

Performance

During the first quarter, Baron Opportunity Fund® (the Fund) rose 15.33% (Institutional Shares), outperforming the broader market, including the Russell 3000 Growth Index (the Benchmark), which gained 11.23%, and the S&P 500 Index, which advanced 10.56%.

Table I.
Performance†
Annualized for periods ended March 31, 2024

	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]	15.25%	15.33%	11.23%	10.56%
One Year	46.26%	46.63%	37.95%	29.88%
Three Years	2.98%	3.25%	11.54%	11.49%
Five Years	19.16%	19.47%	17.82%	15.05%
Ten Years	15.51%	15.81%	15.43%	12.96%
Fifteen Years	18.18%	18.48%	17.56%	15.63%
Since Inception (February 29, 2000)	9.51%	9.69%	7.15%	7.77%

MICHAEL A. LIPPERT
PORTFOLIO MANAGER

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

Review & Outlook

U.S. equities continued their strong run to begin the year, with all major market indexes achieving new all-time highs on multiple occasions during the first quarter. The S&P 500 Index finished the quarter at a record high, while the NASDAQ Composite peaked on March 22 before fading a bit to close the quarter. The rally was supported by robust economic data and relatively strong corporate earnings, which added fuel to investor hopes for a *soft landing*. Investors appeared unfazed by concerns about persistent inflation, the timing of Federal Reserve (Fed) rate cuts, record consumer and government debt, and potential government shutdowns. The focus remained on the *Magnificent Seven* given the group's dominance in recent quarters and continued investor excitement surrounding their ability to gain from widespread adoption of AI.

Fund performance was driven by our semiconductor, consumer internet, digital advertising, cloud computing, and cybersecurity investments capitalizing on the AI inflection, including **NVIDIA Corporation**, **Microsoft Corporation**, **Meta Platforms, Inc.**, **Amazon.com, Inc.**, **Advanced Micro Devices, Inc.**, **Astera Labs, Inc.**, **ASML Holding N.V.**, **CrowdStrike Holdings, Inc.**, and **The Trade Desk**, as well as health care names **Viking Therapeutics, Inc.** (see discussion below regarding robust clinical data on its GLP-1/GIP combination weight loss medication) and **Shockwave Medical, Inc.**, which agreed to be acquired by Johnson & Johnson in early April, but whose stock rose on reports of the deal. The primary detractors from Fund performance were our electric vehicle (EV) investments, including EV pioneer **Tesla, Inc.**, fast follower **Rivian Automotive, Inc.**, and automotive semiconductor supplier **indie Semiconductor, Inc.** As we address below, while our long-term conviction regarding the interconnected triangle of disruptions impacting the global transportation industry – electric battery propulsion, autonomous driving, and shared mobility – has not changed, we acknowledge the weak current trends in EV purchases and heightened

Performance listed in the above table is net of annual operating expenses. The 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 waive or 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.

BARON CAPITAL
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uncertainty surrounding the leading EV vendors. Because of this uncertainty, during the quarter we decreased our exposure to the EV theme and reduced our Tesla portfolio weight. At bottom, I believe the portfolio's strong quarterly performance, despite Tesla's sharp decline, speaks to the power of diversifying across several industries and a multitude of innovation-driven secular growth themes.

As of this writing, the market has pulled back to start April, due to heightened concerns regarding inflation, interest rates, and the pace of anticipated Fed rate cuts, as well as fears regarding the potential for a wider conflict in the Middle East on growing tensions and military clashes between Israel and Iran. While the current retreat was triggered by macroeconomic and geopolitical anxieties, rather than any credible evidence prompting fundamental longer-term doubts, investors and traders have reduced exposure to recent AI winners, particularly across the semiconductor industry. To me, this feels like what's commonly called a *mid-cycle correction*, as many of these stocks are just weeks away from all-time highs and a slew of exciting product announcements, and all our research reinforces our view that AI is the most significant advancement impacting our now-digital world since the advent of the internet itself. I believe the more accurate construction of the current setting is that we find ourselves just past the first upward inflection in a generational S-curve for AI adoption and economic impact. Before long, every digital interaction – whether with business software, consumer apps, robots, cars, etc. – will be AI powered. AI will make humans more productive doing their jobs, developing drugs, designing products, writing software, being creative, and more. I would encourage our investors and readers of this letter to stick with their long-term conviction and not get spooked by or try to time this short-term volatility[5], and to consider increasing their investments across their favorite secular themes and durable-growth investment vehicles on this correction.

I will quickly reiterate some of the points made in my last letter. The secular trends we emphasize in the Fund – listed in the table just below – are real and intact. Other than the current pause in EV adoption – which we believe is primarily due to product launch gaps in Western markets – they are neither stopping nor slowing down. AI is real. Cloud computing is real. Digital media, entertainment, commerce are real. Health care advancements are real. Semiconductors powering every single digital or electronic device are real. The history of investing, no matter what era, has proven the wisdom of owning the dominant trends, owning the big winners. The market has historically underestimated the long-term growth potential for top companies in new and innovative verticals. Over the last four or five decades, as technology innovations forged disruptive trends and spurred the (post-industrial) computing revolution, the best investments are those companies, now household names, that grew *faster for longer* than most experts initially predicted. The market misjudged the growth that would be achieved by such disruptive developments as Microsoft's Windows operating system, Google's internet search engine, Amazon's e-commerce platform, Apple's iPhone, and Meta's Facebook and Instagram social apps. 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 on revenues, earnings, and cash flow. We believe the same thing will drive returns for the innovators and industry trends that populate our portfolio.

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
- EVs/autonomous driving
- Electronic payments
- Robotics

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

- Semiconductors: **Broadcom Inc., Taiwan Semiconductor Manufacturing Company Limited**, and **Astera Labs, Inc.**
- Digital Media: **Spotify Technology S.A.**
- Biotechnology/Pharmaceuticals: **Arcellx, Inc.** and **Legend Biotech Corporation**
- Autonomous Driving: **Mobileye Global Inc.**
- Real Estate Tech: **CoStar Group, Inc.**

Table II.
Top contributors to performance for the quarter ended March 31, 2024

	Percent Impact
NVIDIA Corporation	6.92%
Viking Therapeutics, Inc.	2.03
Microsoft Corporation	1.84
Meta Platforms, Inc.	1.52
Amazon.com, Inc.	1.23

NVIDIA Corporation sells semiconductors, systems, and software for accelerated computing, gaming, and generative AI. NVIDIA's stock rose in the first quarter, driven by continued strong demand for its accelerated computing chips that stand at the epicenter of the generative AI revolution. NVIDIA closed 2023 with unprecedented revenue growth at massive scale, with a fourth quarter revenue run rate just shy of $90 billion, growing over 3.5 times year-over-year with operating margins of 67%. Importantly, NVIDIA disclosed that 40% of its data center business for fiscal year 2024 was from inferencing (which can be thought of as use of an AI application) and hinted that the fourth quarter level was likely even higher. This was received quite positively by investors as inferencing is viewed to be more sustainable than training, as well as evidence that NVIDIA's customers are earning returns on their AI investments. Moreover, at its recent GTC

[5] 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 and free cash flow to yield durable returns, and not merely gyrate with shifts in investor sentiment.

developer conference, NVIDIA further cemented its lead as the AI platform company, announcing a number of new innovations, including its next-generation Blackwell AI superchip; significant die-to-die and chip-to-chip bandwidth improvements with its 5th generation NVLink interconnection technology; it's GB200 NVL72 computing system, where taking advantage of NVLink and software advancements, 72 Blackwell chips can act as one single massive GPU, yielding up to a 30 times improvement in inference performance compared to its Hopper generation of chips; and a new family of AI software called NVIDIA Inference Microservices, or NIMS, which make it easier for companies to build and scale generative AI workloads.

Viking Therapeutics, Inc. develops metabolic disease medicines with a focus on diabetes/obesity and MASH (metabolic steatohepatitis, i.e., fatty liver). Viking's lead asset is VK2735, an injectable and oral version of a GLP-1/GIP combination weight loss medication that directly competes with well-known Eli Lilly products called Mounjaro and Zepbound. Viking's second asset competes with Madrigal Pharmaceutical's just approved MASH asset. Shares rose in late February when Viking announced positive top-line results from its Phase 2 clinical trial of VK2735. Both of Viking's main assets appear to be more efficacious than their competitors in two exceptionally large revenue end markets. After a couple of decades of working on treatments for oncology and rare diseases, the pharmaceutical industry is shifting back to lower-priced/higher-volume primary care medications led by treatments for obesity, and Viking has the potential to be a notable player in this space. To size the potential obesity market, if 50 million people (one-third of the current U.S. addressable market) are treated at $2,000 per year, that would result in a $100 billion opportunity.

Microsoft Corporation is the world's largest software and cloud computing 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 Microsoft's leadership across the secular megatrends of AI and cloud computing. In Morgan Stanley's first quarter 2024 CIO Survey, we continued to see the strength and attractiveness of Microsoft's product portfolio among its customer set: (1) Microsoft is the "clear beneficiary" that is "poised to gain the largest incremental share of the GenAI budget" on both a one-year and three-year basis; (2) Microsoft remains the leading vendor "expected to gain an incremental percentage of IT budgets in 2024 and over the next three years" as "workloads shift to the cloud;" and (3) Microsoft Azure ranks as the preferred cloud vendor today and is expected to extend its lead over the next three years for both platform-as-a-service and infrastructure-as-a-service use cases. For the December 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, flat sequentially from the September quarter, bolstered by ramping AI revenue contributing six points of growth (vs. guidance of *increasing* contribution and three points last quarter). March quarter guidance came in-line with consensus, but the company provided higher guidance for the two most important segments, Productivity and Business Processes and Intelligent Cloud, on the back of 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.

Table III.
Top detractors from performance for the quarter ended March 31, 2024

	Percent Impact
Tesla, Inc.	–1.79%
Rivian Automotive, Inc.	–0.99
indie Semiconductor, Inc.	–0.27
Rocket Pharmaceuticals, Inc.	–0.21
Endava plc	–0.20

Tesla, Inc. designs, manufactures, and sells EVs, autonomous driving software and charging services, and solar and energy storage products. Despite commencing deliveries of the highly anticipated Cybertruck, its first pickup truck that boasts innovative technologies and a space-age look and feel, the stock underperformed as Tesla's core automotive segment remained under pressure. In the first quarter, Tesla delivered only 386,000 units, down 8.5% year-over-year, well below expectations of 420,000 to 440,000 deliveries. Near-term challenges stem from a complex mix of macroeconomic and interest rate headwinds (higher rates increase the monthly cost of car ownership for most consumers), temporary factory closures, escalating competition in China, and Tesla's price adjustments in 2023. Like many investors, we viewed recent trends as more of a temporary perfect storm resulting from the fusion of these factors and a product launch gap, which we expected to close when Tesla launched is lower-priced, next-gen vehicle, sometimes referred to as Model 2, opening large mass-market price segments to the company. However, a couple of weeks ago, Reuters reported that Tesla was planning to cancel the Model 2 vehicle and would instead prioritize its robotaxi operations. CEO Elon Musk denied the accuracy of this report, but then announced that Tesla would hold a robotaxi unveiling on August 8. These events increased uncertainty regarding the company's near-term growth prospects, its strategic priorities, its product-launch cadence, its capital spending needs, and short- and mid-term earnings dynamics. We continue to anticipate that significant growth opportunities will mature in the coming years, either with: (1) the introduction of a lower-priced vehicle, which should enable Tesla to significantly increase its delivery volumes; and/or (2) rapid advancements in commercialization of autonomous driving technology, which should yield new open-ended revenue opportunities and materially improve profitability and returns on invested capital. Balancing our confidence in Tesla's long-term prospects and technological leadership against the current uncertainties, we decided to trim our position to a level we deemed more appropriate under the current circumstances as we seek more clarity on these issues.

Shares of **Rivian Automotive, Inc.**, a U.S.-based EV manufacturer, detracted from performance. Despite substantial improvements in production and delivery volumes in 2023 as well as improved unit economics, Rivian's business remains constrained by its limited scale, negative gross margins, and elevated cash outflows. Additionally, Rivian expects to temporarily shut down its production facilities for upgrades, impeding anticipated production growth in 2024. Compounding these challenges is the potential for demand constraints, which may not keep pace with production. Nevertheless, the recent unveiling of Rivian's mass-market products, the R2 and R3, garnered enthusiastic responses, as evidenced by over 68,000 pre-orders within the first 20 hours post-launch, but the company does not expect to begin production of the R2 models until 2026. In a strategic move, management opted to produce the R2 in Rivian's existing facility, deferring the construction of a new factory. This decision should help reduce mid-term capital expenditure obligations while ensuring higher utilization of the current production facility in Normal, IL.

Indie Semiconductor, Inc. is a fabless designer, developer, and marketer of automotive semiconductors for advanced driver assistance systems and connected car, user experience, and electrification applications. Shares fell during the quarter as the company guided revenue growth for 2024 below Street expectations as its customers digest excess inventory in the early parts of the year. While indie conservatively still expects to be growing at a healthy 25%-plus year-over-year growth rate, well above the industry and peers, investors are concerned the inventory digestion could last longer into 2024 than initially expected despite management confidence in a strong second half of 2024 driven by over 20 new projects layering in through the year across various automakers and applications. Despite the near-term softening, we believe indie remains well positioned for growth over the medium and long term supported by its $6.3 billion design win backlog (versus $220 million in 2023 revenue), and its large program ramps in 2025, including a marquee radar-related rollout, the biggest program in the company's history. We believe indie can continue to significantly outpace the broader industry and approach $1 billion in revenue by 2028 with premium margins, all supported by its contracted visibility.

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 first quarter, the largest market-cap holding in the Fund was $3.1 trillion and the smallest was $1.3 billion. The median market cap of the Fund was $41.0 billion, and the weighted average market cap was $986.5 billion.

To end the quarter, the Fund had $1.3 billion in net assets. We had investments in 47 unique companies. The Fund's top 10 positions accounted for 54.0% of net assets.

Fund flows were modestly positive for the quarter, which we consider satisfactory given that actively managed peers in the Large Growth category have experienced meaningful outflows in recent months.

Table IV.
Top 10 holdings as of March 31, 2024

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Microsoft Corporation	$3,126.1	$180.2	13.8%
NVIDIA Corporation	2,258.9	151.3	11.6
Amazon.com, Inc.	1,873.7	87.6	6.7
Meta Platforms, Inc.	1,237.9	60.7	4.6
CoStar Group, Inc.	39.5	43.5	3.3
Advanced Micro Devices, Inc.	291.6	39.4	3.0
Gartner, Inc.	37.2	39.4	3.0
Tesla, Inc.	559.9	39.1	3.0
Visa Inc.	575.2	33.5	2.6
Space Exploration Technologies Corp.	180.3	31.2	2.4

Recent Activity

Table V.
Top net purchases for the quarter ended March 31, 2024

	Quarter End Market Cap (billions)	Net Amount Purchased (millions)
Broadcom Inc.	$614.2	$24.9
Spotify Technology S.A.	52.3	18.6
Taiwan Semiconductor Manufacturing Company Limited	623.2	13.3
Arcellx, Inc.	3.7	9.9
CoStar Group, Inc.	39.5	6.4

During the quarter we initiated a position in **Broadcom Inc.**, a global technology leader that designs, develops, and supplies a broad range of semiconductor and infrastructure software solutions. Broadcom's semiconductor-solutions business focuses on complex digital, mixed-signal, and analog products across a variety of end-markets, while its software products help customers plan, develop, automate, manage, and secure applications across various platforms. Historically, Broadcom's semiconductor business has been a market leading franchise with high margins and market-level growth, but the emergence of AI-related demand has spurred stronger growth across its portfolio. Broadcom's AI-related revenue has grown from less than 5% of its semiconductor business to an expected 35% in its fiscal 2024, as its industry-leading Ethernet switch silicon business and, more importantly, its custom accelerated compute solutions, primarily Google's tensor processing unit but with two additional hyperscale customers ramping as well, have grown significantly. Broadcom partners with its consumer-internet hyperscale customers to specifically tailor chip solutions to power their stable, large-scale workloads, offering significant savings on both upfront capex and energy consumption. In its software business, Broadcom recently closed the acquisition of VMware and is implementing its well-honed strategy of removing excess costs to drive incremental cash flow and significant earnings accretion, but with VMware it is also investing in the product and upgrading customers from license to subscription models for the complete offering, creating a significant growth opportunity in the coming years. We believe the market underestimates both the growth opportunity from its custom accelerator business and the accretion and growth it will drive from the VMware acquisition. Combined, we believe these tailwinds will lead to strong earnings growth and a sustainable re-rating in the stock's valuation. The company will continue to use its significant free cash flow to pay a growing dividend and buy back shares over time.

We reestablished a position in **Spotify Technology S.A.**, a leading global digital music service, offering on-demand audio streaming through paid premium subscriptions and an ad-supported free option. Spotify was among the originators of paid streaming music after the downloads/Napster era, with the Spotify App launching broadly in the early 2010s. Since then, streaming music has grown at an over 20% annualized pace, and Spotify has been the leading streaming music service globally (and in the U.S.) with over 600 million total monthly active users. Spotify has a strong user experience and has developed its product considerably over the last decade, especially with algorithmic recommendations and expansion into categories like podcasting. While we have monitored Spotify for some time due to its product leadership and large market potential, we believe the last few months have represented a meaningful positive inflection point for the company. Firstly, Spotify continues to prove that its market is far from completely mature – subscriber net adds accelerated in 2023, even as the product has been well known for years, thanks to targeted marketing in newer countries and the strengthening product value. Next, Spotify's gross margin profile continues to improve. In the past, we had some caution around Spotify's position as a lower gross-margin technology business, due to its reliance on the catalogs from the Big 3 music labels. Now, there is a clearer medium-term path to 30% gross margins with the rise of Spotify's artist promotions marketplace, continued adoption of its margin-accretive advertising business, podcasting becoming more profitable, and audiobooks with a pathway to becoming accretive to gross margins. Beyond gross margins, Spotify has recently become much more serious about operating discipline, with 2024 expected to be its first meaningfully profitable year after operating losses in 2021 and 2022. Next, Spotify demonstrated its ability to achieve price increases while seeing minimal churn, demonstrating the pricing power in their product and the broader streaming music industry. Finally, Spotify has continued to innovate with its product roadmap, with the introduction of audiobooks and features like AI DJ, differentiating it from other music streaming providers. Going forward, we believe Spotify has more room to grow in the areas we listed above. We continue to view Spotify as a long-term winner in music streaming with the potential to reach over 1 billion monthly active users, as Spotify continues to increase its global market share and music listening habits mature internationally. We believe improving the value proposition for subscribers through audiobooks and other features will continue to differentiate the product, and that the cadence of price hikes will increase (as suggested by recent news reports). On profitability, we expect meaningful gross margin and operating expansion in the next few years as Spotify's current efforts begin to be reflected in the numbers. Over time, we believe Spotify's increasing global share will give it further leverage in negotiations with its partners.

During the first quarter, we initiated a position in **Taiwan Semiconductor Manufacturing Company Limited**, the world's leading semiconductor foundry. Morris Chang founded Taiwan Semi in 1987 as the world's first dedicated semiconductor manufacturer, called a foundry. Until then, semiconductor chips were both designed and manufactured by the same company, which Intel still does today. Taiwan Semi disrupted the industry by positioning itself purely as a contract manufacturer. This new business model proved to be successful and paved the way for the emergence of *fabless* semiconductor innovators, such as NVIDIA and AMD, which only focus on designing chips while outsourcing the manufacturing. Though many other foundry competitors have emerged over the last few decades, Taiwan Semi has outcompeted them all with superior technological execution and operating efficiency. Today, Taiwan Semi controls approximately 60% of the foundry market and has a near monopoly in manufacturing the world's most advanced chips. Taiwan Semi enjoys high barriers to entry, given the increasing cost and technological complexity of semiconductor manufacturing and its long-term, sticky customer relationships. We believe Taiwan Semi will sustain strong double-digit earnings growth for years to come, with rapidly growing demand for advanced chips for AI and high-performance computing, and continued market share gains driven by its superior technology, reliability, and customer service. We expect Taiwan Semi to continue spinning the virtuous cycle of its scale advantage: higher market share yields higher profits, which funds more research and development and higher capital spending, which enables further technological differentiation and increased capacity, resulting in more market share, and so on. We are aware of the geopolitical risks concerning China but consider the likelihood of a military conflict over Taiwan to be a low-risk tail event.

Table VI.
Top net sales for the quarter ended March 31, 2024

	Quarter End Market Cap or Market Cap When Sold (billions)	Net Amount Sold (millions)
Alphabet Inc.	$1,777.3	$31.2
NVIDIA Corporation	2,258.9	23.0
Endava plc	3.7	13.2
Dynatrace, Inc.	13.7	9.3
Tesla, Inc.	559.9	6.8

We sold the remainder of our **Alphabet Inc.** position because, as we wrote in prior letters, we believe the advent and adoption of AI-based services present a hard-to-measure risk to Google's virtual search monopoly.

We slightly trimmed our investment in **NVIDIA Corporation**, but it remains our second largest holding and our largest overweight position versus the Benchmark. We spread this capital around several of our other semiconductor investments, including Broadcom and others shown in the Review and Outlook section above.

We also exited our investments in **Endava plc** and **Dynatrace, 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 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. **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

The performance of Baron Partners Fund® (the Fund) in the first three months of 2024 was disappointing. The Fund declined 9.01% (Institutional Shares), trailing both its primary benchmark, the Russell Midcap Growth Index (the Index), and the large cap S&P 500 Index, which were up 9.50% and 10.56%, respectively. The Morningstar Large Growth Category average (the Peer Group) increased 11.92% in the quarter.*

Table I.
Performance
Annualized for periods ended March 31, 2024

	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]	(9.06)%	(9.01)%	9.50%	10.56%
One Year	5.52%	5.78%	26.28%	29.88%
Three Years	(0.45)%	(0.20)%	4.62%	11.49%
Five Years	24.84%	25.16%	11.82%	15.05%
Ten Years	17.06%	17.37%	11.35%	12.96%
Fifteen Years	20.13%	20.45%	15.64%	15.63%
Since Conversion (April 30, 2003)	15.97%	16.18%	11.72%	10.86%
Since Inception (January 31,1992)	14.56%	14.70%	10.14%	10.42%

The Fund has made little progress in the past three years. Its results in 2024's first quarter have caused the Fund's three-year return to trail the Index's. Over the past three years, the Fund's annualized return was negative 0.20% compared to the Index's positive annualized return of 4.62%.

MICHAEL BARON
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CEO AND
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Retail Shares: BPTRX
Institutional Shares: BPTIX
R6 Shares: BPTUX

Over the longer term, however, the Fund's absolute and relative performance remains strong. The Fund's annualized returns over the past 5, 10, and 15 years are 25.16%, 17.37%, and 20.45%, respectively. This compares to the Index's annualized returns of 11.82%, 11.35%, and 15.64%, respectively.

Our unique and consistent investment strategy has not changed since the Fund's inception in 1992 as a private partnership and subsequent conversion

Performance listed in the above table is net of annual operating expenses. The annual expense ratio for the Retail Shares as of December 31, 2023 was 2.24% (comprised of operating expenses of 1.30% and interest expense of 0.94%) and Institutional Shares was 1.99% (comprised of operating expenses of 1.04% and interest expense of 0.95%). 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 waive or 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 3/31/2024, the annualized returns of the Morningstar Large Growth Category average were 36.45%, 14.89%, and 13.24% 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.

BARON CAPITAL
EST 1982

from a partnership to a mutual fund in 2003. Baron Partners Fund is the #1 performing U.S equity fund (out of 2,091 share classes) since its conversion to a mutual fund in 2003.* Our strategy is straightforward. It is to OWN competitively advantaged, well-managed, principally publicly owned, growth businesses. It is not to trade stocks or to predict macroeconomic events. The Fund's portfolio is concentrated with its top 10 holdings often representing 80% or more of the Fund's total investments. The Fund also uses leverage.

The Fund's long-term investment horizon enables it to benefit when companies in which we are shareholders achieve their long-term strategic objectives. The Fund has historically owned growing businesses that often penalize their short-term earnings by making ongoing investments to become larger businesses. As a result of investment expenses, these businesses often appear more highly valued than the broad market. Although our long-term, focused strategy has periodically led to short-term underperformance, we believe it has enabled us to achieve exceptional performance over extended periods.

The vast majority of the Fund's underperformance this quarter stemmed from the Fund's 10-year investment in **Tesla, Inc.** Tesla's shares fell 29.3% during the period and detracted 13.41% from the Fund's first quarter results. Although Tesla has contributed importantly to the Fund's performance since 2014, on occasion it has detracted from quarterly performance. In previous instances when Tesla shares have underperformed during a discrete period, they have shortly afterwards reflected the strong growth of the underlying business and the stock has appreciated considerably. We believe that will be the case again, although cannot guarantee it.

A significant decline also occurred at the end of 2022. In that instance, investors had become concerned about a host of external factors. Investors believed the company founder, visionary, and CEO Elon Musk was distracted by his acquisition of Twitter. They also believed a weak Chinese economy emerging from COVID and U.S. government policies would curtail the purchases of Tesla vehicles. These fears proved to be overblown. As the company achieved milestones in the succeeding year, the stock subsequently doubled over the next 12 months.

Today, investors are again concerned. They believe there is increased competition from Chinese automakers who are supported by a protectionist government. They worry about product-level margins after announced price cuts. They are skeptical about whether the company can achieve Full Self Driving (FSD) and wonder about the feasibility of Tesla's Robotaxi. And they debate if a mass appeal vehicle can be produced at scale and profitably.

Just like in late 2022, we believe investors' concerns are overblown. Electric vehicle (EV) competition will always be present. The Chinese automakers make a good, value product. But we believe Tesla's offering is superior and will garner a meaningful market share within China. We also believe the Chinese OEM advantage will be minimized outside of its home market because of tariffs. We are already seeing traditional internal combustion engine (ICE) manufacturers scrap their EV plans as plant conversion is too costly and their technology is inferior. They have instead attempted to fight for market share in the outdated ICE category.

We also believe a lower cost Tesla product will eventually be introduced and gain wide acceptance. Timing is uncertain, however, as the company attempts to develop both the new vehicle and fully autonomous vehicles in parallel. We have experienced Tesla's FSD versions and believe they are close to achieving success. While the combination of these two feats may extend the timeline, we believe it meaningfully improves profitability and solidifies its competitive advantage. Additionally, other ongoing projects within Tesla (e.g., battery packs, energy storage, humanoids, database, software, AI compute, and distributed inference) make the company a lot more dynamic than when we first invested in 2014.

We initiated our investment in Tesla in February 2014 at a split-adjusted price of $11.88 per share. Over the subsequent two years, we acquired 16.65 million shares at a split-adjusted price of $14.22 per share. At the time of our final purchase in February 2016, the stock represented 9.6% of the Fund's total investments.

Tesla produced 48,685 vehicles in 2014, the year of our initial purchase. In 2023, Tesla produced 1.85 million cars! Its production and profits per vehicle

* *This is a hypothetical ranking created by Baron Capital using Morningstar data and is as of 3/31/2024. There were 2,091 share classes in the nine Morningstar Categories mentioned below for the period from 4/30/2003 to 3/31/2024.*

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.

As of 3/31/2024, the Morningstar Large Growth Category consisted of 1,191, 1,037, and 807 share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Partners Fund (Institutional Shares) in the 100th, 1st, 3rd, 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 750 share classes. On an absolute basis, Morningstar ranked Baron Partners Fund Institutional Share Class as the 1,189th, 1st, 15th, and 1st best performing share class in its Category, for the 1-, 5-, 10-year, and since conversion periods, respectively.

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.

have since also experienced remarkable growth. Tesla has evolved from manufacturing a high-performance EV for the wealthy to a company producing affordable luxury for the mass market. Tesla's software, electrification technology, and manufacturing expertise have transformed an important industry. Investors have rewarded these efforts. Tesla's stock price increased about 20 times to $248.48 per share in the decade following our purchases. Because its share price had increased so substantially and it had become a large percentage of the Fund's assets under management, three years ago we sold approximately 4.5 million Tesla shares. The weighted average sale price was $218.39 per share. Those shares represented 27% of the Fund's original holdings. Tesla's business has since about tripled in size! Its recent share price is now about 50% lower!

We remain focused on Tesla's ability to achieve its mission of accelerating the world's transition to sustainable energy rather than on how much it earns in any given quarter. After extensive and frequent meetings with Tesla executives and engineers, manufacturing and technology consultants, and competitors, we have increased confidence in Tesla's ability to accomplish its mission.

The Fund's stake in Tesla offset the positive impact from many Fund investments that performed well in the period. Holdings in **Real/Irreplaceable Assets** (**Hyatt Hotels Corporation** and **Red Rock Resorts, Inc.**), **Financials** (**Arch Capital Group Ltd.**), **Core Growth** (**CoStar Group, Inc.**), and **Disruptive Growth** (**Spotify Technology S.A.**) all increased double digits in the period.

These holdings account for 28.4% of the Fund's total investments. Their operations have grown meaningfully, while executives have indicated upcoming improvements in margins. Hyatt has shifted to an asset-light business model while maintaining revenue growth per room. Arch is financially well positioned to grow its underwriting during a favorable pricing and return environment. CoStar is well positioned in a new data segment that we believe could add meaningfully to its addressable market and profitability. Usually, our approach to holding companies within these diverse categories provides balance when an area or company is out of favor. While the approach did not work in this period, we expect it to be a benefit to shareholders in the future.

Table II.
Total returns by category for the three months ended March 31, 2024

	% of Total Investments (as of 3/31/2024)	Total Return (%)	Contribution to Return (%)
Real/Irreplaceable Assets	**14.0**	**13.83**	**1.94**
Hyatt Hotels Corporation	7.5	22.52	1.54
Red Rock Resorts, Inc.	1.5	14.64	0.24
Vail Resorts, Inc.	3.8	5.45	0.23
Gaming and Leisure Properties, Inc.	1.2	–5.09	–0.07
Russell Midcap Growth Index		**9.50**	
Financials	**19.7**	**8.98**	**1.91**
Arch Capital Group Ltd.	8.5	24.46	1.88
The Charles Schwab Corp.	4.6	5.54	0.27
MSCI Inc.	2.0	–0.64	–0.01
FactSet Research Systems Inc.	4.6	–4.54	–0.24
Core Growth	**24.0**	**5.29**	**1.61**
CoStar Group, Inc.	10.0	10.54	1.25
StubHub Holdings, Inc.	0.7	8.44	0.06
HEICO Corporation	0.6	7.40	0.05
Guidewire Software, Inc.	1.5	7.03	0.12
Gartner, Inc.	4.6	5.67	0.29
IDEXX Laboratories, Inc.	5.4	–2.78	–0.12
Birkenstock Holding plc	1.2	–3.04	–0.03
Disruptive Growth	**42.3**	**–22.74**	**–13.95**
Spotify Technology S.A.	0.9	40.44	0.27
Space Exploration Technologies Corp.	11.1	–	–
X Holding Corp.	0.2	–	–
Northvolt AB	0.1	–5.93	–0.01
FIGS, Inc.	–	–5.95	–0.06
Tesla, Inc.	29.3	–29.28	–13.41
Iridium Communications Inc.	0.8	–36.24	–0.75
Fees	**–**	**–0.54**	**–0.54**
Total	**100.0***	**–9.03****	**–9.03****

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 March 31, 2024

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
Arch Capital Group Ltd.	2002	$ 0.6	$34.6	24.46%	1.88%
Hyatt Hotels Corporation	2009	4.2	16.4	22.52	1.54
CoStar Group, Inc.	2005	0.7	39.5	10.54	1.25
Gartner, Inc.	2013	5.7	37.2	5.67	0.29
Spotify Technology S.A.	2020	22.6	52.3	40.44	0.27

Specialty insurer **Arch Capital Group Ltd.** contributed to performance after reporting strong financial results. In the most recently reported quarter, operating ROE was 24% and book value per share rose 44% as underwriting profitability remained excellent. Pricing trends in the P&C insurance market are favorable, and elevated interest rates are driving higher investment income. Insurance stocks broadly rebounded from weakness in the prior quarter as rates stabilized. We continue to own the stock due to Arch's strong management team and our expectation of significant growth in earnings and book value. Arch benefits from inflation and high interest rates.

Shares of global hotelier **Hyatt Hotels Corporation** increased in the quarter on continued progress towards its shift to a more asset-light business. 85% of its revenue now stems from management and franchise fees. This progress, along with the sale of the subscription-based Unlimited Vacation Club (while maintaining the management contract) improves consistency and predictability of earnings. Strong growth in revenue per available room and a steady expansion of its share of developer pipelines should enable Hyatt to generate robust free cash flow and achieve low double-digit EBITDA growth. Hyatt's strong, underleveraged balance sheet keeps it well positioned to increase dividends and share repurchases.

Shares of **CoStar Group, Inc.** contributed to performance following strong quarterly and year end results, including 2023 revenue of $2.46 billion, a 13% year-over-year increase, and above-consensus estimates. It was CoStar's 13th consecutive year of double-digit revenue growth. We remain investors given growing traction in CoStar's residential offering. CoStar began to monetize its new Homes.com platform in February 2024 and is targeting close to $100 million in run-rate revenue by year end. We believe momentum can be amplified by the recent class action settlement with the National Association of Realtors, which has the potential to disrupt the residential brokerage industry and enhance the return on investment for brokers advertising on Homes.com. CoStar plans to invest almost $1 billion in its residential business in 2024, which, while a significant upfront commitment, represents the peak level of spending, in our view. We think success in the residential segment has the potential to significantly more than double the size of CoStar's overall revenue stream. Residential real estate commissions now approximate $100 billion.

Table IV.
Top detractors from performance for the quarter ended March 31, 2024

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
Tesla, Inc.	2014	$21.9	$559.9	–29.28%	–13.41%
Iridium Communications Inc.	2019	3.0	3.2	–36.24	–0.75
FactSet Research Systems Inc.	2007	2.7	17.3	–4.54	–0.24
IDEXX Laboratories, Inc.	2013	4.7	44.9	–2.78	–0.12
Gaming and Leisure Properties, Inc.	2013	4.2	12.5	–5.09	–0.07

Tesla, Inc. designs, manufactures, and sells EVs, related software and components, and solar and energy storage products. Shares fell as the core automotive segment remained under pressure due to a complex macroeconomic environment, factory shutdowns, growing competitive risks in China, and Tesla's price reductions throughout 2023. During the first quarter of 2024, production was negatively impacted by Red Sea maritime supply-chain interferences, sabotage at a Tesla factory power supply in Berlin, and the launch of the refreshed Model 3. We remain shareholders. Tesla has started delivery of its highly anticipated Cybertruck pickup, which features new technologies within the car and its manufacturing lines. Tesla also launched version 12 of its FSD product, which features material improvements and should enhance investor confidence in Tesla's unique software and hardware capabilities. Lastly, we expect energy storage sales to continue to grow substantially over the coming years.

Iridium Communications Inc. is a mobile voice and data communications services vendor offering global coverage via satellite, Shares fell during the quarter. In November 2023, Qualcomm unexpectedly terminated an agreement with Iridium to enable direct-to-device (D2D) workloads on Iridium's network. The decision shook investors' confidence in Iridium's D2D opportunity. In addition, **Space Exploration Technologies Corp.** generated limited headwinds to Iridium's maritime segment, enhancing competitive risk. We retain conviction. Iridium remains a unique satellite asset and operator, with L-band spectrum, global coverage, 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 returns to shareholders between 2023 and 2030, representing a material portion of the current $3.3 billion enterprise value.

Shares of **FactSet Research Systems Inc.**, a leading provider of investment management tools, detracted from performance. While the company reported solid earnings for the second fiscal quarter of 2024, it revised its fiscal year 2024 growth in annual subscription value towards the lower end of the prior guidance range given ongoing challenges in the financial services end-market. FactSet has a strong pipeline and is seeing signs of stabilization, but client caution continues to delay purchasing decisions. While there is some near-term uncertainty, we maintain long-term conviction in FactSet due to the company's large addressable market, consistent execution on both new product development and financial results, and robust free-cash-flow generation.

Investment Strategy and Portfolio Structure

We seek to 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 no more than 30 securities diversified by GICS sectors, but with the top 10 positions representing a significant portion of net assets. These businesses are identified by our analysts and portfolio managers using our proprietary research. We think these well-managed businesses have sustainable competitive advantages and strong, long-term growth opportunities. We use leverage to enhance returns, which increases the Fund's volatility.

As of March 31, 2024, we held 21 investments. The median market capitalization of these growth companies was $17.7 billion. The top 10 positions represented 89.4% of total investments. Leverage was 16.4%.

The long-term absolute and relative performance of the Fund has been very good. The Fund has returned 14.70% annualized since inception as a private partnership on January 31, 1992, exceeding the Index by 4.56% per year.

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

The Fund has appreciated considerably in *good times*…

There have been two distinct periods over the life of the Fund with significant economic growth. The nearly 8-year period from the Fund's inception through the Internet Bubble (1/31/1992 to 12/31/1999) and the more recent 11-year period Post-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. The Fund's annualized return during the most recent robust economic period was 17.44% compared to the Index's 16.84%.

Table V.
Performance in Good Times: Outpacing the Index

	Fund's Inception to Internet Bubble 1/31/1992 to 12/31/1999		Post-Financial Panic to COVID Pandemic 12/31/2008 to 12/31/2019	
	Annualized Return	Value $10,000	Annualized Return	Value $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 economic periods. The nine-year period from the Internet Bubble collapse through the Great Recession (12/31/1999 to 12/31/2008) saw lower returns for the Fund. It had annualized returns of 1.54%. However, the Index declined substantially. A $10,000 hypothetical investment 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 economic time because its investments in a diverse set of high-quality growth businesses were able to weather the environment and enhance their competitive positioning.

The COVID-19 (COVID) pandemic and its lingering macroeconomic issues have caused excessive market volatility. Over the course of three years, there were two sizable market corrections during which most major indexes fell in excess of 25%. But the Fund has performed admirably in both, protecting and growing clients' capital. 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 3/31/2024	
	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	14.70%	$824,557
Russell Midcap Growth Index	(4.69)%	$ 6,488	3.85%	$11,200	10.14%	$223,593
S&P 500 Index	(3.60)%	$ 7,188	7.66%	$12,479	10.42%	$242,578

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 on an absolute basis, although it trailed comparable benchmarks during the current uncertain environment…

Over the longer term, positive returns in difficult environments and better-than-market returns in *good times* have been rewarding for clients. A $10,000 hypothetical investment at the inception of the Fund on January 31, 1992, would have been worth $824,557 on March 31, 2024. That same $10,000 hypothetical investment in a fund designed to track the Index would now be worth $223,593, only approximately 27% of what it would have been worth if invested in the Fund.

Portfolio Holdings

Table VII.
Top 10 holdings as of March 31, 2024

	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	$559.9	$2,061.1	29.3%
Space Exploration Technologies Corp.	2017	21.6	180.3	781.6	11.1
CoStar Group, Inc.	2005	0.7	39.5	707.1	10.0
Arch Capital Group Ltd.	2002	0.6	34.6	597.2	8.5
Hyatt Hotels Corporation	2009	4.2	16.4	529.1	7.5
IDEXX Laboratories, Inc.	2013	4.7	44.9	378.0	5.4
FactSet Research Systems Inc.	2007	2.7	17.3	327.2	4.6
Gartner, Inc.	2013	5.7	37.2	325.1	4.6
The Charles Schwab Corp.	1992	1.0	132.0	321.9	4.6
Vail Resorts, Inc.	2008	1.6	8.5	267.4	3.8

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

Respectfully,

Ronald Baron
CEO and 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 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 29% 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. **Return on invested capital (ROIC)** is a calculation used to determine how well a company allocates its capital to profitable projects or investments.

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 good start to the year.

Baron Fifth Avenue Growth Fund® (the Fund) gained 12.6% (Institutional Shares) during the first quarter, which compares favorably to gains of 11.4% for the Russell 1000 Growth Index (R1KG) and 10.6% for the S&P 500 Index, the Fund's benchmarks.

Table I.
Performance[†]
Annualized for periods ended March 31, 2024

	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]	12.54%	12.62%	11.41%	10.56%
One Year	47.92%	48.30%	39.00%	29.88%
Three Years	(0.50)%	(0.24)%	12.50%	11.49%
Five Years	10.48%	10.76%	18.52%	15.05%
Ten Years	12.04%	12.32%	15.98%	12.96%
Fifteen Years	14.81%	15.10%	17.85%	15.63%
Since Inception (April 30, 2004)	9.52%	9.72%	11.97%	10.29%

U.S. large-cap equities was the place to be in early 2024. Picking up right where we left off last year, the Fund gained 3.0% in January and was up 11.3% by the end of February, and 12.6% at the end of March. The gains were largely driven by a robust U.S. economy, which continues to outperform expectations despite the higher interest rate environment. Real GDP grew 3.4% in the fourth quarter while the unemployment rate remained stable at 3.8%. The outperformance of large caps was driven by the *Magnificent Seven* – **Alphabet**, **Amazon**, **Apple**, **Meta**, **Microsoft**, **Tesla**, and **NVIDIA** – which continue to be the biggest drivers of the R1KG's

ALEX UMANSKY
PORTFOLIO MANAGER

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

results. These seven companies now account for 48.1% of the R1KG and were up 13.2% during the quarter, driving 54.9% of the R1KG's overall return. Their performance, however, was far from uniform, with Apple and Tesla down double digits, while NVIDIA (up 82%), and Meta (up 37%) drove 85% of the overall return for the group.

From a performance attribution perspective, the Fund's 121bps of outperformance versus the R1KG was driven entirely by stock selection, which was responsible for 154bps of outperformance, while sector allocation detracted 34bps from relative returns. The strongest performing sectors were Information Technology (IT), Communication Services, and Financials, which contributed 401bps combined to our relative results. This was partially offset by our holdings in Consumer Discretionary, which cost

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), 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 waives and/or 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.

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us 272bps. Other than Utilities, which was the best sector in the R1KG, up 24.1%, Communication Services was the next best sector, up 17.3%. The Fund's holdings in Communication Services outperformed and were up 33.8%, driven by a combination of improving fundamentals and to a lesser degree multiple expansion, up 13.3% during the quarter.[1] Revenue expectations of our holdings within the sector were up 3.6% during the quarter, with operating income expectations up 10.6%.[2]

Our second best sector during the quarter was IT, which was up 17.0%, outperforming the 12.7% rise of IT stocks in the R1KG. Outperformance was driven by a combination of multiple expansion, which contributed 12.3%, as well as improving fundamentals. Under the hood, the strong results were driven mostly by our semiconductors and semiconductor materials & equipment sub-industries, which rose 82.6% and 28.4%, respectively and contributed 367bps to our relative returns. Not holding Apple and other poor performing technology hardware storage & peripherals names (down 10.6% as a group) also helped.

From a company-specific perspective, while we had 19 contributors against 10 detractors, the contributors represented over 80% of the Fund's net assets, enhancing a good batting average with an excellent slugging percentage. Shares of NVIDIA, Meta, **Adyen**, **ASML**, **CrowdStrike**, **Trade Desk**, and **Veeva Systems** all posted gains in excess of 20% during the quarter, while NVIDIA, Meta Platforms, **Amazon**, CrowdStrike, **Intuitive Surgical**, ASML, **ServiceNow**, Trade Desk, and **Cloudflare** contributed over 50bps each to the absolute returns.

Despite the complex macro environment, many of our companies have continued to report improving business trends during their recent quarterly earnings calls, leading to upward revisions to estimates over the last three months. In addition to NVIDIA's unprecedented growth, Amazon's 2024 EPS consensus expectations increased 14.3% during the first quarter and were up 65.1% from the same period last year.[3] Similarly, 2024 EPS Street expectations for Meta were up 13.5% and 62.7%, respectively. Both companies also saw an increase in revenue expectations of 0.8% for Amazon and 4.6% for Meta over these three months, while operating margin expectations have increased by 119bps, and 239bps, respectively. Amazon is benefiting from the early stages of a recovery in its cloud business (AWS), while also seeing significant improvement in profitability for its e-commerce business. Meta is benefiting from a recovery in ad spending, partially due to AI-driven improvements in algorithms that drove better user engagement, better ad targeting, and improved overall spending efficiency, which in turn is improving operating leverage.

We continue to believe that we have put together the right collection of competitively advantaged companies with durable growth characteristics and great management teams. We have a lot of confidence in our process. If we continue to execute well, we should be able to outperform the R1KG over the long term while minimizing the risk of permanent loss of capital.

NVIDIA, AI, disruptive change, and Big Ideas

Even after taking some profits in the first quarter, NVIDIA remains the Fund's largest position. We believe NVIDIA continues to be at the epicenter of one of the biggest technological paradigm shifts of the last 50 years as computing is shifting from *sequential* to *accelerated* and as we begin to see the early stages of the use cases of generative AI (GenAI) enter the mainstream. Is GenAI real? Is it going to be material, sustainable, and disruptive? Will NVIDIA (and other GenAI leaders and disruptors) likely benefit from this disruptive change? Our research suggests that the answer to all of these questions is an unequivocal – yes.

Is there hype around GenAI? Sure. There is always a hype cycle around major new technologies. Is GenAI a bubble similar to what we saw during the internet bubble of late 1990s/early 2000s? We don't think so. First of all, it is important to recognize that while there were many stocks trading at silly valuations on newly invented metrics (peak multiples on peak eyeballs), the internet itself proved to be a paradigm changing disruption, giving birth to a plethora of Big Ideas. But even more importantly, while the rise in NVIDIA's stock price has been nothing short of unprecedented for a company of its size, it was fueled almost entirely by rapid growth in revenues, earnings, and cash flows – not multiples. NVIDIA's stock price exited 2023 with a P/E ratio of 24.7 and ended the first quarter with a P/E ratio of 35[4]. We can debate whether it is cheap or expensive, but it cannot be compared to the triple-digit multiples that were assigned to the perceived market leaders of the early internet era who were clearly not in as strong of a competitive position then, as NVIDIA is today.

It is not lost on us that semiconductors is a notoriously cyclical industry. Historically, the hyperscalers (AWS, Azure, GCP, etc.), who are among NVIDIA's largest customers, have not invested/spent/consumed CapEx in a straight line. It will be more than a mild surprise then if there was no pullback in demand leading to a significant growth deceleration and a potentially meaningful correction in the price of the stock, sometime in the near future. So, it is incumbent upon us to manage the size of this investment appropriately, while continuing to imagine what the future will likely look like without losing sight of what reality on the ground is today.

Then again…NVIDIA is not just a semiconductor company. Many investors have missed the boat thinking that Apple is just a smartphone company, Amazon is just a retailer, and Tesla is just a car company. We have long argued that just like the other three, *NVIDIA is a platform*. We are more certain of this now than ever before.

In March, we spent the better part of a week in San José, attending NVIDIA's annual developer conference *GTC 2024* and got to experience firsthand what *Forbes* magazine called the *Nerd Woodstock*.[5] After several years of being held online due to COVID-19, over 17,000 nerds (us included) attended the four-day event in person. With over 900 featured sessions, 1,700 presenters, over 300 exhibits, and more than 20 technical workshops, all centered around AI, there was a lot to choose from. From our perspective, there was nothing better than watching start-up founders debate the merits of Large

1 We calculated the change in next 12 months PE multiple based on FactSet consensus expectations for our holdings between 12/31/2023 and 3/31/2024 and used the 3/31/2024 weights in the sector to calculate a weighted average change in multiple for the sector.
2 We calculated the change in FactSet consensus expectations for our holdings' revenues and operating income for 2024, between 12/31/2023 and 3/31/2024. We then calculated the weighted average of the changes based on the quarter end weights of holdings within the sector.
3 We calculated the change in 2024 EPS expectations (as collected by FactSet) for Amazon during Q1 (i.e., change in expectations from 12/31/2023 to 3/31/2024) and from Q1 2023 to Q1 2024.
4 P/E multiple calculated on consensus estimates (as collected by FactSet) for the next 12 months.
5 https://www.forbes.com/sites/charliefink/2024/03/21/saudis-to-bet-forty-billion-on-ai-nvidias-nerd-woodstock-state-of-unreal/

Language Models (LLMs) compared to domain-specific Small Language Models, and how to get LLMs to have long-term memory, or what are the key challenges that need to be solved to enable reasoning, planning, and multi-agent LLMs (AI models that rely on and work together with other models). When it was all said and done, we came away with several observations:

- **AI is developing rapidly across industries** – near term, there is a lot of excitement around AI for areas such as consumer chatbots, AI-based customer service, AI-based assistants for a variety of business tasks such as coding, marketing, back office, and more. Longer-term avenues of development are broad and include drug discovery, in which the opportunity for AI is significant due to the long timelines for drugs to reach approval and the high probability of failure (90% of drugs fail); planning and running factories and supply chains using digital twins (with help from NVIDIA Omniverse – NVIDIA's real-time collaborative simulation); and using AI to build robots across a variety of use cases (from autonomous machines to humanoids). Multi-domain, multi-industry disruption.
- **We are early on the adoption S-curve** – most companies are still in the proof of concept stage while very few are ready for production today. Hurdles in implementing AI include data prep, model adaptation and fine-tuning, and embedding of AI into existing workflows. There is a lot of innovation taking place to reducing these hurdles – from tools and infrastructure that help companies build and run AI models more easily, to third-party AI models exposed via Application Programming Interfaces (APIs) that enable companies to use them without building their own models from scratch. NVIDIA's ecosystem across developers, system integrators, cloud providers and independent software vendors, and internal software innovation are lowering these hurdles as well. For example, one of the most interesting announcements at the GTC conference were NVIDIA Inference Microservices – or NIMs, which are APIs to easily access open-source models (NVIDIA already has dozens of models available) without the need to worry about model optimizations, security, patching, or sending data to third parties. NIMs could ease AI adoption for enterprises while also driving incremental monetization for NVIDIA, priced at $4,500/GPU or at $1/GPU hour if used on the cloud, and increase the stickiness of NVIDIA's platform.
- **We are rapidly coming down the demand elasticity curve** – while in the Moore's Law era, performance per dollar improvements were driven by cramming more transistors into a piece of silicon, AI is a *data center scale problem* with *performance per dollar improvements driven by every layer in the stack* with NVIDIA innovating across the entire system – from the accelerator (the GPU) to the CPU (Grace), to server design and networking to the software (NVIDIA's TensorRT LLM enables a 2.9 times improvement in performance),[6] and to algorithms. For example, NVIDIA announced the latest fifth generation NVLink, a networking solution that connects multiple GPUs together, enabling an order of magnitude higher memory bandwidth (1.8TB/sec) as compared to the standard PCIe (NVLink has 14 times more bandwidth than the fifth generation PCIe), which alleviates a significant bottleneck for many AI models. The latest fifth generation NVSwitch also enables connecting up to 576 GPUs together[7], which creates a significantly higher overall bandwidth for a much larger unit of compute, which is especially important for very large LLMs (previously only 8 GPUs were connected with NVLink, while connecting a higher number, required using the slower bandwidth, PCIe). Overall, the *Blackwell* GPU can see **performance improvements of up to 30 times** for inferencing compared to the prior *Hopper* generation.[8] AI algorithms themselves are rapidly improving as well. For example, the price of OpenAI's GPT-3 (which cost $20 per 1 million tokens in early 2023) declined 95% with the introduction of the more capable GPT-3.5 Turbo, which costs 95% less at $1 per 1 million tokens, despite being a better model.

Less than 18 months after the ChatGPT moment (November 2022), GenAI is already showing rapid real world adoption with revenues from GenAI companies exceeding $3 billion, excluding the revenues that the large cloud and internet players such as Meta, Amazon, or Alphabet generate due to better engagement and targeting. To put this in perspective, it took the cloud Software-as-a-Service (SaaS) companies 10 years to reach $3 billion in revenue.[9]

We believe we are in the early stages of a multi-decade disruption. Jensen Huang, NVIDIA's co-founder, president, and CEO suggested at the conference that similar to how in the industrial revolution, raw materials came into the plant and final products came out, in the GenAI era, companies would become AI factories with data as a raw material and tokens as the output. Tokens can represent words, images, videos, or controls of a robot. Over time, as models continue to improve, and the cost of running them declines, an increasing number of human tasks could be augmented or replaced entirely by AI. We expect decision making to become much more data-driven, enabled by AI, as consumers, corporations, and governments alike, take advantage of the vast amounts of unstructured data we generate, which is estimated to represent 90% of all data generated.[10]

With increasingly challenging demographics across many economies (especially in developed markets), a greater proportion of global growth must come from productivity enhancements. AI, in our view, is likely to be a key driver behind these productivity gains, and potentially, the basis for technological breakthroughs that help humanity solve a host of the most difficult challenges from climate change to finding cures for diseases that have remained unsolved. We believe this disruptive change will be truly profound.

Table II.
Top contributors to performance for the quarter ended March 31, 2024

	Quarter End Market Cap (billions)	Percent Impact
NVIDIA Corporation	$2,258.9	8.15%
Meta Platforms, Inc.	1,237.9	2.29
Amazon.com, Inc.	1,873.7	1.48
CrowdStrike Holdings, Inc.	77.5	1.14
Intuitive Surgical, Inc.	141.5	0.91

6 https://blogs.nvidia.com/blog/tensorrt-llm-inference-mlperf/
7 https://www.nvidia.com/en-us/datacenter/nvlink/#:~:text=The%20NVLink%20Switch%20is%20the,all%2Dto%2Dall%20communication
8 https://nvidianews.nvidia.com/news/nvidia-blackwell-platform-arrives-to-power-a-new-era-of-computing
9 https://www.youtube.com/watch?v=TDPqt7ONUCY&ab_channel=SequoiaCapital
10 https://blog.box.com/90-your-data-unstructured-and-its-full-untapped-value

NVIDIA Corporation sells semiconductors, systems, and software for accelerated computing, gaming, and GenAI. NVIDIA's stock rose 82.6% in the first quarter, driven by continued strong demand in its data center segment (driven by accelerated computing and GenAI). NVIDIA closed 2023 with unprecedented revenue growth at massive scale, with a fourth quarter revenue run-rate just shy of $90 billion, growing over 3.5 times year-over-year with operating margins of 67%. NVIDIA's fourth quarter was even more impressive than numbers suggest considering both the fact that sales to China declined significantly due to U.S. regulations, and as NVIDIA is amid a product cycle with the much improved, next generation architecture, *Blackwell* coming out in the third quarter of 2024. NVIDIA is also taking a page from Apple's vertical integration book, which adds to its competitive advantage. For example, the recently introduced GB200 NVL72, a liquid-cooled rack with 72 GPUs and 36 Arm-based CPUs, are interconnected with the latest generation NVLink technology, offering a significant boost to performance with one-fourth the GPUs required to train a 1.8 trillion parameter model, using one-fourth the power. Jensen Huang, NVIDIA's CEO spoke about NVIDIA's full stack innovation in the company's last Investor Day:

"Blackwell is both a chip at the heart of the system but it's really a platform. It's basically a computer system. What NVIDIA does for a living is not build the chip, we build an entire supercomputer, from the chip to the system to the interconnects, the NVLinks, the networking, but very importantly, the software. Could you imagine the mountain of electronics that are brought into your house, how are you going to program it? Without all of the libraries that we've created over the years in order to make it effective, you've got a couple of billion dollars worth of assets you just brought into your company. And any time it's not utilized, it's costing you money…

"And so our ability to help companies, not just buy the chips, but to bring up the systems and put it to use and then working with them all the time to make it – put it to better and better and better use, that is really important, okay? That's what NVIDIA does for a living. The platform we call Blackwell has all of these components associated with that. This is the part that's incredibly hard about what we do."

Despite the stock's continued outperformance, valuation remains reasonable, with the company trading below 30 times P/E[11] as most of the stock's performance was driven by growth in earnings rather than multiple expansion. We remain shareholders and believe that the upside for long-term investors remains significant.

Shares of **Meta Platforms, Inc.,** the world's largest social network, rose 37.3% in the quarter due to robust fourth quarter top-line growth of 25% year-over-year with operating margins more than doubling year-over-year to 41%, benefiting from the *year of efficiency*[12] as Meta's headcount was down 22% year-over-year (note that the profitability of the core business is even stronger as Reality Labs' losses of over $4.5 billion in the quarter are included in the overall operating income metric). Meta also guided for first-quarter revenue growth of approximately 29% year-over-year, which was better than expected. Advertiser satisfaction and adoption of Meta remains strong, core app engagement is healthy with video daily watch time up 25% year-over-year and the total number of monthly active users up 6% year-on-year to 3.98 billion in the fourth quarter, and Instagram Reels and click-to-message ads monetization continues to improve. Meta also continues to rapidly innovate in GenAI, with its leading research lab releasing widely adopted open-source models (e.g., Llama 2), and internal algorithms and core apps becoming augmented with AI (e.g., Meta's recommendation engine). We remain shareholders and believe Meta can sustain its leading market share in digital advertising thanks to strong network effects enabled by its massive user and advertiser base. Additionally, we believe the company's innovative culture, large installed base, and leading GenAI research should enable it to embed AI and GenAI into its offerings with further monetization opportunities ahead. For example, AI agents could help scale business messaging, handling a large volume of customer requests on behalf of business customers, making business messaging at scale more viable.

Amazon.com, Inc. is the world's largest retailer and cloud services provider. Shares increased 18.7% on quarterly results that exceeded consensus expectations, with revenue growth of 13% year-over-year and operating margins of 7.8% (up from 1.8% a year ago). We believe that Amazon is well positioned in the short to medium term to continue improving its core North American margins, which have reached 6.1% in the fourth quarter, the seventh straight quarter of margin improvement and an overall improvement of 800bps. Amazon has been rearchitecting its fulfillment network, improving efficiency, reducing cost-to-serve and accelerating delivery speeds thanks to initiatives such as regionalization, with the number of items delivered during the same day or overnight increasing by nearly 70% year-over-year. Reducing the cost to serve also enables Amazon to sell lower priced items and expand its addressable market to everyday purchases. Additionally, Amazon continues to benefit from its fast-growing, margin-accretive advertising business winning market share in digital advertising thanks to its structural advantages of a closed loop system, which enables a deterministic calculation of Return on Ad Spending. We also believe that e-commerce still has long duration growth ahead as it still accounts for less than 15% of retail. Similarly, Amazon's cloud service, AWS, remains relatively early in its S-curve with cloud representing around 13% of worldwide IT spending[13] incremental tailwinds across the three layers of the GenAI stack – infrastructure with NVIDIA's own AI chips (Trainium and Inferentia) as well as with its offering of NVIDIA chips, platform (*Bedrock*), and applications (first and third party).

Table III.
Top detractors from performance for the quarter ended March 31, 2024

	Quarter End Market Cap (billions)	Percent Impact
Endava plc	$ 2.2	–1.37%
Tesla, Inc.	559.9	–1.35
Rivian Automotive, Inc.	10.7	–1.17
Snowflake Inc.	54.0	–0.79
Mobileye Global Inc.	25.9	–0.47

Shares of IT services provider, **Endava plc**, fell 51.1% after management cut guidance for the fiscal year ending June 30, 2024, by 7% to 8%. Growth has slowed over the last year as business customers pulled back on discretionary IT spending due to macroeconomic uncertainty. Last fall, management was

11 On FactSet consensus estimates for calendar year 2025.
12 Mark Zukerberg described his management theme for 2023 as "the year of efficiency," Q4 2022 earnings call.
13 Calculated from Gartner's estimates for 2023 cloud spend and global IT spend.

seeing early signs of a recovery, but new projects have been taking longer to materialize as customers delayed spending decisions. Higher expenses due to increased staffing to meet anticipated demand weighed on margins as well. Management acknowledged that it misread the market and is taking steps to right-size the cost structure to improve margins. We remain invested because we expect these near-term headwinds to abate over time, leading to better growth as the demand for digitization remains strong, with AI likely to serve as a tailwind to digitization over the long term.

Tesla, Inc. designs, manufactures, and sells electric vehicles (EVs), related software and components, and solar and energy storage products. Shares fell 29.3% in the first quarter as the core automotive segment is facing headwinds due to a complex macroeconomic environment, factory shutdowns, growing competitive risks in China, and vehicle price reductions which are pressuring gross margins. During the first quarter of 2024, production was also negatively impacted by the Red Sea maritime supply-chain interferences, sabotage in a Tesla factory's power supply in Berlin, and a factory closure for the launch of the refreshed Model 3. We remain shareholders. Tesla commenced delivery of its highly anticipated Cybertruck pickup, which features new technologies within the car and its manufacturing lines. Tesla also launched version 12 of its Full Self Driving product, which shows significant progress from prior versions and increases the probability that Tesla's data collection at scale, and verticalized software and hardware approach will position Tesla as a leader in the future for autonomous driving and shared mobility. We also expect energy storage sales to continue to grow over the coming years as the adoption of renewable energy continues. Lastly, we believe Tesla's core automotive segment will recover with the company remaining a leader in the EV market, which continues to expand with EVs still accounting for only around 10% of vehicle sales globally.

Shares of **Rivian Automotive, Inc.**, a U.S.-based EV manufacturer, declined 53.3% in the first quarter. Despite substantial improvements in production and delivery volumes in 2023, as well as an improvement in unit economics, Rivian's business remains constrained by its limited scale, which creates pressure on gross margins, and contributes to the company's elevated cash burn. Additionally, Rivian expects to temporarily shut down its production facilities for upgrades, impeding anticipated production growth in 2024. Compounding these challenges is the potential for demand headwinds due to the continued complex macro environment, and the relatively small automotive segments that Rivian's initial products target. Nevertheless, the recent unveiling of Rivian's mass-market products, the R2 and R3, garnered enthusiastic responses, evidenced by over 68,000 pre-orders within the first 20 hours post-launch. In a strategic move, management opted to produce the R2 in Rivian's existing facility, deferring the construction of a new factory. This decision should help reduce mid-term capital expenditure obligations while ensuring higher utilization of current facilities as the R2 ramps production in 2025. We remain shareholders.

Portfolio Structure

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

As of March 31, 2024, the top 10 holdings represented 62.6% of the Fund's net assets, and the top 20 represented 89.2%. The total number of investments in the portfolio was 30 at the end of the first quarter, unchanged from the end of 2023.

IT, Consumer Discretionary, Communication Services, Health Care, and Financials made up 98.7% of net assets. The remaining 1.3% was made up of **SpaceX** and **GM Cruise**, our two private investments classified as Industrials, and cash.

Table IV.
Top 10 holdings as of March 31, 2024

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
NVIDIA Corporation	$2,258.9	$90.2	14.7%
Amazon.com, Inc.	1,873.7	51.9	8.5
Meta Platforms, Inc.	1,237.9	44.1	7.2
ServiceNow, Inc.	156.3	41.5	6.8
Shopify Inc.	99.9	31.7	5.2
Intuitive Surgical, Inc.	141.5	29.8	4.9
CrowdStrike Holdings, Inc.	77.5	28.2	4.6
The Trade Desk	42.7	22.1	3.6
Cloudflare, Inc.	32.7	22.1	3.6
Snowflake Inc.	54.0	21.8	3.6

Recent Activity

During the first quarter, we initiated a new position in **Alphabet** (the parent company of Google) as we believe the risk-reward equation has become increasingly attractive for long-term investors with the stock put, unfairly in our view, in the GenAI loser bucket. We also added to four existing positions: **Microsoft**, which is well positioned to benefit from GenAI; the e-commerce leader in Korea, **Coupang**; the connected TV-focused advertising platform, **Trade Desk**; and the assisted and autonomous driving solution provider, **Mobileye**. We financed those purchases with inflows along with some profit taking in NVIDIA, although it remains our highest conviction idea and the largest position in the Fund, as well as the exit from EPAM Systems, as we saw better risk/reward profiles elsewhere.

Table V.
Top net purchases for the quarter ended March 31, 2024

	Quarter End Market Cap (billions)	Amount Purchased (millions)
Alphabet Inc.	$1,884.6	$8.4
Microsoft Corporation	3,126.1	7.8
Coupang, Inc.	31.9	5.6
The Trade Desk	42.7	1.4
Mobileye Global Inc.	25.9	1.3

During the quarter, we initiated a position in **Alphabet Inc.**, the parent company of Google, the world's largest search and online advertising company. Alphabet has over 90% market share in its core Google search business, it owns the world's leading video platform, YouTube (which has over 2 billion users), a competitive cloud service provider, Google Cloud, a leading ad network, and optionality in a number of smaller subsidiaries like the autonomous vehicle company, Waymo.

Google's core search business continues to grow at a solid clip, and we believe it could structurally earn much higher margins than it does today as the company increases operating efficiency. Google Cloud should also continue growing in the healthy double digits for years to come given the relatively early stage of cloud adoption with $597 billion total cloud spending[14] in 2023 out of worldwide IT spending of $4.7 trillion[15], or around 13%. Additionally, YouTube has a long runway for growth, driven by the growing adoption of connected TV and the shift of advertising dollars from linear TV.

When ChatGPT originally came out in November 2022, it appeared that Google was caught a bit unprepared for a potential change in the way people search. While the advancements of GenAI represent a risk to Google, we believe investors underappreciate the company's positioning in AI and have assigned too high of a probability that the risk materializes. Alphabet owns the largest consumer training datasets (particularly across Search and YouTube), which in our view are important ingredients for competitive advantages in AI, it has massive user distribution (nine products with over 1 billion users each), long-standing AI research labs (DeepMind and Google Brain), top AI/ML engineering talent (Google invented the transformer AI architecture[16], which is the basis for the modern LLMs including Chat GPT), a solid cloud computing division in Google Cloud, and deep pockets for investing in AI. In the past 18 months since ChatGPT was introduced, Google has substantially ramped up the speed of its AI product release, including the public previews of Search Generative Experience (GenAI-enhanced Google search) and its Gemini large language models. Importantly, over this time period, Google has maintained its roughly 90% share in search (Bing and startups have not taken meaningful share to date). Google also shared at a recent conference[17] that despite the growth of ChatGPT, it has seen *"positive search query growth in all of our major markets, and this has been consistent over the last 12 months."*

Google has also taken advantage of its distribution to unlock various benefits of GenAI, such as helping advertisers generate creative content in different formats or helping them optimize their budgets across Google's various platforms. Additional opportunities that GenAI creates for Google include improving its existing offerings (e.g., GenAI offerings for YouTube creators) and helping drive demand for Google Cloud, which now offers a managed AI service called Vertex AI. We continue to monitor the risk from GenAI disrupting search, particularly given Google's large market share today but believe the valuation is attractive and reflects too high of a probability for a bad outcome.

