Letter from Ron

Baron Funds®

September 30, 2023

Quarterly Report

Dear Shareholders,

The events of this past month have been both devastating and disorienting. And so, in this space where I usually express my thoughts and insights on investing, I would like to share with you the powerfully clarifying sermon of my friend and Rabbi, Angela Buchdahl of Central Synagogue. I hope it helps you make sense of the senseless, as it did for me.

Rabbi Angela Buchdahl's October 13, 2023 sermon entitled Israel at War: In the Beginning there was the Word.

"*Ein Milim. Ein Milim. There are no words.*
This was the refrain I heard over and over from Israeli family and friends as I reached out to them in the days following what we now know was the largest, most vicious massacre of Jews since the Holocaust.

Ein Milim
How can mere words describe the barbarism of hundreds of Hamas terrorists streaming into Israel with no other purpose than to hunt down and murder Jews, in their homes, at bus stops, at a music festival, while gleefully livestreaming their rampage to exultant crowds? What words can you say to a father witnessing a video of his 20-year-old daughter, petrified, screaming, as Hamas terrorists motor her off into the abyss. What words can convey the horror of Hamas terrorists storming into "safe rooms" slaughtering parents before their children's eyes and then dragging those children down into the tunnels below Gaza? Hamas terrorists seized elderly *Holocaust* survivors, set people on fire, and *murdered babies*. There is no depraved act you could possibly imagine that they did not do.

Ein Milim. There are no words.
As this murderous rampage unfurled on Shabbat, Jews around Israel, not yet knowing exactly what was happening, were unfurling the Torah which describes the beginning again with Genesis and the story of creation.

As a Jewish people, we understand the power of WORDS to create a reality. Words bolster nations, build bridges, and bring healing. But words can also become barriers, curses and weapons. Jews have never ascribed to the childhood rhyme that 'words will never hurt us.' We know how very potent they are. And we also know how silence – the absence of words – can enable evil, and chaos.

As I sat heartsick and devastated by the deadly violence in Israel, I was shocked by the words that kept appearing in response to this attack. Words like "Resistance," "Decolonizing", or "Freedom Fighters" words that valorized – and even *celebrated* – Hamas terrorism, words that perversely found a way to blame Israel for these monstrous attacks. The contortions people engaged in to blame defenseless children, teenagers at a music festival, or Holocaust survivors for their own *murder* betrayed a moral bankruptcy and hypocrisy I did not believe was possible.

Equally upsetting were the muted or ethically opaque statements from the people we look to for moral leadership – University Presidents who could not bring themselves to state clearly the simple truths of these attacks: the perpetrators were terrorists, and their chosen victims were Jews.

I belong to a group of interfaith leaders representing most of the major churches, synagogues and mosques in New York. This week, leaders within the group attempted to issue a statement in response to the Hamas attack, but their draft was limited to platitudes that "we stand in solidarity with the people of the region" and "We call to stop the violence in the Holy Land." After some back and forth, the group never issued a statement at all. The leaders of our Manhattan faith community could not just say the words: *We condemn Hamas terrorism and this massacre.*

Another interfaith group seeking to raise monetary aid for the region wrote an email decrying the "cycle of violence" and "intergenerational trauma." NO. This heinous attack was not just part of a "cycle of violence." NO. Intergenerational trauma can never justify the mass murder and abduction of civilians.

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These academic and faith leaders have made a career out of words, and they know their power.

And instead of taking principled stands, again and again, we saw them choose words that made false equivalencies, blamed the Jewish victims, and implied moral ambiguity where there was none. It was chilling to realize how many people – often those who generally have the most compassion for victims of oppression, and violence, simply have a blind spot when the victims happen to be Jews.

Never before have I felt how important words are for creating realities. And how deafening silence can feel, in the face of an atrocity. When I heard President Biden deliver his emotional, unequivocal condemnation of Hamas, as a terrorist organization akin to ISIS, when he named the atrocities as unadulterated evil, and clearly affirmed; "We stand with Israel." I started crying. I didn't even realize how much I needed to hear our President say the words. But words matter, *because the truth matters*.

And because words are so powerful, let's take care to use the right ones. Do not equate *Hamas* with the *Palestinian people*. Unlike our enemies, I mourn the death of ALL innocent lives, Israeli and Palestinian, lost in this war. For us to lose sight of that is to lose our own humanity. Conflating these Hamas attacks with "Palestinian resistance" is an insult to the many Palestinians who abhor Hamas, from the Palestinian Israeli news anchor who publicly condemned their actions to the many Palestinians who have made non-violent activism their life's work. This attack was not Palestinian resistance. It was not freedom fighting. When it comes to these attacks, *say the words*: terrorism. Mass murder. Crimes against humanity.

And we must not let Israel's enemies use words to stigmatize Israelis. I've had enough of calling Israelis colonialists. Do not fall for that. It is Hamas's explicit strategy to paint Israelis as rootless, settler colonialists. *That's a lie*. Jewish history and sovereignty on that land goes back millennia, and most modern Israelis are Jewish refugees from the Middle East, Europe, Africa and around the world, who have returned to the only Jewish home we have. The Jews of Israel are nothing like the French colonials in Algeria, or the British in India, all of whom could leave and go home to France or England. Israeli Jews can't go back to any country. Israel IS their country. And as Jews, Israel is OUR country. And we are not going anywhere.

Today, as Israel is forced to forge a *new world* – for make no mistake, it will never be the same – the light was separated from the dark. There is no gray area here.

The world saw what pure evil looks like. Evil is the barbaric massacre that Hamas carried out on Israeli soil. Evil is Hamas using billions of dollars of aid not to build schools and infrastructure to uplift Gazans, but to build a militia and tunnels to kill Israelis. Evil is Hamas breaking all international laws of warfare and embedding themselves in civilian areas wearing civilian clothes, because the death of innocent Gazans is a strategic tactic of their jihad. Israel has a moral imperative to protect its citizens and to rescue its hostages. Vanquishing Hamas, whose charter purpose is to exterminate Israel, is a just and moral war. One we didn't choose, but now can't avoid.

Amidst the darkness, we've also seen glimmers of light: Landmarks in Berlin, Paris, London lit up in blue and white in support for Israel. The protest movement in Israel morphing overnight into a network of social services for displaced families and the wounded. And the American Jewish community, so often divided on Israel, feeling the pain of their sisters and brothers and responding with a generous outpouring of support.

Ein Milim. There are no words.
But in the absence of words, we turn to each other.

And as we create anew, we turn to the prayers of our people that have given us language when we cannot find our own. I want to ask all rabbis and cantors here, to join us on the bima, as we rise together as one united community and sing the words of Hatikvah, "The Hope" – words that have enabled our people to survive the unimaginable and create anew."

HATIKVAH IS SUNG

Rabbi Angela's sermon is available to watch on YouTube. Israel At War: In the Beginning There Was The Word | Rabbi Angela Buchdahl – YouTube.

Email from Ron to Rabbi Angela on October 14:

I am sorry we were not in Temple last night. Judy was too upset to be in public.

We watched though and found your words moving and sobering. Incredibly moving actually. Incredibly sobering. Genna just told me of your conversation with her before services began. Made me cry. I think what you said is so on target. I would like to use your sermon as my quarterly "Letter from Ron" in Baron Funds shareholder report. Would be good for 500,000 to see your thoughts. Could not have been more on target.

Scrolling out the names of the murdered end of services hard to watch. Brilliant but hard to watch…harder to accept. Also, so disturbing as you pointed out moral bankruptcy of any who excuse or equivocate. Someday I will ask you to explain to me how individuals in charge of important institutions can feel the way they do.

Email response from Angela to Ron on October 15:

Ron
Thank you for this incredibly touching note. And I would be most honored if you shared my words with your wide and diverse community. Truly honored. I was so glad to see Genna and Michael at services. And it was amazing that she said exactly the words that began my sermon. I felt especially connected to her as her ties to Israel are so deep.

This is going to be a long and hard road but I'm so grateful to be in it with this community.
Sending much love,

Angela

One trillion dollars of doubt. This is how Bank of America's strategists recently labeled the sustained massive influx of cash into money market funds this year. It is, perhaps, also an accurate way to describe the current state of investor sentiment. This letter is not about having doubt in our financial markets; it is about investing with conviction.

Money market assets reached a new all-time high in the third quarter, after raking in nearly a trillion dollars since October 2022, according to data from Morningstar. Interest rates above 5%, the inverted yield curve, an uncertain monetary policy path, and persistent concerns of economic slowdown have been the main drivers of the steady money market inflows for 12 consecutive months.

Despite investor uncertainty, the S&P 500 Index has increased 20% since its low a year ago, and economic data has been more robust than expected. Yet, U.S. equity funds across all Morningstar style box categories have seen net outflows of $100 billion since then, not including another $46 billion of outflows from sector funds. Flows for actively managed funds have been negative. Flows for passively managed funds were positive in almost all categories; but, by far, the bulk of net inflows went to the Large Blend category, where the most popular indexed products are classified. What is more interesting, just six ETFs and index funds accounted for the entire $113 billion inflow in the Large Blend category over the past 12 months. Other passively managed products also had positive flows, but they offset the negatives in the category, in the aggregate.

LINDA MARTINSON
CHAIRMAN, PRESIDENT AND COO

Equity Flows Have Been Mostly Directed to Passively Managed Large Blend Products

One-Year Cumulative Net Fund Flows by Morningstar Category
as of 9/30/2023, in billions

	Actively Managed Funds			Passively Managed Funds		
	Value	Blend	Growth	Value	Blend	Growth
Large	-$54	-$52	-$93	-$9	$113	$28
Mid	-$17	-$3	-$24	$4	$11	$1
Small	-$1	-$7	-$12	$2	$12	$1

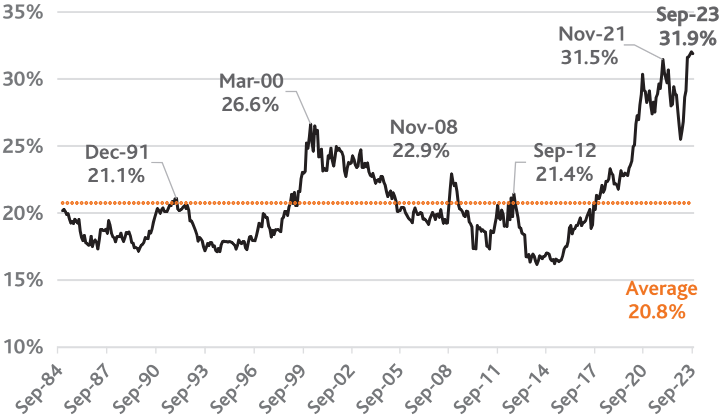
Source: Morningstar Direct.

Over the past 15 years, passive products, especially those tracking the most popular stock market indexes like the S&P 500 Index, have become an integral part of most investor portfolios. They have been a reasonable tool for gaining broad and diversified equity market exposure. However, because several mega-cap stocks have recently performed significantly better than the rest of the stocks in the asset class, those indexes and the products that track them have become unusually concentrated in a handful of stocks. This may be surprising to some investors.

The chart below shows that as of 9/30/2023, nearly a third of the weight in the S&P 500 Index was concentrated in the top 10 (out of 504) stocks. This is the most concentrated the index has been in at least four decades, and significantly above the 20.8% historical average weight of the top 10 index constituents.

The S&P 500 Index Has Reached the Highest Level of Concentration in Decades

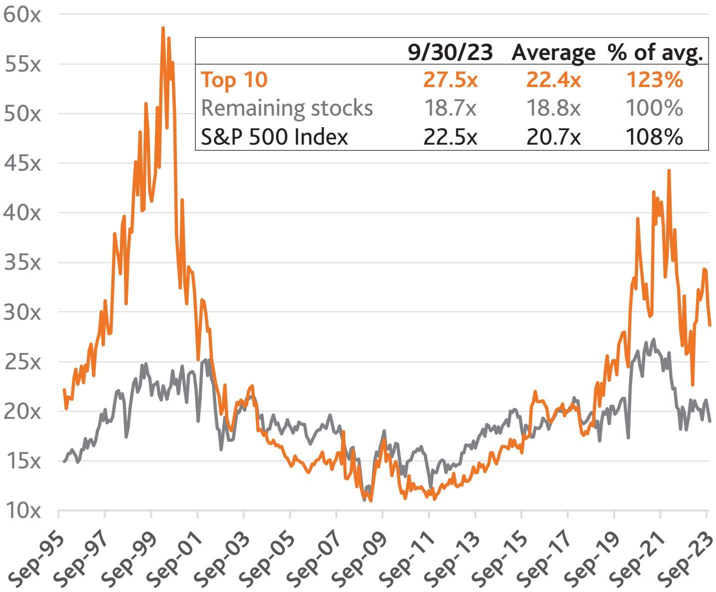
Combined Weight of Top 10 Largest Holdings in the S&P 500 Index
12/31/1984 – 9/30/2023, monthly



Source: FactSet.

Furthermore, due to recent strong performance, the valuations of the top 10 have significantly outgrown the valuations of the remaining index constituents, as shown by the next chart. The top 10 stocks are currently trading at a 23% valuation premium relative to the average valuation for the top 10.

Next 12 Months P/E Ratio of the Top 10 and the Remaining Stocks in the S&P 500 Index
12/31/1995 – 9/30/2023, monthly



Source: FactSet Fundamentals.

As the chart from the prior page further shows, the combined weight of the top 10 holdings in the S&P 500 Index has varied substantially throughout the past four decades. This is an outcome of index design – the maximum weight any single stock can have is directly linked to its market capitalization, both of which, technically, can grow without limit. This is a particular feature of large-cap indexes. Most popular mid-cap and smaller cap equity indexes have some implicit limitation on concentration, since the larger cap stocks would be moved to a larger cap index at the next rebalancing.

Concentration per se is not necessarily a bad thing, although it generally means a portfolio may be subject to higher risk. Periodically, the unmanaged products that track the large-cap indexes build up concentration which, as a result, may build up pressures and higher uncontrolled risk for passive investors. Actively managed concentrated[1] portfolios are also subject to high risk, but this risk is intentionally taken by the manager and can be controlled to some extent. We believe the decision to take this risk and the ability to manage it are key to successfully managing a more concentrated portfolio. Only an active manager can do this.

Typically, a concentrated portfolio holds a small number of stocks and/or is invested heavily in a few holdings. If these stocks do well, they will drive the performance of the portfolio and can potentially lead to substantial outperformance. This would often be the main reason an investor would pick a concentrated fund – the desire to generate outsized returns. However, concentrated portfolios inherently carry higher risk that can result in outsized underperformance and losses.

The degree of concentration in a portfolio may be a result of different factors. For the S&P 500 Index, it is caused by the past performance of its constituents. For actively managed portfolios, it is likely due to active allocation decisions by the portfolio manager based on experienced analysis. Conviction is derived from the level of confidence in that analysis.

Conviction is having a strong belief in the fundamental underlying value and growth prospects of an investment, based on thorough and ongoing research and analysis. Investors with high conviction believe that their investment in a particular stock, asset, market sector, or investment strategy has a solid foundation and is likely to succeed over the long term, despite market volatility or contrary opinions.

The connection between conviction and concentrated portfolios in investing lies in the confidence investors have in their selected investments. When investors have a high level of conviction, they may feel strongly enough about their research and the potential of certain investments to allocate a significant portion of their capital to them, leading to a more concentrated portfolio.

In our view, the long-term success of concentrated equity portfolios mostly hinges on the portfolio manager's stock selection skill. Skilled investors are those who can consistently deliver value to their investors and are among the best across peers. Having expertise over many years, and knowing its depth and boundaries, is what allows skilled managers to make high-conviction investment decisions. Nevertheless, even the best managers know they can't make great decisions all the time, which is why they seek some diversification. As Howard Marks wrote in one of his memos[2], portfolio managers "may overweight favorites to take advantage of what they think they know, but they still diversify to protect against what they don't know."

If concentration risk is altogether undesired, the solution is to invest in diversified products. Diversification, called by Nobel Prize laureate Harry Markowitz "the only free lunch" in investing, can help reduce the idiosyncratic risk in a portfolio. Every stock portfolio is subject to market fluctuations and risks that are unavoidable. The stock-specific risks in a portfolio, however, can be reduced by adding more stocks. Broadly speaking, the amount of stock-specific risk is inversely proportional to the number of portfolio holdings. But as with most things in investing, every solution brings a new problem – in this case, it is the risk of overdiversification.

Overdiversification occurs when a portfolio holds such a large number of stocks that the intended benefits of diversification start to level off and even become detrimental to the overall portfolio. The principal downside of overdiversification is the dilutive impact on the outperforming stocks.

[1] In this context, and throughout the letter, we do not use the word concentrated as defined in the Investment Company Act of 1940. We use it more broadly, to discuss portfolios that tend to allocate significantly to a small number of stocks and/or have a small number of holdings in general.
[2] See "Selling Out" from 1/13/2022, available at oaktreecapital.com.

It can also result in redundant (thus, highly correlated) asset choices, higher transaction costs, and increased portfolio management complexity. Striking a balance between adequate diversification and focused investing to achieve potential outperformance is key.

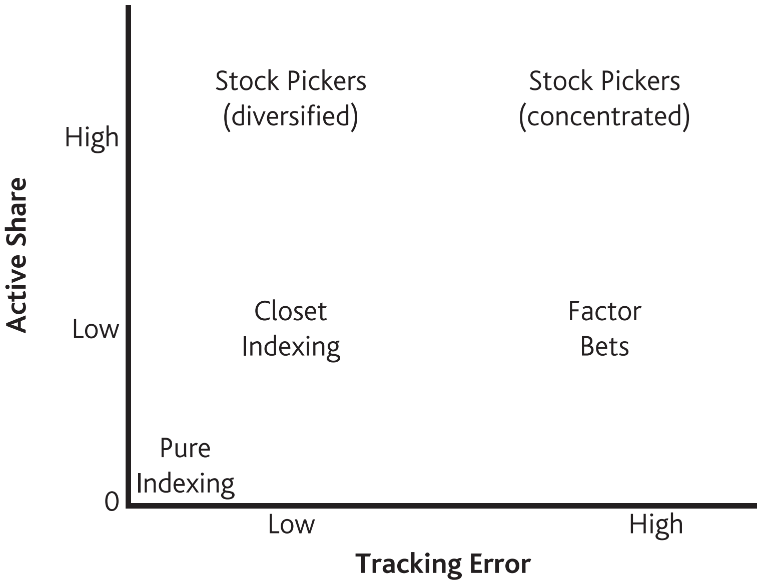
So, how many stocks are sufficient to optimally diversify a stock portfolio? Research shows that over the past 70 years there have been about 150 journal publications attempting to provide an answer to this question, most of which were published in the last decade. A review[3] of these concluded that there isn't a single number corresponding to an optimal number of stocks that constitute a well-diversified portfolio. Optimal diversification is influenced by a variety of factors, including market conditions, market capitalization, asset class and the size of the investment universe, investor characteristics, the change over time of the assets features, and the way risk is measured, among others.

Concentrated portfolios are generally considered riskier than diversified portfolios. However, this is not always true. A diversified portfolio invested in a significantly larger number of stocks that are highly correlated or with significant exposure to a particular style or industry factors may provide a much less attractive balance of risks. Achieving an attractive balance of risks can be done through active decision making. Only an active manager can effectively control risk, although few can do this skillfully and consistently. When searching for a skilled manager, we believe that evaluating a manager's track record over long periods of time is important, but understanding the investment philosophy and process is also key.

To increase the possibility of generating above-average returns, investors should first make sure the manager is truly active. Active share is a commonly used metric to distinguish between truly active managers and closet indexers by determining the percentage of stock holdings in a manager's portfolio that differs from the benchmark index. If a large portion of a fund's performance can be attributed to simply mirroring an index, then the manager is likely just a "closet indexer." An active share of 0% would mean the fund perfectly mirrors its benchmark (e.g., an index fund), and an active share of 100% would mean the fund has no overlap with its benchmark at all. Generally, funds investing in broader universes with an active share over 60% are considered moderately active, and funds with an active share over 80% are highly active. Funds investing in narrower universes, like sector funds, may have active share of 50% - 60% and still be considered active.

Using active share in conjunction with another common metric, tracking error, can provide a more comprehensive view of a fund's management style and investment strategy, as summarized by the next diagram. Tracking error measures the volatility of a fund's excess return versus a benchmark. Low tracking error means that a fund's performance is very similar to that of the benchmark, which may be an indication that the portfolio is nearly identical to the benchmark. A fund with high tracking error is likely making investments and taking on risks that are materially different from those of its benchmark resulting in performance that meaningfully deviates from the benchmark's. If active share is low, yet tracking error is high, it is possible the manager is taking large, concentrated positions in a smaller universe (i.e., a sector).

Active Share and Tracking Error Can Help Identify the Truly Active Funds



Source: Cremers, Martijn and Petajisto, Antti, How Active is Your Fund Manager? A New Measure That Predicts Performance (March 31, 2009) Original working paper circulated in 2006.

Active share and tracking error can give a general idea of the fund's management style, but they are far from sufficient to uncover all potential risks in a portfolio. High tracking error can be an indication of high relative concentration, but it will not capture absolute concentration risk of an index fund or an ETF tracking the S&P 500 Index. Additional metrics, such as number of portfolio holdings, percent of assets invested in the top holdings, and diversity of sector and industry exposures can provide a more thorough assessment of concentration risk. In addition, risk-adjusted metrics, such as Sharpe ratio and Sortino ratio, can be helpful when evaluating whether the extra risk from concentration has been justified.

Both concentrated and diversified funds can provide value to investors. Ultimately, whether to choose one type of fund over the other, or to allocate to both types, would depend on the investor's risk appetite. Either way, know what you're investing in and make sure that the risks and exposures of a product have been intentionally taken and are adequately managed. There is no guarantee that this will result in outperformance, but finding a skilled manager with a time-tested investment approach should increase the chances.

[3] *Zaimovic, Azra, Adna Omanovic, and Almira Arnaut-Berilo. 2021. How Many Stocks Are Sufficient for Equity Portfolio Diversification? A Review of the Literature. Journal of Risk and Financial Management 14: 551.*

Baron Capital's Approach to High-Conviction Investing

Conviction-based investing is at the core of Baron Capital's portfolio construction and management processes. Our strongest skill is our ability to thoroughly research and understand the inner workings of a business, analyze its growth trajectory and competitive advantages and how robust they are, and assess how qualified and motivated management is. To paint a comprehensive picture, we put all these key factors – and more – through our long-term lenses and evaluate how businesses may benefit from the secular trends we have identified and researched. This is how we gain conviction in our investments. Our portfolio managers' conviction is directly reflected by the portfolio weights they assign to individual companies. And, without exception, our portfolio managers put substantial weight on their highest conviction positions.

Conviction is not merely the determinant of Baron Capital's portfolio weights; it is also an integral risk management mechanism. While diversification is traditionally associated with risk reduction, we believe that investing more in the companies we know best results in lower risk. Thus, at Baron Capital, conviction-based investing is less a strategy and more a philosophy – a philosophy that honors the depth of insight over the breadth of selection.

As the table below shows, all Baron mutual funds have significant allocation to their top 10 stocks, and all Funds have invested in a small number of stocks relative to their investment universe. This data is a testament to Baron Capital's high conviction active approach. In addition, our Funds tend to invest in fewer stocks relative to their respective Morningstar category peers and have higher active share and tracking error.

