

# Baron Funds®

## Quarterly Report

June 30, 2023

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

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

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

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

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

Trina Spear is the co-founder and CEO of FIGS, Inc., the native online provider of exceptional health care worker uniforms of the highest quality. The lesson Trina learned from Air Jordan's incredible success? She believes *what*

*drives the most revenue for a business isn't necessarily what drives the most brand awareness.*

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



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

the rest of us... and, whom, she believes...and we do, too... are generally underappreciated.

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

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

We have an analogous story at Baron. I have often shared with the incredibly talented individuals with whom I have worked for so

many years my view that Baron should not even exist. That is since few firms have been able to outperform benchmark indexes...and extremely low cost passively managed funds by definition earn benchmark returns. To outperform benchmarks we would need to recruit, train, and retain exceptional people...have a differentiated process...consistently invest in our people and business...**OUTPERFORM**...put our clients' interests ahead of our own...and **TELL OUR STORY!!!** We have accomplished all that.

Since their respective inceptions as mutual funds, 16 of 19 Baron mutual funds, representing **98.7%** of Baron Fund's AUM, have **outperformed** their benchmarks. Thirteen Baron mutual funds, representing **96.3%** of Baron Funds' AUM, rank in the **top 20%** of their respective Morningstar categories. Nine funds, representing **56.4%** of Baron Funds' AUM, rank in the **top 10%** of their categories, and five funds, representing **46.7%** of Baron Funds' AUM, rank in the **top 1%** of their categories. All five of these funds are the number one performers in their categories. **Baron Partners Fund** is the **number one** performing U.S. equity mutual fund since its conversion from a partnership to a mutual fund in 2003.\* Its performance as a partnership from 1992 through 2003 was equally strong.

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



# Letter from Ron

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

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

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

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

Respectfully,



Ronald Baron

CEO

August 8, 2023

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

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

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

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

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

The Morningstar Large Growth Category consisted of 1,219, 1,032, and 791 share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Partners Fund (Institutional Shares) in the 36<sup>th</sup>, 1<sup>st</sup>, 1<sup>st</sup>, and 1<sup>st</sup> percentiles for the 1-, 5-, 10-year, and since conversion periods, respectively. The Fund converted into a mutual Fund on 4/30/2003, and the category consisted of 759 share classes. Morningstar calculates the Morningstar Large Growth Category Average performance and rankings using its Fractional Weighting methodology. Morningstar rankings are based on total returns and do not include sales charges. Total returns do account for management, administrative, and 12b-1 fees and other costs automatically deducted from fund assets.

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

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

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

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

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

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

# Letter from Ron

## Baron Funds (Institutional Shares) and Benchmark Performance 6/30/2023

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

(1) Reflects the actual fees and expenses that were charged when the Funds were partnerships. The predecessor partnerships charged a 20% performance fee (Baron Partners Fund) or a 15% performance fee (Baron Focused Growth Fund) after reaching a certain performance benchmark. If the annual returns for the Funds did not reflect the performance fee for the years the predecessor partnerships charged a performance fee, returns would be higher. The Funds' shareholders are not charged a performance fee.

(2) For the period June 30, 1987 to June 30, 2023.

(3) As of 9/30/2022.

(4) As of 12/31/2022.

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

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

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

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

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

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

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

<sup>(12)</sup> Gross annual expense ratio was 0.90%, but the net annual expense ratio was 0.85% (net of Adviser's fee waivers).

<sup>(13)</sup> Gross annual expense ratio was 1.20%, but the net annual expense ratio was 0.95% (net of Adviser's fee waivers).

<sup>(14)</sup> Gross annual expense ratio was 6.42%, but the net annual expense ratio was 0.95% (net of Adviser's fee waivers and expense reimbursements).

<sup>(15)</sup> Gross annual expense ratio was 1.14%, but the net annual expense ratio was 1.11% (includes acquired fund fees and expenses, net of expense reimbursements).

† The Fund's historical performance was impacted by gains from IPOs. There is no guarantee that these results can be repeated or that the Fund's level of participation in IPOs will be the same in the future.