Alphabet also has real value in assets such as Waymo, which are not factored into valuation today (and are potentially included at a negative valuation as they currently generate losses, hurting EPS). We also believe Alphabet has further room to improve its cost discipline, given its high margin core Search business and similar efficiency measures taken at other large technology companies. All together, we believe Alphabet has a reasonable path to growing EPS at a mid-teens rate for years to come. On the back of Alphabet's strong fundamentals and a reasonable valuation (approximately 20 times P/E[18] for a business of this dominance and quality), we decided to add Alphabet to the portfolio.

Our second largest purchase during the quarter was the software platform, **Microsoft Corporation**, which we continued to add to, after initiating a position in the fourth quarter of 2023. Microsoft continues to report strong quarterly results, with revenue growth of 16% year-over-year in constant currency thanks to better-than-expected demand in its intelligent cloud segment, which saw revenue growth of 19% year-over-year, driven by Azure growth of 28% with AI contributing 6pts to growth compared with 3pts in the prior quarter. While the adoption of GenAI remains in its early stages, Microsoft has disclosed positive initial data points with 53,000 Azure AI customers as of its December quarter up from 18,000 in the prior quarter, 1.3 million paid GitHub Copilot subscribers (up 30% sequentially) and more than 230,000 organizations who have used AI capabilities in the power platform (up 80% sequentially). Management also noted that large cloud optimizations that started a year or so ago have largely finished. Profitability also continues to be strong with 44% non-GAAP operating margins, which was 120bps better than expected.

We also added to our position in the Korean e-commerce platform, **Coupang, Inc.**, as the company continues to execute at a high level, reporting strong financial results, with accelerating revenue growth – revenues were up 20% year-over-year in constant currency in the fourth quarter, 29% excluding the impact from Coupang's Fulfillment and Logistics accounting change, driven by growth in its number of customers count (up 16% year-over-year), growth of its loyalty *Wow* members (up 27% year-over-year) and growth in spending by existing cohorts (with every cohort, including those who have used the platform for a long time, growing at least 15% year-over-year), which suggests continued wallet share gains for the company. While Coupang continues to gain market share, its attractive unit economics are beginning to appear in results, with adjusted EBITDA margins of its commerce segment reaching 7.1% in the fourth quarter (up 190bps year-over-year). Coupang is utilizing the growing profits from commerce to invest in emerging offerings such as Fulfillment and Logistics by Coupang (FLC), expansion into Taiwan (with revenues up 2 times in the last six months) and Coupang Eats, its food delivery network, which saw order volume increase by 2 times as well in the last nine months. In the last week or so, Coupang also announced a material 58% Wow membership price hike, which should flow through nicely to the bottom line, sending the stock higher by close to 20%.

We also modestly increased our positions in **The Trade Desk** and **Mobileye Global Inc.**

The demand-side advertising platform, The Trade Desk, reported strong quarterly results with 23% year-over-year revenue growth and 47% adjusted EBITDA margins as the company continued to benefit from the growth in CTV and the shift of advertising dollars from linear TV.

The assisted and autonomous driving solution provider, Mobileye, experienced significant stock price volatility as a result of reporting weak quarterly results on the back of an inventory build-up, which led the company to reduce near-term shipments materially, resetting expectations for 2024. Despite the near-term cyclical correction, we don't believe the issues are structural, and we are more focused on the continued adoption of Mobileye's advanced programs such as Supervision, which would increasingly become the key growth driver for the business.

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[14] https://www.gartner.com/en/newsroom/press-releases/2023-04-19-gartner-forecasts-worldwide-public-cloud-end-user-spending-to-reach-nearly-600-billion-in-2023#:~:text=Gartner%20Forecasts%20Worldwide%20Public%20Cloud,Nearly%20%24600%20Billion%20in%202023

[15] https://www.gartner.com/en/newsroom/press-releases/01-17-2024-gartner-forecasts-worldwide-it-spending-to-grow-six-point-eight-percent-in-2024

[16] https://arxiv.org/abs/1706.03762

[17] Alphabet's presentation at the Morgan Stanley TMT conference, March 2024.

[18] On 2025 expected EPS consensus as collected by FactSet.

Table VI.
Top net sales for the quarter ended March 31, 2024

	Quarter End Market Cap or Market Cap When Sold (billions)	Amount Sold (millions)
NVIDIA Corporation	$2,258.9	$8.5
EPAM Systems, Inc.	15.5	5.5

As mentioned above, we sold **EPAM Systems, Inc.** and reduced our position in **NVIDIA Corporation** to manage its position size. It remains our highest conviction idea and the largest investment in the Fund.

Outlook

After a challenging 2022, the Fund gained 77.5% over the last 15 months, on a cumulative basis. Even so, it is still 12.2% below where it was at the beginning of 2022.

As we do every quarter, we analyzed the change in the weighted average multiple of the Fund, which increased by 8.4% during the first quarter (but up only 2.6% excluding NVIDIA)[19]. After a 53% decline in the weighted average multiple in 2022, it has recovered by 34% since then. Most of the Fund's recovery during the last 15 months has been driven by improving fundamentals as opposed to a recovery in multiples, as the weighted average multiple is still 37% lower than it was at the start of 2022. The fundamentals of our companies continue to be robust, with stabilization in trends despite the complex macro environment. During the first quarter, the weighted average revenue expectations for 2024 increased by 2.8% while expectations for operating income rose by 4.2%.

The market is starting to come to grips with *higher for longer*. One cut? Two cuts? No cuts this year? We have no idea. The 10-Year U.S. Treasury is now back to yielding 4.5% after declining to 3.8% towards the end of last year. We continue to believe that the Fed's tightening cycle is over, and that the next move in interest rates is going to start an easing cycle, whenever that will be.

We believe that the disruptive change ushered in by the commercialization and use of AI is real, material, and that it will very likely have a long-term deflationary effect (despite the high cost of GPUs). Major technological innovations have generally been a deflationary force – from hardware to software, to the internet. Moore's Law for example, demonstrated that we get a doubling of performance for the same cost every two years or so, for decades. AI chips have been improving at a rate of 1,000 times every eight years, or a double every nine to ten months[20]. Software enabled a significant productivity boost for information workers as the amount of manual work was substantially reduced and the quality of work improved. The internet proved to be a massive deflationary force as it reduced distribution costs effectively to 0 and gave us cloud computing, which reduced the cost of software materially, while significantly reducing the cost and the risk for startups that no longer had to buy hardware for millions of dollars enabling entrepreneurs to align costs with their progress. AI, in our view, will further accelerate these deflationary forces. If we are right about that then longer-term interest rates are heading lower and then it won't matter whether the Fed cuts in July or September, or once or thrice, although it is unlikely to matter even if we are wrong…

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

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

Sincerely,

Alex Umansky
Portfolio Manager

[19] We calculated the change in the multiple of each holding (either a P/E multiple or an EV/revenues multiple depending on whether the company has material near-term profitability – we used EV/revenues multiple for companies that had P/E ratios above 100 times) between 12/31/2023 and 3/31/2024. We then calculated the weighted average change based on the weights in the portfolio as of the end of the quarter.

[20] https://s201.q4cdn.com/141608511/files/doc_events/2024/Mar/18/NVIDIA_GTC2024-Keynote.pdf; slide 16

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 or P/E (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) increased 1.68% (Institutional Shares) in the first quarter. The Fund underperformed the Russell 2500 Growth Index (the Benchmark), which increased 8.51%. During the quarter, the U.S. economy generated strong growth with continued job gains and strong employment. This economic growth combined with a slower-than-expected reduction of inflation led investors to price a smaller number of Federal Reserve (the Fed) interest rate cuts this year. Yields also increased significantly in the period. That led to losses in our **Disruptive Growth** investments whose valuations were negatively impacted by higher interest rates. Included in this category of investments were **Tesla, Inc.**, **FIGS, Inc.**, and **Iridium Communications Inc.** In the near term, we believe that inflation will likely remain at historic 3% to 4% annualized levels and interest rates will start approximating the rate of inflation. This has generally been the case since World War II. We believe that is a favorable environment for businesses that are growing significantly faster than the rate of inflation and the 7% nominal annualized growth rate of our economy.

RONALD BARON
CEO AND
PORTFOLIO MANAGER

DAVID BARON
PORTFOLIO
MANAGER

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

Table I.
Performance
Annualized for periods ended March 31, 2024

	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]	1.62%	1.68%	8.51%	10.56%
One Year	13.20%	13.48%	21.12%	29.88%
Three Years	3.32%	3.58%	(0.81)%	11.49%
Five Years	23.23%	23.56%	9.39%	15.05%
Ten Years	15.49%	15.79%	9.56%	12.96%
Fifteen Years	17.24%	17.53%	14.73%	15.63%
Since Conversion (June 30, 2008)	12.90%	13.17%	10.31%	11.58%
Since Inception (May 31, 1996)	13.14%	13.29%	8.28%	9.70%

The above stock price declines were partially offset by gains in our **Financials** investments, **Interactive Brokers Group, Inc.** and **Arch Capital Group Ltd.**, that benefit from higher interest rates. Our **Real/Irreplaceable Asset** investments, which include **Hyatt Hotels Corporation**, **Red Rock Resorts, Inc.**, and **Choice Hotels International, Inc.**, also performed well in the quarter. Those businesses benefit from significant daily pricing power in an inflationary environment. They are also benefiting from consumers' continued preference for experiences over goods.

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 102%,

Performance listed in the above table is net of annual operating expenses. The annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 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 cost. The Adviser may waive or 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 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 2500™ Growth Index and S&P 500 Index include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts the performance results. The indexes are unmanaged. Index performance is not Fund performance; one cannot invest directly into an index.

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

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

5 Not annualized.

BARON CAPITAL EST 1982

131%, and 111%, respectively, of the upside when the market increased. When markets declined, the Fund lost less with 88%, 95%, and 90% downside capture, respectively. The Fund's Sharpe ratio, a measure of risk-adjusted return, was also higher than the Benchmark's 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; and it allows us to invest in these businesses for the long term. As a result, the Fund has outperformed its Benchmark for the 3-, 5-, 10-, and 15-year periods, as well as since its inception on May 31, 1996. Since its inception as a private partnership almost 28 years ago, the Fund has increased 13.29% annualized. This compares to an 8.28% annualized return for the Benchmark and a 9.70% annualized return for the S&P 500 Index.

The underperformance in the first quarter was due to our Disruptive Growth investments. These businesses represented 31.5% of the Fund's net assets, they declined 10.8%, and they penalized our returns over 400bps in the quarter.

Tesla declined 29.3% in the quarter, detracting 346 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 continued complex macroeconomic environment, higher interest rates, factory shutdowns, and Tesla's continued price reductions to invigorate demand, putting 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. The refreshed Model 3 and Y also seem to be generating strong demand while improving unit-level economics. Lastly, Tesla should benefit from its eight-year $10 billion investment in data and computing that will allow AI to *train* cars to drive with autonomous technology. Dojo, an AI training computer; autobidder, an automated energy trading platform; humanoid, a human-like robot; and energy storage, we believe, also provide opportunity. We believe Tesla is well positioned for further growth given its strong balance sheet and substantial cash.

FIGS is the largest direct-to-consumer supplier of scrubs to the medical industry. Its shares underperformed in the first quarter; they declined 28.4% and hurt performance by 95 bps. This was due to customers reducing their frequency of purchases, as they are impacted by the inflationary environment and higher interest rates. However, the company continues to experience strong customer additions and reactivations. Continued growth in upselling customers into non-scrubs, greater international penetration, and increasing its customer base through new extended size offerings should contribute to growth. Non-scrubs continue to grow at a brisk pace and should be accretive to margins as this product line scales. FIGS is the largest native, direct-to-consumer supplier of high-quality, attractive, functional medical apparel. FIGS' products improve the lives of underappreciated health care professionals. We continue to believe the company could double its revenue over the next four to five years and double again in the following four to five years while increasing its EBITDA growth even more substantially. The CEO has personally bought stock at levels much higher than where the stock currently trades giving us further confidence in the attractiveness of the stock's current valuation.

Iridium is a mobile voice and data communications services vendor offering global coverage via satellite. Its shares fell during the first quarter by 36.2% and hurt the Fund's performance by 83 bps. In November 2023, Qualcomm unexpectedly terminated an agreement with Iridium to enable direct-to-device workloads on Iridium's network. The decision increased investors' concerns in Iridium's direct-to-device opportunity, a significant growth opportunity. In addition, **Space Exploration Technologies Corp.** (SpaceX) generated headwinds to Iridium's maritime segment, raising competitive risk. Regardless, we retain conviction. Iridium remains a unique satellite operator, with low-earth orbital spectrum, global coverage, years of operational experience, relatively new satellite hardware, and hundreds of partners across verticals and geographies. We believe the direct-to-device opportunity still exists, though it will be with a partner other than Qualcomm. We continue to believe the company will return capital to shareholders over the coming years through its over 2% dividend yield, which is well covered, and increased share buybacks. Management expects to return $3 billion to shareholders between 2023 and 2030. Iridium has a $3.2 billion market capitalization. Combine this capital return with earnings that continue to grow at a mid- to high single-digit rate as it continues to grow its service revenues through new additions and price increases, and we believe there remains significant value in the stock at current levels.

The above declines were partially offset by gains in our Financials investments. Financial businesses represented 18.2% of the Fund compared to 8.4% for the Benchmark. These companies continued to perform well and benefited in the first quarter from investor expectations for the Fed to continue to hold rates higher for longer and delay initial rate cuts. This positively impacted their stock price performance. However, we believe these businesses can continue to grow in a declining rate environment. This is due to the fact they have strong recurring revenue, fee-oriented businesses with significant pricing power and high client retention rates.

Interactive Brokers, a global automated electronic broker operator, increased 34.8% in the quarter and helped performance by 96 bps. The company continues to take market share due to its strong automation and ability to operate in international markets where others do not. This is allowing the company to grow its number of new accounts, which has accelerated recently to over 20% per year. The company has industry-leading margins of over 70% generating robust cash flow. The company has significant cash on its balance sheet and is looking to deploy it towards acquisitions and continued growth. We continue to believe the company's focus on the most sophisticated investors who trade a range of assets across different global markets and make use of tools such as leverage is a key differentiating factor. The vast array of markets it serves and strong growth from countries outside the U.S. where low-cost brokerage is not well penetrated are key competitive advantages for the company. This allows the company to offer its clients the lowest cost trading due to its high level of automation, while also offering highly competitive rates on margin loans and paying them attractive yields on their uninvested cash balances. More than 80% of Interactive Brokers' clients are non-U.S. citizens, and more than 80% of their investments are in U.S. stocks. The company has little direct competition serving this clientele. These are all features that we believe set Interactive Brokers apart from its competition. Interactive Brokers continues to hire software and computer engineers with a focus on automating many of the processes that competitors rely on employees to perform. With its low-priced offering and leading range of capabilities, we believe that Interactive Brokers is well positioned to continue its rapid pace of account growth from just over 2 million clients today. The company's focus on automation should enable it to continue to be a low-priced provider while earning best-in-class margins, which we believe should lead to double-digit revenue and earnings growth over the long run.

Our Real/Irreplaceable Assets increased 9.7% in the first quarter and contributed 230 bps to performance. These companies gained from inflation given the daily repricing of their services and consumers' desire to spend more on experiences over goods in the current post-COVID environment.

Red Rock, a casino operator in the Las Vegas Locals market, increased 14.7% in the first quarter and helped performance by 56 bps. Shares increased after the company's newly opened Durango casino generated results that were higher than Wall Street expectations, with minimal cannibalization at its other properties. The strong performance of the new casino helped boost EBITDA and free cash flow, which Red Rock is using to pay down debt. We believe the company is on track to reach its targeted three times leverage level by mid-2025, which should enable it to begin development of other casino projects. Red Rock currently has over 300 acres of gaming-entitled land to develop, and its margins remain above pre-pandemic levels, despite increasing wage costs, thanks to strong incremental margins on revenue generated from the new resort.

Hotel franchisor Choice increased 11.5% in the first quarter and helped performance by 38 bps. The stock rose after Choice decided to abandon its proposed acquisition of Wyndham Hotels. The company also indicated that it would increase its share repurchase program by 5 million shares, or about 10% of its outstanding shares. While we think the proposed deal to acquire Wyndham would have created value, we think Choice can still achieve strong growth independently through its revenue-intensive brand strategy and sustained gains in revenue per available room and development pipelines. Choice continues to generate strong cash flow and maintains gross leverage below its targeted range of between three and four times. Currently trading at a mid-single-digit free-cash-flow yield, Choice should still be able to achieve high single-digit growth in EBITDA, with most of this growth being returned to shareholders through dividends and buybacks.

Table II.
Total returns by category for the quarter ended March 31, 2024

	% of Net Assets (as of 3/31/2024)	Total Return (%)	Contribution to Return (%)
Financials	**18.2**	**12.08**	**2.06**
Interactive Brokers Group, Inc.	3.7	34.82	0.96
Arch Capital Group Ltd.	6.0	24.46	1.25
Jefferies Financial Group Inc.	0.8	9.94	0.07
MSCI Inc.	3.6	–0.64	–0.03
FactSet Research Systems Inc.	4.1	–4.55	–0.20
Real/Irreplaceable Assets	**24.2**	**9.71**	**2.30**
Hyatt Hotels Corporation	5.7	22.52	1.08
Red Rock Resorts, Inc.	4.2	14.66	0.56
Choice Hotels International, Inc.	3.4	11.54	0.38
MGM Resorts International	1.8	5.87	0.10
Las Vegas Sands Corporation	1.0	5.48	0.06
Vail Resorts, Inc.	4.4	5.46	0.26
American Homes 4 Rent	0.6	3.01	0.02
Alexandria Real Estate Equities, Inc.	1.5	2.74	0.03
Douglas Emmett, Inc.	1.4	–2.94	–0.06
Manchester United plc	–	–8.33	–0.12
	% of Net Assets (as of 3/31/2024)	**Total Return (%)**	**Contribution to Return (%)**
Russell 2500 Growth Index		**8.51**	
Core Growth	**24.2**	**6.95**	**1.64**
On Holding AG	3.8	31.31	0.94
CoStar Group, Inc.	4.7	10.62	0.47
Guidewire Software, Inc.	4.4	7.03	0.31
Krispy Kreme, Inc.	3.4	1.23	0.06
Verisk Analytics, Inc.	2.7	–1.15	–0.03
Illumina, Inc.	2.1	–1.26	–0.03
Birkenstock Holding plc	1.8	–2.51	–0.05
IDEXX Laboratories, Inc.	1.3	–2.72	–0.04
Disruptive Growth	**31.5**	**–10.84**	**–4.06**
Spotify Technology S.A.	5.0	40.44	1.52
Space Exploration Technologies Corp.	9.1	–	–
Shopify Inc.	1.9	–0.94	–0.01
ANSYS, Inc.	2.4	–4.33	–0.12
BioNTech SE	1.4	–12.47	–0.21
FIGS, Inc.	2.5	–28.39	–0.95
Tesla, Inc.	7.8	–29.25	–3.46
Iridium Communications Inc.	1.4	–36.15	–0.83
Cash	**1.9**	**–**	**0.02**
Fees	**–**	**–0.27**	**–0.27**
Total	**100.0***	**1.67****	**1.67****

Sources: FactSet PA, FTSE Russell, and Baron Capital.

* *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 March 31, 2024

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
Spotify Technology S.A.	2020	$45.4	$52.3	40.44%	1.52%
Arch Capital Group Ltd.	2003	0.9	34.6	24.46	1.25
Hyatt Hotels Corporation	2009	4.2	16.4	22.52	1.08
Interactive Brokers Group, Inc.	2023	33.8	47.3	34.82	0.96
On Holding AG	2023	10.1	11.3	31.31	0.94

Spotify Technology S.A. is a leading global digital music service, offering on-demand audio streaming through paid premium subscriptions and an ad-supported model. Shares of Spotify were up on operating margins and subscriber adds that exceeded consensus expectations. Spotify is currently prioritizing profitability, with its largest round of layoffs to date and enhanced attention to operating efficiency. We think gross margins should improve meaningfully, driven by contributions from the artist promotions marketplace, the expanding advertising segment, and the increasing profitability of podcasts. The company remains focused on its product roadmap and user value proposition by, for example, providing U.S. premium subscribers free access to 15 hours of audiobook listening time in a bid to increase its audience. We view Spotify as a long-term winner in music streaming with potential to reach more than 1 billion monthly active users.

Specialty insurer **Arch Capital Group Ltd.** contributed to performance after reporting strong financial results that exceeded Street expectations. In the most recent reported quarter, operating ROE was 24% and book value per share rose 44% as underwriting profitability remained excellent. Pricing trends in the P&C insurance market are favorable, and elevated interest rates are driving higher investment income. Insurance stocks broadly rebounded from weakness in the prior quarter as rates stabilized. We continue to own the stock due to Arch's strong management team and our expectation of significant growth in earnings and book value.

Shares of global hotelier **Hyatt Hotels Corporation** increased in the quarter on continued progress towards its shift to a more asset-light business, with 85% of its revenue now from management and franchise fees. This progress, along with the sale of the Unlimited Vacation Club business within Apple Leisure Group, which had complicated the reporting of results, helped improve visibility. Strong growth in revenue per available room and a steady expansion of its share of developer pipelines should enable Hyatt to generate robust free cash flow and achieve low double-digit EBITDA growth. Hyatt's strong, underleveraged balance sheet keeps it well positioned to increase dividends and share repurchases.

Table IV.
Top detractors from performance for the quarter ended March 31, 2024

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
Tesla, Inc.	2014	$31.2	$559.9	–29.25%	–3.46%
FIGS, Inc.	2022	1.5	0.8	–28.39	–0.95
Iridium Communications Inc.	2014	0.6	3.2	–36.15	–0.83
BioNTech SE	2023	24.7	21.9	–12.47	–0.21
FactSet Research Systems Inc.	2008	2.5	17.3	–4.55	–0.20

Tesla, Inc. designs, manufactures, and sells electric vehicles, related software and components, and solar and energy storage products. Shares fell as the core automotive segment remained under pressure due to a complex macroeconomic environment, factory shutdowns, growing competitive risks in China, and Tesla's price reductions throughout 2023. During the first quarter of 2024, production was negatively impacted by Red Sea maritime supply-chain interferences, sabotage at a Tesla factory power supply in Berlin, and the launch of the refreshed Model 3. We remain shareholders. Tesla has started delivery of its highly anticipated Cybertruck pickup, which features new technologies within the car and its manufacturing lines. Tesla also launched version 12 of its Full Self Driving product, which features material improvements and should enhance investor confidence in Tesla's unique software and hardware capabilities. Lastly, we expect energy storage sales to continue to grow over the coming years.

FIGS, Inc. is a direct-to-consumer health care apparel company. Shares detracted during the quarter due to disappointing guidance for 2024. FIGS expects revenue to be pressured due to macroeconomic weakness impacting its core customer base as well as industry-specific issues impacting the health care space. We retain our long-term conviction. We believe that FIGS' direct-to-consumer, higher-quality, and more innovative product offerings vs. those of competitors provide a durable competitive advantage that will allow it to gain market share. We also believe that FIGS has a long growth runway internationally and are encouraged by the possibility of brick-and-mortar retail stores to complement its e-commerce business.

Iridium Communications Inc. is a mobile voice and data communications services vendor offering global coverage via satellite. Shares fell during the quarter. In November 2023, Qualcomm unexpectedly terminated an agreement with Iridium to enable direct-to-device (D2D) workloads on Iridium's network. The decision shook investors' confidence in Iridium's D2D opportunity. In addition, SpaceX generated limited headwinds to Iridium's maritime segment, enhancing competitive risk. We retain conviction. Iridium remains a unique satellite asset and operator, with L-band spectrum, global coverage, 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 returns to shareholders between 2023 and 2030, representing a material portion of the current enterprise 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, interest rates stabilize and decline, stock prices can increase substantially. We believe this will happen again, although the timing remains uncertain.

As of March 31, 2024, we owned 30 investments. The Fund's average portfolio turnover for the past three years was 22.8%. This means the Fund has an average holding period for its investments of over four years. This compares to the average mid-cap growth mutual fund that 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 and are why the portfolio has generated strong risk-adjusted returns.

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 39.9% of net assets in this sector versus 13.5% 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 4.8% for the Fund versus 19.9% 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 that are leaders in their industries 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 March 31, 2024

	Percent of Net Assets	Year Acquired	Cumulative Return Since Initial Purchase
Space Exploration Technologies Corp.	9.1%	2017	601.4%
Tesla, Inc.	7.8	2014	953.0
Spotify Technology S.A.	5.0	2020	10.3
FIGS, Inc.	2.5	2022	–45.6
ANSYS, Inc.	2.4	2022	42.5
Shopify Inc.	1.9	2022	121.7
BioNTech SE	1.4	2023	–11.3
Iridium Communications Inc.	1.4	2014	289.9

Disruptive Growth firms accounted for 31.5% 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, are well financed with significant equity stakes by these founder-led companies, giving us further conviction in our investment.

Table VI.
Core Growth Investments as of March 31, 2024

	Percent of Net Assets	Year Acquired	Cumulative Return Since Initial Purchase
CoStar Group, Inc.	4.7%	2014	351.4%
Guidewire Software, Inc.	4.4	2013	152.5
On Holding AG	3.8	2023	10.9
Krispy Kreme, Inc.	3.4	2021	10.1
Verisk Analytics, Inc.	2.7	2022	37.5
Illumina, Inc.	2.1	2023	17.4
Birkenstock Holding plc	1.8	2023	17.5
IDEXX Laboratories, Inc.	1.3	2022	22.4

Core Growth investments, steady growers that continually invest in their businesses for growth and return excess free-cash-flow to shareholders, represented 24.2% 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 VII.
Investments with Real/Irreplaceable Assets as of March 31, 2024

	Percent of Net Assets	Year Acquired	Cumulative Return Since Initial Purchase
Hyatt Hotels Corporation	5.7%	2009	484.8%
Vail Resorts, Inc.	4.4	2013	351.0
Red Rock Resorts, Inc.	4.2	2017	230.5
Choice Hotels International, Inc.	3.4	2010	529.9
MGM Resorts International	1.8	2023	7.0
Alexandria Real Estate Equities, Inc.	1.5	2022	–6.7
Douglas Emmett, Inc.	1.4	2022	–5.8
Las Vegas Sands Corporation	1.0	2023	14.5
American Homes 4 Rent	0.6	2018	91.9

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 VIII.
Financials Investments as of March 31, 2024

	Percent of Net Assets	Year Acquired	Cumulative Return Since Initial Purchase
Arch Capital Group Ltd.	6.0%	2003	2,438.8%
FactSet Research Systems Inc.	4.1	2008	949.3
Interactive Brokers Group, Inc.	3.7	2023	40.3
MSCI Inc.	3.6	2021	–12.2
Jefferies Financial Group Inc.	0.8	2023	48.5

Financials investments accounted for 18.2% of the Fund's net assets. These businesses generate strong recurring earnings through subscriptions and premiums that generate highly predictable earnings and cash flow. 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 March 31, 2024, the Fund's top 10 holdings represented 55.3% 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, **Space Exploration Technologies Corp.**, **Tesla, Inc.**, **Arch Capital Group Ltd.**, **Hyatt Hotels Corporation**, and **Spotify Technology S.A.**, 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 and have large market opportunities to penetrate further, which enhances their potential for superior earnings growth and returns over time.

Table IX.
Top 10 holdings as of March 31, 2024

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Space Exploration Technologies Corp.	2017	$21.6	$180.3	$126.1	9.1%
Tesla, Inc.	2014	31.2	559.9	108.1	7.8
Arch Capital Group Ltd.	2003	0.9	34.6	83.2	6.0
Hyatt Hotels Corporation	2009	4.2	16.4	79.8	5.7
Spotify Technology S.A.	2020	45.4	52.3	69.1	5.0
CoStar Group, Inc.	2014	6.2	39.5	64.7	4.7
Guidewire Software, Inc.	2013	2.7	9.7	61.4	4.4
Vail Resorts, Inc.	2013	2.3	8.5	61.3	4.4
Red Rock Resorts, Inc.	2017	2.6	6.3	58.2	4.2
FactSet Research Systems Inc.	2008	2.5	17.3	56.8	4.1

Recent Activity

In the first quarter, we increased our position in **Birkenstock Holding plc**, a leading manufacturer and seller of footwear products, through its direct-to-consumer website and wholesale stores. The company continues to see strong global demand for its brand with revenues accelerating across all channels, regions, and products. The company is seeing more demand for its premium products, which is allowing it to take price and leading to higher margins and cash flow. As a result, the company is expanding its capacity, which has hurt its current margins. However, we believe this investment should lead to accelerated growth over time and be a strong return on capital investment. We believe the stock remains attractively valued, and, as a result, we have been adding to our position.

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 continue to 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 since COVID-19, 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. 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. 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. **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. **Free cash flow (FCF)** represents the cash that a company generates after accounting for cash outflows to support operations and maintain its capital assets. **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. **Return on invested capital (ROIC)** is a calculation used to determine how well a company allocates its capital to profitable projects or investments.

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

MICHAEL KASS

PORTFOLIO MANAGER

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

Baron International Growth Fund® (the Fund) gained 1.35% (Institutional Shares) during the first quarter of 2024, while its primary benchmark index, the MSCI ACWI ex USA Index (the Benchmark), was up 4.69%. The MSCI ACWI ex USA IMI Growth Index (the Proxy Benchmark) gained 5.35% for the quarter. The Fund underperformed the Benchmark and the Proxy Benchmark during the quarter, in our view largely due to its significant weighting in small- and mid-cap stocks and consequent underweighting in mega caps, in a quarter dominated by mega-cap returns.

In recent letters, we have suggested that weaker global growth and a peak in bond yields would be a likely precursor to global central bank easing and an inflection point in international equity performance relative to the U.S. As we discussed in our year end 2023 letter, November's U.S. Federal Reserve (the Fed) pivot suggested such conditions had likely been triggered, and investors fairly quickly discounted a soft landing towards the end of 2023. Illustrating the inherent reflexivity of the easing of liquidity/credit and economic expectations, year to date, we have witnessed a notable uptick in U.S. growth and inflation expectations, as well as an anticipated delay in the Fed's easing. Global equities surprised many during the quarter, given the abrupt rise in bond yields, in continuing to follow through on last quarter's strength.

We believe the recent strength in equities can be attributed to the Fed's indication that while it may delay or moderate, it principally remains on course for multiple rate cuts during the current year. To us, the Fed is suggesting an equity friendly posture given its apparent willingness to look through the uptick in growth and inflation *in an election year*. We suggested in our last letter that financial markets may have moved too far, too fast in the aftermath of the Fed pivot, though we noted the improved relative performance of international and EM equities as a likely foreshadowing of a sustained period of mean reversion. While global equities continued to appreciate in early 2024, the strength was concentrated in the U.S., Japan, mega caps, and semiconductor and other AI proxies, while international, EM, and small-cap equities lagged as global central bank easing expectations moderated. In our view, the shifting conditions referenced above present an interesting setup for non-U.S. equities. We have consistently remarked that the global response to COVID-19 was disproportionate, with U.S. fiscal expansion and monetary support orders of magnitude larger than that of most foreign jurisdictions. This, in turn, led to a stronger recovery and greater inflation pressure in the U.S., which largely remains today. Whether non-U.S. central banks calibrate monetary policy based on their own domestic conditions, or in response to the Fed and U.S. conditions, is likely to influence forward-looking relative performance, as conditions in most foreign jurisdictions warrant substantially more easing than the U.S., in our view. We continue to believe we are at or near an inflection point in relative performance which will favor non-U.S. 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.

Table I.
Performance
Annualized for periods ended March 31, 2024

	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]	1.30%	1.35%	4.69%	5.35%
One Year	4.88%	5.11%	13.26%	11.06%
Three Years	(5.45)%	(5.22)%	1.94%	(1.00)%
Five Years	4.53%	4.79%	5.97%	6.17%
Ten Years	4.89%	5.15%	4.25%	5.08%
Fifteen Years	9.25%	9.53%	7.88%	8.54%
Since Inception (December 31, 2008)	8.62%	8.88%	6.95%	7.73%

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, 2023 was 1.26% and 0.98%, 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 waives and/or 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.

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In the first quarter of 2024, we underperformed the Benchmark, as well as our all-cap growth oriented Proxy Benchmark. In general, the Fund's large allocation to small- and mid-cap companies and consequent underweighting in mega-cap holdings, historically a source of positive alpha capture, in the aggregate, drove the entire relative underperformance during the quarter. By sector or theme, adverse stock selection in Industrials, Information Technology (IT), and Energy meaningfully detracted from performance, where several holdings in our sustainability/ESG theme (**Meyer Burger Technology AG**, **Aker Carbon Capture ASA**, and **Waga Energy SA**) declined due to the impact of rising interest rates on project funding costs as well as waning political support for the renewable energy sector in Europe. Negative earnings revisions at **Endava plc** and **Watches of Switzerland Group PLC** also were meaningful drivers of poor stock selection in the IT and Consumer Discretionary sectors, respectively.

Partially offsetting the above was positive stock selection in the Materials sector, where performance benefited from our focus on higher-quality industry leaders (**Linde plc** and **Suzano S.A.**) and specialty chemicals companies (**DSM-Firmenich AG** and **Symrise AG**). These Materials names principally sit within our best-in-class/high-quality growth theme, which also delivered favorable stock selection in the Financials sector (**Arch Capital Group Ltd.**, **Japan Exchange Group, Inc.**, **Mitsubishi UFJ Financial Group, Inc.**, and **Sumitomo Mitsui Financial Group, Inc.**). Finally, our semiconductor investments, namely **Tokyo Electron Limited** and **Taiwan Semiconductor Manufacturing Company Limited**, also contributed, partially offsetting the aforementioned weakness in select IT stocks.

From a country perspective, poor stock selection in France, the U.K., and Switzerland was due to the above-mentioned smaller-cap holdings and drove the majority of underperformance during the quarter. These were partially offset by our overweight position in India, our active exposure to the U.S., and favorable stock selection in Taiwan, Hong Kong, and Canada.

Table II.
Top contributors to performance for the quarter ended March 31, 2024

	Percent Impact
Taiwan Semiconductor Manufacturing Company Limited	0.83%
Tokyo Electron Limited	0.76
Arch Capital Group Ltd.	0.55
Japan Exchange Group, Inc.	0.43
Linde plc	0.43

Semiconductor giant **Taiwan Semiconductor Manufacturing Company Limited** contributed in the first quarter due to investor expectations for a continued strong cyclical recovery in semiconductors and significant incremental demand for AI chips. We retain conviction that Taiwan Semiconductor'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.

Semiconductor production equipment manufacturer **Tokyo Electron Limited** contributed in the first quarter, driven by investor expectations of a continued strong cyclical recovery in semiconductors. We expect semiconductor production equipment spend will grow robustly for years to come, as chipmakers expand capacity to meet rising demand, with AI as a key long-term catalyst. We believe the company will remain a critical enabler of major chipmakers' technological advancements.

Specialty insurer **Arch Capital Group Ltd.** contributed to performance after reporting strong financial results that exceeded Street expectations. In the most recent reported quarter, operating ROE was 24% and book value per share rose 44% as underwriting profitability remained excellent. Pricing trends in the property and casualty insurance market are favorable, and elevated interest rates are driving higher investment income. Insurance stocks broadly rebounded from weakness in the prior quarter as rates stabilized. We continue to own the stock due to Arch's strong management team and our expectation of significant growth in earnings and book value.

Table III.
Top detractors from performance for the quarter ended March 31, 2024

	Percent Impact
Meyer Burger Technology AG	–0.87%
Waga Energy SA	–0.59
Watches of Switzerland Group PLC	–0.59
Endava plc	–0.49
LY Corporation	–0.40

Meyer Burger Technology AG is a Switzerland-based supplier of solar modules. Shares were down after the company announced a large rights issue to complete the financing of its U.S. solar module and cell manufacturing plant. This announcement followed unsuccessful negotiations with the German government to provide regulatory support given challenging market conditions in Europe, which prompted Meyer Burger to close its German factory. We sold our shares during the quarter. Although Meyer Burger's next generation heterojunction solar modules are more efficient and command premium prices, we believe the global oversupply of solar modules and cells will take longer to rectify, while the company's U.S. project entails execution risks.

Waga Energy SA offers innovative technological solutions to reduce methane emissions by converting landfill gas into cost-competitive and grid-compliant renewable natural gas (RNG), a substitute for fossil natural gas. The stock declined on the "good news" that the company would accelerate the development of its renewable gas projects in the U.S., which would require additional capital expenditure in a period of rising cost of capital. The announcement of an equity offering to finance project development further contributed to temporary share price weakness, in our view. We remain shareholders. Waga's patented proprietary technology WAGABOX®, which can capture RNG from almost any landfill, is a major competitive advantage. Industry experts forecast a 36% average annual increase in the consumption of RNG in the EU by 2030 based on stated government policies. The company has 20 WAGABOX units installed and secured contracts for 17 more, for combined fixed price sales of 100 million EUR annually. In addition, it has a pipeline of projects for 159 more sites.

Watches of Switzerland Group PLC, a retailer of luxury watches in the U.S. and the U.K., detracted in the first quarter after the company revised its earnings guidance for fiscal year 2024 following slow sales in December and January. We remain shareholders, as we believe Watches of Switzerland has an attractive opportunity to consolidate the U.S. luxury watch market over the next five to 10 years, driven in part by its long-standing, strategic relationship with Rolex, which represents roughly half of the company's total revenue.

Portfolio Structure

Table IV.
Top 10 holdings as of March 31, 2024 – Developed Countries

	Percent of Net Assets
Linde plc	3.5%
Arch Capital Group Ltd.	2.8
eDreams ODIGEO SA	2.7
Industria de Diseno Textil, S.A.	2.6
Constellation Software Inc.	2.5
Tokyo Electron Limited	2.2
AstraZeneca PLC	2.2
Symrise AG	1.9
Novo Nordisk A/S	1.8
argenx SE	1.8

Table V.
Top five holdings as of March 31, 2024 – Emerging Countries

	Percent of Net Assets
Taiwan Semiconductor Manufacturing Company Limited	2.3%
InPost S.A.	2.1
Suzano S.A.	1.7
Reliance Industries Limited	1.6
Bharti Airtel Limited	1.5

Table VI.
Percentage of securities in Developed Markets as of March 31, 2024

	Percent of Net Assets
Japan	11.6%
United Kingdom	9.9
Netherlands	6.9
France	6.1
Spain	5.2
United States	4.4
Israel	3.7
Canada	3.4
Germany	2.7
Denmark	2.4
Switzerland	1.9
Sweden	1.4
Ireland	1.2
Italy	1.0
Hong Kong	0.9
Norway	0.2

Table VII.
Percentage of securities in Emerging Markets as of March 31, 2024

	Percent of Net Assets
India	8.9%
China	6.8
Brazil	5.2
Korea	4.7
Poland	3.3
Taiwan	2.3
Mexico	1.0
Peru	0.9

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

Exposure by Market Cap: The Fund may invest in companies of any market capitalization, and we strive to maintain broad diversification by market cap. At the end of the first quarter of 2024, the Fund's median market cap was $16.8 billion. We were invested 67.9% in large- and giant-cap companies, 19.6% in mid-cap companies, and 8.8% in small- and micro-cap companies, as defined by Morningstar, with the remainder in cash.

Recent Activity

During the first quarter, we added a handful of new investments to existing themes and increased our weighting in certain positions established in prior periods. We endeavor to increase concentration in our highest conviction ideas.

We initiated a position in **EQT AB**, an alternative asset manager headquartered in Sweden with over 30 years of experience investing in private equity, infrastructure, and real estate. The company is a global player, ranking third in total capital raised over the last five-year period, and has a track record of delivering best-in-class returns (>2.4x multiple on invested capital) across its different strategies over time. These factors place it in a favorable position to attract top talent and raise capital in new fund vintages. After a weak two-year period for capital markets activity, we believe EQT's earnings are set to accelerate, driven by higher carried interest realization as the environment for exits improves on a potential decline in interest rates and better market sentiment. EQT is ramping up distribution capabilities in private wealth, a segment with significant potential, but which currently represents less than 10% of the company's committed capital. These factors drive our optimism about EQTs earnings growth prospects over the intermediate term.

As part of our China value-added theme, we initiated a position in **Fuyao Glass Industry Group Co., Ltd.**, the world's largest auto glass manufacturer and distributor with 30% global market share. The company was founded in Fuzhou, China in 1987 and now has manufacturing facilities in 11 countries with a diverse customer base. Its scale, supply-chain integration, and leading position in high value-add products such as panoramic sunroof and heads-up display glass are sources of competitive advantage, in our view. Electric vehicle (EV) proliferation is an upside driver, carrying up to 70% more glass content at higher average selling prices (ASPs) than traditional internal combustion engine automobiles. We expect Fuyao Glass to deliver high double-digit revenue growth on rising EV and autonomous driving penetration with consistent upward migration in ASP via the positive mix shift. The company also benefits from Chinese EV export growth due to its dominant 65% share in China.

Also related to our China value-added theme, we re-initiated a position in **Shenzhen Mindray Bio-Medical Electronics Co., Ltd.**, China's largest medical devices manufacturer and distributor. Mindray is also active globally, with 40% of revenue coming from the U.S., Europe, Latin America, and other parts of Asia, and it is a global leader across multiple categories including patient monitors, in vitro diagnostics, and ultrasounds. The company's focus on R&D, which constitutes some 10% of revenue, creates a moat and drives share gains at the expense of smaller competitors that cannot match these investments. Execution has been strong, with sustained 20%-plus EPS growth historically, which we expect to continue over the next three to five years as Mindray continues consolidating domestic market share from smaller players and also captures gains from multinationals in global markets.

During the quarter, we initiated an investment in **InterGlobe Aviation Limited** (IndiGo), India's largest airline operator with over 60% market share in the duopolistic domestic airline market. IndiGo has been a key beneficiary of industry consolidation in the aftermath of the COVID-19 pandemic and ongoing supply-chain challenges that have disproportionately impacted smaller competitors. The company operates a fleet of over 350 aircraft and provides low-cost connections to 86 domestic and 32 international destinations. Leveraging its scale of operation and financial strength, IndiGo has strong negotiating power with commercial airplane manufacturers and consequently enjoys a lower cost of ownership and a younger fleet versus its peers. We are excited about the growing demand for air travel in India, the improving pricing discipline in the market, and IndiGo's vision to expand its international destination network. We expect the company to deliver 15% to 20% compounded EBITDA growth over the next three to five years.

We added to our digitization theme during the first quarter with a new position in **Tencent Music Entertainment Group** (TME), a listed subsidiary of Tencent Holdings Limited and the largest online music platform in China. The company has a dominant 70% share of music streaming and the most comprehensive library of content in China. After navigating a decline in its legacy music livestreaming business over the last few years, TME has now transitioned to a pure-play music streaming model, improving earnings quality and durability. Music streaming is still in its early stages in China, with paid penetration of only 18% and average revenue per paying user (ARPPU) of only RMB 10.7 (US $1.50) per month, a fraction of global peers. As a result, we believe the company has a long runway to drive at least high-teens subscription revenue growth over the intermediate term via both user growth and increasing ARPPU, driving a doubling of earnings over the next four to five years. As the business scales and the self-produced content mix rises, TME is also poised for margin expansion, while China's more fragmented music label landscape compared to other global markets bodes well for the company's long-term profitability.

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

We increased our exposure to several existing positions during the quarter, including **Kaynes Technology India Limited**, **PDD Holdings Inc.**, **XP Inc.**, **Wix.com Ltd.**, **Full Truck Alliance Co. Ltd.**, and **Kingdee International Software Group Company Limited.**

We exited several positions during the quarter consistent with our efforts seek greater concentration in our higher conviction investments. Disposals included **Renesas Electronics Corporation**, **Bajaj Finance Limited**, **Dechra Pharmaceuticals PLC**, **HDFC Bank Limited**, **Okamoto Industries, Inc.**, **Max Financial Services Limited**, **Kanzhun Limited**, **Cellnex Telecom, S.A.**, **Birkenstock Holding plc**, **Clariant AG**, **S4 Capital plc**, **Meyer Burger Technology AG**, **Midea Group Co., Ltd.**, **Jiangsu Hengli Hydraulic Co., Ltd.**, and **Lufax Holding Ltd.**

Outlook

In recent letters, we have suggested that weaker global growth and a peak in bond yields would be a likely precursor to global central bank easing and an inflection point in international equity performance relative to the U.S. As we discussed in our year end 2023 letter, November's Fed pivot suggested such conditions had likely been triggered, and investors fairly quickly discounted a soft landing towards the end of 2023. Illustrating the inherent reflexivity of market conditions and economic expectations, year to date, we have witnessed a notable uptick in growth and inflation expectations, as well as an anticipated delay in the Fed's easing. Global equities surprised many during the quarter, given the abrupt rise in bond yields, in continuing to follow through on last quarter's strength.

In our view, equities have remained strong even in the face of rising bond yields and inflation expectations as a consequence of the Fed's continued messaging that while it may modestly delay or moderate the magnitude, it principally remains on course for multiple rate cuts during the current year. To us, the Fed seems to be suggesting that it is willing to err on the side of stronger growth and inflation pressure *in an election year*, which would favor equities over bonds, and we believe this nearly guarantees that real interest rates peaked last October and are set to decline going forward. This appears the primary cue for equities as well as gold in recent weeks. Indeed, 10-Year U.S. Treasury real yields have ranged from 1.65% to 2.00% for much of the first quarter, after spending the majority of the fourth quarter of 2023 well above 2.00%. We believe this yield is likely to ultimately decline towards 1.00%, which represented the upper bound for much of the period between 2011 and 2022, as Fed rate cuts kick in.

We suggested in our last letter that financial markets may have moved too far, too fast in the aftermath of the Fed pivot, though we noted the improved relative performance of international equities as a likely foreshadowing of a sustained period of mean reversion. While global equities continued to appreciate in early 2024, the strength was concentrated in the U.S., Japan, mega caps, and semiconductor and other AI proxies, while small-cap, EM and international equities lagged as global central bank easing expectations moderated and the U.S. dollar firmed. In our view, the shifting conditions referenced above present an interesting setup for non-U.S. equities. We have consistently remarked that the global response to COVID-19 was disproportionate, with U.S. fiscal expansion and monetary support orders of magnitude larger than that of most foreign jurisdictions. This, in turn, led to a stronger recovery and greater inflation pressure in the U.S., which largely remains today. Whether non-U.S. central banks calibrate monetary policy based on their own domestic conditions, or in response to the Fed and U.S. conditions, is likely to influence forward-looking relative performance, as conditions in most foreign jurisdictions warrant substantially more easing than the U.S., in our view. While the Fed is poised to remain *higher for a bit longer*, many international central bank jurisdictions *already appear too tight today*, notably Europe, the U.K., China, and Brazil. Such an easing cycle is but one of the several catalysts for ex-U.S. relative earnings that we have laid out in previous letters, but, in our view, would likely trigger a more urgent re-evaluation of improving ex-U.S. prospects by global investors and allocators. We reiterate that interest rate sensitive and more economically cyclical markets such as Europe, the U.K., Brazil, and India would likely be disproportionate beneficiaries, and we believe our portfolios are well aligned, given our overall positioning, including our healthy exposure to EM, and our structural and thematic bias towards domestic consumer and industrial leaders.

Specific to our portfolios, we are encouraged that several of our holdings, including **Taiwan Semiconductor Manufacturing Company Limited**, **Tokyo Electron Limited**, **Samsung Electronics Co., Ltd.**, **SK hynix Inc.**, and **Baidu, Inc.**, are increasingly recognized as key beneficiaries of the AI phenomenon. We are researching several additional non-U.S. candidates, particularly as we believe investor focus is poised to shift from AI training to the broader and myriad beneficiaries of the implementation of AI inferencing. India, a structural overweight exposure, continues to deliver world-leading economic and earnings growth while offering a longer-term geopolitical dividend. In our view, it has a multitude of exciting and high-return investment opportunities. Japan has been a leading non-U.S. market performer in recent quarters, largely due to successful efforts to coerce corporates to improve returns on invested capital and reform corporate governance to the benefit of shareholders. While we believe investor enthusiasm has likely become a bit too ebullient and have recently reduced our exposure here, we are encouraged that both Korea and China appear to be in the early stages of following a similar paradigm. 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.

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

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

We are pleased to report that Consuelo Mack, a highly respected and distinguished business journalist, recently interviewed us and profiled Baron Real Estate Fund® (the Fund) in a TV interview for *Consuelo Mack WealthTrack,* that is set to broadcast in two half-hour segments on April 19, 2024 and April 26, 2024. We will attach a link to the interview on our Baron website homepage at baronfunds.com in the "News & Events" section at a later date.

The Fund generated strong performance in the first quarter of 2024, gaining 8.28% (Institutional Shares). The Fund significantly outperformed the MSCI US REIT Index (the REIT Index), which declined 0.62%, and it outperformed the MSCI USA IMI Extended Real Estate Index (the MSCI Real Estate Index), which rose 6.59%.

As of March 31, 2024, 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**
- **5-Star Overall Morningstar Rating™**

Since inception on December 31, 2009 through March 31, 2024, the Fund's cumulative return of 558.6% significantly exceeds that of the REIT Index and MSCI Real Estate Index, which have increased 194.4% and 363.5%, respectively.

JEFFREY KOLITCH
PORTFOLIO MANAGER

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

We will address the following topics in this letter:

- Our current top-of-mind thoughts
- Portfolio composition and key investment themes
- Top contributors and detractors to performance
- Recent activity
- Concluding thoughts on the prospects for real estate and the Fund

As of 3/31/2024, the Morningstar Real Estate Category consisted of 250, 236, 217, 160, and 181 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, 37th, 1st, 1st, and 1st percentiles, respectively. On an absolute basis, Morningstar ranked Baron Real Estate Fund Institutional Share Class as the 1st, 92nd, 2nd, 2nd, and 2nd best performing share class in its Category, for the 1-, 3-, 5-, 10-year, and since inception periods, respectively.

As of 3/31/2024, Morningstar ranked Baron Real Estate Fund R6 Share Class in the 1st, 37th, 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, 91st, 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.

The **Morningstar Rating™** for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods.

Baron Real Estate Fund Institutional Share Class was rated 5 stars overall, 3 stars for the trailing 3 years, 5 stars for the trailing 5 years, and 5 stars for the trailing 10 years ended 3/31/2024. There were 236 share classes, 217 share classes, and 160 share classes in the 3-, 5-and 10-year periods. These Morningstar Ratings are for the Retail share class only; other classes may have different performance characteristics.

BARON CAPITAL
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Table I.
Performance
Annualized for periods ended March 31, 2024

	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]	8.24%	8.28%	6.59%	(0.62)%
One Year	26.14%	26.46%	25.27%	8.96%
Three Years	2.49%	2.75%	6.74%	2.84%
Five Years	15.79%	16.09%	9.84%	2.93%
Ten Years	10.12%	10.41%	9.36%	5.25%
Since Inception (December 31, 2009) (Annualized)	13.86%	14.14%	11.36%	7.87%
Since Inception (December 31, 2009) (Cumulative)[3]	535.37%	558.64%	363.52%	194.39%

Our Current Top-of-Mind Thoughts

Our current top-of-mind thoughts are as follows:

We remain optimistic about the prospects for the stock market.

- As noted in our year-end 2023 shareholder letter, we are sanguine about the prospects for the stock market because our research continues to lead us to believe that corporate earnings are likely to continue to grow, and a severe economic slowdown is unlikely to materialize. We continue to expect ongoing disinflation (albeit at a slower pace), and an eventual global pivot in monetary policy that will result in interest rate cuts and welcome relief for consumers and corporations. We see the potential for an improvement in company valuations driven by an easing in financial conditions and better-than-feared economic and corporate growth.

We agree with Blackstone's optimistic perspective on the prospects for real estate.

- In March, Bloomberg interviewed Jon Gray, President & Chief Operating Officer of Blackstone, and Nadeem Meghji, Global Co-Head of Real Estate at Blackstone, who discussed their optimism for real estate. We concur with their views.
- Jon Gray:
  - *"The perception is so negative and yet the value decline has occurred, so when you get into this bottoming period that's when you want to move."*
  - *"As investors, sometimes, one of the risks is that you miss it by being overly cautious and I think now is probably a good time before rates come down."*
- Nadeem Meghji:
  - *"What we see is a generational investing opportunity, buying opportunity, while others are looking in the rearview mirror. And what we believe is happening is that values are bottoming."*

We remain steadfast in our view that a commercial real estate crisis is not on the horizon.

- Ever since the collapse of Silicon Valley Bank one year ago, we have consistently expressed our view that forecasts of widespread distress in commercial real estate are sensationalized and unlikely to materialize.
- We continue to believe that the likelihood of a commercial real estate crisis is low for the following reasons:
  - Real estate operating fundamentals are, in most cases, performing well
  - New construction activity has been and is expected to remain low. The dearth of new real estate construction activity compares favorably with prior real estate cycles when overbuilding of real estate contributed to a deterioration in real estate business prospects

Performance listed in the above table is net of annual operating expenses. The annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2023 was 1.31% 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 waive or 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.

– Most balance sheets are in strong shape

– The banking system is well capitalized, with ample liquidity

– We believe future loan defaults will be mostly isolated to class "B" and "C" office buildings

– A U.S. Federal Reserve (the Fed) *put* (e.g., lowering interest rates) could mitigate headwinds

We continue to identify compelling investment opportunities in each of the Fund's six high-conviction investment themes:

- REITs
- Residential-related real estate
- Travel-related real estate
- Real asset-focused alternative asset managers
- Commercial real estate services companies
- Property technology companies

We have been busy meeting with real estate executives and the conclusions from our diligence are encouraging.

- In the first three months of 2024, we traveled to meet with the CEOs of three of the leading U.S. homebuilders – **Toll Brothers, Inc.**, **Lennar Corporation**, and **D.R. Horton, Inc.** Our research trips also included meetings with the CEOs of premier hotel, casino gaming, data center, single-family rental home, and many other REIT and non-REIT real estate companies
- Our team continues to speak to a broad swath of real estate companies – both owned and not owned – a few times each quarter to make sure our research remains current. Broadly, *we remain comforted by what we continue to learn from most real estate management teams regarding current business trends and business prospects*
- Our corporate relationships and access to senior level real estate management teams are critical elements that contribute to competitive advantages for our real estate business versus many of our peers

The valuations of several real estate-related companies are compelling.

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

We continue to 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 Fed 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, though the timing of the pivot is uncertain
- We expect a modest 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
- 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 considerations above

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 March 31, 2024

		Percent of Net Assets
REITs		23.0%
Non-REITs		74.7
Homebuilders & Land Developers	24.5%	
Casinos & Gaming Operators	15.4	
Building Products/Services	12.9	
Real Estate Service Companies	9.6	
Real Estate Operating Companies	8.2	
Hotels & Leisure	4.2	
Cash and Cash Equivalents		2.2%
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

A one paragraph synopsis that explains the case for each of the Fund's investment themes can be found below.

For a more complete explanation of the rationale for our optimism for each of the Fund's investment themes, we encourage you to review our December 31, 2023, shareholder letter that can be accessed on our Baron website homepage at baronfunds.com by clicking on "Quarterly Letters" under Insights & Reports.

REITs

Business fundamentals are generally solid. Limited new competitive supply is forecast the next few years. Most balance sheets are in good shape. Several REITs benefit from some combination of all or some of the following favorable characteristics including inflation-protection, contracted cash flows, and an ability to increase dividends. Many REITs are cheap relative to history and private market valuations. REIT share price performance has historically benefited from an accommodative pivot in central bank monetary policy.

As of March 31, 2024, we had investments in six REIT categories representing 23.0% of the Fund's net assets. Please see Table III below.

Table III.
REITs as of March 31, 2024

	Percent of Net Assets
Industrial REITs	8.2%
Data Center REITs	6.9
Wireless Tower REITs	2.6
Health Care REITs	2.4
Single-Family Rental REITs	1.6
Multi-Family REITs	1.3
Total	23.0%*

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

Residential-related real estate

A multi-decade structural underinvestment in the construction of residential real estate relative to the demographic needs of our country bodes well for long-term housing construction activity, sales, rentals, pricing, and repair and remodel activity. Cyclical tailwinds (pent-up demand, low inventory levels, and a still healthy consumer) and secular tailwinds (flexible work arrangements that favor suburban living, a desire to own newly built homes rather than existing homes which, on average, are more than 40 years old, and the lock-in effect for existing homeowners to remain in their homes due to the move higher in mortgage rates) should aid the new home market for several years. The strategic pivot by several homebuilders to a more land-light business model, the utilization of lower leverage, improved capital allocation, and the prioritization of scale advantages may lead to higher valuations for homebuilders over time.

As of March 31, 2024, residential-related real estate companies represented 37.5% of the Fund's net assets. Please see Table IV below.

Table IV.
Residential-related real estate companies as of March 31, 2024

	Percent of Net Assets
Homebuilders	22.6%
Building Products/Services	12.2
Home Centers	2.7
Total	37.5%[1]*

1 *Total would be 39.1% if we included residential-related housing REIT Invitation Homes, Inc.*
* *Individual weights may not sum to the displayed total due to rounding.*

Travel-related real estate

Several factors are likely to contribute to multi-year tailwinds for travel-related real estate companies including a favorable shift in consumer preferences (demand for experiences/services such as travel over goods), a growing middle class, and other encouraging demographic trends (more disposable income for the millennial cohort due to delays in household formation and work-from-home arrangements which allow for an increase in travel bookings); healthy balance sheets; and private equity's long history of investing in travel-related companies.

As of March 31, 2024, travel-related real estate companies represented 19.6% of the Fund's net assets. Please see Table V below.

Table V.
Travel-related real estate as of March 31, 2024

	Percent of Net Assets
Casinos & Gaming Operators	15.4%
Hotels	4.2
Total	19.6%*

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

Real asset-focused alternative asset managers

Leading real asset-focused asset managers **Blackstone Inc.** and **Brookfield Corporation** have an opportunity to increase market share due to impressive investment track records and global scale advantages. They are also positioned to benefit from a secular growth opportunity for alternative assets due to long track records of generating attractive relative and absolute returns with less volatility than several other investment options.

Commercial real estate services companies

Leading commercial real estate services companies **CBRE Group, Inc.** and **Jones Lang LaSalle Incorporated** should benefit from structural and secular tailwinds: the outsourcing of commercial real estate, the institutionalization of commercial real estate, and opportunities to increase market share in a highly fragmented market.

Property technology companies

The collision of real estate and technology has led to a new category within real estate–real estate technology, also referred to as *proptech*. 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 Group, Inc., 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 March 31, 2024, other real estate-related companies (which includes the three investment themes mentioned directly above) represented 17.7% of the Fund's net assets. Please see Table VI below.

Table VI.
Other real estate-related companies as of March 31, 2024

	Percent of Net Assets
Real Estate-Focused Alternative Asset Managers	8.2%
Commercial Real Estate Services Companies	4.9
Property Technology Companies	4.6
Total	17.7%*

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

Top Contributors and Detractors to Performance

Table VII.
Top contributors to performance for the quarter ended March 31, 2024

	Quarter End Market Cap (billions)	Percent Impact
Toll Brothers, Inc.	$13.5	2.60%
Lennar Corporation	47.4	0.83
Installed Building Products, Inc.	7.3	0.78
Wynn Resorts, Limited	11.5	0.49
CoStar Group, Inc.	39.5	0.42

Following exceptional performance in 2023, the share prices of our investments in homebuilder companies – **Toll Brothers, Inc.**, **Lennar Corporation**, and **D.R. Horton, Inc.** – continued to move higher in the first quarter of 2024, gaining 26.1%, 15.8%, and 8.5%, respectively, in part due to the continuation of strong quarterly business results and management optimism about each company's multi-year prospects.

Our recent meetings with CEOs Doug Yearley (Toll Brothers), Stuart Miller (Lennar), and Paul Romanowski (D.R. Horton), reinforced our view that each company is well positioned to generate strong long-term shareholder returns.

In March, we traveled to Pennsylvania to meet with Doug Yearley and other key members of Toll Brothers' senior management team. Our broad-ranging discussion strengthened our view that the long-term prospects for Toll Brothers have never been brighter. Our optimism is due to several factors including:

- **Strong long-term growth prospects:** In the next few years, we believe Toll Brothers has the ability to grow its community count of homes by approximately 10% per annum due to its multi-year supply of highly desirable land and the possibility of additional land or builder acquisitions

- **Limited competition:** Toll Brothers has established itself as the dominant luxury homebuilder in the U.S. with few competitors. Toll Brothers' average home sales price is approximately $1 million per home. Most public homebuilders sell homes in the $400,000 to $550,000 range. Toll Brothers' main competitors are small private homebuilders who are competitively disadvantaged due to the company's brand, scale, and balance sheet advantages

- **Large addressable and growing market:** According to Toll Brothers, the size of its U.S. addressable market to sell its homes is approximately 16 million households with annual incomes of at least $200,000 (out of a total of 132 million households). In 2023, Toll Brothers sold approximately 10,000 homes or only 0.06% of its total addressable market. Given Toll Brothers' limited competition and several other attributes noted below, we believe the company is just scratching the surface of its potential to increase its market share dramatically over time. Further, Toll Brothers targets the fastest growing income demographic in the U.S., which also bodes well for the company's long-term growth prospects. According to the U.S. Census Bureau (September 2023), households with over $200,000 in annual income have grown approximately 10 times faster than all U.S. households in the last 10 years

Additional factors that support our long-term optimism for Toll Brothers include:

- The company's prestigious land locations

- Toll's build-to-order model that caters to the needs of many buyers who have the desire and means to personalize their homes

- Its strong home buyer profile – in its most recent quarter, approximately 25% of its buyers bought homes with cash and no mortgage

- Toll Brothers' competitively advantaged balance sheet (low leverage, zero debt maturities until 2026, $2.5 billion of liquidity)

- The company's commitment to deploy its operating cash flow prudently towards growth, returning capital to shareholders (since 2016, Toll Brothers has repurchased almost 50% of its outstanding shares), and reducing debt

- Our belief that Toll Brothers, over the long term, will generate among the strongest profitability margins and return on equity profiles of all homebuilders

- A deep and talented management team, led by CEO Doug Yearley

- The valuation of Toll Brothers – currently at only 9.4 times 2024 estimated earnings per share – may re-rate higher over time

In January, we met with Lennar's senior management team, including CEO Stuart Miller, at the company's headquarters in Miami. We also had follow-up discussions with management over the course of the first quarter.

We are bullish on the long-term prospects for Lennar. We believe the company is exceptionally well run, favorably positioned to generate compelling long-term growth, and committed to unlocking shareholder value through several strategic initiatives.

Given its massive size (the company delivered 80,000 homes across its national footprint in 2023), Lennar benefits from important scale advantages that enable the company to attract labor, procure materials, and acquire land more easily and at more favorable pricing than its smaller competitors. Lennar is using these advantages to transition its business model into a "capital-light manufacturing operating model" whereby new homes are "manufactured" at a consistent pace throughout the year while employing a "land-light" strategy to reduce capital requirements. This transition is enabling Lennar to more easily meet its growth objectives (grow new home deliveries by approximately 10% per year) while improving operating and capital efficiency and reducing business risk. The transition has also led to improved cash-flow generation, which the company has been deploying for debt repayment, dividends and share purchases. The company is now sitting on approximately $5 billion of cash, which equates to approximately 11% of Lennar's market capitalization. We anticipate that a large portion of this cash will be returned to shareholders via share repurchases. We are excited about this business transition and think it may lead to a higher valuation multiple over time.

We are also encouraged that management is exploring taking additional steps to create shareholder value by reducing capital intensity and simplifying the company. For example, last month management discussed the prospect of spinning off as much as $4 billion of land assets into a separate entity. Management may also monetize its partial interest in a large multi-family portfolio via the sale of the portfolio.

Although we are pleased with the strong recent share price performance of Lennar, we still underwrite compelling annual returns over the next few years, as we expect Lennar to compound book value per share at a mid-teens rate and see potential for the valuation multiple to expand further.

In addition to the strong share price gains of our homebuilder investments, the shares of several of the Fund's residential-related building products/services companies also performed well in the most recent quarter.

For example, the shares of **Installed Building Products, Inc.** (IBP), one of the nation's largest installers of insulation and complementary building products, appreciated by 45.0% during the recent quarter, in part owing to signs that industry conditions in the new single-family residential construction market continue to improve (new single-family residential construction drives approximately 60% of IBP's revenues).

In addition, IBP is executing superbly across various strategic initiatives to drive growth from other construction end-markets (new multi-family construction, light and heavy commercial construction, remodel construction), improve pricing and profitability, and identify attractive tuck-in acquisition targets.

We remain optimistic about our investment in IBP and expect the company to continue to compound cash flow at a double-digit clip for years to come. We expect IBP to benefit from several opportunities for growth, including:

- A compelling multi-year growth opportunity in the U.S. housing market following a multi-year period of structural underinvestment in the construction of residential real estate relative to the demographic needs of our country
- Expanding its approximately 30% market share of insulation for new residential construction organically by offering a superior customer experience and set of capabilities
- Expanding its less than 10% market share of complementary building products by leveraging its established insulation footprint for cross-selling (complementary building products currently represent 33% of sales)
- Acquiring other businesses – IBP has a successful track record of acquiring and integrating more than 160 companies, realizing meaningful cost savings, and enhancing the growth and profitability of these acquired businesses

Table VIII.
Top detractors from performance for the quarter ended March 31, 2024

	Quarter End Market Cap or Market Cap When Sold (billions)	Percent Impact
American Tower Corporation	$ 92.1	-0.28%
Caesars Entertainment, Inc.	9.5	-0.27
Rexford Industrial Realty, Inc.	10.8	-0.22
Prologis, Inc.	120.4	-0.12
Vail Resorts, Inc.	7.9	-0.04

Following a more than 30% rebound in the fourth quarter of 2023, shares of **American Tower Corporation** lagged in the first quarter of 2024. The uncertainty around the timing and ultimate financial impact of American Tower's India business sale, ongoing lower overall spending by wireless carriers, and higher interest rates weighed on the company's shares. Please refer to our "Top Net Purchases" section for our rationale for acquiring additional shares.

The shares of **Caesars Entertainment, Inc.**, the largest casino-entertainment company in the U.S. and one of the world's most diversified casino-entertainment providers, declined 7.0% in the first quarter in part due to expectations that first quarter results may be negatively impacted by bad weather. The move higher in interest rates also negatively impacted certain highly leveraged companies such as Caesars.