High-Conviction Investing is at the Core of Baron Capital's Portfolios

Measures of Conviction for the Baron Funds
as of 9/30/2023

Morningstar Category *(Prospectus Classification)*	**Fund Name**	**Morningstar Category Benchmark**	**Inception Date**	**Active Share**	**3-Yr Tracking Error vs. Primary Benchmark**	**% Weight of Top 10 Stocks**	**% Weight of Top 10 Stocks (5Yr Average)**	**Number of Stocks[1]**	**Number of Stocks (5Yr Average)**	**# Stocks in Category Benchmark**	**Fund Stocks as% of Category Benchmark**
Small Growth *(Diversified)*	Baron Small Cap Fund®	Russell 2000 Growth Index	9/30/97	96.2%	9.2%	39%	31%	64	73	1,084	5.9%
	Baron Discovery Fund®	Russell 2000 Growth Index	9/30/13	96.3%	6.9%	30%	28%	58	68	1,084	5.4%
	Peers Average	*Russell 2000 Growth Index*		*87.7%*	*6.9%*	*22%*	*7%*	*213*	*160*	*1,084*	*19.6%*
Midcap Growth *(Diversified)*	Baron Growth Fund®	Russell Midcap Growth Index	12/30/94	99.2%	9.6%	65%	56%	39	50	335	11.6%
	Baron Asset Fund®	Russell Midcap Growth Index	6/12/87	82.6%	5.7%	47%	41%	50	58	335	14.9%
	Peers Average	*Russell Midcap Growth Index*		*79.9%*	*5.8%*	*25%*	*6%*	*242*	*148*	*335*	*72.3%*
Midcap Growth *(Non-Diversified)*	Baron Focused Growth Fund®	Russell 2500 Growth Index	6/30/08[2]	98.4%	12.9%	57%	73%	33	24	335	9.9%
	Peers Average	*Russell Midcap Growth Index*		*94.8%*	*17.8%*	*39%*	*54%*	*71*	*47*	*335*	*21.1%*
Large Growth *(Diversified)*	Baron Opportunity Fund®	Russell 3000 Growth Index	2/29/00	64.3%	10.5%	53%	43%	49	59	446	11.0%
	Baron Fifth Avenue Growth Fund®	Russell 1000 Growth Index	4/30/04	79.2%	11.5%	59%	51%	30	34	446	6.7%
	Baron Durable Advantage Fund®	S&P 500 Index	12/29/17	73.0%	6.0%	53%	47%	30	33	446	6.7%
	Peers Average	*Russell 1000 Growth Index*		*59.2%*	*5.4%*	*41%*	*5%*	*125*	*117*	*446*	*28.1%*
Large Growth *(Non-Diversified)*	Baron Partners Fund®	Russell Midcap Growth Index	4/30/03[3]	94.6%	24.7%	88%[4]	94%	21	28	446	4.7%
	Peers Average	*Russell 1000 Growth Index*		*57.4%*	*5.7%*	*47%*	*49%*	*148*	*115*	*446*	*33.1%*
International / Global Funds *(Diversified)*	Baron Emerging Markets Fund®	MSCI EM Index	12/31/10	72.9%	4.7%	31%	26%	95	103	1,437	6.6%
	Baron International Growth Fund®	MSCI ACWI ex USA Growth Index	12/31/08	87.2%	5.7%	22%	20%	100	103	1,303	7.7%
	Baron New Asia Fund®	MSCI AC Far East ex Japan Index	7/30/21	69.2%	n/a	34%	n/a	74	n/a	1,122	6.6%
	Baron Global Advantage Fund®	MSCI ACWI Growth Index	4/30/12	96.0%	18.5%	58%	41%	38	49	1,579	2.4%
	Peers Average	*Categories' Benchmarks Average*		*80.4%*	*6.7%*	*30%*	*6%*	*363*	*224*	*1,360*	*26.7%*
Sector Funds *(Diversified)*	Baron Real Estate Fund®	S&P United States REIT Index	12/31/09	76.2%	8.1%	48%	41%	37	46	84	44.0%
	Peers Average	*S&P United States REIT Index*		*54.9%*	*3.9%*	*43%*	*41%*	*83*	*76*	*84*	*99.0%*
Sector Funds *(Non-Diversified)*	Baron Real Estate Income Fund®	S&P United States REIT Index	12/29/17	52.4%	5.0%	61.3%	48.6%	28	36	84	33.3%
	Baron Health Care Fund®	S&P 1500 Health Care Index	4/30/18	58.8%	7.5%	49.8%	42.4%	38	48	170	22.4%
	Baron FinTech Fund®	Morningstar US Tech Index	12/31/19	85.6%	n/a	41%	n/a	45	n/a	235	19.1%
	Baron Technology Fund®	Morningstar US Tech Index	12/31/21	64.5%	n/a	54%	n/a	42	n/a	235	17.9%
	Peers Average	*Categories' Benchmarks Average*		*69.0%*	*7.5%*	*54%*	*54%*	*65*	*67*	*163*	*40.2%*

Source: Morningstar Direct, FactSet PA, Baron Capital.
Note: Not including Baron Wealth Building Fund, which is a fund of funds.
The Peers Average figures were calculated as the simple average of the diversified or non-diversified share classes available in the Morningstar category where each Baron Fund was classified as of 9/30/2023. For the International/Global (Diversified) Peers Average, the following Morningstar categories were combined for the calculations: US Fund Diversified Emerging Markets, US Fund Foreign Large Growth, US Fund Pacific/Asia ex-Japan, and US Fund Global Large — Stocks Growth. For the Sector Funds (Non-Diversified) Peers Average the following Morningstar categories were combined for the calculations: US Fund Real Estate, US Fund Health, and US Fund Technology.
1 - The number of stocks presented does not include private securities.
2 - Baron Focused Growth Fund began operations as a partnership on May 31, 1996. The Fund registered under the Investment Company Act of 1940 as a registered investment company effective June 30, 2008.
3 - Baron Partners Fund began operations as a partnership on January 31, 1992. The Fund registered under the Investment Company Act of 1940 as a registered investment company effective April 30, 2003.
4 - Percentage of total investments.

Baron Capital's high conviction investment approach has always been the backbone of our business, even during uncertain times. Our long-term view helps us filter out the noise and maintain focus on fundamentals, giving us confidence in what we do. The current investor uncertainty and flows to defensive assets do not influence our strategy. Our 40 years of experience has reinforced our confidence in our philosophy, and history has shown that it is a matter of time before investors direct flows back to equities.

Sincerely,

Linda S. Martinson
Chairman, President, and COO
September 30, 2023

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.

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.

Diversification does not guarantee a profit or protect against a loss.

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

The **S&P 500 Index** measures the performance of 500 widely held large-cap U.S. companies. The 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. Investors cannot invest directly in an index.

Price/Earnings Ratio (next 12-months): is a valuation ratio of a company's current share price compared to its mean forecasted 4 quarter sum earnings per share over the next twelve months. If a company's EPS estimate is negative, it is excluded from the portfolio-level calculation. 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. The **Sortino Ratio** is a variation of the **Sharpe ratio** that differentiates harmful volatility from total overall volatility by using the asset's standard deviation of negative portfolio returns–downside deviation–instead of the total standard deviation of portfolio returns. **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).

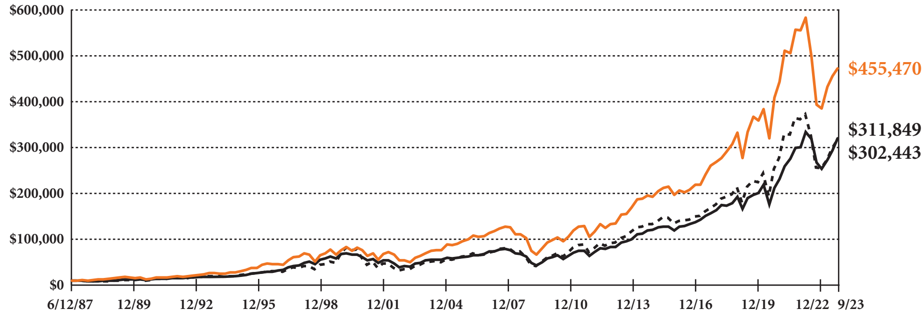
Stock-specific risk is the risk that is unique to a specific company. It is also known as non-systematic risk, diversifiable risk, or residual risk.

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

Baron Funds Performance

Baron Asset Fund

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



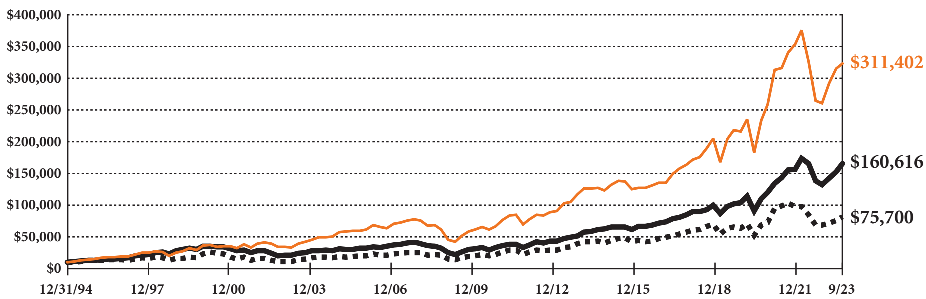
Returns

Not Annualized	Annualized				
3-Month	1-year	3-year	5-year	10-year	Since Inception
(4.42)%	17.10%	0.60%	6.33%	10.32%	11.09%

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



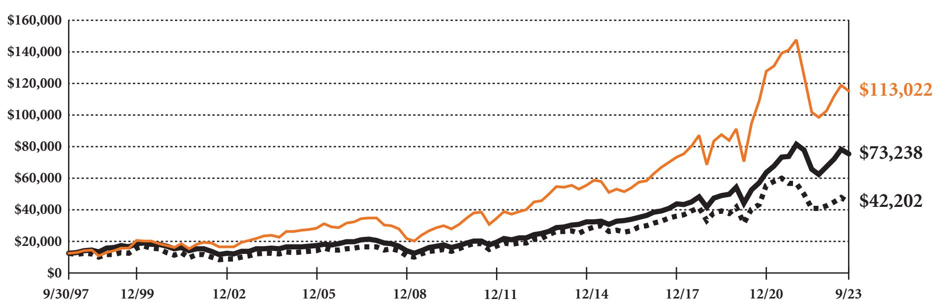
Returns

Not Annualized	Annualized				
3-Month	1-year	3-year	5-year	10-year	Since Inception
(3.66)%	19.48%	6.42%	8.68%	10.28%	12.70%

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
(3.11)%	17.71%	1.97%	5.94%	9.06%	9.78%

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

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

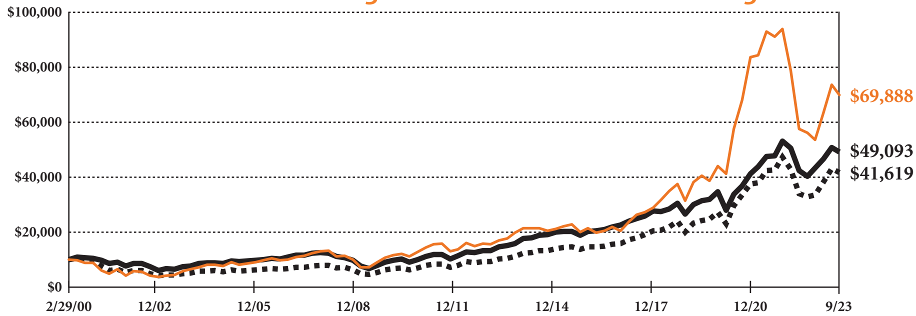
† Baron Asset Fund's and Baron Small Cap Fund's 3-year historical performance was impacted by gains from IPOs. There is no guarantee that these results can be repeated or that the Funds' level of participation in IPOs will be the same in the future.

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

See index footnotes on page 14.

Baron Opportunity Fund

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



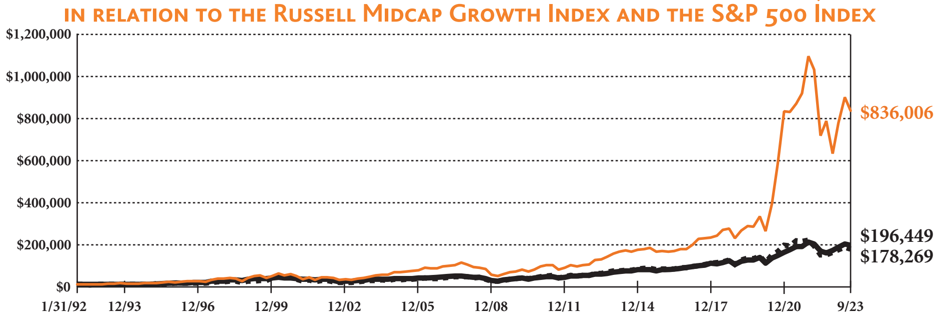
Returns

Not Annualized	Annualized				
3-Month	1-year	3-year	5-year	10-year	Since Inception
(5.03)%	24.39%	0.96%	13.21%	13.40%	8.59%

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



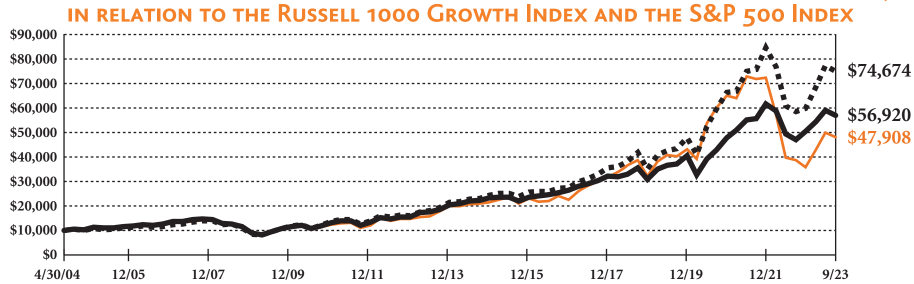
Returns

Not Annualized	Annualized				
3-Month	1-year	3-year	5-year	10-year	Since Inception
(7.17)%	5.96%	12.78%	24.82%	19.31%	15.00%

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
(3.48)%	24.53%	(7.25)%	4.41%	10.46%	8.40%

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 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.

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

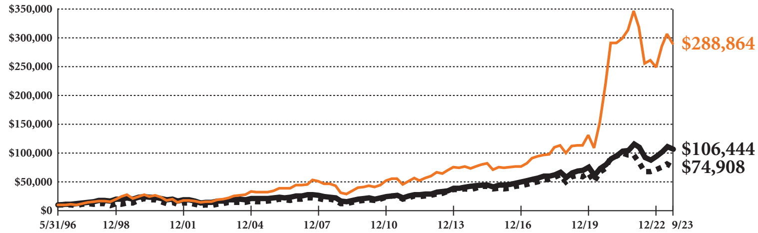
* Reflects the actual fees and expenses that were charged when the Fund was a partnership. The predecessor partnership charged a 20% performance fee after reaching a certain performance benchmark. If the annual returns for the Fund did not reflect the performance fees for the years the predecessor partnership charged a performance fee, returns would be higher. The Fund's shareholders will not be charged a performance fee. The predecessor partnership's performance is only for periods before the Fund's registration statement was effective, which was April 30, 2003. During those periods, the predecessor partnership was not registered under the Investment Company Act of 1940 and was not subject to its requirements or the requirements of the Internal Revenue Code relating to registered investment companies, which, if it were, might have adversely affected its performance.

See index footnotes on page 14.

Baron Funds Performance

Baron Focused Growth Fund

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



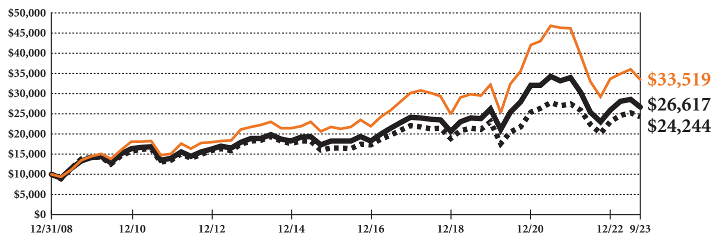
Returns

Not Annualized	Annualized				
3-Month	1-year	3-year	5-year	10-year	Since Inception
(5.29)%	11.18%	9.69%	20.78%	15.22%	13.09%

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



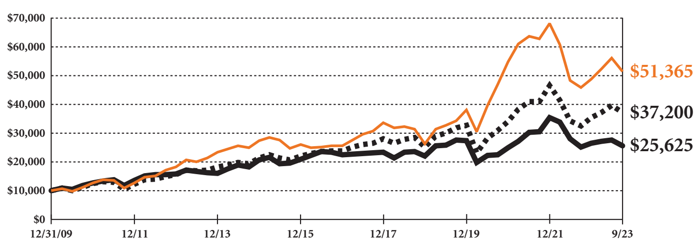
Returns

Not Annualized	Annualized				
3-Month	1-year	3-year	5-year	10-year	Since Inception
(6.98)%	14.66%	(1.84)%	2.70%	4.73%	8.55%

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
(8.19)%	12.10%	3.14%	10.40%	9.22%	12.64%

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.

† Baron International Growth 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.

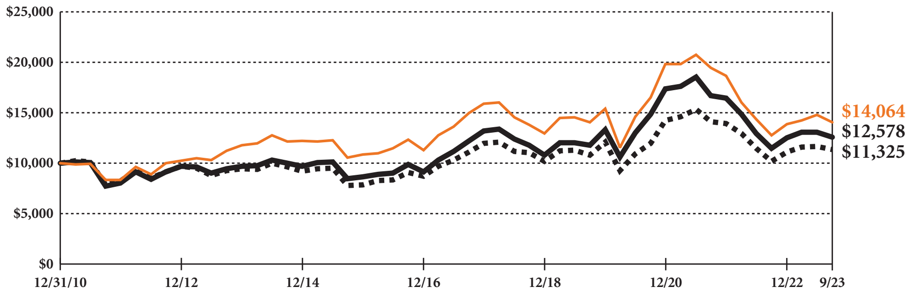
^ Performance for the Institutional Shares prior to May 29, 2009 is based on the performance of the Retail Shares, which have a distribution fee. The Institutional Shares do not have a distribution fee. If the annual returns for the Institutional Shares prior to May 29, 2009 did not reflect this fee,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

* Reflects the actual fees and expenses that were charged when the Fund was a partnership. The predecessor partnership charged a 15% performance fee through 2003 after reaching a certain performance benchmark. If the annual returns for the Fund did not reflect the performance fees for the years the predecessor partnership charged a performance fee, the returns would be higher. The Fund's shareholders will not be charged a performance fee. The predecessor partnership's performance is only for the periods before the Fund's registration statement was effective, which was June 30, 2008. During those periods, the predecessor partnership was not registered under the Investment Company Act of 1940 and was not subject to its requirements or the requirements of the Internal Revenue Code relating to registered investment companies, which, if it were, might have adversely affected its performance.

See index footnotes on page 14.

Baron Emerging Markets Fund

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



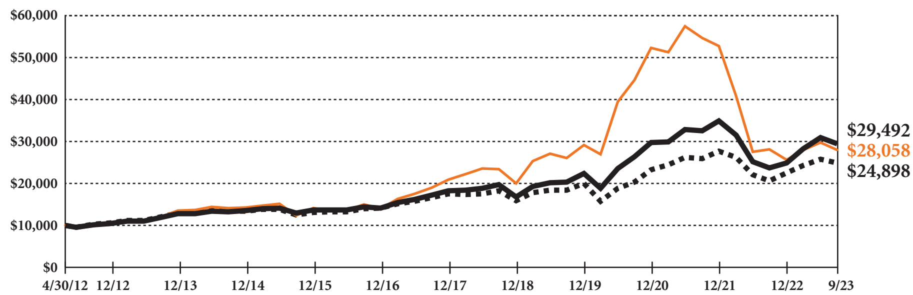
Returns

Not Annualized	Annualized				
3-Month	1-year	3-year	5-year	10-year	Since Inception
(4.89)%	10.07%	(5.24)%	0.36%	2.29%	2.71%

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

Baron Global Advantage Fund

Comparison of the change in value of $10,000 investment in Baron Global Advantage Fund† (Institutional Shares) in relation to the MSCI ACWI Index and the MSCI ACWI Growth Index



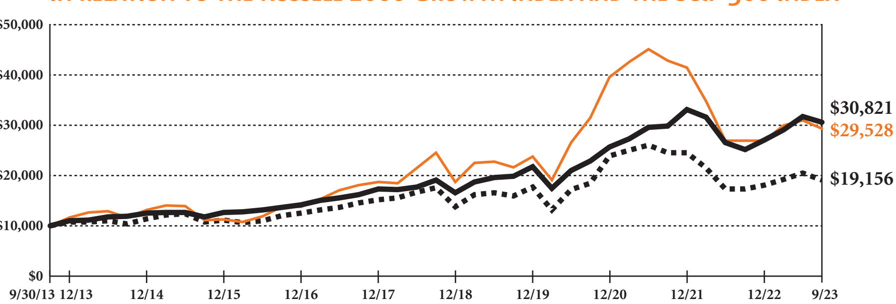
Returns

Not Annualized	Annualized				
3-Month	1-year	3-year	5-year	10-year	Since Inception
(6.06)%	(0.36)%	(14.41)%	3.62%	8.85%	9.46%

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 and Since Inception
(5.36)%	9.25%	(2.34)%	3.68%	11.44%

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

The Funds, MSCI EM Index, MSCI EM IMI Growth Index, MSCI ACWI Index, and MSCI ACWI Growth Index include reinvestment of dividends, net of foreign withholding taxes, while the Russell 2000 Growth Index and S&P 500 Index include reinvestment of dividends before taxes.

Reinvestment of dividends positively impacts performance results. The indexes are unmanaged. The index performance is not fund performance; one cannot invest directly into an index.

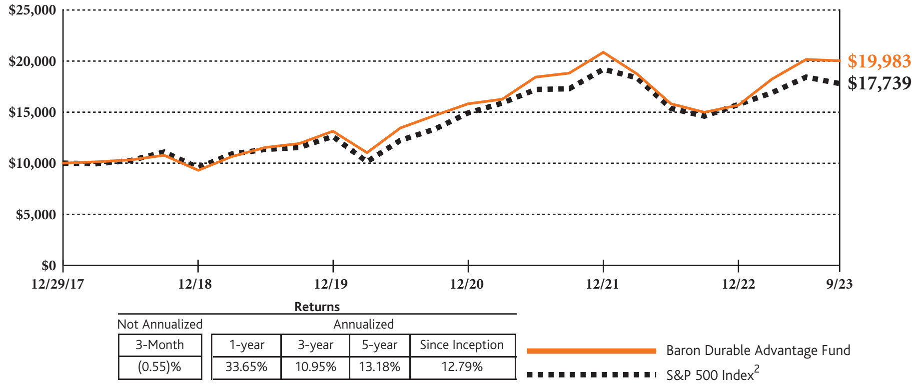
† Baron Emerging Markets Fund's and Baron Global Advantage Fund's 5- and 10-year historical performance was impacted by gains from IPOs; Baron Discovery Fund's 3-, 5- and 10-year historical performance was impacted by gains from IPOs. There is no guarantee that these results can be repeated or that the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

See index footnotes on page 14.