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

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

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

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

Ranking information provided is calculated for the **Institutional Share Class** and is as of **6/30/2023**. The number of share classes in each category may vary depending on the date that Baron downloaded information from Morningstar Direct. **Morningstar calculates its category average performance and rankings using its Fractional Weighting methodology. Morningstar rankings are based on total returns and do not include sales charges. Total returns account for management, administrative, and 12b-1 fees and other costs automatically deducted from fund assets.** The **Morningstar Large Growth Category** consisted of 1,219, 1032, and 791, share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Opportunity Fund in the 20<sup>th</sup>, 4<sup>th</sup>, 13<sup>th</sup>, and 5<sup>th</sup> percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 2/29/2000, and the category consisted of 600 share classes. The **Morningstar Mid Cap Growth Category** consisted of 560, 486, and 379, share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Asset Fund in the 32<sup>nd</sup>, 45<sup>th</sup>, 22<sup>nd</sup>, and 11<sup>th</sup> percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 6/12/1987, and the category consisted of 71 share classes. Morningstar ranked Baron Growth Fund in the 16<sup>th</sup>, 11<sup>th</sup>, 21<sup>st</sup>, and 1<sup>st</sup> percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 12/31/1994, and the category consisted of 157 share classes. Morningstar ranked Baron Focused Growth Fund in the 32<sup>nd</sup>, 1<sup>st</sup>, 1<sup>st</sup> and 2<sup>nd</sup> percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund converted into a mutual fund 6/30/2008, and the category consisted of 437 share classes. The **Morningstar Small Cap Growth Category** consisted of 589, 525, and 390, share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Small Cap Fund in the 34<sup>th</sup>, 22<sup>nd</sup>, 30<sup>th</sup>, and 12<sup>th</sup> percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 9/30/1997, and the category consisted of 243 share classes. Morningstar ranked Baron Discovery Fund in the 50<sup>th</sup>, 34<sup>th</sup>, and 5<sup>th</sup> percentiles for the 1-, 5-, and since inception periods, respectively. The Fund launched 9/30/2013, and the category consisted of 522 share classes. The **Morningstar Real Estate Category** consisted of 254, 211, and 151, share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Real Estate Fund in the 1<sup>st</sup>, 1<sup>st</sup>, 1<sup>st</sup>, and 1<sup>st</sup> percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 12/31/2009, and the category consisted of 182 share classes. Morningstar ranked Baron Real Estate Income Fund in the 22<sup>nd</sup>, 3<sup>rd</sup>, and 2<sup>nd</sup> percentiles for the 1-, 5-, and since inception periods, respectively. The Fund launched 12/29/2017, and the category consisted of 226 share classes. The **Morningstar Foreign Large Growth Category** consisted of 447, 351, 238, and 266 share classes for the 1-, 5-, 10-year, and since inception (12/31/2008) periods. Morningstar ranked Baron International Growth Fund in the 91<sup>st</sup>, 62<sup>nd</sup>, 27<sup>th</sup>, and 16<sup>th</sup>, respectively. **The Morningstar Diversified Emerging Markets Category** consisted of 816, 646, 385, and 376 share classes for the 1-, 5-, 10-year, and since inception (12/31/2010) periods. Morningstar ranked Baron Emerging Markets Fund in the 66<sup>th</sup>, 71<sup>st</sup>, 30<sup>th</sup>, and 12<sup>th</sup>, respectively. **The Morningstar Health Category** consisted of 172, 132, and 137 share classes for the 1-, 5-, and since inception (4/30/2018) periods. Morningstar ranked Baron Health Care Fund in the 50<sup>th</sup>, 1<sup>st</sup>, and 1<sup>st</sup>, respectively. **The Morningstar Aggressive Allocation Category** consisted of 198, 175, and 191 share classes for the 1-, 5-, and since inception (12/29/2017) periods. Morningstar ranked Baron WealthBuilder Fund in the 3<sup>rd</sup>, 1<sup>st</sup>, and 1<sup>st</sup>, respectively.

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

\*% of Long Positions

# Letter from Ron

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

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

The **Russell 1000® Growth Index** measures the performance of large-sized U.S. companies that are classified as growth. The **Russell 2000® Growth Index** measures the performance of small-sized U.S. companies that are classified as growth. The **Russell 2500® Growth Index** measures the performance of small to medium-sized companies that are classified as growth. The **Russell 3000® Growth Index** measures the performance of the broad growth segment of the U.S. equity universe comprised of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market. The **Russell 3000® Health Care Index** is an unmanaged index representative of companies involved in medical services or health care in the Russell 3000 Index, which is comprised of the 3,000 largest U.S. companies as determined by total market capitalization. The **Russell Midcap® Growth Index** measures the performance of medium-sized U.S. companies that are classified as growth. The **FactSet Global Fintech Index™** is an unmanaged and equal-weighted index that measures the equity market performance of companies engaged in Financial Technologies, primarily in the areas of software and consulting, data and analytics, digital payment processing, money transfer, and payment transaction-related hardware, across 30 developed and emerging markets. The **S&P 500 Index** measures the performance of 500 widely held large-cap U.S. companies. All rights in the FTSE Russell Index (the "Index") vest in the relevant LSE Group company which owns the Index. Russell® is a trade mark of the relevant LSE Group company and is used by any other LSE Group company under license. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. The **MSCI EM (Emerging Markets) Index Net (USD)** is designed to measure equity market performance of large and mid-cap securities across 24 Emerging Markets countries. The **MSCI ACWI Index Net (USD)** is designed to measure the equity market performance of large and midcap securities across 23 Developed Markets (DM) and 24 Emerging Markets (EM) countries. The **MSCI ACWI ex USA Index Net (USD)** is designed to measure the equity market performance of large and mid cap securities across 22 of 23 Developed Markets (DM) countries (excluding the US) and 24 Emerging Markets (EM) countries. The **MSCI USA IMI Extended Real Estate Index Net (USD)** is a custom index calculated by MSCI for, and as requested by, BAMCO, Inc. The index includes real estate and real estate-related GICS classification securities. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indices or any securities or financial products. This report is not approved, reviewed or produced by MSCI. The **MSCI US REIT Index Net (USD)** is a free float-adjusted market capitalization index that measures the performance of all equity REITs in the US equity market, except for specialty equity REITs that do not generate a majority of their revenue and income from real estate rental and leasing operations. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. The MSCI Indexes and the Funds include reinvestment of dividends, net of foreign withholding taxes, while the Non-MSCI Indexes include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts performance results. The indexes are unmanaged. Index performance is not fund performance; one cannot invest directly into an index.

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