We are big fans of CEO Tom Reeg and remain optimistic about the long-term prospects for the company for the following reasons:

1. We are optimistic about the long-term prospects for Las Vegas, which represents approximately 50% of Caesars' cash flow (with 50% of its cash flow generated from regional destination markets). 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 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 $44 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 $65 per share or nearly 50% above its recent price.

The shares of industrial REIT **Rexford Industrial Realty, Inc.**, a high-growth REIT that owns a $13 billion portfolio of industrial real estate properties concentrated in Southern California, declined in the first quarter primarily due to concerns that demand and rent growth remain challenged in Southern California.

We expected a moderation in rent growth from Rexford's frenzied pace of the last few years following the more than 100% increase in rents in Rexford's markets since the beginning of 2020. We believe rents may rebound in the second half of 2024 and remain optimistic about the long-term prospects for the company.

In our opinion, Rexford has one of the best long-term growth opportunities among all publicly traded REITs. The company has two significant prongs for long-term growth. First, the management team has an irreplaceable portfolio of 46 million square feet of industrial real estate and its in-place rents on signed leases are approximately 50% below market. As such, the company has line of sight to at least 50% growth as it adjusts rents up to market levels over the next four to five years. Second, Rexford's management team is pursuing acquisitions of additional square footage within its 1.8 billion square foot market. Through acquisitions, we believe management could double the size of its portfolio over time. Many of the industrial properties that Rexford is targeting are industrial real estate assets owned by individuals who have managed their real estate passively for decades; in many cases they have not increased rents consistently. That is a key opportunity for Rexford – acquire assets, upgrade the properties, and begin to increase rents.

Recent Activity

Table IX.
Top net purchases for the quarter ended March 31, 2024

	Quarter End Market Cap (billions)	Net Amount Purchased (millions)
Vulcan Materials Company	$ 36.1	$19.2
American Tower Corporation	92.1	6.1
Hilton Worldwide Holdings Inc.	53.8	5.8
Boyd Gaming Corporation	6.5	4.6
Lowe's Companies, Inc.	145.8	4.4

We added to our position in **Vulcan Materials Company** during the most recent quarter. Vulcan is a real estate-related company that is the largest construction aggregates producer in the U.S. Vulcan generates approximately 90% of its gross profit from mining, processing, and transporting crushed stone, sand, and gravel (collectively, "aggregates") from its quarries. The balance of its gross profit is derived from strategically located ready-mix concrete and asphalt. The company's products are sold and utilized in infrastructure projects such as highways, as well as residential and non-residential construction. Vulcan has local leadership positions across its footprint.

We believe aggregates are an attractive business for two main reasons:

- High barriers to entry limit new competition: Permits to open new quarries are difficult to obtain, and the approval process typically takes 5 to 10 years
- Consistent pricing power through cycles: Aggregates producers have historically enjoyed great pricing power owing to the difficulty in opening competing new quarries, the limited substitutes for quality aggregates, and a high weight-to-price ratio that makes transportation expensive relative to the cost of the material. In the last 30 years, pricing of aggregates has increased, on average, 4% per year

We believe the multi-year growth prospects for Vulcan are especially attractive for four reasons:

1. Infrastructure-related spending is accelerating and will be elevated over the next several years. The Infrastructure and Investment Jobs Act allocates significant sums towards new and existing infrastructure spending through 2026. In addition, outsized state-level infrastructure spending will drive demand across the company's footprint. Infrastructure spending accounts for approximately 40% of the company's aggregate shipments
2. Private construction spending (residential and non-residential) may accelerate over the next several years. Residential construction may remain strong owing to an acute need for more new homes following a 15-year period of underbuilding relative to the demographic needs of our country. Non-residential spending may accelerate to meet the real estate needs in growing areas such as logistics warehouses, data centers, and manufacturing
3. Pricing power has been exceptionally robust (double digits) in response to inflationary cost pressures, and we expect price growth to remain strong.
4. Margin expansion opportunity. Management remains laser-focused on improving productivity and maximizing unit-level profitability, with the goal of further expanding margins

We expect our investment can generate a mid-teens annual return over the next few years, driven by double-digit annual cash-flow growth.

In the first quarter, we continued to acquire additional shares of **American Tower Corporation**, a global operator of over 200,000 wireless towers. We believe that 2023 marked a trough in earnings growth, financing/interest rate headwinds, and valuation bottoming. Looking ahead, we are more optimistic about the company's prospects due to its: i) accelerating growth expectations; ii) cash flow stability underpinned by core developed markets; iii) secular demand drivers such as growing mobile data usage, 5G spectrum deployment and network investment, edge computing, and connected homes and cars, which will require increased wireless bandwidth and increased spending by the mobile carriers; and iv) strong growth within CoreSite, its network-dense data center company, and optionality with that business segment as future network needs and architecture evolve.

We recently acquired additional shares of **Hilton Worldwide Holdings Inc.** Hilton is the second largest hotel company in the world with 7,500 properties, 1.2 million rooms, 22 unique brands, and 180 million loyalty members in its database. Hilton has a superior executive team led by long-time CEO Chris Nassetta (over 16 years as CEO).

In March, we attended Hilton's Investor Day in Washington, D.C. and also spent time with Chris in advance. Our main takeaway from the Investor Day presentations, besides being able to meet with a deeper and impressive layer of the management organization, is that Hilton's growth prospects over the next five years are superior to the prior five due to: i) accelerating unit growth driven by new and existing brands; ii) several brand 'seedlings' planted with significant white space for growth (e.g., Graduate Hotels, SLH, LivSmart); and iii) Hilton's better ability to capture the brand 'conversion' opportunity irrespective of new hotel construction/development.

Hilton's durable growth is underpinned by one of the best business models that we have encountered, which creates a flywheel effect. The flywheel model breaks down as follows: i) Hilton maintains market-leading brands across its various segments (as measured by rate and occupancy premium); ii) which in turn allows the company to curate a loyalty database of 180 million members; iii) leading to higher realized profits by hotel owners and a disproportionate share of hotel developers choosing to invest in Hilton brands; iv) translating to a higher share of industry hotel unit growth (Hilton's share of rooms under construction is approximately four times greater than its existing market share of rooms). The company is able to grow with limited capital investment required (asset light) and thus return most of its cash flow to shareholders via share repurchases and a modest dividend. To illustrate the asset-light nature of the business, Hilton's current development pipeline will cost developers $50 billion to build out while Hilton is expected to contribute only $300 million!

Putting it all together, we see the potential for Hilton to grow its cash flow by approximately 10% annually at 90% incremental margins while buying back around 5% of its shares annually, which translates into mid-teens earnings per share growth. Hilton has organically curated new brands to pursue white space in the market, and we believe its development pipeline alone, a large portion of which is already under construction, could be worth $50 per share on a recent share price of approximately $213. Lastly, CEO Chris Nassetta's interests are fully aligned with shareholders. He has meaningful skin in the game through his ownership of approximately $800 million of Hilton stock, and he has never sold a share!

Table X.
Top net sales for the quarter ended March 31, 2024

	Quarter End Market Cap or Market Cap When Sold (billions)	Net Amount Sold (millions)
Equinix, Inc.	$78.1	$17.2
Vail Resorts, Inc.	7.9	15.5
Caesars Entertainment, Inc.	9.5	9.7
Installed Building Products, Inc.	7.3	9.1
Extra Space Storage Inc.	31.8	5.2

Following strong relative and absolute performance in 2023, we reduced our position in leading global data center operator, **Equinix, Inc.**, due to the Fund's large position size and other compelling new investment ideas that we have been identifying. Equinix continues to be a core position in the Fund, and we remain optimistic about the long-term growth prospects for the company due to its interconnection focus among a highly curated customer ecosystem developed over the past 20-plus years, strong demand and pricing power, favorable supply backdrop, and evolving incremental demand vectors such as AI. We believe Equinix can continue to compound earnings at approximately 10% over the next few years and believe the prospects for strong shareholder returns remain compelling.

In the first quarter, we exited the Fund's small position in **Vail Resorts, Inc.**, an owner and operator of premier mountain resorts, and reallocated the capital to other real estate-related companies that we believe may offer superior return potential. We may revisit Vail at a later date. We also trimmed the Fund's position in **Caesars Entertainment, Inc.**, but remain optimistic about the company's long-term prospects.

Concluding Thoughts on the Prospects for Real Estate and the Fund

The last few years have been unusually challenging for real estate. The sector has absorbed a hurricane of headwinds including COVID-19, the most aggressive Fed 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. 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 Fund.

Table XI.
Top 10 holdings as of March 31, 2024

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Toll Brothers, Inc.	$ 13.5	$217.4	11.5%
Lennar Corporation	47.4	105.7	5.6
D.R. Horton, Inc.	54.6	102.8	5.4
Prologis, Inc.	120.4	92.8	4.9
Blackstone Inc.	159.4	89.4	4.7
CoStar Group, Inc.	39.5	87.5	4.6
EQUINIX INC.	78.1	80.3	4.3
Wynn Resorts, Limited	11.5	69.0	3.7
MGM Resorts International	15.0	66.2	3.5
Las Vegas Sands Corporation	39.0	51.5	2.7

I would like to thank our core real estate team – David Kirshenbaum, George Taras, David Baron, and David Berk – for their outstanding work, dedication, and partnership.

I, and our team, remain fully committed to doing our best to deliver outstanding long-term results, and I proudly continue as a major shareholder, alongside you.

Sincerely,

Jeffrey Kolitch

Jeffrey Kolitch
Portfolio Manager

Investors should consider the investment objectives, risks, and charges and expenses of the investment carefully before investing. The prospectus and summary prospectus contain this and other information about the Funds. You may obtain them from the Funds' distributor, Baron Capital, Inc., by calling 1-800-99-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. **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. **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 Emerging Markets Fund Shareholder:

Performance

Baron Emerging Markets Fund® (the Fund) gained 2.50% (Institutional Shares) during the first quarter of 2024, while its primary benchmark index, the MSCI EM Index (the Benchmark), was up 2.37%. The MSCI EM IMI Growth Index (the Proxy Benchmark) gained 2.98% for the quarter. The Fund performed similarly to the Benchmark while modestly underperforming the Proxy Benchmark during the quarter.

In recent letters, we have suggested that weaker global growth and a peak in bond yields would be a likely precursor to global central bank easing and an inflection point in emerging markets (EM) equity performance relative to the U.S. As we discussed in our year end 2023 letter, November's U.S. Federal Reserve (the Fed) pivot suggested such conditions had likely been triggered, and investors fairly quickly discounted a soft landing towards the end of 2023. Illustrating the inherent reflexivity of the easing of liquidity/credit and economic expectations, year to date we have witnessed a notable uptick in U.S. growth and inflation expectations, as well as an anticipated delay in the Fed's easing. Global equities surprised many during the quarter, given the abrupt rise in bond yields, in continuing to follow through on last quarter's strength.

We believe the recent strength in equities can be attributed to the Fed's indication that while it may delay or moderate, it principally remains on course for multiple rate cuts during the current year. To us, the Fed is suggesting an equity friendly posture given its apparent willingness to look through the uptick in growth and inflation *in an election year*. We suggested in our last letter that financial markets may have moved too far, too fast in the aftermath of the Fed pivot, though we noted the improved relative performance of EM equities as a likely foreshadowing of a sustained period of mean reversion. While global equities continued to appreciate in early 2024, the strength was concentrated in the U.S., Japan, mega caps, and semiconductor and other AI proxies, while EM and small-cap equities lagged as global central bank easing expectations moderated. In our view, the shifting conditions referenced above present an interesting setup for non-U.S. equities. We have consistently remarked that the global response to COVID-19 was disproportionate, with U.S. fiscal expansion and monetary support orders of magnitude larger than that of most foreign jurisdictions. This, in turn, led to a stronger recovery and greater inflation pressure in the U.S., which largely remains today. Whether non-U.S. central banks calibrate monetary policy based on their own domestic conditions, or in response to the Fed and U.S. conditions, is likely to influence forward-looking relative performance, as conditions in most foreign jurisdictions warrant substantially more easing than the U.S., in our view. We continue to believe we are at or near an inflection point in relative performance that will favor 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 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 March 31, 2024

	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]	2.37%	2.50%	2.37%	2.98%
One Year	7.76%	8.09%	8.15%	6.75%
Three Years	(8.41)%	(8.17)%	(5.05)%	(7.54)%
Five Years	0.93%	1.19%	2.22%	3.02%
Ten Years	2.28%	2.54%	2.95%	3.69%
Since Inception (December 31, 2010)	3.05%	3.31%	1.70%	2.55%

Performance listed in the above table is net of annual operating expenses. The annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2023 was 1.37% and 1.11%, 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 waive or 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 CAPITAL
EST 1982

For the first quarter of 2024, we performed broadly in line with the Benchmark as well as our all-cap EM growth Proxy Benchmark. From a sector or theme perspective, positive allocation effect and solid stock selection in the Materials sector, primarily driven by investments in our sustainability/ESG theme (**Suzano S.A.** and **Grupo Mexico, S.A.B. de C.V.**), was the largest contributor to relative performance this quarter. In addition, favorable stock selection effect in the Communication Services sector, owing to our digitization-related positions in India (**Bharti Airtel Limited**, **Indus Towers Limited**, and **Tata Communications Limited**), was also a notable contributor to relative results. Lastly, good stock selection in the Consumer Discretionary sector across multiple themes (**Bundl Technologies Private Limited**, **Trent Limited**, and **Codere Online Luxembourg, S.A.**), also bolstered relative performance during the quarter. Somewhat offsetting the above was poor stock selection effect in the Financials sector, primarily attributable to select holdings in our fintech disruption (**Pine Labs Pte. Ltd.**) and India wealth management/consumer finance (**JM Financial Limited**, **HDFC Bank Limited**, **Edelweiss Financial Services Limited**, **Bajaj Finance Limited**, and **Muthoot Finance Limited**) themes. Adverse stock selection together with our underweight positioning in the Information Technology sector also weighed on relative performance.

From a country perspective, strong stock selection effect in Brazil added the most value this quarter. Within Brazil, a standout contributor was **Nu Holdings Ltd.**, a best-in-class, digitally native, financial services player that continues to gain market share from incumbent banks with improving profitability and customer satisfaction scores. Positive allocation effect combined with favorable stock selection in South Africa was also a notable contributor to relative results. Lastly, solid stock selection effect in Taiwan, primarily driven by our overweight positioning in **Taiwan Semiconductor Manufacturing Company Limited**, also bolstered relative performance during the quarter. Broadly offsetting the above was poor stock selection effect in China, as private sector, growth-oriented equities in China continued to lag. Concerns related to a general lack of an earnings recovery after China terminated its zero-COVID policy in late 2022, tight liquidity conditions in the property sector, and geopolitical friction resurfaced early in the quarter and continued to weigh on investor sentiment. That said, as the quarter progressed, we were encouraged to witness early signs of stabilization and recovery, driven by recent government stimulus measures along with easing monetary and regulatory policies. These developments supported a positive reversal of Chinese equities in the latter half of the quarter. We continue to believe that many of our China holdings trade well below fundamental intrinsic value, and that any ongoing signs of recovery could trigger material repricing.

Table II.
Top contributors to performance for the quarter ended March 31, 2024

	Percent Impact
Taiwan Semiconductor Manufacturing Company Limited	2.36%
Bundl Technologies Private Limited	0.52
Nu Holdings Ltd.	0.49
Bharti Airtel Limited	0.43
Jio Financial Services Limited	0.40

Semiconductor giant **Taiwan Semiconductor Manufacturing Company Limited** contributed in the first quarter due to investor expectations for a continued strong cyclical recovery in semiconductors and significant incremental demand for AI chips. We retain conviction that Taiwan Semiconductor'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.

Bundl Technologies Private Limited is the parent entity of Swiggy, India's leading food delivery platform with a market share of roughly 45%. Shares of Bundl were up during the quarter, driven by increasing penetration of food delivery in India and improving profitability of the company. We retain conviction as we believe India's food delivery industry is still in its infancy and will continue to scale over the next several years, driven by a growing middle class, rising disposable income, higher smartphone penetration, and a structural shift in consumer preference to a tech-savvy younger population.

Nu Holdings Ltd. is a digital bank with operations in Brazil, Mexico, and Colombia. Shares appreciated during the quarter, as the company reported strong balance sheet growth and continued improvement in profitability. Initiatives to deploy new products and accelerate growth in new geographies are yielding strong results, leading to enhanced earnings expectations. Nu also benefited from news that its shares had become eligible for inclusion in the MSCI Brazil Index, which drove technical flows into the name. We remain investors. Nu is disrupting the financial services industry in Latin America via its digital distribution and intense focus on user experience, which has allowed it to reach over 90 million registered users (almost half of the Brazilian adult population) in less than 10 years with little marketing investment. We believe its superior product offering will allow it to take share from incumbents in this massive market.

Table III.
Top detractors from performance for the quarter ended March 31, 2024

	Percent Impact
Pine Labs Pte. Ltd.	–0.80%
HDFC Bank Limited	–0.34
Zai Lab Limited	–0.33
PDD Holdings Inc.	–0.28
Localiza Rent a Car S.A.	–0.28

Pine Labs Pte. Ltd. is a leading merchant commerce solutions provider in India with a network of more than a million point-of-service checkout points across more than 520,000 merchants. Share price weakness was driven by a marked slowdown in Pine Labs' Buy Now Pay Later (BNPL) business momentum. While we are disappointed with recent developments, we remain investors, as we believe merchant digitization/BNPL in India is still in its infancy and will be a high-growth sector over the next decade (and beyond), driven by accelerating digital payments adoption and growing consumption/disposable income by a tech-savvy and aspirational Indian population.

HDFC Bank Limited is India's largest and most prominent private sector bank. Shares declined after the company reported results that showed slowing deposit growth due to competition and overall tight liquidity conditions. The company will likely have to curtail the pace of asset growth or increase funding costs to attract more deposits in the near term as a result. We think this headwind is temporary. We believe the size and scope of HDFC Bank's distribution network is a competitive advantage that will allow it to grow its funding base at a faster pace than the industry over the long term. We retain conviction in HDFC Bank as one of the best ways to invest in the underpenetrated market for retail lending in India.

Zai Lab Limited is a Chinese biotechnology company dedicated to bringing Western medicines to greater China and to transitioning to a fully integrated company with internal drug development capabilities. While performance as a business has been excellent, shares fell on concerns related to the advance in the U.S. Congress of the BIOSECURE Act, which would prohibit federal agencies from contracting with certain biotechnology firms in China. As a purely domestic player with minimal U.S. export aspirations, we do not believe Zai Lab would be impacted by the legislation, however in the near term, investors have reacted by reducing exposure to essentially all biotechnology-related entities in China.

Portfolio Structure

Table IV.
Top 10 holdings as of March 31, 2024

	Percent of Net Assets
Taiwan Semiconductor Manufacturing Company Limited	8.0%
Samsung Electronics Co., Ltd.	4.9
Tencent Holdings Limited	3.8
Bundl Technologies Private Limited	2.6
Suzano S.A.	2.5
Bharti Airtel Limited	2.4
Reliance Industries Limited	2.1
Alibaba Group Holding Limited	2.0
HD Korea Shipbuilding & Offshore Engineering Co., Ltd.	1.9
InPost S.A.	1.9

Table V.
Percentage of securities by country as of March 31, 2024

	Percent of Net Assets
India	28.0%
China	22.2
Korea	12.6
Taiwan	9.8
Brazil	9.0
Mexico	2.8
Poland	2.3
Philippines	2.2
Hong Kong	1.8
Indonesia	1.8
South Africa	1.5
Peru	1.2
Japan	0.7
Spain	0.4
France	0.2
Russia	0.0*

* *The Fund's exposure to Russia was less than 0.1%.*

Exposure by Market Cap: The Fund may invest in companies of any market capitalization, and we have generally been broadly diversified across large-, mid-, and small-cap companies, as we believe developing world companies of all sizes can exhibit attractive growth potential. At the end of the first quarter of 2024, the Fund's median market cap was $14.7 billion, and we were invested 48.7% in giant-cap companies, 38.1% in large-cap companies, 8.9% in mid-cap companies, and 0.7% in small- and micro-cap companies, as defined by Morningstar, with the remainder in cash.

Recent Activity

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

We were most active in adding to our digitization theme by initiating positions in **Indus Towers Limited** and **Tencent Music Entertainment Group** (TME). Indus is a leading telecommunications tower operator in India. The telecom towers sector in India in currently structured as a duopoly, with Indus and a key competitor accounting for approximately 60% market share. The company has been a key beneficiary of ongoing industry consolidation and telecom providers' rollout of 5G services. However, its valuation has remained deeply discounted compared to global tower peers, primarily due to a key customer, Vodafone Idea (Vi), which has been experiencing share losses that triggered insolvency concerns for Vi. With its recent improvement in financial viability, Vi resumed monthly payments to Indus, which, in our view, will be a key re-rating catalyst for Indus' stock. Additionally, as Vi completes an equity raise, Indus will benefit from Vi's planned 4G expansion and 5G rollout, which will drive tower additions, tenancy ratio improvement, and consequently higher operating leverage and free-cash generation. We expect Indus to deliver high single-digit revenue growth and approximately 10% compounded earnings growth over the next three to five years, with nearly all the incremental earnings enhancing distributable free cash flow.

TME, a listed subsidiary of Tencent Holdings Limited, is the largest online music platform in China. The company has a dominant 70% share of music streaming and the most comprehensive library of content in China. After navigating a decline in its legacy music livestreaming business over the last few years, TME has now transitioned to a pure-play music streaming model, improving earnings quality and durability. Music streaming is still in its early stages in China, with paid penetration of only 18% and average revenue per paying user (ARPPU) of only RMB 10.7 (U.S. $1.50) per month, a fraction of global peers. As a result, we believe the company has a long runway to drive at least high-teens subscription revenue growth over the intermediate term via both user growth and increasing ARPPU, driving a doubling of earnings over the next four to five years. As the business scales and the self-produced content mix rises, TME is also poised for margin expansion, while China's more fragmented music label landscape compared to other global markets bodes well for the company's long-term profitability.

During the quarter, we also initiated a position in **KB Financial Group Inc.**, which is the holding company for Kookmin Bank, one of South Korea's largest commercial banks. Through its subsidiaries, the company offers a broad range of products including traditional corporate and retail banking, asset management, life and non-life insurance, and securities-related services. We like KB Financial for several reasons. First, its broad business diversification provides a more resilient earnings stream relative to peers. Second, the company operates with the highest capital ratios among Korean banks and a high provisioning buffer, which we believe will drive a higher total return for shareholders via increasing dividend payout and buybacks. At the current valuation (0.4x price/book), we believe KB Financial is undervalued relative to its ROE potential. We believe the combination of strong capital ratios and high return profile should drive a re-rating in the company's shares, with further upside potentially triggered by the value-up program that Korea recently established to enhance long-term shareholder value for listed companies.

As part of our China value-added theme, we initiated a position in **Fuyao Glass Industry Group Co., Ltd.**, the world's largest auto glass manufacturer and distributor with 30% global market share. The company was founded in Fuzhou, China in 1987 and now has manufacturing facilities in 11 countries with a diverse customer base. Its scale, supply-chain integration, and leading position in high value-add products such as panoramic sunroof and heads-up display glass are sources of competitive advantage, in our view. Electric vehicle (EV) proliferation is an upside driver, carrying up to 70% more glass content at higher average selling prices (ASPs) than traditional internal combustion engine automobiles. We expect Fuyao Glass to deliver high double-digit revenue growth on rising EV and autonomous driving penetration with consistent upward migration in ASP via the positive mix shift. The company also benefits from Chinese EV export growth due to its dominant 65% share in China.

During the quarter, we also increased exposure to our EM consumer theme by initiating an investment in **InterGlobe Aviation Limited** (IndiGo). The company is India's largest airline operator, commanding over 60% market share in the duopolistic domestic aviation market. IndiGo has been a key beneficiary of industry consolidation in the aftermath of the COVID-19 pandemic and ongoing supply-chain challenges that have disproportionately impacted smaller competitors. The company operates a fleet of over 350 aircraft and provides low-cost connections to 86 domestic and 32 international destinations. Leveraging its scale of operation and financial strength, IndiGo has strong negotiating power with commercial airplane manufacturers and consequently enjoys a lower cost of ownership and a younger fleet versus its peers. We are excited about the growing demand for air travel in India, the improving pricing discipline in the market, and IndiGo's vision to expand its international destination network, which is accretive to operating margins. We expect the company to deliver 15% to 20% compounded EBITDA growth over the next three to five years.

We added to several of our existing positions during the quarter, including **Shenzhen Mindray Bio-Medical Electronics Co., Ltd.**, **XP Inc.**, **China Mengniu Dairy Co. Ltd.**, **Kaynes Technology India Limited**, **Samsung SDI Co., Ltd.**, **Shenzhou International Group Holdings Ltd.**, **Galaxy Entertainment Group Limited**, and **Coupang, Inc.**

During the quarter, we also exited several positions including **Jubilant FoodWorks Limited**, **Muthoot Finance Limited**, **Glodon Company Limited**, **Network International Holdings Plc**, **Yunnan Baiyao Group Co., Ltd.**, **StoneCo Ltd.**, and **AIA Group Limited**, as we continue our endeavor to allocate capital to our highest convictions ideas.

Outlook

In recent letters, we have suggested that weaker global growth and a peak in bond yields would be a likely precursor to global central bank easing and an inflection point in EM and international equity performance relative to the U.S. As we discussed in our year end 2023 letter, November's Fed pivot suggested such conditions had likely been triggered, and investors fairly quickly discounted a soft landing towards the end of 2023. Illustrating the inherent reflexivity of liquidity and credit and economic expectations, year to date we have witnessed a notable uptick in growth and inflation expectations, as well as an anticipated delay in the Fed's easing. Global equities surprised many during the quarter, given the abrupt rise in bond yields, in continuing to follow through on last quarter's strength.

In our view, equities have remained strong even in the face of rising bond yields and inflation expectations as a consequence of the Fed's continued messaging that while it may modestly delay or moderate the magnitude, it principally remains on course for multiple rate cuts during the current year. To us, the Fed seems to be suggesting that it is willing to err on the side of stronger growth and inflation pressure *in an election year*, which would favor equities over bonds, and we believe this nearly guarantees that real interest rates peaked last October and are set to moderate going forward. This appears to be the primary cue for equities as well as gold in recent weeks. Indeed, 10-Year U.S. Treasury real yields ranged from 1.65% to 2.00% for much of the first quarter, after spending the majority of the fourth quarter of 2023 well above 2.00%. We believe this yield is likely to ultimately decline towards 1.00%, which represented the upper bound for much of the period between 2011 and 2022, as Fed rate cuts kick in.

We suggested in our last letter that financial markets may have moved too far, too fast in the aftermath of the Fed pivot, though we noted the improved relative performance of EM and international equities as a likely foreshadowing of a sustained period of mean reversion. While global equities continued to appreciate in early 2024, the strength was concentrated in the U.S., Japan, mega caps, and semiconductor and other AI proxies, while EM and small-cap equities lagged as global central bank easing expectations moderated and the U.S. dollar firmed. In our view, the shifting conditions referenced above present an interesting setup for non-U.S. equities. We have consistently remarked that the global response to COVID-19 was disproportionate, with U.S. fiscal expansion and monetary support orders of magnitude larger than that of most foreign jurisdictions. This, in turn, led to a stronger recovery and greater inflation pressure in the U.S., which largely remains today. Whether non-U.S. central banks calibrate monetary policy based on their own domestic conditions, or in response to the Fed and U.S. conditions, is likely to influence forward-looking relative performance, as conditions in most foreign jurisdictions warrant substantially more easing than the U.S., in our view. While the Fed is poised to remain *higher for a bit longer*, many international central banks *already appear too tight today*. Such an easing cycle is but one of the several relative earnings catalysts we have laid out in previous letters, but, in our view, would likely trigger a more urgent re-evaluation of improving non-U.S. earnings prospects by global investors and allocators. We reiterate that interest rate sensitive markets such as Latin America (particularly Brazil), India, and Southeast Asia would likely be disproportionate beneficiaries, and we believe our portfolios are well positioned, given our overweight positions in India and Brazil, and our structural and thematic bias towards rate-sensitive domestic consumer, financial, and industrial leaders.

Specific to EM, we are encouraged that many companies, including **Taiwan Semiconductor Manufacturing Company Limited**, **Samsung Electronics Co., Ltd.**, and **SK hynix Inc.**, are increasingly recognized as key beneficiaries of the AI phenomenon. These three stocks, all of which are prominent positions in the Fund, alone comprise about 14% of the Benchmark, and we are researching several additional candidates. India, our largest overweight country exposure, continues to deliver world-leading economic and earnings growth while offering a longer-term geopolitical dividend. In our view, it has a multitude of exciting and high-return investment opportunities notwithstanding high relative valuations. Korea has embarked on an early-stage and shareholder-focused initiative resembling the highly successful campaign in Japan, and we believe this could offer new investment candidates in this statistically cheap jurisdiction. Finally, after a weak start to the year given ongoing questions regarding growth momentum, China's economy and equity markets are exhibiting signs of stabilization and improvement, largely in response to policymakers' stepped-up efforts to restore consumer, business, and investor confidence. As we maintain cautious optimism, we note that any ongoing signs of improving growth would likely trigger significant equity appreciation given widespread skepticism and depressed valuations.

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.

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.

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DEAR BARON GLOBAL ADVANTAGE FUND SHAREHOLDER:

PERFORMANCE

Baron Global Advantage Fund® (the Fund) gained 3.6% (Institutional Shares) during the first quarter, compared to the 8.2% gain for the MSCI ACWI Index (the Index), and the 9.5% gain for the MSCI ACWI Growth Index, the Fund's benchmarks.

Table I.
Performance†
Annualized for periods ended March 31, 2024

	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]	3.52%	3.59%	8.20%	9.50%
One Year	18.58%	18.88%	23.22%	28.21%
Three Years	(13.70)%	(13.49)%	6.96%	6.74%
Five Years	5.36%	5.63%	10.92%	13.57%
Ten Years	9.06%	9.29%	8.66%	11.02%
Since Inception (April 30, 2012)	10.39%	10.64%	9.63%	11.45%

Global equity indexes continued to move higher as the calendar turned to 2024. Similar to last year, the gains were not uniform or particularly broad based. While the U.S. (+10.3%) and developed markets in general (+8.9%) did well, the performance of their emerging markets counterparts was more muted (+2.3%) with Brazil down 7.4% and China down 2.2%; and more relevant to us, Argentina which represented, on average, 11.6% of the Fund's net assets and is neither here nor there for the purposes of MSCI's classifications, was down 3.8%. Giant-cap stocks continued to outperform, gaining 10.2% during the quarter. Giant-cap and large-cap stocks represented a whopping 83.0% of the Index, while stocks domiciled in the U.S. were 63.4% on average during the quarter. The Fund was 15.9% underweight in giant/large and 16.7% underweight the U.S., which did not bode well for relative returns.

ALEX UMANSKY
PORTFOLIO MANAGER

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

Of course, the Index weights are market-cap based and the better the large U.S. multi-nationals perform, the larger they become in the Index. The U.S. accounts for approximately 25% of Global GDP, and though we would expect it to be *over indexed*, 63.4% does not make sense to us. For a mutual fund to call itself *Global* it must invest at least 40% of its net assets in companies outside of the U.S. and so, we are definitionally underweight this safe haven geography. Similarly, 83.0% giant/large cap works really well in a heightened anxiety, wide range of outcomes environment, but makes little sense to us for a Big Idea all-cap Fund.

It was a good thing that we owned a lot of **NVIDIA** with our thesis playing out much as we had laid out in this letter over the last six quarters. The bad thing is that we had to own other stocks too and while that in itself was not so bad, our investments in electric vehicles (EVs), IT services, and software could genuinely be described as ugly during this quarter. All in all, as much as we did not feel good about last year's 25.6% gain, the first quarter's +3.6% return felt like a win to us.

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, 2023 was 1.21% and 0.95%, 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), 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 waives and/or 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.

BARON CAPITAL
EST 1982

From a company-specific perspective, we had 19 contributors against 15 detractors, which was just too many against the Index that rose 8.2%. Many of our companies experienced extreme stock price volatility during the quarter, both up and down. In addition to NVIDIA, which gained 83%, **Codere Online** (+140%), **Resident Home** (+113%), **Astera Labs** (+106%), **Zomato** (+48%), **Adyen** (+31%), **ASML** (+29%), and **CrowdStrike** (+26%) all posted outsized gains. With the exception of Astera Labs, these investments contributed over 50bps each to absolute returns. Unfortunately, **Endava** (down 51%), **Tesla** (down 29%), and **Rivian** (down 53%) all cost us over 100bps each, while **Snowflake** and a final write down of **Think & Learn** cost us over 50bps each, which offset a lot of the above gains.

This quarter showcased some of *The Good, the Bad, and the Ugly* of what many of our investments go through over their full life cycles. In a way, it could be perceived as a microcosm of applying our investment philosophy and process.

The Good – NVIDIA, AI, disruptive change, and Big Ideas

At its core, our investment philosophy is centered on identifying and investing in Big Ideas, which we define as businesses that enable or benefit from disruptive change, have many characteristics of being or becoming platforms with network effects and attractive unit economics, and are likely to become materially larger in the future than they are today.

We identified NVIDIA as the company at the epicenter of one of the biggest technological paradigm shifts of the last 50 years as computing is shifting from *sequential* to *accelerated* and as we begin to see the early stages of the use cases of generative AI (GenAI) enter the mainstream. Is GenAI real? Is it going to be material, sustainable, and disruptive? Will NVIDIA (and other GenAI leaders and disruptors) benefit from this disruptive change? Our research suggests that the answer to all of these questions is an unequivocal – yes.

Is there hype around GenAI? Sure. There is always a hype cycle around major new technologies. Is GenAI a bubble similar to what we saw during the Internet bubble of late 1990s/ early 2000s? We don't think so. First of all, it is important to recognize that while there were many stocks trading at silly valuations on newly invented metrics (peak multiples on peak eyeballs), the internet itself proved to be a paradigm changing disruption, giving birth to a plethora of Big Ideas. But even more importantly, while the rise in NVIDIA's stock price has been nothing short of unprecedented for a company of its size, it was fueled almost entirely by rapid growth in revenues, earnings, and cash flows – not multiples. NVIDIA's stock price exited 2023 with a P/E ratio of 24.7 and ended the first quarter with a P/E ratio of 35. We can debate whether it is cheap or expensive, but it cannot be compared to the triple-digit multiples that were assigned to the perceived market leaders of the early Internet era that were clearly not in as strong of a competitive position then, as NVIDIA is today.

It is not lost on us that semiconductors is a notoriously cyclical industry. Historically, the hyperscalers (AWS, Azure, GCP, etc.), who are among NVIDIA's largest customers, have not invested/spent/consumed CapEx in a straight line. It will be more than a mild surprise then if there was no pullback in demand leading to a significant growth deceleration and a potentially meaningful correction in the price of the stock, sometime in the near future. So, it is incumbent upon us to manage the size of this investment appropriately, while continuing to imagine what the future will likely look like without losing sight of what reality on the ground is today.

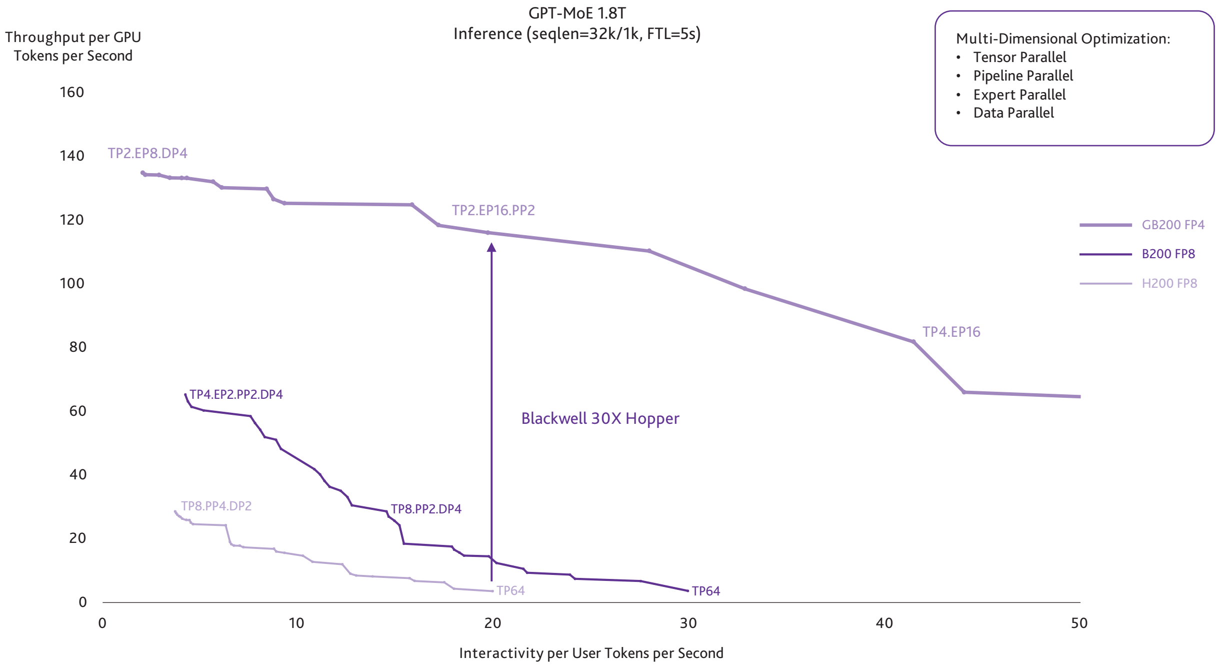
Then again…NVIDIA is not just a semiconductor company. Many investors have missed the boat thinking that Apple is just a smartphone company, Amazon is just a retailer, and Tesla is just a car company. We have long argued that just like the other three, *NVIDIA is a platform*. We are more certain of this now than ever before.

In March, we spent the better part of a week in San José, attending NVIDIA's annual developer conference *GTC 2024* and got to experience firsthand what *Forbes* magazine called the *Nerd Woodstock*. After several years of being held online due to COVID-19, over 17,000 nerds (us included) attended the four-day event in person. With over 900 featured sessions, 1,700 presenters, over 300 exhibits, and more than 20 technical workshops, all centered around AI, there was a lot to choose from. From our perspective, there was nothing better than watching start-up founders debate the merits of Large Language Models (LLMs) compared to domain-specific Small Language Models, and how to get LLMs to have long-term memory, or what are the key challenges that need to be solved to enable reasoning, planning, and multi-agent LLMs (AI models that rely on and work together with other models). When it was all said and done, we came away with several observations:

- **AI is developing rapidly across industries** – near term, there is a lot of excitement around AI for areas such as consumer chatbots, AI-based customer service, AI-based assistants for a variety of business tasks such as coding, marketing, back-office, and more. Longer-term avenues of development are broad and include drug discovery, in which the opportunity for AI is significant due to the long timelines for drugs to reach approval and the high probability of failure (90% of drugs fail); planning and running factories and supply chains using digital twins (with help from NVIDIA Omniverse – NVIDIA's real-time collaborative simulation); and using AI to build robots across a variety of use cases (from autonomous machines to humanoids). Multi-domain, multi-industry disruption.
- **We are early on the S-curve** – most companies are still in the proof of concept stage while very few are ready for production today. Hurdles in implementing AI include data prep, model adaptation and fine-tuning, and embedding of AI into existing workflows. There is a lot of innovation taking place to reduce these hurdles – from tools and infrastructure that help companies build and run AI models more easily, to third-party AI models exposed via Application Programming Interfaces (APIs) that enable companies to use them without building their own models from scratch. NVIDIA's ecosystem across developers, system integrators, cloud providers, and independent software vendors, and internal software innovation are lowering these hurdles as well. For example, one of the most interesting announcements at the GTC Conference were NVIDIA Inference Microservices – or NIMs, which are APIs to easily access open-source models (NVIDIA already has dozens of models available) without the need to worry about model optimizations, security, patching, or sending data to third parties. NIMs could ease AI adoption for enterprises while also driving incremental monetization for NVIDIA, priced at $4,500/GPU or at $1/GPU hour if used on the cloud, and increase the stickiness of NVIDIA's platform.
- **We are rapidly coming down the demand elasticity curve** – while in the Moore's Law era, performance improvements were driven by cramming more transistors into a piece of silicon, AI is a

data center scale problem with *performance improvements driven by every layer in the stack:*

- GPUs – The GPUs themselves are getting faster and better – NVIDIA's latest *Blackwell* GPUs are composed of 2 dies with 208 billion transistors, compared to 80 billion for the prior generation (*Hopper*), showing a performance boost of 2.5 times to 5 times depending on the use case.
- The system layer – NVIDIA is innovating across the system from the accelerator (the GPU) to the CPU (Grace), server design and networking (between GPUs, between GPUs and CPUs, within a rack and between racks). For example, NVIDIA announced the latest fifth generation NVLink, a networking solution that connects multiple GPUs together, enabling order of magnitude higher memory bandwidth (1.8TB/sec) as compared to the standard PCIe (NVLink has 14 times more bandwidth than the fifth generation PCIe), which alleviates a significant bottleneck for many AI models. The latest fifth generation NVSwitch also enables connecting up to 576 GPUs together, which creates significantly higher overall bandwidth for a much larger unit of compute, which is especially important for very large LLMs (previously only 8 GPUs were connected with NVLink, while connecting a higher number required using the slower bandwidth, PCIe). Overall, the *Blackwell* GPU can see ***performance improvements of up to 30 times*** for inferencing compared to the prior *Hopper* generation[1]:



- The software layer – NVIDIA's rapid software innovation improves performance on the same hardware while lowering the hurdles for adoption. From NIMs described above to NeMo microservices (which make it easier for organizations to fine-tune existing models for their own data, needs, and requirements) to their innovation with optimizing existing models to run better on NVIDIA's existing hardware. For example, its recent TensorRT LLM software, optimizes LLMs for inference, showing a 2.9 times improvement in performance thanks to incorporating innovations such as in-flight batching.[2]
- AI algorithms – The AI algorithms themselves are rapidly improving – some recent innovations include models from the Mixture-of-Experts (MoE) family. MoE models split the total number of parameters they have between a number of "experts." These experts are each trained to be particularly good at inferring a particular part of the data (essentially becoming experts on some of the data). A router layer then routes each token to the appropriate expert. Each of the experts, which could be MoEs by themselves, and the router layer are also trained. This specialization enables reaching high-quality results with fewer parameters activated at each run. The benefit of MoE models is that they are faster (in both training and inferencing) because not all parameters are activated on all data points. For example, Databricks' new DBRX model[3], a MoE-type model, beat existing models on various quality benchmarks including a score of 70 in a programming benchmark (even better than the much larger GPT-4's 67%). Databricks compared its current model with the MPT-7B model it released in May of 2023, and the new model required 3.7 times less compute (as measured by FLOPs) to reach the same quality – thanks to various

[1] https://NVIDIAnews.NVIDIA.com/news/NVIDIA-blackwell-platform-arrives-to-power-a-new-era-of-computing
[2] https://blogs.NVIDIA.com/blog/tensorrt-llm-inference-mlperf/
[3] https://www.databricks.com/blog/introducing-dbrx-new-state-art-open-llm

algorithmic improvements including in the MoE architecture, various optimizations and better pre-training data. Additionally, *"DBRX inference throughput is 2-3x higher than a 132B non-MoE model"*. Another example for the pace of innovation is Claude 3 Opus (from Anthropic), which reached a 84.9% score on the same programming benchmark, 86.8% on multiple choice questions (vs. 86.4% GPT-4), a 95.4% on Reasoning (vs. 95.3%), 95% on grade school math (vs. 92%) and 60.1% in math problems benchmark (vs. 52.9%).[4]

– Another way to look at the pace of innovation is to compare the price OpenAI charges for its latest model, GPT-4 Turbo, compared to its previous model, GPT-3.5 Turbo. For the earlier model, the price is $10 for 1 million input tokens and $30 for 1 million output tokens. For GPT-4 Turbo, the price is 95% lower at $0.5 for 1 million input tokens and $1.50 for 1 million output tokens.

Roughly 18 months after the ChatGPT moment, GenAI is already showing rapid real-world adoption with revenues of GenAI companies exceeding $3 billion, excluding the revenues that the large cloud providers (like Google and Meta) are generating from AI due to better engagement and better ad targeting. To put this in perspective, it took the cloud Software-as-a-Service (SaaS) companies 10 years to reach $3 billion in revenue.[5]

We believe we are in the early stages of a multi-decade disruption. Jensen Huang, NVIDIA's co-founder, president, and CEO suggested at the conference that similar to how in the industrial revolution, raw materials came into the plant and final products came out, in the GenAI era, companies would become AI factories with data as a raw material and tokens as the output. Tokens can represent words, images, videos, or controls of a robot. Over time, as models continue to improve, and the cost of running them declines, an increasing number of human tasks could be augmented or replaced entirely by AI. We expect decision making to become much more data-driven, enabled by AI, as consumers, corporations, and governments alike, take advantage of the vast amounts of unstructured data we generate, which is estimated to represent 90% of all data generated.[6] With increasingly challenging demographics across many economies (especially in developed markets), a greater proportion of global growth must come from productivity enhancements. AI, in our view, is likely to be a key driver behind these productivity gains, and potentially, the basis for technological breakthroughs that help humanity solve a host of the most difficult challenges from climate change to finding cures for diseases that have remained unsolved. We believe this disruptive change will be truly profound.

The Bad and (for brevity's sake) the Ugly

A long-term ownership mindset is foundational to our philosophy and process. As owners of businesses, we assign less weight and importance to short-term trends and macro/geo-political events and evaluate them almost exclusively in the context of how they impact our long-term investment thesis. We rarely trade around positions let alone initiate or exit an investment based on these shorter-term trends. This approach works exceedingly well during some parts of the market cycle, but it works poorly during others. To be clear, we do not ignore those trends or a challenging macro environment, but we are honest in acknowledging that we have absolutely no edge in forecasting near-term trends better than the market and we can't forecast investors' expectations of companies' reported results better than the market.

Whenever our businesses undergo cyclical headwinds, we tend to do nothing as long as we believe long-term prospects remain intact. This structurally results in increased volatility for our portfolio, especially during times of heightened uncertainty and stress. This quarter was a good example of our investments in IT services, EVs, and software getting hit particularly hard on what we believe are largely cyclical and short-term issues.

We held positions in digital transformation consultants **Endava**, **Globant**, and **EPAM** for many years. Until 2022, these were some of the most successful investments in the 10-year history of the Fund. The fundamentals of their businesses began to weaken in early 2022, which coincided with the Fed's tightening cycle (and specifically for EPAM, Russia's invasion of Ukraine). While we eventually exited EPAM, we held on to Endava and Globant through '22 and '23 expecting their businesses to return to historical growth rates once the cycle turned. Though both companies' fundamentals stabilized and started improving, their stock prices were hit hard when growth failed to materialize in the first quarter. While we may have underestimated the magnitude of the cyclical slowdown and these business' sensitivity to it, we believe their intrinsic values have not changed nearly as dramatically as the contraction in their multiples would suggest. It was just as bad for software holdings **Snowflake** and **Zscaler**, who reported far more impressive growth numbers but offered muted guidance due to reduced visibility and continued macroeconomic softness (though Snowflake did have an unexpected change in senior management). And then it was downright ugly for our EV manufacturers **Tesla** and **Rivian** where classic product cycle transitions created a bit of a vacuum in demand, which caused the short-term focused market participants to question the long-term attractiveness and viability of the overall addressable market for EVs.

While we kind of saw most of these things coming (and certainly saw all of them as they were unfolding) we spend most of our time focusing on researching the business' long-term prospects, the sustainability of their competitive advantages, and the durability of their growth drivers. Our investment theses are built around what companies will likely look like 5 or 10 years down the road and while cyclical or economic downturns often push out the timing, they rarely imperil the theses themselves and hence, more often than not, we will choose to ride it out.

Table II.
Top contributors to performance for the quarter ended March 31, 2024

	Quarter End Market Cap (billions)	Percent Impact
NVIDIA Corporation	$2,258.9	6.81%
CrowdStrike Holdings, Inc.	77.5	0.91
Codere Online Luxembourg, S.A.	0.3	0.82
ASML Holding N.V.	384.6	0.80
Cloudflare, Inc.	32.7	0.76

[4] https://www.anthropic.com/news/claude-3-family
[5] https://www.youtube.com/watch?v=TDPqt7ONUCY&ab_channel=SequoiaCapital
[6] https://blog.box.com/90-your-data-unstructured-and-its-full-untapped-value

NVIDIA Corporation sells semiconductors, systems, and software for accelerated computing, gaming, and GenAI. NVIDIA's stock rose 83.2% in the first quarter, driven by continued strong demand for its GPUs that stand at the epicenter of the GenAI revolution. NVIDIA closed 2023 with unprecedented revenue growth at massive scale, with a fourth quarter revenue run-rate just shy of $90 billion, growing over 3.5 times year-over-year with operating margins of 67%. NVIDIA's fourth quarter was even more impressive than numbers suggest considering both the fact that sales to China declined significantly due to U.S. regulations, and as we are nearing the end of the current generation of the *Hopper* architecture, with the next generation, *Blackwell* coming out in the third quarter. NVIDIA continues to improve the performance of its chips and systems significantly from generation to generation, thanks to its full-stack approach, optimizing every layer from the chips, through systems, networking, and software. NVIDIA is taking a page from Apple's vertical integration book, adding to its competitive advantage. For example, the recently introduced GB200 NVL72, a liquid-cooled rack with 72 GPUs, interconnected with the latest generation NVLink technology, offers a significant boost to performance with one-fourth the GPUs required to train a *1.8 trillion parameter model*, using one-fourth the power. NVIDIA is also removing hurdles for AI adoption through software innovation, such as the recently announced NIMs, which make it easier for companies to adopt GenAI at scale. Jensen Huang, NVIDIA's CEO spoke about NVIDIA's full stack innovation in the company's last Investor Day:

"Blackwell is both a chip at the heart of the system but it's really a platform. It's basically a computer system. What NVIDIA does for a living is not build the chip, we build an entire supercomputer, from the chip to the system to the interconnects, the NVLinks, the networking, but very importantly, the software. Could you imagine the mountain of electronics that are brought into your house, how are you going to program it? Without all of the libraries that we've created over the years in order to make it effective, you've got a couple of billion dollars worth of assets you just brought into your company. And any time it's not utilized, it's costing you money…

"And so our ability to help companies, not just buy the chips, but to bring up the systems and put it to use and then working with them all the time to make it – put it to better and better and better use, that is really important, okay? That's what NVIDIA does for a living. The platform we call Blackwell has all of these components associated with that. This is the part that's incredibly hard about what we do."

CrowdStrike Holdings, Inc. is a cloud-architected SaaS cybersecurity vendor offering end – point security, threat intelligence, and cyberattack response services. Shares increased 25.6% in the first quarter, following one of the strongest reported quarterly results in the company's history. With market share gains in end-point detection and response (EDR) accelerating, emerging products (Cloud, Identity, and SIEM) scaling to about $850 million in annual recurring revenue (ARR), and new partnership channels like Dell and Pax8 already making meaningful contributions, the outlook suggests sustained revenue growth of 30% or more over the next two years. Fiscal year 2025 guidance looks conservative, as it projects 8% to 12% net new ARR growth, a modest increase from the 6% growth it reported in fiscal year 2024. This guidance would suggest net new contributions from emerging products would significantly decelerate, landing in the range of 30% to 35% (on a 25% larger base), or that core EDR contributions would contract by roughly 15%, which are unlikely scenarios, in our view. With its leading competitive positioning in cybersecurity, the growing threat landscape, which is also driven by the advancements in AI and is making hackers more dangerous, its unique single-agent architecture, and its platform approach, we retain conviction in CrowdStrike, which is emerging as the security platform to beat in terms of scale, profitability, and free-cash-flow conversion.

Codere Online Luxembourg, S.A. is an operator of online gaming and sports betting assets in Latin America and Spain. Shares increased 140.4% during the quarter as the company reported net gaming revenue and EBITDA growth that beat consensus estimates, with net gaming revenue growth of 33% year-over-year, while guiding for positive adjusted EBITDA for 2024. Profitability is inflecting as Codere is exiting a period of accelerated investments to build its brand and gain share in Latin America, a key growth market. This is also helped by the growing mix of existing cohorts of users (whose overall spending continues to grow), as marketing spending is focused almost exclusively on new users (note that net gaming revenues are already accounted for net of promotional spending on existing users), driving a structural profitability improvement with the growing mix of existing cohorts. This should accelerate earnings growth and drive a re-rating in the stock, which currently trades at a steep discount relative to its global peers – Codere is trading at 1.3 times EV/Revenues (on consensus 2024 estimates, though we believe the company will grow revenues much faster, so the real multiple is likely closer to 1.1-1.2 times), whereas competitors such as DraftKings or Flutter trade at 3 to 4.5 times. We remain shareholders and believe the company remains early in addressing the €4 billion TAM in its core markets in Mexico, Colombia, Panama, and Argentina.

Table III.
Top detractors from performance for the quarter ended March 31, 2024

	Quarter End Market Cap (billions)	Percent Impact
Endava plc	$ 2.2	–3.35%
Tesla, Inc.	559.9	–1.33
Rivian Automotive, Inc.	10.7	–1.22
Snowflake Inc.	54.0	–0.95
Think & Learn Private Limited	–	–0.86

Shares of IT services provider **Endava plc** fell 51.1% after management cut guidance for the fiscal year ending June 30, 2024, by 7% to 8%. Growth has slowed over the last year as business customers pulled back on discretionary IT spending due to macroeconomic uncertainty. Last fall, management was seeing early signs of a recovery, but new projects have been taking longer to materialize as customers delay spending decisions. Higher expenses due to increased staffing to meet anticipated demand weighed on margins as well. Management acknowledged that it misread the market and is taking steps to right-size the cost structure to improve margins. We remain invested because we expect these near-term headwinds to abate over time, leading to better growth as the demand for digitization remains strong, with AI likely to serve as a tailwind to digitization over the long term.

Tesla, Inc. designs, manufactures, and sells EVs, related software and components, and solar and energy storage products. Shares fell 29.2% in the first quarter as the core automotive segment remained under pressure due to a complex macroeconomic environment, factory shutdowns, growing competitive risks in China, and Tesla's price reductions throughout 2023. During the first quarter of 2024, production was negatively impacted by the Red Sea maritime supply-chain interferences, sabotage in Tesla's factory's power supply in Berlin, and factory closure for the launch of the refreshed Model 3. We remain shareholders. Tesla commenced delivery of its highly anticipated Cybertruck pickup, which features new technologies within the car and its manufacturing lines. Tesla also launched version 12 of its Full Self Driving product, which shows significant progress from prior versions and increases the probability that Tesla's unique data collection, and verticalized software and hardware approach will position Tesla as a leader in the future of autonomous driving and shared mobility. We also expect energy storage sales to continue to grow over the coming years as the adoption of renewable energy continues. Lastly, we believe Tesla's core automotive segment will recover with the company remaining a leader in the EV market, which continues to expand with EVs still accounting for only around 10% of vehicle sales globally.

Shares of **Rivian Automotive, Inc.**, a U.S.-based EV manufacturer, declined 53.3% in the first quarter. Despite substantial improvements in production and delivery volumes in 2023 as well as improved unit economics, Rivian's business remains constrained by its limited scale, negative gross margins, and elevated cash outflows. Additionally, Rivian expects to temporarily shut down its production facilities for upgrades, impeding anticipated production growth in 2024. Compounding these challenges is the potential for demand constraints, which may not keep pace with production due to the continued complex macro environment, and the relatively small automotive segments that Rivian's initial products target. Nevertheless, the recent unveiling of Rivian's mass-market products, the R2 and R3, garnered enthusiastic responses, evidenced by over 68,000 pre-orders within the first 20 hours post-launch. In a strategic move, management opted to produce the R2 in Rivian's existing facility, deferring the construction of a new factory. This decision should help reduce mid-term capital expenditure obligations while ensuring higher utilization of current facilities as the R2 ramps production in 2025. We 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 March 31, 2024, the top 10 positions represented 59.4% of the Fund's net assets, and the top 20 represented 87.6%. We ended the first quarter with 35 investments compared to 34 at the end of 2023. Note that our top 25 investments represented over 95% of the Fund.

Our investments in the Information Technology, Consumer Discretionary, Industrials, Financials, and Health Care sectors, as classified by GICS, represented 99.6% of the Fund's net assets. Our investments in non-U.S. companies represented 52.8% of net assets, and our investments in emerging markets and other non-developed countries (Argentina) totaled 26.1% of net assets.

Table IV.
Top 10 holdings as of March 31, 2024

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
NVIDIA Corporation	$2,258.9	$70.6	11.1%
MercadoLibre, Inc.	76.7	56.0	8.8
Shopify Inc.	99.9	50.9	8.0
Cloudflare, Inc.	32.7	34.7	5.4
Coupang, Inc.	31.9	32.0	5.0
Space Exploration Technologies Corp.	180.3	31.8	5.0
CrowdStrike Holdings, Inc.	77.5	28.3	4.4
Snowflake Inc.	54.0	26.9	4.2
ASML Holding N.V.	384.6	24.0	3.8
argenx SE	23.3	23.7	3.7

Table V.
Percentage of securities by country as of March 31, 2024

	Percent of Net Assets
United States	46.9%
Argentina	10.9
Netherlands	9.8
Canada	8.0
India	5.8
Korea	5.0
Israel	4.1
United Kingdom	3.4
Poland	2.6
Brazil	1.7
Spain	1.4

Recent Activity

During the first quarter, we initiated three new investments: a biotechnology company developing a drug for obesity, **Viking Therapeutics**; a networking-focused fabless semiconductor provider, **Astera Labs**; and an automotive-focused fabless semiconductor provider **indie Semiconductor**.

We reduced 21 existing positions and sold our investment in the life sciences simulation software provider, **Schrodinger**. We also had a positive realization event with one of our private investments – the direct-to-consumer retail company, **Resident Home**, which was acquired by Ashley Home. Following this acquisition, we now hold four private investments, representing just under 5.5% of net assets, with **SpaceX** accounting for 5.0% of that total.

Table VI.
Top net purchases for the quarter ended March 31, 2024

	Quarter End Market Cap (billions)	Net Amount Purchased (millions)
Viking Therapeutics, Inc.	$ 8.9	$7.1
indie Semiconductor, Inc.	1.3	2.9
Astera Labs, Inc.	11.5	2.8

During the first quarter, we initiated a new position in **Viking Therapeutics, Inc.**, a developer of metabolic disease medicines with a focus on diabetes, obesity, and metabolic steatohepatitis (MASH) (i.e., fatty liver). Viking's lead asset is an injectable and oral version of a GLP-1/GIP combo medication that is a direct competitor to the well-known Mounjaro/Zepbound medicines from Eli Lilly. Viking's second asset is a competitor to Madrigal's just approved MASH asset. Both of Viking's drugs appear to be more efficacious than their competitors, which is the primary basis of the investment thesis bolstered by what are potentially the largest revenue end-markets for the industry ever. The pharmaceutical industry has returned to primary care medicines, meaning large volumes as opposed to high price, after about a 20-year period working in the rare disease space, including oncology. This macro trend is led by the obesity space. For a reference point, 50 million people (or one-third of the current U.S. market) treated at only $200/year, which is significantly lower than current pricing, would result in a $100 billion addressable opportunity just in the U.S.

Another new addition was **indie Semiconductor, Inc.**, a fabless designer, developer, and marketer of automotive semiconductors for applications including advanced driver assistance systems (ADAS), car connectivity, user experience, and electrification. The automotive semiconductor vertical is attractive for long-term investors as semiconductor content is increasing over time from several hundreds of dollars of content in legacy internal combustion engine vehicles to as much as several thousands of dollars in high-end, feature-rich EVs driven by improving safety features (including autonomous driving), electrification and digitization, and premiumization of interior and exterior features for all types of vehicles driven by both consumer demand and regulation. Indie is a small but rapidly growing share gainer leveraging mixed signal expertise, and 100% automotive focus to design more highly integrated, power efficient, and lower cost solutions than larger competitors that are focused on a variety of different end-markets. Specific to ADAS, despite indie's size, it is the only company to offer all key ADAS modalities (vision, radar, ultrasonic, LiDAR) under a single roof. Indie's size and focus also enable it to be more agile in supporting OEM's needs whereas competition, which has significantly consolidated in the past 10 years, is encumbered by inertia of large organizations and has been slower to innovate. These advantages have led to indie securing more than $6.3 billion in lifetime design awards, of which $4.6 billion is in ADAS applications, compared to approximately $220 million in 2023 revenue. 2023 was the third year in a row that indie doubled its revenues.

Driven by a growing backlog of design wins and a strong opportunity funnel, we believe indie can grow to over $500 million in revenues in the medium term and more than $1 billion in revenue towards the end of the decade as its large program wins in radar and driver/occupant monitoring systems start ramping. On top of this, the company continues to expand its gross margins benefiting from the growing mix of new products, which have higher-than-average gross margins, with the company targeting a 60%-plus gross margin (from the lows 50s% today) and 30%-plus operating margins (with breakeven expected by the end of 2024). Despite the company's long runway for growth, making it a potentially Big Idea, valuation is still significantly below both other high-growth semiconductor companies and slower growing mature peers, as the stock price was negatively impacted by its de-SPAC history, the stock still being small and obscure, and the cycle challenges impacting the broader automotive industry, which also creates uncertainty with indie's near-term numbers. We see significant upside for indie's stock in both the medium and the long term and have therefore decided to initiate a position.

We also initiated a small position in **Astera Labs, Inc.**, a fabless semiconductor company focused on addressing connectivity challenges in data-centric systems. It offers multiple product lines of mixed-signal connectivity products with embedded *COSMOS* software and have been first to market with their PCIe retimers, Ethernet smart cable modules, and CXL memory controller products, securing over 300 design wins in the short time since its founding in October 2017. These products are critical in solving data and networking bandwidth bottlenecks, signal integrity challenges, and memory capacity limitations that hyperscale customers are facing across their entire data center networks but especially in AI-related applications. Today its Aries PCIe retimers are shipping alongside every NVIDIA GPU with virtually 100% market share, driving significant growth, and the company sells to every hyperscale customer and AI platform provider. In the coming years, its Taurus Active Electrical Cables modules and Leo Compute Express Link controllers could potentially further expand its market, ramping into AI and general-purpose server applications, respectively.

Over time, as AI continues to advance, solving networking bottlenecks becomes more important, which should serve as a tailwind to Astera's average content per server opportunity (the faster the PCIe standard becomes, the worse signal loss becomes, requiring either the use of more expensive PCB materials or the use of more retimers – which is more cost efficient). This dynamic together with the strong AI server unit growth should drive solid revenue expansion from $200 million to around $1 billion towards the end of the decade. We also expect the company to benefit from operating leverage with operating margins expanding towards 40%. Lastly, we believe that Astera benefits from solid competitive advantages thanks to its first mover advantage, having solved interoperability challenges between their retimers and dozens of different third-party devices that its chips can connect to.

Table VII.
Top net sales for the quarter ended March 31, 2024

	Quarter End Market Cap or Market Cap When Sold (billions)	Net Amount Sold (millions)
NVIDIA Corporation	$2,258.9	$37.0
Resident Home Inc.	0.9	7.7
Schrodinger, Inc.	1.9	6.9
MercadoLibre, Inc.	76.7	5.3
Bajaj Finance Limited	53.8	5.2

After significant runs we took some profits in **NVIDIA Corporation**, **MercadoLibre, Inc.**, and **Bajaj Finance Limited**. As mentioned earlier in the letter, **Resident Home Inc.** was acquired for cash and we exited our small four-year investment in **Schrodinger, Inc.** with a small profit.

Outlook

The market is starting to come to grips with *higher for longer*. One cut? Two cuts? No cuts this year? We have no idea. The 10-Year U.S. Treasury yield is now back to yielding 4.5% after declining to 3.8% towards the end of last year. We continue to believe that the Fed's tightening cycle is over, and that the next move in interest rates is going to start an easing cycle, whenever that will be.

We believe that the disruptive change ushered in by the commercialization and use of AI is real, material, and that it will very likely have a long-term deflationary effect (despite the high cost of GPUs). Major technological innovations have generally been a deflationary force – from hardware to software, to the internet. Moore's Law for example, demonstrated that we get a doubling of performance for the same cost every two years or so, for decades. AI chips have been improving at a rate of 1,000 times every eight years, or a double every nine to ten months.[7] Software enabled a significant productivity boost for information workers as the amount of manual work was substantially reduced and the quality of work improved. The internet proved to be a massive deflationary force as it reduced distribution costs effectively to 0 and gave us cloud computing, which reduced the cost of software materially, while significantly reducing the cost and the risk for startups that no longer had to buy hardware for millions of dollars enabling entrepreneurs to align costs with their progress. AI, in our view, will further accelerate these deflationary forces. If we are right about that, then longer-term interest rates are heading lower and then it won't matter whether the Fed cuts in July or September, and once or thrice (although it is unlikely to matter even if we are wrong…).

As we do every quarter, we analyzed the change in the weighted average multiple of the Fund and the weighted average change in consensus expectations for 2024 (for revenues, operating income, and operating margins). The weighted average multiple for the Fund as a whole increased by 3.5% during the first quarter, though it declined by 1.6% excluding NVIDIA). Revenue expectations for 2024 increased by 2.1% and it declined by 0.2% excluding NVIDIA. Operating income expectations increased by 0.9% and declined by 2.2% excluding NVIDIA. Operating margin expectations declined by 36bps or 64bps if we exclude NVIDIA. Looking under the hood, the headwinds were mostly due to our IT consulting and EV holdings, where the stocks suffered from significant multiple contraction and a cyclical reduction in short-term expectations. The other sub-industries were much more balanced, and the trend we have seen in the second half of 2023 of stable fundamentals continues to hold true.

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

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

Sincerely,

Alex Umansky
Portfolio Manager

Investors should consider the investment objectives, risks, and charges and expenses of the investment carefully before investing. The prospectus and summary prospectus contain this and other information about the Funds. You may obtain them from 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.

Price/Earnings Ratio or P/E (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. **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).

[7] https://s201.q4cdn.com/141608511/files/doc_events/2024/Mar/18/NVIDIA_GTC2024-Keynote.pdf; slide 16

Dear Baron Discovery Fund Shareholder:

Performance

During the first quarter of 2024, Baron Discovery Fund® (the Fund) was up 4.57% (Institutional Shares), which was 3.01% lower than the 7.58% increase for the Russell 2000 Growth Index (the Benchmark). While we were not satisfied with the underperformance this quarter, we think there were some unique circumstances that make the underlying reality of our performance better than it appears on the surface.