Baron Funds Performance

Baron Durable Advantage Fund

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

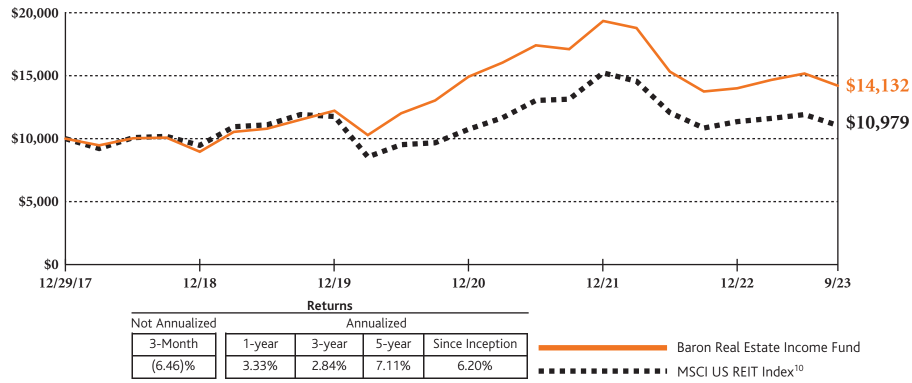


Returns

Not Annualized	Annualized			
3-Month	1-year	3-year	5-year	Since Inception
(0.55)%	33.65%	10.95%	13.18%	12.79%

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

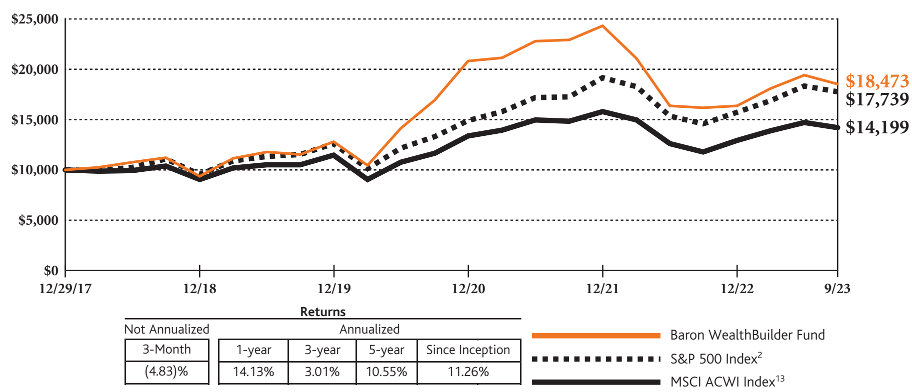


Returns

Not Annualized	Annualized			
3-Month	1-year	3-year	5-year	Since Inception
(6.46)%	3.33%	2.84%	7.11%	6.20%

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

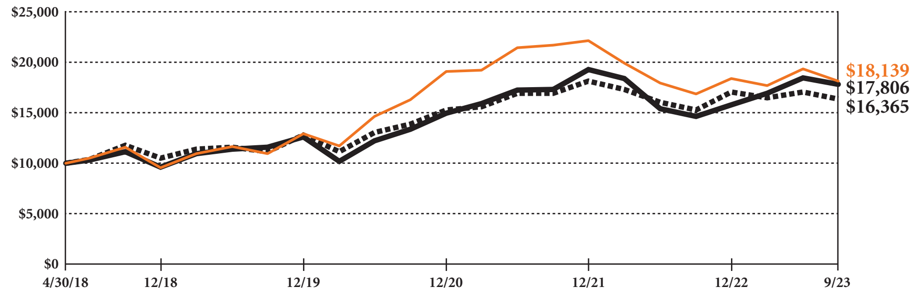
Not Annualized	Annualized			
3-Month	1-year	3-year	5-year	Since Inception
(4.83)%	14.13%	3.01%	10.55%	11.26%

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 14.

Baron Health Care Fund

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



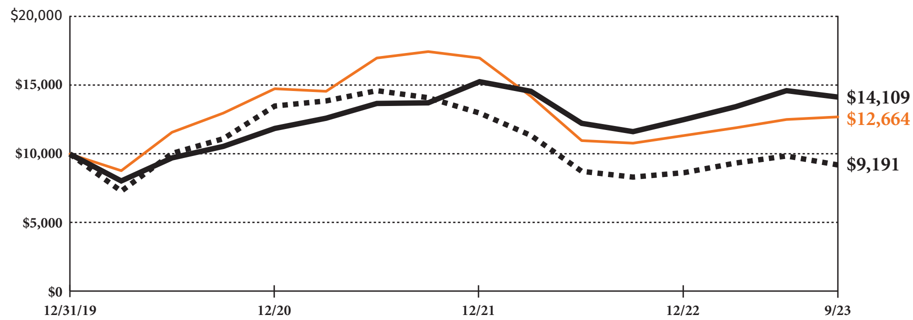
Returns

Not Annualized	Annualized			
3-Month	1-year	3-year	5-year	Since Inception
(6.05)%	7.80%	3.63%	9.35%	11.62%

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



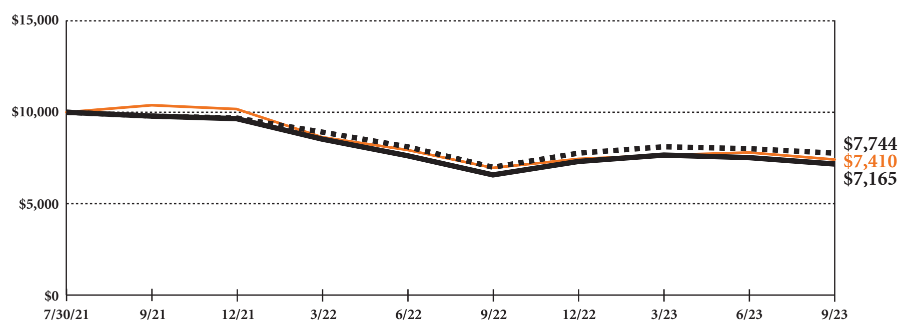
Returns

Not Annualized	Annualized		
3-Month	1-year	3-year	Since Inception
1.30%	17.39%	(0.74)%	6.50%

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
(5.00)%	6.31%	(12.92)%

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

The Funds, FactSet Global FinTech Index, 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 and S&P 500 Index include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts performance results. The indexes are unmanaged. The index performance is not fund performance; one cannot invest directly into an index.

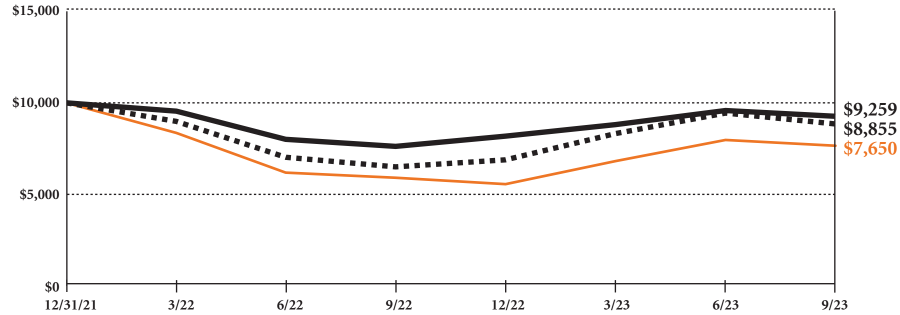
† Baron Health Care Fund's and Baron FinTech Fund's 3-year historical performance was impacted by gains from IPOs. There is no guarantee that these results can be repeated or that the Funds' level of participation in IPOs will be the same in the future.

See index footnotes on page 14.

Baron Funds Performance

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
(3.89)%	29.44%	(14.19)%

The Fund and MSCI ACWI Information Technology 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.

1 The **Russell Midcap® Growth Index** measures the performance of medium-sized U.S. companies that are classified as growth.
2 The **S&P 500 Index** measures the performance of 500 widely held large-cap U.S. companies.
3 The **Russell 2000® Growth Index** measures the performance of small-sized U.S. companies that are classified as growth.
4 The **Russell 3000® Growth Index** measures the performance of the broad growth segment of the U.S. equity universe comprised of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market.
5 The **Russell 1000® Growth Index** measures the performance of large-sized U.S. companies that are classified as growth.
6 The **Russell 2500® Growth Index** measures the performance of small to medium-sized U.S. companies that are classified as growth.
7 The **MSCI ACWI ex USA Index Net (USD)** measures the equity market performance of large- and mid-cap securities across developed and emerging markets, excluding the U.S.
8 The **MSCI ACWI ex USA IMI Growth Index Net (USD)** is designed to measure the performance of large, mid and small cap growth securities exhibiting overall growth style characteristics across 22 of 23 Developed Markets (DM) countries (excluding the United States) and 24 Emerging Markets (EM) countries.
9 The **MSCI USA IMI Extended Real Estate Index Net (USD)** is an unmanaged custom index calculated by MSCI for, and as requested by, BAMCO, Inc. The index includes real estate and real estate related GICS classified securities. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indexes or any securities or financial products. This report is not approved, reviewed or produced by MSCI.
10 The **MSCI US REIT Index Net (USD)** is an unmanaged free float-adjusted market capitalization index that measures the performance of all equity REITs in the US equity market, except for specialty equity REITs that do not generate a majority of their revenue and income from real estate rental and leasing operations.
11 The **MSCI EM (Emerging Markets) Index Net (USD)** is designed to measure equity market performance of large and mid-cap securities across 24 Emerging Markets countries.
12 The **MSCI EM (Emerging Markets) IMI Growth Index Net (USD)** is designed to measure equity market performance of large, mid and small-cap securities exhibiting overall growth characteristics across 24 Emerging Markets countries.
13 The **MSCI ACWI Index Net (USD)** measures the equity market performance of large and midcap securities across developed and emerging markets, including the United States.
14 The **MSCI ACWI Growth Index Net (USD)** captures large and mid cap securities exhibiting overall growth style characteristics across 23 Developed Markets (DM) countries and 24 Emerging Markets (EM) countries.
15 The **Russell 3000® Health Care Index** is an unmanaged index representative of companies involved in medical services or health care in the Russell 3000 Index, which is comprised of the 3,000 largest U.S. companies as determined by total market capitalization.
16 The **FactSet Global FinTech Index™** is an unmanaged and equal-weighted index that measures the equity market performance of companies engaged in Financial Technologies, primarily in the areas of software and consulting, data and analytics, digital payment processing, money transfer, and payment transaction-related hardware, across 30 developed and emerging markets.
17 The **MSCI AC Asia ex Japan Index Net (USD)** measures the performance of large and mid cap equity securities representation across 2 of 3 developed markets countries (excluding Japan) and 8 emerging markets countries in Asia.
18 The **MSCI AC Asia ex Japan IMI Growth Index Net (USD)** measures the performance of large, mid, and small cap securities exhibiting overall growth style characteristics across 2 of 3 developed markets countries (excluding Japan) and 8 emerging markets countries in Asia.
19 The **MSCI ACWI Information Technology Index Net (USD)** includes large and mid cap securities across 23 Developed Markets (DM) countries and 27 Emerging Markets (EM) countries. All securities in the index are classified in the Information Technology as per the Global Industry Classification Standard (GICS®).

Investors should consider the investment objectives, risks, and charges and expenses of the investment carefully before investing. The prospectus and summary prospectuses contain this and other information about the Funds. You may obtain them from the Funds' distributor, Baron Capital, Inc., by calling 1-800-99BARON or visiting 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, 2033, unless renewed for another 11-year term, and the Funds' transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit www.BaronFunds.com or call 1-800-99BARON.

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

This year's technology-driven market rally stalled in the third quarter. Investor sentiment worsened for reasons that include a resurgence in interest rates to their highest levels in more than a decade; ongoing concerns about the Federal Reserve's ability to temper inflation without causing a recession; strikes by labor unions across several industries; the possibility of a U.S. government shutdown; and the decision by credit rating agency Fitch to strip the U.S. of its triple-A credit rating.

Most sectors closed lower for the quarter, led by Utilities and Real Estate, as rising bond yields made dividend paying securities less appealing. Other laggards included Consumer Staples, Information Technology (IT), Industrials, Materials, and Consumer Discretionary. Energy was the only standout sector, rising alongside the price of oil. Growth trailed value across most size segments, with the largest dispersion happening in small cap.

Against this backdrop, Baron Asset Fund® (the Fund) declined 4.42% (Institutional Shares) in the third quarter, modestly outperforming the Russell Midcap Growth Index by 80 basis points. The Fund's outperformance was driven by positive stock selection and tailwinds from its style biases. The most notable was the Fund's underexposure to higher beta stocks, which performed poorly during the market reversal.

ANDREW PECK

PORTFOLIO MANAGER

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

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

	Baron Asset Fund Retail Shares[1,2]	Baron Asset Fund Institutional Shares[1,2,3]	Russell Midcap Growth Index[1]	S&P 500 Index[1]
Three Months[5]	(4.48)%	(4.42)%	(5.22)%	(3.27)%
Nine Months[5]	4.15%	4.35%	9.88%	13.07%
One Year	16.80%	17.10%	17.47%	21.62%
Three Years	0.34%	0.60%	2.61%	10.15%
Five Years	6.06%	6.33%	6.97%	9.92%
Ten Years	10.02%	10.32%	9.94%	11.91%
Fifteen Years	10.09%	10.37%	11.25%	11.28%
Since Inception (June 12, 1987)	10.98%	11.09%	9.86%[4]	9.94%

After being the leading cause of underperformance last quarter, the Fund's IT holdings held up well in the third quarter, contributing the vast majority of relative gains. Solid stock selection in the sector was mostly attributable to the outperformance of property & casualty insurance software vendor **Guidewire Software, Inc.** and syndicated research provider **Gartner, Inc.** Guidewire was the largest contributor after reporting robust quarterly results that were driven by increased sales of the company's cloud-based software implementations to large insurance customers. Gartner's shares outperformed after the company's core subscription research and conferences businesses posted good results, as customers use Gartner's services to navigate increasingly complex technology end markets. Several other holdings also performed well in the IT sector, led by analytics software company **Fair Isaac Corporation** and industrial automation software leader **Aspen Technology, Inc.**

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of September 30, 2022 was 1.29% and 1.04%, respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit baronfunds.com or call 1-800-99-BARON.

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

1 The **Russell Midcap® Growth Index** measures the performance of medium-sized U.S. companies that are classified as growth. The **S&P 500 Index** measures the performance of 500 widely held large-cap U.S. companies. All rights in the FTSE Russell Index (the "Index") vest in the relevant LSE Group company which owns the Index. Russell® is a trademark of the relevant LSE Group company and is used by any other LSE Group company under license. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. The Fund includes reinvestment of dividends, net of withholding taxes, while the Russell Midcap® Growth Index and S&P 500 Index include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts the performance results. The indexes are unmanaged. Index performance is not Fund performance. Investors cannot invest directly in an index.

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

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

4 For the period December 31, 1987 to September 30, 2023.

5 Not annualized.

Investments in Financials, Communication Services, and Industrials were also responsible for a portion of the outperformance in the period. Within Financials, higher exposure to this better performing sector coupled with gains from specialty insurer **Arch Capital Group Ltd.** and investment management tools provider **FactSet Research Systems Inc.** added the most value. Arch's shares gained after the company's financial results surpassed Wall Street expectations amid favorable industry conditions. Net premiums written grew 28%, underwriting margins remained strong, net investment income more than doubled, operating ROE exceeded 20%, and book value per share grew 18%. FactSet's quarterly earnings exceeded expectations, and management provided a solid outlook for 2024 despite ongoing macroeconomic-related volatility causing elongated sales cycles and constrained client budgets.

Favorable stock selection in Communication Services and Industrials was driven by gains from, respectively, **StubHub Holdings, Inc.**, a private company that operates a marketplace for secondary ticket sales, and **Verisk Analytics, Inc.**, a data and analytics vendor for the insurance industry. StubHub was revalued higher during the quarter using a proprietary valuation model. The company increased its market share in the domestic market for secondary ticket sales and made further progress toward its IPO. Verisk's shares appreciated after the company raised guidance for fiscal year 2023 and reported strong quarterly earnings, with solid results across its business segments.

Partially offsetting the factors discussed above was the Fund's lack of exposure to the top performing Energy sector along with adverse stock selection in Real Estate and Consumer Discretionary. Oil prices rose during the quarter, and the absence of Energy exposure detracted 75 basis points from relative results. Weakness in Real Estate and Consumer Discretionary was attributable to double-digit declines from real estate data and marketing platform **CoStar Group, Inc.** and global ski resort owner **Vail Resorts, Inc.**, respectively. CoStar detracted after its financial results were negatively impacted by lower non-subscription revenues resulting from a significant drop in commercial real estate sales volumes. We remain shareholders and offer more details on the company below. Vail's stock declined after reporting disappointing quarterly results because of poor weather conditions in Australia and lower summer visitation at its U.S. destination mountain resorts as borders reopened and more people traveled abroad. On the positive side, Vail continued to experience strong demand for its seasonal ski passes, with sales up 11% over last year's figures.

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

	Year Acquired	Percent Impact
Guidewire Software, Inc.	2013	0.40%
FactSet Research Systems Inc.	2006	0.28
StubHub Holdings, Inc.	2021	0.24
Arch Capital Group Ltd.	2003	0.21
Verisk Analytics, Inc.	2009	0.19

Shares of P&C insurance software vendor **Guidewire Software, Inc.** rose after the company announced robust quarterly results. Sales results included 17 deals for cloud-based software implementations; 11 of these were with Tier 1 insurance carriers, including AllState Canada, Progressive, and Insurance Australia Group, the largest insurer in Australia. We expect to see the company's consistent annual recurring revenue growth accelerate next year as sales momentum continues and existing deals ramp to higher levels. We are also encouraged by Guidewire's gross margin expansion, which improved by almost 10% during the past quarter. We believe Guidewire will be the critical software vendor for the global P&C insurance industry, capturing 30% to 50% of its $15 billion to $30 billion total addressable market and generating margins above 40%.

Shares of **FactSet Research Systems Inc.**, a leading provider of investment management tools, contributed to quarterly performance. Despite facing macroeconomic-related volatility, including challenges in the banking sector, lengthening sales cycles, and constrained client budgets, the company reported quarterly earnings that beat consensus estimates and provided a solid outlook for fiscal year 2024. While there is some near-term uncertainty, we retain long-term conviction in FactSet's opportunity. This is due to the company's large addressable market, its consistent execution on both new product development and financial results, and its robust free-cash-flow generation.

StubHub Holdings, Inc. is a private company formed by the merger of Viagogo, a European company; and StubHub, a U.S. company divested from eBay. The merged company assumed the StubHub name. It is a leading participant in the global market for secondary ticket sales. We marked up the value of our investment in StubHub based on company updates that it had increased its market share in the domestic market for secondary ticket sales and made further progress toward an expected IPO within the next 12 months. We believe the company is well positioned to increase its share within the fast-growing, profitable market for the resale of event tickets.

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

	Year Acquired	Percent Impact
IDEXX Laboratories, Inc.	2006	–0.86%
Mettler-Toledo International Inc.	2008	–0.77
CoStar Group, Inc.	2016	–0.60
DexCom, Inc.	2019	–0.51
Bio-Techne Corporation	2015	–0.44

Shares of veterinary diagnostics leader **IDEXX Laboratories, Inc.** detracted from performance during the quarter. Investors remain nervous about the month-to-month fluctuations in visits to veterinary clinics. Competitor Zoetis recently indicated that foot traffic to domestic clinics remained tepid, putting downward pressure on its near-term financial results. We retain conviction in IDEXX's long-term opportunity. The company's competitive position remains outstanding. We expect new proprietary product innovations and field sales force expansion to be meaningful contributors to growth in 2024. We see increasing evidence that secular trends around pet ownership and pet care spending have been structurally accelerated, which should help support IDEXX's growth rate over the long term.

Mettler-Toledo International Inc. is a leading provider of precision instruments and services to customers in the life sciences, food, and chemicals industries, among others. Shares fell due to quarterly financial results that missed analysts' forecasts and reduced 2023 guidance. Management also noted that market conditions in China have deteriorated sharply, particularly among biopharmaceutical customers who are delaying investment decisions as they wait for government stimulus. Global purchasing manager indexes also have continued to trend lower. Management lowered 2023 revenue growth guidance from 5% to less than 1% and EPS guidance by 7%. Of the 450 basis point reduction in revenue guidance, 250 basis points were attributable to the sharp drop in demand in China, which was down mid-teens in July, while the remainder of the cut was driven by broad-based weakness in pharmaceuticals/biotechnology, food manufacturing, and chemicals. We believe these headwinds will prove temporary, and we continue to believe that Mettler has a solid long-term outlook.

CoStar Group, Inc. provides marketing and data analytics to the commercial and residential real estate industries. Shares detracted from performance after the company's financial results were negatively impacted by lower non-subscription revenues, which resulted from a significant drop in commercial real estate sales volumes. We are optimistic that volumes will recover. More importantly, we believe trends in the company's core subscription offerings remain excellent, and we are encouraged by growing traction in CoStar's nascent residential offerings. We estimate CoStar invested around $230 million in this initiative in 2022 and is targeting a total investment approaching $500 million in 2023. While this is a significant upfront commitment, we believe residential represents a transformative opportunity for CoStar. We believe the company's proprietary data, its compelling value for residential home brokers, and best-in-class management position it to succeed in this endeavor.

Portfolio Structure

At September 30, 2023, Baron Asset Fund held 50 positions. The Fund's 10 largest holdings represented 47.2% of net assets, and the 20 largest represented 71.8%. The Fund's largest weighting was in IT at 28.6% of net assets. This sector includes software companies, IT consulting firms, and internet services companies. The Fund held 23.4% in Health Care, which includes investments in life sciences companies, and health care equipment, technology, and supplies companies. The Fund held 17.9% in Industrials, which includes investments in research and consulting companies, human resources firms, and aerospace and defense companies. The Fund also had significant weightings in Financials at 13.7% and Consumer Discretionary at 7.2%.

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

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

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Gartner, Inc.	2007	$ 2.9	$27.1	$399.0	9.1%
IDEXX Laboratories, Inc.	2006	2.5	36.3	283.6	6.5
Verisk Analytics, Inc.	2009	4.0	34.3	224.7	5.1
Mettler-Toledo International Inc.	2008	2.4	24.2	198.5	4.5
CoStar Group, Inc.	2016	5.0	31.4	187.6	4.3
Arch Capital Group Ltd.	2003	0.9	29.7	175.6	4.0
ANSYS, Inc.	2009	2.3	25.8	166.0	3.8
FactSet Research Systems Inc.	2006	2.5	16.7	162.1	3.7
Vail Resorts, Inc.	1997	0.2	8.5	133.9	3.1
Fair Isaac Corporation	2020	12.1	21.6	130.3	3.0

Recent Activity

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

	Quarter End Market Cap (billions)	Net Amount Purchased (millions)
On Holding AG	$ 8.8	$36.8
Morningstar, Inc.	10.0	18.4
Quanta Services, Inc.	27.2	15.0
Axon Enterprise, Inc.	14.9	10.9
Booz Allen Hamilton Holding Corporation	14.3	4.5

In the third quarter, we purchased shares of **On Holding AG**, a developer and distributor of athletic footwear, apparel, and accessories. On is one of the fastest-growing scaled athletic sports companies in the world. Management's vision is to build a premium global sportswear brand based on innovation, design, and sustainability. Its products are sold through approximately 10,000 premium retail stores, which account for 65% of revenue. The balance of sales occur through its direct-to-consumer channel, encompassing its own branded and operated stores, as well as its website.

On was founded in Switzerland, but it has expanded quickly across the globe. Its products have exhibited sales momentum in the U.S., Europe, and Asia. The company is rapidly growing its base of roughly 10 flagship retail stores, and it plans to end this year with 47 stores across 18 cities in China. Roughly half of its revenue is generated in North America, 45% in Europe, and 5% in Asia Pacific. On is addressing a large market opportunity: the $355 billion global sportswear industry. This market has seen its growth driven by continued trends toward athleisure. Consumers continue to pivot their spending towards more comfortable and casual attire as they lead healthier, more active lifestyles.

We believe On should be able to grow its revenues faster than 20% for many years, while also expanding its margins. We expect its growth to be driven by expanding brand awareness leading to market share gains in its core running shoe category, particularly as On expands its geographic footprint. We expect the company to continue to reinvest into its business at high rates of return. We believe On has a large opportunity to take market share in newer shoe categories, such as tennis (Roger Federer is an investor and advisor), training, and outdoor. The company also has a significant opportunity to grow its offerings in the apparel category.

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

	Net Amount Sold (millions)
SBA Communications Corp.	$29.0
Illumina, Inc.	23.4
ZoomInfo Technologies Inc.	20.4
MarketAxess Holdings Inc.	18.5
Gartner, Inc.	17.7

We reduced our stake in long-term holding **SBA Communications Corp.,** which owns and operates cellular towers, on concerns that higher interest rates will increase its debt servicing costs and indications that its primary customers will spend less on upgrading their cellular networks. We exited our stake in **Illumina, Inc.**, as the company's CEO is stepping down and competition is becoming more pronounced. We exited our position in

Zoominfo Technologies Inc. given concerns about the outsized representation of private software companies among its customer base. We reduced our position in **MarketAxess Holdings Inc.** over concerns about its declining market share trends. We took some profits and managed the position size of long-term holding **Gartner, Inc.**

Outlook

Although macroeconomic forecasts do not explicitly influence our stock selection process or portfolio management, we have observed encouraging signs that inflation continues to moderate, and we expect interest rate reductions eventually to follow. The management teams of our investments are generally reporting healthy business conditions, and they do not believe that a recession is imminent. Stock prices are likely to resume advancing before these become consensus views among investors.

During the first half of this year, as the market recovered from 2022's dramatic selloff, the types of stocks that performed best included more cyclical, higher beta, and lower quality companies. As the economy stabilizes and the stock market continues its recovery, we expect the types of companies that we favor to outperform – leading companies that benefit from secular growth drivers, secure competitive positions, and talented management teams.

It is also worth noting that the Russell Midcap Growth Index has dramatically underperformed the Russell Midcap Value Index during the past three years by 837 basis points annualized. This has reduced the relative premium that the market generally accords to faster growing stocks, and we believe it presents an attractive opportunity to invest in mid-cap growth stocks.

Sincerely,

Andrew Peck
Portfolio Manager

Investors should consider the investment objectives, risks, and charges and expenses of the investment carefully before investing. The prospectus and summary prospectus contain this and other information about the Funds. You may obtain them from the Funds' distributor, Baron Capital, Inc., by calling 1-800-99-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. **Beta** explains common variation in stock returns due to different stock sensitivities to market or systematic risk that cannot be explained by the US Country factor. Positive exposure indicates high beta stock. Negative exposure indicates low beta stock. **Free cash flow (FCF)** represents the cash that a company generates after accounting for cash outflows to support operations and maintain its capital assets.

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

DEAR BARON GROWTH FUND SHAREHOLDER:

PERFORMANCE

Baron Growth Fund® (the Fund) declined 3.66% (Institutional Shares) during the quarter ended September 30, 2023. This compares favorably to the Fund's primary benchmark, the Russell 2000 Growth Index (the Benchmark), which declined 7.32%. The S&P 500 Index, which measures the performance of publicly traded large-cap U.S. companies, declined 3.27% during the period.

Interest rates rose significantly during the quarter primarily due to concerns that inflation will remain above the Federal Reserve's targeted levels, causing rates to remain *higher for longer*. We have always viewed inflation as a persistent scourge and exclusively invest in businesses with durable competitive advantages and highly differentiated products and services. We believe such attributes create pricing power that management teams can judiciously employ in pursuit of long-term growth.

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

	Baron Growth Fund Retail Shares[1,2]	Baron Growth Fund Institutional Shares[1,2,3]	Russell 2000 Growth Index[1]	S&P 500 Index[1]
Three Months[4]	(3.72)%	(3.66)%	(7.32)%	(3.27)%
Nine Months[4]	6.55%	6.75%	5.24%	13.07%
One Year	19.17%	19.48%	9.59%	21.62%
Three Years	6.15%	6.42%	1.09%	10.15%
Five Years	8.40%	8.68%	1.55%	9.92%
Ten Years	10.00%	10.28%	6.72%	11.91%
Fifteen Years	11.05%	11.32%	8.82%	11.28%
Since Inception (December 31,1994)	12.56%	12.70%	7.29%	10.14%

Interest rates continued to rise during the quarter, which put downward pressure on stocks. The S&P 500 Index declined by 3.27%, while the MSCI ACWI ex USA Index, which measures stock performance across 46 different global markets, declined by 3.77%. The Fund has gained 6.75% year-to-date through September 30, 2023, which exceeds the benchmark return by 151 bps, including 193 bps of favorable stock selection.

NEAL ROSENBERG
PORTFOLIO
MANAGER

RONALD BARON
CEO AND
PORTFOLIO MANAGER

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

After a series of 11 rate hikes in just 18 months, investors shifted their focus from anticipating rate increases to anxiously seeking indications of how long the Federal Reserve intends to keep short-term rates at current levels. Most recently, investors have fretted that inflation will remain above the Fed's targeted 2% level, leading to expectations that interest rates will remain *higher for longer*. The market has fixated on rising energy prices and a robust domestic labor market as applying upward pressure on inflation. The impact is exacerbated by elevated federal deficits and rising national debt with no indications of a fiscal course correction. As a result, yields on the benchmark 10-Year U.S. Treasury yield jumped to 4.80%, up almost a full percentage point from this time last year and approaching its highest level since 2007. Forward rate expectations continue to oscillate with each incremental data point and press conference, and stocks gyrate to an even greater degree as traders with hair-trigger inclinations react to the latest news.

We do not seek to reposition the portfolio or change our process or strategy based on the other investors' capricious expectations. We believe that

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail shares and Institutional shares as of September 30, 2022 was 1.30% and 1.04%, respectively (comprised of operating expenses of 1.29% and 1.03%, respectively, and interest expense of 0.01% and 0.01%, respectively). The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit baronfunds.com or call 1-800-99-BARON.

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4 Not annualized.

BARON FUNDS® 1987

attempts to predict and invest based on macroeconomic variables are unlikely to be successful. Such variables are subject to an inordinately complex series of economic and geopolitical cross-currents, are heavily dependent on estimates, and may already be reflected in stock prices. However, our investment philosophy has always been underpinned by the view that prices rise inexorably. This perspective has heavily influenced the businesses in which we choose to deploy capital. We believe our investments serve large and growing addressable markets, benefit from positive secular trends, boast sustainable barriers to entry, offer high customer value relative to the cost of their products or services, and consistently reinvest back into their businesses to drive continuous product improvement. We believe these attributes endow these businesses with meaningful pricing power. We exclusively invest with managements that are judicious in managing their pricing strategy to meet long-term strategic goals. On the cost side, we have primarily invested in companies that incur high fixed costs to build their core assets and have high incremental margins on each additional product sold. To achieve this, such companies tend to sell products or services that use digital inputs, are asset light, employ high levels of automation, and have almost no exposure to commodity prices.

In the second quarter, we highlighted the transformational potential of artificial intelligence (AI) and observed that management teams were starting to allocate time and capital to develop AI capabilities. We have continued to see these product development roadmaps come into focus. Most recently, market data and analytics vendor **FactSet Research Systems Inc.** outlined its near-term vision for AI, with CEO Phil Snow touting that the company is "all in on Gen[erative] AI." FactSet envisions multiple product enhancements that will help broaden its addressable market, facilitate cross sales, and augment its pricing power. Innovations include creating conversational user interfaces across platforms that will enable customers to ask questions, discover and source information, and initiate tasks. FactSet will also develop "next best action" capabilities that leverages AI to make real-time suggestions, and separately will develop AI-derived tools to create and populate presentations that FactSet's customers can use to grow their own businesses. Deeper within the technology stack, FactSet is harnessing generative AI to create code in its programmatic environment. This will reduce the need for investors to learn coding languages such as Python, thereby making the platform accessible for more users. Finally, FactSet is actively establishing generative AI data bundles, which will allow clients to augment their own AI models with FactSet's connected and auditable data.

On the cost side, FactSet is preparing to leverage AI to augment its data collection capabilities. We estimate that approximately 45% of FactSet's 12,000 employees work in content operations. Leveraging AI will help FactSet collect an expansive range of data more rapidly with a lower marginal cost. We believe that a broad portfolio of cleansed and concorded data represents a critical component of FactSet's barriers to entry and expect AI to help enhance this competitive advantage. The company has also begun to trial AI-based co-pilots, which will improve the productivity of its own developers, and has rolled out an agent assist bot to help its front-line employees answer client questions.

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 September 30, 2023

	% of Net Assets (as of 9/30/2023)	Total Return (%)	Contribution to Return (%)
Financials	**43.1**	**8.14**	**2.79**
Clearwater Analytics Holdings, Inc.	0.1	21.78	0.01
Morningstar, Inc.	2.9	19.70	0.42
Kinsale Capital Group, Inc.	5.6	10.71	0.48
MSCI Inc.	10.4	9.61	0.76
Houlihan Lokey, Inc.	0.6	9.53	0.05
FactSet Research Systems Inc.	7.0	9.39	0.54
Cohen & Steers, Inc.	1.6	9.04	0.12
Arch Capital Group Ltd.	9.7	6.49	0.52
Essent Group Ltd.	0.3	1.55	0.00
Moelis & Company	0.2	0.79	0.00
Primerica, Inc.	3.9	–1.58	–0.08
The Carlyle Group Inc.	0.7	–4.57	–0.03
Real/Irreplaceable Assets	**20.5**	**–6.63**	**–1.40**
Choice Hotels International, Inc.	4.9	4.75	0.18
Douglas Emmett, Inc.	0.8	3.08	0.02
American Assets Trust, Inc.	–	–0.22	–0.00
PENN Entertainment, Inc.	1.5	–4.49	–0.06
Gaming and Leisure Properties, Inc.	3.3	–4.57	–0.15
Alexandria Real Estate Equities, Inc.	1.0	–10.68	–0.12
Red Rock Resorts, Inc.	1.1	–11.77	–0.13
Vail Resorts, Inc.	6.0	–11.86	–0.77
Boyd Gaming Corporation	0.4	–12.09	–0.05
Marriott Vacations Worldwide Corporation	1.7	–17.41	–0.32
Russell 2000 Growth Index		**–7.32**	
Core Growth	**26.0**	**–8.60**	**–2.23**
Guidewire Software, Inc.	1.1	18.29	0.16
Dechra Pharmaceuticals PLC	–	0.54	0.00
West Pharmaceutical Services, Inc.	2.4	–1.85	–0.04
Gartner, Inc.	7.0	–1.91	–0.10
Trex Company, Inc.	1.0	–5.99	–0.06
Marel hf.	0.0	–9.80	–0.01
Bright Horizons Family Solutions, Inc.	1.1	–11.86	–0.15
IDEXX Laboratories, Inc.	3.1	–12.94	–0.42
CoStar Group, Inc.	5.3	–13.61	–0.74
Neogen Corp.	0.3	–14.72	–0.05
Littelfuse, Inc.	0.2	–14.89	–0.03
Krispy Kreme, Inc.	0.8	–15.44	–0.10
Mettler-Toledo International Inc.	1.0	–15.52	–0.18
Bio-Techne Corporation	2.7	–16.53	–0.50

Table II. (continued)
Total returns by category for the three months ended September 30, 2023

	% of Net Assets (as of 9/30/2023)	Total Return (%)	Contribution to Return (%)
Disruptive Growth	**10.3**	**–21.94**	**–2.57**
ANSYS, Inc.	4.0	–9.91	–0.39
Altair Engineering Inc.	0.6	–17.51	–0.12
Northvolt AB	0.2	–20.31	–0.04
Iridium Communications Inc.	4.8	–26.57	–1.55
FIGS, Inc.	0.7	–28.79	–0.20
Velo3D, Inc.	–	–47.66	–0.04
Farmers Business Network, Inc.	0.0	–95.74	–0.23
Cash	**0.1**	**–**	**–0.01**
Fees	**–**	**–0.28**	**–0.28**
Total	**100.0***	**–3.69****	**–3.69****

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.*

Our investments in **Real/Irreplaceable Assets**, **Core Growth**, and **Financials** represented between 20.5% and 43.1% of the Fund's net assets and aggregate to 89.6% of net assets. Another 10.3% of net assets were 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. As shown in the table above, our investments in Financials and Real/Irreplaceable Assets outperformed the Benchmark, while our investments in Core Growth and Disruptive Growth trailed. We view this quarter's results are illustrative of the way in which our balanced approach enables us to generate superior returns over time despite an ever-fluctuating market backdrop.

We note that the efficacy of our balanced approach is also evident when viewed over a longer time horizon. Over the past five years, we find that our investments in Financials, Core Growth, and Disruptive Growth have compounded at annualized rates of 15.1%, 10.3%, and 5.5%, respectively. These meaningfully exceed the 1.6% annual return of the Benchmark over the same period. Our investments in Real/Irreplaceable Assets have compounded at 0.7%, modestly trailing the benchmark, but with a less volatile cash flow stream, in our view.

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 9/30/2023	Millennium Internet Bubble to Present 12/31/1999 to 9/30/2023	Inception 12/31/1994 to 9/30/2023
Alpha (%)	5.05	4.09	5.49	6.95
Beta	0.58	0.82	0.71	0.72

Table IV.
Performance
Millennium Internet Bubble to Post-COVID-19. The Impact of Not Losing Money.

	Millennium Internet Bubble to Financial Panic 12/31/1999 to 12/31/2008		Financial Panic to Present 12/31/2008 to 9/30/2023		Millennium Internet Bubble to Present 12/31/1999 to 9/30/2023		Inception 12/31/1994 to 9/30/2023	
	Value $10,000	Annualized	Value $10,000	Annualized	Value $10,000	Annualized	Value $10,000	Annualized
Baron Growth Fund	$12,448	2.46%	$67,625	13.84%	$84,184	9.38%	$311,402	12.70%
Russell 2000 Growth Index	$ 6,476	–4.71%	$49,007	11.38%	$31,735	4.98%	$ 75,700	7.29%
S&P 500 Index	$ 7,188	–3.60%	$63,640	13.37%	$45,744	6.61%	$160,616	10.14%

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

In addition to strong short- and medium-term results, the Fund has meaningfully outperformed its Benchmark over the long term. The Fund has gained 12.70% on an annualized basis since its inception on December 31, 1994, which exceeds that of the Benchmark by 5.41% and the S&P 500 Index by 2.56%, 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 13.84%, which has exceeded that of its Benchmark by 2.46% annualized, and the S&P 500 Index by 0.47% 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 $311,402 on September 30, 2023. This is approximately 4.1 times greater than the $75,700 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 September 30, 2023

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
MSCI Inc.	2007	$1.8	$40.6	9.61%	0.76%
FactSet Research Systems Inc.	2006	2.5	16.7	9.39	0.54
Arch Capital Group Ltd.	2002	0.4	29.7	6.49	0.52
Kinsale Capital Group, Inc.	2016	0.6	9.6	10.71	0.48
Morningstar, Inc.	2005	0.8	10.0	19.70	0.42

Shares of **MSCI Inc.**, a leading provider of investment decision support tools, contributed to performance during the quarter. The company reported solid second quarter earnings results and reiterated its outlook for the remainder of 2023. The stock traded up due to the stabilization of ESG trends on a sequential basis coupled with continued robust performance in Index and Analytics. Despite some near-term macro uncertainty, we retain long-term conviction as MSCI owns strong, *all weather* franchises and remains well positioned to benefit from numerous secular tailwinds in the investment community, in our view.

Shares of **FactSet Research Systems Inc.**, a leading provider of investment management tools, contributed to performance. Despite macro-related volatility including challenges in the banking sector, lengthening sales cycles, and constrained client budgets, the company reported quarterly earnings that beat consensus estimates and provided a solid outlook for fiscal year 2024. While there is some near-term uncertainty, we retain 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 (FCF) generation.

Specialty insurer **Arch Capital Group Ltd.** contributed after reporting results that beat consensus amid favorable industry conditions. During the second quarter, net premiums written grew 28%, underwriting margins remained strong, and net investment income more than doubled. The operating ROE exceeded 20%, and book value per share grew 18%. Pricing trends in the P&C insurance market remain favorable, and higher interest rates are driving higher investment yields. The Fund has been a large investor in Arch Capital since 2002. Its stock price increased about 27 times since our initial purchase. We remain an investor in this unique, well-managed, diversified property, casualty and mortgage insurer. That is due to our expectation of significant growth in earnings and book value.

Table VI.

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

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
Iridium Communications Inc.	2014	$0.6	$ 5.7	–26.57%	–1.55%
Vail Resorts, Inc.	1997	0.2	8.5	–11.86	–0.77
CoStar Group, Inc.	2004	0.7	31.4	–13.61	–0.74
Bio-Techne Corporation	2009	2.1	10.8	–16.53	–0.50
IDEXX Laboratories, Inc.	2005	1.9	36.3	–12.94	–0.42

Iridium Communications Inc. is a leading mobile voice and data communications services vendor offering global coverage via satellite. Shares fell on second quarter earnings, growth modestly slower than expected. Investors were also concerned by a potential slowdown in Iridium's voice and data segment following several years during which the segment benefited from price increases and competition displacements. We attribute the earnings miss to a one-time write off of a spare satellite. This will not impact the company's long-term prospects. We also remain excited about the potential benefit from Iridium's recent partnership with Qualcomm to allow satellite connectivity on its new Snapdragon chips. While Iridium has suggested the realization of the direct-to-device opportunity might take longer than some investors had hoped, we believe the collaboration will yield substantial revenue for the company over time. We also remain excited about the company's capital allocation program, which should benefit shareholders in the years ahead.

Vail Resorts, Inc., a global owner and operator of ski resorts, detracted from performance during the quarter. The stock declined as poor weather conditions in Australia and lower summer visitation at its U.S. destination mountain resorts hurt financial results. Despite these short-term headwinds, Vail continues to generate strong season pass sales, which grew 11% over last year. Renewal rates increased across all destinations, international, and local geographies, with the strongest growth in the Northeast despite last season's poor snow conditions. We view the stock as a high single- to low double-digits EBITDA grower with a mid-single-digit FCF yield, all of which is being returned to shareholders through dividends and share buybacks.

CoStar Group, Inc., a provider of marketing platforms, data and analytics to the commercial and residential real estate industries, detracted from performance. CoStar's financial results were negatively impacted by lower non-subscription revenue resulting from a significant drop in commercial real estate sales volumes. We are optimistic that volumes will recover. More importantly, we believe trends in the company's core subscription offerings remain excellent and are encouraged by growing traction in CoStar's nascent residential offering. We estimate CoStar invested around $230 million in this initiative in 2022 and is targeting a total investment approaching $540 million in 2023. While this is a significant upfront commitment, we believe residential represents a transformative opportunity. We believe the company's proprietary data, broker-oriented approach, and best-in-class management position it to succeed in this endeavor.

Recent Activity

We increased our holding in **Krispy Kreme, Inc.**, an omni-channel manufacturer and retailer of doughnuts. Krispy Kreme sells its product through its owned and franchised doughnut shops, and in grocery and convenience stores through its Delivered Fresh Daily (DFD) network. Krispy also sells via e-commerce. Krispy Kreme is successfully executing its plan to grow DFD points of access by 10% to 15% annually. It now services nearly 13,000 points of access in 37 countries by leveraging over 400 doughnut producing hubs worldwide.

We believe that Krispy Kreme is making consistent progress along its core growth vectors. In its most recently reported quarter, the company grew revenue 11.4% organically as it benefited from pricing, growth in premium specialty doughnuts, and the growth of DFD. Within the U.S., sales per hub grew 9%, while average sales per DFD location increased by 16%, indicating the long growth runway that exists within its existing footprint.

We remain excited by the trial with McDonald's in the Louisville, Kentucky area, which presently includes 160 locations. To date, sales at McDonald's have proven to be incremental to existing donut shop and DFD sales in the region, and Krispy Kreme has been able to successfully serve these additional points of access from its existing hub network. We believe that a successful trial in Kentucky could ultimately lead to a broader rollout across McDonald's restaurants and may also motivate additional quick service restaurant chains to contemplate a similar partnership with Krispy Kreme.

Portfolio Structure And Investment Strategy

We seek to invest in businesses with attractive fundamental characteristics and long-term growth prospects. These attributes include high barriers to entry, durable competitive advantages, large and growing addressable markets, and enduring secular tailwinds. We favor business models that have high levels of recurring and predictable revenue, generate attractive incremental margins, are cash generative, and are not dependent on third-party financing. We exclusively invest with management teams that consistently reinvest into their businesses to raise barriers to entry and pursue long-term profitable growth. We work with our growing team of analysts to conduct iterative and holistic due diligence by interacting with representatives of all a company's stakeholders. In addition to visiting regularly with a company's management team, we join our analysts in speaking with a company's existing and potential customers, key suppliers, and large competitors. We use such findings to refine our understanding of a business and its industry, assess its growth trajectory, test the sustainability 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 September 30, 2023, our weighted average holding period was 15.8 years. This is dramatically longer than most other small-cap growth funds, which, according to Morningstar, turn over about 76% of their portfolios annually based on an average for the last three years. The portfolio's 10 largest positions have a weighted average holding period of 17.6 years, ranging from a 6.8-year investment in **Kinsale Capital Group, Inc.** to investments in **Choice Hotels International, Inc.** and **Vail Resorts, Inc.** that are now both approaching 27 years. We have held 23 investments, representing 80.0% of the Fund's net assets, for more than 10 years. We have held 17 investments, representing 20.0% of the Fund's net assets, for less than 10 years. We believe that Table VII and Table VIII quantify the merits of our long-term holding philosophy.

Table VII.
Top performing stocks owned more than 10 years

	Year of First Purchase	Cumulative Total Return Since First Date of Purchase	Annualized Return Since First Date of Purchase
IDEXX Laboratories, Inc.	2005	2,938%	20.1%
Arch Capital Group Ltd.	2002	2,688	16.7
Choice Hotels International, Inc.	1996	2,508	13.4
MSCI Inc.	2007	2,167	21.7
CoStar Group, Inc.	2004	1,820	16.9
Gartner, Inc.	2007	1,452	18.6
Mettler-Toledo International Inc.	2008	1,436	20.2

The cohort of investments that we have held for more than 10 years earned a weighted average annualized rate of return of 16.4% since we first purchased them. This exceeded the performance of the Fund's Benchmark by 8.4% annualized. Five of these investments have achieved annualized returns that exceeded the Benchmark by more than 10% per year.

Table VIII.
Top performing stocks owned less than 10 years

	Year of First Purchase	Cumulative Total Return Since First Date of Purchase	Annualized Return Since First Date of Purchase
Kinsale Capital Group, Inc.	2016	1,460%	49.6%
Trex Company, Inc.	2014	593	22.6
Iridium Communications Inc.	2014	533	21.7

The cohort of investments that we have held for less than 10 years has returned 23.0% annually on a weighted average basis since our initial purchase, exceeding the Benchmark by 16.9% annualized. Eight of these investments have achieved annualized returns that exceeded the Benchmark by more than 10% per year, including five that have achieved annualized returns that exceeded the Benchmark by more than 15% per year.

Portfolio Holdings

As of September 30, 2023, we owned 40 investments. The top 10 holdings represented 64.7% of the Fund's net assets, most of which have been held for more than 10 years. All were small-cap businesses at the time of purchase and have become top 10 positions mostly through stock appreciation. Our holdings in these stocks have returned 20.0% annually based on weighted average assets since our initial investment, exceeding the Benchmark by an average of 12.7% annually. We attribute much of this relative outperformance to the superior growth rates and quality exhibited by these businesses relative to the Benchmark average. We believe all our positions offer significant further appreciation potential individually, and that the Fund's diversification offers potentially better-than-market returns with less risk than the market as measured by beta. Note that diversification cannot guarantee a profit or protect against loss.

While we only purchase small-cap companies, we tend to hold stocks as long as our investment thesis remains intact, and we see a path to earning attractive compounded returns. This causes the Fund to own a significant percentage of assets in securities that have appreciated beyond their market capitalizations at the time of purchase. Baron Growth Fund's median market cap is $6.8 billion, and its weighted average market cap is $18.7 billion. This compares to Morningstar's U.S. market cap breakpoints for small- and mid-cap funds of $7.6 billion and $42.7 billion, respectively, as of September 30, 2023.