Table I.
Performance†
Annualized for periods ended March 31, 2024

	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]	4.51%	4.57%	7.58%	10.56%
One Year	14.96%	15.27%	20.35%	29.88%
Three Years	(6.96)%	(6.72)%	(2.68)%	11.49%
Five Years	8.68%	8.96%	7.38%	15.05%
Ten Years	10.28%	10.55%	7.89%	12.96%
Since Inception (September 30, 2013) (Annualized)	12.30%	12.59%	8.36%	13.57%
Since Inception (September 30, 2013) (Cumulative)[3]	238.18%	247.20%	132.35%	280.58%

RANDY GWIRTZMAN
PORTFOLIO MANAGER

LAIRD BIEGER
PORTFOLIO MANAGER

Retail Shares: BDFFX
Institutional Shares: BDFIX
R6 Shares: BDFUX

Performance listed in the above table is net of annual operating expenses. The 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 waive or 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 1Q2024, 5-year, 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.

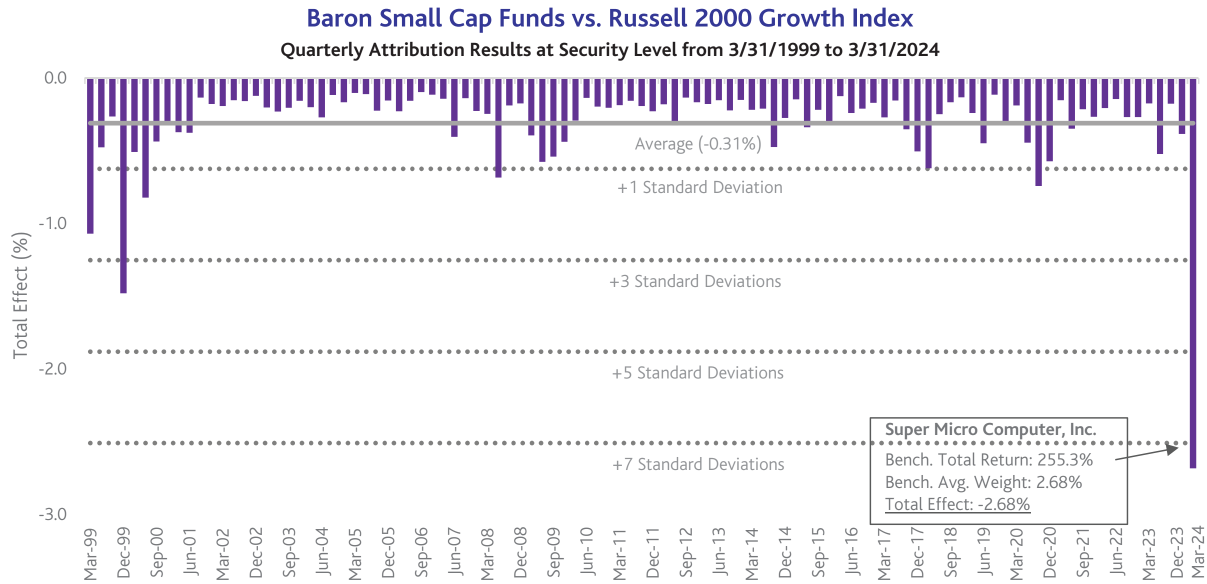
3 Not annualized.

BARON CAPITAL® EST 1982

First Quarter 2024 Commentary

To understand the Fund's first quarter 2024 relative results, take a look at Chart A.

Chart A – Securities Unique to the Benchmark with the Largest Detrimental Impacts[1]



1 – The quarterly performance impacts shown above were determined using security-level attribution for a composite of Baron's Small Cap Funds (Baron Discovery Fund, Baron Small Cap Fund, and Baron Growth Fund) versus the Russell 2000 Growth Index to identify the largest negative impacts from individual securities that were unique to the Index (i.e., not owned by any of the Baron small-cap funds and relative performance was penalized as a result) every quarter for the last 25 years.

When reviewing performance attribution on our portfolio, please be aware that we construct the portfolio from the bottom up, one stock at a time. Each stock is included in the portfolio if it meets our rigorous investment criteria. To help manage risk, we are aware of our sector and security weights, but we do not include a holding to approximate an index. The performance data quoted represents past performance. Past performance is no guarantee of future results.

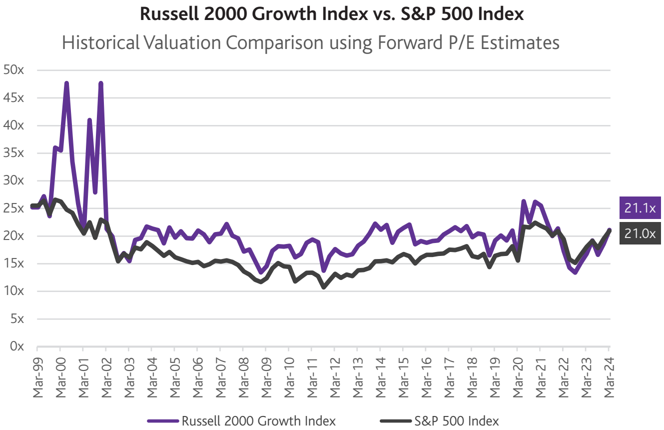
Sources: FactSet PA, FTSE Russell, and Baron Capital.

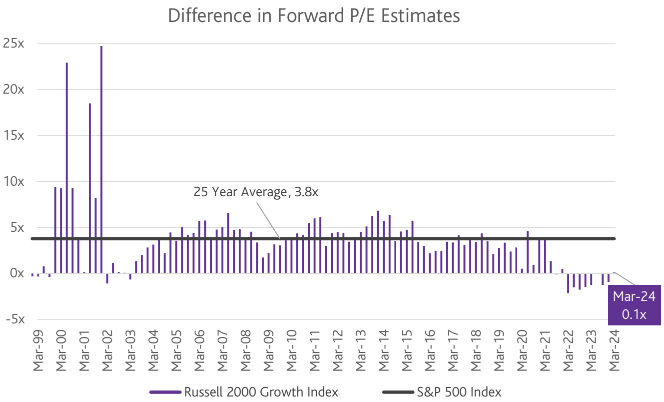
This chart goes back 25 years and shows that it is rare to see an outsized impact on relative performance from a single security in the Benchmark that we didn't own. However, in the first quarter of 2024, the Benchmark's largest constituent, Super Micro Computer (Supermicro), negatively impacted the Fund's relative results by 2.68%, meaning this one stock accounted for about 90% of the Fund's underperformance in the quarter. In the context of history, this was a seven-plus standard deviation event. How rare is it for a single security in the Benchmark to have this level of impact on our relative returns? Well in a normal distribution, about 99.999999974% of the data falls within seven standard deviations from the mean. This means the probability of a seven standard deviation event is equivalent to roughly 1 part per 385 billion. For context, the estimated number of stars in the Milky Way is approximately 400 billion. In a nutshell, it is unlikely we will ever see a single stock impact relative performance to this level again. While we do not have an opinion on the fundamentals of Supermicro as a business, the frustrating thing for us is that when Russell reconstituted the Benchmark in June 2023, Supermicro had a market capitalization of over $13 billion. As most of you know, that is a market capitalization which is above where we will purchase new investment ideas. So, back in June 2023, even if we were smart enough to have envisioned that Supermicro was an investment we wanted to make, the market capitalization was too large for us to have considered purchasing it. Furthermore, even if we threw our process out the window and bought it anyway (don't worry, we would never do that!), we would have had to sell it well before it reached its current (at the time of this writing) market cap of approximately $60 billion. As we have written in the past, we intend to keep the Fund squarely in the Morningstar Small Growth category. As a result, we sell investments when their market caps become too large and we recycle that capital into new smaller-cap ideas. We want to be clear that we are not making excuses for our underperformance this quarter. We only want to highlight that the relative shortfall was mostly driven by one company that is no longer considered small cap. If an investor were to agree to this reasoning and we exclude Supermicro from the Benchmark, the Fund would have only underperformed by a much more modest 0.36% in the first quarter. Supermicro will almost certainly be removed from the Benchmark when it is reconstituted this June. That being said, given it is now such a large position in the Benchmark, it could once again have an outsized positive (or negative) impact on relative performance in the second quarter.

2024 Outlook

We remain bullish on the Fund's prospects for 2024. The tailwinds for small-cap outperformance that we have been writing about in the last handful of quarterly letters remain firmly in place. Mainly, small-cap growth stocks have attractive valuations both on an absolute basis and relative to large-cap stocks (Chart B) and that small-cap growth stocks typically show significant appreciation coming out of deep market downturns (Chart C). We know that at some point the economic environment will become stronger and that there will be mean reversion in the relative valuations of large-cap and small-cap growth stocks. We continue to position the portfolio to be able to capitalize on this eventuality. We believe the portfolio is set up to shine in an environment where small-cap growth stocks transition from a bear to a bull market.

Chart B – Historical Valuation Comparison and the Difference in Forward P/E Estimates





Sources: The Bank of New York Mellon Corporation using I/B/E/S 1 Year Forward EPS and FactSet Market Aggregates.

Chart C – Small-Cap Growth Generally Outperforms the Broader Market Coming Out of Significant Market Downturns

	Cumulative Total Returns (%)		
	Dotcom Collapse/ September 11 Attacks Trough (10/9/2002) to 10/9/2004	Great Recession Bottom (3/9/2009) to 3/9/2011	COVID-19 Trough (3/18/2020) to Recent All-Time High (2/9/2021)
Baron Discovery Fund (Institutional Shares)	–	–	184.92
Russell Microcap Growth Index	88.77	147.73	223.49
Russell 2000 Growth Index	76.18	145.85	152.61
Russell 2500 Growth Index	73.61	148.98	142.48
Russell Midcap Growth Index	68.50	138.52	102.78
Russell 1000 Growth Index	39.54	104.09	84.56
S&P 500 Index	49.65	103.44	65.62
Difference – Russell 2000 Growth Index vs. S&P 500 Index	26.53	42.41	86.99

Sources: FTSE Russell, S&P Global Inc., and Baron Capital.

Market troughs and the recent 2021 high are based on total return levels of the Russell 2000 Growth Index. Performance shown for the Dotcom Collapse/September 11 Attacks and Great Recession bull markets is for the first two years of the market recovery following market bottoms, while the COVID recovery spanned from the market trough on (3/18/2020) to the latest all-time high for Russell 2000 Growth Index on 2/9/2021. The performance data quoted represents past performance. Past performance is no guarantee of future results. The indexes are unmanaged. Index performance is not Fund performance. Investors cannot invest directly in an index.

Table II.
Top contributors to performance for the quarter ended March 31, 2024

	Percent Impact
Kinsale Capital Group, Inc.	1.34%
DraftKings Inc.	0.94
CyberArk Software Ltd.	0.64
Axon Enterprise, Inc.	0.61
Establishment Labs Holdings Inc.	0.54

Specialty insurer **Kinsale Capital Group, Inc.** reported financial results that exceeded Street forecasts. After a slowdown in the prior quarter, gross written premiums grew 34% and EPS grew 49% with a record-high underwriting margin. Market conditions remain favorable with rising premium rates and more business shifting from the standard market to the excess and surplus lines market where Kinsale operates. In addition, insurance stocks broadly rebounded from last quarter's pullback as interest rates stabilized. We remain bullish on 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 **DraftKings Inc.**, a leading online sportsbook in the U.S., rose during the quarter following an earnings release that showed strong market share gains and an improved outlook for future profitability. Market share capture has been driven by investment in innovative product offerings that are resulting in strong customer retention. The company also announced the acquisition of JackPocket, a digital lottery courier service. We believe the acquisition will help DraftKings achieve a first-mover advantage in many states that offer the JackPocket service but have not yet legalized online sports betting and casino gaming. DraftKings is well positioned to expand margins and generate positive free cash flow as it grows revenues alongside the rapidly expanding U.S. sports betting market, in our view.

Shares of **CyberArk Software Ltd.**, an identity security platform focused primarily on privileged access management (protecting credentials for high-level technology administrators), rose after the company delivered strong quarterly results. CyberArk grew annual recurring revenue by 36% year-over-year and generated 20% free-cash-flow margins. New customer deal sizes and existing customer expansions at renewal were strong, boosted by high demand for CyberArk's newer product categories like access management (credential management and multi-factor authentication for all employees) and secrets management (credentials for machine identities). The increasing frequency and severity of cyberattacks, new SEC regulatory requirements for cyberattack disclosures, and greater emphasis from the federal government on privilege controls for its agencies and suppliers are driving healthy demand for CyberArk's products. Management issued consensus-beating full-year guidance across all metrics. We remain optimistic about CyberArk's long-term revenue and free-cash-flow growth prospects.

Table III.
Top detractors from performance for the quarter ended March 31, 2024

	Percent Impact
Endava plc	-0.67%
Inari Medical, Inc.	-0.55
Navitas Semiconductor Corporation	-0.52
Mercury Systems, Inc.	-0.48
SentinelOne, Inc.	-0.45

Shares of IT services provider **Endava plc** fell after management cut guidance for the fiscal year ending June 30, 2024. Growth has slowed over the last year as business customers pulled back on discretionary IT spending due to macroeconomic uncertainty. Last fall, management was seeing early signs of a recovery, but new projects have been taking longer to materialize as customers delay spending decisions. Higher expenses due to increased staffing to meet anticipated demand weighed on margins as well. Management acknowledged that it misread the market and is taking steps to right-size the cost structure to improve margins. We remain invested because we expect these near-term headwinds to abate over time, leading to better growth as clients embrace digital transformation.

Inari Medical, Inc. offers catheter-based devices to remove clots from veins, known as venous thromboembolism (VTE). VTE is the third most common vascular condition in the U.S. after heart attacks and strokes, and if left untreated it can be fatal. The stock detracted from performance on investor concerns about a competitive product launch from Penumbra, Inc., coupled with Inari's disclosure of a Department of Justice civil investigation concerning some of its payments to doctors. Such investigations are common in the medical technology industry, and we anticipate any potential fine to be manageable based on precedent. Inari's core VTE market remains largely untapped, with many patients still relying on ineffective drugs, leaving ample room for multiple devices to succeed. In addition, Inari is at various stages of launching multiple new products (for other venous and arterial blockage conditions) that could unlock billions of dollars in additional addressable market.

Navitas Semiconductor Corporation is a leader in gallium nitride (GaN) power semiconductors and a smaller player in silicon carbide (SiC) power semiconductors. Shares fell during the quarter on lowered guidance. Despite the softer near-term outlook, the company highlighted several design wins across mobile, data center, renewable energy, and vehicle electrification that are expected to ramp later in 2024 and into 2025 and should support above-industry growth. The company's monolithically integrated GaN power chips provide greater reliability and performance compared to discrete power devices. It recently purchased a co-packaged silicon controller to drive additional integration and performance. Its SiC products also offer better performance than peers and robustness across many applications. We expect Navitas to gain share in the rapidly growing GaN and SiC power semiconductor markets over time, driven by its superior technology, especially with its high-power GaN product in data center, solar, and electric vehicles just starting to ramp.

Portfolio Structure

Table IV.
Top 10 holdings as of March 31, 2024

	Year Acquired	Quarter End Investment Value (millions)	Percent of Net Assets
DraftKings Inc.	2023	$56.1	3.6%
Kinsale Capital Group, Inc.	2016	52.5	3.4
Axon Enterprise, Inc.	2022	45.1	2.9
CyberArk Software Ltd.	2022	42.6	2.8
Advanced Energy Industries, Inc.	2019	40.3	2.6
GitLab Inc.	2022	39.5	2.6
SiteOne Landscape Supply, Inc.	2016	39.3	2.5
Masimo Corporation	2024	38.9	2.5
Floor & Decor Holdings, Inc.	2019	38.9	2.5
Axonics, Inc.	2020	38.8	2.5

Recent Activity

Table V.
Top net purchases for the quarter ended March 31, 2024

	Year Acquired	Quarter End Market Cap (billions)	Net Amount Purchased (millions)
Masimo Corporation	2024	$7.8	$35.9
Intapp, Inc.	2024	2.5	18.2
Allegro MicroSystems, Inc.	2020	5.2	15.4
RH	2022	6.4	10.6
CareDx, Inc.	2024	0.5	10.2

We made a new investment in **Masimo Corporation**, a provider of high-end vital sign monitoring equipment and software. This is a *special situation* investment, as it is in the process of unwinding an unpopular consumer products acquisition, which we believe will unlock the value of the core health care business (more on that below). Masimo is a market leader in monitoring pulse rates, oxygen levels and perfusion, blood hemoglobin content and other key signs on a continuous basis. Studies have shown that Masimo's higher-quality monitoring can save lives (and money) via higher accuracy and better warning capabilities. The base health care business produces revenues of about $1.3 billion (2024 company guidance), of which about 15% consists of non-recurring sensor hardware sales (what Masimo calls sockets) that are the *razor* in the business model analogy. The remaining 85% of revenues come from disposable sensors that are the *blades* in the business model analogy. They produce recurring (and growing) revenue. Masimo can grow its health care revenues by introducing new products (including monitor networking and warning software), gaining new U.S. and international customers, and getting customers to buy more *parameters* (additional vital signs) for the existing sockets they have installed. Currently, the company averages about $8 per socket in sensor revenues, but that has the potential to go to $100 per socket over time. While we don't believe we will see a 12-fold increase in revenues, we do believe that revenues could double over the next seven years. At the same time margins should expand due to gross margin improvements with the completion of a new Malaysian manufacturing facility and operating leverage because its sales force is largely built out and it has a comfortable research and development budget. So, overall base business cash flow could double as well in six to seven years.

This is all overshadowed by Masimo's $1 billion acquisition of Sound United in early 2022. Sound United designs and manufacturers high-end stereo equipment under brands like Marantz and Denon. Masimo is launching a smartwatch designed for higher-end vital sign monitoring (for health and consumer markets) than products like Apple and Android's watches and bought the company for its sales and distribution assets. But the acquisition added debt and the market viewed it as a distraction, far afield from its health care roots. Shares dropped nearly 70% by October 2023. We got involved after an activist started to push for the separation of the businesses. At the end of the first quarter, Masimo announced that it was exploring modalities to split the consumer and health care businesses, including a spin-off or JV structure. We think this is a great idea that will unlock value in the currently under-appreciated health care business. In addition, Masimo is likely to retain a good portion the potential proceeds of a lawsuit against Apple alleging patent infringement related to vital signs on the Apple watch. While this could be worth hundreds of millions or more in ultimate value, we view it as just additional value optionality on the investment. All in, we believe we can double our investment from current valuation levels from Masimo's cash flow growth and higher trading multiple that we believe will be justified for the cleaner health care structure that the company should achieve this year.

We also initiated a position in **Intapp, Inc.** Founded in 2000, Intapp provides cloud-based software for regulated professional services industries such as legal, accounting, consulting, private capital markets, and investment banking. Intapp's software helps manage and automate many of the administrative workflows unique to these industries, such as clearing conflicts for new engagements, onboarding new clients, recording billable hours, and establishing regulatory walls between divisions. Its DealCloud suite also functions as a deal lifecycle management and customer relationship management system that has become the industry standard in private equity and investment banking. Intapp serves more than 2,400 customers, including 96 of the top 100 American law firms, 15 of the top 20 accounting firms, and 1,600 leading financial services firms.

Intapp competes in a large and growing addressable market, spanning 28,000 firms that collectively spend roughly $15 billion annually on software in Intapp's categories. The company has grown its annual recurring revenue by more than 20% annually for the past five years as customers have seen good returns on their Intapp investment. For example, Intapp products have helped professional services firms reduce new client onboarding and conflict clearance processing times by more than 50%, saved millions of dollars in billable hours leakage, and significantly expanded new deal origination volumes for financial services firms. This success has led to low churn rates, increased market share capture, and expanding footprints in existing accounts. Intapp has several competitive advantages that should drive continued market share capture over time, including a proprietary graph data model that is better equipped for professional services needs than traditional databases, good brand recognition with decades of experience serving the largest firms in its industries, and AI capabilities that continuously improve product effectiveness.

We see a long runway for growth through a combination of new customer wins and existing customer expansion. Management believes its largest 200 customers alone represent a $1.3 billion wallet opportunity, and that Intapp can continue to generate mid-teens expansion rates in existing accounts by cross-selling product modules, growing its user penetration, and capturing better pricing. While Intapp is profitable today and has expanded its free-cash-flow margins over the last two years, we see an opportunity for margins to inflect further to 20% or more as the company benefits from operating leverage and a higher cloud revenue mix. The combination of good organic growth and free-cash-flow margin expansion should bode well for the stock long term.

We added to our investment in **Allegro MicroSystems, Inc.**, a fabless designer and manufacturer of integrated circuit (IC)-based sensors and application-specific analog power ICs for automotive and industrial markets. We had meaningfully reduced our position in the third quarter of 2023 given what we viewed were extreme valuations, even on long-term metrics. Since then, shares have come down from a low-$50's level to the mid-$20's, and we *re-loaded* the position as we view Allegro as a solid long-term grower that can double again from here.

During the quarter, we added to our position in **RH**, a high-end retailer of home furnishings and furniture that has a unique vision to transform from a domestic furniture company to a global luxury brand. Shares were pressured in the earlier part of the quarter due to shorter-term concerns regarding demand amid a volatile macroeconomic environment. Despite these short-term pressures, we remain confident in RH's ability to gain market share in the fragmented high-end furnishings market, and we see a multi-year growth pipeline driven by store expansion around the globe. We also believe that RH will see improvements in profitability as the brand returns to a fuller-priced sales environment, and as it begins to scale its early international investments.

CareDx, Inc. is a diagnostic company that facilitates organ donor matches pre-transplant and rejection monitoring post-transplant. Transplant rejection testing is recurring and can help ensure the right immunosuppressant treatment to avoid overdosage or organ loss. We re-established an investment in the company after selling the position in the first quarter of 2023. At the time, we noted that the reason for sale was "a very unexpectedly negative notice out of MolDx (which is the CMS-related entity that determines pricing and reimbursement criteria for diagnostic tests) exceeded our worst downside scenarios. The vagueness of the notice from MolDx, combined with the potential for a far reduced paid volume of approved tests for Medicare patients put a dramatic amount of current revenue and profitability at risk. We determined that until the issue is resolved, we could not properly underwrite our investment in the company." As things currently stand, the company has *lapped* the massive negative revenue effect of the CMS notice and has started growing revenues again under the lower reimbursement regime. Combined with improvement in cash collections and meaningful efficiency improvements in operating expenses, we believe the company will be cash flow breakeven by 2025 and then will be completely self-funding given $235 million of cash and no debt on its balance sheet. The company trades at only 1.3 times its enterprise value to sales ratio, which should be at least double that level. We believe there is a reasonable chance that the CMS guidelines are reversed or at least improved from current levels. This would be a *blue sky* scenario, where we could see multiple doubles of valuation in a short period of time.

Table VI.
Top net sales for the quarter ended March 31, 2024

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap or Market Cap When Sold (billions)	Net Amount Sold (millions)
SiTime Corporation	2023	$2.3	$ 2.1	$10.4
Navitas Semiconductor Corporation	2021	0.5	0.9	8.6
Ichor Holdings, Ltd.	2016	0.2	1.3	8.6
Repligen Corporation	2023	8.7	10.3	7.8
CyberArk Software Ltd.	2022	5.2	11.2	7.8

We trimmed our position in **CyberArk Software Ltd.** to manage its position size after good appreciation in the stock. That said, we continue to like the company's strong competitive footing in identity security and are optimistic about its longer-term growth prospects.

We trimmed our position in **Repligen Corporation**, a life science tools supplier to the bioprocessing industry. 2023 had been a year of headwinds including customer destocking, biopharmaceutical funding constraints, and weakness in China. Estimates have moved lower and the recovery is taking longer than expected, while valuation has moved up significantly to levels where we wanted to de-risk a bit. We still like the company's long-term positioning.

We sold the remaining portion of our position in **Ichor Holdings, Ltd.**, which manufactures semiconductor capital equipment components, as we felt the stock's valuation was already embedding a relatively strong upcycle in wafer fabrication equipment spending and to make room for other positions with more long-term upside.

We reduced our position in **Navitas Semiconductor Corporation**, a provider of analog power management semiconductors, as we grew concerned about the near-term prospects for consumer spending (communications charging segment), some increased Chinese competition, and the mixed messages coming out of the auto industry (which is a new growth area for the company). We continue to really like the company's products and are watching the environment closely. We also reduced our position in **SiTime Corporation**, which manufactures analog semiconductors that regulate timing within chips and for communications purposes. This was for similar reasons to our Navitas reduction, aside from the Chinese competition. We remain excited about SiTime's long-term growth prospects, and we still believe it can achieve its targeted 30% revenue growth rate and 30% operating margin.

Outlook

During the first quarter, we saw the larger-cap S&P 500 and NASDAQ Composite Indexes reach all-time highs. Meanwhile, small-cap growth stocks remain in a three-plus year bear market, defined as a greater than 20% decline in the Benchmark from its all-time intraday high on 2/10/2021 (price levels, excluding dividends). We continue to believe that there will be a meaningful *catch up trade* where small-cap growth stocks return to trading at their historical premium valuation relative to large-cap stocks. In our opinion, the portfolio is well positioned to capitalize on that outcome when it finally occurs. We appreciate your trust in us and we are glad you have chosen Baron Discovery Fund as an investment.

Randy Gwirtzman
Portfolio Manager

Laird Bieger
Portfolio Manager

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

The **Russell 1000® Growth Index** measures the performance of large-sized U.S. companies that are classified as growth. The **Russell 2500™ Growth Index** measures the performance of small to medium-sized U.S. companies that are classified as growth. The **Russell Microcap® Growth Index** measures the performance of the microcap growth segment of the U.S. equity market. The **Russell Midcap® Growth Index** measures the performance of medium-sized U.S. companies that are classified as growth. All rights in the FTSE Russell Index (the "Index") vest in the relevant LSE Group company which owns the Index. Russell® is a 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 indexes include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts the performance results.

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 (FCF)** represents the cash that a company generates after accounting for cash outflows to support operations and maintain its capital assets. **Price/Earnings Ratio or P/E (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).

ALEX UMANSKY

PORTFOLIO MANAGER

Retail Shares: BDAFX
Institutional Shares: BDAIX
R6 Shares: BDAUX

Dear Baron Durable Advantage Fund Shareholder:

Performance

It was another strong quarter.

Baron Durable Advantage Fund® (the Fund) gained 10.9% (Institutional Shares) during the first quarter, slightly ahead of the 10.6% gain for the S&P 500 Index (the Index), the Fund's benchmark.

Table I.
Performance
Annualized for periods ended March 31, 2024

	Baron Durable Advantage Fund Retail Shares[1,2]	Baron Durable Advantage Fund Institutional Shares[1,2]	S&P 500 Index[1]
Three Months[3]	10.83%	10.86%	10.56%
One Year	38.68%	39.01%	29.88%
Three Years	15.61%	15.89%	11.49%
Five Years	18.56%	18.84%	15.05%
Since Inception (December 29, 2017)	15.70%	15.97%	13.37%

U.S. large-cap equities was the place to be in early 2024. Picking up right where we left off last year, the Fund gained 3.2% in January and was up 9.7% by the end of February, well ahead of the 7.1% gain for the Index. But then, a higher-than-expected CPI print brought back the *higher for longer* narrative as well as a rise in the 10-Year U.S. Treasury yield. That in turn brought on a renewed focus on Utilities, banks, Consumer Staples, and Energy – in other words, sectors or industries where we have little to no exposure, and so, we gave up most of our relative quarterly gains in March.

The Fund's 10.9% gain was driven by a robust U.S. economy, which continues to outperform expectations despite the higher interest rate environment. Real GDP grew 3.4% in the fourth quarter while the unemployment rate remained stable at 3.8%. Although 2023 returns were driven mostly by the Magnificent Seven (**Alphabet**, **Amazon**, Apple, **Meta**, **Microsoft**, Tesla, and **NVIDIA**), this time around the Index's performance showed much better breadth with the other 493 stocks in the S&P 500 Index up on average 9.4% in the quarter. We have also seen a significant divergence within the Magnificent Seven as Telsa and Apple experienced double-digit declines. We did not own either of the two, which helped our returns.

There was nothing particularly insightful from a performance attribution perspective, which is not unusual for a relatively in line quarter. From a company-specific perspective, we benefited from broad-based strength with 27 contributors and only 6 detractors. Ten of our holdings appreciated over 11% during the quarter, with NVIDIA, Meta, Amazon, Microsoft, **Arch**, and **Taiwan Semiconductor** contributing over 60bps each to absolute returns. On the downside, **Adobe** (-15.6%) was the only stock to decline more than 5% with our six detractors costing the Fund a combined 90bps.

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 waives and/or 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 CAPITAL EST 1982

Despite the complex macro environment, many of our companies have continued to report improving business trends during their recent quarterly earnings calls, leading to upward estimate revisions over the last three months. In addition to NVIDIA's unprecedented growth, Amazon's 2024 EPS consensus expectations increased 14.3% during the first quarter and were up 65.1% from the same period last year.[1]

Similarly, 2024 EPS expectations for Meta were up 13.5% and 62.7%, respectively. Both companies also saw an increase in revenue expectations of 0.8% for Amazon and 4.6% for Meta over these three months, while operating margin expectations have increased by 119bps and 239bps, respectively. Amazon is benefiting from the early stages of a recovery in its cloud business (AWS), while also seeing significant improvement in profitability for its e-commerce business. Meta is benefiting from a recovery in ad spending, partially due to AI-driven improvements in algorithms that drove better user engagement as well as better ad targeting, as well as from the improved overall spending efficiency, which is driving operating leverage.

We continue to believe that we have put together the right collection of competitively advantaged companies with durable growth characteristics and great management teams. We have a lot of confidence in our process. If we continue to execute well, we should be able to outperform the Index over the long term while minimizing the risk of a permanent loss of capital.

Table II.
Top contributors to performance for the quarter ended March 31, 2024

	Quarter End Market Cap (billions)	Percent Impact
NVIDIA Corporation	$2,258.9	2.44%
Meta Platforms, Inc.	1,237.9	2.28
Amazon.com, Inc.	1,873.7	1.44
Microsoft Corporation	3,126.1	1.13
Arch Capital Group Ltd.	34.6	0.63

NVIDIA Corporation sells semiconductors, systems, and software for accelerated computing, gaming, and generative AI (GenAI). NVIDIA's stock rose 82.9% in the first quarter, driven by continued strong demand for its Graphics Processing Units (GPUs) that are positioned at the epicenter of the GenAI revolution. NVIDIA closed 2023 with unprecedented revenue growth at massive scale, with a fourth quarter revenue run-rate just shy of $90 billion, growing over 3.5 times year-over-year with operating margins of 67%. NVIDIA's fourth quarter was even more impressive than numbers suggest considering the fact that sales to China declined significantly due to U.S. regulations, and we are nearing the end of the current generation of the *Hopper* architecture and the next generation called *Blackwell* coming out in the third quarter of 2024. NVIDIA continues to improve the performance of its chips and systems significantly from generation to generation, thanks to its full-stack approach, optimizing every layer of the stack from the chips, through systems, networking, and software. NVIDIA is taking a page from Apple's vertical integration book, adding to its competitive advantage. For example, the recently introduced GB200 NVL72, a liquid-cooled rack with 72 GPUs, interconnected with the latest generation NVLink technology, offers a significant boost to performance with one-fourth the GPUs required to train a 1.8T parameter model, using one-fourth the power. NVIDIA is also removing hurdles for AI adoption through software innovation, such as its recently announced NIMs NVIDIA Inference Microservices (NIMs), which make it easier for companies to adopt GenAI at scale. Jensen Huang, NVIDIA's CEO, spoke about NVIDIA's full stack innovation at the company's last investor day:

"Blackwell is both a chip at the heart of the system but it's really a platform. It's basically a computer system. What NVIDIA does for a living is not build the chip, we build an entire supercomputer, from the chip to the system to the interconnects, the NVLinks, the networking, but very importantly, the software. Could you imagine the mountain of electronics that are brought into your house, how are you going to program it? Without all of the libraries that we've created over the years in order to make it effective, you've got a couple of billion dollars worth of assets you just brought into your company. And any time it's not utilized, it's costing you money…

"And so our ability to help companies, not just buy the chips, but to bring up the systems and put it to use and then working with them all the time to make it – put it to better and better and better use, that is really important, okay? That's what NVIDIA does for a living. The platform we call Blackwell has all of these components associated with that. This is the part that's incredibly hard about what we do."

Despite the stock's continued outperformance, valuation remains reasonable, with the company trading at around a 30 times P/E ratio as most of the stock's performance was driven by growth in earnings rather than multiple expansion. We remain shareholders and believe that the upside for long-term investors remains significant. As AI models continue to improve and as the cost of running them declines, we believe an increasing proportion of human tasks (starting from the tasks of information workers and over time expanding to frontline workers) would be augmented or replaced by AI. Additionally, we believe that decisions would become much more data-driven (enabled by AI) as we are finally able to take advantage of the vast amount of unstructured data generated, which we estimate to represent 90% of all data generated[2]). With increasingly challenging demographics across many economies, especially in developed markets, a greater proportion of global growth must come from productivity enhancements. AI, in our view, is likely to be a key driver behind these productivity gains, and potentially, the basis for technological breakthroughs that help humanity solve a host of difficult problems from climate change to finding cures for diseases that are so far unsolved.

Shares of **Meta Platforms, Inc.,** the world's largest social network, were up 37.4% in the quarter due to robust fourth quarter top-line growth of 25% year-over-year with operating margins more than doubling year-over-year to 41% benefiting from *the year of efficiency* as Meta's headcount was down 22% year-over-year (note that the profitability of the core business is even stronger as Reality Labs' losses of over $4.5 billion in the quarter are included in the overall operating income metric). Meta also guided for first quarter revenue growth of approximately 29% year-over-year, which was better than expected. Our industry checks have validated continued advertiser adoption and satisfaction, with improving monetization of Instagram Reels and click-to-message ads. Meta also continues to rapidly innovate in GenAI, with a leading research lab, widely adopted

1 We calculated the change in 2024 EPS expectations (as collected by FactSet) for Amazon during Q1 (i.e., change in expectations from 12/31/2023 to 03/31/2024) and from Q1 2023 to Q1 2024.

2 https://blog.box.com/90-your-data-unstructured-and-its-full-untapped-value

open-source models (e.g., Llama 2), and internal algorithms being augmented with AI (e.g., Meta's recommendation engine). We are also beginning to see Meta's core apps incorporate GenAI in the user experience even though we remain early in that process as the company is iterating and fine tuning its offerings. Core app engagement also remains healthy, with video daily watch time growing 25% year-over-year and the total number of monthly active users rising 6% year-over-year to 4 billion in the fourth quarter. We remain shareholders and believe Meta will sustain its leading market share in digital advertising thanks to strong network effects driven by its massive user and advertiser base. Additionally, we believe the company's innovative culture, large installed base, and leading GenAI research would enable it to embed AI and GenAI into its offerings with further monetization opportunities ahead. For example, AI agents could help scale business messaging as they would handle a large volume of customer requests automatically.

Amazon.com, Inc. is the world's largest retailer and cloud services provider. Shares increased 18.7% on quarterly results that exceeded consensus expectations, with revenue growth of 13% year-over-year, and operating margins reaching 7.8% (up from 1.8% a year ago). We believe that Amazon is well positioned in the short to medium term to continue improving its core North American margins, which reached 6.1% in the fourth quarter, the seventh straight quarter of margin improvement and an overall 800bps of improvement. Amazon has been re-architecting its fulfillment network, improving efficiency, reducing cost-to-serve (thanks to regionalization), and accelerating delivery speeds (number of items delivered same day or overnight increased by nearly 70% year-over-year – reducing cost to serve also enables Amazon to sell lower priced items, expanding its addressable market. Additionally, Amazon continues to benefit from its fast-growing, margin-accretive advertising business as it continues to gain market share in digital advertising thanks to its structural advantages of a closed loop system (in which advertisers can directly see the results of their ad spending). We also believe that e-commerce growth will remain durable, as penetration is still less than 15% of the addressable market. Lastly, Amazon's cloud service, AWS, remains a durable growth engine, with customer cloud optimizations now attenuating and as AI should be a tailwind to digitization and migration to the cloud with incremental opportunity across the three layers of the GenAI stack – infrastructure, platform (*Bedrock*), and applications (first and third party).

Table III.
Top detractors from performance for the quarter ended March 31, 2024

	Quarter End Market Cap (billions)	Percent Impact
Adobe Inc.	$226.1	–0.57%
UnitedHealth Group Incorporated	456.1	–0.15
S&P Global Inc.	136.3	–0.14
MSCI Inc.	44.3	–0.03
Broadcom Inc.	614.2	–0.02

Adobe Inc. is a leading developer of marketing, publishing, and graphics software. Shares declined 15.6% during the quarter after the company reported annual recurring revenue that surpassed its initial guidance but fell short of buy-side expectations by $20 million to $25 million. This shortfall raised investor concerns that Adobe may need a faster ramp in the second half of the fiscal year to hit its annual guidance. We have conviction that Adobe can meet or exceed its guidance thanks to: 1) expansion of price increases to additional regions as well as heightened renewals in the second half of the year, and easier year-over-year comparisons due to the dissipation of headwinds from 2022's price increases; 2) incremental monetization from GenAI's new offerings, particularly within enterprise-focused solutions like GenStudio and Firefly, which are gaining traction; and 3) introducing new solutions, including upcoming Document Intelligence add-on capabilities. While investors remain focused on the short term, we believe Adobe is a leading creative and marketing franchise with an exciting innovation cycle ahead, poised to optimize its extensive user base, expand its opportunity, and benefit from GenAI trends. We believe the stock's decline is overdone as more than 100% of the decline was driven by multiple contraction, even though the company's 2024 EPS estimates increased slightly (by 0.3% during the quarter) and the company's intrinsic value has not materially changed.

UnitedHealth Group Incorporated is a leading health insurance company that operates across four segments: United Healthcare, Optum Health, OptumInsight, and OptumRX. Shares declined 4.8% during the quarter alongside other managed care organizations (MCOs) due to patient utilization of Medicare Advantage (MA) that was higher than consensus forecasts and rising concerns that MCOs had mispriced 2024 bids and could suffer margin compression as a result. In addition, the industry is facing headwinds from MA reimbursement cuts and Star Rating changes. While management said higher cost trends are mostly transitory and reflected in its bidding, and 2024 guidance was roughly in line with consensus, investors took a more cautious wait-and-see approach. UnitedHealth remains a core portfolio holding, as we don't believe the cyclically low MA reimbursement levels and the cyclically high patient utilization rates are a new normal and are therefore unlikely to be impactful on the company's long-term prospects. We also believe that the long-term tailwinds that benefited UnitedHealth over the years remain intact, including positive demographics (aging population), rising health care needs, and value-based reimbursement trends. Despite its size, we think the company should be able to grow earnings consistent with its 13% to 16% long-term EPS annual target, the fastest among major MCOs. Similar to Adobe, more than 100% of UnitedHealth's stock price decline was driven by multiple contraction, with the stock now trading at a 17.3X P/E[3].

Shares of rating agency and data provider **S&P Global Inc.** declined 3.1% during the quarter after the company provided financial guidance that missed Street expectations. While S&P guided to solid organic revenue growth of 7% to 9% and EPS growth of 9% to 11%, projected margin expansion fell short of investor estimates, which underestimated the correlation between improving top-line trends and variable employee comp (which is rising as a result). We are not concerned with this short-term dynamic that is the outcome of improving business fundamentals. S&P reported solid results for the most recent quarter, with 11% organic revenue growth, 23% EPS growth, and broad-based strength across the company's business segments. Ratings growth was especially robust as debt issuance rebounded amid improving market conditions. Positive momentum has continued into 2024, with 66% issuance growth in January and February. We continue to own the stock due to the company's durable growth characteristics and significant competitive advantages.

[3] As of 3/31/2024 based on next 12 months consensus EPS (as collected by Factset).

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 March 31, 2024, our top 10 positions represented 51.8% of the Fund's net assets, the top 20 represented 78.5%, and we exited the quarter with 32 investments, up from 30 at the end of 2023. IT and Financials represented 61.2% of the Fund, while Communication Services, Health Care, Consumer Discretionary, Industrials, and Consumer Staples represented another 34.2%, with the remaining 4.6% held in Real Estate (via our new investment in CoStar Group), and cash.

Table IV.
Top 10 holdings as of March 31, 2024

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Microsoft Corporation	$3,126.1	$30.4	9.2%
Meta Platforms, Inc.	1,237.9	25.3	7.7
Amazon.com, Inc.	1,873.7	24.9	7.5
NVIDIA Corporation	2,258.9	14.6	4.4
Visa Inc.	575.2	14.6	4.4
Alphabet Inc.	1,884.6	14.1	4.3
S&P Global Inc.	136.3	12.7	3.8
Intuit Inc.	182.0	11.7	3.6
Mastercard Incorporated	449.3	11.4	3.4
Moody's Corporation	71.7	11.1	3.4

Recent Activity

During the first quarter, we took advantage of flows into the Fund to initiate three new investments: a leading alternative asset manager focused on private credit, **Apollo Global Management**; a leading fabless semiconductor and software company, **Broadcom**; and a real-estate data, information services, and marketplace operator, **CoStar Group**. We also added to 27 of our holdings and sold our stub position in **Veralto**, which we received through a spin-off from Danaher last year, as we determined it would not graduate to a core position in the portfolio.

Table V.
Top net purchases for the quarter ended March 31, 2024

	Quarter End Market Cap (billions)	Amount Purchased (millions)
Microsoft Corporation	$3,126.1	$10.4
Meta Platforms, Inc.	1,237.9	8.2
Apollo Global Management, Inc.	63.9	8.1
Amazon.com, Inc.	1,873.7	6.4
Visa Inc.	575.2	5.9

During the quarter, we initiated a new position in **Apollo Global Management, Inc.**, one of the world's largest alternative asset managers. While Apollo is perhaps best known for its success as a private equity investor, the biggest driver of growth over the last 15 years has been its investment grade credit business, which has scaled rapidly alongside the growth in Athene, Apollo's wholly owned insurance company. Today, credit is $480 billion out of Apollo's $651 billion AUM.

This credit business was spearheaded by visionary CEO and co-Founder Marc Rowan who observed that while the private equity industry had typically focused on offering high-risk, high-return products, there existed a substantially larger opportunity to offer lower-risk, lower-return alternatives that could still deliver excess return over liquid alternatives. Insurance companies in the retirement space are natural consumers of these products given their need to hold largely investment grade debt and the long duration of their liabilities, which allows them to invest in illiquid assets, thus capturing an illiquidity premium as compared to publicly traded bonds. In Rowan's words *"this is a fixed income replacement business. This is not an opportunistic credit business. Our goal in our yield segment is to produce 150 to 200 basis points of excess return over the equivalent CUSIP across the capital structure. We want to get paid in our yield business for illiquidity and complexity and origination, not for taking additional credit risk or assuming other risks that we do not intend."* Apollo founded Athene to capture this opportunity and scaled its credit offerings to source proprietary private investment grade credit at scale. Following a multi-year buildout, Apollo now originates around $100 billion of debt annually, that in turn funds growth at Athene.

We believe that Apollo's head start, scale, and proprietary origination will continue to differentiate the company from peers. Besides this innovation, Apollo has been a beneficiary of the retrenchment in lending by banks following the Global Financial Crisis of 2008-2009. As banks withdrew from certain lending markets in favor of larger borrowers and more fee-related business, loans found their way to companies such as Apollo, which could fund the assets with long-duration liabilities that matched the duration of assets. We believe that Apollo's ability to fund these long-duration illiquid loans with long-duration liabilities is a more stable funding model than banks, which tend to fund long-duration loans with short-duration deposits that can evaporate during times of stress, as we saw during the March 2023 banking crisis. Continued tightening of bank capital requirements should provide a multi-year tailwind for Apollo to continue taking lending share away from banks, which could be a multi-trillion dollar opportunity, driving durable earnings growth for Apollo, both from the excess returns generated by Athene, and from management fee growth as Apollo's AUM grows towards $1 trillion.

We also initiated a new position in **Broadcom Inc.**, a global technology leader that designs, develops, and supplies a broad range of semiconductor and infrastructure software solutions. Its semiconductor solutions focus on complex digital, mixed signal, and analog products across a variety of end-markets while its software products help customers plan, develop, automate, manage, and secure applications across various platforms.

Historically, Broadcom's semiconductor business has been a market-leading franchise with high margins and market-level growth, but the emergence of AI-related demand has spurred stronger growth across its portfolio, specifically in its Networking business unit. Broadcom's AI-related revenue has grown from less than 5% of its semiconductor business to an expected 35% in its fiscal 2024 as its industry-leading Ethernet switch silicon business and, more importantly its custom silicon solutions, primarily the TPU for Google but with two additional customers ramping as well, have grown significantly. While custom chips tend to be less versatile and flexible than GPUs, their adoption makes sense if customers have large scale workloads with algorithms that are relatively stable, as they allow hyperscale customers to save costs on both upfront capex as well as on energy consumption. Over time, we believe that custom silicon solutions will obtain a noticeable market share of internal AI workloads, with Broadcom as the main beneficiary given its 10-year history of working with its customers, leading to a higher proportion of sales related to AI and an above-market growth in the company's semiconductor solutions business.

Its software business is also now a more significant portion of revenues with its recent acquisition of VMWare (40% of revenues in fiscal 2024). While Broadcom is implementing its usual strategy with software acquisitions in pursuing cost synergies, in VMWare's case, the company is also investing in the product and reducing the hurdles for up-selling customers from the basic VSphere product (server virtualization) to the broader VMWare offering including networking, storage, and a management layer, while transitioning customers from license to subscription models. This, in our view, should drive noticeable growth for the software segment in the coming years.

These tailwinds would lead, in our view, to strong earnings growth and a re-rating in the stock's valuation, creating an attractive opportunity for long-term investors. These tailwinds are supported by a growing stream of free cash flow, an increasing dividend, and a decline in the overall share count as Broadcom continues to repurchase its own stock.

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

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

The company undertook an audacious expansion plan in 2021 when it committed to invest $300 million to enter the domestic residential real estate market. This level of spending has increased significantly since then and will approach $1 billion of investment in 2024. CoStar sees an opportunity to disrupt existing players whose business model primarily relies on serving buy-side brokers. We think buy-side commissions may be pressured following the DOJ lawsuits against the NAR (National Association of Realtors) challenging the status quo of agent compensation policies. CoStar's Homes.com portal takes a different approach by focusing on sell-side agents (as opposed to buy-side), offering a better experience for the end customers (connecting them with the sell-side agent who is knowledgeable about the property instead of the highest bidder buy-side agent as is currently the industry norm), and an attractive value proposition for sell-side agents, who get business leads at an attractive cost.

We think that the residential market is vast, and that CoStar is well positioned to build a compelling and differentiated business serving this market. Early data points are positive; CoStar is able to reach 160 million visitors with its Homes.com and Apartments.com portals in February (after launching its marketing campaign during the Super Bowl). If successful, we think that CoStar could generate over $2 billion of incremental revenue over the next 5 to 10 years, leading to a significant positive optionality for the stock. If unsuccessful, CoStar can throttle back on its investment and redeploy the resources towards other markets or return cash to shareholders.

Table VI.
Top net sales for the quarter ended March 31, 2024

	Quarter End Market Cap When Sold (billions)	Amount Sold (thousands)
Veralto Corporation	$20.2	$269.5

As mentioned above, we sold the shares of **Veralto Corporation** and reallocated to higher conviction ideas.

Outlook

The U.S. economy is proving more resilient than expected with real GDP growth of 3.4% in the fourth quarter, and the unemployment rate remaining low at 3.8%.[4] This, together with a CPI not yet returning to its target range, led to a return of the *higher for longer* narrative. While higher near-term rates are a headwind for equities, long-term rates and long-term inflation expectations matter more for intrinsic values and these haven't changed materially – with real rates hovering around 2.1% to 2.2% (as measured by 10-year TIPS) while the 10-year breakeven inflation rates have risen slightly to 2.4%.

There are few things investors dislike more than uncertainty, which gives an edge to shareholders who are willing to take a long-term view, accepting some short-term uncertainty along the way for the opportunity to earn long-term alpha. We believe that this Fund offers investors the opportunity to take this long-term view while not taking on significant risk of permanent loss of capital along the way. Baron Durable Advantage Fund is designed to invest in the highest quality (*the average company in the portfolio earns 14% higher gross margins and 6% higher operating margins than the average company in the S&P 500 Index*), competitively advantaged businesses trading at reasonable and often attractive valuations. We focus on companies that are in the later stages of their growth S-curves, with durable growth characteristics, that are no longer able to reinvest all of their excess cash flow back into the business at high rates of return and therefore, a meaningful portion of that cash flow is returned back to shareholders. We like companies with sustainable competitive advantages, proven management teams (both in operational performance as well as in capital allocation decisions), and with high-quality business models that allow them to earn higher-than-average ROIC and margins.

Businesses we own tend to be leaders in their industries and sell critical products or services to their customers that are hard to replace. This creates stickiness, high switching costs, and pricing power. They tend to be asset light and have low financial leverage. These characteristics enable them to

[4] https://fred.stlouisfed.org/series/UNRATE

be fundamentally more stable even during times of increased macro uncertainty. For example, during the last two years, which were objectively years of heightened uncertainty with the fastest Fed hike cycle in four decades, the weighted average company in our portfolio saw their revenue growth rate change only slightly, from +13.7% revenue growth in 2022 to +14.7% revenue growth in 2023[5], and with revenue growth expected to accelerate slightly to +14.9% in 2024[6]. Our companies have also seen improving fundamentals in the first quarter, with revenue expectations increasing by 1.6% from the end of 2023 through the end of the first quarter, operating income expectations rising by 3.3%, and operating margins rising by 27bps overall.

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

Our goal is to invest in large-cap companies with, in our view, strong and durable competitive advantages, proven track records of successful capital allocation, high returns on invested capital, and high free-cash-flow generation, a significant portion of which is regularly returned to shareholders in the form of dividends or share repurchases. It is our belief that investing in great businesses at attractive valuations will enable us to earn excess risk-adjusted returns for our shareholders over the long term. We are optimistic about the prospects of the companies in which we are invested and continue to search for new ideas and investment opportunities.

Sincerely,

Alex Umansky
Portfolio Manager

Investors should consider the investment objectives, risks, and charges and expenses of the investment carefully before investing. The prospectus and summary prospectus contain this and other information about the Funds. You may obtain them from 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.

Free cash flow (FCF) represents the cash that a company generates after accounting for cash outflows to support operations and maintain its capital assets. **Return on invested capital (ROIC)** is a calculation used to determine how well a company allocates its capital to profitable projects or investments.

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).

[5] This was calculated based on the weights of the portfolio as of the end of the first quarter of 2024 – we calculated the weights at the end of the quarter to speak to the stability of the current portfolio.

[6] Based on FactSet consensus estimates.

Dear Baron Real Estate Income Fund Shareholder:
Performance

We are pleased to report that Consuelo Mack, a highly respected and distinguished business journalist, recently interviewed us and profiled Baron Real Estate Fund® in a TV interview for *Consuelo Mack WealthTrack,* that is set to broadcast in two half-hour segments on April 19, 2024 and April 26, 2024. In the interview, we discussed several topics that we believe are relevant to the Baron Real Estate Income Fund® (the Fund). We will attach a link to the interviews on our Baron website homepage at baronfunds.com in the "News & Events" section at a later date.

The Fund increased 1.96% (Institutional Shares) in the first quarter of 2024, outperforming the MSCI US REIT Index (the REIT Index), which declined 0.62%.

Since inception on December 29, 2017 through March 31, 2024, the Fund's cumulative return of 64.46% was more than double that of the REIT Index, which increased 26.13%.

As of March 31, 2024, the Fund has received high rankings from Morningstar for its performance:

- **Top 9% real estate fund ranking for its 1-year performance**
- **#4 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**

JEFFREY KOLITCH
PORTFOLIO MANAGER

Retail Shares: BRIFX
Institutional Shares: BRIIX
R6 Shares: BRIUX

We will address the following topics in this letter:

- Our current top-of-mind thoughts
- Portfolio composition and key investment themes
- Top contributors and detractors to performance
- Recent activity
- Concluding thoughts on the prospects for real estate and the Fund

As of 3/31/2024, the Morningstar Real Estate Category consisted of 250, 236, 217, and 224 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, 78th, 2nd, 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 19th, 195th, 4th, and 4th best performing share class in its Category, for the 1-, 3-, 5-year, and since inception periods, respectively.

As of 3/31/2024, Morningstar ranked Baron Real Estate Income Fund R6 Share Class in the 9th, 78th, 2nd, 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 R6 Share Class as the 18th, 194th, 5th, and 5th 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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Table I.
Performance
Annualized for periods ended March 31, 2024

	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]	1.92%	1.96%	(0.62)%
One Year	12.22%	12.46%	8.96%
Three Years	0.69%	0.95%	2.84%
Five Years	9.19%	9.41%	2.93%
Since Inception (December 29, 2017)	8.05%	8.29%	3.78%
Since Inception (December 29, 2017) (Cumulative)[3]	62.23%	64.46%	26.13%

Our Current Top-of-Mind Thoughts

Our current top-of-mind thoughts are as follows:

We remain optimistic about the prospects for the stock market.

- As noted in our year-end 2023 shareholder letter, we are sanguine about the prospects for the stock market because our research continues to lead us to believe that corporate earnings are likely to continue to grow, and a severe economic slowdown is unlikely to materialize. We continue to expect ongoing disinflation (albeit at a slower pace), and an eventual global pivot in monetary policy that will result in interest rate cuts and welcome relief for consumers and corporations. We see the potential for an improvement in company valuations driven by an easing in financial conditions and better-than-feared economic and corporate growth.

We agree with Blackstone's optimistic perspective on the prospects for real estate.

- In March Bloomberg interviewed Jon Gray, President & Chief Operating Officer of Blackstone, and Nadeem Meghji, Global Co-Head of Real Estate at Blackstone, who discussed their optimism for real estate. We concur with their views.
- Jon Gray:
  - *"The perception is so negative and yet the value decline has occurred, so when you get into this bottoming period that's when you want to move."*
  - *"As investors, sometimes, one of the risks is that you miss it by being overly cautious, and I think now is probably a good time before rates come down."*
- Nadeem Meghji:
  - *"What we see is a generational investing opportunity, buying opportunity, while others are looking in the rearview mirror. And what we believe is happening is that values are bottoming."*

We remain steadfast in our view that a commercial real estate crisis is not on the horizon.

- Ever since the collapse of Silicon Valley Bank one year ago, we have consistently expressed our view that forecasts of widespread distress in commercial real estate are sensationalized and unlikely to materialize
- We continue to believe that the likelihood a commercial real estate crisis is low for the following reasons:
  - Real estate operating fundamentals are, in most cases, performing well
  - New construction activity has been and is expected to remain low. The dearth of new real estate construction activity compares favorably with prior real estate cycles when overbuilding of real estate contributed to a deterioration in real estate business prospects
  - Most balance sheets are in strong shape
  - The banking system is well capitalized, with ample liquidity
  - We believe future loan defaults will be mostly isolated to class B and C office buildings
  - A Federal Reserve (the Fed) *put* (e.g., lowering interest rates) could mitigate headwinds

We continue to identify compelling investment opportunities across several REITs (in particular, secular growth REITs and short-lease duration REITs with pricing power) and non-REIT real estate companies.

We have been busy meeting with real estate executives and the conclusions from our diligence are encouraging.

- In the first three months of 2024, we traveled to meet with the CEOs of several REIT and non-REIT real estate companies

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, 2023 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 waives and/or 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.

- Our team continues to speak to a broad swath of real estate companies—both owned and not owned—a few times each quarter to make sure our research remains current. Broadly, *we remain comforted by what we continue to learn from most real estate management teams regarding current business trends and business prospects*
- Our corporate relationships and access to senior level real estate management teams are critical elements that contribute to competitive advantages for our real estate business versus many of our peers

The valuations of several real estate-related companies are compelling.

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

We continue to 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 Fed 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, though the timing of the pivot is uncertain
- We expect a modest 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
- 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 above 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 March 31, 2024, we invested the Fund's net assets as follows: REITs (75.3%), non-REIT real estate companies (22.1%), and cash (2.6%). We currently have investments in 12 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 March 31, 2024

		Percent of Net Assets
REITs		75.3%
Industrial REITs	15.7%	
Data Center REITs	11.6	
Single-Family Rental REITs	9.0	
Multi-Family REITs	8.8	
Health Care REITs	7.5	
Mall REITs	7.1	
Wireless Tower REITs	5.8	
Hotel REITs	4.1	
Self-Storage REITs	2.7	
Manufactured Housing REITs	2.4	
Other REITs	0.6	
Office REITs	0.2	
Non-REIT Real Estate Companies		22.1%
Cash and Cash Equivalents		2.6%
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 to 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, data center, wireless tower, and life science REITs. As of March 31, 2024, secular growth REITs represented 33.6% 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, hotel, self-storage, manufactured housing REITs. As of March 31, 2024, short-lease duration real estate companies represented approximately 27.0% of the Fund's net assets.

Secular growth REITs (33.6% of the Fund's net assets)

Industrial REITs (15.7%): 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 approximately 5%; 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 (11.6%): Following strong share price performance in 2023, we trimmed our exposure in data centers from 13.7% to 11.6%. 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 (5.8%): Please see "Top detractors" for the quarter ended March 31, 2024 for our thoughts on **American Tower Corporation**. We remain optimistic about the long-term growth prospects for wireless 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 (0.6%): Alexandria Real Estate Equities, Inc. is the life science industry leader and sole publicly traded life science pure-play REIT. In the most recent quarter, we reduced our position in the company and reallocated the capital to other companies that we believe have superior near-term return potential. We may revisit Alexandria at a later date because we believe investor concerns about competitive supply and distress related to some of REIT's biotechnology and health care tenants are overblown and sufficiently discounted . 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 (27.0% of the Fund's net assets)

Single-Family Rental REITs (9.0%): In the most recent quarter, we modestly increased our investments in single-family rental REITs **Invitation Homes, Inc.** and **American Homes 4 Rent**.

Demand conditions for rental homes are attractive due to the sharp decline in home affordability; the propensity to rent in order to avoid mortgage down payments, avoid higher monthly mortgage costs, and maintain flexibility; and the stronger demand for home rentals in the 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.

Multi-Family REITs (8.8%): 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 and public valuations.

We remain long-term bullish on multi-family REITs and may look for an opportunity to increase our 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.

Hotel REITs (4.1%): 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.

In the most recent quarter, we initiated a position in **Park Hotels & Resorts Inc.** Please see "Top net purchases" for an explanation of our rationale for acquiring shares in the company.

We maintained our position in **DiamondRock Hospitality Company** during the first 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.

Self-Storage REITs (2.7%): In the most recent quarter, we reduced our position in self-storage REITs—**Extra Space Storage Inc.** and **Public Storage Incorporated**—due to our expectation of underwhelming customer demand that we expect will continue to weigh on occupancy and rents.

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 (2.4%): We have maintained our position in **Sun Communities, Inc.** because demand for the company's core business (manufactured housing, RVs, and marinas) remains strong, we believe the shares are attractively valued, and we have a favorable view of CEO Gary Shiffman whose interests are aligned given his significant investment in the company.

Manufactured housing REITs Sun Communities and Equity Lifestyle Properties, Inc. represent 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.

Other REIT and non-REIT real estate investments (36.8% of the Fund's net assets)

Health Care REITs (7.5%): We remain optimistic about our health care REIT investment in **Welltower 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 (7.1%): In the most recent quarter, we increased our exposure to mall REITs with our purchase of **The Macerich Company**. Please see "Top net purchases" for our more complete thoughts on Macerich. **Simon Property Group, Inc.** is our other notable position in the category. Please see "Top contributors" for our thoughts on Simon.

We believe our mall REITS are attractively valued and that their portfolio companies are benefiting from strong tenant demand for space, positive rent growth, and limited store closures and bankruptcies.

Office REITs (0.2%): The Fund has maintained a modest position in **Boston Properties, Inc.**, an owner of high-quality office buildings.

Non-REIT Real Estate Companies (22.1%): We emphasize REITs but have the flexibility to invest in non-REIT real estate companies. We tend to limit these to no more than 20% to 25% of the Fund's net assets. At times, some of our non-REIT real estate holdings may present superior growth, dividend, valuation, and share price appreciation potential than some REITs.

In the first quarter, we were active in acquiring shares in additional non-REIT real estate companies (**Blackstone Inc.**, **Lennar Corporation**, **GDS Holdings Limited**, **Tri Pointe Homes, Inc.**, and **Hilton Worldwide Holdings Inc.**). We remain bullish about the prospects for our other non-REIT real estate investments, which in addition to the above include: **Toll Brothers, Inc.**, **Wynn Resorts, Limited**, **Brookfield Asset Management Ltd.**, **Brookfield Corporation**, **Lowe's Companies, Inc.**, **Brookfield Infrastructure Corporation**, and **Marriot Vacations Worldwide Corporation**.

Top Contributors and Detractors to Performance

Table III.
Top contributors to performance for the quarter ended March 31, 2024

	Quarter End Market Cap (billions)	Percent Impact
Toll Brothers, Inc.	$13.5	1.00%
Wynn Resorts, Limited	11.5	0.54
Simon Property Group, Inc.	51.0	0.45
Equinix, Inc.	78.1	0.32
Welltower Inc.	53.2	0.32

Following exceptional performance in 2023, the share price of **Toll Brothers, Inc.** continued to move higher in the first quarter of 2024, gaining 26.0%, in part due to the continuation of strong quarterly business results and management optimism about the company's multi-year prospects.

In March, we traveled to Pennsylvania to meet with Doug Yearley and other key members of Toll Brothers' senior management team. Our broad-ranging discussion strengthened our view that the long-term prospects for Toll Brothers have never been brighter. Our optimism is due to several factors including:

- **Strong long-term growth prospects:** In the next few years, we believe Toll Brothers has the ability to grow its community count of homes by approximately 10% per annum due to its multi-year supply of highly desirable land and the possibility of additional land or builder acquisitions.
- **Limited competition:** Toll Brothers has established itself as the dominant luxury homebuilder in the U.S. with few competitors. Toll Brothers' average home sale price is approximately $1 million per home. Most public homebuilders sell homes in the $400,000 to $550,000 range. Toll Brothers' main competitors are small private homebuilders who are competitively disadvantaged due to the company's brand, scale, and balance sheet advantages.

- **Large addressable and growing market:** According to Toll Brothers, the size of its U.S. addressable market to sell its homes is approximately 16 million households with annual incomes of at least $200,000 (out of a total of 132 million households). In 2023, Toll Brothers sold approximately 10,000 homes or only 0.06% of its total addressable market. Given Toll Brothers' limited competition and several other attributes noted below, we believe the company is just scratching the surface of its potential to increase its market share dramatically over time. Further, Toll Brothers targets the fastest growing income demographic in the U.S., which also bodes well for the company's long-term growth prospects. According to the U.S. Census Bureau (September 2023), households with over $200,000 in annual income have grown approximately 10 times faster than all U.S. households in the last 10 years.

Additional factors that support our long-term optimism for Toll Brothers include:

- The company's prestigious land locations
- Toll Brothers' build-to-order model that caters to the needs of many buyers who have the desire and means to personalize their homes
- Its strong home buyer profile—in its most recent quarter, approximately 25% of its buyers bought homes with cash and no mortgage
- Toll Brothers' competitively advantaged balance sheet (low leverage, zero debt maturities until 2026, $2.5 billion of liquidity)
- The company's commitment to deploy its operating cash flow prudently towards growth, returning capital to shareholders (since 2016, Toll Brothers has repurchased almost 50% of its outstanding shares), and reducing debt
- Our belief that Toll Brothers, over the long term, will generate among the strongest profitability margins and return on equity profiles of all homebuilders
- A deep and talented management team, led by CEO Doug Yearley
- The valuation of Toll Brothers—currently at only 9.4 times 2024 estimated earnings per share—may re-rate higher over time

The shares of **Wynn Resorts, Limited**, an owner and operator of hotels and casino resorts, increased 12.4% in the first quarter following strong quarterly results.

We remain optimistic about the multi-year prospects for Wynn. 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% from 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 **Simon Property Group, Inc.**, the largest U.S. mall and outlet REIT, appreciated by 11.1% during the most recent quarter, partly driven by continued strong fundamentals for its high-quality malls and outlet real estate.

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 may continue to acquire Class A malls.

The fundamental backdrop for high-quality mall and outlet real estate remains favorable. Tenant demand remains robust, as a broad-based group of retailers seek to secure space to meet their 5- to 10-year growth objectives. In the meantime, there is a shortage of desirable space that is available, since industry occupancy is high, and limited new mall and outlet developments are underway. This demand/supply imbalance is enabling landlords like Simon to raise rents.

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 5.0% dividend.

We believe Simon's valuation is compelling at less than 13 times earnings (FFO) versus a long-term average of 15 times earnings.

Table IV.
Top detractors from performance for the quarter ended March 31, 2024

	Quarter End Market Cap or Market Cap When Sold (billions)	Percent Impact
American Tower Corporation	$92.1	-0.61%
Extra Space Storage Inc.	31.1	-0.41
Boston Properties, Inc.	10.2	-0.38
Rexford Industrial Realty, Inc.	10.8	-0.28
Ventas, Inc.	17.1	-0.17

Following a significant 30% rebound in the fourth quarter of 2023, shares of **American Tower Corporation** lagged in the first quarter of 2024. We believe the uncertainty around the timing and ultimate financial impact of American Tower's India business sale and the ongoing lower overall spending by wireless carriers weighed on shares.

We continue to be optimistic about American Tower's long-term growth prospects due to: i) reaccelerating earnings growth after a trough in 2023; ii) its stellar management team with a strong track record of capital allocation; iii) cash flow stability underpinned by core developed markets; iv) secular demand drivers such as growth in mobile data usage, 5G spectrum deployment and network investment, edge computing, and connected homes and cars; and iv) strong growth within CoreSite, its network-dense data center company, and optionality with that business segment as future network needs and architecture evolve. We believe American Tower's shares are attractively valued relative to its history and several other REIT alternatives.

The shares of **Extra Space Storage Inc.**, a best-in-class self-storage REIT, and **Boston Properties, Inc.**, an owner of high-quality office buildings, declined in the first quarter due to disappointing growth prospects for 2024. Though we hold both companies in high regard, we continue to monitor our exposure to Extra Space and Boston Properties and may continue to trim and reallocate proceeds to other real estate companies that we believe may offer superior total return prospects.

Recent Activity

Table V.
Top net purchases for the quarter ended March 31, 2024

	Quarter End Market Cap (billions)	Net Amount Purchased (millions)
Park Hotels & Resorts Inc.	$ 3.7	$3.4
The Macerich Company	3.7	2.8
Blackstone Inc.	159.4	2.3
Lennar Corporation	47.4	2.3
GDS Holdings Limited	1.3	1.9

In the first quarter, we met with the management team of **Park Hotels & Resorts Inc.** and initiated a position in the company. Park Hotels owns 43 hotels with 26,000 rooms across the U.S. with an outsized presence in Hawaii, which represents approximately one-third of its cash flow.

We believe the total return prospects for Park Hotels remain compelling due to: i) attractive valuation with shares trading at a meaningful discount to peers, underlying replacement cost and market value of its assets; ii) enhanced cash flow realization from its recently completed large renovation projects that will contribute outsized growth; iii) a diverse set of demand drivers across group, business transient, and leisure with group recovery in full swing; iv) outsized exposure to the attractive Hawaiian market, with a mid-priced offering, where Japanese travelers (a key demand driver) still remain 80% below pre-COVID levels; v) an improved balance sheet and portfolio mix after its exit of two large San Francisco assets; and vi) the company's attractive high single-digit dividend yield.

We initiated a position in **The Macerich Company** during the most recent quarter. Macerich is a REIT that owns a portfolio of 43 exceptionally high-quality malls in the U.S., with key states that include California, New York, and Arizona.

We are excited about the medium-term prospects for Macerich for four reasons:

1. The fundamental backdrop for high-quality mall real estate remains favorable. Tenant demand remains robust, as a broad-based group of retailers seek to secure space to meet their 5- to 10-year growth objectives. In the meantime, there is a shortage of desirable space that is available, since industry occupancy is high and no new mall developments are underway. This demand/supply imbalance is enabling landlords to raise rents.

2. Macerich owns an exceptionally high-quality portfolio of mall real estate. Approximately 90% of the company's portfolio value is derived from malls graded Class A, which means the properties are well located, highly productive, and appealing to prospective tenants.

3. We see continued growth opportunities for Macerich through increases in occupancy, rents, margins, and redevelopment projects, which should lead to continued cash flow growth.

4. CEO transition is underway for the first time in decades. Effective March 1, 2024, Jackson Hsieh became President and CEO of Macerich. Jackson most recently served as CEO of net lease REIT Spirit Realty Capital until its acquisition by Realty Income in January 2024. At Spirit, Jackson led a successful turnaround effort to improve overall portfolio quality and simplify the capital structure. We believe Jackson has an opportunity to make similar improvements at Macerich, including selling non-core properties and repaying debt (debt levels are presently elevated).

At the current share price, we believe Macerich is valued at a significant discount relative to its closest publicly traded mall peers and relative to recent mall transactions that have taken place in the private market. We anticipate that this valuation discount may narrow or close in the coming years as the turnaround plan progresses.

We added to our position in **Blackstone Inc.**, the largest real estate manager in the world with an impressive investment track record and $1 trillion of total assets under management. We believe Blackstone is a true best-in-class company. It has a premier brand, a global franchise, loyal customers, and substantial insider ownership. Blackstone is fast growing, manages its business in an asset-light manner with limited needs for capital, produces high cash-flow margins, is anchored by a recurring revenue base, and is able to return nearly 100% of its cash flow through an attractive dividend yield and share repurchases. While its base business continues to thrive, we believe Blackstone is only in the very early stages of penetrating the $80 trillion private wealth opportunity that remains largely untapped and think Blackstone is best positioned to capture outsized market share due to the attributes listed above, including its strong brand name. Lastly, the company is led by its exceptional CEO Stephen Schwarzman and President Jon Gray and it attracts and retains top talent. We believe Blackstone is exceptionally positioned to continue to increase its market share in this secular growth opportunity for alternative assets.

Table VI.
Top net sales for the quarter ended March 31, 2024

	Quarter End Market Cap or Market Cap When Sold (billions)	Net Amount Sold (millions)
Extra Space Storage Inc.	$31.1	$5.2
Equinix, Inc.	78.1	3.5
Alexandria Real Estate Equities, Inc.	22.6	2.3
Ventas, Inc.	17.1	1.8
Public Storage Incorporated	51.0	1.3

In the most recent quarter, we reduced our holdings in **Extra Space Storage Inc.**, a best-in-class self-storage REIT, and **Alexandria Real Estate Equities, Inc.**, a leading developer and owner of life sciences real estate, and reallocated the capital to other REITs that we believe may generate superior total returns.

Following strong share price performance in 2023, we reduced our large position in **Equinix, Inc.**, the premier global operator of network-dense, carrier-neutral colocation data centers with operations across 32 countries. We remain optimistic about the company's long-term prospects. We believe the underlying demand vectors, strong pricing power, favorable supply backdrop, and interconnection focus will support approximately 10% cash-flow-per-share growth for the next several years with upside from further scaling of digital services, incremental AI demand, and select M&A opportunities.

Concluding Thoughts on the Prospects for Real Estate and the Fund

The last few years have been unusually challenging for real estate. The sector has absorbed a hurricane of headwinds including COVID-19, the most aggressive Fed 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. 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 Fund.

Table VII.
Top 10 holdings as of March 31, 2024

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Prologis, Inc.	$120.4	$14.7	9.8%
Welltower Inc.	53.2	11.2	7.5
Equinix, Inc.	78.1	10.6	7.1
American Tower Corporation	92.1	8.7	5.8
Equity Residential	23.9	7.2	4.8
Toll Brothers, Inc.	13.5	6.9	4.6
Invitation Homes, Inc.	21.8	6.9	4.6
Digital Realty Trust, Inc.	45.8	6.8	4.5
Wynn Resorts, Limited	11.5	6.6	4.4
American Homes 4 Rent	13.4	6.6	4.4

I would like to thank our core real estate team – assistant portfolio manager David Kirshenbaum, George Taras, David Baron, and David Berk – for their outstanding work, dedication, and partnership.

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.

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®'s (the Fund) performance in the first three months of 2024 was below our expectations. While the Fund increased 4.87% (Institutional Shares), it trailed both its primary benchmark, the S&P 500 Index (the Index), and the MSCI ACWI Index (Global Index), which were up 10.56% and 8.20%, respectively. The Morningstar Aggressive Allocation Category Average (the Peer Group) increased 7.28% in the quarter.*

The Fund has made little progress in the past three years. Its results in 2024's first quarter contributed to the Fund's three-year return trailing the Index's. Over the past three years, the Fund's annualized return was 0.80% compared to the Index's annualized return of 11.49%.

Since inception, however, the Fund's absolute performance is good while its relative performance is more in line with the Index. The Fund's annualized return since its inception is 13.10%. This compares to the Index's annualized return of 13.37%, while the Global Index had an annualized return of 8.92%.

This in-line performance since inception was achieved despite the Fund's strategy facing considerable headwinds. Baron Capital's consistent investment philosophy and process has not changed since the Firm's founding in 1982. This Fund provides clients with broad exposure to our strategies. We favor small- and mid-cap sized growth companies since we believe they offer the greatest long-term return potential. Our long-term investment horizon enables the Fund to benefit when companies in which we are shareholders achieve their long-term strategic objectives. We have historically owned growing businesses that often penalize their short-term earnings by making ongoing investments to become larger businesses. As a result of these capital investments, these businesses often appear more highly valued than the broad market. Although our long- term strategy has periodically led to short-term underperformance, we believe it has enabled our Firm to achieve exceptional performance over extended periods. But these businesses have been out of favor over the life of the Fund. Since the Fund's founding, the Russell 2000 Growth Index has appreciated 6.89% compared to the Russell 1000 Growth Index, which appreciated 17.04%. 70.7% of the Fund's investments are in, small- and mid-sized companies, as defined by Russell.

Despite this headwind, the Fund is ranked as the number one fund in its Morningstar category since its inception.

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 March 31, 2024

	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]	4.83%	4.87%	4.87%	10.56%	8.20%
One Year	19.11%	19.42%	19.43%	29.88%	23.22%
Three Years	0.56%	0.80%	0.80%	11.49%	6.96%
Five Years	13.88%	14.18%	14.14%	15.05%	10.92%
Since Inception (December 29, 2017)	12.84%	13.10%	13.09%	13.37%	8.92%

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, 2023 was 1.47%, 1.22%, and 1.22% (includes acquired fund fees of 1.14%), respectively, but the net annual expense ratio was 1.44%, 1.19%, and 1.19% (includes acquired fund fees of 1.14%, 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 waive and/or reimburse certain expenses of the Fund, limiting net annual operating expenses (portfolio transaction costs, interest and dividend expense, acquired fund fees and expenses, fees and expenses related to filing foreign tax reclaims, 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 3/31/2024, the annualized returns of the Morningstar Aggressive Allocation Category average were 20.20%, 4.91%, 9.32%, and 7.15% 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 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 CAPITAL EST 1982

The significant reason for the Fund's underperformance this quarter stemmed from our underlying investment in **Tesla, Inc.** Baron Capital has had a 10-year investment in the company, and it is the largest underlying position held at the Firm and within the Fund. Tesla's shares fell 29.3% during the period and detracted 2.32% from the Fund's first quarter results. Although Tesla has contributed importantly to the Fund's performance since its inception, on occasion it has detracted from quarterly performance. In previous instances when Tesla's shares have underperformed during a discrete period, they have shortly afterwards reflected the strong growth of its underlying business and the stock has appreciated considerably. We believe that will be the case again, although we cannot guarantee it.

A significant decline also occurred at the end of 2022. In that instance, investors had become concerned about a host of external factors. Investors believed company founder, visionary, and CEO Elon Musk was distracted by his acquisition of Twitter. They also believed a weak Chinese economy that was emerging from COVID-19 (COVID) and U.S. government policies would curtail sales of Tesla vehicles. These fears proved to be overblown. As the company achieved milestones in the succeeding year, the stock subsequently doubled over the next 12 months.

Today, investors are again concerned. They believe there is increased competition from Chinese automakers who are supported by a protectionist government. They worry about product-level margins after announced price cuts. They are skeptical about the company's ability to achieve Full Self Driving (FSD) and the feasibility of Tesla's Robotaxi. And they debate if a mass appeal vehicle can be produced at scale and profitably.

Just like in late 2022, we believe investors' concerns are overblown. Electric vehicle (EV) competition will always be present. The Chinese automakers make a good, value product. But we believe Tesla's offering is superior and will garner a meaningful market share within China. We also believe the Chinese OEM advantage will be minimized outside of its home market because of tariffs. We are already seeing traditional internal combustion engine (ICE) manufacturers scrap their EV plans as plant conversions are too costly and their technology is inferior. They have instead attempted to fight for market share in the outdated ICE category.

We also believe a lower cost Tesla product will eventually be introduced and gain wide acceptance. Timing is uncertain, however, as the company attempts to develop both the new lower cost vehicle and fully autonomous vehicles in parallel. We have experienced Tesla's FSD versions and believe they are close to achieving success. While the combination of these two feats may extend the timeline, we believe it meaningfully improves profitability and solidifies Tesla's competitive advantage. Additionally, other ongoing projects within Tesla (e.g., battery packs, energy storage, humanoids, database, software, AI compute, distributed inference) make the company a lot more dynamic than when we first invested in 2014.

We remain focused on Tesla's ability to achieve its mission of accelerating the world's transition to sustainable energy rather than on how much it earns in any given quarter. After extensive and frequent meetings with Tesla executives and engineers, manufacturing and technology consultants, and competitors, we have increased confidence in Tesla's ability to accomplish its mission.

But the Fund is diversified across market caps, sectors, and geographies. Our small-and mid-cap Baron Funds performed well on an absolute basis, however, they generally trailed their indexes. The shortcoming largely stems from what is *not* owned in these funds, rather than what *is* owned. This is particularly true for our small-cap offerings. With inflation appearing contained by some metrics, investors believe the interest rates have peaked and their appetite for risk has increased. As explained in depth in the Baron Discovery Fund and Baron Growth Fund letters, Super Micro Computer, Inc. and MicroStrategy Incorporated, generated over 50% of the Russell 2000 Growth Index's total return in the period. These companies are not owned in the Underlying Funds, and do not meet our criteria for investment. Super Micro Computer has limited recurring revenue and poor free-cash-flow conversion. MicroStrategy has made a significant investment in Bitcoin and its stock's value is closely tied to the cryptocurrency rather than in its business operations. Steadier growth businesses that we favor lagged in such an environment. While our larger-cap portfolios performed better on an absolute basis and modestly exceeded their respective benchmarks, they too faced headwinds because of the investment environment. Out of the five top stock-specific detractors, four were from those that were underweight in the Fund.

We encourage you to read the various Baron Funds' quarterly letters to gain a deeper understanding of the underlying holdings and strategies that constitute the Fund.

As of 3/31/2024 the Morningstar Aggressive Allocation Category consisted of 184, 177, 163, and 175 share classes for the 1-, 3-, 5-year, and since inception (12/29/2017) time periods. Morningstar ranked Baron WealthBuilder Fund Institutional Share Class in the 68th, 92nd, 1st, and 1st percentiles, respectively. On an absolute basis, Morningstar ranked Baron WealthBuilder Fund Institutional Share Class as the 126th, 169th, 1st, and 1st best performing share class in its Category, for the 1-, 3-, 5-year, and since inception periods, 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.

Table II.
Baron Funds Performance
as of March 31, 2024

Institutional Share Class Data

% of Net Assets of Fund		First Quarter of 2024*	Annualized 12/29/2017 to 3/31/2024	Primary Benchmark	First Quarter of 2024*	Annualized 12/29/2017 to 3/31/2024
33.1%	**Small Cap**					
4.7%	Baron Discovery Fund	4.57%	**10.34%**	Russell 2000 Growth Index	7.58%	**6.89%**
14.5%	Baron Growth Fund	5.52%	**12.24%**			
13.9%	Baron Small Cap Fund	11.81%	**11.74%**			
6.1%	**Small/Mid Cap**					
6.1%	Baron Focused Growth Fund	1.68%	**21.41%**	Russell 2500 Growth Index	8.51%	**9.11%**
13.0%	**Mid Cap**					
13.0%	Baron Asset Fund	6.00%	**11.18%**	Russell Midcap Growth Index	9.50%	**11.66%**
8.0%	**Large Cap**					
3.1%	Baron Durable Advantage Fund	10.86%	**15.37%†**	S&P 500 Index	10.56%	**13.13%†**
4.9%	Baron Fifth Avenue Growth Fund	12.62%	**11.78%**	Russell 1000 Growth Index	11.41%	**17.04%**
17.1%	**All Cap**					
4.9%	Baron Opportunity Fund	15.33%	**20.47%**	Russell 3000 Growth Index	11.23%	**16.38%**
12.2%	Baron Partners Fund	(9.01)%	**22.33%**	Russell Midcap Growh Index	9.50%	**11.66%**
8.9%	**Non-U.S./Global**					
2.6%	Baron Emerging Markets Fund	2.50%	**(0.52)%**	MSCI EM Index	2.37%	**0.75%**
3.5%	Baron Global Advantage Fund	3.59%	**7.03%†**	MSCI ACWI Index	8.20%	**8.45%†**
2.8%	Baron International Growth Fund	1.35%	**3.15%**	MSCI ACWI ex USA Index	4.69%	**3.83%**
13.9%	**Sector**					
2.6%	Baron FinTech Fund	6.33%	**10.80%†**	FactSet Global FinTech Index	3.60%	**3.74%†**
2.9%	Baron Health Care Fund	8.92%	**13.40%†**	Russell 3000 Health Care Index	8.52%	**9.96%†**
6.3%	Baron Real Estate Fund	8.28%	**11.35%**	MSCI USA IMI Extended Real Estate Index	6.59%	**8.37%**
2.1%	Baron Real Estate Income Fund	1.96%	**(0.34)%†**	MSCI US REIT Index	(0.62)%	**0.86%†**

* 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 in an index.

Fund of Funds Structure and Investment Strategy

The Fund is a compilation of our Baron Funds and provides broad equity exposure. All Underlying Baron Funds follow a consistent investment philosophy and process. We do not try to mimic the indexes, and we do not alter our strategy to coincide with short-term macro events that we regard as unpredictable. We remain focused on underlying business fundamentals.

We believe small- and mid-cap growth stocks offer attractive return potential relative to their risk over the long term. Small- and mid-cap businesses represent 70.7% of the Fund (compared to only 16.8% for the Index). While our small- and mid-cap growth investments have been successful over our Firm's 42-year history, these styles are occasionally out of favor. Today's environment is one of those times. Large-cap growth companies outperformed small-cap growth companies in the year and in many instances over the last decade. Since the Fund's inception over six years ago, the one-year rolling monthly returns of the Russell 1000 Growth Index have outperformed the Russell 2000 Growth Index 77% of the time, including five out of the past six calendar years.

Rather than only examining the Fund's performance over a quarter or a year, we believe it is equally important to understand how the Fund has performed over the course of an economic cycle. The COVID and subsequent Macro-Induced Market Rotation periods have been very difficult for small- and mid-sized growth companies. Investors have favored larger-cap, value-oriented businesses that are deemed safer during a time of uncertainty. We believe this offers a great opportunity for long-term investors to invest in small- and mid-cap growth businesses at attractive prices. Markets first peaked in late February 2020 before rapidly dropping as the economy braced for COVID. It recovered quickly, followed by another sizable drop based on macroeconomic factors. Over the three years of COVID ended 12/31/2022, the Russell 2000 Growth Index, a small-cap growth index, gained only 1.96% on a cumulative basis. The Russell Midcap

Growth Index fared better with a cumulative 3-year return of 12.00%. With that backdrop, the Fund performed better and appreciated 28.11%. We believe protecting and growing clients' assets during this challenging period positions long-term investors well for meaningful appreciation once the macro landscape changes. Table III provides a more complete look at how the Fund and various indexes performed during the pandemic and its aftermath.

We do not yet know if the challenges caused by COVID will persist. Volatility has remained high, but we are hopeful that interest rate increases, policy factors, and COVID hangovers are ending. Global conflict has increased, and geopolitics remains uncertain. But growth stocks have recently begun to outperform value stocks. Perceived safer large caps have continued to perform better than smaller companies. So far, we are optimistic that companies will again be valued on their fundamentals rather than on macroeconomic concerns. We have started to see the performance of some individual securities diverge. This divergence of returns, we believe, should favor growth investors. Given our weightings, the Fund's performance has trailed the Index since the start of this cycle. However, the Fund's return has continued to meaningfully exceed small-cap growth indexes.

Table III.
Cumulative performance throughout the pandemic and its aftermath

	Pre-COVID	COVID Panic	COVID New Normal	Macro-Induced Market Rotation	COVID Pandemic Cycle	Conclusion of COVID Pandemic Cycle to Present
	12/31/2019 to 2/19/2020	2/19/2020 to 3/23/2020	3/23/2020 to 11/18/2021	11/18/2021 to 12/31/2022	12/31/2019 to 12/31/2022	12/31/2022 to 3/31/2024
Baron WealthBuilder Fund (Institutional Shares)	13.84%	(38.48)%	179.85%	(34.64)%	28.11%	31.85%
S&P 500 Index	5.08%	(33.79)%	115.86%	(16.91)%	24.79%	39.62%
MSCI ACWI Index	2.74%	(33.64)%	102.32%	(18.44)%	12.50%	32.22%
Russell 2000 Growth Index	5.09%	(38.46)%	129.58%	(31.34)%	1.96%	27.65%
Russell Midcap Growth Index	6.97%	(35.71)%	134.05%	(30.42)%	12.00%	37.82%

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 in an index.

Table IV.
Performance based characteristics since inception through March 31, 2024

	Baron WealthBuilder Fund (Institutional Shares)	S&P 500 Index	Morningstar Allocation 85%+ Equity Category
Alpha (%) – Annualized	-1.86	0.00	-4.67
Beta	1.19	1.00	0.92
Sharpe Ratio	0.48	0.64	0.30
Standard Deviation (%) – Annualized	23.03	17.79	16.85
Upside Capture (%)	107.93	100.00	81.20
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 V.
Sector exposures as of March 31, 2024

	Percent of Net Assets	S&P 500 Index	MSCI ACWI Index
Consumer Discretionary	21.5%	10.3%	10.9%
Information Technology	20.7	29.6	23.7
Financials	19.1	13.2	16.1
Health Care	12.2	12.4	11.1
Industrials	12.1	8.8	10.8
Real Estate	8.7	2.3	2.2
Communication Services	4.1	9.0	7.6
Materials	0.8	2.4	4.2
Consumer Staples	0.7	6.0	6.4
Energy	0.1	3.9	4.5
Utilities	0.0*	2.2	2.5

* *Represents less than 0.1%.*

Table VI.
Fund of fund holdings as of March 31, 2024

	Percent of Net Assets
Baron Growth Fund	14.5%
Baron Small Cap Fund	13.9
Baron Asset Fund	13.0
Baron Partners Fund	12.2
Baron Real Estate Fund	6.3
Baron Focused Growth Fund	6.1
Baron Fifth Avenue Growth Fund	4.9
Baron Opportunity Fund	4.9
Baron Discovery Fund	4.7
Baron Global Advantage Fund	3.5
Baron Durable Advantage Fund	3.1
Baron Health Care Fund	2.9
Baron International Growth Fund	2.8
Baron FinTech Fund	2.6
Baron Emerging Markets Fund	2.6
Baron Real Estate Income Fund	2.1

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

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

The **Russell 2000® Growth Index** measures the performance of small-sized U.S. companies that are classified as growth. The **Russell Midcap® Growth Index** measures the performance of medium-sized U.S. companies that are classified as growth. All rights in the FTSE Russell Index (the "Index") vest in the relevant LSE Group company which owns the Index. Russell® is a 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 Indexes 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.

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

Baron Funds (Institutional Shares) and Benchmark Performance 3/31/2024

Fund	Primary Benchmark	Annualized Return Since Fund Inception	Annualized Benchmark Return Since Fund Inception	Inception Date	Average Annualized Returns 1-Year	3-Year	5-Year	10-Year	Annual Expense Ratio	Net Assets
SMALL CAP										
Baron Growth Fund	Russell 2000 Growth Index	12.97%	7.88%	12/31/1994	12.46%	3.87%	11.69%	10.81%	1.05%(3)(4)	$8.05 billion
Baron Small Cap Fund	Russell 2000 Growth Index	10.54%	6.36%	9/30/1997	29.94%	3.42%	11.84%	10.64%	1.05%(3)	$4.88 billion
Baron Discovery Fund†	Russell 2000 Growth Index	12.59%	8.36%	9/30/2013	15.27%	(6.72)%	8.96%	10.55%	1.06%(3)	$1.54 billion
SMALL/MID CAP										
Baron Focused Growth Fund(1)	Russell 2500 Growth Index	13.29%	8.28%	5/31/1996	13.48%	3.58%	23.56%	15.79%	1.06%(5)	$1.39 billion
MID CAP										
Baron Asset Fund	Russell Midcap Growth Index	11.47%	10.40%(2)	6/12/1987	18.08%	2.10%	9.98%	11.06%	1.05%(3)	$4.57 billion
LARGE CAP										
Baron Fifth Avenue Growth Fund†	Russell 1000 Growth Index	9.72%	11.97%	4/30/2004	48.30%	(0.24)%	10.76%	12.32%	0.78%/0.76%(3)(7)	$612.20 million
Baron Durable Advantage Fund	S&P 500 Index	15.97%	13.37%	12/29/2017	39.01%	15.89%	18.84%	N/A	1.00%/0.70%(3)(8)	$329.97 million
ALL CAP										
Baron Partners Fund(1)	Russell Midcap Growth Index	14.70%	10.14%	1/31/1992	5.78%	(0.20)%	25.16%	17.37%	1.99%(5)(6)	$6.05 billion
Baron Opportunity Fund†	Russell 3000 Growth Index	9.69%	7.15%	2/29/2000	46.63%	3.25%	19.47%	15.81%	1.06%(3)	$1.31 billion
Non-U.S./Global										
Baron International Growth Fund	MSCI ACWI ex USA Index	8.88%	6.95%	12/31/2008	5.11%	(5.22)%	4.79%	5.15%	0.98%/0.95%(5)(9)	$370.22 million
Baron Emerging Markets Fund	MSCI EM Index	3.31%	1.70%	12/31/2010	8.09%	(8.17)%	1.19%	2.54%	1.11%(5)	$4.22 billion
Baron Global Advantage Fund†	MSCI ACWI Index	10.64%	9.63%	4/30/2012	18.88%	(13.49)%	5.63%	9.29%	0.95%/0.91%(5)(10)	$637.91 million
Baron New Asia Fund	MSCI AC Asia ex Japan Index	(6.50)%	(6.17)%	7/30/2021	9.42%	N/A	N/A	N/A	6.93%/1.20%(5)(11)	$4.64 million
SECTOR										
Baron Real Estate Fund	MSCI USA IMI Extended Real Estate Index	14.14%	11.36%	12/31/2009	26.46%	2.75%	16.09%	10.41%	1.06%(5)	$1.89 billion
Baron Real Estate Income Fund	MSCI US REIT Index	8.29%	3.78%	12/29/2017	12.46%	0.95%	9.41%	N/A	0.96%/0.80%(5)(12)	$150.14 million
Baron Health Care Fund	Russell 3000 Health Care Index	13.61%	11.45%	4/30/2018	20.36%	3.49%	14.19%	N/A	0.88%/0.85%(5)(13)	$240.82 million
Baron FinTech Fund†	FactSet Global FinTech Index	10.58%	2.27%	12/31/2019	29.12%	1.80%	N/A	N/A	1.21%/0.95%(5)(14)	$61.38 million
Baron Technology Fund	MSCI ACWI Information Technology Index	1.93%	7.08%	12/31/2021	53.08%	N/A	N/A	N/A	5.04%/0.95%(5)(15)	$25.22 million
EQUITY ALLOCATION										
Baron WealthBuilder Fund	S&P 500 Index	13.10%	13.37%	12/29/2017	19.42%	0.80%	14.18%	N/A	1.22%/1.19%(5)(16)	$569.76 million

(1) Reflects the actual fees and expenses that were charged when the Funds were partnerships. The predecessor partnerships charged a 20% performance fee (Baron Partners Fund) or a 15% performance fee (Baron Focused Growth Fund) after reaching a certain performance benchmark. If the annual returns for the Funds did not reflect the performance fee for the years the predecessor partnerships charged a performance fee, returns would be higher. The Funds' shareholders are not charged a performance fee.
(2) For the period June 30, 1987 to March 31, 2024.
(3) As of 9/30/2023.
(4) Comprised of operating expenses of 1.04% and interest expenses of 0.01%.
(5) As of 12/31/2023.
(6) Comprised of operating expenses of 1.04% and interest expenses of 0.95%.
(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 0.98%, but the net annual expense ratio was 0.95% (net of Adviser's fee waivers).
(10) Gross annual expense ratio was 0.95%, but the net annual expense ratio was 0.91% (net of Adviser's fee waivers, including interest expense of 0.01%).
(11) Gross annual expense ratio was 6.93%, but the net annual expense ratio was 1.20% (net of Adviser's fee waivers and expense reimbursements).
(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 0.88%, but the net annual expense ratio was 0.85% (net of Adviser's fee waivers).
(14) Gross annual expense ratio was 1.21%, but the net annual expense ratio was 0.95% (net of Adviser's fee waivers).
(15) Gross annual expense ratio was 5.04%, but the net annual expense ratio was 0.95% (net of Adviser's fee waivers and expense reimbursements).
(16) Gross annual expense ratio was 1.22%, but the net annual expense ratio was 1.19% (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.

Dear Baron Health Care Fund Shareholder:

Performance

In the quarter ended March 31, 2024, Baron Health Care Fund® (the Fund) advanced 8.92% (Institutional Shares), compared with the 8.52% gain for the Russell 3000 Health Care Index (the Benchmark) and the 10.56% gain for the S&P 500 Index (the Index). Since inception (April 30, 2018), the Fund increased 13.61% on an annualized basis compared with the 11.45% gain for the Benchmark and the 14.24% gain for the Index.

Table I.
Performance
Annualized for periods ended March 31, 2024

	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]	8.84%	8.92%	8.52%	10.56%
One Year	20.09%	20.36%	15.41%	29.88%
Three Years	3.23%	3.49%	6.77%	11.49%
Five Years	13.91%	14.19%	10.76%	15.05%
Since Inception (April 30, 2018)	13.33%	13.61%	11.45%	14.24%


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PORTFOLIO MANAGER

Retail Shares: BHCFX
Institutional Shares: BHCHX
R6 Shares: BHCUX

The Fund's 8.92% gain in the first quarter was roughly in line with the Benchmark, which rose 8.52%. Solid stock selection was offset in part by negative impacts from active sub-industry weights and cash exposure in a rising market.

Investments in health care equipment, pharmaceuticals, and life sciences tools & services added the most value in the period. Stock selection in health care equipment accounted for about 130 basis points of relative gains, driven by outstanding performance from **Shockwave Medical, Inc.**, a medical device company focused on developing and commercializing products intended to transform the way calcified cardiovascular disease is treated. The company is best known for its intravascular lithotripsy technology, which targets severely calcified plaques in the coronary and peripheral arteries with shockwaves, clearing the way for cardiologists before percutaneous coronary intervention. Shockwave's shares moved sharply higher due to a combination of solid financial results and news that pharmaceutical giant Johnson & Johnson was in talks to acquire the company. On April 5, the initial rumors were confirmed: the companies announced that Johnson & Johnson would acquire Shockwave for $335 per share, representing a transaction value of roughly $13.1 billion.

Strength in the sub-industry also came from robotic surgical system leader **Intuitive Surgical, Inc.** and global medical device manufacturer **Boston Scientific Corporation**. Intuitive's stock rose after the company announced the planned launch of a new multi-port robotic system called the da Vinci 5. We offer additional detail on Intuitive below. Boston Scientific's shares outperformed due to increasing excitement around the emerging field of pulsed field ablation (PFA), where the company is well positioned. Traditionally, physicians have used temperature-based methods (either hot or cold) to disable heart tissue responsible for irregular heartbeats. Temperature-based methods may damage surrounding tissue, however. PFA, in comparison, relies on electricity to damage aberrant tissue, and because different types of tissue have different electrical thresholds, the surrounding

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, 2023 was 1.20% and 0.88%, 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 waives and/or 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 **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.

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tissue can be selectively spared. We remain positive about Boston Scientific because of the company's differentiated products in electrophysiology and structural heart, double-digit EPS growth profile, proven track record of cost discipline, and consistent annual operating margin expansion.

Within pharmaceuticals, not owning certain underperforming large-cap pharmaceutical stocks (Johnson & Johnson, Pfizer Inc., and Bristol-Myers Squibb Company) was again a tailwind to performance as these companies continue to face concerns about diminished growth prospects and upcoming patent expirations. The Fund also benefited from its sizeable position in global pharmaceutical company **Eli Lilly and Company**, whose shares continued their strong run due to robust fourth quarter sales of Mounjaro/Zepbound, better-than-anticipated initial guidance for fiscal year 2024, and ongoing enthusiasm surrounding the company's obesity and diabetes franchises.

Solid stock selection in life sciences tools & services was mainly due to double-digit gains from clinical genetic testing company **Natera, Inc.** and global contract research organization **ICON Plc**. Natera's stock was bolstered by significant momentum in the oncology market, where its personalized blood-based DNA test Signatera is driving strong testing volume growth. The test detects and quantifies how much residual cancer DNA remains in the body after surgery. Signatera helps physicians determine whether chemotherapy is necessary after surgery and monitor for cancer recurrence before the cancer is detectable with standard imaging. We think Natera has a long runway for growth with expanding margins and profitability. ICON's shares rose in response to management's optimistic messaging in the face of a firming industry backdrop and accelerating trends, which led investors to believe that the company's initial guidance for fiscal year 2024 was more conservative than initially believed. The company continues to experience strong demand despite lingering concerns over biotechnology funding levels. Customer preference is shifting toward functional outsourcing services, which should disproportionally benefit ICON as the leader in this market.

Somewhat offsetting the above was adverse stock selection in biotechnology and health care supplies coupled with cash exposure amid favorable market conditions. Weakness in biotechnology was mainly due to disappointing performance from **Rocket Pharmaceuticals, Inc.** and **Immunovant, Inc.**, whose shares fell double digits in the period. Rocket specializes in the development of gene therapies for rare genetic diseases outside of oncology. Currently these include Danon disease, Fanconi's anemia, LAD-I, and Pyruvate kinase disorder. The first three drug treatments should all commercially launch by 2025, generating substantial potential revenue for the company. In the near term, Rocket's shares were pressured by a three-month FDA delay to their initial commercial asset in LAD-1 and the added overhang of slow gene therapy launches from bluebird bio in sickle cell disease and BioMarin in hemophilia B. Given the life-saving nature of Rocket's therapies and the high unmet need for treatments and cures for each of these diseases, we retain conviction in our investment. Immunovant is focused on autoimmune disorders targeting the FcRn mechanism of action. A host of concerns weighed on Immunovant's stock price, the most critical of which was competitor **argenx SE**'s failure in pemphigus vulgaris, which has raised questions about the addressable opportunity for the FcRn class. Overall, we continue to believe FcRn will command billions in revenue and that Immunovant has one of the two competitive offerings in the space. We are most optimistic about Immunovant's development plans in Graves' disease, a large commercial unmet need in which they currently have no competition. **Xenon Pharmaceuticals Inc.**, **Legend Biotech Corporation**, argenx, and **Vertex Pharmaceuticals Incorporated** also underperformed in the period, overshadowing excellent performance from **Viking Therapeutics, Inc.**, whose shares nearly quadrupled after the company's experimental weight-loss drug showed impressive weight loss and good tolerability in a Phase 2 clinical trial.

Performance in health care supplies was hindered by **Neogen Corp.**, a leading provider of food and animal safety products. Neogen's shares pulled back after management lowered guidance for fiscal year 2024.

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 17.3% 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 March 31, 2024

	Percent Impact
Eli Lilly and Company	3.05%
Merck & Co., Inc.	1.01
Intuitive Surgical, Inc.	0.90
Boston Scientific Corporation	0.75
Shockwave Medical, Inc.	0.74

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 robust fourth quarter sales of Mounjaro/Zepbound, better-than-anticipated initial guidance for fiscal year 2024, 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.

Global pharmaceutical company **Merck & Co., Inc.** contributed on the continued growth of Keytruda, the company's key asset and the leading immuno-oncology agent used to treat a variety of cancers. The FDA's late March approval of pulmonary arterial hypertension drug sotatercept, also drove share gains. We retain conviction as Merck has started to transition from prioritizing its Keytruda franchise to building a more diversified business, with a focus on the Gardasil vaccine, pneumococcal vaccine development, and cardiovascular drug development, well in advance of the scheduled expiration of patent protection/exclusivity rights.

Intuitive Surgical, Inc. sells the da Vinci surgical robotic system for minimally invasive surgical procedures. The stock rose after the company announced the planned launch of the da Vinci 5, its next-generation, multiport robotic system. The new system has 10,000 times the computing power of its predecessor and features over 150 design upgrades such as force feedback, improved visualization, and productivity enhancements. Intuitive plans to launch the device at a small number of customers in the U.S. before releasing it more broadly. We think the da Vinci 5 will enable Intuitive to continue to generate strong revenue and earnings growth and maintain its competitive edge.

Table III.
Top detractors from performance for the quarter ended March 31, 2024

	Percent Impact
UnitedHealth Group Incorporated	–0.51%
Zoetis Inc.	–0.37
Rocket Pharmaceuticals, Inc.	–0.37
Immunovant, Inc.	–0.34
Neogen Corp.	–0.28

UnitedHealth Group Incorporated is a leading health insurance company that operates across four segments: United Healthcare, Optum Health, OptumInsight, and OptumRX. Shares fell alongside other managed care organizations (MCOs) due to patient utilization of Medicare Advantage (MA) that was higher than consensus forecasts, raising concerns that MCOs had mispriced 2024 bids and could suffer margin compression as a result. In addition, the industry is facing headwinds from MA reimbursement cuts and Star Rating changes. While management said higher cost trends are mostly transitory and reflected in its bidding, and 2024 guidance was roughly in line with consensus, investors took a more cautious wait-and-see approach. We believe UnitedHealth should remain a core portfolio holding, as it is a way to play positive demographic, population health, and value-based reimbursement trends. Despite its size, we think the company should be able to grow earnings consistent with its 13% to 16% long-term EPS annual target, the fastest among major MCOs.

Zoetis Inc. is a global leader in medicines and vaccines for companion and farm animals, operating in more than 120 countries across eight core species and five major product categories. Shares fell after the company reported mixed fourth quarter results that fell short of high market expectations and issued below-consensus 2024 guidance. While revenue beat Street forecasts primarily on higher sales in the livestock category, EPS missed consensus due to FX headwinds, costs associated with an acquired asset, and investments related to the U.S. launch of canine arthritis drug Librela. Investor concerns about new parasiticide competition and inefficiencies with the Librela ramp also weighed on the share price. Zoetis remains an attractive holding given its consistent above-market growth, diverse portfolio and rich pipeline, new and innovative product flow, and attractive end-markets that have proven resilient in periods of heightened economic uncertainty.

Rocket Pharmaceuticals, Inc. specializes in the development of gene therapies for rare genetic diseases outside of oncology. Currently these include Danon disease, Fanconi anemia, lysosomal acid lipase deficiency, and pyruvate kinase deficiency. The first three drug treatments are slated for commercial launch by 2025, which should generate substantial revenue. Shares detracted from performance after the FDA extended the priority review period by three months for the Kresladi gene therapy to treat leukocyte adhesion deficiency. Sluggish gene therapy launches from bluebird bio in sickle cell disease and BioMarin in hemophilia B may have also impacted the stock. Given the life-saving nature of Rocket's therapies and the high unmet need for each of these life-ending diseases, we retain conviction in our investment.

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 March 31, 2024, we held 41 stocks. This compares with 516 stocks in the Benchmark. International stocks represented 9.8% of the Fund's net assets. The Fund's 10 largest holdings represented 48.1% 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, and managed health care. The market cap range of the investments in the Fund was $2.0 billion to $739.7 billion with a weighted average market cap of $173.6 billion. This compared with the Benchmark's weighted average market cap of $232.2 billion.

We continue to invest in multiple secular growth themes in Health Care, such as genomics/genetic testing/genetic medicine, innovative medical devices that improve outcomes and/or lower costs, 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, and animal health, among others. To be clear, this list is not exhaustive: we own stocks in the portfolio that do not fit neatly into these themes and there are other themes not mentioned here that are in the portfolio. We evaluate each stock on its own merits.

Table IV.
Top 10 holdings as of March 31, 2024

	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	$739.7	$20.2	8.4%
UnitedHealth Group Incorporated	2018	227.2	456.1	18.6	7.7
Intuitive Surgical, Inc.	2018	49.9	141.5	12.1	5.0
Merck & Co., Inc.	2022	205.6	334.2	11.9	4.9
Thermo Fisher Scientific Inc.	2019	117.4	221.6	11.0	4.5
Boston Scientific Corporation	2023	73.4	100.7	10.5	4.4
Vertex Pharmaceuticals Incorporated	2022	61.4	108.0	9.6	4.0
argenx SE	2018	2.8	23.3	7.9	3.3
Rocket Pharmaceuticals, Inc.	2022	1.1	2.4	7.0	2.9
Arcellx, Inc.	2023	1.9	3.7	7.0	2.9

Table V.
Fund investments in GICS sub-industries as of March 31, 2024

	Percent of Net Assets
Health Care Equipment	20.3%
Biotechnology	18.9
Life Sciences Tools & Services	17.8
Pharmaceuticals	16.6
Managed Health Care	9.7
Health Care Facilities	3.6
Health Care Supplies	3.3
Health Care Distributors	2.4
Health Care Technology	1.5
Health Care Services	0.4
Cash and Cash Equivalents	5.5
Total	100.0%*

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

Recent Activity

During the first quarter, we added four new positions and exited five positions. Below we discuss some of our top net purchases and sales.

Table VI.
Top net purchases for the quarter ended March 31, 2024

	Quarter End Market Cap (billions)	Net Amount Purchased (millions)
iRhythm Technologies, Inc.	$ 3.6	$5.1
Arcellx, Inc.	3.7	2.4
Repligen Corporation	10.3	1.6
Surgery Partners, Inc.	3.8	1.4
Stryker Corporation	136.2	1.4

We initiated a position in **iRhythm Technologies, Inc.**, a medical device manufacturer of cardiac monitoring solutions. The company offers a sleek patch (Zio XT) that goes on patients' chests to monitor their heart rhythm, enabling the detection of atrial fibrillation, which is an abnormal heart rhythm that is responsible for 450,000 hospitalizations annually in the U.S. Traditional Holter monitors are bulky, have wires, and can only monitor for 48 hours. Zio XT, in comparison, is a small patch, does not have wires, and can monitor for up to 14 days. Half of arrhythmias occur more than 48 hours out, so the Zio XT has much better diagnostic yield than Holter monitors.

The company's moat is not just the hardware, but also the algorithms they have built around their AI engine. IRhythm is able to automate the analysis of data collected from the patch and generate a summary report that is easy for clinicians to understand. Physicians can always double check to make a final decision, but they tend to agree with the AI's finding 99% of the time. This is a flywheel that has been built up over time with 1.8 billion hours of curated heart rhythm data.

Management has set a goal of expanding margins from just around breakeven on EBITDA currently to reach at least 15% EBITDA margins by 2027 as they become more disciplined around operating expenses and get volume leverage. From there, we think margins can expand further. We have conviction that this volume leverage can materialize – today only 5.5 million cardiac monitoring tests are done in the U.S., but there are 15 million patients who show up to their primary care physician with heart palpitations, which means a potential tripling of the addressable market. The company has already made good progress in this primary care channel, with roughly 20% of volumes coming from that source today.

There are other dimensions to the thesis as well. The company has a next-generation patch (the Zio Monitor) that is roughly 70% smaller for enhanced patient comfort while also offering a better gross margin profile in the long term. IRhythm also has a real-time monitoring product (the Zio AT); the company is underpenetrated here today at just 7%, and it has estimated that every 10 points of share gain would translate to $80 million to $100 million in incremental revenue (which is not insignificant for a company that did $500 million in revenues in 2023). International markets are another frontier for iRhythm – they represent only a de minimis percentage of revenues today, but the company thinks they can represent 25% of the revenue mix over time. Longer term, iRhythm also has a vision for its monitoring solutions to be used beyond cardiac arrhythmia, for conditions like sleep apnea and hypertension.

We added to **Arcellx, Inc.**, an early-stage biotechnology company that is developing cell therapies for multiple myeloma. We continue to be bullish on the overall multiple myeloma space and expect cell therapy to revolutionize multiple myeloma care. Though earlier in development than its competitors, Arcellx's cell therapy platform has potential advantages in terms of safety and manufacturing scalability while potentially achieving similar or better efficacy.

We added to **Repligen Corporation**, a life science tools supplier that offers a broad portfolio of tools involved in the production of biologic drugs, including upstream cell culture, downstream chromatography and filtration, and process analytics. Repligen operates in attractive end markets, historically targeting monoclonal antibodies (10% to 12% market growth) and moving into cell and gene therapies (over 25% market growth). Repligen has a strong track record of smart acquisitions and innovation, including the introduction of differentiated filters and development of in-line process analytics (real-time monitoring of the drug production process). Because bioprocessing is a highly regulated industry, suppliers are embedded into workflows and their products become very sticky. We see the opportunity for Repligen to drive an attractive, recurring consumables stream in an increasing number of commercial processes. After a year of headwinds including customer destocking, biotechnology customer funding constraints, and China weakness, we believe Repligen's results are turning the corner, and we have conviction in the company's long-term growth potential.

We also added to **Surgery Partners, Inc.**, a leading operator of ambulatory surgery centers, and **Stryker Corporation**, a large diversified medical device company. We think Surgery Partners should benefit from a multi-year trend of surgical procedures migrating from inpatient hospitals to outpatient centers. Stryker reported strong fourth quarter financial results, highlighted by 11.5% organic revenue growth, and management provided solid guidance for 2024, calling for 7.5% to 9.0% organic revenue growth and double-digit EPS growth.

Table VII.
Top net sales for the quarter ended March 31, 2024

	Net Amount Sold (millions)
Eli Lilly and Company	$6.3
AstraZeneca PLC	2.3
Humana Inc.	2.1
Structure Therapeutics Inc.	1.4
Exact Sciences Corporation	1.3

We reduced our position in **Eli Lilly and Company** due to valuation, though we remain positive about the company's long-term outlook. We reduced **AstraZeneca PLC** to fund new ideas. We sold **Humana Inc.** because the Medicare Advantage business faces challenges, including elevated medical expenses and rate pressure. We took a tax loss in **Structure Therapeutics Inc.** while we await more data to evaluate the competitiveness of Structure's oral small molecule GLP-1 drug. We reduced **Exact Sciences Corporation** ahead of a clinical trial readout of competitor Freenome's blood-based colon cancer screening test. In early April, Freenome released data from its clinical trial. The pre-cancer and early-stage cancer sensitivity was below investor expectations. We now have two large trial read-outs of blood-based colon cancer screening tests (Guardant and Freenome) that have shown pre-cancer and early-stage cancer sensitivity below levels needed for widespread adoption, removing for now the existential threat to Exact's stool-based Cologuard business.

Outlook

Health Care is off to a good start in 2024, though not as strong as the rest of the equity market due in part to the underperformance of managed care stocks. The Medicare Advantage business has experienced a perfect storm of elevated medical cost trends and less favorable reimbursement from the Center for Medicare and Medicaid Services (CMS). It's possible that these are short-term, temporary headwinds, but near-term earnings visibility is low, and CMS has made several policy decisions over the past year that are negatively impacting the industry, raising questions about the attractiveness of the Medicare Advantage business going forward. Given this uncertainty, we sold our position in **Humana Inc.**, which is most exposed to the Medicare Advantage program. We continue to own **UnitedHealth Group Incorporated**, which has a more diversified business and has the potential to gain market share in a difficult environment for weaker competitors.

The flip side of higher medical cost trends is that health care providers and medical device companies have been seeing strong trends in their businesses. Whether this higher utilization is cyclical or structural is unclear. The argument in favor of structural change is that there are more access points for health care services post-COVID-19, such as ambulatory surgery centers, retail clinics, and urgent care centers, and this increased access has added to overall health care utilization Even if health care utilization trends normalize, we think our health care provider and medical device company holdings have unique growth drivers such as new product cycles and are well positioned for long-term growth.

Life sciences tools companies, which have experienced headwinds over the past two years since the COVID-19 demand surge, saw signs of stabilization during the quarter. Intra-quarter commentary from life sciences tools companies suggested a lessening of headwinds and an expectation of improving trends in the second half of 2024 and into 2025. In addition, biotechnology funding in the first quarter was well above the amount raised in the year ago period and represented the best funding quarter since the fourth quarter of 2021. Biopharmaceutical R&D spending remains at healthy levels. This bodes well for future life sciences customer demand. We remain invested in several life sciences tools companies that we believe have good long-term growth prospects.

In biopharmaceuticals, we remain bullish on the market opportunity for new diabetes and obesity medicines, and we continue to own companies focused on developing and commercializing innovative therapies for severe autoimmune diseases, rare genetic diseases, and cancer, among other diseases.

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 March 31, 2024, Baron FinTech Fund® (the Fund) rose 6.33% (Institutional Shares) compared with a 3.60% gain for the FactSet Global FinTech Index (the Benchmark). Since inception, the Fund has risen at a 10.58% annualized rate compared with 2.27% for the Benchmark.

Table I.
Performance†
Annualized for periods ended March 31, 2024

	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]	6.32%	6.33%	3.60%	10.56%
One Year	28.83%	29.12%	18.05%	29.88%
Three Years	1.56%	1.80%	(7.39)%	11.49%
Since Inception (December 31, 2019)	10.32%	10.58%	2.27%	13.95%

JOSH SALTMAN

PORTFOLIO MANAGER

Retail Shares: BFINX
Institutional Shares: BFIIX
R6 Shares: BFIUX

U.S. equities continued their strong run with major market indexes reaching all-time highs during the first quarter. The rally was supported by robust economic data and relatively strong corporate earnings, which fueled investor hopes for a soft landing. Investors appeared unfazed by concerns about persistent inflation, the timing of Federal Reserve (Fed) rate cuts, record consumer and government debt, and potential government shutdowns. Outside of the U.S., emerging market equities remained out of favor due to ongoing weakness in China. Most sectors closed higher in the period, led by Communication Services, while Real Estate was the only sector to close lower as REITs were pressured by higher interest rates. Large-cap stocks outperformed small caps, and growth outperformed value.

The Fund outperformed the Benchmark but trailed the broader market, as defined by the S&P 500 Index. Leaders outperformed Challengers (up 9.0% vs. down 1.0%, respectively), a reversal from last quarter's performance that was likely influenced by the adverse impact of rising interest rates on high-growth stocks. Four of our seven themes contributed to relative performance (Tech-Enabled Financials, Payments, Capital Markets, and Information Services), while three themes detracted (Digital IT Services, Enterprise Software, and E-Commerce).

Stocks in the Tech-Enabled Financials theme contributed the most to relative performance this quarter. Insurance company **The Progressive Corporation** reported significant earnings growth due to higher auto insurance rates and better underwriting margins. To address the impact of high inflation and low profitability last year, Progressive pulled back on advertising and significantly raised prices. Now that margins have expanded back to healthy levels, the company plans to spend more on advertising to accelerate policy growth and market share gains. Latin American digital bank **Nu Holdings Ltd.** also performed well after reporting a continuation of

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, 2023 was 1.66% and 1.21%, 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 waives and/or 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.

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balance sheet growth and improving profitability. Shares of alternative asset manager **Apollo Global Management, Inc.** outperformed due to a positive earnings report and management optimism about growth opportunities over the next several years. Additional outperformance came from commercial insurers **Kinsale Capital Group, Inc.** and **Arch Capital Group Ltd.**, whose shares were bolstered by a combination of strong financial results and broad market outperformance of insurance stocks in the first quarter. Pricing trends in the property & casualty insurance market remain favorable, and higher interest rates are helping investment income.

Payments was another standout theme thanks to double-digit gains from global payment companies **Mastercard Incorporated** and **Fiserv, Inc.** Mastercard's shares rose after the company reported quarterly financial results that exceeded Street expectations, with 13% revenue growth and 20% EPS growth. Spending volume remains healthy, with outsized growth in international markets and cross-border transactions. Management also provided encouraging financial guidance for 2024 that calls for double-digit revenue growth and margin expansion. Meanwhile, investors largely shrugged off potential risks to Mastercard stemming from Capital One's announced acquisition of Discover. Fiserv shares rose in response to robust quarterly earnings, supported by strength in Clover, its point-of-sale system for small businesses. Clover revenue jumped 30% with greater adoption of value-added services. Despite investor concerns about macroeconomic weakness potentially impacting Fiserv's outlook, the company reaffirmed its 2024 guidance. We remain optimistic as Fiserv continues to execute well on its long-term vision, and we believe Clover will play a key role in driving growth for the company in the years ahead.

Partially offsetting the above was disappointing performance in Digital IT Services, where shares of outsourced software developers **Endava plc** and **Globant S.A.** fell sharply. Endava was the top detractor after management cut guidance for the fiscal year ending June 30, 2024. Growth has slowed over the last year as business customers pulled back on discretionary IT spending due to macroeconomic uncertainty. Last fall, management was optimistic about a recovery given a growing pipeline of new projects, but these projects have taken longer to materialize as customers remain cautious about spending. While not immune to a broad slowdown in IT spending, Globant has shown more resilient growth due to its diversified customer base, favorable geographic mix, and acquisition strategy. Management expects market share gains to continue in 2024 with 16% revenue growth and 13% EPS growth, but this guidance was below more optimistic expectations. We believe these cyclical headwinds will abate over time, leading to better growth for our Digital IT Services companies.

Enterprise Software was another source of relative underperformance for the Fund. Cloud-based professional services software company **Intapp, Inc.** and investment management tools provider **FactSet Research Systems Inc.** were the largest detractors in the category. Intapp was a new addition to the Fund during the quarter. Despite reporting solid quarterly financial results, the company's shares sold off on investor concerns about near-term budgetary headwinds in the investment banking customer segment. We are optimistic about Intapp's long-term prospects as it continues to win share in financial services markets, expand its wallet share across large clients, and improve its free-cash-flow margins. FactSet's solid quarterly results were overshadowed by a negative guidance revision driven by challenges in the financial services market. The company has a strong pipeline and is seeing signs of stabilization, but client caution continues to delay purchasing decisions.

Table II.
Top contributors to performance for the quarter ended March 31, 2024

	Percent Impact
The Progressive Corporation	1.05%
Nu Holdings Ltd.	0.78
Apollo Global Management, Inc.	0.76
Mastercard Incorporated	0.62
Fiserv, Inc.	0.60

Shares of insurer **The Progressive Corporation** outperformed during the quarter after the company reported strong financial results. Earnings for the first two months of the year more than doubled from the same period a year ago due to a significant improvement in underwriting margins combined with accelerating policy growth. Last year, the company pulled back on growth while it applied for large rate increases from state regulators to offset higher inflation. Having achieved adequate rates in most states, management now plans to increase advertising to drive faster policy growth. Competitors are also raising their rates, which should prompt more consumer shopping and faster market share gains for Progressive while supporting healthy margins.

Nu Holdings Ltd. is a digital bank with operations in Brazil, Mexico, and Colombia. Shares appreciated during the quarter after the company reported strong balance sheet growth and improving margins. New product launches and expansion in newer countries are yielding favorable results. Nu also benefited from inclusion in the MSCI Brazil Index, which prompted buying from passively managed funds. We continue to own the stock because Nu is disrupting the financial services industry in Latin America with its digital distribution and intense focus on user experience. The company has grown to serve over 90 million customers in less than 10 years, largely through word-of-mouth referrals. We believe the company's superior product offering will drive continued share gains in large and growing markets.

Shares of alternative asset manager **Apollo Global Management, Inc.** outperformed after the company reported strong financial results and gave a positive outlook on growth over the next several years. In the most recent quarter, assets under management increased 19% and earnings per share increased 27%. Despite a more dovish interest rate outlook, management maintained 2024 financial guidance, which calls for 15% to 20% growth in fee-related earnings and double-digit growth in spread-related earnings. Fundraising remains strong, which supports management's goal of more than doubling the pace of capital deployment over the next five years. Management remains bullish on private credit due to growth opportunities across fixed income replacement, retirement accounts, and high-net-worth investors.

Table III.
Top detractors from performance for the quarter ended March 31, 2024

	Percent Impact
Endava plc	-1.20%
Globant S.A.	-0.35
Intapp, Inc.	-0.21
S&P Global Inc.	-0.15
FactSet Research Systems Inc.	-0.14

Shares of IT services provider **Endava plc** fell after the company cut guidance for the fiscal year ending June 30, 2024. Growth has slowed over the last year as business customers pulled back on discretionary IT spending due to budget pressures and macroeconomic uncertainty. Last fall, management was seeing early signs of a recovery, but new projects have taken longer to materialize as customers delay spending decisions. Higher expenses from increased staffing to meet anticipated demand weighed on margins as well. Management acknowledged that it misread the market and is taking steps to right-size the cost structure to improve margins. We remain invested because we expect these near-term headwinds to abate over time, leading to better growth as clients embrace digital transformation.

Globant S.A. provides outsourced software development, design, and digital marketing services for business customers. Shares fell after the company provided financial guidance that was below Street expectations. While management expects market share gains to continue, 2024 guidance indicates a slowdown in revenue and earnings growth. We remain investors. Despite a broad slowdown in IT spending, the company showed resilient business momentum with 18% revenue growth and 16% EPS growth in the most recent quarter, well above peer levels due to Globant's diversified customer base, favorable geographic mix, and acquisition strategy. We believe Globant has a long runway for expansion in a large global market for IT services.

Shares of **Intapp, Inc.**, a provider of cloud-based software for the legal, accounting, private capital, and investment banking sectors, detracted during the period held in the quarter. Intapp reported strong quarterly results that exceeded Street expectations with 23% revenue growth and significant margin expansion, leading management to raise its full-year financial guidance. However, shares sold off during the quarter due to investor concerns about budget pressure in the investment banking customer segment. In addition, one of Intapp's pre-IPO investors exited most of its position in early March. We view both issues as short term and purchased more shares on weakness. We are optimistic about Intapp's long-term prospects as it continues to gain share in the financial services market, expand wallet share across large clients, and improve margins.

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 March 31, 2024, we held 44 positions. The Fund's 10 largest holdings represented 41.5% of net assets, and the 20 largest holdings represented 67.9% of net assets. International stocks represented 13.1% of net assets. The market capitalization range of the investments in the Fund was $558 million to $575 billion with a median of $33.5 billion and a weighted average of $106.5 billion. The Fund's active share versus the Benchmark was 86.0%.

We segment the Fund's holdings into seven investment themes. As of March 31, 2024, Tech-Enabled Financials represented 24.8% of net assets, Information Services represented 23.1%, Payments represented 19.2%, Enterprise Software represented 13.6%, Capital Markets represented 9.0%, Digital IT Services represented 5.6%, and E-Commerce represented 4.8%. Relative to the Benchmark, the Fund remains underweight in Enterprise Software and Payments, and has overweight positions in Tech-Enabled Financials, Information Services, Capital Markets, Digital IT 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 March 31, 2024, Leaders represented 77.9% of net assets and Challengers represented 22.2%.

Table IV.
Top 10 holdings as of March 31, 2024

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Mastercard Incorporated	2020	$306.1	$449.3	$3.0	4.9%
Intuit Inc.	2020	69.3	182.0	3.0	4.8
Visa Inc.	2020	376.2	575.2	3.0	4.8
S&P Global Inc.	2020	67.9	136.3	2.7	4.5
Fair Isaac Corporation	2020	11.1	31.1	2.6	4.2
The Progressive Corporation	2022	65.4	121.1	2.6	4.2
Apollo Global Management, Inc.	2023	40.4	63.9	2.5	4.1
Fiserv, Inc.	2022	67.7	94.4	2.1	3.4
MercadoLibre, Inc.	2020	53.7	76.7	2.0	3.3
Tradeweb Markets Inc.	2020	11.1	24.6	1.9	3.1

Table V.
Fund investments in GICS sub-industries as of March 31, 2024

	Percent of Net Assets
Transaction & Payment Processing Services	22.7%
Financial Exchanges & Data	20.2
Application Software	14.0
Property & Casualty Insurance	8.4
Investment Banking & Brokerage	8.4
IT Consulting & Other Services	5.6
Research & Consulting Services	4.8
Diversified Financial Services	4.1
Broadline Retail	3.3
Diversified Banks	2.7
Asset Management & Custody Banks	2.3
Real Estate Services	1.6
Internet Services & Infrastructure	1.5
Insurance Brokers	0.5
Cash and Cash Equivalents	0.0*
Total	100.0%**

* *Represents less than 0.1%.*
***Individual weights may not sum to the displayed total due to rounding.*

Recent Activity

During the quarter, we initiated one new position and exited one position. Below we discuss some of our top net purchases and sales.

Table VI.
Top net purchases for the quarter ended March 31, 2024

	Quarter End Market Cap (billions)	Net Amount Purchased (thousands)
Intapp, Inc.	$ 2.5	$611.1
Nu Holdings Ltd.	56.9	254.8
WEX Inc.	9.9	79. 9
Arch Capital Group Ltd.	34.6	50.6
Jack Henry & Associates, Inc.	12.7	45.3

We initiated a position in **Intapp, Inc.**, a provider of cloud-based software for professional services companies, including law firms, accounting firms, consulting firms, private equity funds, and investment banks. Intapp's software helps manage and automate many of the administrative workflows unique to these industries, such as clearing conflicts for new engagements, onboarding new clients, tracking billable hours, and establishing regulatory walls between divisions. Its DealCloud suite functions as a deal lifecycle management and customer relationship management system that has become the industry standard in private equity and investment banking. Founded in 2000, Intapp serves more than 2,400 customers, including 96 of the top 100 U.S. law firms, 15 of the top 20 accounting firms, and 1,600 leading financial services firms.

Intapp competes in a large and growing market, spanning 28,000 firms that collectively spend $15 billion annually on software in Intapp's categories. The company has increased its annual recurring revenue by more than 20% annually for the past five years. Customers have seen good returns on their Intapp investment. For example, Intapp products have helped professional services firms reduce processing times for new client onboarding and conflict clearance by more than 50%, saved millions of dollars in billable hours leakage, and significantly expanded new deal origination volumes for financial services firms. This success has led to high retention rates, rising market share, and expanding wallet share with existing customers. Intapp has several competitive advantages that should drive continued market share gains over time, including a proprietary graph data model that is better equipped for professional services needs than traditional databases, strong brand recognition with decades of experience serving the largest firms in its end markets, and AI capabilities that continuously improve product effectiveness.

We see a long runway for growth through a combination of existing customer expansion and new customer wins. Management believes Intapp is serving less than 30% of a $1.3 billion budget opportunity across its 200 largest customers, creating the potential to more than triple revenue before adding another customer. We expect revenue from existing customers will grow at a mid-teens annual rate by cross-selling additional products, increasing user penetration, and raising prices. Intapp has also been adding approximately 200 new customers per year and is pursuing a pipeline of 28,000 potential accounts. New go-to-market partnerships with systems integrators like KPMG and cloud providers like Microsoft should extend the sales team's reach and help Intapp maintain a healthy pace of new customer wins. While Intapp is profitable today and has expanded its free-cash-flow margins over the last two years, we see an opportunity for further margin expansion to 20% or more as the company benefits from operating leverage and a higher cloud revenue mix. The combination of good organic growth and margin expansion should bode well for the stock over the long term.

Table VII.
Top net sales for the quarter ended March 31, 2024

	Quarter End Market Cap (billions)	Net Amount Sold (thousands)
BlackRock Inc.	$125.0	$360.0
Intuit Inc.	182.0	278.3
Mastercard Incorporated	449.3	191.4
Visa Inc.	575.2	171.9
Accenture plc	232.6	150.2

We trimmed some of our larger holdings to fund purchases of other ideas and manage position sizes. We sold our small position in bank software provider **nCino, Inc.** to fund the purchase of Intapp, another enterprise software company with better growth prospects.

Outlook

We're encouraged by the strong start to the year and the generally positive outlooks from management teams across the Fund. However, we're also mindful of persistently high inflation and a back-up in interest rates. The 10-Year U.S. Treasury yield started the year at 3.9% and has risen to 4.6% as of April 15, signaling resilient economic growth but also creating headwinds for equity valuations. Expectations for Fed rate cuts have also been pushed back. In early January, investors had expected six quarter-point rate cuts this year, whereas now they only expect one or two.

While being mindful of interest rates and economic trends, we don't base our investment decisions on macroeconomic predictions. We balance the Fund's exposure to macro risks to try to insulate returns from whatever scenario may unfold. One way we seek to moderate risk within a sector fund is by diversifying across the seven Fintech themes. Another way is by balancing our exposure across stable Leaders and higher-growth Challengers. A third way is by being mindful of earnings sensitivity to interest rates. While interest rates will impact the cost of capital and valuation multiples for all equities, we estimate that rates have a neutral impact on earnings for the majority of the Fund (55%). For the rest, we believe earnings for 25% of the Fund benefit from higher rates, while earnings for 20% of the Fund benefit from lower rates. During a period of rising rates, rate beneficiaries across insurance and broker-dealers were among our best-performing stocks this quarter. We do not expect a return to the low interest rate regime of the last decade, so we will continue to proactively manage the Fund's interest rate exposure and focus on holding well-managed, competitively advantaged businesses that can gain market share in any rate environment.

We mentioned in last quarter's letter that "we expect many of the cyclical headwinds that our companies faced last year to reverse and become tailwinds this year." Now, three months into the year, our prediction has had mixed success. We've been right about our rating agencies benefiting from stronger debt issuance, with **S&P Global Inc.** reporting a 45% jump in issuance in the first quarter. However, rising interest rates have tempered the rebound in mortgage and consumer lending for credit bureaus and added uncertainty to the deal activity outlook for advisory firms. Where we've been most wrong is projecting a return to robust growth in digital transformation projects for our IT services companies as business customers remain cautious about spending. We believe that a rebound for IT services demand is more a question of *when* rather than *if*, so we continue to own these stocks at now lower valuations and with moderated expectations on the timing of a demand acceleration. Significant market changes and industry dislocations can take a lot longer to work their way through companies than we often expect. The digitization of financial services remains a large, multi-decade growth opportunity that should benefit the Fund's holdings over the long term.

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 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, 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. **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 6.36% (Institutional Shares) during the first quarter of 2024, while its primary benchmark index, the MSCI AC Asia ex Japan Index (the Benchmark), was up 2.38%. The MSCI AC Asia ex Japan IMI Growth Index (the Proxy Benchmark) gained 2.75% for the quarter. The Fund notably outperformed the Benchmark and the Proxy Benchmark during the quarter, largely as a result of our significant exposure to and strong stock selection in India.

In recent letters, we have suggested that weaker global growth and a peak in bond yields would be a likely precursor to global central bank easing and an inflection point in emerging markets (EM)/Asia equity performance relative to the U.S. As we discussed in our year end 2023 letter, November's U.S. Federal Reserve (the Fed) pivot suggested such conditions had likely been triggered, and investors fairly quickly discounted a soft landing towards the end of 2023. Illustrating the inherent reflexivity of the easing of liquidity/credit conditions and economic expectations, year to date, we have witnessed a notable uptick in U.S. growth and inflation expectations, as well as an anticipated delay in the Fed's easing. Global equities surprised many during the quarter, given the abrupt rise in bond yields, in continuing to follow through on last quarter's strength.