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

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
MSCI Inc.	2007	$1.8	$40.6	$777.3	10.4%
Arch Capital Group Ltd.	2002	0.4	29.7	722.2	9.7
FactSet Research Systems Inc.	2006	2.5	16.7	524.7	7.0
Gartner, Inc.	2007	2.3	27.1	518.9	7.0
Vail Resorts, Inc.	1997	0.2	8.5	443.8	6.0
Kinsale Capital Group, Inc.	2016	0.6	9.6	414.1	5.6
CoStar Group, Inc.	2004	0.7	31.4	396.8	5.3
Choice Hotels International, Inc.	1996	0.4	6.2	363.2	4.9
Iridium Communications Inc.	2014	0.6	5.7	356.0	4.8
ANSYS, Inc.	2009	2.3	25.8	297.6	4.0

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

Respectfully,

Ronald Baron
CEO and Portfolio Manager

Neal Rosenberg
Portfolio Manager

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

Risks: The Adviser believes that there is more potential for capital appreciation in smaller companies, but there also may be more risk. Specific risks associated with investing in smaller companies include that the securities may be thinly traded, and they may be more difficult to sell during market downturns.

The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

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

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

The portfolio manager defines "**Best-in-class**" as well-managed, competitively advantaged, faster growing companies with higher margins and returns on invested capital and lower leverage that are leaders in their respective markets. Note that this statement represents the manager's opinion and is not based on a third-party ranking. **Alpha:** measures the difference between a fund's actual returns and its expected performance, given its level of risk as measured by beta. **Beta:** measures a fund's sensitivity to market movements. The beta of the market (Russell 2000 Growth Index) is 1.00 by definition. **Free cash flow 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 SMALL CAP FUND SHAREHOLDER:

PERFORMANCE

Baron Small Cap Fund® (the Fund) had a fine quarter and is having a good year. In a weak market, the Fund is down 3.11% (Institutional Shares) in the third quarter. For the year-to-date period, the Fund is up 12.92%. The Fund is well ahead of the Russell 2000 Growth Index (the Benchmark) which was down 7.32% in the quarter and is up just 5.24% year-to-date. The Fund performed slightly better than the larger-cap S&P 500 Index in the quarter and trails that index year-to-date by 15 basis points, as large-cap stocks have performed much better than small caps this year.

After trailing the Benchmark last year, the Fund is back on track. In addition to the strong relative performance this year, we have outpaced the Benchmark five of the last six calendar years. As shown in the table below, we are nicely ahead for all the periods listed. Since inception, we have outperformed by over 4% a year, which really adds up. If you had hypothetically invested $10,000 on inception in September 1997…and thank you very much to those who have been invested for the whole period…. your investment would be worth $113,022, well in excess of $42,202, which is what it would have been worth if invested in a fund designed to track the Benchmark.

CLIFF GREENBERG

PORTFOLIO MANAGER

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

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

	Baron Small Cap Fund Retail Shares[1,2]	Baron Small Cap Fund Institutional Shares[1,2,3]	Russell 2000 Growth Index[1]	S&P 500 Index[1]
Three Months[4]	(3.14)%	(3.11)%	(7.32)%	(3.27)%
Nine Months[4]	12.71%	12.92%	5.24%	13.07%
One Year	17.42%	17.71%	9.59%	21.62%
Three Years	1.72%	1.97%	1.09%	10.15%
Five Years	5.66%	5.94%	1.55%	9.92%
Ten Years	8.78%	9.06%	6.72%	11.91%
Fifteen Years	10.19%	10.46%	8.82%	11.28%
Since Inception (September 30, 1997)	9.62%	9.78%	5.69%	7.96%

The market started the third quarter on an upswing, extending the positive momentum from the prior quarter, which was based on the surprising resiliency of the economy, which contradicted the consensus predictions of an imminent recession. Also, there was a sense that the Federal Reserve (the Fed) was close to ending its rate hikes. However, sentiment changed after the rating agency Fitch downgraded the U.S. credit rating mid-quarter. Economic data continued to come in strong, and the Fed adopted a *higher-for-longer* stance, meaning that even if it were to stop raising the Fed Funds rate, it planned to keep interest rates at elevated levels. Plus, investors who had ignored federal deficits when inflation was low, are now paying attention and getting worried. This led to a sharp rise in Treasury yields, even as the inflation picture had marginally improved. Higher rates are bad for the economy, corporate earnings, and stock multiples. Stocks sold off accordingly.

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of September 30, 2022 was 1.30% and 1.04%, respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit baronfunds.com or call 1-800-99-BARON.

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

1 The **Russell 2000® Growth Index** measures the performance of small-sized U.S. companies that are classified as growth. The **S&P 500 Index** measures the performance of 500 widely held large-cap U.S. companies. All rights in the FTSE Russell Index (the "Index") vest in the relevant LSE Group company which owns the Index. Russell® is a 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 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.

Small-cap stocks underperformed, and growth did worse than value, but the Fund did well. Our performance was based on the strong business performance of the businesses in which we have invested and our favorable stock selection. Our Industrials, Information Technology (IT) and Health Care holdings did much better than stocks in those sectors in the Benchmark. Of our larger concentrations, only our Consumer Discretionary stocks did not perform well on a relative basis. Energy was the best performing sector in the Benchmark this quarter, as oil prices rose due to supply cuts, but since we don't directly invest in that sector, our relative performance was hurt. We also don't own biotechnology stocks, which were down considerably this quarter, helping the Fund's relative performance.

Many of our largest positions gained nicely in the quarter, which was an important driver of performance. Eight of our top 10 holdings outperformed the Benchmark. This was led by our largest position **Vertiv Holdings Co** (up over 50% in the quarter!), **Guidewire Software, Inc.**, **Kinsale Capital Group, Inc.**, **ASGN Incorporated**, and **Chart Industries, Inc.** Our Consumer Discretionary holdings (such as **Red Rock Resorts, Inc.** and **Floor & Decor Holdings, Inc.**) performed poorly this period. As we will detail in the next section, business fundamentals are strong and outlooks for continued durable growth are compelling.

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

	Percent Impact
Vertiv Holdings Co	2.03%
Kinsale Capital Group, Inc.	0.42
Guidewire Software, Inc.	0.36
Aspen Technology, Inc.	0.28
ASGN Incorporated	0.24

Vertiv Holdings Co, a provider of critical infrastructure solutions to the data center industry, increased over 50% in the quarter. Vertiv is a leading vendor of thermal management solutions and stands to benefit from the growth in artificial intelligence (AI) and corresponding investments in more complex cooling systems necessitated by the expected increase in the energy density of data centers. Vertiv is again reporting strong margins and free-cash-flow (FCF) under new leadership, after an operational deficiency in managing rising costs in the fourth quarter of 2022 chunked earnings and sent the stock swooning. The multiple has since expanded as investors gained confidence in the duration of the company's growth trajectory as well as its ability to capture the massive investment cycle ahead. We selectively trimmed our position into strength, but the stock remains the top holding given upside in earnings power as the company closes the margin gap with peers and benefits from accelerated industry growth.

Specialty insurer **Kinsale Capital Group, Inc.** contributed to performance after reporting consensus-beating quarterly results. Gross written premiums grew 58% and earnings per share increased 50%. Market conditions remained favorable, with rising premium rates and more business shifting from the standard lines market to the excess and surplus lines market where Kinsale operates. The company is also capitalizing on disruption in the property market, where rates are rising rapidly after years of industry losses and a reduction in reinsurance capacity. We believe Kinsale is well managed, has sustainable competitive advantages in technology and underwriting, and has a long runway for growth in an attractive segment of the insurance market.

Shares of P&C insurance software vendor **Guidewire Software, Inc.** rose after the company announced robust quarterly results. Recent sales wins include 17 cloud deals, 11 of which are with Tier 1 carriers, including Allstate Canada, Progressive, and Insurance Australia Group, the largest insurer in Australia. We expect to see the company's consistent annual recurring revenue growth accelerate next year as sales momentum continues and ramped deals contribute revenue. We are also encouraged by Guidewire's gross margin expansion during the quarter. We believe Guidewire will be the critical software vendor for the global P&C insurance industry, capturing 30% to 50% of its $15 billion to $30 billion total addressable market and generating margins above 40%.

Shares of industrial automation software leader **Aspen Technology, Inc.** reported financial results that surpassed consensus expectations and provided initial guidance calling for "at least 11.5%" growth for 2024. Looking further out, we believe Aspen is well positioned to generate consistent double-digit growth in contract value, driven by secular adoption of industrial automation technologies that help improve productivity, reduce cost, and control emissions. We expect the businesses acquired through Aspen's merger with a subsidiary of Emerson to meaningfully contribute to financial results in 2024 and beyond, as management continues to make product and operational improvements with much of the integration and re-platforming now complete. Aspen generates significant FCF, which it can use to fund both an aggressive share repurchase program and accretive M&A activity over the long term.

Other stocks that rose over 15% in the quarter but contributed less to the overall performance of the Fund were **Grid Dynamics Holdings, Inc.**, **Holley Inc., Clearwater Analytics Holdings, Inc.**, and **HealthEquity, Inc.**

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

	Percent Impact
Driven Brands Holdings Inc.	–0.73%
Inspire Medical Systems, Inc.	–0.61
Cognex Corporation	–0.43
DexCom, Inc.	–0.42
Planet Fitness, Inc.	–0.40

Driven Brands Holdings Inc. is the largest automotive services company in North America, providing a range of need-based services to consumer and commercial customers through 4,800-plus locations. The company operates many well-known and trusted brands that provide customers with a full suite of automotive services across paint, collision, glass, vehicle repair, oil change (Take 5), maintenance, and car wash. The stock declined significantly during the quarter after the company reduced its revenue and profitability expectations for the balance of the year, driven by weakness in its car wash business and integration delays in the company's recent foray into the glass repair segment. The company is now in the process of reviewing each of its car wash locations to determine how they fit in the portfolio and have paused future development as the company implements processes to improve operations and use FCF to de-lever the balance sheet. In glass, while Driven remains encouraged by the long-term potential to consolidate the glass industry, they are a few quarters behind where they anticipated due to integration delays of the recent businesses they've acquired. Despite these challenges, we think the stock has overreacted to the downside, and are currently evaluating management's long-term assumptions calling for EBITDA to more than double over the next three years.

As AI was the topic du jour in the first half of the year, the market was captivated with the impact of weight loss drugs this quarter. Diabetes medications called GLP-1s, branded as Ozempic, Wegovy, and Mounjaro, are showing great efficacy and adoption is skyrocketing. The market is trying to assess what the long-term effect on potentially impacted businesses will be, ranging from drugs, medical services and facilities, food, gyms…and assigning *winner* and *loser* status to implicated stocks. Some of our holdings have been caught up in this hype. Two such holdings are **Inspire Medical Systems, Inc.,** which offers a treatment for sleep apnea, and **DexCom, Inc.**, the leading provider of continuous glucose monitoring (CGM) technology for people with diabetes. They declined over concerns that their business would be negatively affected. As it related to Inspire, the concern was that if there is less obesity, there will be less sleep apnea. With DexCom, the onset of diabetes could be lower so less monitoring would be necessary. We are following developments to closely understand the potential impacts. Both companies believe that these drugs might actually provide new usages for their products so are sanguine about the impact. We have re-underwritten our expectations for future growth under multiple scenarios and have concluded that the stocks are oversold...as often is the case with these broad selloffs…and offer great value, so we are sticking with our positions. Also, the market's overreaction similarly led to stock declines in companies further afield, derivatives of weight loss (less food consumption) such as **UTZ Brands, Inc.** (salty snacks), **Neogen Corp.** (food safety testing), and **Americold Realty Trust** (frozen food storage) that detracted from performance in the quarter.

Cognex Corporation manufactures machine vision systems; software and sensors used in automated manufacturing to inspect and identify parts, detect defects, verify product assembly, and guide assembly robots. Shares fell during the quarter following a weak earnings update as uncertainty around the return of increased logistics spending from large customers (e.g., Amazon) persists. Additionally, the company noted deterioration across other key end-markets as economic conditions slowed. On a brighter note, management highlighted strength in the electric vehicle manufacturing space, which is becoming a larger part of its business. We believe Cognex's best-in-class, unique machine vision solutions will benefit over time from the strong secular growth trend in automation and robotics across the globe.

Other stocks that declined over 20% this quarter but had less impact on our results were **Clarivate Plc, Shoals Technologies Group, Inc., The Beauty Health Company, Planet Fitness, Inc.,** and **Liberty Media Corporation–Liberty SiriusXM**.

Portfolio Structure & Recent Activity

As of September 30, 2023, the Fund had $4.2 billion in net assets. We held 63 stocks. The top 10 stocks made up 38.8% of net assets, which is higher than in the past because our largest position has performed well year-to-date and especially this quarter. We are content with the higher concentration as we remain excited about the prospects for each of these special companies, believe that their businesses are performing well, and think that their valuations are reasonable, if not cheap. There is ample liquidity in the stocks in case we were to think differently and want to reduce position sizes. And, you know, "water your flowers, cut your weeds."

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

	Year Acquired	Quarter End Investment Value (millions)	Percent of Net Assets
Vertiv Holdings Co	2019	$264.1	6.3%
Gartner, Inc.	2007	231.9	5.5
Kinsale Capital Group, Inc.	2019	196.7	4.7
ICON Plc	2013	172.4	4.1
SiteOne Landscape Supply, Inc.	2016	155.3	3.7
ASGN Incorporated	2012	142.9	3.4
Chart Industries, Inc.	2022	126.8	3.0
Red Rock Resorts, Inc.	2016	121.0	2.9
Floor & Decor Holdings, Inc.	2017	113.1	2.7
Guidewire Software, Inc.	2012	110.3	2.6

As has been the case for a while, our sectors of highest concentration were Industrials (31.5%), IT (17.3%), Consumer Discretionary (15.1%), and Health Care (13.3%). Compared to the Benchmark, we are notably overweight in Industrials and Consumer Discretionary, and significantly underweight in Health Care and IT. We now have a nice concentration and are overweight in Financials, favoring specialty insurers, fintech providers, and banks, which are not the typical financials in the Benchmark. We own no Energy or Utilities and are underweight in Materials and Consumer Staples. We have run about a 4% cash position in the quarter and for the year, on average.

We were more active this quarter in adding more positions and trimming the tail of the Fund. Still our portfolio turnover is very low, especially when compared to most small-cap mutual funds. It's about 15% as measured over three years, which means we own stocks for about seven years on average. We hold 15 stocks which we have owned for 10 years or more, and 16 stocks, which we have held for 5 to 10 years. These make up 31% and 27% of the net assets, respectively. Each cohort has had annualized total returns of over 18%, which we believe is stellar, justifying our decision to hold them for such extended timeframes.

We manage the market cap of the Fund by buying only small-cap stocks, using the proceeds of money raised usually from harvesting gains in our large-cap holdings. In this quarter, the weighted average market cap for new stocks bought was $2.8 billion. We also increased existing positions whose weighted average market cap was $3.9 billion. We buy more to build our position as we gain conviction. Our sales this quarter were stocks that had a weighted average market cap of $10.7 billion. So, sell large and buy small.

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

	Year Acquired	Quarter End Market Cap (billions)	Net Amount Purchased (millions)
Fox Factory Holding Corp.	2023	$4.2	$28.8
indie Semiconductor, Inc.	2023	1.1	28.4
ODDITY Tech Ltd.	2023	1.6	10.6
Planet Fitness, Inc.	2018	4.3	10.3
Red Rock Resorts, Inc.	2016	4.3	8.7

We re-initiated a position in former Fund investment **Fox Factory Holding Corp.** Fox Factory is a manufacturer of premium components for high-end bicycles and powered vehicles (side-by-sides, on-road trucks with off-road capabilities, all-terrain vehicles, etc.). The business has a long legacy as an innovator and market leader within its various suspension categories, and its high performance products generate a loyal enthusiastic customer base. The company has relationships with bike original equipment manufacturers (OEMs) such as Giant, Trek, and Specialized; and truck and off-road OEMs such as Ford, Toyota, Polaris, BRP, and Honda. Fox attempts to keep its business balanced between OEMs and aftermarket products. While end-products are discretionary purchases, Fox sells into the highest end of the market where customers consider these products essential to their lifestyle.

We have been impressed with management's ability to find new opportunities for growth via adjacent market penetration, M&A, and new products that remain synergistic with the company's vision and brand. Fox's success in the off-road truck market and its early development of a new Aftermarket Applications Group are examples. We believe legacy auto OEMs are incentivized to increase volumes of their premium off-road derivatives (e.g., the Ford Raptor). These derivatives currently represent just a low to mid- to single-digit share of OEM production, but they are highly profitable vehicles. Fox shocks are firmly entrenched in many of these platforms and through existing customer expansion and new customer wins, Fox's auto OEM business has a durable growth runway. Additionally, Fox has established itself as a leader in the pickup truck upfitting (premium re-styling) business. Upfitting is a secularly growing category that has customer and product overlap with Fox's suspension systems. By moving into this market, Fox is able to capture more revenue from the sale of its shocks and other vertically integrated components. Over the long term, the combination of organically growing end-markets, management's proven M&A track record, and the company's competitive positioning give us confidence that Fox can compound earnings per share at high rates. Fox's business has been greatly affected by COVID, both increasing demand at first but now dealing with an inventory headwind. We believe that the company will soon revert to more normal growth, and we believe the stock trades cheaply, so we view this to be a good entry point.

During the quarter we initiated a position in **indie Semiconductor, Inc.**, a fabless designer, developer, and marketer of automotive semiconductors for advanced driver assistance systems and connected car, user experience (*CarPlay*, interior lighting), and electrification applications. The automotive semiconductor vertical is attractive as silicon content in cars increases over time from improving safety features and autonomous driving, electrification, and premiumization of interior and exterior features. Indie is a small but rapidly growing player in the industry, leveraging unique technology expertise, innovation, and 100% automotive focus to design more highly integrated, power efficient, and lower cost solutions than larger competitors. Indie has a larger than $4.3 billion strategic backlog of program design wins, providing strong visibility to its revenue ramp in the coming years, with its largest wins to date across key growth applications such as radar, vision processing, and cabin occupant monitoring.

Indie has doubled its revenue each year for the past three years (inclusive of 2023), and we believe can grow from just over $200 million in revenue in 2023 to near $500 million in 2025, and as much as $1 billion in 2028 from its current design wins and funnel of opportunities. Additionally, the company continues to expand its gross margins each quarter with new products ramping up and expects to achieve breakeven profitability by the end of 2023, on a path to 60% gross margin and 30% operating margins by the end of 2025. On top of this, indie's management team previously built a semiconductor company from the ground up and achieved a successful exit, giving us high confidence in management's ability to execute indie's strategic plan. With valuation significantly below other high-growth semiconductor companies and even slower growing, mature peers, we see significant upside for indie stock in the near and long term.

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

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap or Market Cap When Sold (billions)	Net Amount Sold (millions)
Liberty Broadband Corporation	2014	$4.4	$13.4	$24.7
Vertiv Holdings Co	2019	1.0	14.2	20.6
Clarivate Plc	2019	0.9	4.5	14.2
Driven Brands Holdings Inc.	2021	4.4	2.1	10.9
PENN Entertainment, Inc.	2020	2.4	4.1	10.8

We exited our position in **Liberty Broadband Corporation**, a long-term and successful holding. The company is one of the leading cable and broadband service providers. The cable business has changed for the worse, with the phenomenon of cord cutting continuing, but the provision of internet service thrived. Now that is challenged as well, and the business faces a large capex upgrade program. The stock has rebounded this year, and we decided to exit.

We trimmed back **Vertiv Holdings Co** to manage the size of the position. We sold some **Clarivate Plc** and **Driven Brands Holdings Inc.**, as each business is performing below our expectations. With just a stub position left in **PENN Entertainment, Inc.**, we sold out of the name when the stock popped on the announced partnership with ESPN. We prefer owning **DraftKings, Inc.**, an established leader in online gaming who is gaining share, as a play on the growth in that space.

Outlook

Since the end of the quarter, interest rates have continued to rise and exceeded 5% for the 10-Year. This is up on a spike from 4% in July. Fed Chairman Powell recently noted the strong recent economic data saying, "we have a resilient economy on our hands." Though we are probably at the end, or close to the end, of the rate hiking cycle, interest rates are likely to stay elevated. The fiscal position of the U.S. government is terrible. Debt to GDP is over 1.2 times. Higher rates and more issuance caused by historically high deficits will cause interest expense for the Federal government to soar. The market has taken notice and the risk premium on government debt has expanded.

Geopolitical tensions are extremely elevated with the attack on Israel adding to tensions in Eastern Europe (Ukraine) and Southeast Asia (Taiwan). This is the most challenging and threating environment in my investing lifetime.

Though the economy is performing fine now, we sense a continued softening from our conversations with the executives who manage the businesses in which we invest. We hear that consumer demand is slowing, which adds to already subdued spending by corporations and weak trends in the housing market. The positive is that inflation is cooling significantly. Businesses are no longer facing cost pressures from supply-chain issues or labor shortages, and with the economy cooling and conditions more competitive, are no longer increasing prices on their goods and services.

We don't have a Firm view of the future path of the economy. We know that is not our bailiwick. Right now, it's particularly murky. As we invest in high-quality businesses that have the advantages of being industry leaders with secular tailwinds, we expect our companies, which are doing well now, to continue to do fine even if conditions worsen. We believe their stock prices reflect the issues of the day and the economic crosscurrents, and we think they are cheap on the near term and very attractive over the long term, especially when growth reverts to more normal levels. Small-cap stocks are so out of favor and cheap, absolutely and relatively, that we believe returns from these levels will be strong over time. However, the inflection point might not be imminent, and we suspect to be in a volatile market as things shake out. In the meantime, we will keep our heads down and keep working hard to find great investment opportunities (our bailiwick!) for the Fund.

Peace,

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.

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

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

Baron Opportunity Fund

Dear Baron Opportunity Fund Shareholder:

Performance

During the third quarter, Baron Opportunity Fund® (the Fund) fell 5.03% (Institutional Shares), slightly underperforming the broader market, including the Russell 3000 Growth Index, which dropped 3.34%, and the S&P 500 Index, which declined 3.27%. For the year-to-date period, the Fund was up 30.30%, ahead of both indexes.

MICHAEL A. LIPPERT

PORTFOLIO MANAGER

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

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

	Baron Opportunity Fund Retail Shares[1,2]	Baron Opportunity Fund Institutional Shares[1,2,3]	Russell 3000 Growth Index[1]	S&P 500 Index[1]
Three Months[4]	(5.11)%	(5.03)%	(3.34)%	(3.27)%
Nine Months[4]	30.01%	30.30%	23.77%	13.07%
One Year	24.07%	24.39%	26.63%	21.62%
Three Years	0.70%	0.96%	7.54%	10.15%
Five Years	12.90%	13.21%	11.70%	9.92%
Ten Years	13.10%	13.40%	13.94%	11.91%
Fifteen Years	13.60%	13.89%	13.35%	11.28%
Since Inception (February 29, 2000)	8.42%	8.59%	6.23%	6.98%

Review & Outlook

Like the market environment of 2022, the third quarter just concluded and the first weeks of the fourth quarter proved to be dominated by macroeconomic and exogenous issues, including: (1) economic debates and considerations regarding a soft landing vs. a recession, Fed policy (i.e., when will the Fed stop raising rates, when might it lower rates, the risk of *higher for longer*), the U.S. government budget picture, the spike to fresh multi-decade highs on the 10-Year U.S. Treasury yield, and the first United Auto Workers strike in more than 80 years; (2) domestic political instability, such as the absence of a Speaker of the House and the ensuing legislative paralysis, the possibility of a government shutdown (now, in mid-November), and the upcoming 2024 election; and (3) geopolitical fears and risks, particularly China-U.S. relations and U.S. semiconductor-technology export restrictions, the war in Ukraine, and now the tragic developments and threats of a wider conflict in the Middle East. As in the past, this backdrop restrained investor sentiment and negatively impacted equity market and Fund performance in the third quarter, and the Fund slightly underperformed the broader market indexes.

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of September 30, 2022 was 1.31% and 1.05%, respectively. *The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original The Adviser may reimburse certain Fund expenses pursuant to a contract expiring on August 29, 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.

There has been no change at all in our research-based view of the longer-term secular trends we emphasize. But in our interactions with management teams, we are hearing a little more macroeconomic uncertainty, both in terms of the impact on customer behavior and company investment decisions. I chose the word *uncertainty* deliberately because it is not weakness we are hearing, but genuine hesitation, indecision, and a wait-and-see attitude about the macroeconomic issues listed above. History has taught us that in these types of conditions the strong get stronger, particularly for well-managed and well-capitalized businesses, and most of our companies are prudently investing to capture the large opportunities ahead of them, as well as sustaining healthy growth rates.

What are we doing considering all this uncertainty? Effectively running the same play that has worked for us in the past. As I have written, rather than attempting to find bottoms, we are buying or adding when our target companies are in our *buy zones* based on our qualitative research, our quantitative modeling, and price target work. We are leaning into the secular trends for which we have the highest conviction and the companies with the sturdiest competitive advantages and most critical products and services. We are seeking to take advantage of our long-term mindset – in contrast to the market's typical myopia in times like these – by buying or adding to companies when we identify short-term overreactions in their stock prices that provide us with even more attractive long-term returns.

I set out below several key takeaways for our investors, including passages from recent quarterly letters, because they capture and articulate: (1) our views regarding market environments like these; and (2) our steadfast investment approach and philosophy:

- Macro issues (economics, politics, geopolitics):
  - We don't know the answers to the varied macro questions, and don't believe anybody does. We stay well informed of the analyses and forecasts of smart and experienced experts on these issues, but the range of plausible projections and outcomes is so wide you could drive the proverbial truck through them. We are not taking that drive. We continue to discipline ourselves not to make portfolio decisions based on macro projections.
  - In the June 2022 Quarterly Letter from Ron, Ron shared some of the wisdom he's gained over his half-century as an investor: "…in my 52-year Wall Street career, I have never known anyone to accurately and consistently predict markets…economies…interest rates…inflation…oil prices…wars…commodity prices…and election outcomes."
- Our investment approach and philosophy:
  - Instead, we manage the Fund based on what we can control: our long-term investment philosophy, processes, research, analysis, judgment, and portfolio management decisions. Our points of differentiation at Baron are our in-house research and time/duration. The second shapes and distinguishes the first, because the focus of our research and analyses is on long-term durable growth as opposed to near-term results. The second also enables us to prioritize long-term returns, rather than trying to predict and trade the short-term blowing of the market, economic, and geopolitical winds.
  - We remain focused on our long-term investment mandate (my tag line: faster for longer); our in-house research differentiation; powerful and undeniable secular growth trends disrupting industries and driving long-term growth; and identifying exceptional businesses with durable competitive advantages, cash-generative business models, and double-digit multi-year projected annual returns.
  - We believe durable growth – of revenue, earnings, and cash flow – is the critical foundation of successful growth investing. We have shown the best investments of the last half century are those companies that expanded faster for longer than consensus initially predicted. We have demonstrated how the market repeatedly underestimated growth for top companies in new and innovative verticals. The market misjudged the long-term growth that would be achieved by such disruptive and revolutionary developments as Microsoft's Windows operating system, Google's internet search engine, Amazon's e-commerce platform, Apple's iPhone, and Tesla's electric vehicles (EVs). These companies always looked expensive when valued based on then-current Street estimates; but they weren't. They yielded great returns not because they were awarded premium multiples but because they crushed expectations, delivering loftier revenues, earnings, and cash flow than most investors thought they would. We believe the same thing will drive returns for the innovators across many layers of the artificial intelligence (AI) stack, from semiconductors to applications.
- Investor questions – short term vs. long term and "have I/we missed it":
  - I have articulated consistently that we are not market timers. So, if this question is with a three-month, six-month, or even a one-year time frame, I candidly have no idea. But if it is with a four-to-five year, or even longer, perspective, my answer is no. Think about the *faster-for-longer* maxim discussed earlier in this letter and in our letters over the years. Think about where the world is going, not where it's been. Think about how early we are in the generational, tectonic, revolutionary shifts underlying the themes – like AI, EVs, cloud computing, genetics, etc. – that we emphasize in our portfolio. If in the long run, the market really acts like a weighing machine (not a voting machine),[1] we are confident that these trends and the leading companies driving them forward will gain a lot of weight and be worth a lot more in the future than they are today.

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

- Software: **Dynatrace, Inc.**, **CrowdStrike Holdings, Inc.**, **Workday, Inc.**, and **Ceridian HCM Holding Inc.**
- Biotechnology/Pharmaceuticals: **argenx SE**, **Legend Biotech Corporation**, and **Rocket Pharmaceuticals, Inc.**
- Semiconductors: **indie Semiconductor, Inc.**

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

- Health Care Equipment: **DexCom, Inc.** and **Shockwave Medical, Inc.**
- Digital Media: **Meta Platforms, Inc.**
- Information Technology and Other Services: **CoStar Group, Inc.** and **Gartner, Inc.**

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

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

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

	Percent Impact
Rivian Automotive, Inc.	0.45%
argenx SE	0.35
NVIDIA Corporation	0.29
Guidewire Software, Inc.	0.22
CrowdStrike Holdings, Inc.	0.19

Shares of **Rivian Automotive, Inc.**, a U.S.-based electric vehicle manufacturer, rose during the quarter. As we wrote last quarter, we concluded that Rivian was hitting a turning point in its execution, particularly ramping vehicle production, rolling out engineering innovations (such as the Enduro motor and lithium-iron-phosphate (LFP) battery pack) and lowering costs-of-goods-sold per vehicle. Rivian's second quarter results demonstrated that Rivian's unit-level economics continued to improve due to the company's rising production rate, which is driving better fixed cost absorption, and the ramp-up of its cheaper in-house technologies, including Enduro and LFP batteries. Management expects a long road of profitability in the years ahead as Rivian continues to scale production. While backlog remains healthy for now, we are monitoring levels as production volume and competition increase. We think Rivian will benefit from the release of its next-generation R2 model, which it plans to unveil in early 2024. More recently, the company raised $1.5 billion of additional funds to support its longer-term business plan and reported third quarter production and delivery figures that beat Street expectations and confirmed that it remained on track to hit its 52,000 annual production target.

Argenx SE is a biotechnology company focused on autoimmune disorders. Shares increased in the quarter given a positive chronic immune demyelinating polyneuropathy (CIDP) Phase 3 trial result. CIDP is an important commercial market representing billions of dollars in potential sales, and investors viewed this data set as a high-profile catalyst. Overall, the market expects the company's strong Vyvgart launch for treatment of generalized myasthenia gravis – with early sales tripling consensus expectations and global approvals coming faster than expected – to continue to grow revenue. We expect the remainder of 2023 and 2024 to have many catalysts, including readouts in pemphigus vulgaris, immune thrombocytic purpura, bullous pemphigoid, myositis, and argenx's Vyvgart subcutaneous formulation launch.

NVIDIA Corporation is a leading semiconductor company that sells chips and software for accelerated computing and gaming. Shares have nearly tripled year-to-date, as the company continues reporting unprecedented growth because of the acceleration in demand for its data center chips. After reporting revenue of $7 billion in the first quarter and providing guidance of $11 billion for the second quarter, NVIDIA reported second quarter revenue of $13.5 billion and guided for another step up in the third quarter to $16 billion, with its CFO declaring "[d]emand for our Data Center platform for AI is tremendous and broad-based across industries and customers." We are at the tipping point of a new era of computing with NVIDIA at its epicenter. This is how CEO and founder Jensen Huang put it (during the company's August 23 earnings call):

> "[T]he easiest way to think about the demand is the world is transitioning from general purpose computing to accelerated computing…[W]hat you're seeing companies do now is recognizing this…tipping point…recognizing the beginning of this transition, and diverting their capital investment to accelerated computing and generative AI…This isn't a singular application that is driving the demand, but this is a new computing platform…a new computing transitioning that's happening…A new computing era has begun. The simultaneously going through two platform transitions, accelerated computing and generative AI."

While the opportunity within the data center installed base is already large at roughly $1 trillion, the pace of innovation in AI in general, and generative AI in particular, should drive a significant expansion in the addressable market, as generative AI enables natural language human-computer interaction better utilization of data to guide decision making.

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

	Percent Impact
Microsoft Corporation	–0.97%
indie Semiconductor, Inc.	–0.60
Farmers Business Network, Inc.	–0.59
ZoomInfo Technologies Inc.	–0.48
CoStar Group, Inc.	–0.40

Microsoft Corporation is the world's largest software company. Microsoft was traditionally known for its Windows and Office products, but over the last five years, it has built an over $60 billion cloud business, including its Azure cloud infrastructure service and its Office 365 and Dynamics 365 cloud-delivered applications. The stock detracted from performance because Microsoft is the Fund's largest holding and shares retreated 7.1% after strong first half performance. For the June quarter, Microsoft reported better-than-expected Azure results for the third straight period, highlighted by Azure revenue growing 27% in constant currency. Its computing division also beat expectations, with Windows revenue benefiting from an early back-to-school inventory build. Microsoft's September quarter revenue guidance came in below Street expectations; however, with Azure effectively in line and demonstrating stabilization, but computing seeing the negative sequential impact of the pull-forward in back-to-school purchases. Looking at the big picture, Microsoft continues to execute at a high level, navigating a challenging macro backdrop while aggressively investing in long-term growth, and we remain confident that Microsoft is well positioned to leverage AI over the medium to long term as it infuses Open AI and other generative AI technologies across its entire product portfolio.

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 due to investor concerns that near-term automotive semiconductor demand will face headwinds because of excess inventory in the automotive semiconductor supply chain, combined with third quarter revenue guidance that slightly missed consensus expectations due to a customer slightly delaying the launch of a new vehicle model where indie had secured a design win (so delayed, not lost sales). As indie steadily ramps new product and design wins into production, we are confident the company will achieve its targeted model of profitability by year end, while effectively doubling revenues as it delivers on its $4.3 billion and growing strategic backlog. We believe indie has the potential to grow from its $200 million revenue run rate today to its targeted $500 million by 2025 and $1 billion by 2028. In the years ahead, indie should benefit as it develops differentiated, highly integrated, energy-efficient products, while the automotive semiconductor vertical remains highly attractive over the long term.

Farmers Business Network, Inc. is a private company attempting to create a two-sided marketplace to connect farmers and agricultural data and supplies. By leveraging its technology and community, it is seeking to disrupt large global agricultural markets dominated by oligopolistic counterparties that control distribution channels. Farmers is a young business and still consuming cash; it remains under-scale and in investment mode. During the third quarter, the company initiated a process for a new funding round with terms that negatively reduced the value of our holdings. The funding round closed after the end of the third quarter. The new securities we purchased during the round resulted in a slight increase in the value we assigned to our Farmers investment at the end of the period. We believe the new round, led by a well-regarded consortium of existing investors, should lead to a fundamental change in Farmers' management team, board, and financial planning. We continue to believe that, with the right structure and management, Farmers can become a larger and more profitable business.

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 third quarter, the largest market cap holding in the Fund was $2.3 trillion and the smallest was $1.1 billion. The median market cap of the Fund was $30.8 billion and the weighted average market cap was $668.3 billion.

To end the quarter, the Fund had $999.4 million of assets under management. We had investments in 47 unique companies. The Fund's top 10 positions accounted for 52.8% of net assets.

Despite the market decline, fund flows remained positive during the third quarter.

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

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Microsoft Corporation	$2,345.9	$135.3	13.5%
NVIDIA Corporation	1,074.4	85.5	8.6
Tesla, Inc.	794.2	65.2	6.5
Amazon.com, Inc.	1,311.6	61.7	6.2
Meta Platforms, Inc.	772.5	32.6	3.3
argenx SE	28.8	31.8	3.2
Visa Inc.	480.2	29.3	2.9
ServiceNow, Inc.	114.0	29.1	2.9
Gartner, Inc.	27.1	29.1	2.9
CoStar Group, Inc.	31.4	28.6	2.9

Recent Activity

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

	Quarter End Market Cap (billions)	Net Amount Purchased (millions)
argenx SE	$28.8	$8.1
Dynatrace, Inc.	13.7	5.9
Legend Biotech Corporation	11.4	5.2
CrowdStrike Holdings, Inc.	40.0	4.9
indie Semiconductor, Inc.	1.1	3.4

Argenx SE is a biotechnology company focused on differentiated antibody-based therapies for the treatment of severe autoimmune diseases and cancer. Argenx's lead product candidate, efgartgimod–now commercially branded as Vyvgart–was developed as a treatment for autoimmune diseases with high levels of circulating pathogenic IgG antibodies. Efgartigimod was approved for the treatment of generalized myasthenia gravis in the U.S., Japan, and Europe, and as described above, early sales have tripled consensus projections. We increased our position in argenx after the company reported positive CIDP Phase 3 trial results, further confirming efgartigoimod's autoimmune disease platform potential. CIDP is an important commercial market representing billions of dollars in potential sales. Going forward, we expect argenx to have a series of catalysts, including data readouts across a plethora of autoimmune diseases, including pemphigus vulgaris, immune thrombocytic purpura, bullous pemphigoid, and myositis.

We initiated an investment in **Dynatrace, Inc**. this quarter. Dynatrace provides an AI-powered data analytics platform for application performance monitoring (APM), information technology (IT) infrastructure monitoring, and application security. The platform gives companies complete visibility of their IT systems, improves application performance, and reduces downtime by predicting IT issues and remediating problems faster when they occur. Dynatrace is trusted by more than 3,000 large enterprises, including many of the world's largest financial institutions, health care companies, retailers, and government agencies. With nearly 20 years of monitoring experience, petabytes of IT telemetry data, and the most powerful AI engine in the space, Dynatrace is the best-positioned vendor to serve these large customers. The company is recognized as a technology leader in its category, helping its clients remediate issues faster than most competitors. As a result, Dynatrace has low churn, commands industry-leading free-cash-flow (FCF) margins, and it is winning market share as customers consolidate their IT monitoring spending away from legacy point solutions onto the Dynatrace platform. We see a long runway for profitable growth as customers expand their digital applications and cloud footprints, consolidate more spending onto Dynatrace, and embrace new complementary products.

During the quarter, we also initiated an investment in **Legend Biotech Corporation**, a biotechnology company dedicated to researching, manufacturing, and distributing cellular therapies for cancers. Legend's lead product is called Carvykti, which is now in the midst of a commercial launch for the treatment of multiple myeloma patients who have second line or more advanced disease. Demand significantly outstrips supply in this approximately 60,000 patient opportunity, as Carvykti has shown best-in-class clinical response rates and offers patients a potential curative one-and-done treatment for their cancer. Partner Johnson & Johnson has already invested about $1 billion into making this cellular therapy possible and investments are expected to continue as the therapy is scaled to what could be a $10 billion to $20 billion revenue opportunity. Given this is a niche market with limited competition, we expect continued strong financial growth from Legend.

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

	Quarter End Market Cap or Market Cap When Sold (billions)	Net Amount Sold (millions)
Electronic Arts Inc.	$35.2	$9.7
Cloudflare, Inc.	21.1	3.9
TKO Group Holdings, Inc.	14.5	1.2
GitLab Inc.	7.0	1.1
Datadog, Inc.	29.6	0.5

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

We slightly trimmed our investments in **Cloudflare, Inc.**, **GitLab Inc.**, and **Datadog, Inc.** to fund increases in the software names listed in the Review and Outlook section above. Effectively, we engineered a slight shift from companies currently valued on sales multiples to those valued on FCF.

We trimmed our investment in **TKO Group Holdings, Inc.** down to a position size we were more comfortable with because of uncertainties regarding the competitive environment in the mixed martial arts space and TV carriage deals in the wrestling vertical.

I remain confident in and committed to the strategy of the Fund: durable growth based on powerful, long-term, innovation-driven secular growth trends. We continue to believe that non-cyclical, durable, and resilient growth should be part of investors' portfolios and that our strategy will deliver solid long-term returns for our shareholders.

Sincerely,

Michael A. Lippert
Portfolio Manager

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

Risks: Securities issued by small and medium sized companies may be thinly traded and may be more difficult to sell during market downturns. Companies propelled by innovation, including technology advances and new business models, may present the risk of rapid change and product obsolescence, and their success may be difficult to predict for the long term. Even though the Fund is diversified, it may establish significant positions where the Adviser has the greatest conviction. This could increase volatility of the Fund's returns.

The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

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

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

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

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

DEAR BARON PARTNERS FUND SHAREHOLDER:

PERFORMANCE

After a solid first half of the year, Baron Partners Fund® (the Fund) declined in the most recent quarter. The Fund fell 7.17% (Institutional Shares) and trailed both the Russell Midcap Growth Index, its primary benchmark (the Benchmark) and the S&P 500 Index during the quarter. Those two indexes declined 5.22% and 3.27%, respectively. The Morningstar Large Growth Category average (the Peer Group) declined 3.59%.*

The Fund remains considerably ahead of the Benchmark, the S&P 500 Index, and the Peer Group since the start of the year. Year-to-date, the Fund has appreciated 32.36%. The Benchmark and S&P 500 Index have appreciated 9.88% and 13.07%, respectively over the first nine months of 2023, with the Peer Group increasing 19.80% over this same period.

The Fund also maintains an exceptional long-term record. Its 3-, 5- and 10-year annualized returns are 12.78%, 24.82%, and 19.31%, respectively. These figures compare to the Benchmark's returns of 2.61%, 6.97%, and 9.94%, respectively. The Fund's over 20-year annualized return since its conversion to a mutual fund in 2003 is 16.69%.

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

	Baron Partners Fund Retail Shares[1,2,3]	Baron Partners Fund Institutional Shares[1,2,3,4]	Russell Midcap Growth Index[2]	S&P 500 Index[2]
Three Months[5]	(7.23)%	(7.17)%	(5.22)%	(3.27)%
Nine Months[5]	32.09%	32.36%	9.88%	13.07%
One Year	5.69%	5.96%	17.47%	21.62%
Three Years	12.49%	12.78%	2.61%	10.15%
Five Years	24.49%	24.82%	6.97%	9.92%
Ten Years	18.99%	19.31%	9.94%	11.91%
Fifteen Years	16.27%	16.57%	11.25%	11.28%
Since Conversion (April 30, 2003)	16.48%	16.69%	10.79%	10.00%
Since Inception (January 31, 1992)	14.86%	15.00%	9.52%	9.86%

MICHAEL BARON
PORTFOLIO MANAGER

RON BARON
CEO AND PORTFOLIO MANAGER

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

In the most recent quarter, there has been significant market volatility. Investors continue to speculate if interest rate hikes will persist and how long rates will remain at current levels. There has been mixed data about domestic employment, inflation, and major foreign economies. These macroeconomic factors have particularly weighed on traditional growth businesses. While such companies dominate the Fund's portfolio, we have had pockets of good performance in often overlooked growth segments.

We continue to achieve diversification in this focused Fund by investing in different types of growth businesses. We believe that while all Fund holdings exhibit growth characteristics, the various segments should perform differently in distinct market environments. In the current economic conditions, the Fund's holdings in the **Financials** category performed considerably better than other areas. If we include **Guidewire Software, Inc.**, which provides software solutions to the financial industry's insurance

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares as of December 31, 2022 was 1.69% (comprised of operating expenses of 1.30% and interest expense of 0.39%) and Institutional Shares was 1.44% (comprised of operating expenses of 1.04% and interest expense of 0.40%). The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser 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.

*** As of 9/30/2023, the annualized returns of the Morningstar Large Growth Category average were 23.46%, 4.26%, 9.04%, and 11.63% for the 1-, 3-, 5-, and 10-year periods, respectively.**

1 Reflects the actual fees and expenses that were charged when the Fund was a partnership. The predecessor partnership charged a 20% performance fee after reaching a certain performance benchmark. If the annual returns for the Fund did not reflect the performance fees the returns would be higher. The Fund's shareholders will not be charged a performance fee. The predecessor partnership's performance is only for periods before the Fund's registration statement was effective, which was April 30, 2003. During those periods, the predecessor partnership was not registered under the Investment Company Act of 1940 and was not subject to its requirements or the requirements of the Internal Revenue Code relating to registered investment companies, which, if it were, might have adversely affected its performance.

2 The **Russell Midcap® Growth Index** measures the performance of medium-sized U.S. companies that are classified as growth. The **S&P 500 Index** measures the performance of 500 widely held large-cap U.S. companies. All rights in the FTSE Russell Index (the "Index") vest in the relevant LSE Group company which owns the Index. Russell® is a 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 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 FUNDS 1987

brokerages, the Fund's five Financials-related holdings have an ending portfolio weight of 20.6% and appreciated 5.9% in the period. Higher interest rates and improved insurance prices should boost the earnings of traditional financial companies like **The Charles Schwab Corp.** and **Arch Capital Group Ltd.** for years to come. (Schwab declined modestly in the current period because clients' idle cash moved from the firm's lucrative balance sheet into higher yielding money market funds. We believe the negative impact of cash sorting is temporary.) The Fund's holdings in technology companies servicing financial end-markets also performed particularly well in the period. This group includes **FactSet Research Systems Inc.**, **MSCI Inc.**, and Guidewire. These end-markets are highly regulated, competitively advantaged, and vital to their customers, which generally insulates them from a tough macroeconomic environment. The businesses we own in the Fund continued to execute on their growth opportunities. There was an overblown perception that FactSet's and MSCI's clients were under significant pressure. While client spending has moderated slightly, retention has remained high for both companies. FactSet has expanded its product offering, added different types of users, and managed expense growth appropriately. We expect FactSet to maintain steady growth in various channels, while also expanding margins. MSCI's business has also been more resilient than many anticipated, and new offerings in private assets information should expand its addressable market. And finally, Guidewire is nearing the end of its costly technological cloud migration. New deals are improving meaningfully, and research and development and infrastructure costs are being reallocated towards product development. We believe margins should increase over time.

While these holdings helped blunt some of the market pressures, they were not able to offset the downdraft in the rest of the portfolio. The vast majority of the other 20 holdings declined in the period. **Real/Irreplaceable Assets** and **Core Growth** businesses fell because of a perceived impact on their customer bases. Consumers, feeling the pressure from a slowing job market and higher inflation, may pause future discretionary purchases. **Disruptive Growth** businesses suffered significant valuation contraction, specifically when there was not a clear catalyst to revitalize growth. **Iridium Communications Inc.**'s stock price decline was particularly pronounced. The satellite company's future growth is moderating. Tailwinds for its more mature Voice and Data service, which requires expensive hardware, is abating. *Internet of Things* services, while still exhibiting solid growth, had declining average revenue per user. A shift towards individual customers rather than industrial use cases is pressuring average fees. Government services have been contracted for the next few years. We had anticipated growth being reinvigorated by its direct-to-device offering. However, Apple entered a deal with a competitor and, while Iridium partnered with Qualcomm, this service has yet to be implemented by major device manufacturers. It is unclear when these deals will be announced or if consumers are willing to pay for the service. The uncertainty has given some investors pause. We remain confident that the service will eventually be widely available and become a standard offering in future personal devices. However, the timeline for a potentially ubiquitous offering is uncertain.

While disappointed with the absolute return of the Fund in the most recent period, we are pleased that diversification across types of businesses has helped blunt some of the macroeconomic impacts. This portfolio construction approach has been successful over the history of the Fund, and we remain optimistic it will continue to help achieve good absolute and relative returns over the long term.