We believe the recent strength in equities can be attributed to the Fed's indication that while it may delay or moderate, it principally remains on course for multiple rate cuts during the current year. To us, the Fed is suggesting an equity friendly posture given its apparent willingness to look through the uptick in growth and inflation *in an election year*. We suggested in our last letter that financial markets may have moved too far, too fast in the aftermath of the Fed pivot, though we noted the improved relative performance of Asia/EM equities as a likely foreshadowing of a sustained period of mean reversion. While global equities continued to appreciate in early 2024, the strength was concentrated in the U.S., Japan, mega caps, and semiconductor and other AI proxies, while developing Asia, EM, and small-cap equities lagged as global central bank easing expectations moderated. In our view, the shifting conditions referenced above present an interesting setup for non-U.S. equities. We have consistently remarked that the global response to COVID-19 was disproportionate, with U.S. fiscal expansion and monetary support orders of magnitude larger than that of most foreign jurisdictions. This, in turn, led to a stronger recovery and greater inflation pressure in the U.S., which largely remains today. Whether non-U.S. central banks calibrate monetary policy based on their own domestic conditions, or in response to the Fed and U.S. conditions, is likely to influence forward-looking relative performance, as conditions in most foreign jurisdictions warrant substantially more easing than the U.S., in our view. We continue to believe we are at or near an inflection point in relative performance that will favor developing world 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 March 31, 2024

	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]	6.40%	6.36%	2.38%	2.75%
One Year	9.20%	9.42%	3.99%	2.34%
Since Inception (July 30, 2021)	(6.71)%	(6.50)%	(6.17)%	(8.79)%

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, 2023 was 7.37% and 6.93%, 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 waives and/or 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.

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For the first quarter of 2024, we comfortably outperformed our Benchmark, as well as our all-cap growth Proxy Benchmark. From a sector or theme perspective, strong stock selection in the Consumer Discretionary sector, owing to select Indian investments in our digitization theme (**Zomato Limited**) and Asia consumer theme (**Trent Limited**), contributed the most to relative performance this quarter. In addition, solid stock selection effect in the Communication Services sector, primarily attributable to our digitization-related investments in India (**Bharti Airtel Limited**, **Indus Towers Limited**, and **Tata Communications Limited**) also bolstered relative results. Lastly, positive allocation effect and good stock selection in the Financials sector, largely driven by our investment in **Jio Financial Services Limited**, part of our India wealth management/consumer finance theme, also stood out as a contributor. Partially offsetting the above was our underweight positioning in the Energy sector, which delivered double-digit absolute returns, making it the best performing sector in the Benchmark this quarter. Adverse allocation effect in the Health Care sector also modestly detracted from relative results.

From a country perspective, solid stock selection combined with our large overweight positioning in India drove the vast majority of outperformance this quarter. Our active exposure to Japan, through investments in our digitization theme (**Tokyo Electron Limited** and **Hoya Corporation**) and automation/robotics/AI theme (**Keyence Corporation**), also bolstered relative results. Lastly, our underweight positioning in Hong Kong also stood out as a contributor. Partly offsetting the above was adverse stock selection effect in China.

We are enthused by the solid performance in India, which aligns with our growing conviction that the country has hit escape velocity regarding the productivity enhancing economic reforms implemented by the Modi administration over the past several years and is now entering a multi-year, virtuous investment cycle. As over 950 million eligible Indians head into general elections (results to be announced in early June), we expect the ruling BJP, Modi's party, to be re-elected with a comfortable majority that will provide further momentum to ongoing economic reforms. In our view, India will be the fastest growing large economy in the world this decade and will leap ahead of Japan and Germany to become the third largest global economy by 2030. We expect India to sustain GDP growth at 6% to 8% in real terms and 10% to 12% in nominal terms over the next five to seven years, which, in our view, will present many exciting bottom-up investment opportunities.

China began the year on the back foot with private sector, growth-oriented equities continuing to lag due to a perceived general lack of an earnings recovery, weak property transactions, and ongoing geopolitical friction. That said, as the quarter progressed, we were encouraged to witness early signs of stabilization and recovery, driven by recent government stimulus measures along with easing monetary and regulatory policies. These developments supported a positive reversal of Chinese equity performance in the latter half of the quarter. We continue to believe that many of our China holdings trade well below fundamental intrinsic value, and that any ongoing signs of recovery could trigger material repricing. We continue to maintain our significant underweight in China but are closely monitoring conditions that could lead us to re-evaluate our exposure to the country.

Table II.
Top contributors to performance for the quarter ended March 31, 2024

	Percent Impact
Taiwan Semiconductor Manufacturing Company Limited	2.56%
Jio Financial Services Limited	1.41
Zomato Limited	1.23
Bharti Airtel Limited	1.22
Trent Limited	1.01

Semiconductor giant **Taiwan Semiconductor Manufacturing Company Limited** contributed in the first quarter due to investor expectations for a continued strong cyclical recovery in semiconductors and significant incremental demand for AI chips. We retain conviction that Taiwan Semiconductor'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 **Jio Financial Services Limited** contributed to performance during the quarter. Jio Financial Services is fast emerging as a leading digital-first non-banking financial company. It offers various financial products and services including loans, insurance, and payment solutions to individuals and small businesses. Shares were up this quarter as the market started to price in the company's aggressive growth plans. Jio Financial Services also owns about 6% of the outstanding shares of Reliance Industries and benefited from the appreciation of Reliance shares. The company's key competitive advantage is its parentage under Reliance Industries, which has the largest retail footprint in India. We view Jio Financial Services as a formidable market player in the non-banking financial companies industry, and we think it should be able to drive share gain over the next three to five years by leveraging Reliance's broad customer network.

Zomato Limited is India's leading food delivery platform, with roughly 55% market share. Shares of Zomato were up this quarter on improved profitability. We believe the company will continue to benefit from structural growth in online food delivery in India and potentially double its revenue in the next three to five years. We also retain conviction that Zomato can continue to increase profit margins and grow earnings over the next several years.

Table III.
Top detractors from performance for the quarter ended March 31, 2024

	Percent Impact
Zai Lab Limited	–0.35%
HDFC Bank Limited	–0.32
PDD Holdings Inc.	–0.30
Kingdee International Software Group Company Limited	–0.29
JM Financial Limited	–0.29

Zai Lab Limited is a Chinese biotechnology company dedicated to bringing Western medicines to greater China and to transitioning to a fully integrated company with internal drug development capabilities. While performance as a business has been excellent, shares fell on concerns related to the advance in the U.S. Congress of the BIOSECURE Act, which would prohibit federal agencies from contracting with certain biotechnology firms in China. As a purely domestic player with minimal U.S. export aspirations, we do not believe Zai Lab would be impacted by the legislation, however in the near term, investors have reacted by reducing exposure to essentially all biotechnology-related entities in China.

HDFC Bank Limited is India's largest and most prominent private sector bank. Shares declined after the company reported results that showed slowing deposit growth due to competition and overall tight liquidity conditions. The company will likely have to curtail the pace of asset growth or increase funding costs to attract more deposits in the near term as a result. We think this headwind is temporary. We believe the size and scope of HDFC Bank's distribution network is a competitive advantage that will allow it to grow its funding base at a faster pace than the industry over the long term. We retain conviction in HDFC Bank as one of the best ways to invest in the underpenetrated market for retail lending in India.

Shares of **PDD Holdings Inc.**, a leading Chinese e-commerce platform, were down during the quarter despite strong earnings results. Geopolitical concerns have weighed on the stock, especially regarding its platform Temu following the potential U.S. ban of TikTok. We remain shareholders. Strong performance and positive feedback from merchants suggest that PDD will gain market share with strong pricing power. In addition, the company's grocery segment should turn profitable this year due to Meituan's exit from the market. Finally, we think the risk surrounding Temu's U.S. operations is exaggerated. Even should Temu be valued at zero, a valuation of 12 to 15 times 2025 domestic profits against a robust 26% 2023 to 2026 CAGR would imply solid returns going forward. We believe PDD's solid execution will ultimately reward patient investors who prioritize fundamentals, despite potential headline-driven trading dynamics during the U.S. election cycle.

Portfolio Structure

Table IV.
Top 10 holdings as of March 31, 2024

	Percent of Net Assets
Taiwan Semiconductor Manufacturing Company Limited	8.2%
Bharti Airtel Limited	6.7
Samsung Electronics Co., Ltd.	5.0
Tencent Holdings Limited	3.9
Trent Limited	3.9
Jio Financial Services Limited	3.9
Zomato Limited	3.5
Reliance Industries Limited	2.8
Indus Towers Limited	2.6
Godrej Consumer Products Limited	2.5

Table V.
Percentage of securities by country as of March 31, 2024

	Percent of Net Assets
India	48.6%
China	20.3
Korea	10.4
Taiwan	10.1
Japan	3.4
Hong Kong	2.6
Indonesia	1.9

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 first quarter of 2024, the Fund's median market cap was $16.6 billion, and we were invested 57.5% in giant-cap companies, 32.6% in large-cap companies, 6.2% in mid-cap companies, and 0.9% in small-cap companies, as defined by Morningstar, with the remainder in cash.

Recent Activity

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

We were most active in adding to our digitization theme by initiating positions in **Indus Towers Limited** and **Tencent Music Entertainment Group** (TME). Indus is a leading telecommunications tower operator in India. The telecom towers sector in India in currently structured as a duopoly, with Indus and a key competitor accounting for approximately 60% market share. The company has been a key beneficiary of ongoing industry consolidation and telecom providers' rollout of 5G services. However, its valuation has remained deeply discounted compared to global tower peers, primarily due to a key customer, Vodafone Idea (Vi), which had been experiencing share losses that triggered insolvency concerns for Vi. With its recent improvement in financial viability, Vi resumed monthly payments to Indus, which, in our view, will be a key re-rating catalyst for Indus' stock. Additionally, as Vi completes an equity raise, Indus will benefit from Vi's planned 4G expansion and 5G rollout, which will drive tower additions, tenancy ratio improvement, and consequently higher operating leverage and free-cash generation. We expect Indus to deliver high single-digit revenue growth and approximately 10% compounded earnings growth over the next three to five years, with nearly all the incremental earnings enhancing distributable free cash flow.

TME, a listed subsidiary of Tencent Holdings Limited, is the largest online music platform in China. The company has a dominant 70% share of music streaming and the most comprehensive library of content in China. After navigating a decline in its legacy music livestreaming business over the last few years, TME has now transitioned to a pure-play music streaming model, improving earnings quality and durability. Music streaming is still in its early stages in China, with paid penetration of only 18% and average revenue per paying user (ARPPU) of only RMB 10.7 (US $1.50) per month, a fraction of global peers. As a result, we believe the company has a long runway to drive at least high-teens subscription revenue growth over the intermediate term via both user growth and increasing ARPPU, driving a doubling of earnings over the next four to five years. As the business scales and the self-produced content mix rises, TME is also poised for margin expansion, while China's more fragmented music label landscape compared to other global markets bodes well for the company's long-term profitability.

During the quarter, we increased exposure to our global security/supply-chain diversification theme by initiating positions in **Kirloskar Oil Engines Limited** and **Thermax Limited**. Kirloskar is a leading power generation engine manufacturer in India. The company has approximately 30% market share (by volume) in the power generator set market and dominates the low-to-medium horsepower ranges, serving various end-user industries such as telecom, retail, residential real estate, and agriculture. In our view, Kirloskar is well positioned to benefit from rising demand for backup power supply in India, driven by higher capital expenditures by the government and private sector companies in segments such as infrastructure and manufacturing. Additionally, the company aims to focus on growing its distribution network and strengthening after-market services, which, in our view, will drive margin expansion. We expect Kirloskar to deliver 10% to 15% revenue growth and 15% to 20% EBITDA growth over the next three to five years. Thermax, headquartered in Pune, India, is a capital goods company that provides integrated energy and environmental solutions, including boilers, heaters, water treatment and recycling, air pollution control, and chemicals. We believe Thermax will be a key beneficiary of the ongoing capital expenditure expansion in sectors such as power and steel, which will drive robust order inflows, operating leverage, and margin expansion. In addition, the company has broadened its renewable energy portfolio by offering EPC services and constructing solar and solar-wind hybrid farms on a build-own-operate basis for its customers. We believe it will continue to benefit from an accelerating renewable energy transition in India. We expect Thermax to deliver roughly 20% compounded earnings growth over the next three to five years.

As part of our Asia consumer theme, we built a position in **InterGlobe Aviation Limited** (IndiGo). The company is India's largest airline operator, commanding over 60% market share in the duopolistic domestic aviation market. IndiGo has been a key beneficiary of industry consolidation in the aftermath of the COVID-19 pandemic and ongoing supply-chain challenges that have disproportionately impacted smaller competitors. The company operates a fleet of over 350 aircraft and provides low-cost connections to 86 domestic and 32 international destinations. Leveraging its scale of operation and financial strength, IndiGo has strong negotiating power with commercial airplane manufacturers and consequently enjoys a lower cost of ownership and a younger fleet versus its peers. We are excited about the growing demand for air travel in India, the improving pricing discipline in the market, and IndiGo's vision to expand its international destination network, which is accretive to operating margins. We expect the company to deliver 15% to 20% compounded EBITDA growth over the next three to five years.

We added to several of our existing positions during the quarter, including **Bharti Airtel Limited**, **Reliance Industries Limited**, **Jio Financial Services Limited**, **Samsung SDI Co., Ltd.**, **Godrej Consumer Products Limited**, **Kaynes Technology India Limited**, and **PDD Holdings Inc.**

During the quarter, we also exited several positions including **Pernod Ricard SA**, **Apollo Hospitals Enterprise Limited**, **Max Financial Services Limited**, **Jubilant FoodWorks Limited**, **Glodon Company Limited**, and **Yunnan Baiyao Group Co., Ltd.**, as we continue our endeavor to allocate capital to our highest convictions ideas.

Outlook

In recent letters, we have suggested that weaker global growth and a peak in bond yields would be a likely precursor to global central bank easing and an inflection point in developing world and Asia equity performance relative to the U.S. As we discussed in our year end 2023 letter, November's Fed pivot suggested such conditions had likely been triggered, and investors fairly quickly discounted a soft landing towards the end of 2023. Illustrating the inherent reflexivity of liquidity and credit and economic expectations, year to date, we have witnessed a notable uptick in growth and inflation expectations, as well as an anticipated delay in the Fed's easing. Global equities surprised many during the quarter, given the abrupt rise in bond yields, in continuing to follow through on last quarter's strength.

In our view, equities have remained strong even in the face of rising bond yields and inflation expectations as a consequence of the Fed's continued messaging that while it may modestly delay or moderate the magnitude, it principally remains on course for multiple rate cuts during the current year. To us, the Fed seems to be suggesting that it is willing to err on the side of stronger growth and inflation pressure *in an election year*, which would favor equities over bonds, and we believe this nearly guarantees that real interest rates peaked last October and are set to moderate going forward. This appears to be the primary cue for equities as well as gold in recent weeks. Indeed, 10-Year U.S. Treasury real yields have ranged from 1.65% to 2.00% for much of the first quarter, after spending the majority of the fourth quarter of 2023 well above 2.00%. We believe this yield is likely to ultimately decline towards 1.00%, which represented the upper bound for much of the period between 2011 and 2022, as Fed rate cuts kick in.

We suggested in our last letter that financial markets may have moved too far, too fast in the aftermath of the Fed pivot, though we noted the improved relative performance of developing world equities as a likely foreshadowing of a sustained period of mean reversion. While global equities continued to appreciate in early 2024, the strength was concentrated in the U.S., Japan, mega caps, and semiconductor and other AI proxies, while developing Asia/EM and small-cap equities lagged as global central bank easing expectations moderated and the U.S. dollar firmed. In our view, the shifting conditions referenced above present an interesting setup for non-U.S. equities. We have consistently remarked that the global response to COVID-19 was disproportionate, with U.S. fiscal expansion and monetary support orders of magnitude larger than that of most foreign jurisdictions. This, in turn, led to a stronger recovery and greater inflation pressure in the U.S., which largely remains today. Whether non-U.S. central banks calibrate monetary policy based on their own domestic conditions, or in response to the Fed and U.S. conditions, is likely to influence forward-looking relative performance, as conditions in most foreign jurisdictions warrant substantially more easing than the U.S., in our view. While the Fed is poised to remain *higher for a bit longer*, many international central banks *already appear too tight today*. Such an easing cycle is but one of the several relative earnings catalysts we have laid out in previous letters, but, in our view, would likely trigger a more urgent re-evaluation of improving non-U.S. earnings prospects by global investors and allocators. We believe our portfolio remains well positioned, particularly given our significant overweighting in India, as its growth, productivity gains, and geopolitical advantages are structural and largely insulated from macro conditions, and it would also be a key beneficiary of lower interest rates.

Specific to this portfolio, we are encouraged that several of our holdings, including **Taiwan Semiconductor Manufacturing Company Limited**, **Samsung Electronics Co., Ltd.**, **SK hynix Inc.**, and **Baidu, Inc.**, are increasingly recognized as key beneficiaries of the AI phenomenon. We are researching several additional candidates, particularly as we believe investor focus is poised to shift from AI training to the broader and myriad beneficiaries of the implementation of AI inferencing. India, by far our largest country exposure and overweight position, continues to deliver world-leading economic and earnings growth while offering a longer-term geopolitical dividend. In our view, it has a multitude of exciting and high-return investment opportunities notwithstanding high relative valuations. Korea has embarked on an early-stage and shareholder-focused initiative resembling the highly successful campaign in Japan, and we believe this could offer new investment candidates in this statistically cheap jurisdiction. Finally, after a weak start to the year given ongoing questions regarding growth momentum, China's economy and equity markets are exhibiting signs of stabilization and improvement, largely in response to policymakers' stepped-up efforts to restore consumer, business, and investor confidence. As we maintain cautious optimism, we note that any ongoing signs of improving growth would likely trigger significant equity appreciation given widespread skepticism and depressed valuations.

We continue to believe that developing world 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.

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Dear Baron Technology Fund Shareholder:

Performance

During the first quarter, Baron Technology Fund® (the Fund) rose 14.73% (Institutional Shares), outperforming the MSCI ACWI Information Technology Index (the Benchmark), which increased 12.05%. The Fund also outperformed the broader S&P 500 Index, which rose 10.56%.

Table I.
Performance
Annualized for periods ended March 31, 2024

	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]	14.84%	14.73%	12.05%	10.56%
One Year	52.72%	53.08%	40.52%	29.88%
Since Inception (December 31, 2021)	1.63%	1.93%	7.08%	6.13%

MICHAEL A. LIPPERT
PORTFOLIO MANAGER

ASHIM MEHRA
PORTFOLIO MANAGER

Retail Shares: BTEEX
Institutional Shares: BTECX
R6 Shares: BTEUX

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, 2023 was 4.58% and 5.04%, 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 waives and/or 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.

BARON CAPITAL
EST 1982

Review & Outlook

U.S. equities continued their strong run to begin the year, with all major market indexes achieving new all-time highs on multiple occasions during the first quarter. The S&P 500 Index finished the quarter at a record high, while the NASDAQ Composite peaked on March 22nd before fading a bit to close the quarter. The rally was supported by robust economic data and relatively strong corporate earnings, which added fuel to investor hopes for a *soft landing*. Investors appeared unfazed by concerns about persistent inflation, the timing of Federal Reserve (Fed) rate cuts, record consumer and government debt, and potential government shutdowns. Their focus remained on the *Magnificent Seven* given the group's dominance in recent quarters and continued investor excitement surrounding their ability to gain from widespread adoption of AI.

The Fund remains exposed to AI and other industry trends driving the performance of these technology leaders. Fund performance during the quarter was driven, in large part, by our research-based allocations among the *Magnificent Seven*. **NVIDIA Corporation** (semiconductors), **Amazon.com, Inc.** (cloud computing/e-commerce), **Microsoft Corporation** (cloud computing/software), and **Meta Platforms, Inc.** (digital media/advertising) were our top four contributors during the quarter (as shown in the table below), and much of the Fund's relative outperformance came from the Fund's significantly lower exposure to Benchmark heavyweight **Apple Inc.** Other meaningful contributors across the semiconductor, software, digital media/advertising, a real estate tech verticals included **Advanced Micro Devices, Inc.** (semiconductors), **Taiwan Semiconductor Manufacturing Company Limited** (semiconductors), **Lam Research Corporation** (semiconductors), **Micron Technology, Inc.** (semiconductors), **ASML Holding N.V.** (semiconductors), **Broadcom Inc.** (semiconductors/software), **Astera Labs, Inc.** (semiconductors), **CoStar Group, Inc.** (real estate tech), **The Trade Desk** (digital advertising/software), **CrowdStrike Holdings, Inc.** (software), **Marvell Technology, Inc.** (semiconductors), and **Spotify Technology S.A.** (digital media/advertising). The primary detractors from Fund performance were our electric vehicle (EV) investments, including EV pioneer **Tesla, Inc.**, fast follower **Rivian Automotive, Inc.**, and automotive semiconductor supplier **indie Semiconductor, Inc.** As we address below, while our long-term conviction regarding the interconnected triangle of disruptions impacting the global transportation industry–electric battery propulsion, autonomous driving, and shared mobility–has not changed, we acknowledge the weak current trends in EV purchases and heightened uncertainty surrounding the leading EV vendors. Because of this uncertainty, during the quarter we deliberately allowed positive fund inflows to decrease our exposure to Tesla and we exited our investment in Rivian during the period.

As of this writing, the market has pulled back to start April, due to heightened concerns regarding inflation, interest rates, and the pace of anticipated Fed rate cuts, as well as fears regarding the potential for a wider conflict in the Middle East on growing tensions and military clashes between Israel and Iran. While the current retreat was triggered by macroeconomic and geopolitical anxieties, rather than any credible evidence prompting fundamental longer-term doubts, investors and traders have reduced exposure to recent AI winners, particularly across the semiconductor industry. To us, this feels like what's commonly called a *mid-cycle correction*, as many of these stocks are just weeks away from all-time highs and a slew of exciting product announcements, and all our research reinforces our view that AI is the most significant advancement impacting our now-digital world since the advent of the internet itself. We believe the more accurate construction of the current setting is that we find ourselves just past the first upward inflection in a generational S-curve for AI adoption and economic impact. Before long, every digital interaction–whether with business software, consumer apps, robots, cars, etc.–will be AI powered. AI will make humans more productive doing their jobs, developing drugs, designing products, writing software, being creative, and more. We would encourage our investors and readers of this letter to stick with their long-term conviction and not get spooked by or try to time this short-term volatility[4], and to consider increasing their investments across their favorite secular themes and durable-growth investment vehicles on this correction.

We will quickly reiterate some of the points made in our last letter. The secular trends we emphasize in the Fund are real and intact. Other than the current pause in EV adoption–which we believe is primarily due to product launch gaps in Western markets–they are neither stopping nor slowing down. AI is real. Cloud computing is real. Digital media, entertainment, and commerce are real. Semiconductors powering every single digital or electronic device are real. The history of investing, no matter what era, has proven the wisdom of owning the dominant trends, owning the big winners. The market has historically underestimated the long-term growth potential for top companies in new and innovative verticals. Over the last four or five decades, as technology innovations forged disruptive trends and spurred the (post-industrial) computing revolution, the best investments have been those companies, now household names, that grew *faster for longer* than most experts initially predicted. The market misjudged the growth that would be achieved by such disruptive developments as Microsoft's Windows operating system, Google's internet search engine, Amazon's e-commerce platform, Apple's iPhone, and Meta's Facebook and Instagram social apps. 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 on revenues, earnings, and cash flow. We believe the same thing will drive returns for the innovators and technology trends that populate our portfolio.

We continue to run a high-conviction portfolio with an emphasis on the secular trends cited above. Among others, during the first quarter we initiated positions in or increased portfolio weights of the following positions:

- Digital Media/Advertising: **Spotify Technology S.A. and Meta Platforms, Inc.**
- Semiconductors: **Broadcom Inc.**
- Real Estate Tech: **CoStar Group, Inc.**
- Cloud Computing/E-Commerce: **Amazon.com, Inc.**
- Software: **Microsoft Corporation, Snowflake Inc., Guidewire Software, Inc., and Intapp, 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 II.
Top contributors to performance for the quarter ended March 31, 2024

	Percent Impact
NVIDIA Corporation	6.46%
Amazon.com, Inc.	1.85
Microsoft Corporation	1.27
Meta Platforms, Inc.	1.23
Advanced Micro Devices, Inc.	1.04

[4] Our founder, Ron Baron, has written eloquently many times regarding the perils of market timing.

NVIDIA Corporation sells semiconductors, systems, and software for accelerated computing, gaming, and generative AI. NVIDIA's stock rose in the first quarter, driven by continued strong demand for its accelerated computing chips that stand at the epicenter of the generative AI revolution. NVIDIA closed 2023 with unprecedented revenue growth at massive scale, with a fourth quarter revenue run rate just shy of $90 billion, growing over 3.5 times year-over-year with operating margins of 67%. Importantly, NVIDIA disclosed that 40% of its data center business for fiscal year 2024 was from inferencing, or using an AI application, and hinted that the fourth quarter level was likely even higher. This was received quite positively by investors as inferencing is viewed to be more recurring and sustainable than training, as well as evidence that NVIDIA's customers are earning returns on their AI investments. Moreover, at its recent GTC developer conference, NVIDIA further cemented its lead as the AI platform company, announcing a number of new innovations, including its next generation Blackwell AI superchip; significant die-to-die and chip-to-chip bandwidth improvements with its 5th generation NVLink interconnection technology; it's GB200 NVL72 computing system, where taking advantage of NVLink and software advancements, 72 Blackwell chips can act as one single massive GPU, yielding up to a 30 times improvement in inference performance compared to its Hopper generation of chips; and a new family of AI software called NVIDIA Inference Microservices, or NIMS, which make it easier for companies to build and scale generative AI workloads.

Amazon.com, Inc. is the world's largest retailer and cloud services provider. Shares increased on quarterly results that exceeded consensus expectations across the board, particularly with a large beat in overall operating profit. The materially improved profitability in Amazon's North American retail division has been our core thesis, along with the reacceleration of growth in Amazon's cloud division AWS, and we believe 2024 should be a significant inflection year. On North American profitability, Amazon has benefited substantially from its margin-accretive ad business, which is now at a $55 billion annual run rate. Amazon is also seeing the benefits of its revamped fulfillment network, which leads to faster shipping times for customers in a more cost-effective manner. Considering that North American retail produced 5% margins before advertising was a notable business, we believe that Amazon's most profitable days lay ahead. On AWS, CEO Andy Jassy reiterated that "the lion's share of optimization is behind us," implying that AWS is in the process of reacceleration after a more difficult macro environment for software companies. While we continue to monitor AWS' generative AI positioning, AWS continues to iterate new products, and we believe it has added more AI dollars to its cloud business than competing cloud service providers. We believe that AWS will continue to grow in the healthy double digits in the following years, driven by continued cloud migration and generative AI. We also think Amazon's e-commerce business has substantially more runway as it has less than 15% penetration in its total addressable market and, even at this scale, should be able to grow at a 10% pace for years to come. Beyond that, Amazon still has opportunities in adjacent markets, including third-party logistics, pharmacy and medicine, and grocery (with its acquisition of Whole Foods).

Microsoft Corporation is the world's largest software and cloud computing 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 Microsoft's leadership across the secular megatrends of AI and cloud computing. In Morgan Stanley's first quarter 2024 CIO Survey, we continued to see the strength and attractiveness of Microsoft's product portfolio among its customer set: (1) Microsoft is the "clear beneficiary" that is "poised to gain the largest incremental share of the GenAI budget" on both a one-year and three-year basis; (2) Microsoft remains the leading vendor "expected to gain an incremental percentage of IT budgets in 2024 and over the next three years" as "workloads shift to the cloud;" and (3) Microsoft Azure ranks as the preferred cloud vendor today and is expected to extend its lead over the next three years for both platform-as-a-service and infrastructure-as-a-service use cases. For the December 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, flat sequentially from the September quarter, bolstered by ramping AI revenue contributing six points of growth (vs. guidance of *increasing* contribution and three points last quarter). March quarter guidance came in-line with consensus, but the company provided higher guidance for the two most important segments, Productivity and Business Processes and Intelligent Cloud, on the back of 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.

Table III.
Top detractors from performance for the quarter ended March 31, 2024

	Percent Impact
Tesla, Inc.	–1.31%
Rivian Automotive, Inc.	–0.50
indie Semiconductor, Inc.	–0.32
Intapp, Inc.	–0.29
Apple Inc.	–0.29

Tesla, Inc. designs, manufactures, and sells EVs, autonomous driving software and charging services, and solar and energy storage products. Despite commencing deliveries of the highly anticipated Cybertruck, its first pickup truck that boasts innovative technologies and a space-age look and feel, the stock underperformed as Tesla's core automotive segment remained under pressure. In the first quarter, Tesla delivered only 386,000 units, down 8.5% year-over-year, well below expectations of 420,000 to 440,000 deliveries. Near-term challenges stem from a complex mix of macroeconomic and interest rate headwinds (higher rates increase the monthly cost of car ownership for most consumers), temporary factory closures, escalating competition in China, and Tesla's price adjustments in 2023. Like many investors, we viewed recent trends as more of a temporary perfect storm resulting from the fusion of these factors and a product launch gap, which we expected to close when Tesla launches is lower-priced, next-gen vehicle, sometimes referred to as Model 2, opening large mass-market price segments to the company. However, a couple of weeks ago, Reuters reported that Tesla was planning to cancel the Model 2 vehicle and would instead prioritize its Robotaxi operations. CEO Elon Musk denied the accuracy of this report, but then announced that Tesla would hold a Robotaxi unveiling on August 8. These events increased uncertainty regarding the company's near-term growth prospects, its strategic priorities, its product-launch cadence, its capital spending needs, and short- and mid-term earnings dynamics. We continue to anticipate that significant growth opportunities will mature in the coming years, either with: (1) the introduction of a lower-priced vehicle, which should enable Tesla to significantly increase its delivery volumes; and/or (2) rapid advancements in commercialization of autonomous driving technology, which should yield new open-ended revenue opportunities and materially improve profitability and returns on invested capital. Balancing our confidence in Tesla's long-term prospects and technological leadership against the current uncertainties, we allowed our position to dilute to a level we deemed more appropriate under the current circumstances as we seek more clarity on these issues.

Shares of **Rivian Automotive, Inc.**, a U.S.-based EV manufacturer, detracted from performance. Despite substantial improvements in production and delivery volumes in 2023 as well as improved unit economics, Rivian's business remains constrained by its limited scale, negative gross margins, and elevated cash outflows. Additionally, Rivian expects to temporarily shut down its production facilities for upgrades, impeding anticipated production growth in 2024. Compounding these challenges is the potential for demand constraints, which may not keep pace with production. The recent unveiling of Rivian's mass-market products, the R2 and R3, garnered enthusiastic responses, as evidenced by over 68,000 pre-orders within the first 20 hours post-launch, but the company does not expect to begin production of the R2 models until 2026. As described above, we decided to exit our position during the quarter.

Indie Semiconductor, Inc. is a fabless designer, developer, and marketer of automotive semiconductors for advanced driver assistance systems and connected car, user experience, and electrification applications. Shares fell during the quarter as the company guided revenue growth for 2024 below Street expectations as its customers digest excess inventory in the early parts of the year. While indie conservatively still expects to be growing at a healthy 25%-plus CAGR, well above the industry average, investors are concerned the inventory digestion could last longer into 2024 than initially expected despite management confidence in a strong second half of 2024 driven by over 20 new projects layering in through the year across various automakers and applications. Despite the near-term softening, we believe indie remains well positioned for growth over the medium and long term supported by its $6.3 billion design win backlog (versus $220 million in 2023 revenue), and its large program ramps in 2025, including a marquee radar-related rollout, the biggest program in the company's history. We believe indie can continue to significantly outpace the broader industry and approach $1 billion in revenue by 2028 with premium margins, all supported by its contracted visibility.

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 the first quarter, the largest market cap holding in the Fund was $3.1 trillion and the smallest was $929 million. The median market cap of the Fund was $54.0 billion and the weighted average market cap was $930.7 billion.

We had investments in 41 unique companies. Our top 10 positions accounted for 57.4% of net assets.

To end the quarter, the Fund had $25.2 million in net assets. Fund flows were strong during the quarter.

Table IV.
Top 10 holdings as of March 31, 2024

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Amazon.com, Inc.	$1,873.7	$2.5	9.9%
NVIDIA Corporation	2,258.9	2.4	9.7
Microsoft Corporation	3,126.1	2.4	9.7
Broadcom Inc.	614.2	1.2	4.6
Meta Platforms, Inc.	1,237.9	1.1	4.4
Advanced Micro Devices, Inc.	291.6	1.1	4.4
CoStar Group, Inc.	39.5	1.1	4.3
Spotify Technology S.A.	52.3	1.0	4.0
Taiwan Semiconductor Manufacturing Company Limited	623.2	0.9	3.5
Lam Research Corporation	127.4	0.8	3.1

Table V.
Fund investments in GICS industries as of March 31, 2024

	Percent of Net Assets
Semiconductors & Semiconductor Equipment	34.7%
Software	24.9
Broadline Retail	9.9
Interactive Media & Services	4.8
Entertainment	4.8
Real Estate Management & Development	4.3
IT Services	3.6
Electronic Equipment Instruments & Components	2.2
Media	2.0
Financial Services	1.6
Automobiles	1.4
Technology Hardware Storage & Peripherals	1.4
Professional Services	1.1
Hotels Restaurants & Leisure	0.8
Cash and Cash Equivalents	2.5
Total	100.0%*

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

Recent Activity

Table VI.
Top net purchases for the quarter ended March 31, 2024

	Quarter End Market Cap (billions)	Net Amount Purchased (thousands)
Amazon.com, Inc.	$1,873.7	$1,532.1
Microsoft Corporation	3,126.1	1,383.4
Spotify Technology S.A.	52.3	948.5
Broadcom Inc.	614.2	910.0
CoStar Group, Inc.	39.5	832.5

For **Amazon.com, Inc.** and **Microsoft Corporation**, as the Fund experienced steady inflows, we purchased shares to maintain the portfolio weights of both investments close to the 10% level.

We established a position in **Spotify Technology S.A.**, a leading global digital music service, offering on-demand audio streaming through paid premium subscriptions and an ad-supported free option. Spotify was among the originators of paid streaming music after the downloads/Napster era, with the Spotify App launching broadly in the early 2010s. Since then, streaming music has grown at an over 20% annualized pace, and Spotify has been the leading streaming music service globally (and in the U.S.) with over 600 million total monthly active users. Spotify has a strong user experience and has developed its product considerably over the last decade, especially with algorithmic recommendations and expansion into categories like podcasting. While we have monitored Spotify for some time due to its product leadership and large market potential, we believe the last few months have represented a meaningful positive inflection point for the company. Firstly, Spotify continues to prove that its market is far from completely mature–subscriber net adds accelerated in 2023, even as the product has been well known for years, thanks to targeted marketing in newer countries and the strengthening product value. Next, Spotify's gross margin profile continues to improve. In the past, we had some concern around Spotify's position as a lower gross-margin technology business, due to its reliance on the catalogs from the Big 3 music labels. Now, there is a clearer medium-term path to 30% gross margins with the rise of Spotify's artist promotions marketplace, continued adoption of its margin-accretive advertising business, podcasting becoming more profitable, and audiobooks with a pathway to becoming accretive to gross margins. Beyond gross margins, Spotify has recently become much more serious about operating discipline, with 2024 expected to be its first meaningfully profitable year after operating losses in 2021 and 2022. Next, Spotify demonstrated its ability to achieve price increases while seeing minimal subscriber churn, demonstrating the pricing power in its product and the broader streaming music industry. Finally, Spotify has continued to innovate with its product roadmap, with the introduction of audiobooks and features like AI DJ, differentiating it from other music streaming providers. Going forward, we believe Spotify has more room to grow in the areas we listed above. We continue to view Spotify as a long-term winner in music streaming with the potential to reach over 1 billion monthly active users, as Spotify continues to increase its global market share and music listening habits mature internationally. We believe improving the value proposition for subscribers through audiobooks and other features will continue to differentiate the service, and that the cadence of price hikes will increase (as suggested by recent news reports). On profitability, we expect meaningful gross margin and operating expansion in the next few years as Spotify's current efforts begin to be reflected in the numbers. Over time, we believe Spotify's increasing global share will give it further leverage in negotiating with its partners.

Table VII.
Top net sales for the quarter ended March 31, 2024

	Market Cap When Sold (billions)	Net Amount Sold (thousands)
Alphabet Inc.	$1,822.1	$84.6
Rivian Automotive, Inc.	11.0	47.9

We sold our **Alphabet Inc.** position because we believe the advent and adoption of AI-based services present a hard-to-measure risk to Google's virtual search monopoly.

As discussed above, we exited our **Rivian Automotive, Inc.** investment 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.

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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.	$131,975	2.6%
Equinix, Inc.	78,094	1.0
Amphenol Corporation	69,193	2.1
Roper Technologies, Inc.	60,022	2.9
Hilton Worldwide Holdings Inc.	53,788	0.1
DexCom, Inc.	53,471	1.0
Spotify Technology S.A.	52,339	0.5
IDEXX Laboratories, Inc.	44,863	6.5
MSCI Inc.	44,327	0.6
The Trade Desk	42,743	1.0
CoStar Group, Inc.	39,452	4.8
Quanta Services, Inc.	37,866	1.6
Veeva Systems Inc.	37,375	1.9
Gartner, Inc.	37,165	9.8
Arch Capital Group Ltd.	34,587	4.1
CDW Corporation	34,330	2.0
Verisk Analytics, Inc.	33,801	4.5
Fair Isaac Corporation	31,055	3.3
ANSYS, Inc.	30,209	2.3
CBRE Group, Inc.	29,726	1.1
West Pharmaceutical Services, Inc.	28,968	2.6
Mettler-Toledo International Inc.	28,474	4.6
Willis Towers Watson Public Limited Company	28,182	0.5
ICON Plc	27,714	1.4
T. Rowe Price Group, Inc.	27,267	0.4
Tradeweb Markets Inc.	24,558	0.7
Axon Enterprise, Inc.	23,611	0.4
SBA Communications Corp.	$23,427	0.3%
argenx SE	23,349	0.3
Rollins, Inc.	22,389	1.5
The Cooper Companies, Inc.	20,166	1.7
LPL Financial Holdings Inc.	19,671	0.3
Booz Allen Hamilton Holding Corporation	19,260	0.6
VeriSign, Inc.	19,122	1.4
IDEX Corporation	18,459	1.5
FactSet Research Systems Inc.	17,306	3.4
Hyatt Hotels Corporation	16,425	1.7
SS&C Technologies Holdings, Inc.	15,907	1.0
TransUnion	15,500	1.4
Floor & Decor Holdings, Inc.	13,839	0.6
Aspen Technology, Inc.	13,554	0.8
Morningstar, Inc.	13,176	1.1
Procore Technologies, Inc.	11,908	0.7
On Holding AG	11,278	0.8
Bio-Techne Corporation	11,065	2.2
Dayforce, Inc.	10,369	2.2
Repligen Corporation	10,257	0.7
Guidewire Software, Inc.	9,725	3.3
Birkenstock Holding plc	8,875	0.4
Vail Resorts, Inc.	8,460	2.7
Choice Hotels International, Inc.	6,262	1.4
		96.4%*

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

Baron Growth Fund

Baron Growth Fund invests in small-sized growth companies with market capitalizations up to the largest market cap stock in the Russell 2000 Growth Index at reconstitution, or companies with market capitalizations up to $2.5 billion, whichever is larger.

Company	Equity Market Cap (in millions)	% of Net Assets
IDEXX Laboratories, Inc.	$44,863	3.4%
MSCI Inc.	44,327	10.4
CoStar Group, Inc.	39,452	6.2
Gartner, Inc.	37,165	8.8
Arch Capital Group Ltd.	34,587	10.4
ANSYS, Inc.	30,209	4.3
West Pharmaceutical Services, Inc.	28,968	1.8
Mettler-Toledo International Inc.	28,474	1.1
Alexandria Real Estate Equities, Inc.	22,555	1.1
FactSet Research Systems Inc.	17,306	6.8
The Carlyle Group Inc.	16,987	0.9
Morningstar, Inc.	13,176	3.5
Gaming and Leisure Properties, Inc.	12,508	3.0
Kinsale Capital Group, Inc.	12,168	6.5
Bio-Techne Corporation	11,065	2.4
Trex Company, Inc.	10,842	1.2
Guidewire Software, Inc.	9,725	1.3
Houlihan Lokey, Inc.	8,860	0.7
Primerica, Inc.	$8,777	4.7%
Vail Resorts, Inc.	8,460	5.5
Altair Engineering Inc.	7,106	0.8
Bright Horizons Family Solutions, Inc.	6,571	1.1
Boyd Gaming Corporation	6,466	0.4
Essent Group Ltd.	6,360	0.4
Red Rock Resorts, Inc.	6,292	1.5
Choice Hotels International, Inc.	6,262	4.7
Clearwater Analytics Holdings, Inc.	4,344	0.1
Moelis & Company	4,040	0.2
Cohen & Steers, Inc.	3,808	1.7
Neogen Corp.	3,417	0.3
Iridium Communications Inc.	3,203	2.4
Krispy Kreme, Inc.	2,570	0.9
Douglas Emmett, Inc.	2,321	0.7
FIGS, Inc.	846	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	$68,485	2.5%
DexCom, Inc.	53,471	1.6
IDEXX Laboratories, Inc.	44,863	0.3
Waste Connections, Inc.	44,324	1.2
The Trade Desk	42,743	1.3
Gartner, Inc.	37,165	5.1
Vertiv Holdings Co	31,196	8.1
Mettler-Toledo International Inc.	28,474	0.9
ICON Plc	27,714	4.8
SBA Communications Corp.	23,427	0.4
DraftKings Inc.	21,601	0.8
Liberty Media Corporation – Liberty Formula One	15,216	1.6
Floor & Decor Holdings, Inc.	13,839	2.3
Aspen Technology, Inc.	13,554	1.5
Kinsale Capital Group, Inc.	12,168	5.1
Trex Company, Inc.	10,842	1.2
Dayforce, Inc.	10,369	1.3
WEX Inc.	9,913	1.2
Guidewire Software, Inc.	9,725	2.9
Houlihan Lokey, Inc.	8,860	1.6
RBC Bearings Incorporated	7,889	1.5
SiteOne Landscape Supply, Inc.	7,887	3.3
Installed Building Products, Inc.	7,339	3.3
Cognex Corporation	7,289	1.3
Altair Engineering Inc.	7,106	0.9
Americold Realty Trust	7,072	0.4
HealthEquity, Inc.	7,033	1.3
Chart Industries, Inc.	6,964	3.0
Bright Horizons Family Solutions, Inc.	6,571	1.5
Inspire Medical Systems, Inc.	6,355	0.9
Red Rock Resorts, Inc.	6,292	3.7
Planet Fitness, Inc.	$5,522	1.7%
ASGN Incorporated	4,871	3.8
Madison Square Garden Sports Corp.	4,419	0.9
Clearwater Analytics Holdings, Inc.	4,344	0.8
nCino Inc.	4,269	0.7
Exponent, Inc.	4,181	0.4
Avient Corporation	3,957	1.5
Liberty Media Corporation – Liberty Live	3,869	0.2
Neogen Corp.	3,417	1.6
BRP Group, Inc.	3,377	1.9
Sprout Social, Inc.	3,359	1.2
John Bean Technologies Corporation	3,335	1.4
Kratos Defense & Security Solutions, Inc.	2,742	0.8
UTZ Brands, Inc.	2,596	1.2
Driven Brands Holdings Inc.	2,591	0.6
Intapp, Inc.	2,479	1.3
ODDITY Tech Ltd.	2,468	0.8
First Advantage Corporation	2,355	1.2
Janus International Group, Inc.	2,222	1.9
Endava plc	2,197	0.6
Fox Factory Holding Corp.	2,187	1.0
Shoals Technologies Group, Inc.	1,904	0.1
The Cheesecake Factory, Inc.	1,848	1.6
Mercury Systems, Inc.	1,751	0.4
indie Semiconductor, Inc.	1,297	0.7
Repay Holdings Corporation	1,122	0.9
Grid Dynamics Holdings, Inc.	934	0.8
European Wax Center, Inc.	789	0.9
Holley Inc.	532	0.5
		98.5%*

* 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	$3,126,133	13.8%
NVIDIA Corporation	2,258,900	11.6
Amazon.com, Inc.	1,873,676	6.7
Meta Platforms, Inc.	1,237,940	4.6
Taiwan Semiconductor Manufacturing Company Limited	623,183	1.2
Broadcom Inc.	614,223	1.9
Visa Inc.	575,182	2.6
Tesla, Inc.	559,854	3.0
Mastercard Incorporated	449,253	2.3
ASML Holding N.V.	384,620	1.6
Advanced Micro Devices, Inc.	291,633	3.0
ServiceNow, Inc.	156,292	2.0
Intuitive Surgical, Inc.	141,457	1.6
Lam Research Corporation	127,376	0.8
Shopify Inc.	99,879	1.3
Equinix, Inc.	78,094	0.9
CrowdStrike Holdings, Inc.	77,541	1.4
Workday, Inc.	72,006	1.8
Marvell Technology, Inc.	61,382	1.0
Snowflake Inc.	54,007	0.9
Spotify Technology S.A.	52,339	1.5
The Trade Desk	42,743	1.9
Datadog, Inc.	41,020	1.2
CoStar Group, Inc.	$39,452	3.3%
Gartner, Inc.	37,165	3.0
Monolithic Power Systems, Inc.	32,964	1.1
Cloudflare, Inc.	32,696	0.8
HubSpot, Inc.	31,751	1.1
Mobileye Global Inc.	25,920	1.0
Take-Two Interactive Software, Inc.	25,330	0.9
argenx SE	23,349	1.9
Shockwave Medical, Inc.	12,178	1.5
Astera Labs, Inc.	11,535	0.9
Rivian Automotive, Inc.	10,703	0.8
Dayforce, Inc.	10,369	1.3
Legend Biotech Corporation	10,203	0.8
Guidewire Software, Inc.	9,725	1.6
GitLab Inc.	9,250	1.0
Viking Therapeutics, Inc.	8,937	2.0
Reddit, Inc.	8,004	0.4
Arcellx, Inc.	3,672	0.7
Rocket Pharmaceuticals, Inc.	2,438	1.4
indie Semiconductor, Inc.	1,297	1.6
		95.9%*

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

Baron Partners Fund

Baron Partners Fund is a non-diversified fund that invests primarily in U.S. companies of any size with significant growth potential.

Company	Equity Market Cap (in millions)	% of Total Investments
Tesla, Inc.	$559,854	29.3%
The Charles Schwab Corp.	131,975	4.6
Spotify Technology S.A.	52,339	0.9
IDEXX Laboratories, Inc.	44,863	5.4
MSCI Inc.	44,327	2.0
CoStar Group, Inc.	39,452	10.0
Gartner, Inc.	37,165	4.6
Arch Capital Group Ltd.	34,587	8.5
HEICO Corporation	23,330	0.6
FactSet Research Systems Inc.	17,306	4.6
Hyatt Hotels Corporation	$16,425	7.5%
Gaming and Leisure Properties, Inc.	12,508	1.2
Guidewire Software, Inc.	9,725	1.5
Birkenstock Holding plc	8,875	1.2
Vail Resorts, Inc.	8,460	3.8
Red Rock Resorts, Inc.	6,292	1.5
Iridium Communications Inc.	3,203	0.8
		87.9%*

* 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	$3,126,133	3.5%
NVIDIA Corporation	2,258,900	14.7
Alphabet Inc.	1,884,633	1.5
Amazon.com, Inc.	1,873,676	8.5
Meta Platforms, Inc.	1,237,940	7.2
Tesla, Inc.	559,854	2.7
Mastercard Incorporated	449,253	2.9
ASML Holding N.V.	384,620	3.1
ServiceNow, Inc.	156,292	6.8
Intuitive Surgical, Inc.	141,457	4.9
Shopify Inc.	99,879	5.2
CrowdStrike Holdings, Inc.	77,541	4.6
MercadoLibre, Inc.	76,653	3.4
Snowflake Inc.	54,007	3.6
Adyen N.V.	52,477	1.5
Block, Inc.	52,075	2.2
Atlassian Corporation Plc	$50,613	1.1%
The Trade Desk	42,743	3.6
Datadog, Inc.	41,020	3.1
Veeva Systems Inc.	37,375	1.7
Cloudflare, Inc.	32,696	3.6
Coupang, Inc.	31,903	2.0
Mobileye Global Inc.	25,920	1.2
argenx SE	23,349	2.1
Illumina, Inc.	21,820	1.0
Rivian Automotive, Inc.	10,703	0.8
GitLab Inc.	9,250	1.0
Endava plc	2,197	1.3
		98.7%*

* 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.	$559,854	7.8%
Shopify Inc.	99,879	1.9
Spotify Technology S.A.	52,339	5.0
Interactive Brokers Group, Inc.	47,328	3.7
IDEXX Laboratories, Inc.	44,863	1.3
MSCI Inc.	44,327	3.6
CoStar Group, Inc.	39,452	4.7
Las Vegas Sands Corporation	38,962	1.0
Arch Capital Group Ltd.	34,587	6.0
Verisk Analytics, Inc.	33,801	2.7
ANSYS, Inc.	30,209	2.4
Alexandria Real Estate Equities, Inc.	22,555	1.5
BioNTech SE	21,930	1.4
Illumina, Inc.	21,820	2.1
FactSet Research Systems Inc.	17,306	4.1
Hyatt Hotels Corporation	16,425	5.7
MGM Resorts International	$14,966	1.8%
American Homes 4 Rent	13,422	0.6
On Holding AG	11,278	3.8
Guidewire Software, Inc.	9,725	4.4
Jefferies Financial Group Inc.	9,349	0.8
Birkenstock Holding plc	8,875	1.8
Vail Resorts, Inc.	8,460	4.4
Red Rock Resorts, Inc.	6,292	4.2
Choice Hotels International, Inc.	6,262	3.4
Iridium Communications Inc.	3,203	1.4
Krispy Kreme, Inc.	2,570	3.4
Douglas Emmett, Inc.	2,321	1.4
FIGS, Inc.	846	2.5
		89.0%*

* 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	$623,183	2.3%
Novo Nordisk A/S	579,084	1.8
LVMH Moet Hennessy Louis Vuitton SE	450,979	1.1
Tencent Holdings Limited	369,299	1.4
Samsung Electronics Co., Ltd.	364,506	1.4
Nestle S.A.	283,476	1.3
Reliance Industries Limited	241,082	1.6
Linde plc	222,601	3.5
AstraZeneca PLC	210,053	2.2
Alibaba Group Holding Limited	184,042	0.5
Industria de Diseno Textil, S.A.	156,923	2.6
PDD Holdings Inc.	154,448	0.6
Mitsubishi UFJ Financial Group, Inc.	126,215	1.3
Tokyo Electron Limited	122,561	2.2
Keyence Corporation	111,852	1.3
SK hynix Inc.	96,634	0.3
Compagnie Financiere Richemont SA	90,158	0.6
Bharti Airtel Limited	87,171	1.5
BNP Paribas S.A.	81,532	1.7
Prosus N.V.	80,888	0.5
Sumitomo Mitsui Financial Group, Inc.	78,619	1.5
Recruit Holdings Co., Ltd.	72,531	1.0
Sberbank of Russia PJSC	69,650	0.0
Constellation Software Inc.	57,573	2.5
Nu Holdings Ltd.	56,858	0.8
Universal Music Group N.V.	54,793	1.6
Shenzhen Mindray Bio-Medical Electronics Co., Ltd.	46,953	0.4
Grupo Mexico, S.A.B. de C.V.	45,953	1.0
Agilent Technologies, Inc.	42,643	1.7
Pernod Ricard SA	41,355	0.6
Experian plc	40,059	1.7
EQT AB	39,413	0.5
Baidu, Inc.	36,917	0.9
Arch Capital Group Ltd.	34,587	2.8
Coupang, Inc.	31,903	0.9
DSM-Firmenich AG	30,210	1.7
Agnico Eagle Mines Limited	29,751	1.0
Jio Financial Services Limited	26,947	0.6
Techtronic Industries Co. Ltd.	24,869	0.9
argenx SE	23,349	1.8
Epiroc AB	22,082	0.9
Genmab A/S	19,777	0.6
LY Corporation	19,524	0.7
Tencent Music Entertainment Group	19,203	0.5
Trent Limited	16,828	1.0
Symrise AG	16,693	1.9
Suzano S.A.	$16,636	1.7%
InterGlobe Aviation Limited	16,423	0.5
Yum China Holdings Inc.	15,508	0.3
Godrej Consumer Products Limited	15,352	0.7
Fuyao Glass Industry Group Co., Ltd.	14,957	0.5
XP Inc.	14,100	1.0
Japan Exchange Group, Inc.	14,066	1.5
B3 S.A. – Brasil, Bolsa, Balcao	13,499	0.2
Credicorp Ltd.	13,477	0.9
Eurofins Scientific SE	12,300	1.6
Localiza Rent a Car S.A.	11,686	0.8
CyberArk Software Ltd.	11,239	1.0
Bank of Ireland Group plc	10,680	1.2
Stevanato Group S.p.A	9,691	1.0
Max Healthcare Institute Limited	9,555	0.4
Dino Polska S.A.	9,516	1.2
HD Hyundai Heavy Industries Co., Ltd.	7,860	0.5
Full Truck Alliance Co. Ltd.	7,782	0.9
InPost S.A.	7,706	2.1
Godrej Properties Limited	7,668	0.5
Wix.com Ltd.	7,650	1.0
B&M European Value Retail S.A.	6,908	1.6
Tata Communications Limited	6,870	0.6
HD Korea Shipbuilding & Offshore Engineering Co., Ltd.	6,240	1.4
Kingsoft Corporation Ltd.	4,124	0.1
Kingdee International Software Group Company Limited	4,054	0.5
Japan Airport Terminal Co., Ltd.	3,653	0.9
Nippon Life India Asset Management Limited	3,559	0.6
ODDITY Tech Ltd.	2,468	1.3
Kaynes Technology India Limited	2,201	0.3
Endava plc	2,197	0.5
Afya Limited	1,704	0.8
Zai Lab Limited	1,589	0.3
Taboola.com Ltd.	1,513	0.4
SMS Co., Ltd.	1,489	1.1
Befesa S.A.	1,371	0.8
Watches of Switzerland Group PLC	1,084	0.3
eDreams ODIGEO SA	929	2.7
JM Financial Limited	856	0.5
AMG Critical Materials N.V.	738	1.2
Waga Energy SA	420	1.2
Ceres Power Holdings plc	347	0.2
Aker Carbon Capture ASA	323	0.2
		96.3%*

* 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.	$159,435	4.7%
Lowe's Companies, Inc.	145,753	2.7
Prologis, Inc.	120,438	4.9
American Tower Corporation	92,147	2.6
Equinix, Inc.	78,094	4.3
Brookfield Corporation	63,399	2.1
D.R. Horton, Inc.	54,601	5.4
Hilton Worldwide Holdings Inc.	53,788	2.2
Welltower Inc.	53,156	2.4
Lennar Corporation	47,375	5.6
Digital Realty Trust, Inc.	45,813	2.6
CoStar Group, Inc.	39,452	4.6
Las Vegas Sands Corporation	38,962	2.7
Vulcan Materials Company	36,100	1.8
CBRE Group, Inc.	29,726	2.6
Equity Residential	23,937	1.3
Invitation Homes, Inc.	21,792	1.6
Brookfield Asset Management Ltd.	17,362	1.3
Hyatt Hotels Corporation	16,425	1.9
Pool Corporation	$15,485	1.9%
MGM Resorts International	14,966	3.5
Floor & Decor Holdings, Inc.	13,839	2.0
Toll Brothers, Inc.	13,477	11.5
Wynn Resorts, Limited	11,457	3.7
Rexford Industrial Realty, Inc.	10,819	1.6
Fortune Brands Innovations, Inc.	10,643	1.3
Caesars Entertainment, Inc.	9,461	1.9
Jones Lang LaSalle Incorporated	9,256	2.3
EastGroup Properties, Inc.	8,621	1.1
SiteOne Landscape Supply, Inc.	7,887	2.5
Installed Building Products, Inc.	7,339	2.0
Boyd Gaming Corporation	6,466	1.9
Terreno Realty Corporation	6,409	0.5
Red Rock Resorts, Inc.	6,292	1.8
Janus International Group, Inc.	2,222	0.7
		97.8%*

* 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	$623,183	8.0%
Tencent Holdings Limited	369,299	3.8
Samsung Electronics Co., Ltd.	364,506	4.9
Kweichow Moutai Co., Ltd.	295,761	1.2
Reliance Industries Limited	241,082	2.1
Alibaba Group Holding Limited	184,042	2.0
Tata Consultancy Services Limited	168,158	0.6
PDD Holdings Inc.	154,448	1.2
HDFC Bank Limited	131,885	0.8
Keyence Corporation	111,852	0.7
SK hynix Inc.	96,634	1.2
Bharti Airtel Limited	87,171	2.4
Wal-Mart de Mexico, S.A.B. de C.V.	70,312	1.5
Sberbank of Russia PJSC	69,650	0.0
Midea Group Co., Ltd.	62,270	0.5
PT Bank Rakyat Indonesia (Persero) Tbk	57,832	1.8
Nu Holdings Ltd.	56,858	1.6
Bajaj Finance Limited	53,773	1.3
Shenzhen Mindray Bio-Medical Electronics Co., Ltd.	46,953	0.8
Grupo Mexico, S.A.B. de C.V.	45,953	1.3
Pernod Ricard SA	41,355	0.2
Titan Company Limited	40,469	1.0
Baidu, Inc.	36,917	1.4
Banco BTG Pactual S.A.	27,859	0.4
Naspers Limited	32,298	0.5
Coupang, Inc.	31,903	1.5
Mahindra & Mahindra Limited	28,647	0.8
Delta Electronics, Inc.	27,799	1.4
Jio Financial Services Limited	26,947	1.1
NARI Technology Co. Ltd.	26,797	1.1
Techtronic Industries Co. Ltd.	24,869	1.2
Samsung SDI Co., Ltd.	23,675	0.5
Galaxy Entertainment Group Limited	21,960	0.6
KB Financial Group Inc.	21,131	1.0
Budweiser Brewing Company APAC Limited	19,492	0.7
Tencent Music Entertainment Group	19,203	0.7
SBI Life Insurance Company Limited	18,014	1.4
Trent Limited	16,828	1.3
Suzano S.A.	16,636	2.5
InterGlobe Aviation Limited	16,423	0.7
Yum China Holdings Inc.	15,508	1.0
Godrej Consumer Products Limited	15,352	1.4
Fuyao Glass Industry Group Co., Ltd.	14,957	0.7
BDO Unibank, Inc.	14,480	1.4
Shenzhou International Group Holdings Ltd.	$14,232	1.1%
Gold Fields Limited	14,222	1.0
XP Inc.	14,100	1.5
B3 S.A. – Brasil, Bolsa, Balcao	13,499	0.5
Credicorp Ltd.	13,477	1.2
Tata Consumer Products Limited	12,524	1.0
Localiza Rent a Car S.A.	11,686	1.4
Cholamandalam Investment and Finance Company Limited	11,648	0.1
Divi's Laboratories Limited	10,966	0.0
Max Healthcare Institute Limited	9,555	0.6
Dino Polska S.A.	9,516	0.4
Indus Towers Limited	9,408	1.2
Jiangsu Hengli Hydraulic Co., Ltd.	9,345	0.6
Ayala Land, Inc.	8,561	0.8
China Mengniu Dairy Co. Ltd.	8,447	0.9
HD Hyundai Heavy Industries Co., Ltd.	7,860	0.8
Kanzhun Limited	7,802	0.6
Full Truck Alliance Co. Ltd.	7,782	1.4
InPost S.A.	7,706	1.9
Godrej Properties Limited	7,668	1.0
Tata Communications Limited	6,870	1.6
HD Korea Shipbuilding & Offshore Engineering Co., Ltd.	6,240	1.9
eMemory Technology Inc.	5,598	0.4
Max Financial Services Limited	4,147	0.3
Kingsoft Corporation Ltd.	4,124	0.5
Kingdee International Software Group Company Limited	4,054	0.9
Korea Aerospace Industries, Ltd.	3,729	0.7
Nippon Life India Asset Management Limited	3,559	1.0
Venustech Group Inc.	3,536	0.4
Aarti Industries Limited	2,893	0.6
Inter & Co Inc.	2,498	0.3
Lufax Holding Ltd	2,419	0.1
Estun Automation Co., Ltd.	2,250	0.3
Kaynes Technology India Limited	2,201	0.4
Nuvama Wealth Management Limited	1,978	0.5
Afya Limited	1,704	0.7
Zai Lab Limited	1,589	0.5
JM Financial Limited	856	0.8
Edelweiss Financial Services Limited	719	0.3
Aarti Pharmalabs Limited	473	0.1
Codere Online Luxembourg, S.A.	316	0.4
		92.9%*

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

Baron Global Advantage Fund

Baron Global Advantage Fund is a diversified fund that invests primarily in established and emerging markets companies located throughout the world with capitalization within the range of companies included in the MSCI ACWI Index.

Company	Equity Market Cap (in millions)	% of Net Assets
NVIDIA Corporation	$2,258,900	11.1%
Tesla, Inc.	559,854	2.8
ASML Holding N.V.	384,620	3.8
Shopify Inc.	99,879	8.0
CrowdStrike Holdings, Inc.	77,541	4.4
MercadoLibre, Inc.	76,653	8.8
Snowflake Inc.	54,007	4.2
Bajaj Finance Limited	53,773	3.4
Adyen N.V.	52,477	2.4
Block, Inc.	52,075	2.4
Datadog, Inc.	41,020	3.4
Cloudflare, Inc.	32,696	5.4
Coupang, Inc.	31,903	5.0
Zscaler, Inc.	28,867	2.5
argenx SE	23,349	3.7
Illumina, Inc.	21,820	0.0
Zomato Limited	19,257	2.4
Astera Labs, Inc.	$11,535	0.9%
Rivian Automotive, Inc.	10,703	1.1
Viking Therapeutics, Inc.	8,937	1.2
Globant S.A.	8,699	2.1
InPost S.A.	7,706	2.6
Wix.com Ltd.	7,650	3.0
BILL Holdings, Inc.	7,225	1.5
Endava plc	2,197	3.4
Afya Limited	1,704	1.7
Taboola.com Ltd.	1,513	0.0
indie Semiconductor, Inc.	1,297	0.5
Fiverr International Ltd.	816	1.1
Innovid Corp.	353	0.0
Codere Online Luxembourg, S.A.	316	1.4
		94.2%*

* 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.	$23,611	2.9%
DraftKings Inc.	21,601	3.6
Liberty Media Corporation – Liberty Formula One	15,216	0.7
Floor & Decor Holdings, Inc.	13,839	2.5
Dynatrace, Inc.	13,746	1.3
Kinsale Capital Group, Inc.	12,168	3.4
Astera Labs, Inc.	11,535	0.9
On Holding AG	11,278	1.1
CyberArk Software Ltd.	11,239	2.8
Trex Company, Inc.	10,842	1.3
Rexford Industrial Realty, Inc.	10,819	2.1
Dayforce, Inc.	10,369	1.7
Texas Roadhouse, Inc.	10,323	2.0
Repligen Corporation	10,257	1.5
Guidewire Software, Inc.	9,725	1.8
Stevanato Group S.p.A	9,691	1.8
GitLab Inc.	9,250	2.6
Reddit, Inc.	8,004	0.4
RBC Bearings Incorporated	7,889	1.0
SiteOne Landscape Supply, Inc.	7,887	2.5
Masimo Corporation	7,770	2.5
AAON, Inc.	7,233	1.1
SentinelOne, Inc.	7,226	2.4
Chart Industries, Inc.	6,964	2.4
Boyd Gaming Corporation	6,466	2.3
RH	6,379	1.6
Red Rock Resorts, Inc.	6,292	1.5
Novanta Inc.	6,265	0.8
Hamilton Lane Incorporated	6,104	0.2
Smartsheet Inc.	5,291	1.5
Allegro MicroSystems, Inc.	5,207	1.1
Nova Ltd.	5,147	1.6
Varonis Systems, Inc.	$5,146	1.9%
ASGN Incorporated	4,871	2.2
10x Genomics, Inc.	4,472	0.6
Clearwater Analytics Holdings, Inc.	4,344	2.0
Liberty Media Corporation – Liberty Live	3,869	1.6
Advanced Energy Industries, Inc.	3,814	2.6
Axonics, Inc.	3,518	2.5
ACV Auctions Inc.	3,076	0.2
Certara, Inc.	2,858	0.8
Inari Medical, Inc.	2,781	1.9
Kratos Defense & Security Solutions, Inc.	2,742	2.3
Intapp, Inc.	2,479	1.1
Alkami Technology Inc.	2,377	1.0
Endava plc	2,197	0.6
Maravai LifeSciences Holdings, Inc.	2,180	0.9
SiTime Corporation	2,116	0.6
Mercury Systems, Inc.	1,751	1.8
Veracyte, Inc.	1,664	1.2
Establishment Labs Holdings Inc.	1,385	1.1
indie Semiconductor, Inc.	1,297	1.9
Couchbase, Inc.	1,296	2.5
PAR Technology Corporation	1,292	2.1
Definitive Healthcare Corp.	1,266	1.4
Montrose Environmental Group, Inc.	1,190	2.2
Navitas Semiconductor Corporation	855	0.3
Silk Road Medical, Inc.	718	1.4
CareDx, Inc.	548	0.6
SmartRent, Inc.	546	0.3
Revance Therapeutics, Inc.	513	0.2
		96.7%*

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

Baron Durable Advantage Fund

Baron Durable Advantage Fund invests primarily in large-sized companies with market capitalizations no smaller than the top 90th percentile by market capitalization of the S&P 500 Index at June 30, or companies with market capitalizations above $10 billion, whichever is smaller.

Company	Equity Market Cap (in millions)	% of Net Assets
Microsoft Corporation	$3,126,133	9.2%
NVIDIA Corporation	2,258,900	4.4
Alphabet Inc.	1,884,633	4.3
Amazon.com, Inc.	1,873,676	7.5
Meta Platforms, Inc.	1,237,940	7.7
Taiwan Semiconductor Manufacturing Company Limited	623,183	2.1
Broadcom Inc.	614,223	1.2
Visa Inc.	575,182	4.4
UnitedHealth Group Incorporated	456,081	3.0
Mastercard Incorporated	449,253	3.4
Costco Wholesale Corporation	324,924	1.7
Accenture plc	232,618	2.6
Adobe Inc.	226,061	2.8
Thermo Fisher Scientific Inc.	221,623	2.7
Danaher Corporation	184,929	2.4
Intuit Inc.	181,986	3.6
Blackstone Inc.	159,435	3.1
Texas Instruments Incorporated	$158,407	0.7%
S&P Global Inc.	136,253	3.8
CME Group, Inc.	77,511	2.1
Moody's Corporation	71,728	3.4
Apollo Global Management, Inc.	63,890	2.7
Brookfield Corporation	63,399	2.7
TE Connectivity Ltd.	44,850	0.3
MSCI Inc.	44,327	2.2
Agilent Technologies, Inc.	42,643	1.5
CoStar Group, Inc.	39,452	1.4
Arch Capital Group Ltd.	34,587	2.5
Monolithic Power Systems, Inc.	32,964	1.7
Mettler-Toledo International Inc.	28,474	1.0
HEICO Corporation	23,330	2.3
LPL Financial Holdings Inc.	19,671	2.2
		96.7%*

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

Baron Real Estate Income Fund

Baron Real Estate Income Fund is a non-diversified fund that under normal circumstances, invests at least 80% of its net assets in real estate income-producing securities and other real estate securities of any market capitalization, including common stocks and equity securities, debt and preferred securities, non-U.S. real estate income-producing securities, and any other real estate-related yield securities.