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

	% of Net Assets (as of 9/30/2023)	Total Return (%)	Contribution to Return (%)
Financials	**19.4**	**5.19**	**0.56**
MSCI Inc.	2.0	9.58	0.11
FactSet Research Systems Inc.	4.9	9.39	0.36
Arch Capital Group Ltd.	8.0	6.49	0.35
The Charles Schwab Corp.	4.4	–2.77	–0.26
Russell Midcap Growth Index		**–5.22**	
Disruptive Growth	**62.2**	**–6.50**	**–3.53**
NVIDIA Corporation	0.3	3.26	0.01
X Holding Corp.	0.7	2.70	0.02
Spotify Technology S.A.	0.6	–3.61	0.00
Tesla, Inc.	47.0	–4.41	–1.57
Moderna, Inc.	0.7	–5.38	–0.04
Northvolt AB	0.1	–5.38	–0.01
Space Exploration Technologies Corp.	9.3	–7.37	–0.78
Iridium Communications Inc.	2.9	–26.57	–0.90
FIGS, Inc.	0.6	–28.66	–0.26
Real/Irreplaceable Assets	**12.8**	**–9.83**	**–1.31**
Gaming and Leisure Properties, Inc.	1.3	–4.57	–0.06
Hyatt Hotels Corporation	5.5	–7.29	–0.42
Red Rock Resorts, Inc.	1.1	–11.82	–0.13
Vail Resorts, Inc.	3.8	–11.86	–0.47
Marriott Vacations Worldwide Corporation	1.2	–17.41	–0.23
Core Growth	**20.3**	**–10.98**	**–2.45**
StubHub Holdings, Inc.	0.6	41.13	0.15
Guidewire Software, Inc.	1.3	18.32	0.18
Gartner, Inc.	3.7	–1.91	–0.05
HEICO Corporation	0.5	–8.32	–0.05
IDEXX Laboratories, Inc.	5.4	–12.93	–0.79
CoStar Group, Inc.	8.7	–13.61	–1.21
Adyen N.V.	–	–43.38	–0.67
Cash	**–14.6**	**–**	**0.00**
Fees	**–**	**–0.50**	**–0.50**
Total	**100.0***	**–7.20****	**–7.20****

Sources: FactSet PA, BAMCO, and FTSE Russell.
* *Individual weights may not sum to displayed total due to rounding.*
** *Represents the blended return of all share classes of the Fund.*

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

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
FactSet Research Systems Inc.	2007	$ 2.7	$16.7	9.39%	0.36%
Arch Capital Group Ltd.	2002	0.6	29.7	6.49	0.35
Guidewire Software, Inc.	2017	6.0	7.3	18.32	0.18
StubHub Holdings, Inc.	2021	–	–	41.13	0.15
MSCI Inc.	2018	12.5	40.6	9.58	0.11

Shares of **FactSet Research Systems Inc.**, a leading provider of investment management tools, contributed positively to performance. Despite macro-related volatility including challenges in the banking sector, lengthening sales cycles, and constrained client budgets, the company reported quarterly earnings that beat consensus estimates and provided a solid outlook for fiscal year 2024. While there is some near-term uncertainty, we retain 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.

Diversified specialty insurer **Arch Capital Group Ltd.** contributed positively after reporting results that beat consensus amid favorable industry conditions. During the second quarter, net premiums written grew 28%, underwriting margins remained strong, and net investment income more than doubled. The operating ROE exceeded 20%, and book value per share grew 18%. Pricing trends in the P&C insurance market remain favorable, and stronger interest rates are driving higher investment yields. We expect continued significant growth in earnings and book value in this unique business.

Shares of P&C insurance software vendor **Guidewire Software, Inc.** rose after the company announced robust quarterly results. Sales results included 17 cloud deals, 11 of which were with Tier 1 carriers including AllState Canada, Progressive, and Insurance Australia Group, the largest insurer in Australia. We expect the company's consistent annual recurring revenue growth to accelerate next year as sales momentum continues and ramped deals distribute revenue. We are also encouraged by Guidewire's gross margin expansion, which improved by almost 10% during the quarter. We believe Guidewire will be the critical software vendor for the global P&C insurance industry, capturing 30% to 50% of its $15 billion to $30 billion total addressable market and generating margins above 40%.

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

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
Tesla, Inc.	2014	$21.9	$794.2	–4.41%	–1.57%
CoStar Group, Inc.	2005	0.7	31.4	–13.61	–1.21
Iridium Communications Inc.	2019	3.0	5.7	–26.57	–0.90
IDEXX Laboratories, Inc.	2013	4.7	36.3	–12.93	–0.79
Space Exploration Technologies Corp.	2017	–	–	–7.37	–0.78

Tesla, Inc. makes electric vehicles, related software and components, and energy storage products. Shares fell due to softness in the core automotive segment given a complex macroeconomic environment, higher interest rates, factory shutdowns, and Tesla's price reductions throughout the year. These factors pressured the business' near-term margin profile. Tesla continues to generate sufficient gross profit to support an attractive product development plan that can propel the automotive segment higher over time. Initial deliveries of the Cybertruck are imminent, and its next platform could represent a material increase in revenues and profits across Tesla's automotive segment while further differentiating it from competitors. The refreshed Model 3 has generated strong demand indications while also improving unit-level economics. Lastly, while early, we expect Tesla to benefit from its investment in supercomputer Dojo, which specializes in AI for full self-driving.

CoStar Group, Inc. provides marketing and data analytics to the commercial and residential real estate industries. Shares detracted from performance since its quarterly financial results were negatively impacted by lower non-subscription revenue caused by a significant drop in commercial real estate sales. We are optimistic that volumes will recover. More importantly, we believe trends in the company's core subscription offerings remain excellent and are encouraged by growing traction in CoStar's nascent residential offering. We estimate CoStar invested around $230 million in this initiative in 2022 and is targeting a total investment approaching $500 million in 2023. While this is a significant upfront commitment, we believe residential represents a transformative opportunity. We believe the company's proprietary data, broker-oriented approach, and best-in-class management position it to succeed in this endeavor.

Iridium Communications Inc. is a leading mobile voice and data communications services vendor offering global coverage via satellite. Shares fell when second quarter earnings growth was less than anticipated. A potential slowdown in Iridium's voice and data segment, following several years when the segment benefited from a price increase and competition displacement, also likely contributed to the stock's decline. The earnings shortfall was due largely to a one-time write off of a spare satellite that we believe does not impact Iridium's long-term prospects. Iridium recently announced a collaboration with Qualcomm to integrate its satellite communication technology into Qualcomm's Snapdragon chip, allowing devices to seamlessly connect to both cellular and satellite networks. While Iridium has suggested the realization of the direct-to-device opportunity might take longer than some investors had hoped, we believe the collaboration will yield substantial revenue for the company over time. We also remain excited about the company's capital allocation program, which should benefit shareholders in the years ahead.

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 approximately 30 securities diversified by GICS sectors, but with the top 10 positions representing a significant portion of net assets. These businesses are identified by our analysts and portfolio managers using our proprietary research. We think these well-managed businesses have durable competitive advantages and strong, long-term growth opportunities. We use leverage to enhance returns, which increases the Fund's volatility.

As of September 30, 2023, we held 24 investments. The median market capitalization of these growth companies was $23.4 billion. The top 10 positions represented 88.0% of total investments. Leverage was 14.6%.

The long-term absolute and relative performance of the Fund has been very good. The Fund has returned 15.00% annualized since inception as a private partnership on January 31, 1992, exceeding its Benchmark by 5.48% per year.

The Fund's performance has also exceeded its Benchmark over the prior 3-, 5-, 10-, 15-, and 20-year periods. In addition to viewing the Fund's returns over these various trailing annual periods, we believe it is helpful to understand how the Fund has performed over economic and market 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-19 Pandemic (12/31/2008 to 12/31/2019). During both periods, the Index had strong returns; however, the Fund's returns were even better. The Fund's annualized return during the most recent robust economic period was 17.44% compared to the Benchmark'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-Great Recession to COVID Pandemic 12/31/2008 to 12/31/2019	
	Value $10,000	Annualized Return	Value $10,000	Annualized Return
Baron Partners Fund (Institutional Shares)	$49,685	22.45%	$58,586	17.44%
Russell Midcap Growth Index	$40,316	19.26%	$55,380	16.84%
S&P 500 Index	$42,945	20.21%	$45,104	14.68%

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

The Fund has retained value in challenging times…

We believe what sets the Fund apart from other growth funds is its historic ability to outperform in more challenging economic periods. The nine-year period from the Internet Bubble collapse through the Great Recession (12/31/1999 to 12/31/2008) saw lower returns for the Fund. It had annualized returns of 1.54%. However, the Benchmark declined substantially. $10,000 hypothetically invested in the Fund at the start of this period would have been worth $11,479 after those nine years. A $10,000 hypothetical investment in funds designed to track the Benchmark would be worth only $6,488, more than a 35% cumulative decline. The Fund preserved (and slightly grew) capital during this difficult economic time because its investments in a diverse set of high-quality growth businesses were able to weather the environment and enhance their competitive positioning.

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

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

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

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

The Fund has performed well in the current uncertain environment...

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

During periods of strong economic expansion, investors often disregard these more challenging periods. Losing capital during those periods, we believe, makes it nearly impossible to have exceptionally strong returns over the long term. The Fund has shown a prior ability to grow capital during challenging periods. We believe the competitively advantaged growth portfolio should perform well in future difficult economic periods, although there is no guarantee that will be the case.

Over the longer term, this combination has been rewarding for clients. A $10,000 hypothetical investment at the inception of the Fund on January 31, 1992, would have been worth $836,006 on September 30, 2023. That same $10,000 hypothetical investment in a fund designed to track the Benchmark would now be worth $178,269, *a $657,737 difference!*

Portfolio Holdings

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

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Total Investments
Tesla, Inc.	2014	$21.9	$794.2	$3,040.2	41.0%
Space Exploration Technologies Corp.	2017	–	–	603.4	8.1
CoStar Group, Inc.	2005	0.7	31.4	565.1	7.6
Arch Capital Group Ltd.	2002	0.6	29.7	518.1	7.0
Hyatt Hotels Corporation	2009	4.2	11.0	352.7	4.8
IDEXX Laboratories, Inc.	2013	4.7	36.3	349.8	4.7
FactSet Research Systems Inc.	2007	2.7	16.7	319.2	4.3
The Charles Schwab Corp.	1992	1.0	100.0	285.5	3.9
Vail Resorts, Inc.	2008	1.6	8.5	245.2	3.3
Gartner, Inc.	2013	5.7	27.1	240.5	3.2

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

Respectfully,

Ronald Baron
CEO and Portfolio Manager

Michael Baron
Portfolio Manager

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 41% of the Fund's assets are invested in Tesla stock. Therefore, the Fund is exposed to the risk that were Tesla stock to lose significant value, which could happen rapidly, the Fund's performance would be adversely affected. Specific risks associated with leverage include increased volatility of the Fund's returns and exposure of the Fund to greater risk of loss in any given period.

The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

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

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

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

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

Baron Fifth Avenue Growth Fund

Dear Baron Fifth Avenue Growth Fund Shareholder:

Performance

Baron Fifth Avenue Growth Fund® (the Fund) lost 3.5% (Institutional Shares) during the third quarter, which compares to losses of 3.1% for the Russell 1000 Growth Index (R1KG) and 3.3% for the S&P 500 Index (SPX), the Fund's primary and secondary benchmarks, respectively. Year-to-date, the Fund is up 34.0% compared to gains of 25.0% for the R1KG and 13.1% for the SPX Indexes.

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

	Baron Fifth Avenue Growth Fund Retail Shares[1,2]	Baron Fifth Avenue Growth Fund Institutional Shares[1,2,3]	Russell 1000 Growth Index[1]	S&P 500 Index[1]
Three Months[4]	(3.54)%	(3.48)%	(3.13)%	(3.27)%
Nine Months[4]	33.73%	33.99%	24.98%	13.07%
One Year	24.19%	24.53%	27.72%	21.62%
Three Years	(7.49)%	(7.25)%	7.97%	10.15%
Five Years	4.15%	4.41%	12.42%	9.92%
Ten Years	10.18%	10.46%	14.48%	11.91%
Fifteen Years	9.84%	10.11%	13.67%	11.28%
Since Inception (April 30, 2004)	8.20%	8.40%	10.91%	9.37%

To a casual observer, a modest pullback in the third quarter might seem par for the course. After two consecutive quarters of strong double-digit gains, a small step back and a period of consolidation would seem to be appropriate. That, of course, does not tell the entire story.

The quarter began with a steady dose of good news. Inflation continued to slow down to around 3.7%, while growth and economic activity remained surprisingly strong. Federal Reserve (the Fed) Chairman Jerome Powell pointed out in a speech that the U.S. economy has been more resilient than almost anyone expected. The probability of a soft landing was steadily increasing. The Fund gained an additional 6.7% in the month of July, on top of the 38.8% gain in the first six months of the year. But just as night follows day, the talk of good news makes investors think of the bad news that could follow. The obvious bad news scenario is higher interest rates or as the talking heads refer to it *higher for longer*. And so, while the Fed kept rates on hold for now, it delivered a stern message and managed to jolt the markets into believing that borrowing costs are going to stay higher for a while, the implication being fewer rate cuts next year with a potential negative impact on the broader economy. Add to this $90 oil, the expanding auto workers strike, the prospect of a government shutdown, and increasing geopolitical uncertainty; and the context for a market pullback was set. The Fund lost 4.5% in August and another 5.2% in September, ending the quarter with a 3.5% loss, roughly in line with its benchmarks.

ALEX UMANSKY
PORTFOLIO MANAGER

Retail Shares: BFTHX
Institutional Shares: BFTIX
Shares: BFTUX

Performance listed in the table above is net of annual operating expenses. The gross annual expense ratio for the Retail and Institutional Shares as of September 30, 2022 was 1.03% and 0.76%, respectively, but the net annual expense ratio was 1.00% and 0.75% (net of the Adviser's fee waivers), respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser reimburses certain Fund expenses pursuant to a contract expiring on August 29, 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 and there is no guarantee that these results can be repeated or that the Fund's level of participation in IPOs will be the same in the future.

1 The **Russell 1000® Growth Index** measures the performance of large-sized U.S. companies that are classified as growth. The **S&P 500 Index** measures the performance of 500 widely held large-cap U.S. companies. All rights in the FTSE Russell Index (the "Index") vest in the relevant LSE Group company which owns the Index. Russell® is a trademark of the relevant LSE Group company and is used by any other LSE Group company under license. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. The Fund includes reinvestment of dividends, net of withholding taxes, while the Russell 1000® Growth Index and S&P 500 Index include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts the performance results. The indexes are unmanaged. Index performance is not Fund performance. Investors cannot invest directly in an index.

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

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

4 Not annualized.

BARON FUNDS 1987

In our last quarterly letter, we explained how we believe stock prices have two components to them: business fundamentals, which can be measured by revenues, earnings, and ultimately cash flows, and then a multiple that investors are willing to pay for those fundamentals. During the third quarter, our analysis suggests that at the portfolio level, the fundamentals of our businesses improved with revenue and profit expectations rising, while the multiples of how much investors were willing to pay for these profits took another leg down, declining 12.3%, and making our companies even more attractive in our view.

From a performance attribution perspective, our investments in Information Technology (IT) and Consumer Discretionary outperformed, while holdings in Financials, Communication Services, and Health Care detracted. At the company level, we had 13 contributors against 17 detractors. **Rivian**, **argenx**, **NVIDIA**, **Crowdstrike**, and **Endava** were our largest winners adding 218bps to absolute returns, while smaller investments, **Atlassian** and **EPAM** both posted double-digit percentage gains during the quarter. On the other side of the ledger **Adyen**, **Shopify**, **Intuitive Surgical, Snowflake,** and **Block** were our largest detractors, costing the Fund 393bps combined. **ZoomInfo**, **ASML**, **Illumina**, and **GitLab** were the other double-digit decliners.

Looking under the hood, company fundamentals are stable and appear to be improving.

At the portfolio level, the positive fundamental trends we observed in the second quarter continued into the third quarter. Weighted average revenue growth expectations for 2023 increased by 4.0%, or by 1.4% if we exclude NVIDIA. We wrote at length about NVIDIA earlier this year, but it is worth mentioning that the company has continued to exceed its own projections and the Street's most optimistic expectations. After raising its revenue and EPS guidance for 2023 by 40% and 69%, respectively following its last quarter, NVIDIA increased it further by 26% and 35%, respectively after reporting the most recent one. Consensus expectations now call for revenues to grow 94% this year, while earnings per share are expected to increase 192%. You may have seen these kinds of growth rates before, but we doubt you saw them from a company generating $50 billion in revenues. The skeptics who continue to question and doubt the accelerating demand for Generative AI forgot to tell NVIDIA about it. But we digress…Back to the portfolio…profit expectations have risen even faster than revenues and were up 10.6% during the third quarter (or up 7.1% ex-NVIDIA) with margin expectations up 167bps (124bps ex-NVIDIA). So, broadly speaking, our companies are seeing continued improvement in overall business trends, which flow through to their bottom lines, driving higher margins. We are also starting to see the benefits of leaner cost structures and more disciplined capital allocation compared to two or three years ago when capital was both cheaper and more readily available.

Could our companies' fundamentals start to deteriorate again? Sure, if macro headwinds intensify. Would it significantly impair their long-term value? Unlikely, in our view. The majority of the businesses we own have no financial leverage and are capital light – meaning that higher interest rates would not directly have a negative impact on their businesses. They are leaders in their industries and should continue to benefit from customers consolidating in favor of their most important vendors. They are run by what we believe are great management teams and offer critical solutions to their customers, which makes them stickier and gives them pricing power.

But multiples took another leg down…

While fundamentals appear to have turned the corner, the Fund's holdings experienced a multiple contraction of 12.3% during the third quarter[1] as we continue to operate in a challenging environment. The culprit behind the multiple contraction in the quarter was a combination of rising rate expectations or the *higher-for-longer* narrative, along with deteriorating investor sentiment, which led to a sell-off in longer-duration assets. The bears argue that higher for longer will undoubtedly lead to a recession as consumers have depleted the extra savings from the COVID period, and they are now facing a resumption of student loan payments and rising credit card bills. In the meantime, the affordability of large purchases like houses or cars has deteriorated (mortgage rates are approaching 8%, while car loan rates are even higher). The bulls continue to argue that the tightening cycle is mostly over, and that the economy has proven to be resilient as is evidenced by strong GDP and employment growth numbers. Inflation has been mostly tamed, and the next major Fed move in interest rates (sooner or later) is surely down. The 10-year inflation break-even rate, which we like to look at, has been hovering around 2.0% to 2.5%. A recession is far from a foregone conclusion, and we believe the Fed has likely threaded the needle and engineered a soft landing. While we do not belong to either camp, we would point out that if the bears are right and the economy slips into a recession, the Fed will likely lower rates sooner and will do it more aggressively, whereas if the bulls prove to be correct, inflation will likely remain stickier leading to even *higher-for-longer* rates than investors are currently pricing in. This logic is of course circular with each argument leading into and supporting the other, enabling both sides to continue to stand their ground.

Mega caps and the *Magnificent Seven* are still dominating R1KG's returns year-to-date.

As of the end of the third quarter, large caps, which are defined as companies with market cap of $143.6 billion or above and represented 68.4% of the R1KG, were responsible for **82%** of the index's year-to-date gain of 25%. While we owned the right large cap stocks – our investments were up *80%* year-to-date compared to *35.5%* for the R1KG's large caps – our overall performance would have been better had we owned more of them. We were **28.8%** underweight large caps. Philosophically, this should not come as a surprise. We are focused on Big Ideas and companies that tend to be earlier in their penetration curves and growth lifecycles, so we gravitate towards the lower end of large caps. Interestingly, our absolute exposure to this category is more or less in line with our historical average, while the weight of large caps in the R1KG is nearly 20% higher than its historical average since 2010.

Within the large – cap group lies the Magnificent Seven, which we like to classify as mega caps. The magnificent seven continue to lead the benchmark's returns – Amazon, Alphabet, Meta, Apple, Tesla, NVIDIA, and Microsoft were up an impressive 87.9% on average, year-to-date, and responsible for **74%** of R1KG's 25% return and **90%** of large cap's contribution year-to-date. While we own only four of them – Amazon, Meta, Tesla, and NVIDIA, we own the right four, as they were up significantly more than the rest with *NVIDIA up 198%*, *Meta up 149%*, *Tesla up 103%*, and *Amazon up 51%* year-to-date. Interestingly, other than Tesla, most of the returns have been driven by improving profits rather than

[1] We calculate the weighted average change for the portfolio and either use a P/E multiple or an EV/Revenue multiple based on FactSet consensus expectations for the next 12 months for each stock (and choose which multiple to use depending on whether the company has significant near-term profits on which a meaningful P/E can be calculated).

multiple expansion. NVIDIA's P/E multiple (on forward 12-month consensus EPS estimates) is down 13.5% year-to-date, Amazon's P/E multiple is down 6.6%, and Meta's P/E multiple is up 27.4% although its historically low starting point of 14.7 suggests more of a reversion to the mean than structural multiple expansion. As a percentage of total stock return, Meta's multiple expansion accounts for just 18% of the stock's return year-to-date.

Why have the mega caps outperformed?

During times of increased uncertainty and stress, investors' time horizons shrink significantly. With their focus shifting to the here and now, current profitability and cash-flow generation take center stage. All of these companies have a few things in common: they are highly profitable, they have no or low debt, so they're not highly levered, they have high returns on invested capital, and historically, they have always used recessions and economic turmoil to their advantage. As the competitors and the upstarts struggle and are forced to pull back because they're fighting for survival, the leaders take market share, consolidate their power, and often emerge even stronger than they were before. It is also worth mentioning that growth in passive investment vehicles has led to increased allocations to the largest market cap stocks (they are the biggest weights in indexes) as passive index funds and ETFs must continually buy without regard to fundamentals or valuations.

Is there anything we can do to reduce or mitigate the risk of further multiple contraction?

Sure. We could sell higher-multiple, higher-quality businesses, and buy lower-multiple, lower-quality ones. We could rotate out of Technology, Health Care, Consumer Discretionary, and Financials into Energy, Staples, Utilities, or Gold. We could sell and go to cash. The main reason we do not employ these tactics is that we do not *rent* stocks – we own businesses. A long-term ownership mindset is foundational to our investment philosophy and process, and we are willing to live with the volatility of valuation multiples and stock prices over full-market cycles.

We don't rotate sectors, go to cash, or buy mediocre businesses because it is outside of our circle of competence, and because we believe that investing in high-quality businesses over the long term will enable us to outperform the indexes even though we may have to endure higher market volatility. The less attractive longer-duration stocks become to other market participants due to short-term issues and concerns, the more attractive they become to us as long-term investors – all else being equal, we would rather buy a business when its selling at a larger discount to intrinsic value because everyone is focused on the here and now at the expense of thinking and analyzing the long-term prospects of the business.

It is important not to lose sight that mathematically, an investor's return will be determined by the change in multiple over the holding period, multiplied by the compounding growth in business' fundamentals over the holding period. The longer the holding period, the less important changes in multiples become (since these multiple changes are linear, while fundamentals compound exponentially). Multiple contraction that our stocks suffered over the last 21 months while fundamentals continued to compound, make current stock prices attractive for long-term investors, in our view.

So, what are we doing?

We continue to do what we always do. Focus on trying to understand disruptive change. Meet with companies, do fundamental research, and analyze businesses that can become Big Ideas over time. In early September, we travelled to Japan and Korea and met with half a dozen companies. The newest investment in the Fund comes as a result of this trip.