Company	Equity Market Cap (in millions)	% of Net Assets
Blackstone Inc.	$159,435	1.6%
Lowe's Companies, Inc.	145,753	1.3
Prologis, Inc.	120,438	9.8
American Tower Corporation	92,147	5.8
Equinix, Inc.	78,094	7.1
Brookfield Corporation	63,399	1.3
Hilton Worldwide Holdings Inc.	53,788	1.1
Welltower Inc.	53,156	7.5
Public Storage Incorporated	51,001	1.4
Simon Property Group, Inc.	50,980	4.1
Lennar Corporation	47,375	1.7
Digital Realty Trust, Inc.	45,813	4.5
Extra Space Storage Inc.	31,102	1.4
AvalonBay Communities, Inc.	26,354	4.0
Equity Residential	23,937	4.8
Alexandria Real Estate Equities, Inc.	22,555	0.6
Invitation Homes, Inc.	21,792	4.6
Brookfield Asset Management Ltd.	17,362	1.8
Sun Communities, Inc.	15,997	2.4
Toll Brothers, Inc.	$13,477	4.6%
American Homes 4 Rent	13,422	4.4
Wynn Resorts, Limited	11,457	4.4
Rexford Industrial Realty, Inc.	10,819	2.2
Boston Properties, Inc.	10,250	0.2
EastGroup Properties, Inc.	8,621	1.4
First Industrial Realty Trust, Inc.	6,950	1.9
Terreno Realty Corporation	6,409	0.4
Brookfield Infrastructure Corporation	4,753	0.9
Marriott Vacations Worldwide Corporation	3,790	0.8
The Macerich Company	3,717	1.9
Tri Pointe Homes, Inc.	3,710	1.4
Park Hotels & Resorts Inc.	3,682	2.4
Tanger, Inc.	3,213	1.1
DiamondRock Hospitality Company	2,015	1.7
GDS Holdings Limited	1,267	1.2
		97.4%*

* 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	$739,658	8.4%
UnitedHealth Group Incorporated	456,081	7.7
Merck & Co., Inc.	334,182	4.9
Thermo Fisher Scientific Inc.	221,623	4.5
AstraZeneca PLC	210,053	1.3
Danaher Corporation	184,929	1.9
Intuitive Surgical, Inc.	141,457	5.0
Stryker Corporation	136,159	2.7
Elevance Health, Inc.	120,648	1.9
Vertex Pharmaceuticals Incorporated	107,975	4.0
Boston Scientific Corporation	100,673	4.4
HCA Healthcare, Inc.	88,214	2.5
Zoetis Inc.	77,476	2.0
McKesson Corporation	70,547	2.4
DexCom, Inc.	53,471	2.0
IDEXX Laboratories, Inc.	44,863	1.6
Veeva Systems Inc.	37,375	1.1
West Pharmaceutical Services, Inc.	28,968	1.9
Mettler-Toledo International Inc.	28,474	1.5
ICON Plc	27,714	2.8
argenx SE	23,349	3.3
The Cooper Companies, Inc.	20,166	2.8
Exact Sciences Corporation	$12,537	0.3%
Shockwave Medical, Inc.	12,178	1.6
Bio-Techne Corporation	11,065	1.2
Natera, Inc.	11,045	1.6
Repligen Corporation	10,257	1.4
Legend Biotech Corporation	10,203	1.6
Stevanato Group S.p.A	9,691	0.8
Viking Therapeutics, Inc.	8,937	1.2
Inspire Medical Systems, Inc.	6,355	0.9
Immunovant, Inc.	4,694	0.8
Surgery Partners, Inc.	3,777	1.1
Arcellx, Inc.	3,672	2.9
iRhythm Technologies, Inc.	3,594	2.2
RadNet, Inc.	3,561	0.4
Neogen Corp.	3,417	0.5
Xenon Pharmaceuticals Inc.	3,247	1.8
Beam Therapeutics Inc.	2,698	0.4
Rocket Pharmaceuticals, Inc.	2,438	2.9
Schrodinger, Inc.	1,952	0.4
		94.5%*

* 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.	$575,182	4.8%
Mastercard Incorporated	449,253	4.9
Accenture plc	232,618	2.3
Intuit Inc.	181,986	4.8
S&P Global Inc.	136,253	4.5
The Charles Schwab Corp.	131,975	1.4
BlackRock Inc.	124,979	2.3
The Progressive Corporation	121,135	4.2
Shopify Inc.	99,879	1.5
Fiserv, Inc.	94,358	3.4
CME Group, Inc.	77,511	1.9
MercadoLibre, Inc.	76,653	3.3
Moody's Corporation	71,728	2.5
Apollo Global Management, Inc.	63,890	4.1
Nu Holdings Ltd.	56,858	2.7
Block, Inc.	52,075	1.9
Interactive Brokers Group, Inc.	47,328	1.8
MSCI Inc.	44,327	2.8
CoStar Group, Inc.	39,452	1.6
Arch Capital Group Ltd.	34,587	2.7
Global Payments Inc.	34,482	1.9
Verisk Analytics, Inc.	33,801	2.4
Equifax Inc.	33,234	1.1
Fair Isaac Corporation	$31,055	4.2%
Tradeweb Markets Inc.	24,558	3.1
LPL Financial Holdings Inc.	19,671	2.9
FactSet Research Systems Inc.	17,306	2.7
TransUnion	15,500	1.3
Morningstar, Inc.	13,176	2.6
Jack Henry & Associates, Inc.	12,659	1.7
Kinsale Capital Group, Inc.	12,168	1.5
Wise Plc	12,011	2.4
WEX Inc.	9,913	1.4
Guidewire Software, Inc.	9,725	2.5
Houlihan Lokey, Inc.	8,860	2.2
Globant S.A.	8,699	1.9
BILL Holdings, Inc.	7,225	0.5
Clearwater Analytics Holdings, Inc.	4,344	0.6
BRP Group, Inc.	3,377	0.5
Intapp, Inc.	2,479	0.8
Alkami Technology Inc.	2,377	0.5
Endava plc	2,197	1.2
Repay Holdings Corporation	1,122	0.2
CI&T, Inc.	558	0.2
		100.0%*

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

Baron New Asia Fund

Baron New Asia Fund is a diversified fund that seeks capital appreciation through investments primarily in equity securities located in Asia, but including all other developed, developing, and frontier countries in the Asian region.

Company	Equity Market Cap (in millions)	% of Net Assets
Taiwan Semiconductor Manufacturing Company Limited	$623,183	8.2%
Tencent Holdings Limited	369,299	3.9
Samsung Electronics Co., Ltd.	364,506	5.0
Kweichow Moutai Co., Ltd.	295,761	1.2
Reliance Industries Limited	241,082	2.8
Alibaba Group Holding Limited	184,042	1.9
Tata Consultancy Services Limited	168,158	0.7
PDD Holdings Inc.	154,448	1.2
HDFC Bank Limited	131,885	1.3
Tokyo Electron Limited	122,561	1.4
Keyence Corporation	111,852	0.8
SK hynix Inc.	96,634	1.3
Bharti Airtel Limited	87,171	6.7
AIA Group Limited	75,826	0.5
Midea Group Co., Ltd.	62,270	0.5
PT Bank Rakyat Indonesia (Persero) Tbk	57,832	1.9
Bajaj Finance Limited	53,773	1.9
Shenzhen Mindray Bio-Medical Electronics Co., Ltd.	46,953	0.5
Hoya Corporation	43,707	1.2
Titan Company Limited	40,469	1.8
Baidu, Inc.	36,917	1.3
Hong Kong Exchanges and Clearing Limited	36,900	0.4
Coupang, Inc.	31,903	1.5
Power Grid Corporation of India Limited	30,878	0.5
Mahindra & Mahindra Limited	28,647	0.8
Delta Electronics, Inc.	27,799	1.5
Jio Financial Services Limited	26,947	3.9
NARI Technology Co. Ltd.	26,797	1.1
Techtronic Industries Co. Ltd.	24,869	1.1
Samsung SDI Co., Ltd.	23,675	0.4
Galaxy Entertainment Group Limited	21,960	0.5
Budweiser Brewing Company APAC Limited	19,492	0.7
Zomato Limited	19,257	3.5
Tencent Music Entertainment Group	19,203	0.6
SBI Life Insurance Company Limited	18,014	1.5
Trent Limited	16,828	3.9
InterGlobe Aviation Limited	16,423	1.1
Yum China Holdings Inc.	15,508	1.0
Godrej Consumer Products Limited	$15,352	2.5%
Shenzhou International Group Holdings Ltd.	14,232	0.8
Tata Consumer Products Limited	12,524	1.2
Cholamandalam Investment and Finance Company Limited	11,648	0.6
Divi's Laboratories Limited	10,966	0.0
Max Healthcare Institute Limited	9,555	0.8
Indus Towers Limited	9,408	2.6
Jiangsu Hengli Hydraulic Co., Ltd.	9,345	0.6
Tube Investments of India Limited	8,665	1.0
China Mengniu Dairy Co. Ltd.	8,447	0.7
HD Hyundai Heavy Industries Co., Ltd.	7,860	0.8
Kanzhun Limited	7,802	0.6
Full Truck Alliance Co. Ltd.	7,782	1.3
Godrej Properties Limited	7,668	1.0
Tata Communications Limited	6,870	1.3
HD Korea Shipbuilding & Offshore Engineering Co., Ltd.	6,240	0.7
eMemory Technology Inc.	5,598	0.4
Thermax Limited	5,990	0.5
Dixon Technologies Ltd.	5,365	0.8
Kingsoft Corporation Ltd.	4,124	0.5
Kingdee International Software Group Company Limited	4,054	0.9
Korea Aerospace Industries, Ltd.	3,729	0.7
Venustech Group Inc.	3,536	0.4
360 ONE WAM Limited	2,907	0.7
Aster DM Healthcare Limited	2,451	0.5
Lufax Holding Ltd	2,419	0.1
Estun Automation Co., Ltd.	2,250	0.3
Kaynes Technology India Limited	2,201	1.0
Zai Lab Limited	1,589	0.5
Kirloskar Oil Engines Limited	1,494	1.2
Amber Enterprises India Ltd.	1,478	0.7
JM Financial Limited	856	0.8
Aarti Pharmalabs Limited	473	0.5
Neogen Chemicals Limited	378	0.4
		97.2%*

* 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
Microsoft Corporation	$3,126,133	9.7%
Apple Inc.	2,647,974	1.4
NVIDIA Corporation	2,258,900	9.7
Amazon.com, Inc.	1,873,676	9.9
Meta Platforms, Inc.	1,237,940	4.4
Taiwan Semiconductor Manufacturing Company Limited	623,183	3.5
Broadcom Inc.	614,223	4.6
Visa Inc.	575,182	0.8
Tesla, Inc.	559,854	1.4
Mastercard Incorporated	449,253	0.8
ASML Holding N.V.	384,620	2.0
Advanced Micro Devices, Inc.	291,633	4.4
Intuit Inc.	181,986	2.0
ServiceNow, Inc.	156,292	1.6
Micron Technology, Inc.	130,548	2.0
Lam Research Corporation	127,376	3.1
Shopify Inc.	99,879	0.8
CrowdStrike Holdings, Inc.	77,541	0.7
Workday, Inc.	72,006	2.0
Marvell Technology, Inc.	61,382	1.0
Snowflake Inc.	54,007	1.3
Spotify Technology S.A.	$52,339	4.0%
The Trade Desk	42,743	2.0
Datadog, Inc.	41,020	1.1
CoStar Group, Inc.	39,452	4.3
Gartner, Inc.	37,165	2.9
Monolithic Power Systems, Inc.	32,964	0.6
Cloudflare, Inc.	32,696	1.0
HubSpot, Inc.	31,751	0.8
Take-Two Interactive Software, Inc.	25,330	0.8
Dynatrace, Inc.	13,746	1.3
BE Semiconductor Industries N.V.	12,517	1.0
Astera Labs, Inc.	11,535	0.9
Dayforce, Inc.	10,369	1.1
Guidewire Software, Inc.	9,725	1.2
GitLab Inc.	9,250	1.2
Reddit, Inc.	8,004	0.4
Intapp, Inc.	2,479	1.1
indie Semiconductor, Inc.	1,297	2.0
PAR Technology Corporation	1,292	2.2
eDreams ODIGEO SA	929	0.8
		97.5%*

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

Baron Asset Fund — PORTFOLIO OF INVESTMENTS (UNAUDITED)

MARCH 31, 2024

Shares		Cost	Value
Common Stocks (96.38%)			
Communication Services (1.55%)			
	Advertising (1.00%)		
524,000	The Trade Desk, Inc., Cl A[1]	$ 10,100,895	$ 45,808,080
	Movies & Entertainment (0.55%)		
95,000	Spotify Technology SA[1,2]	23,132,410	25,070,500
Total Communication Services		33,233,305	70,878,580
Consumer Discretionary (7.76%)			
	Footwear (1.17%)		
351,069	Birkenstock Holding PLC[1,2]	16,149,174	16,588,010
1,037,000	On Holding AG, Cl A[1,2]	30,424,600	36,689,060
		46,573,774	53,277,070
	Home Improvement Retail (0.60%)		
211,000	Floor & Decor Holdings, Inc., Cl A[1]	18,452,772	27,349,820
	Hotels, Resorts & Cruise Lines (3.28%)		
503,442	Choice Hotels International, Inc.	2,156,126	63,609,897
31,000	Hilton Worldwide Holdings, Inc.	6,489,341	6,612,610
500,233	Hyatt Hotels Corp., Cl A	13,700,166	79,847,191
		22,345,633	150,069,698
	Leisure Facilities (2.71%)		
555,538	Vail Resorts, Inc.	10,743,565	123,790,533
Total Consumer Discretionary		98,115,744	354,487,121
Financials (13.65%)			
	Asset Management & Custody Banks (0.41%)		
154,514	T. Rowe Price Group, Inc.	3,727,484	18,838,347
	Financial Exchanges & Data (5.75%)		
342,725	FactSet Research Systems, Inc.	18,325,485	155,730,813
156,000	Morningstar, Inc.	32,512,227	48,105,720
47,000	MSCI, Inc.	15,780,557	26,341,150
311,189	Tradeweb Markets, Inc., Cl A	11,725,465	32,416,558
		78,343,734	262,594,241
	Insurance Brokers (0.51%)		
84,421	Willis Towers Watson PLC[2]	10,305,610	23,215,775
	Investment Banking & Brokerage (2.87%)		
1,613,936	The Charles Schwab Corp.	1,420,851	116,752,130
54,000	LPL Financial Holdings, Inc.	12,105,109	14,266,800
		13,525,960	131,018,930
	Property & Casualty Insurance (4.11%)		
2,031,444	Arch Capital Group Ltd.[1,2]	7,307,976	187,786,683
Total Financials		113,210,764	623,453,976
Health Care (22.91%)			
	Biotechnology (0.33%)		
38,366	argenx SE, ADR[1,2]	12,332,714	15,105,462
	Health Care Equipment (7.53%)		
343,000	DexCom, Inc.[1]	21,683,691	47,574,100
548,630	IDEXX Laboratories, Inc.[1]	9,741,988	296,221,796
		31,425,679	343,795,896
	Health Care Supplies (1.72%)		
773,672	Cooper Cos., Inc.	30,234,022	78,496,761
	Health Care Technology (1.89%)		
372,386	Veeva Systems, Inc., Cl A[1]	20,675,207	86,278,112

Shares		Cost	Value
Common Stocks (continued)			
Health Care (continued)			
	Life Sciences Tools & Services (11.44%)		
1,404,944	Bio-Techne Corporation	$ 33,796,494	$ 98,894,008
184,000	ICON plc[1,2]	39,500,431	61,814,800
157,117	Mettler-Toledo International, Inc.[1]	9,187,095	209,168,291
179,000	Repligen Corp.[1]	30,336,045	32,921,680
302,404	West Pharmaceutical Services, Inc.	13,012,900	119,664,287
		125,832,965	522,463,066
Total Health Care		220,500,587	1,046,139,297
Industrials (14.79%)			
	Aerospace & Defense (0.38%)		
55,000	Axon Enterprise, Inc.[1]	10,716,158	17,208,400
	Construction & Engineering (1.62%)		
285,000	Quanta Services, Inc.	47,697,751	74,043,000
	Data Processing & Outsourced Services (1.00%)		
710,076	SS&C Technologies Holdings, Inc.	19,218,215	45,707,592
	Environmental & Facilities Services (1.53%)		
1,514,418	Rollins, Inc.	21,152,732	70,072,121
	Human Resource & Employment Services (2.19%)		
1,508,093	Dayforce, Inc. (formerly, Ceridian HCM Holding, Inc.)[1]	57,095,886	99,850,838
	Industrial Machinery & Supplies & Components (1.54%)		
287,760	IDEX Corp.	20,579,527	70,219,195
	Research & Consulting Services (6.53%)		
180,000	Booz Allen Hamilton Holding Corp.	19,582,209	26,719,200
827,500	TransUnion	34,946,379	66,034,500
871,206	Verisk Analytics, Inc.	21,340,017	205,369,390
		75,868,605	298,123,090
Total Industrials		252,328,874	675,224,236
Information Technology (28.61%)			
	Application Software (13.33%)		
306,250	ANSYS, Inc.[1]	8,130,637	106,317,750
161,026	Aspen Technology, Inc.[1]	29,330,886	34,343,625
121,000	Fair Isaac Corp.[1]	49,234,200	151,202,810
1,310,809	Guidewire Software, Inc.[1]	66,916,460	152,984,519
370,000	Procore Technologies, Inc.[1]	27,028,150	30,402,900
238,192	Roper Technologies, Inc.	19,882,431	133,587,601
		200,522,764	608,839,205
	Electronic Components (2.09%)		
829,000	Amphenol Corp., Cl A	39,080,301	95,625,150
	Internet Services & Infrastructure (1.45%)		
348,103	Verisign, Inc.[1]	15,787,379	65,969,000
	IT Consulting & Other Services (9.75%)		
934,323	Gartner, Inc.[1]	19,158,422	445,363,744
	Technology Distributors (1.99%)		
355,363	CDW Corp.	22,129,555	90,894,748
Total Information Technology		296,678,421	1,306,691,847

Baron Asset Fund — PORTFOLIO OF INVESTMENTS (UNAUDITED) (Continued)

MARCH 31, 2024

Shares		Cost	Value
Common Stocks (continued)			
Real Estate (7.11%)			
	Data Center REITs (1.00%)		
55,416	Equinix, Inc.	$ 3,568,755	$ 45,736,487
	Real Estate Services (5.86%)		
516,323	CBRE Group, Inc., Cl A[1]	5,774,214	50,207,249
2,248,930	CoStar Group, Inc.[1]	47,365,826	217,246,638
		53,140,040	267,453,887
	Telecom Tower REITs (0.25%)		
53,856	SBA Communications Corp.	1,210,360	11,670,595
Total Real Estate		57,919,155	324,860,969
TOTAL COMMON STOCKS		**1,071,986,850**	**4,401,736,026**
Private Common Stocks (1.38%)			
Communication Services (1.04%)			
	Movies & Entertainment (1.04%)		
197,613	StubHub Holdings, Inc., Cl A[1,3,4]	50,000,041	47,334,242
Industrials (0.34%)			
	Aerospace & Defense (0.34%)		
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**	**63,081,028**
Private Preferred Stocks (2.05%)			
Industrials (2.05%)			
	Aerospace & Defense (2.05%)		
96,298	Space Exploration Technologies Corp., Series N[1,3,4]	**26,000,460**	**93,409,060**

Principal Amount		Cost	Value
Short-Term Investments (0.17%)			
$7,841,272	Repurchase Agreement with Fixed Income Clearing Corp., dated 3/28/2024, 4.85% due 4/1/2024; Proceeds at maturity $7,845,497; (Fully Collateralized by $8,734,900 U.S. Treasury Note, 0.75% due 8/31/2026 Market value - $7,998,100)	**$ 7,841,272**	**$ 7,841,272**
TOTAL INVESTMENTS (99.98%)		**$1,168,328,649**	**4,566,067,386**
CASH AND OTHER ASSETS LESS LIABILITIES (0.02%)			**1,065,032**
NET ASSETS			**$4,567,132,418**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
[3] At March 31, 2024, the market value of restricted and fair valued securities amounted to $156,490,088 or 3.43% 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 (UNAUDITED)

MARCH 31, 2024

Shares		Cost	Value
Common Stocks (99.76%)			
Communication Services (2.40%)			
	Alternative Carriers (2.40%)		
7,375,000	Iridium Communications, Inc.[4]	$ 44,987,505	$ 192,930,000
Consumer Discretionary (14.70%)			
	Apparel, Accessories & Luxury Goods (0.67%)		
10,884,539	Figs, Inc., Cl A[1]	79,473,620	54,205,004
	Casinos & Gaming (1.83%)		
440,000	Boyd Gaming Corporation	11,056,072	29,620,800
1,968,677	Red Rock Resorts, Inc., Cl A	43,528,673	117,766,258
		54,584,745	147,387,058
	Education Services (1.09%)		
775,000	Bright Horizons Family Solutions, Inc.[1]	24,595,304	87,854,000
	Hotels, Resorts & Cruise Lines (4.71%)		
3,000,000	Choice Hotels International, Inc.[4]	75,582,685	379,050,000
	Leisure Facilities (5.54%)		
2,000,000	Vail Resorts, Inc.[4]	56,102,209	445,660,000
	Restaurants (0.86%)		
4,540,000	Krispy Kreme, Inc.	65,918,556	69,166,900
Total Consumer Discretionary		356,257,119	1,183,322,962
Financials (46.26%)			
	Asset Management & Custody Banks (2.63%)		
1,600,000	The Carlyle Group, Inc.	32,614,747	75,056,000
1,775,000	Cohen & Steers, Inc.	37,640,938	136,479,750
		70,255,685	211,535,750
	Commercial & Residential Mortgage Finance (0.39%)		
520,000	Essent Group Ltd.[2]	14,300,210	30,945,200
	Financial Exchanges & Data (20.69%)		
1,200,000	FactSet Research Systems, Inc.	59,954,575	545,268,000
925,000	Morningstar, Inc.	18,840,637	285,242,250
1,490,000	MSCI, Inc.	27,417,980	835,070,500
		106,213,192	1,665,580,750
	Investment Banking & Brokerage (0.96%)		
450,000	Houlihan Lokey, Inc.	19,625,873	57,685,500
350,000	Moelis & Co., Cl A	4,682,331	19,869,500
		24,308,204	77,555,000
	Life & Health Insurance (4.71%)		
1,500,000	Primerica, Inc.	31,190,715	379,440,000
	Property & Casualty Insurance (16.88%)		
9,025,000	Arch Capital Group Ltd.[1,2]	28,122,057	834,271,000
1,000,000	Kinsale Capital Group, Inc.	35,007,763	524,740,000
		63,129,820	1,359,011,000
Total Financials		309,397,826	3,724,067,700

Shares		Cost	Value
Common Stocks (continued)			
Health Care (8.89%)			
	Health Care Equipment (3.35%)		
500,000	IDEXX Laboratories, Inc.[1]	$ 6,993,471	$ 269,965,000
	Health Care Supplies (0.26%)		
1,342,434	Neogen Corp.[1]	17,026,471	21,183,609
	Life Sciences Tools & Services (5.28%)		
2,700,000	Bio-Techne Corporation	35,319,438	190,053,000
65,000	Mettler-Toledo International, Inc.[1]	2,972,255	86,533,850
375,000	West Pharmaceutical Services, Inc.	12,660,506	148,391,250
		50,952,199	424,978,100
Total Health Care		74,972,141	716,126,709
Industrials (1.24%)			
	Building Products (1.24%)		
1,000,000	Trex Co., Inc.[1]	8,972,042	99,750,000
Information Technology (15.26%)			
	Application Software (6.44%)		
725,000	Altair Engineering, Inc., Cl A[1]	11,330,019	62,458,750
990,000	ANSYS, Inc.[1]	22,569,533	343,688,400
305,000	Clearwater Analytics Holdings, Inc., Cl A[1]	4,682,009	5,395,450
915,000	Guidewire Software, Inc.[1]	27,661,456	106,789,650
		66,243,017	518,332,250
	IT Consulting & Other Services (8.82%)		
1,490,000	Gartner, Inc.[1]	20,640,403	710,238,300
Total Information Technology		86,883,420	1,228,570,550
Real Estate (11.01%)			
	Office REITs (1.81%)		
700,000	Alexandria Real Estate Equities, Inc.	24,195,006	90,237,000
4,000,000	Douglas Emmett, Inc.	35,524,931	55,480,000
		59,719,937	145,717,000
	Other Specialized REITs (3.03%)		
5,300,000	Gaming and Leisure Properties, Inc.	110,905,424	244,171,000
	Real Estate Services (6.17%)		
5,140,000	CoStar Group, Inc.[1]	21,461,380	496,524,000
Total Real Estate		192,086,741	886,412,000
TOTAL COMMON STOCKS		**1,073,556,794**	**8,031,179,921**
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 (Unaudited) (Continued)

March 31, 2024

Shares		Cost	Value
Private Convertible Preferred Stocks (0.15%)			
Industrials (0.15%)			
	Electrical Components & Equipment (0.15%)		
59,407,006	Northvolt AB (Sweden)[1,2,3,5]	$ 9,374,989	$ 11,993,680
TOTAL INVESTMENTS (99.92%)		**$1,099,231,785**	**8,043,959,038**
CASH AND OTHER ASSETS LESS LIABILITIES (0.08%)			**6,670,897**
NET ASSETS			**$8,050,629,935**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 At March 31, 2024, the market value of restricted and fair valued securities amounted to $12,779,117 or 0.16% 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 (UNAUDITED)

MARCH 31, 2024

Shares		Cost	Value
Common Stocks (98.51%)			
Communication Services (3.99%)			
	Advertising (1.34%)		
750,000	The Trade Desk, Inc., Cl A[1]	$ 2,662,500	$ 65,565,000
	Movies & Entertainment (2.65%)		
1,200,000	Liberty Media Corp.-Liberty Formula One, Cl C[1]	20,511,579	78,720,000
207,610	Liberty Media Corporation-Liberty Live, Cl C[1]	680,178	9,097,470
225,000	Madison Square Garden Sports Corp.[1]	8,416,557	41,517,000
		29,608,314	129,334,470
Total Communication Services		32,270,814	194,899,470
Consumer Discretionary (17.13%)			
	Automotive Parts & Equipment (1.42%)		
900,000	Fox Factory Holding Corp.[1]	67,818,000	46,863,000
5,000,000	Holley, Inc.[1]	40,431,893	22,300,000
		108,249,893	69,163,000
	Casinos & Gaming (4.49%)		
875,000	DraftKings, Inc., Cl A[1]	11,187,787	39,733,750
3,000,000	Red Rock Resorts, Inc., Cl A	86,392,310	179,460,000
		97,580,097	219,193,750
	Education Services (1.45%)		
625,000	Bright Horizons Family Solutions, Inc.[1]	19,174,147	70,850,000
	Home Improvement Retail (2.26%)		
850,000	Floor & Decor Holdings, Inc., Cl A[1]	30,054,925	110,177,000
	Homebuilding (3.31%)		
625,000	Installed Building Products, Inc.	28,122,724	161,706,250
	Leisure Facilities (1.70%)		
1,325,000	Planet Fitness, Inc., Cl A[1]	58,847,372	82,984,750
	Restaurants (1.63%)		
2,200,000	The Cheesecake Factory, Inc.	60,116,924	79,530,000
	Specialized Consumer Services (0.87%)		
3,265,000	European Wax Center, Inc., Cl A[1]	57,512,147	42,379,700
Total Consumer Discretionary		459,658,229	835,984,450
Consumer Staples (2.07%)			
	Packaged Foods & Meats (1.23%)		
3,250,000	UTZ Brands, Inc.	51,593,468	59,930,000
	Personal Care Products (0.84%)		
950,000	Oddity Tech Ltd.[1,2]	35,054,635	41,277,500
Total Consumer Staples		86,648,103	101,207,500

Shares		Cost	Value
Common Stocks (continued)			
Financials (10.77%)			
	Insurance Brokers (1.93%)		
3,250,000	BRP Group, Inc., Cl A[1]	$ 54,388,028	$ 94,055,000
	Investment Banking & Brokerage (1.64%)		
625,000	Houlihan Lokey, Inc.	28,909,333	80,118,750
	Property & Casualty Insurance (5.11%)		
475,000	Kinsale Capital Group, Inc.	69,271,272	249,251,500
	Transaction & Payment Processing Services (2.09%)		
3,900,000	Repay Holdings Corporation[1]	33,541,410	42,900,000
250,000	WEX, Inc.[1]	10,329,020	59,382,500
		43,870,430	102,282,500
Total Financials		196,439,063	525,707,750
Health Care (11.43%)			
	Health Care Equipment (2.77%)		
550,000	DexCom, Inc.[1]	1,823,402	76,285,000
30,000	IDEXX Laboratories, Inc.[1]	414,061	16,197,900
200,000	Inspire Medical Systems, Inc.[1]	10,019,389	42,958,000
		12,256,852	135,440,900
	Health Care Supplies (1.62%)		
5,000,000	Neogen Corp.[1]	90,021,499	78,900,000
	Life Sciences Tools & Services (5.70%)		
700,000	ICON plc[1,2]	38,492,341	235,165,000
32,500	Mettler-Toledo International, Inc.[1]	1,571,421	43,266,925
		40,063,762	278,431,925
	Managed Health Care (1.34%)		
800,000	HealthEquity, Inc.[1]	13,208,486	65,304,000
Total Health Care		155,550,599	558,076,825
Industrials (32.88%)			
	Aerospace & Defense (3.76%)		
2,250,000	Kratos Defense & Security Solutions, Inc.[1]	34,436,698	41,355,000
650,000	Mercury Systems, Inc.[1]	14,295,325	19,175,000
100,000	TransDigm Group, Inc.[1]	0	123,160,000
		48,732,023	183,690,000
	Building Products (3.09%)		
6,000,000	Janus International Group, Inc.[1]	59,406,533	90,780,000
600,000	Trex Co., Inc.[1]	21,427,914	59,850,000
		80,834,447	150,630,000
	Diversified Support Services (0.65%)		
2,000,000	Driven Brands Holdings, Inc.[1]	45,741,820	31,580,000
	Electrical Components & Equipment (8.23%)		
500,000	Shoals Technologies Group, Inc., Cl A[1]	5,807,786	5,590,000
4,850,000	Vertiv Holdings Co.	48,986,646	396,099,500
		54,794,432	401,689,500

Baron Small Cap Fund — PORTFOLIO OF INVESTMENTS (UNAUDITED) (Continued)

MARCH 31, 2024

Shares		Cost	Value
Common Stocks (continued)			
Industrials (continued)			
	Environmental & Facilities Services (1.23%)		
350,000	Waste Connections, Inc.[2]	$ 15,283,333	$ 60,203,500
	Human Resource & Employment Services (6.29%)		
1,750,000	ASGN, Inc.[1]	55,248,585	183,330,000
950,000	Dayforce, Inc. (formerly, Cerdian HCM holding, Inc.)[1]	29,430,555	62,899,500
3,750,000	First Advantage Corp.[1]	60,629,977	60,825,000
		145,309,117	307,054,500
	Industrial Machinery & Supplies & Components (5.87%)		
875,000	Chart Industries, Inc.[1]	134,646,826	144,130,000
650,000	John Bean Technologies Corp.	58,463,810	68,178,500
275,000	RBC Bearings, Incorporated[1]	32,617,037	74,346,250
		225,727,673	286,654,750
	Research & Consulting Services (0.45%)		
265,000	Exponent, Inc.	20,189,458	21,912,850
	Trading Companies & Distributors (3.31%)		
925,000	SiteOne Landscape Supply, Inc.[1]	40,106,104	161,458,750
Total Industrials		676,718,407	1,604,873,850
Information Technology (17.94%)			
	Application Software (9.41%)		
500,000	Altair Engineering, Inc., Cl A[1]	7,667,854	43,075,000
350,000	Aspen Technology, Inc.[1]	32,534,028	74,648,000
2,300,000	Clearwater Analytics Holdings, Inc., Cl A[1]	41,014,451	40,687,000
1,225,000	Guidewire Software, Inc.[1]	31,269,358	142,969,750
1,900,000	Intapp, Inc.[1]	75,158,999	65,170,000
925,000	nCino, Inc.[1]	30,666,230	34,576,500
975,000	Sprout Social, Inc., Cl A[1]	54,910,448	58,217,250
		273,221,368	459,343,500
	Electronic Equipment & Instruments (1.30%)		
1,500,000	Cognex Corp.	25,832,808	63,630,000
	IT Consulting & Other Services (6.50%)		
800,000	Endava plc, ADR[1,2]	27,430,574	30,432,000
525,000	Gartner, Inc.[1]	6,820,144	250,251,750
3,000,000	Grid Dynamics Holdings, Inc.[1]	36,322,597	36,870,000
		70,573,315	317,553,750
	Semiconductors (0.73%)		
5,000,000	indie Semiconductor, Inc., Cl A[1]	35,279,146	35,400,000
Total Information Technology		404,906,637	875,927,250
Materials (1.51%)			
	Specialty Chemicals (1.51%)		
1,700,000	Avient Corp.	$ 53,733,696	$ 73,780,000
Real Estate (0.79%)			
	Industrial REITs (0.43%)		
850,000	Americold Realty Trust, Inc.	12,961,599	21,182,000
	Telecom Tower REITs (0.36%)		
80,000	SBA Communications Corp.	322,222	17,336,000
Total Real Estate		13,283,821	38,518,000
TOTAL COMMON STOCKS		**2,079,209,369**	**4,808,975,095**

Principal Amount		Cost	Value
Short-Term Investments (6.32%)			
$308,630,336	Repurchase Agreement with Fixed Income Clearing Corp., dated 3/28/2024, 4.85% due 4/1/2024; Proceeds at maturity $308,796,654; (Fully Collateralized by $17,399,000 U.S. Treasury Note, 4.875% due 10/31/2030 Market value - $18,405,462 and Fully Collateralized by $50,000,000 U.S. Treasury Note, 2.25% due 8/15/2027 Market value - $46,881,761 and Fully Collateralized by $263,349,200 U.S. Treasury Note, 0.75% due 8/31/2026 Market value - $241,135,371 and Fully Collateralized by $7,961,100 U.S. Treasury Bond, 4.75% due 2/15/2041 Market value - $8,380,397)	**308,630,336**	**308,630,336**
TOTAL INVESTMENTS (104.83%)		**$2,387,839,705**	**5,117,605,431**
LIABILITIES LESS CASH AND OTHER ASSETS (-4.83%)			**(235,845,695)**
NET ASSETS			**$4,881,759,736**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
ADR American Depositary Receipt.

Baron Opportunity Fund — PORTFOLIO OF INVESTMENTS (Unaudited)

March 31, 2024

Shares		Cost	Value
Common Stocks (95.91%)			
Communication Services (9.46%)			
	Advertising (1.91%)		
285,510	The Trade Desk, Inc., Cl A[1]	$ 8,852,747	$ 24,959,284
	Interactive Home Entertainment (0.92%)		
80,700	Take-Two Interactive Software, Inc.[1]	8,525,083	11,983,143
	Interactive Media & Services (5.08%)		
125,000	Meta Platforms, Inc., Cl A	25,296,610	60,697,500
117,997	Reddit, Inc., Cl A[1]	4,011,898	5,819,612
		29,308,508	66,517,112
	Movies & Entertainment (1.55%)		
76,700	Spotify Technology SA[1,2]	18,560,766	20,241,130
Total Communication Services		65,247,104	123,700,669
Consumer Discretionary (11.48%)			
	Automobile Manufacturers (3.74%)		
900,183	Rivian Automotive, Inc., Cl A[1]	14,097,732	9,857,004
222,400	Tesla, Inc.[1]	11,164,677	39,095,696
		25,262,409	48,952,700
	Automotive Parts & Equipment (1.05%)		
425,200	Mobileye Global, Inc., Cl A[1]	13,388,153	13,670,180
	Broadline Retail (6.69%)		
485,500	Amazon.com, Inc.[1]	29,742,116	87,574,490
Total Consumer Discretionary		68,392,678	150,197,370
Financials (4.85%)			
	Transaction & Payment Processing Services (4.85%)		
62,300	MasterCard, Incorporated, Cl A	13,361,059	30,001,811
119,900	Visa, Inc., Cl A	18,936,666	33,461,692
Total Financials		32,297,725	63,463,503
Health Care (10.00%)			
	Biotechnology (6.94%)		
141,000	Arcellx, Inc.[1]	9,894,704	9,806,550
64,739	argenx SE, ADR[1,2]	9,490,491	25,489,039
195,500	Legend Biotech Corp., ADR[1,2]	11,458,559	10,965,595
690,270	Rocket Pharmaceuticals, Inc.[1]	12,666,542	18,595,874
316,600	Viking Therapeutics, Inc.[1]	4,645,174	25,961,200
		48,155,470	90,818,258
	Health Care Equipment (3.06%)		
52,005	Intuitive Surgical, Inc.[1]	7,280,110	20,754,675
58,900	Shockwave Medical, Inc.[1]	6,096,143	19,179,607
		13,376,253	39,934,282
Total Health Care		61,531,723	130,752,540
Industrials (1.29%)			
	Human Resource & Employment Services (1.29%)		
255,570	Dayforce, Inc. (formerly, Cerdian HCM Holding, Inc.)[1]	13,070,250	16,921,290

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (54.60%)			
	Application Software (7.42%)		
226,500	Gitlab, Inc., Cl A[1,4]	$ 9,190,621	$ 13,209,480
175,100	Guidewire Software, Inc.[1]	5,058,280	20,435,921
23,700	HubSpot, Inc.[1]	8,267,320	14,849,472
33,500	ServiceNow, Inc.[1,4]	6,318,061	25,540,400
84,200	Workday, Inc., Cl A[1]	14,068,302	22,965,550
		42,902,584	97,000,823
	Internet Services & Infrastructure (1.30%)		
220,500	Shopify, Inc., Cl A[1,2]	8,065,470	17,015,985
	IT Consulting & Other Services (3.01%)		
82,687	Gartner, Inc.[1]	3,622,097	39,414,412
	Semiconductor Materials & Equipment (2.35%)		
21,300	ASML Holding N.V.[2]	10,043,235	20,671,011
10,400	Lam Research Corp.	7,886,287	10,104,328
		17,929,522	30,775,339
	Semiconductors (22.37%)		
218,400	Advanced Micro Devices, Inc.[1]	18,467,008	39,419,016
156,010	Astera Labs, Inc.[1]	5,616,360	11,574,382
18,900	Broadcom, Inc.	24,920,439	25,050,249
3,047,600	indie Semiconductor, Inc., Cl A[1]	20,711,288	21,577,008
188,400	Marvell Technology, Inc.	7,574,280	13,353,792
21,700	Monolithic Power Systems, Inc.	8,272,571	14,700,014
167,400	NVIDIA Corp.	12,920,458	151,255,944
115,000	Taiwan Semiconductor Manufacturing Co., Ltd., ADR[2]	13,356,263	15,645,750
		111,838,667	292,576,155
	Systems Software (18.15%)		
110,800	Cloudflare, Inc., Cl A[1,4]	4,372,897	10,728,764
57,423	Crowdstrike Holdings, Inc., Cl A[1]	3,453,213	18,409,240
130,000	Datadog, Inc., Cl A[1,4]	10,938,166	16,068,000
428,400	Microsoft Corporation	63,017,174	180,236,448
74,508	Snowflake, Inc., Cl A[1,4]	9,803,991	12,040,493
		91,585,441	237,482,945
Total Information Technology		275,943,781	714,265,659
Real Estate (4.23%)			
	Data Center REITs (0.91%)		
14,425	Equinix, Inc.	2,625,844	11,905,385
	Real Estate Services (3.32%)		
450,130	CoStar Group, Inc.[1]	22,656,056	43,482,558
Total Real Estate		25,281,900	55,387,943
TOTAL COMMON STOCKS		**541,765,161**	**1,254,688,974**
Private Common Stocks (1.15%)			
Communication Services (0.10%)			
	Interactive Media & Services (0.10%)		
50,000	X Holdings I, Inc., Cl A[1,3,4]	5,000,000	1,366,000

Baron Opportunity Fund — PORTFOLIO OF INVESTMENTS (UNAUDITED) (Continued)

MARCH 31, 2024

Shares		Cost	Value
Private Common Stocks (continued)			
Industrials (1.02%)			
	Aerospace & Defense (1.02%)		
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 (0.21%)			
Materials (0.21%)			
	Fertilizers & Agricultural Chemicals (0.21%)		
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 (1.50%)			
Industrials (1.50%)			
	Aerospace & Defense (1.37%)		
18,519	Space Exploration Technologies Corp., Series N[1,3,4]	5,000,130	17,963,430
	Passenger Ground Transportation (0.13%)		
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 (1.01%)			
$13,197,327	Repurchase Agreement with Fixed Income Clearing Corp., dated 3/28/2024, 4.85% due 4/1/2024; Proceeds at maturity $13,204,438; (Fully Collateralized by $14,701,400 U.S. Treasury Note, 0.75% due 8/31/2026 Market value - $13,461,319)	**$ 13,197,327**	**$ 13,197,327**
TOTAL INVESTMENTS (99.78%)		**$585,966,380**	**1,305,242,746**
CASH AND OTHER ASSETS LESS LIABILITIES (0.22%)			**2,916,374**
NET ASSETS			**$1,308,159,120**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 At March 31, 2024, the market value of restricted and fair valued securities amounted to $37,356,445 or 2.86% 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).
^ Rounds to less than 0.01%.
ADR American Depositary Receipt.

Baron Partners Fund — PORTFOLIO OF INVESTMENTS (Unaudited)

March 31, 2024

Shares		Cost	Value
Common Stocks (102.32%)			
Communication Services (1.90%)			
	Alternative Carriers (0.90%)		
2,075,000	Iridium Communications, Inc.[6]	$ 53,835,021	$ 54,282,000
	Movies & Entertainment (1.00%)		
230,000	Spotify Technology SA[1,2,6]	37,473,451	60,697,000
Total Communication Services		91,308,472	114,979,000
Consumer Discretionary (50.37%)			
	Automobile Manufacturers (34.07%)		
11,725,000	Tesla, Inc.[1,5,6]	175,518,427	2,061,137,750
	Casinos & Gaming (1.79%)		
1,810,000	Red Rock Resorts, Inc., Cl A[6]	63,666,953	108,274,200
	Footwear (1.35%)		
1,725,000	Birkenstock Holding PLC[1,2]	78,199,680	81,506,250
	Hotels, Resorts & Cruise Lines (8.74%)		
3,315,000	Hyatt Hotels Corp., Cl A[6]	114,968,632	529,140,300
	Leisure Facilities (4.42%)		
1,200,000	Vail Resorts, Inc.[6]	97,413,753	267,396,000
Total Consumer Discretionary		529,767,445	3,047,454,500
Financials (22.91%)			
	Financial Exchanges & Data (7.72%)		
720,000	FactSet Research Systems, Inc.[6]	54,960,987	327,160,800
250,000	MSCI, Inc.[6]	88,967,758	140,112,500
		143,928,745	467,273,300
	Investment Banking & Brokerage (5.32%)		
4,450,000	The Charles Schwab Corp.[6]	116,522,853	321,913,000
	Property & Casualty Insurance (9.87%)		
6,460,000	Arch Capital Group Ltd.[1,2,6]	29,483,256	597,162,400
Total Financials		289,934,854	1,386,348,700
Health Care (6.25%)			
	Health Care Equipment (6.25%)		
700,000	IDEXX Laboratories, Inc.[1,6]	30,611,907	377,951,000
Industrials (0.69%)			
	Aerospace & Defense (0.69%)		
125,625	HEICO Corp.[6]	9,632,520	23,994,375
116,875	HEICO Corp., Cl A[6]	7,586,429	17,991,737
Total Industrials		17,218,949	41,986,112

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (7.14%)			
	Application Software (1.77%)		
915,000	Guidewire Software, Inc.[1,6]	$ 74,266,878	$ 106,789,650
	IT Consulting & Other Services (5.37%)		
682,000	Gartner, Inc.[1,6]	81,737,694	325,088,940
Total Information Technology		156,004,572	431,878,590
Real Estate (13.06%)			
	Other Specialized REITs (1.37%)		
1,800,000	Gaming and Leisure Properties, Inc.[6]	56,598,100	82,926,000
	Real Estate Services (11.69%)		
7,320,000	CoStar Group, Inc.[1]	98,483,892	707,112,000
Total Real Estate		155,081,992	790,038,000
TOTAL COMMON STOCKS		**1,269,928,191**	**6,190,635,902**
Private Common Stocks (5.09%)			
Communication Services (1.05%)			
	Interactive Media & Services (0.27%)		
600,000	X Holdings I, Inc., Cl A[1,3,4]	60,000,000	16,392,000
	Movies & Entertainment (0.78%)		
197,613	StubHub Holdings, Inc., Cl A[1,3,4]	50,000,041	47,334,242
Total Communication Services		110,000,041	63,726,242
Industrials (4.04%)			
	Aerospace & Defense (4.04%)		
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**	**308,022,682**
Private Convertible Preferred Stocks (0.12%)			
Industrials (0.12%)			
	Electrical Components & Equipment (0.12%)		
21,213,656	Northvolt AB, Series E2 (Sweden)[1,3,4]	**7,843,621**	**6,924,604**

Baron Partners Fund — PORTFOLIO OF INVESTMENTS (UNAUDITED) (Continued)

MARCH 31, 2024

Shares		Cost	Value
Private Preferred Stocks (8.88%)			
Industrials (8.88%)			
	Aerospace & Defense (8.88%)		
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**
TOTAL INVESTMENTS (116.41%)		**$1,516,021,860**	**7,042,845,818**
LIABILITIES LESS CASH AND OTHER ASSETS (-16.41%)			**(992,821,473)**
NET ASSETS			**$6,050,024,345**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 At March 31, 2024, the market value of restricted and fair valued securities amounted to $852,209,916 or 14.09% 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. At March 31, 2024, the total market value of pledged securities amounted to $2,026,592,124 or 33.50% of net assets.

Baron Fifth Avenue Growth Fund — PORTFOLIO OF INVESTMENTS (UNAUDITED)

MARCH 31, 2024

Shares		Cost	Value
Common Stocks (98.70%)			
Communication Services (12.35%)			
	Advertising (3.61%)		
252,622	The Trade Desk, Inc., Cl A[1]	$ 14,551,081	$ 22,084,215
	Interactive Media & Services (8.74%)		
62,225	Alphabet, Inc., Cl A[1]	8,422,082	9,391,620
90,909	Meta Platforms Inc., Cl A	6,630,519	44,143,592
		15,052,601	53,535,212
Total Communication Services		29,603,682	75,619,427
Consumer Discretionary (18.64%)			
	Automobile Manufacturers (3.54%)		
471,580	Rivian Automotive, Inc., Cl A[1]	12,257,318	5,163,801
93,883	Tesla, Inc.[1]	24,345,419	16,503,693
		36,602,737	21,667,494
	Automotive Parts & Equipment (1.23%)		
234,652	Mobileye Global, Inc., Cl A[1]	5,848,393	7,544,062
	Broadline Retail (13.87%)		
287,686	Amazon.com, Inc.[1]	2,726,880	51,892,801
680,704	Coupang, Inc., Cl A[1]	12,159,012	12,109,724
13,817	MercadoLibre, Inc.[1]	9,299,061	20,890,751
		24,184,953	84,893,276
Total Consumer Discretionary		66,636,083	114,104,832
Financials (6.52%)			
	Transaction & Payment Processing Services (6.52%)		
5,491	Adyen N.V., 144A (Netherlands)[1,2]	4,111,141	9,275,048
155,798	Block, Inc.[1]	9,308,980	13,177,395
36,284	MasterCard Incorporated, Cl A	1,493,353	17,473,286
Total Financials		14,913,474	39,925,729
Health Care (9.64%)			
	Biotechnology (2.11%)		
32,834	argenx SE, ADR[1,2]	10,908,181	12,927,403
	Health Care Equipment (4.88%)		
74,792	Intuitive Surgical, Inc.[1]	8,845,700	29,848,739
	Health Care Technology (1.66%)		
43,814	Veeva Systems, Inc., Cl A[1]	2,802,912	10,151,266
	Life Sciences Tools & Services (0.99%)		
44,160	Illumina, Inc.[1]	4,995,828	6,064,051
Total Health Care		27,552,621	58,991,459
Information Technology (51.55%)			
	Application Software (8.91%)		
34,349	Atlassian Corp., Cl A[1,2]	8,918,542	6,701,833
108,633	Gitlab, Inc., Cl A[1,4]	6,989,883	6,335,477
54,458	ServiceNow, Inc.[1,4]	20,815,805	41,518,779
		36,724,230	54,556,089
	Internet Services & Infrastructure (5.18%)		
411,171	Shopify, Inc., Cl A[1,2]	15,469,462	31,730,066
	IT Consulting & Other Services (1.25%)		
201,215	Endava plc, ADR[1,2]	18,269,296	7,654,219
	Semiconductor Materials & Equipment (3.10%)		
19,541	ASML Holding N.V.[2]	1,203,894	18,963,954
Common Stocks (continued)			
Information Technology (continued)			
	Semiconductors (14.74%)		
99,836	NVIDIA Corp.	$ 14,369,276	$ 90,207,816
	Systems Software (18.37%)		
228,022	Cloudflare, Inc., Cl A[1,4]	17,270,235	22,079,370
87,980	Crowdstrike Holdings, Inc., Cl A[1]	4,891,583	28,205,508
151,618	Datadog, Inc., Cl A[1,4]	9,184,124	18,739,985
51,526	Microsoft Corporation	19,723,855	21,678,019
134,832	Snowflake, Inc., Cl A[1,4]	23,497,594	21,788,851
		74,567,391	112,491,733
Total Information Technology		160,603,549	315,603,877
TOTAL COMMON STOCKS		**299,309,409**	**604,245,324**
Private Common Stocks (0.85%)			
Industrials (0.85%)			
	Aerospace & Defense (0.85%)		
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 (0.13%)			
Industrials (0.13%)			
	Passenger Ground Transportation (0.13%)		
133,288	GM Cruise Holdings LLC, Cl G[1,3,4]	**3,512,139**	**809,058**
Principal Amount			
Short-Term Investments (0.30%)			
$1,815,543	Repurchase Agreement with Fixed Income Clearing Corp., dated 3/28/2024, 4.85% due 4/1/2024; Proceeds at maturity $1,816,522; (Fully Collateralized by $2,022,500 U.S. Treasury Note, 0.75% due 8/31/2026 Market value - $1,851,900)	**1,815,543**	**1,815,543**
TOTAL INVESTMENTS (99.98%)		**$307,137,035**	**612,066,215**
CASH AND OTHER ASSETS LESS LIABILITIES (0.02%)			**134,171**
NET ASSETS			**$612,200,386**

% Represents percentage of net assets.

1 Non-income producing securities.

2 Foreign corporation.

3 At March 31, 2024, the market value of restricted and fair valued securities amounted to $6,005,348 or 0.98% of net assets. These securities are not deemed liquid.

4 The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI (unaudited).

ADR American Depositary Receipt.

144A Security is exempt from registration pursuant to Rule 144A under the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. At March 31, 2024, the market value of Rule 144A securities amounted to $9,275,048 or 1.52% of net assets.

Baron Focused Growth Fund — PORTFOLIO OF INVESTMENTS (Unaudited)

March 31, 2024

Shares		Cost	Value
Common Stocks (88.98%)			
Communication Services (6.35%)			
	Alternative Carriers (1.37%)		
730,000	Iridium Communications, Inc.	$ 16,852,106	$ 19,096,800
	Movies & Entertainment (4.98%)		
262,000	Spotify Technology SA[1,2]	35,016,218	69,141,800
Total Communication Services		51,868,324	88,238,600
Consumer Discretionary (39.92%)			
	Apparel, Accessories & Luxury Goods (2.51%)		
7,000,000	Figs, Inc., Cl A[1]	57,045,951	34,860,000
	Automobile Manufacturers (7.78%)		
615,000	Tesla, Inc.[1]	8,168,271	108,110,850
	Casinos & Gaming (7.04%)		
275,000	Las Vegas Sands Corp.	12,100,000	14,217,500
537,900	MGM Resorts International[1]	22,984,708	25,394,259
972,100	Red Rock Resorts, Inc., Cl A	33,702,803	58,151,022
		68,787,511	97,762,781
	Footwear (5.63%)		
540,000	Birkenstock Holding PLC[1,2]	24,754,411	25,515,000
1,490,000	On Holding AG, Cl A[1,2]	41,827,837	52,716,200
		66,582,248	78,231,200
	Hotels, Resorts & Cruise Lines (9.16%)		
375,000	Choice Hotels International, Inc.	30,286,830	47,381,250
500,000	Hyatt Hotels Corp., Cl A	24,424,810	79,810,000
		54,711,640	127,191,250
	Leisure Facilities (4.41%)		
275,000	Vail Resorts, Inc.	46,581,947	61,278,250
	Restaurants (3.39%)		
3,095,000	Krispy Kreme, Inc.	43,700,684	47,152,325
Total Consumer Discretionary		345,578,252	554,586,656
Financials (18.16%)			
	Financial Exchanges & Data (7.72%)		
125,000	FactSet Research Systems, Inc.	25,848,439	56,798,750
90,000	MSCI, Inc.	43,089,524	50,440,500
		68,937,963	107,239,250
	Investment Banking & Brokerage (4.45%)		
455,000	Interactive Brokers Group, Inc., Cl A	36,870,706	50,828,050
250,000	Jefferies Financial Group, Inc.	7,732,070	11,025,000
		44,602,776	61,853,050
	Property & Casualty Insurance (5.99%)		
900,000	Arch Capital Group Ltd.[1,2]	25,104,585	83,196,000
Total Financials		138,645,324	252,288,300
Health Care (4.83%)			
	Biotechnology (1.43%)		
215,000	BioNTech SE, ADR[1,2]	22,380,502	19,833,750
	Health Care Equipment (1.32%)		
34,000	IDEXX Laboratories, Inc.[1]	15,205,826	18,357,620
	Life Sciences Tools & Services (2.08%)		
210,000	Illumina, Inc.[1]	23,711,090	28,837,200
Total Health Care		61,297,418	67,028,570

Shares		Cost	Value
Common Stocks (continued)			
Industrials (2.72%)			
	Research & Consulting Services (2.72%)		
160,000	Verisk Analytics, Inc.	$ 28,339,398	$ 37,716,800
Information Technology (8.74%)			
	Application Software (6.80%)		
95,000	ANSYS, Inc.[1]	24,133,643	32,980,200
526,300	Guidewire Software, Inc.[1]	48,175,978	61,424,473
		72,309,621	94,404,673
	Internet Services & Infrastructure (1.94%)		
350,000	Shopify, Inc., Cl A[1,2]	15,502,933	27,009,500
Total Information Technology		87,812,554	121,414,173
Real Estate (8.26%)			
	Office REITs (2.98%)		
165,000	Alexandria Real Estate Equities, Inc.	23,085,133	21,270,150
1,450,000	Douglas Emmett, Inc.	21,593,180	20,111,500
		44,678,313	41,381,650
	Real Estate Services (4.66%)		
670,000	CoStar Group, Inc.[1]	17,611,255	64,722,000
	Single-Family Residential REITs (0.62%)		
235,000	American Homes 4 Rent, Cl A	5,062,679	8,643,300
Total Real Estate		67,352,247	114,746,950
TOTAL COMMON STOCKS		**780,893,517**	**1,236,020,049**
Private Common Stocks (5.40%)			
Industrials (5.40%)			
	Aerospace & Defense (5.40%)		
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**
Private Preferred Stocks (3.68%)			
Industrials (3.68%)			
	Aerospace & Defense (3.68%)		
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**

Baron Focused Growth Fund — PORTFOLIO OF INVESTMENTS (UNAUDITED) (Continued)

MARCH 31, 2024

Principal Amount		Cost	Value
Short-Term Investments (1.61%)			
$22,444,541	Repurchase Agreement with Fixed Income Clearing Corp., dated 3/28/2024, 4.85% due 4/1/2024; Proceeds at maturity $22,456,636; (Fully Collateralized by $24,036,700 U.S. Treasury Note, 3.50% due 2/15/2033 Market value - $22,893,440)	**$ 22,444,541**	**$ 22,444,541**
TOTAL INVESTMENTS (99.67%)		**$853,287,914**	**1,384,552,950**
CASH AND OTHER ASSETS LESS LIABILITIES (0.33%)			**4,580,451**
NET ASSETS			**$1,389,133,401**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
[3] At March 31, 2024, the market value of restricted and fair valued securities amounted to $126,088,360 or 9.08% 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 (UNAUDITED)

MARCH 31, 2024

Shares		Cost	Value
Common Stocks (96.26%)			
Brazil (5.24%)			
154,499	Afya Ltd., Cl A[1]	$ 2,253,892	$ 2,870,591
379,763	B3 S.A. - Brasil, Bolsa, Balcao	904,669	907,875
272,702	Localiza Rent a Car SA	3,332,266	2,973,112
242,594	NU Holdings Ltd., Cl A[1]	2,024,123	2,894,147
487,541	Suzano SA	4,270,040	6,219,419
137,298	XP, Inc., Cl A	2,178,756	3,523,067
Total Brazil		14,963,746	19,388,211
Canada (3.40%)			
59,111	Agnico Eagle Mines Ltd.	2,833,086	3,525,971
3,324	Constellation Software, Inc.	82,703	9,079,621
Total Canada		2,915,789	12,605,592
China (6.79%)			
25,658	Alibaba Group Holding Limited, ADR	2,176,194	1,856,613
30,053	Baidu, Inc., ADR[1]	3,379,506	3,163,980
439,401	Full Truck Alliance Co. Ltd., ADR[1]	2,960,131	3,194,445
315,119	Fuyao Glass Industry Group Co. Ltd., Cl A	1,912,802	1,872,689
1,733,827	Kingdee International Software Group Co. Ltd.[1]	1,413,983	1,962,115
169,045	Kingsoft Corp. Ltd.	533,070	521,729
17,697	PDD Holdings, Inc., ADR[1]	2,274,491	2,057,276
36,012	Shenzhen Mindray Bio-Medical Electronics Co. Ltd., Cl A	1,493,425	1,395,510
70,242	Tencent Holdings Limited	1,802,140	2,735,921
58,843	Tencent Holdings Limited, ADR	2,505,149	2,296,642
170,306	Tencent Music Entertainment Group, ADR[1]	1,541,698	1,905,724
24,170	Yum China Holdings, Inc.	1,169,463	961,725
75,362	Zai Lab Limited, ADR[1]	1,740,262	1,207,299
Total China		24,902,314	25,131,668
Denmark (2.39%)			
72,231	Genmab A/S, ADR[1]	2,771,184	2,160,429
52,177	Novo Nordisk AS, ADR	5,157,145	6,699,527
Total Denmark		7,928,329	8,859,956
France (6.13%)			
90,708	BNP Paribas S.A.	3,224,501	6,457,945
91,913	Eurofins Scientific SE	2,051,069	5,854,895
4,323	LVMH Moët Hennessy Louis Vuitton SE	966,601	3,889,818
12,801	Pernod Ricard SA	2,413,759	2,072,277
257,362	Waga Energy SA[1]	6,936,563	4,414,714
Total France		15,592,493	22,689,649
Germany (2.70%)			
87,722	Befesa SA, 144A	3,691,669	3,015,353
58,317	Symrise AG	4,716,219	6,981,177
Total Germany		8,407,888	9,996,530
Hong Kong (0.89%)			
241,981	Techtronic Industries Co. Ltd.	1,905,444	3,288,004

Shares		Cost	Value
Common Stocks (continued)			
India (8.95%)			
564,694	Bharti Airtel Ltd. PP	$ 2,973,239	$ 5,573,460
180,864	Godrej Consumer Products Ltd.	2,242,363	2,723,186
69,815	Godrej Properties Ltd.[1]	790,862	1,930,226
43,482	InterGlobe Aviation Ltd., 144A[1]	1,719,618	1,852,890
554,671	Jio Financial Services Ltd.[1]	1,367,711	2,358,124
1,955,053	JM Financial Limited[3]	2,166,178	1,758,994
35,971	Kaynes Technology India Ltd.[1]	1,180,835	1,246,373
166,064	Max Healthcare Institute Ltd.[3]	1,112,583	1,637,784
366,287	Nippon Life India Asset Management Ltd., 144A	1,180,808	2,070,189
165,687	Reliance Industries Limited	2,899,836	5,924,664
89,759	Tata Communications Ltd.	1,719,192	2,169,135
81,654	Trent Ltd.	1,517,231	3,875,768
Total India		20,870,456	33,120,793
Ireland (1.25%)			
453,184	Bank of Ireland Group PLC	3,319,157	4,624,775
Israel (3.67%)			
13,324	CyberArk Software Ltd.[1]	2,335,277	3,539,254
113,183	Oddity Tech Ltd.[1]	3,716,855	4,917,802
295,696	Taboola.com Ltd.[1]	1,656,256	1,312,890
27,811	Wix.com Ltd.[1]	1,852,058	3,823,456
Total Israel		9,560,446	13,593,402
Italy (0.97%)			
112,049	Stevanato Group SpA	2,339,751	3,596,773
Japan (11.59%)			
85,975	Japan Airport Terminal Co. Ltd.	3,574,517	3,397,397
209,378	Japan Exchange Group, Inc.	3,900,520	5,671,098
10,173	Keyence Corporation	2,615,702	4,722,925
1,044,950	LY Corp.	3,232,716	2,646,816
460,144	Mitsubishi UFJ Financial Group, Inc., ADR	3,315,427	4,707,273
87,400	Recruit Holdings Co, Ltd.	1,464,907	3,837,452
228,500	SMS Co. Ltd.	6,276,618	3,929,723
96,885	Sumitomo Mitsui Financial Group, Inc.	4,131,608	5,665,128
31,966	Tokyo Electron Limited	2,831,122	8,325,514
Total Japan		31,343,137	42,903,326
Korea, Republic of (4.68%)			
195,447	Coupang, Inc., Cl A[1]	2,659,075	3,477,002
22,920	HD Hyundai Heavy Industries Co. Ltd.[1]	2,112,520	2,020,316
58,767	HD Korea Shipbuilding & Offshore Engineering Co. Ltd.[1]	4,398,017	5,250,777
88,570	Samsung Electronics Co., Ltd.	4,835,521	5,322,835
9,397	SK Hynix, Inc.	1,195,865	1,244,870
Total Korea, Republic of		15,200,998	17,315,800
Mexico (1.03%)			
639,494	Grupo Mexico S.A.B. de C.V., Series B	1,674,273	3,814,268
Netherlands (6.88%)			
199,433	AMG Critical Materials NV	5,449,457	4,529,239
16,785	argenx SE, ADR[1]	470,484	6,608,590
56,061	DSM-Firmenich AG	7,186,365	6,375,932
64,530	Prosus NV	2,264,191	2,019,813
197,203	Universal Music Group NV	4,203,328	5,926,016
Total Netherlands		19,573,825	25,459,590

Baron International Growth Fund — PORTFOLIO OF INVESTMENTS (UNAUDITED) (Continued)

MARCH 31, 2024

Shares		Cost	Value
Common Stocks (continued)			
Norway (0.22%)			
1,513,152	Aker Carbon Capture ASA[1]	$ 2,449,521	$ 810,324
Peru (0.93%)			
20,347	Credicorp, Ltd.	2,881,751	3,447,392
Poland (3.31%)			
46,894	Dino Polska SA, 144A[1]	3,372,637	4,549,293
500,458	InPost SA[1]	5,155,037	7,707,861
Total Poland		8,527,674	12,257,154
Russia (0.00%)^			
487,800	Sberbank of Russia PJSC[1,2,4]	1,650,983	305
Spain (5.21%)			
1,349,545	eDreams ODIGEO SA[1]	9,837,357	9,819,402
187,755	Industria de Diseno Textil, S.A.	5,637,509	9,454,641
Total Spain		15,474,866	19,274,043
Sweden (1.43%)			
181,738	Epiroc AB, Cl A	2,666,497	3,411,685
59,864	EQT AB	1,985,912	1,895,263
Total Sweden		4,652,409	5,306,948
Switzerland (1.93%)			
14,834	Compagnie Financiere Richemont SA, Cl A	1,736,432	2,258,334
45,954	Nestle S.A.	4,547,312	4,882,611
Total Switzerland		6,283,744	7,140,945
Taiwan (2.31%)			
287,355	Taiwan Semiconductor Manufacturing Co., Ltd.	5,689,361	6,883,934
12,330	Taiwan Semiconductor Manufacturing Co., Ltd., ADR	866,234	1,677,496
Total Taiwan		6,555,595	8,561,430
United Kingdom (9.93%)			
119,448	AstraZeneca PLC, ADR	4,949,429	8,092,602
850,800	B&M European Value Retail S.A.[1]	3,537,032	5,865,274
364,628	Ceres Power Holdings PLC[1]	1,869,769	655,346
45,614	Endava plc, ADR[1]	1,513,043	1,735,157
143,080	Experian plc	2,808,574	6,234,417
28,027	Linde Public Limited Company	4,530,965	12,969,650
268,205	Watches of Switzerland Group PLC, 144A[1]	2,342,437	1,213,135
Total United Kingdom		21,551,249	36,765,581
United States (4.43%)			
42,818	Agilent Technologies, Inc.	1,694,717	6,230,447
110,209	Arch Capital Group Ltd.[1]	1,968,394	10,187,720
Total United States		3,663,111	16,418,167
TOTAL COMMON STOCKS		**254,188,949**	**356,370,626**

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	27,663
Total Warrants		**104,540**	**27,663**

Principal Amount		Cost	Value
Short-Term Investments (2.17%)			
$8,046,522	Repurchase Agreement with Fixed Income Clearing Corp., dated 3/28/2024, 4.85% due 4/1/2024; Proceeds at maturity $8,050,859; (Fully Collateralized by $7,758,700 U.S. Treasury Note, 4.875% due 10/31/2030 Market value - $8,207,510)	**8,046,522**	**8,046,522**
TOTAL INVESTMENTS (98.44%)		**$262,340,011**	**364,444,811**
CASH AND OTHER ASSETS LESS LIABILITIES (1.56%)			**5,777,942**
NET ASSETS			**$370,222,753**

% Represents percentage of net assets.
1 Non-income producing securities.
2 At March 31, 2024, the market value of restricted and fair valued securities amounted to $305 or 0.00% of net assets. These securities are not deemed liquid.
^ Rounds to less than 0.01%.
ADR American Depositary Receipt.
144A Security is exempt from registration pursuant to Rule 144A under the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. At March 31, 2024, the market value of Rule 144A securities amounted to $12,700,860 or 3.43% of net assets.

Summary of Investments by Sector as of March 31, 2024	Percentage of Net Assets
Financials	15.2%
Industrials	13.9%
Consumer Discretionary	13.9%
Information Technology	13.4%
Materials	12.0%
Health Care	11.7%
Communication Services	7.6%
Consumer Staples	5.2%
Energy	2.8%
Real Estate	0.5%
Cash and Cash Equivalents*	3.7%
	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 (UNAUDITED)

MARCH 31, 2024

Shares		Cost	Value
Common Stocks (97.76%)			
Consumer Discretionary (50.74%)			
	Casinos & Gaming (15.40%)		
527,650	Boyd Gaming Corporation	$ 17,198,965	$ 35,521,398
798,800	Caesars Entertainment, Inc.[1]	34,529,987	34,939,512
995,400	Las Vegas Sands Corp.	47,754,737	51,462,180
1,402,156	MGM Resorts International[1]	53,188,204	66,195,785
560,340	Red Rock Resorts, Inc., Cl A	8,242,128	33,519,539
675,250	Wynn Resorts Ltd.	65,458,618	69,030,807
		226,372,639	290,669,221
	Distributors (1.89%)		
88,450	Pool Corp.	29,904,781	35,689,575
	Home Improvement Retail (4.76%)		
296,850	Floor & Decor Holdings, Inc., Cl A[1]	21,504,691	38,477,697
201,800	Lowe's Companies, Inc.	40,308,469	51,404,514
		61,813,160	89,882,211
	Homebuilding (24.54%)		
624,650	D.R. Horton, Inc.	52,857,478	102,786,157
144,450	Installed Building Products, Inc.	16,286,537	37,373,549
614,599	Lennar Corp., Cl A	50,103,579	105,698,736
1,680,500	Toll Brothers, Inc.	83,930,228	217,406,285
		203,177,822	463,264,727
	Hotels, Resorts & Cruise Lines (4.15%)		
198,950	Hilton Worldwide Holdings, Inc.	29,924,137	42,438,025
225,700	Hyatt Hotels Corp., Cl A	25,385,925	36,026,234
		55,310,062	78,464,259
Total Consumer Discretionary		576,578,464	957,969,993
Financials (8.16%)			
	Asset Management & Custody Banks (8.16%)		
680,700	Blackstone, Inc.	64,336,407	89,423,559
604,906	Brookfield Asset Management Ltd., Cl A[2]	19,590,273	25,418,150
935,425	Brookfield Corp., Cl A[2]	28,522,003	39,166,245
Total Financials		112,448,683	154,007,954
Industrials (4.47%)			
	Building Products (1.97%)		
287,136	Fortune Brands Innovations, Inc.	16,897,382	24,311,805
856,448	Janus International Group, Inc.[1]	9,921,588	12,958,058
		26,818,970	37,269,863
	Trading Companies & Distributors (2.50%)		
270,585	SiteOne Landscape Supply, Inc.[1]	33,136,183	47,230,612
Total Industrials		59,955,153	84,500,475
Materials (1.80%)			
	Construction Materials (1.80%)		
124,250	Vulcan Materials Co.	23,595,011	33,910,310

Shares		Cost	Value
Common Stocks (continued)			
Real Estate (32.59%)			
	Data Center REITs (6.89%)		
344,626	Digital Realty Trust, Inc.	$ 38,161,963	$ 49,639,929
97,340	Equinix, Inc.	51,234,730	80,337,622
		89,396,693	129,977,551
	Health Care REITs (2.36%)		
477,750	Welltower, Inc.	36,453,129	44,640,960
	Industrial REITs (8.17%)		
120,650	EastGroup Properties, Inc.	19,847,828	21,689,250
712,400	Prologis, Inc.	74,451,301	92,768,728
611,159	Rexford Industrial Realty, Inc.	31,212,424	30,741,298
136,422	Terreno Realty Corp.	7,928,794	9,058,421
		133,440,347	154,257,697
	Multi-Family Residential REITs (1.33%)		
397,375	Equity Residential	23,712,527	25,078,336
	Real Estate Services (9.56%)		
500,850	CBRE Group, Inc., Cl A[1]	35,482,369	48,702,654
906,263	CoStar Group, Inc.[1]	52,244,974	87,545,006
226,492	Jones Lang LaSalle, Inc.[1]	32,708,408	44,186,324
		120,435,751	180,433,984
	Single-Family Residential REITs (1.64%)		
868,200	Invitation Homes, Inc.	25,315,753	30,916,602
	Telecom Tower REITs (2.64%)		
252,600	American Tower Corp.	40,151,996	49,911,234
Total Real Estate		468,906,196	615,216,364
TOTAL COMMON STOCKS		**1,241,483,507**	**1,845,605,096**

Principal Amount		Cost	Value
Short-Term Investments (2.01%)			
$37,990,093	Repurchase Agreement with Fixed Income Clearing Corp., dated 3/28/2024, 4.85% due 4/1/2024; Proceeds at maturity $38,010,565; (Fully Collateralized by $13,093,400 U.S. Treasury Note, 3.50% due 2/15/2033 Market value - $12,470,637 and Fully Collateralized by $24,842,300 U.S. Treasury Note, 4.875% due 10/31/2030 Market value - $26,279,327)	**37,990,093**	**37,990,093**
TOTAL INVESTMENTS (99.77%)		**$1,279,473,600**	**1,883,595,189**
CASH AND OTHER ASSETS LESS LIABILITIES (0.23%)			**4,274,712**
NET ASSETS			**$1,887,869,901**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.

Baron Emerging Markets Fund — PORTFOLIO OF INVESTMENTS (UNAUDITED)

MARCH 31, 2024

Shares		Cost	Value
Common Stocks (92.90%)			
Brazil (9.05%)			
1,619,572	Afya Ltd., Cl A[1]	$ 37,031,685	$ 30,091,648
9,588,414	B3 S.A. - Brasil, Bolsa, Balcao	22,052,788	22,922,416
2,271,819	Banco BTG Pactual SA	16,946,324	16,501,648
2,505,228	Inter & Co., Inc. BDR[1]	10,197,404	14,255,933
5,529,546	Localiza Rent a Car SA	43,808,872	60,285,436
5,654,623	NU Holdings Ltd., Cl A[1]	45,358,355	67,459,652
8,387,545	Suzano SA	74,754,468	106,997,474
2,456,483	XP, Inc., Cl A	45,282,512	63,033,354
Total Brazil		295,432,408	381,547,561
China (22.23%)			
1,153,292	Alibaba Group Holding Limited, ADR	96,467,529	83,452,209
558,658	Baidu, Inc., ADR[1]	65,400,216	58,815,514
16,672,536	China Mengniu Dairy Co. Ltd.	32,976,023	35,884,785
4,943,658	Estun Automation Co. Ltd., Cl A	15,261,894	12,798,930
8,239,650	Full Truck Alliance Co. Ltd., ADR[1]	61,380,191	59,902,256
5,306,987	Fuyao Glass Industry Group Co. Ltd., Cl A	31,895,016	31,538,361
5,029,694	Galaxy Entertainment Group Ltd.[1]	32,217,879	25,284,624
3,683,531	Jiangsu Hengli Hydraulic Co. Ltd., Cl A	29,220,250	25,689,235
1,458,735	Kanzhun Ltd., ADR[1]	23,645,736	25,571,625
34,551,293	Kingdee International Software Group Co. Ltd.[1]	27,097,573	39,100,552
6,906,354	Kingsoft Corp. Ltd.	23,497,721	21,315,285
215,023	Kweichow Moutai Co. Ltd., Cl A	54,190,224	50,685,380
1,151,837	Lufax Holding Ltd., ADR	7,467,777	4,860,752
2,320,457	Midea Group Co., Ltd., Cl A	12,050,231	20,744,507
13,831,028	NARI Technology Co. Ltd., Cl A	43,585,748	46,169,466
432,708	PDD Holdings, Inc., ADR[1]	48,220,146	50,302,305
825,909	Shenzhen Mindray Bio-Medical Electronics Co. Ltd., Cl A	26,708,224	32,005,011
4,930,701	Shenzhou International Group Holdings Ltd.	27,558,137	46,809,183
3,434,859	Tencent Holdings Limited	82,254,612	133,787,525
692,887	Tencent Holdings Limited, ADR	30,669,423	27,043,380
2,714,704	Tencent Music Entertainment Group, ADR[1]	26,160,581	30,377,538
5,443,565	Venustech Group, Inc., Cl A	25,598,599	15,696,928
555,944	Yum China Holdings, Inc.	27,195,075	22,121,012
456,354	Yum China Holdings, Inc., (Hong Kong)	23,971,618	17,990,292
1,212,563	Zai Lab Limited, ADR[1]	25,820,909	19,425,259
Total China		900,511,332	937,371,914
France (0.20%)			
52,006	Pernod Ricard SA	9,220,573	8,418,941
Hong Kong (1.84%)			
19,580,841	Budweiser Brewing Co. APAC Ltd., 144A	53,876,519	28,880,381
3,580,518	Techtronic Industries Co. Ltd.	18,548,182	48,651,576
Total Hong Kong		72,424,701	77,531,957
India (24.39%)			
3,203,564	Aarti Industries Ltd.	32,155,167	25,603,070
914,132	Aarti Pharmalabs Ltd.[1]	5,328,187	4,766,048
642,035	Bajaj Finance Limited	18,669,587	56,061,728
5,465,909	Bharti Airtel Ltd.	39,331,079	80,648,035
1,952,679	Bharti Airtel Ltd. PP	9,168,746	19,272,700
347,546	Cholamandalam Investment & Finance Co. Ltd.	4,932,922	4,839,642

Shares		Cost	Value
Common Stocks (continued)			
India (continued)			
22,805	Divi's Laboratories Ltd.	$ 206,835	$ 943,889
15,164,186	Edelweiss Financial Services Ltd.	7,693,544	11,576,271
3,876,775	Godrej Consumer Products Ltd.	45,851,894	58,370,823
1,457,520	Godrej Properties Ltd.[1]	27,514,661	40,297,112
1,969,777	HDFC Bank Ltd.	28,466,966	34,348,203
14,517,648	Indus Towers Ltd.[1]	41,268,951	50,779,533
704,890	InterGlobe Aviation Ltd., 144A[1]	26,814,449	30,037,349
10,964,871	Jio Financial Services Ltd.[1]	27,164,699	46,615,964
38,145,306	JM Financial Limited	49,460,302	34,319,966
474,048	Kaynes Technology India Ltd.[1]	16,107,421	16,425,470
1,503,074	Mahindra & Mahindra Ltd.[3]	28,184,321	34,723,043
1,068,971	Max Financial Services Ltd.[1]	6,729,829	12,889,450
2,495,237	Max Healthcare Institute Ltd.	17,023,793	24,608,936
7,424,118	Nippon Life India Asset Management Ltd., 144A	23,790,992	41,959,800
345,880	Nuvama Wealth Management Ltd.[1]	14,999,032	19,504,653
2,518,627	Reliance Industries Limited	42,316,535	90,061,495
3,172,092	SBI Life Insurance Company Limited, 144A	32,829,053	57,277,724
2,752,635	Tata Communications Ltd.	15,493,616	66,520,761
522,338	Tata Consultancy Services Ltd.	22,004,327	24,378,532
3,259,442	Tata Consumer Products Ltd.	15,963,741	42,920,130
946,083	Titan Co. Ltd.	13,837,877	43,247,425
1,163,298	Trent Ltd.	23,047,628	55,216,813
Total India		636,356,154	1,028,214,565
Indonesia (1.82%)			
200,820,571	Bank Rakyat Indonesia (Persero) Tbk PT	58,701,851	76,788,742
Japan (0.70%)			
63,704	Keyence Corporation	21,634,647	29,575,272
Korea, Republic of (12.55%)			
3,673,361	Coupang, Inc., Cl A[1]	50,718,011	65,349,092
397,056	HD Hyundai Heavy Industries Co. Ltd.[1]	21,937,881	34,999,066
901,425	HD Korea Shipbuilding & Offshore Engineering Co. Ltd.[1]	83,437,961	80,541,484
807,776	KB Financial Group, Inc.	40,112,745	42,212,361
747,264	Korea Aerospace Industries Ltd.	24,245,932	27,969,383
3,415,778	Samsung Electronics Co., Ltd.	104,312,521	205,279,700
59,464	Samsung SDI Co. Ltd.	26,042,745	21,089,136
390,707	SK Hynix, Inc.	35,583,132	51,759,028
Total Korea, Republic of		386,390,928	529,199,250
Mexico (2.80%)			
9,102,356	Grupo Mexico S.A.B. de C.V., Series B	23,232,192	54,291,084
15,809,480	Wal-Mart de Mexico, S.A.B de C.V.	36,160,009	63,837,125
Total Mexico		59,392,201	118,128,209
Peru (1.24%)			
307,435	Credicorp, Ltd.	38,079,072	52,088,712
Philippines (2.16%)			
56,532,165	Ayala Land, Inc.	39,693,024	32,492,245
21,282,791	BDO Unibank, Inc.	36,674,039	58,493,128
Total Philippines		76,367,063	90,985,373

Baron Emerging Markets Fund — PORTFOLIO OF INVESTMENTS (UNAUDITED) (Continued)

MARCH 31, 2024

Shares		Cost	Value
Common Stocks (continued)			
Poland (2.32%)			
185,862	Dino Polska SA, 144A[1]	$ 16,285,905	$ 18,030,892
5,194,895	InPost SA[1]	69,307,300	80,009,772
Total Poland		85,593,205	98,040,664
Russia (0.00%)^			
17,949,100	Sberbank of Russia PJSC[1,2]	64,430,586	11,226
South Africa (1.47%)			
748,357	Gold Fields Ltd.	8,410,824	12,005,423
1,784,978	Gold Fields Ltd., ADR	17,833,074	28,363,300
121,658	Naspers Ltd., Cl N	17,395,373	21,566,675
Total South Africa		43,639,271	61,935,398
Spain (0.36%)			
1,791,760	Codere Online Luxembourg, S.A. Forward Shares[1]	17,917,600	12,470,650
358,352	Codere Online Luxembourg, S.A. Founders Shares[1]	3,116	2,494,130
26,518	Codere Online Luxembourg, S.A. Private Shares, Cl A[1]	265,181	184,565
Total Spain		18,185,897	15,149,345
Taiwan (9.77%)			
5,675,060	Delta Electronics, Inc.	20,862,776	60,739,457
202,466	eMemory Technology, Inc.	17,994,013	15,201,737
10,074,419	Taiwan Semiconductor Manufacturing Co., Ltd.	183,949,521	241,344,792
696,161	Taiwan Semiconductor Manufacturing Co., Ltd., ADR	13,457,049	94,712,704
Total Taiwan		236,263,359	411,998,690
TOTAL COMMON STOCKS		**3,002,623,248**	**3,916,985,819**
Private Common Stocks (0.99%)			
India (0.99%)			
27,027	Pine Labs PTE. Ltd., Series 1[1,2]	10,077,362	10,433,773
6,833	Pine Labs PTE. Ltd., Series A[1,2]	2,547,771	2,637,880
7,600	Pine Labs PTE. Ltd., Series B[1,2]	2,833,757	2,933,980
6,174	Pine Labs PTE. Ltd., Series B2[1,2]	2,302,055	2,383,473
9,573	Pine Labs PTE. Ltd., Series C[1,2]	3,569,416	3,695,657
1,932	Pine Labs PTE. Ltd., Series C1[1,2]	720,371	745,848
2,459	Pine Labs PTE. Ltd., Series D[1,2]	916,870	949,297
45,680	Pine Labs PTE. Ltd., Series J[1,2]	17,032,398	17,634,764
TOTAL PRIVATE COMMON STOCKS		**40,000,000**	**41,414,672**
Private Convertible Preferred Stocks (2.59%)			
India (2.59%)			
11,578	Bundl Technologies Private Ltd., Series K[1,2]	76,776,872	109,157,076
15,334	Think & Learn Private Limited, Series F[1,2]	49,776,072	75,485
TOTAL PRIVATE CONVERTIBLE PREFERRED STOCKS		**126,552,944**	**109,232,561**

Shares		Cost	Value
Warrants (0.00%)^			
Spain (0.00%)^			
13,259	Codere Online Luxembourg S.A. Private Shares, Exp. 11/30/2026[1]	$ 0	$ 6,339

Principal Amount		Cost	Value
Short-Term Investments (2.67%)			
$112,764,167	Repurchase Agreement with Fixed Income Clearing Corp., dated 3/28/2024, 4.85% due 4/1/2024; Proceeds at maturity $112,824,934; (Fully Collateralized by $125,615,300 U.S. Treasury Note, 0.75% due 8/31/2026 Market value - $115,019,495)	**112,764,167**	**112,764,167**
TOTAL INVESTMENTS (99.15%)		**$3,281,940,359**	**4,180,403,558**
CASH AND OTHER ASSETS LESS LIABILITIES (0.85%)			**35,943,848**
NET ASSETS			**$4,216,347,406**

% Represents percentage of net assets.
1 Non-income producing securities.
2 At March 31, 2024, the market value of restricted and fair valued securities amounted to $150,658,459 or 3.57% of net assets. These securities are not deemed liquid.
^ Rounds to less than 0.01%.
ADR American Depositary Receipt.
144A Security is exempt from registration pursuant to Rule 144A under the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. At March 31, 2024, the market value of Rule 144A securities amounted to $176,186,146 or 4.18% of net assets.

Summary of Investments by Sector as of March 31, 2024	Percentage of Net Assets
Information Technology	19.3%
Financials	18.5%
Consumer Discretionary	16.0%
Communication Services	12.2%
Industrials	12.0%
Consumer Staples	7.3%
Materials	5.4%
Energy	2.1%
Health Care	1.9%
Real Estate	1.7%
Cash and Cash Equivalents*	3.5%
	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 (UNAUDITED)

MARCH 31, 2024

Shares		Cost	Value
Common Stocks (94.11%)			
Argentina (10.89%)			
66,449	Globant S.A.[1]	$ 4,475,572	$ 13,416,053
37,062	MercadoLibre, Inc.[1]	21,212,467	56,036,262
Total Argentina		25,688,039	69,452,315
Brazil (1.74%)			
598,218	Afya Ltd., Cl A[1]	11,070,880	11,114,890
Canada (7.98%)			
659,342	Shopify, Inc., Cl A[1]	24,698,739	50,881,422
India (5.82%)			
252,006	Bajaj Finance Limited	14,454,904	22,004,863
6,907,712	Zomato Ltd.[1]	11,551,154	15,141,170
Total India		26,006,058	37,146,033
Israel (4.12%)			
331,500	Fiverr International Ltd.[1]	7,554,652	6,984,705
140,534	Wix.com Ltd.[1]	11,760,229	19,320,614
Total Israel		19,314,881	26,305,319
Korea, Republic of (5.01%)			
1,796,774	Coupang, Inc., Cl A[1]	35,426,777	31,964,610
Netherlands (9.84%)			
8,934	Adyen N.V., 144A[1]	6,863,044	15,090,745
60,227	argenx SE, ADR[1]	4,315,719	23,712,574
24,705	ASML Holding N.V.	4,659,631	23,950,534
Total Netherlands		15,838,394	62,753,853
Poland (2.61%)			
1,079,814	InPost SA[1]	14,250,545	16,630,879
Spain (1.34%)			
850,000	Codere Online Luxembourg S.A.[1]	7,778,375	5,916,000
271,380	Codere Online Luxembourg, S.A. Forward Shares[1]	2,713,800	1,888,805
104,612	Codere Online Luxembourg, S.A. Founders Shares[1]	910	728,099
Total Spain		10,493,085	8,532,904
United Kingdom (3.35%)			
562,450	Endava plc, ADR[1]	22,183,544	21,395,598
United States (41.41%)			
77,682	Astera Labs, Inc.[1]	2,796,552	5,763,228
140,021	Bill.Com Holdings, Inc.[1]	5,764,069	9,622,243
180,421	Block, Inc.[1]	14,648,531	15,260,008
358,787	Cloudflare, Inc., Cl A[1]	8,282,008	34,741,345
88,144	Crowdstrike Holdings, Inc., Cl A[1]	4,910,447	28,258,085
177,426	Datadog, Inc., Cl A[1]	8,157,291	21,929,854
928	Illumina, Inc.[1]	259,532	127,433
427,728	indie Semiconductor, Inc., Cl A[1]	2,857,732	3,028,314
78,087	NVIDIA Corp.	15,094,404	70,556,290
634,936	Rivian Automotive, Inc., Cl A[1]	13,602,871	6,952,549
166,462	Snowflake, Inc., Cl A[1]	21,519,122	26,900,259
101,367	Tesla, Inc.[1]	27,919,942	17,819,305
91,425	Viking Therapeutics, Inc.[1]	7,113,884	7,496,850
81,551	Zscaler, Inc.[1]	3,999,953	15,709,169
Total United States		136,926,338	264,164,932
TOTAL COMMON STOCKS		**341,897,280**	**600,342,755**

Shares		Cost	Value
Private Common Stocks (5.06%)			
United States (5.06%)			
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 (0.01%)			
India (0.01%)			
9,201	Think & Learn Private Limited, Series F[1,2]	**29,867,591**	**45,294**
Private Preferred Stocks (0.44%)			
United States (0.44%)			
461,004	GM Cruise Holdings LLC, Cl G[1,2]	**12,147,455**	**2,798,294**
Warrants (0.06%)			
Israel (0.02%)			
68,986	Innovid Corp., Exp. 12/31/2027[1]	117,942	3,105
228,748	Taboola.com Ltd., Exp. 6/29/2026[1]	417,100	111,515
Total Israel		535,042	114,620
Spain (0.04%)			
502,360	Codere Online Luxembourg S.A. Private Shares, Exp. 11/30/2026[1]	845,632	240,178
TOTAL WARRANTS		**1,380,674**	**354,798**
TOTAL INVESTMENTS (99.68%)		**$412,542,648**	**635,854,557**
CASH AND OTHER ASSETS LESS LIABILITIES (0.32%)			**2,057,798**
NET ASSETS			**$637,912,355**

% Represents percentage of net assets.
1 Non-income producing securities.
2 At March 31, 2024, the market value of restricted and fair valued securities amounted to $35,157,004 or 5.51% of net assets. These securities are not deemed liquid.
ADR American Depositary Receipt.
144A Security is exempt from registration pursuant to Rule 144A under the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. At March 31, 2024, the market value of Rule 144A securities amounted to $15,090,745 or 2.37% of net assets.

Summary of Investments by Sector as of March 31, 2024	Percentage of Net Assets
Information Technology	54.2%
Consumer Discretionary	23.2%
Industrials	9.1%
Financials	8.2%
Health Care	4.9%
Materials	0.1%
Communication Services	0.0%^
Cash and Cash Equivalents*	0.3%
	100.0%**

* Includes short term investments, other assets and liabilities-net.
** Individual weights may not sum to 100% due to rounding.
^ Rounds to less than 0.01%.

Baron Discovery Fund — PORTFOLIO OF INVESTMENTS (Unaudited)

March 31, 2024

Shares		Cost	Value
Common Stocks (96.73%)			
Communication Services (2.71%)			
	Interactive Media & Services (0.44%)		
138,143	Reddit, Inc., Cl A[1]	$ 4,696,862	$ 6,813,213
	Movies & Entertainment (2.27%)		
185,000	Liberty Media Corporation-Liberty Formula One, Cl A[1]	5,408,362	10,866,900
550,000	Liberty Media Corporation-Liberty Live, Cl C[1]	18,822,683	24,101,000
		24,231,045	34,967,900
Total Communication Services		28,927,907	41,781,113
Consumer Discretionary (14.76%)			
	Casinos & Gaming (7.51%)		
535,000	Boyd Gaming Corporation	33,074,142	36,016,200
1,235,000	DraftKings, Inc., Cl A[1]	23,984,451	56,081,350
395,000	Red Rock Resorts, Inc., Cl A	14,152,337	23,628,900
		71,210,930	115,726,450
	Footwear (1.15%)		
500,000	On Holding AG, Cl A[1,2]	12,219,945	17,690,000
	Home Improvement Retail (2.52%)		
300,000	Floor & Decor Holdings, Inc., Cl A[1]	9,074,455	38,886,000
	Homefurnishing Retail (1.58%)		
70,000	RH[1]	18,069,077	24,378,200
	Restaurants (2.00%)		
200,000	Texas Roadhouse, Inc.	17,901,519	30,894,000
Total Consumer Discretionary		128,475,926	227,574,650
Financials (3.59%)			
	Asset Management & Custody Banks (0.18%)		
25,000	Hamilton Lane, Inc., Cl A	2,946,204	2,819,000
	Property & Casualty Insurance (3.41%)		
100,000	Kinsale Capital Group, Inc.	4,813,070	52,474,000
Total Financials		7,759,274	55,293,000
Health Care (18.45%)			
	Health Care Equipment (8.27%)		
562,982	Axonics, Inc.[1]	24,201,598	38,828,869
596,078	Inari Medical, Inc.[1]	30,435,721	28,599,822
265,000	Masimo Corp.[1]	35,939,618	38,915,250
1,150,864	Silk Road Medical, Inc.[1]	26,876,762	21,083,829
		117,453,699	127,427,770
	Health Care Supplies (1.09%)		
329,000	Establishment Labs Holdings, Inc.[1,2]	20,105,991	16,746,100

Shares		Cost	Value
Common Stocks (continued)			
Health Care (continued)			
	Health Care Technology (2.22%)		
700,591	Certara, Inc.[1]	$ 14,628,630	$ 12,526,567
2,684,590	Definitive Healthcare Corp.[1]	48,189,355	21,664,641
		62,817,985	34,191,208
	Life Sciences Tools & Services (6.62%)		
240,000	10X Genomics, Inc., Cl A[1]	10,693,794	9,007,200
943,727	CareDx, Inc.[1,3]	10,152,398	9,994,069
1,629,676	Maravai LifeSciences Holdings, Inc., Cl A[1]	15,496,854	14,129,291
122,500	Repligen Corp.[1]	19,531,284	22,530,200
847,712	Stevanato Group SpA[2]	23,956,215	27,211,555
868,790	Veracyte, Inc.[1,3]	22,690,855	19,252,386
		102,521,400	102,124,701
	Pharmaceuticals (0.25%)		
775,832	Revance Therapeutics, Inc.[1]	11,448,086	3,817,093
Total Health Care		314,347,161	284,306,872
Industrials (21.66%)			
	Aerospace & Defense (7.00%)		
144,095	Axon Enterprise, Inc.[1]	15,830,703	45,084,444
1,942,158	Kratos Defense & Security Solutions, Inc.[1]	26,482,410	35,696,864
920,380	Mercury Systems, Inc.[1]	33,144,240	27,151,210
		75,457,353	107,932,518
	Building Products (2.44%)		
200,000	AAON, Inc.	14,505,982	17,620,000
200,000	Trex Co., Inc.[1]	7,842,211	19,950,000
		22,348,193	37,570,000
	Diversified Support Services (0.18%)		
146,576	ACV Auctions, Inc., Cl A[1]	2,937,630	2,751,231
	Environmental & Facilities Services (2.21%)		
869,583	Montrose Environmental Group, Inc.[1]	19,287,297	34,061,566
	Human Resource & Employment Services (3.91%)		
326,131	ASGN, Inc.[1]	31,749,731	34,165,484
395,000	Dayforce, Inc. (formerly, Cerdian HCM Holding, Inc.)[1]	21,822,194	26,152,950
		53,571,925	60,318,434
	Industrial Machinery & Supplies & Components (3.37%)		
225,000	Chart Industries, Inc.[1]	30,390,512	37,062,000
55,000	RBC Bearings, Inc.[1]	11,183,890	14,869,250
		41,574,402	51,931,250
	Trading Companies & Distributors (2.55%)		
225,000	SiteOne Landscape Supply, Inc.[1]	16,625,881	39,273,750
Total Industrials		231,802,681	333,838,749

Baron Discovery Fund — PORTFOLIO OF INVESTMENTS (UNAUDITED) (Continued)

MARCH 31, 2024

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (33.44%)			
	Application Software (10.21%)		
600,000	Alkami Technology, Inc.[1]	$ 13,160,838	$ 14,742,000
1,750,000	Clearwater Analytics Holdings, Inc., Cl A[1]	31,185,997	30,957,500
677,889	Gitlab, Inc., Cl A[1,3]	25,647,628	39,534,487
235,357	Guidewire Software, Inc.[1]	18,259,547	27,468,515
500,000	Intapp, Inc.[1]	18,215,211	17,150,000
1,750,000	SmartRent, Inc.[1,3]	4,499,473	4,690,000
595,000	Smartsheet, Inc., Cl A[1]	22,340,547	22,907,500
		133,309,241	157,450,002
	Electronic Equipment & Instruments (5.51%)		
395,321	Advanced Energy Industries, Inc.	27,937,769	40,314,835
74,131	Novanta, Inc.[1,2]	8,196,882	12,955,875
700,000	PAR Technology Corp.[1]	22,991,689	31,752,000
		59,126,340	85,022,710
	IT Consulting & Other Services (0.62%)		
250,000	Endava plc, ADR[1,2]	6,125,604	9,510,000
	Semiconductor Materials & Equipment (1.55%)		
135,000	Nova Ltd.[1,2]	3,115,172	23,946,300
	Semiconductors (4.77%)		
613,200	Allegro MicroSystems, Inc.[1]	16,833,405	16,531,872
181,168	Astera Labs, Inc.[1]	6,522,048	13,440,854
4,057,493	indie Semiconductor, Inc., Cl A[1]	34,900,206	28,727,051
1,064,620	Navitas Semiconductor Corp.[1]	6,604,000	5,078,237
104,000	SiTime Corp.[1]	10,725,454	9,695,920
		75,585,113	73,473,934
	Systems Software (10.78%)		
1,444,900	Couchbase, Inc.[1,3]	31,053,248	38,015,319
160,200	CyberArk Software Ltd.[1,2]	20,574,697	42,553,926
430,775	Dynatrace, Inc.[1,3]	10,425,483	20,005,191
1,575,000	SentinelOne, Inc., Cl A[1]	24,893,625	36,713,250
611,000	Varonis Systems, Inc.[1]	13,653,727	28,820,870
		100,600,780	166,108,556
Total Information Technology		377,862,250	515,511,502
Real Estate (2.12%)			
	Industrial REITs (2.12%)		
650,000	Rexford Industrial Realty, Inc.	31,657,136	32,695,000
TOTAL COMMON STOCKS		**1,120,832,335**	**1,491,000,886**

Principal Amount		Cost	Value
Short-Term Investments (3.36%)			
$51,733,058	Repurchase Agreement with Fixed Income Clearing Corp., dated 3/28/2024, 4.85% due 4/1/2024; Proceeds at maturity $51,760,936; (Fully Collateralized by $57,628,800 U.S. Treasury Note, 0.75% due 8/31/2026 Market value - $52,767,740)	$ 51,733,058	$ 51,733,058
TOTAL INVESTMENTS (100.09%)		**$1,172,565,393**	**1,542,733,944**
LIABILITIES LESS CASH AND OTHER ASSETS (-0.09%)			**(1,372,226)**
NET ASSETS			**$1,541,361,718**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
[3] The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI (unaudited).
[ADR] American Depositary Receipt.

Baron Durable Advantage Fund — PORTFOLIO OF INVESTMENTS (UNAUDITED)

MARCH 31, 2024

Shares		Cost	Value
Common Stocks (96.74%)			
Communication Services (11.95%)			
	Interactive Media & Services (11.95%)		
92,722	Alphabet, Inc., Cl C[1]	$ 11,681,886	$ 14,117,852
52,146	Meta Platforms, Inc., Cl A	15,017,997	25,321,054
Total Communication Services		26,699,883	39,438,906
Consumer Discretionary (7.54%)			
	Broadline Retail (7.54%)		
137,898	Amazon.com, Inc.[1]	18,914,907	24,874,041
Consumer Staples (1.71%)			
	Consumer Staples Merchandise Retail (1.71%)		
7,715	Costco Wholesale Corp.	4,325,406	5,652,240
Financials (32.53%)			
	Asset Management & Custody Banks (5.74%)		
77,140	Blackstone, Inc.	8,668,626	10,133,882
210,389	Brookfield Corp.[2]	7,962,155	8,808,987
		16,630,781	18,942,869
	Diversified Financial Services (2.74%)		
80,507	Apollo Global Management, Inc.	8,103,707	9,053,012
	Financial Exchanges & Data (11.50%)		
31,966	CME Group, Inc.	6,454,069	6,881,960
28,297	Moody's Corp.	9,881,413	11,121,570
12,942	MSCI, Inc.	6,625,800	7,253,344
29,817	S&P Global, Inc.	11,654,186	12,685,643
		34,615,468	37,942,517
	Investment Banking & Brokerage (2.22%)		
27,727	LPL Financial Holdings, Inc.	6,406,994	7,325,474
	Property & Casualty Insurance (2.47%)		
88,182	Arch Capital Group Ltd.[1,2]	5,523,458	8,151,544
	Transaction & Payment Processing Services (7.86%)		
23,590	MasterCard, Incorporated, Cl A	9,517,135	11,360,236
52,234	Visa, Inc., Cl A	13,055,271	14,577,465
		22,572,406	25,937,701
Total Financials		93,852,814	107,353,117
Health Care (10.65%)			
	Life Sciences Tools & Services (7.69%)		
33,651	Agilent Technologies, Inc.	4,304,806	4,896,557
31,990	Danaher Corp.	7,089,542	7,988,543
2,582	Mettler-Toledo International, Inc.[1]	2,958,314	3,437,390
15,561	Thermo Fisher Scientific, Inc.	7,947,528	9,044,209
		22,300,190	25,366,699
	Managed Health Care (2.96%)		
19,745	UnitedHealth Group, Incorporated	9,406,206	9,767,852
Total Health Care		31,706,396	35,134,551
Common Stocks (continued)			
Industrials (2.30%)			
	Aerospace & Defense (2.30%)		
49,341	HEICO Corp., Cl A	$ 6,635,824	$ 7,595,554
Information Technology (28.67%)			
	Application Software (6.39%)		
18,505	Adobe, Inc.[1]	9,890,550	9,337,623
18,069	Intuit, Inc.	9,709,189	11,744,850
		19,599,739	21,082,473
	Electronic Manufacturing Services (0.29%)		
6,675	TE Connectivity Ltd.[2]	831,184	969,477
	IT Consulting & Other Services (2.56%)		
24,323	Accenture plc, Cl A[2]	7,822,054	8,430,595
	Semiconductors (10.22%)		
3,105	Broadcom, Inc.	4,169,756	4,115,398
8,503	Monolithic Power Systems, Inc.	3,697,232	5,760,102
16,174	NVIDIA Corp.	5,530,494	14,614,180
51,068	Taiwan Semiconductor Manufacturing Co., Ltd., ADR[2]	5,099,498	6,947,801
13,085	Texas Instruments, Inc.	2,220,244	2,279,538
		20,717,224	33,717,019
	Systems Software (9.21%)		
72,220	Microsoft Corporation	24,330,167	30,384,398
Total Information Technology		73,300,368	94,583,962
Real Estate (1.39%)			
	Real Estate Services (1.39%)		
47,570	CoStar Group, Inc.[1]	4,222,569	4,595,262
TOTAL COMMON STOCKS		**259,658,167**	**319,227,633**

Principal Amount		Cost	Value
Short-Term Investments (3.58%)			
$11,812,584	Repurchase Agreement with Fixed Income Clearing Corp., dated 3/28/2024, 4.85% due 4/1/2024; Proceeds at maturity $11,818,950; (Fully Collateralized by $12,650,600 U.S. Treasury Note, 3.50% due 2/15/2033 Market value - $12,048,898)	**11,812,584**	**11,812,584**
TOTAL INVESTMENTS (100.32%)		**$271,470,751**	**331,040,217**
LIABILITIES LESS CASH AND OTHER ASSETS (-0.32%)			**(1,065,603)**
NET ASSETS			**$329,974,614**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
ADR American Depositary Receipt.

Baron Real Estate Income Fund — PORTFOLIO OF INVESTMENTS (UNAUDITED)

MARCH 31, 2024

Shares		Cost	Value
Common Stocks (97.41%)			
Consumer Discretionary (15.25%)			
	Casinos & Gaming (4.38%)		
64,325	Wynn Resorts Ltd.	$ 6,328,999	$ 6,575,945
	Home Improvement Retail (1.25%)		
7,379	Lowe's Companies, Inc.	1,687,481	1,879,653
	Homebuilding (7.70%)		
14,978	Lennar Corp., Cl A	2,259,675	2,575,916
53,565	Toll Brothers, Inc.	3,340,722	6,929,704
53,250	Tri Pointe Homes, Inc.[1]	1,867,257	2,058,645
		7,467,654	11,564,265
	Hotels, Resorts & Cruise Lines (1.92%)		
7,538	Hilton Worldwide Holdings, Inc.	1,454,075	1,607,931
11,783	Marriott Vacations Worldwide Corp.	965,998	1,269,382
		2,420,073	2,877,313
Total Consumer Discretionary		17,904,207	22,897,176
Financials (4.71%)			
	Asset Management & Custody Banks (4.71%)		
18,320	Blackstone, Inc.	2,282,015	2,406,699
45,800	Brookfield Corp., Cl A[2]	1,479,123	1,917,646
65,261	Brookfield Asset Management Ltd., Cl A[2]	2,213,786	2,742,267
Total Financials		5,974,924	7,066,612
Information Technology (1.23%)			
	Internet Services & Infrastructure (1.23%)		
277,337	GDS Holdings Ltd., ADR [1,2]	1,873,466	1,844,291
Real Estate (75.32%)			
	Data Center REITs (11.59%)		
46,894	Digital Realty Trust, Inc.	4,973,376	6,754,612
12,896	Equinix, Inc.	8,893,395	10,643,455
		13,866,771	17,398,067
	Health Care REITs (7.48%)		
120,170	Welltower, Inc.	9,183,042	11,228,685
	Hotel & Resort REITs (4.11%)		
271,078	DiamondRock Hospitality Co.	2,199,956	2,605,060
203,907	Park Hotels & Resorts, Inc.	3,370,149	3,566,333
		5,570,105	6,171,393
	Industrial REITs (15.72%)		
12,106	EastGroup Properties, Inc.	1,774,395	2,176,296
55,213	First Industrial Realty Trust, Inc.	2,822,184	2,900,891
112,602	Prologis, Inc.	12,768,602	14,663,032
64,373	Rexford Industrial Realty, Inc.	3,284,256	3,237,962
9,360	Terreno Realty Corp.	522,942	621,504
		21,172,379	23,599,685
	Multi-Family Residential REITs (8.79%)		
32,452	AvalonBay Communities, Inc.	5,791,691	6,021,793
113,791	Equity Residential	6,900,439	7,181,350
		12,692,130	13,203,143

Shares		Cost	Value
Common Stocks (continued)			
Real Estate (continued)			
	Office REITs (0.71%)		
6,530	Alexandria Real Estate Equities, Inc.	$ 667,511	$ 841,782
3,456	Boston Properties, Inc.	238,715	225,712
		906,226	1,067,494
	Retail REITs (7.09%)		
162,312	Macerich Co.	2,707,551	2,796,636
39,606	Simon Property Group, Inc.	5,279,459	6,197,943
56,125	Tanger, Inc.	1,174,431	1,657,371
		9,161,441	10,651,950
	Self Storage REITs (2.72%)		
13,985	Extra Space Storage, Inc.	1,512,827	2,055,795
7,006	Public Storage	1,747,986	2,032,160
		3,260,813	4,087,955
	Single-Family Residential REITs (11.34%)		
178,386	American Homes 4 Rent, Cl A	6,148,332	6,561,037
193,970	Invitation Homes, Inc.	6,496,773	6,907,272
27,613	Sun Communities, Inc.	3,030,084	3,550,479
		15,675,189	17,018,788
	Telecom Tower REITs (5.77%)		
43,845	American Tower Corp.	7,802,832	8,663,334
Total Real Estate		99,290,928	113,090,494
Utilities (0.90%)			
	Multi-Utilities (0.90%)		
37,563	Brookfield Infrastructure Corp., Cl A[2,3]	1,034,872	1,353,770
TOTAL COMMON STOCKS		**126,078,397**	**146,252,343**

Principal Amount		Cost	Value
Short-Term Investments (3.02%)			
$4,528,513	Repurchase Agreement with Fixed Income Clearing Corp., dated 3/28/2024, 4.85% due 4/1/2024; Proceeds at maturity $4,530,953; (Fully Collateralized by $5,044,700 U.S. Treasury Note, 0.75% due 8/31/2026 Market value - $4,619,173)	**4,528,513**	**4,528,513**
TOTAL INVESTMENTS (100.43%)		**$130,606,910**	**150,780,856**
LIABILITIES LESS CASH AND OTHER ASSETS (-0.43%)			**(642,699)**
NET ASSETS			**$150,138,157**

% 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 WealthBuilder Fund — PORTFOLIO OF INVESTMENTS (Unaudited)

March 31, 2024

Shares		Cost	Value
Affiliated Mutual Funds (100.01%)			
Small Cap Funds (33.12%)			
906,547	Baron Discovery Fund - Institutional Shares	$ 22,889,345	$ 26,552,756
776,158	Baron Growth Fund - Institutional Shares	73,608,993	82,784,991
2,171,012	Baron Small Cap Fund - Institutional Shares	71,833,864	79,350,506
Total Small Cap Funds		168,332,202	188,688,253
Small to Mid Cap Funds (6.08%)			
894,658	Baron Focused Growth Fund - Institutional Shares	29,141,302	34,650,107
Mid Cap Funds (13.02%)			
672,856	Baron Asset Fund - Institutional Shares	64,910,638	74,168,893
Large Cap Funds (7.94%)			
697,020	Baron Durable Advantage Fund - Institutional Shares	10,957,064	17,432,466
569,918	Baron Fifth Avenue Growth Fund - Institutional Shares	20,285,120	27,823,381
Total Large Cap Funds		31,242,184	45,255,847
All Cap Funds (17.05%)			
641,040	Baron Opportunity Fund - Institutional Shares	16,149,117	27,776,266
458,563	Baron Partners Fund - Institutional Shares	41,183,606	69,353,110
Total All Cap Funds		57,332,723	97,129,376
Non-U.S./Global Funds (8.94%)			
1,042,479	Baron Emerging Markets Fund - Institutional Shares	14,915,371	14,980,429
607,767	Baron Global Advantage Fund - Institutional Shares	16,227,930	19,825,360
613,508	Baron International Growth Fund - Institutional Shares	16,500,145	16,153,677
Total International Funds		47,643,446	50,959,466
Sector Funds (13.86%)			
996,173	Baron FinTech Fund - Institutional Shares	13,725,477	15,062,137
786,831	Baron Health Care Fund - Institutional Shares	13,864,802	16,326,747
920,032	Baron Real Estate Fund - Institutional Shares	30,826,902	35,614,452
811,047	Baron Real Estate Income Fund - Institutional Shares	12,752,141	11,946,721
Total Sector Funds		71,169,322	78,950,057
TOTAL AFFILIATED INVESTMENTS (100.01%)		**$469,771,817**	**569,801,999**
LIABILITIES LESS CASH AND OTHER ASSETS (-0.01%)			**(38,211)**
NET ASSETS			**$569,763,788**

% Represents percentage of net assets.

Baron Health Care Fund — PORTFOLIO OF INVESTMENTS (UNAUDITED)

MARCH 31, 2024

Shares		Cost	Value
Common Stocks (94.53%)			
Health Care (94.53%)			
	Biotechnology (18.91%)		
100,000	Arcellx, Inc.[1]	$ 4,994,117	$ 6,955,000
20,055	argenx SE, ADR[1,2]	6,699,349	7,896,054
30,000	Beam Therapeutics, Inc.[1]	857,519	991,200
60,000	Immunovant, Inc.[1]	2,128,685	1,938,600
70,000	Legend Biotech Corp., ADR[1,2]	4,042,636	3,926,300
261,254	Rocket Pharmaceuticals, Inc.[1]	4,842,850	7,038,183
23,000	Vertex Pharmaceuticals, Incorporated[1]	5,946,486	9,614,230
35,000	Viking Therapeutics, Inc.[1]	1,080,070	2,870,000
100,100	Xenon Pharmaceuticals, Inc.[1,2]	3,651,406	4,309,305
		34,243,118	45,538,872
	Health Care Distributors (2.41%)		
10,800	McKesson Corp.	2,651,423	5,797,980
	Health Care Equipment (20.33%)		
154,000	Boston Scientific Corp.[1]	8,187,278	10,547,460
35,000	DexCom, Inc.[1]	3,975,409	4,854,500
6,995	IDEXX Laboratories, Inc.[1]	2,933,296	3,776,810
10,000	Inspire Medical Systems, Inc.[1]	1,273,951	2,147,900
30,233	Intuitive Surgical, Inc.[1]	7,267,519	12,065,688
45,000	iRhythm Technologies, Inc.[1]	5,076,701	5,220,000
12,000	Shockwave Medical, Inc.[1]	2,503,752	3,907,560
18,000	Stryker Corp.	5,216,224	6,441,660
		36,434,130	48,961,578
	Health Care Facilities (3.65%)		
18,300	HCA Healthcare, Inc.	4,144,546	6,103,599
90,000	Surgery Partners, Inc.[1]	2,828,730	2,684,700
		6,973,276	8,788,299
	Health Care Services (0.41%)		
20,000	RadNet, Inc.[1]	913,194	973,200
	Health Care Supplies (3.27%)		
66,000	The Cooper Companies, Inc.	5,739,552	6,696,360
75,000	Neogen Corp.[1]	1,362,878	1,183,500
		7,102,430	7,879,860
	Health Care Technology (1.45%)		
35,000	Schrödinger, Inc.[1]	938,461	945,000
11,000	Veeva Systems, Inc., Cl A[1]	2,141,143	2,548,590
		3,079,604	3,493,590
	Life Sciences Tools & Services (17.83%)		
40,000	Bio-Techne Corporation	3,091,287	2,815,600
18,100	Danaher Corp.	4,174,368	4,519,932
10,000	Exact Sciences Corp.[1,3]	638,780	690,600
20,200	ICON plc[1,2]	4,159,401	6,786,190
2,650	Mettler-Toledo International, Inc.[1]	2,726,860	3,527,919
41,000	Natera, Inc.[1,3]	2,772,310	3,749,860
18,300	Repligen Corp.[1]	3,252,347	3,365,736
60,000	Stevanato Group SpA[2]	1,399,138	1,926,000
18,849	Thermo Fisher Scientific, Inc.	9,196,029	10,955,227
11,650	West Pharmaceutical Services, Inc.	3,438,732	4,610,021
		34,849,252	42,947,085
	Managed Health Care (9.66%)		
9,000	Elevance Health, Inc.	4,137,488	4,666,860
37,572	UnitedHealth Group, Incorporated	13,933,454	18,586,869
		18,070,942	23,253,729

Shares		Cost	Value
Common Stocks (continued)			
Health Care (continued)			
	Pharmaceuticals (16.61%)		
45,000	AstraZeneca PLC, ADR[2]	$ 2,626,938	$ 3,048,750
26,000	Eli Lilly & Co.	5,735,328	20,226,960
90,000	Merck & Co., Inc.	8,514,795	11,875,500
28,700	Zoetis, Inc.	4,389,841	4,856,327
		21,266,902	40,007,537
TOTAL COMMON STOCKS		165,584,271	227,641,730

Principal Amount			
Short-Term Investments (5.01%)			
$12,063,175	Repurchase Agreement with Fixed Income Clearing Corp., dated 3/28/2024, 4.85% due 4/1/2024; Proceeds at maturity $12,069,676; (Fully Collateralized by $13,438,000 U.S. Treasury Note, 0.75% due 8/31/2026 Market value - $12,304,488)	12,063,175	12,063,175
TOTAL INVESTMENTS (99.54%)		$177,647,446	239,704,905
CASH AND OTHER ASSETS LESS LIABILITIES (0.46%)			1,112,408
NET ASSETS			$240,817,313

% 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 (UNAUDITED)

MARCH 31, 2024

Shares		Cost	Value
Common Stocks (100.05%)			
Consumer Discretionary (3.33%)			
	Broadline Retail (3.33%)		
1,352	MercadoLibre, Inc.[1]	$ 1,992,630	$ 2,044,170
Financials (69.31%)			
	Asset Management & Custody Banks (2.31%)		
1,700	BlackRock, Inc.	1,335,106	1,417,290
	Diversified Banks (2.70%)		
139,085	NU Holdings Ltd., Cl A[1,2]	1,133,995	1,659,284
	Diversified Financial Services (4.14%)		
22,600	Apollo Global Management, Inc.	1,654,296	2,541,370
	Financial Exchanges & Data (20.18%)		
5,464	CME Group, Inc.	1,136,935	1,176,345
3,675	FactSet Research Systems, Inc.	1,538,060	1,669,883
3,973	Moody's Corp.	1,406,039	1,561,508
5,166	Morningstar, Inc.	1,133,088	1,593,039
3,080	MSCI, Inc.	1,320,776	1,726,186
6,457	S&P Global, Inc.	2,537,796	2,747,131
18,379	Tradeweb Markets, Inc., Cl A	1,504,323	1,914,541
		10,577,017	12,388,633
	Insurance Brokers (0.47%)		
9,934	BRP Group, Inc., Cl A[1]	284,828	287,490
	Investment Banking & Brokerage (8.38%)		
10,530	Houlihan Lokey, Inc.	795,760	1,349,840
9,934	Interactive Brokers Group, Inc., Cl A	791,486	1,109,727
6,854	LPL Financial Holdings, Inc.	1,155,054	1,810,827
12,020	The Charles Schwab Corp.	892,280	869,527
		3,634,580	5,139,921
	Property & Casualty Insurance (8.40%)		
17,900	Arch Capital Group Ltd.[1,2]	1,467,472	1,654,676
1,788	Kinsale Capital Group, Inc.	303,680	938,235
12,400	The Progressive Corp.	1,501,618	2,564,568
		3,272,770	5,157,479
	Transaction & Payment Processing Services (22.73%)		
13,908	Block, Inc.[1]	2,510,342	1,176,339
13,213	Fiserv, Inc.[1]	1,413,544	2,111,702
8,900	Global Payments, Inc.	1,110,963	1,189,574
5,960	Jack Henry & Associates, Inc.	993,006	1,035,431
6,300	MasterCard, Incorporated, Cl A	2,171,411	3,033,891
12,915	Repay Holdings Corporation[1]	258,465	142,065
10,600	Visa, Inc., Cl A	2,241,606	2,958,248
3,576	WEX, Inc.[1]	730,811	849,407
124,183	Wise PLC, Cl A (United Kingdom)[1,2]	1,434,591	1,451,619
		12,864,739	13,948,276
Total Financials		34,757,331	42,539,743
Industrials (4.82%)			
	Research & Consulting Services (4.82%)		
2,583	Equifax, Inc.	545,242	691,004
9,934	TransUnion	960,745	792,733
6,258	Verisk Analytics, Inc.	1,196,749	1,475,199
Total Industrials		2,702,736	2,958,936

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (21.02%)			
	Application Software (13.97%)		
11,921	Alkami Technology, Inc.[1]	$ 302,180	$ 292,899
4,470	Bill.Com Holdings, Inc.[1]	530,116	307,178
19,869	Clearwater Analytics Holdings, Inc., Cl A[1]	480,932	351,483
2,087	Fair Isaac Corp.[1]	980,262	2,607,936
13,412	Guidewire Software, Inc.[1]	1,501,822	1,565,315
13,908	Intapp, Inc.[1]	610,006	477,044
4,570	Intuit, Inc.	1,714,638	2,970,500
		6,119,956	8,572,355
	Internet Services & Infrastructure (1.50%)		
11,921	Shopify, Inc., Cl A[1,2]	1,685,376	919,943
	IT Consulting & Other Services (5.55%)		
4,100	Accenture plc, Cl A[2]	1,102,035	1,421,101
25,830	CI&T, Inc., Cl A[1,2]	377,141	106,678
18,875	Endava plc, ADR[1,2]	1,351,424	718,005
5,762	Globant S.A.[1,2]	1,428,435	1,163,348
		4,259,035	3,409,132
Total Information Technology		12,064,367	12,901,430
Real Estate (1.57%)			
	Real Estate Services (1.57%)		
10,000	CoStar Group, Inc.[1]	863,825	966,000
TOTAL COMMON STOCKS		**52,380,889**	**61,410,279**

Principal Amount		Cost	Value
Short-Term Investments (0.38%)			
$233,833	Repurchase Agreement with Fixed Income Clearing Corp., dated 3/28/2024, 4.85% due 4/1/2024; Proceeds at maturity $233,959; (Fully Collateralized by $260,500 U.S. Treasury Note, 0.75% due 8/31/2026 Market value - $238,527)	**233,833**	**233,833**
TOTAL INVESTMENTS (100.43%)		**$52,614,722**	**61,644,112**
LIABILITIES LESS CASH AND OTHER ASSETS (-0.43%)			**(263,005)**
NET ASSETS			**$61,381,107**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
ADR American Depositary Receipt.

Baron New Asia Fund — PORTFOLIO OF INVESTMENTS (Unaudited)

March 31, 2024

Shares		Cost	Value
Common Stocks (97.23%)			
China (20.29%)			
1,188	Alibaba Group Holding Limited, ADR	$ 110,111	$ 85,964
457	Baidu, Inc., ADR[1]	65,203	48,113
838	Baidu, Inc., Cl A[1]	13,648	11,032
14,326	China Mengniu Dairy Co. Ltd.	47,859	30,834
5,843	Estun Automation Co. Ltd., Cl A	20,127	15,127
8,157	Full Truck Alliance Co. Ltd., ADR[1]	58,402	59,301
4,713	Galaxy Entertainment Group Ltd.[1]	30,166	23,693
4,090	Jiangsu Hengli Hydraulic Co. Ltd., Cl A	34,282	28,524
1,717	Kanzhun Ltd., ADR[1]	28,199	30,099
37,535	Kingdee International Software Group Co. Ltd.[1]	63,636	42,477
7,434	Kingsoft Corp. Ltd.	30,946	22,944
234	Kweichow Moutai Co. Ltd., Cl A	59,819	55,159
1,256	Lufax Holding Ltd., ADR[1]	7,764	5,300
2,546	Midea Group Co., Ltd., Cl A	20,187	22,761
15,098	NARI Technology Co. Ltd., Cl A	52,122	50,399
476	PDD Holdings, Inc., ADR[1]	54,740	55,335
655	Shenzhen Mindray Bio-Medical Electronics Co. Ltd., Cl A	31,493	25,382
3,881	Shenzhou International Group Holdings Ltd.	39,268	36,844
4,630	Tencent Holdings Limited, ADR	234,911	180,709
2,547	Tencent Music Entertainment Group, ADR[1]	24,719	28,501
5,891	Venustech Group, Inc., Cl A	23,583	16,987
1,157	Yum China Holdings, Inc., (Hong Kong)	66,548	45,611
1,327	Zai Lab Limited, ADR[1]	76,251	21,258
Total China		1,193,984	942,354
Hong Kong (2.64%)			
3,228	AIA Group Ltd.	34,420	21,713
21,121	Budweiser Brewing Co. APAC Ltd., 144A	53,178	31,152
592	Hong Kong Exchanges & Clearing Ltd.	33,138	17,250
3,860	Techtronic Industries Co. Ltd.	56,923	52,449
Total Hong Kong		177,659	122,564
India (48.58%)			
4,263	360 ONE WAM Ltd.	24,507	34,640
4,131	Aarti Pharmalabs Ltd.[1]	15,956	21,538
776	Amber Enterprises India Ltd.[1]	19,775	34,102
4,738	Aster DM Healthcare Ltd., 144A[1]	25,001	23,276
1,032	Bajaj Finance Limited	84,276	90,113
7,301	Bharti Airtel Ltd.	68,273	107,724
20,597	Bharti Airtel Ltd. PP	159,191	203,290
2,074	Cholamandalam Investment & Finance Co. Ltd.	28,983	28,881
21	Divi's Laboratories Ltd.	881	869
417	Dixon Technologies India Ltd.	23,075	37,567
7,776	Godrej Consumer Products Ltd.	97,408	117,080
1,748	Godrej Properties Ltd.[1]	29,927	48,328
3,351	HDFC Bank Ltd.	64,962	58,434
34,603	Indus Towers Ltd.[1]	104,146	121,034
1,182	InterGlobe Aviation Ltd., 144A[1]	44,992	50,368
42,258	Jio Financial Services Ltd.[1]	118,812	179,655
38,890	JM Financial Limited	39,459	34,990
1,348	Kaynes Technology India Ltd.[1]	41,552	46,707
5,594	Kirloskar Oil Engines Ltd.	50,801	57,724
1,539	Mahindra & Mahindra Ltd.	28,943	35,553
3,988	Max Healthcare Institute Ltd.	27,502	39,331
1,431	Neogen Chemicals Ltd.	19,330	20,556
6,436	Power Grid Corp. of India Ltd.	22,201	21,364
3,660	Reliance Industries Limited	110,265	130,875
3,738	SBI Life Insurance Company Limited, 144A	59,681	67,496
2,535	Tata Communications Ltd.	42,806	61,261
685	Tata Consultancy Services Ltd.	30,079	31,970
4,298	Tata Consumer Products Ltd.	43,687	56,596
460	Thermax Ltd.	23,381	23,123
1,851	Titan Co. Ltd.	56,096	84,613
3,790	Trent Ltd.	79,385	179,895
988	Tube Investments of India Ltd.	38,070	44,371
74,281	Zomato Ltd.[1]	71,540	162,818
Total India		1,694,943	2,256,142

Shares		Cost	Value
Common Stocks (continued)			
Indonesia (1.87%)			
226,900	Bank Rakyat Indonesia (Persero) Tbk PT	$ 66,794	$ 86,761
Japan (3.37%)			
440	Hoya Corp.	61,199	55,031
79	Keyence Corporation	42,141	36,677
249	Tokyo Electron Limited	36,124	64,852
Total Japan		139,464	156,560
Korea, Republic of (10.40%)			
3,791	Coupang, Inc., Cl A[1]	55,685	67,442
428	HD Hyundai Heavy Industries Co. Ltd.[1]	33,995	37,727
356	HD Korea Shipbuilding & Offshore Engineering Co. Ltd.[1]	24,414	31,808
872	Korea Aerospace Industries Ltd.	29,593	32,638
3,861	Samsung Electronics Co., Ltd.	213,144	232,037
58	Samsung SDI Co. Ltd.	25,811	20,570
461	SK Hynix, Inc.	42,637	61,071
Total Korea, Republic of		425,279	483,293
Taiwan (10.08%)			
6,553	Delta Electronics, Inc.	56,106	70,136
222	eMemory Technology, Inc.	18,713	16,668
11,084	Taiwan Semiconductor Manufacturing Co., Ltd.	207,778	265,530
851	Taiwan Semiconductor Manufacturing Co., Ltd., ADR	65,045	115,779
Total Taiwan		347,642	468,113
TOTAL COMMON STOCKS		**4,045,765**	**4,515,787**

Principal Amount		Cost	Value
Short-Term Investments (4.41%)			
$204,703	Repurchase Agreement with Fixed Income Clearing Corp., dated 3/28/2024, 4.85% due 4/1/2024; Proceeds at maturity $204,814; (Fully Collateralized by $219,300 U.S. Treasury Note, 3.50% due 2/15/2033 Market value - $208,869)	**204,703**	**204,703**
TOTAL INVESTMENTS (101.64%)		**$4,250,468**	**4,720,490**
LIABILITIES LESS CASH AND OTHER ASSETS (-1.64%)			**(76,085)**
NET ASSETS			**$4,644,405**

% Represents percentage of net assets.
[1] Non-income producing securities.
ADR American Depositary Receipt.
144A Security is exempt from registration pursuant to Rule 144A under the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. At March 31, 2024, the market value of Rule 144A securities amounted to $172,292 or 3.71% of net assets.

Baron New Asia Fund — PORTFOLIO OF INVESTMENTS (UNAUDITED) (Continued)

MARCH 31, 2024

Summary of Investments by Sector as of March 31, 2024	Percentage of Net Assets
Information Technology	22.0%
Consumer Discretionary	19.7%
Communication Services	17.5%
Financials	13.5%
Industrials	9.5%
Consumer Staples	6.3%
Health Care	4.0%
Energy	2.8%
Real Estate	1.0%
Utilities	0.5%
Materials	0.4%
Cash and Cash Equivalents*	2.8%
	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 (UNAUDITED)

MARCH 31, 2024

Shares		Cost	Value
Common Stocks (97.49%)			
Communication Services (11.59%)			
	Advertising (1.99%)		
5,738	The Trade Desk, Inc., Cl A[1]	$ 409,757	$ 501,616
	Interactive Home Entertainment (0.84%)		
1,419	Take-Two Interactive Software, Inc.[1]	215,313	210,708
	Interactive Media & Services (4.80%)		
2,277	Meta Platforms, Inc., Cl A	832,413	1,105,666
2,130	Reddit, Inc., Cl A[1]	72,420	105,051
		904,833	1,210,717
	Movies & Entertainment (3.96%)		
3,787	Spotify Technology SA[1,2]	948,512	999,389
Total Communication Services		2,478,415	2,922,430
Consumer Discretionary (12.03%)			
	Automobile Manufacturers (1.39%)		
1,999	Tesla, Inc.[1]	493,907	351,404
	Broadline Retail (9.88%)		
13,821	Amazon.com, Inc.[1]	2,196,543	2,493,032
	Hotels, Resorts & Cruise Lines (0.76%)		
26,165	eDreams ODIGEO SA (Spain)[1,2]	208,230	190,379
Total Consumer Discretionary		2,898,680	3,034,815
Financials (1.61%)			
	Transaction & Payment Processing Services (1.61%)		
428	MasterCard, Incorporated, Cl A	180,407	206,112
718	Visa, Inc., Cl A	181,520	200,380
Total Financials		361,927	406,492
Industrials (1.07%)			
	Human Resource & Employment Services (1.07%)		
4,086	Dayforce, Inc. (formerly, Ceridian HCM Holding, Inc.)[1]	310,824	270,534
Information Technology (66.89%)			
	Application Software (9.95%)		
5,279	Gitlab, Inc., Cl A[1,3]	278,995	307,871
2,598	Guidewire Software, Inc.[1]	292,897	303,213
327	HubSpot, Inc.[1]	167,545	204,885
8,180	Intapp, Inc.[1]	334,720	280,574
780	Intuit, Inc.	459,850	507,000
528	ServiceNow, Inc.[1,3]	344,724	402,547
1,842	Workday, Inc., Cl A[1]	484,835	502,406
		2,363,566	2,508,496
	Electronic Equipment & Instruments (2.23%)		
12,427	PAR Technology Corp.[1]	555,191	563,689
	Internet Services & Infrastructure (0.75%)		
2,460	Shopify, Inc., Cl A[1,2]	202,634	189,838
	IT Consulting & Other Services (2.89%)		
1,528	Gartner, Inc.[1]	650,893	728,352
	Semiconductor Materials & Equipment (6.04%)		
520	ASML Holding N.V.[2]	419,455	504,644
1,595	BE Semiconductor Industries NV (Netherlands)[2]	232,933	244,320
797	Lam Research Corp.	638,879	774,341
		1,291,267	1,523,305

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (continued)			
	Semiconductors (28.68%)		
6,087	Advanced Micro Devices, Inc.[1]	$ 912,623	$ 1,098,642
2,942	Astera Labs, Inc.[1]	105,912	218,267
883	Broadcom, Inc.	1,031,665	1,170,337
72,018	indie Semiconductor, Inc., Cl A[1]	503,223	509,887
3,699	Marvell Technology, Inc.	183,207	262,185
4,200	Micron Technology, Inc.	369,782	495,138
228	Monolithic Power Systems, Inc.	116,873	154,452
2,700	NVIDIA Corp.	1,312,012	2,439,612
7,884	Taiwan Semiconductor Manufacturing Co., Ltd. (Taiwan)[2]	161,540	188,871
5,113	Taiwan Semiconductor Manufacturing Co., Ltd., ADR[2]	625,362	695,624
		5,322,199	7,233,015
	Systems Software (14.98%)		
2,502	Cloudflare, Inc., Cl A[1,3]	189,734	242,269
520	Crowdstrike Holdings, Inc., Cl A[1]	78,029	166,707
2,266	Datadog, Inc., Cl A[1,3]	253,706	280,078
7,015	Dynatrace, Inc.[1,3]	343,427	325,776
5,786	Microsoft Corporation	2,169,702	2,434,286
2,042	Snowflake, Inc., Cl A[1,3]	388,827	329,987
		3,423,425	3,779,103
	Technology Hardware, Storage & Peripherals (1.37%)		
2,017	Apple, Inc.	357,759	345,875
Total Information Technology		14,166,934	16,871,673
Real Estate (4.30%)			
	Real Estate Services (4.30%)		
11,232	CoStar Group, Inc.[1]	964,220	1,085,011
TOTAL COMMON STOCKS		**21,181,000**	**24,590,955**

Principal Amount		Cost	Value
Short-Term Investments (3.53%)			
$889,427	Repurchase Agreement with Fixed Income Clearing Corp., dated 3/28/2024, 4.85% due 4/1/2024; Proceeds at maturity $889,907; (Fully Collateralized by $990,800 U.S. Treasury Note, 0.75% due 8/31/2026 Market value - $907,225)	**889,427**	**889,427**
TOTAL INVESTMENTS (101.02%)		**$22,070,427**	**25,480,382**
LIABILITIES LESS CASH AND OTHER ASSETS (-1.02%)			**(256,079)**
NET ASSETS			**$25,224,303**

% 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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