Coupang is a leading Korean e-commerce company founded in 2010. It went public in March of 2021, and we have been investors in the company in our Global Advantage Fund since the IPO. After spending half a day with management, touring the company's fulfillment center, asking questions, and learning more about the reasons behind the remarkable success the company has achieved in the last 13 years, we decided we wanted to own it in this Fund as well. When we originally invested in Coupang, our thesis was constructed around the company's wide product selection, low prices, and unrivaled convenience thanks to its investments in an end-to-end infrastructure that covers over 70% of Korea's population, enabling over 99% of orders to be delivered within one day or less, rather than the industry norm of two to three days, driving customer satisfaction, which translates to higher customer retention rates and lifetime value. We thought that Coupang would continue to gain market share in the U.S. $500 billion-plus Korean retail market, while expanding its offerings into additional categories, expanding its ecosystem via a third-party marketplace, and continuing to invest in infrastructure density to further capture inefficiencies, enhancing the customer experience, and improving profit margins. The company has since outperformed our expectations, growing its market share to 25% (#1 in the industry), despite not being a first mover, while building an unrivaled user experience with 99.8% of products delivered the next day (with the majority of them by dawn) and becoming profitable significantly faster than we expected. Our biggest takeaway from the visit was that despite all of Coupang's success, there is still a long runway of growth ahead. For example, while most of the facility we visited is operated with pickers going to shelves to pick up items for orders, there was one room in which *shelves drove themselves to pickers* on the back of autonomous robots, which *increased* picker *productivity by 3x*. Additionally, while Coupang has been striving to reduce its reliance on distributors, which enables them to expand margins while lowering prices for consumers, a significant opportunity remains for further reduction. Lastly, we got plenty of examples of out-of-the-box thinking (no pun intended) – from the company's singulation process (improves the picking process by reducing the constraint to search for items order by order), decreasing use of boxes (80% of shipments are now *boxless*), enabling grocery delivery without cold-chain logistics (thanks to end-to-end supply-chain efficiency), or how Coupang is able to fill trucks so that each carries more than 2x the parcels a UPS or a FedEx truck can, despite being half the size. The 4% free-cash-flow yield, which is also negatively impacted by the significant reinvestments the company is making into its emerging offerings, also contributed to our decision to add Coupang to the portfolio upon returning to New York.

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

	Quarter End Market Cap (billions)	Percent Impact
Rivian Automotive, Inc.	$23.0	0.72%
argenx SE	28.8	0.46
NVIDIA Corporation	1,074.4	0.41
CrowdStrike Holdings, Inc.	40.0	0.35
Endava plc	3.3	0.25

Shares of **Rivian Automotive, Inc.**, a U.S.-based electric vehicle manufacturer, continued their volatile trading, and after declining during the first half of 2023, rose 45.9% during the third quarter. Rivian's unit economics are improving as a result of several factors: i) the company's production rate is increasing, which enables it to better absorb fixed costs; ii) Rivian is ramping up the usage of more price effective technologies, such as LFP batteries and its in-house developed motor, Enduro; and iii) the company is benefiting from renegotiated supplier agreements, as its scale and purchasing power have significantly increased over the last few years. Management expects continued progress in profitability ahead as Rivian further scales production. We remain shareholders and believe that the release of Rivian's new smaller SUV dubbed R2, which is planned for early 2024, would enable the company to compete in the higher volume SUV segment, and significantly expand its addressable market. On the liquidity front, we expect the company to raise additional funds to support its longer-term business plans.

Argenx SE is a biotechnology company focused on autoimmune disorders. Shares increased 26.3% in the third quarter following positive chronic immune demyelinating polyneuropathy (CIDP) Phase 3 trial results. CIDP is an important commercial market representing billions of dollars in potential sales, and investors viewed this data set as a high-profile catalyst. Overall, we believe that the strong Vyvgart launch, with early sales tripling consensus expectations and global approvals coming earlier than guided, will drive revenue growth over the next few years. Furthermore, we expect the next few years to have many catalysts, including readouts in pemphigus vulgaris, immune thrombocytic purpura, bullous pemphigoid, myositis, and argenx's subcutaneous formulation launch. We believe that positive readouts would expand argenx's opportunity set and therefore remain shareholders.

NVIDIA Corporation is a fabless semiconductor company that designs chips and software for gaming and accelerated computing. Shares rose 2.8% during the third quarter and have nearly tripled year-to-date, as the company continues reporting unprecedented growth as a result of the acceleration in demand for its datacenter GPUs. After reporting revenue of $7 billion in the first quarter and providing guidance of $11 billion for the second quarter, NVIDIA reported revenue of $13.5 billion and guided for another step up into the third quarter to $16 billion of revenue. This extraordinary growth is being driven by the accelerating adoption of generative AI (GenAI). We are at the tipping point of a new era of computing with NVIDIA at its epicenter. While the opportunity within the data center installed base is already large at roughly $1 trillion, the pace of innovation in AI in general, and GenAI in particular, should drive a significant expansion in the addressable market, as GenAI creates a new way for human-computer interaction through language, and as companies are better able to utilize their data for decision-making. We remain shareholders.

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

	Quarter End Market Cap (billions)	Percent Impact
Adyen N.V.	$22.9	–1.29%
Shopify Inc.	70.1	–0.72
Intuitive Surgical, Inc.	102.7	–0.69
Snowflake Inc.	50.4	–0.62
Block, Inc.	27.0	–0.61

Adyen N.V. provides technology that enables merchants to accept electronic payments. Shares declined 58.1% during the third quarter after the company reported disappointing financial results for the first half of the year. While payment volume growth of 23% was solid, it had slowed significantly from 41% in the prior period, which management attributed to more intense competition and pricing pressure in North America. Adyen is still gaining market share, but we believe the company lost wallet share with a few large merchants who shifted volumes to lower-priced competitors. We trimmed the position but continue to own the stock because we believe Adyen will be a prime beneficiary of the secular growth of e-commerce and will continue gaining share over time.

Shopify Inc. is a cloud-based software provider for multi-channel commerce. Shares gave back some of their strong performance from the first half of 2023, declining 15.4% on the back of rising concerns related to the health of the consumer and the expansion of TikTok and Temu (owned by the Chinese e-commerce player, Pinduoduo) into the U.S. While we are cognizant of these near-term risks, we believe that Shopify will continue to benefit from its position as the commerce operating system for its merchants. Rather than replacing Shopify, various selling channels, including TikTok, are managed within the platform, which should enable Shopify to maintain its competitive advantage over the long term. During the quarter, Shopify announced an agreement with Amazon that will allow merchants to offer *Buy with Prime* within the Shopify ecosystem, enabling Shopify to act as the payments provider for these transactions and alleviating a key concern. Lastly, the company also reported strong financial results, including 17% year-over-year gross merchandise volume growth, 31% revenue growth, and consensus-beating non-GAAP operating income that outpaced estimates by over $90 million. We remain shareholders due to Shopify's strong competitive positioning, innovative culture, and long runway for growth, as it still holds less than a 2% share of the global commerce market.

Intuitive Surgical, Inc. manufactures and markets the da Vinci Surgical System, a robotic system used for minimally invasive procedures. The stock declined 14.5% during the third quarter due to investor concerns about a slowdown in systems sales and procedures in China, where the government has embarked upon an anti-corruption campaign that may cause disruption in the region. Investors have also reacted to management's commentary about a potential slowdown in bariatric procedures due to the increased adoption of obesity medications such as Wegovy. We think disruption in China is temporary; meanwhile bariatric procedures represent a small fraction of the overall range of procedures Intuitive targets. We believe the long-term outlook for the company is positive. Procedure growth on Intuitive systems is rising at a solid rate, and we think the business will continue advancing its technological lead as it invests heavily in research and development.

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 September 30, 2023, the top 10 holdings represented 59.1% of the Fund, the top 20 represented 87.1%, and we exited the quarter with 30 investments.

IT, Consumer Discretionary, Health Care, Communication Services, and Financials made up 97.8% of net assets. The remaining 2.2% was made up of **GM Cruise** and **SpaceX**, our two private investments classified as Industrials, and cash.

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

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
NVIDIA Corporation	$1,074.4	$48.9	10.6%
Amazon.com, Inc.	1,311.6	36.6	7.9
ServiceNow, Inc.	114.0	30.4	6.6
Meta Platforms, Inc.	772.5	27.3	5.9
Tesla, Inc.	794.2	24.3	5.3
Mastercard Incorporated	373.0	22.6	4.9
Shopify Inc.	70.1	21.9	4.8
Intuitive Surgical, Inc.	102.7	21.9	4.7
Snowflake Inc.	50.4	21.0	4.6
The Trade Desk	38.3	17.8	3.9

Recent Activity

During the third quarter, we bought 1 new name – the Korean e-commerce leader, **Coupang**. We also slightly reduced 5 existing holdings in order to reallocate to stocks in which we saw a more attractive long-term risk/reward profile. Overall, we added to 10 existing positions, including the leading commerce platform **Shopify**, the autoimmune-focused biotechnology company **argenx**, the leading e-commerce platform **MercadoLibre**, the outsourced software and digital IT services company **Endava**, the leading cloud security and network infrastructure provider **Cloudflare**, and the connected TV leader **Trade Desk**, among others.

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

	Quarter End Market Cap (billions)	Net Amount Purchased (millions)
Coupang, Inc.	$30.3	$5.3
Shopify Inc.	70.1	3.1
argenx SE	28.8	2.6
MercadoLibre, Inc.	63.5	2.1
Endava plc	3.3	2.0

As described above, we added **Coupang, Inc.** to the portfolio this quarter. Coupang is a leading e-commerce platform in Korea with significant runway to win market share, grow into to new categories (such as grocery), and expand its profitability as the business scales and as merchants adopt its advertising and fulfillment offerings.

We also added to our existing **Shopify Inc.** position. Shopify is a leading commerce platform, enabling independent merchants (of increasingly larger scale) to start and operate a multi-channel commerce business on its platform. In our view, Shopify continues to progress in its efforts to expand its addressable opportunity both horizontally (making its offering the best choice for a larger percentage of potential merchants from the smallest start-ups to large established companies) and well as vertically, through investments in research and development to deepen its platform natively and through ecosystem partners. During the quarter, Shopify also alleviated an important risk factor by reaching a deal with Amazon to natively support Amazon's new Buy with Prime offering. This offering enables merchants who also use Amazon's multi-channel fulfillment services to offer prime shipping on their own Shopify websites. According to the deal, Shopify would be the payment provider for Buy with Prime transactions, and therefore should not be negatively impacted even if Buy with Prime becomes highly successful (it could even benefit from the improvement in conversion rate if consumers end up buying more through Buy with Prime). Shopify also continues to accelerate the velocity of its product innovation, announcing over 100 new products in its recent summer Shopify Editions product release. For example, Shopify announced a suite of AI solutions called Shopify Magic and AI Sidekick, which would provide a personalized, contextually relevant assistant for merchants helping with store building, marketing, customer support, and back-office management. Shopify's vision is to leverage its large aggregate scale (and data) for the benefit of all its merchants (including the smallest). While a potential deterioration in the macro environment could result in near-term headwinds, we believe that the stock offers an attractive long-term risk/reward profile and therefore decided to add to our position.

We also added to our biotechnology investment, **argenx SE,** during the quarter, as the positive readout from the CIDP trial increased our conviction in the platform opportunity for Efgartigimod across a large number of additional indications.

Another name we added to during the quarter was the Latin-American e-commerce platform, **MercadoLibre, Inc.** The company continues to execute at the highest level, reporting second quarter revenue growth of 57% year-over-year in local currency with operating margins reaching 16.3%. The company continues to gain market share, taking advantage of its differentiated competitive positioning, enabling convenience, rapid delivery speeds, and vast selection of SKUs to its customers. We continue to be excited about the company's long runway for growth as e-commerce remains underpenetrated in the region and as the company innovates and further deepens its platform and ecosystem over time.

We also continued to add to our position in **Endava plc** as the stock remained volatile on macro headwinds, which led to uncertainty in customer budgets and a temporary slowdown in the business, with the company expecting revenue growth to decline from over 21% year-over-year in fiscal year 2023 (ending in June 2023) to 1% to 3% for fiscal year 2024. This, together with ongoing investor concerns around the potential negative impact of GenAI on the company's business, creates a positively skewed risk/reward equation for long-term investors, in our view. Despite the wider range of outcomes in the near term, we believe that the demand for digitization will only strengthen as AI adoption grows, while the eventual macro recovery would enable the company to reaccelerate revenue growth and recover its operating margins.

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

	Quarter End Market Cap (billions)	Net Amount Sold (millions)
CrowdStrike Holdings, Inc.	$40.0	$3.7
Veeva Systems Inc.	32.7	1.0
Datadog, Inc.	29.6	0.7
Adyen N.V.	22.9	0.7
EPAM Systems, Inc.	14.8	0.6

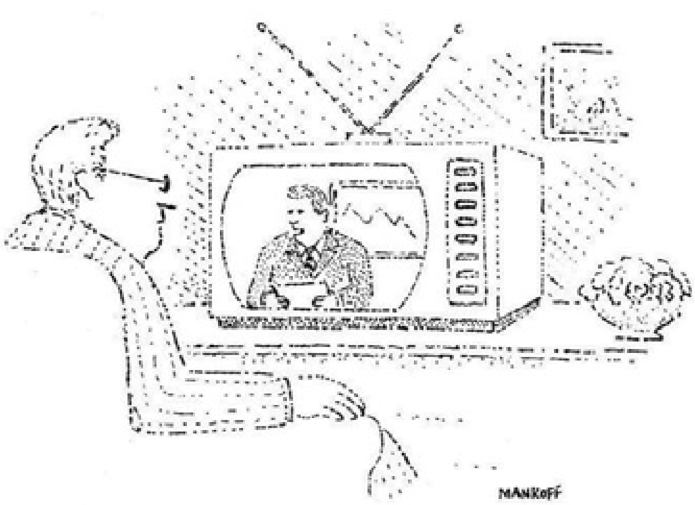
During the third quarter, we reduced our investment in five existing positions and reallocated to names in which we saw a more positively skewed risk/reward equation.

OUTLOOK

It seems that the topic du jour of financial commentators moved from "how high can rates go?" to "how long would rates need to stay at these higher levels?", or the *higher-for-longer* discussion. The bond market has clearly moved in that direction with the 10-Year U.S. Treasury bond yield increasing nearly 100bps from 3.81% as of the end of the second quarter to 4.80% at the end of the third. This caused the Vanguard Long-Term Bond ETF to crater 14% from the beginning of the quarter through the middle of October. In the meantime, the 10-year break-even inflation rates remain in the 2.0% to 2.5% range, where they have been for the last three years, and real rates (as measured by 10-Year TIPS) have risen all the way up to 2.3%. We get why long-duration assets sell off on a *higher for longer* scenario, but we are uncertain how sustainable/persistent it will turn out to be. We think the consensus view on *higher* has already moved to *not much higher*, and we think the answer to how much *longer* is *not much longer*. In other words, it will be measured in months or quarters and not years, which for our purposes – is not much longer at all.

It also never ceases to amuse us how the market can react to similar data one way on a good day, and in an entirely different way on a bad one. After the August job openings (JOLTS) report was published on Tuesday, October 3, showing that the economy had 9.6 million job openings, which was more than expected, the market sold off, with the SPX losing 1.4%, and the R1KG down 1.8%. This move was consistent with the *higher-for-longer* narrative, and the 10-Year Treasury yield did in fact spike 12bps that day in response to the news. Then on Friday, October 6, we got the nonfarm payroll report, showing again a much higher-than-expected number of 336,000 as compared to consensus expectations of 170,000. A consistent data point to what we saw just three days earlier, in our opinion. But the SPX went straight up that day closing with a 1.2% gain, while the R1KG rose 1.7%, with what looked to us like similar and consistent data causing the exact opposite effect on market movement and our stock prices.

This reminded us of the famous Mankoff cartoon from 1981:



"On Wall Street today, news of lower interest rates sent the stock market up, but then the expectation that these rates would be inflationary sent the market down, until the realization that lower rates might stimulate the sluggish economy pushed the market up, before it ultimately went down on fears that an overheated economy would lead to a reimposition of higher interest rates."

www.CartoonStock.com

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

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.

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

Dear Baron Focused Growth Fund Shareholder:

Performance

Baron Focused Growth Fund® (the Fund) had a difficult quarter and declined 5.29% (Institutional Shares). Regardless, it outperformed the Russell 2500 Growth Index (the Benchmark) by 155 bps. The Benchmark fell 6.84%. Despite continued macroeconomic concerns of a slowdown in consumer spending and capital investments due to higher interest rates and stubbornly high inflation, most of our portfolio companies continue to generate strong results. These businesses have yet to experience changes in their customer demographics or spending levels. Inflation is affecting company operating expenses, including labor, insurance, and utilities; yet most of our portfolio companies have been able to offset cost increases with higher prices without impacting demand. This has led to stable margins and cash flow for businesses held in the Fund and has created a less volatile portfolio.

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

	Baron Focused Growth Fund Retail Shares[1,2,3]	Baron Focused Growth Fund Institutional Shares[1,2,3,4]	Russell 2500 Growth Index[2]	S&P 500 Index[2]
Three Months[5]	(5.35)%	(5.29)%	(6.84)%	(3.27)%
Nine Months[5]	16.18%	16.44%	5.63%	13.07%
One Year	10.87%	11.18%	10.61%	21.62%
Three Years	9.39%	9.69%	1.01%	10.15%
Five Years	20.47%	20.78%	4.05%	9.92%
Ten Years	14.93%	15.22%	8.37%	11.91%
Fifteen Years	13.31%	13.58%	10.33%	11.28%
Since Conversion (June 30, 2008)	12.55%	12.82%	9.22%	10.45%
Since Inception (May 31,1996)	12.95%	13.09%	7.65%	9.04%

DAVID BARON
PORTFOLIO MANAGER

RONALD BARON
CEO AND PORTFOLIO MANAGER

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

The Fund has outperformed its Benchmark for the 1-, 3-, 5-, 10-, and 15-year periods, as well as since its inception on May 31, 1996. Since its inception as a private partnership more than 27 years ago, the Fund has increased 13.09% annualized. This compares to a 7.65% annualized return for the Benchmark and a 9.04% annualized return for the S&P 500 Index.

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2022 was 1.32% and 1.06%, respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser may reimburse certain Fund expenses pursuant to a contract expiring on August 29, 2034, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit baronfunds.com or call 1-800-99-BARON.

1 Reflects the actual fees and expenses that were charged when the Fund was a partnership. The predecessor partnership charged a 15% performance fee through 2003 after reaching a certain performance benchmark. If the annual returns for the Fund did not reflect the performance fees for the years the predecessor partnership charged a performance fee, the returns would be higher. The Fund's shareholders will not be charged a performance fee. The performance is only for the periods before the Fund's registration statement was effective, which was June 30, 2008. During those periods, the predecessor partnership was not registered under the Investment Company Act of 1940 and was not subject to its requirements or the requirements of the Internal Revenue Code relating to registered investment companies, which, if it were, might have adversely affected its performance.

2 The **Russell 2500® Growth Index** measures the performance of small to medium-sized companies that are classified as growth. The **S&P 500 Index** measures the performance of 500 widely 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 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 FUNDS 1987

The outperformance in the third quarter was led by our recurring revenue, fee-oriented investments that have strong pricing power, high client retention rates, and are less susceptible to changes in the macroeconomic environment. These included **Guidewire Software, Inc.**, **FactSet Research Systems Inc.**, **Arch Capital Group Ltd.**, and **MSCI Inc**.

These gains were offset by underperformance in our **Disruptive Growth** and **Real/Irreplaceable Assets** investments, as well as those companies more susceptible to a slower macroeconomic environment leading to potential declines in their businesses. Regardless, most are continuing to generate strong results. These businesses continue to benefit from strong demand, pricing power, and cash-flow growth. They maintain low customer acquisition costs given their strong, well-known brands, allowing them to benefit from word-of-mouth marketing. The low marketing costs allow these companies to invest in new products and distribution channels, and they can use excess cash to strengthen their balance sheets or pay dividends and/or buy back stock at attractive valuations. These include **FIGS, Inc.**, **Krispy Kreme, Inc,** and **Marriott Vacations Worldwide Corporation**.

Property and casualty insurance software vendor Guidewire increased 18.3% and helped performance by 59 bps during the third quarter. This was due to strong bookings. Faster subscription growth due to more account signups led to robust margin performance and better-than-expected cash flow. In addition, management expects subscription growth acceleration next year as ramped deals mature. Management indicated that its intermediate- and long-term margin structure is tracking ahead of plan. The company is now transferring its research and development and infrastructure spending to product development. It is also considering acquisitions. We believe Guidewire has now tripled its addressable market to $20 billion through new products and its cloud delivery software. We regard Guidewire as the critical software vendor to the global P&C insurance industry, which remains significantly underpenetrated. Guidewire could ultimately capture between 30% and 50% of its $20 billion total annual addressable market and generate margins above 40%. Its resultant strong cash flow could be used to continue to invest in new products and services for its customers, while also buying back stock. It recently instituted a $400 million share repurchase program.

FactSet, a financial intelligence provider to the investment community, increased 9.4% and helped performance in the quarter by 40 bps. FactSet shares increased as the company indicated it was experiencing a pickup in new business with a strong pipeline of potential sales. Investors had been worried about decelerating earnings growth due to the company's accelerated investments in new tools and technology. It appears those investments are resulting in strong returns. This has led to increased pricing power and new use cases without any change in retention rates. We expect further revenue and earnings growth in 2023 and beyond, as well as improved cash flow from its recent CUSIP acquisition. FactSet will likely use its increased cash flow for additional acquisitions and share repurchases. The company's prospects remain favorable due to its large addressable market, strong financial technology expertise, and consistent execution on both new product development and financial results.

The diversified property, casualty, and mortgage insurer Arch Capital's share price increased 6.5% and helped performance by 34 bps in the third quarter. This was as the company continued to increase premiums written while raising prices. This strong pricing is resulting in robust returns on investments with increased earnings and cash flow that the company continues to use to repurchase its shares. We believe that Arch will continue to generate mid-teens returns on capital and that Arch's valuation remains attractive. Its stock is trading at a low double-digit multiple of earnings, which are growing at a mid-teens annual growth rate.

Shares of MSCI, a leading provider of investment decision support tools, increased 9.6% in the third quarter and helped performance by 32 bps. The stock's outperformance was due to a stabilization in ESG sales growth with a strong sales pipeline as well as continued strength in its index and analytics businesses. MSCI continues to grow its business at a double-digit rate with strong pricing power and high retention rates. This well-run business is committed to protecting profitability. It has long-term secular growth opportunities relating to the increased use of data analytics in the investment process and asset managers outsourcing back office functions. MSCI continues to generate resilient earnings and cash flow and is benefiting from improved performance in the global equity markets, which impacts MSCI's asset-based fee revenue. The company generates strong cash flow, which it uses to invest in its business. It is currently buying back its stock at an accelerated rate.

FIGS is the largest direct-to-consumer supplier of scrubs to the medical industry. Its shares underperformed in the third quarter declining 28.7% and hurt performance by 91 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 is experiencing strong customer additions and record reactivations. We believe cost headwinds this year should become tailwinds next year. 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. The company also continues to expand awareness, benefiting from strong word-of-mouth marketing and leveraging its digital marketing, while remaining profitable on a first order basis. FIGS' international business is in its infancy, with strong results so far in the U.K. and Canada. We believe FIGS' direct-to-consumer model, strong brand, and superior product remain durable competitive advantages. We expect FIGS to continue to gain share in the $80 billion global health care apparel market. We continue to believe the company could double its revenue over the next three years and increase its EBITDA growth more substantially. The CEO has personally bought stock at current levels.

Shares of Krispy Kreme, a manufacturer and seller of delicious doughnuts, declined in the third quarter 15.0% and hurt performance by 45 bps. This was due to cost pressures that hurt profits. However, pricing initiatives and hub-and and-spoke efficiencies remain on track as the company continues to scale and increase distribution. Points of access continue to increase at a double-digit rate leading to strong mid-teens organic growth in earnings. We believe earnings growth will accelerate in the coming years as the company further expands its distribution and potentially adds more McDonald's stores to its portfolio. Management has been positive on test market results to date and continues to believe it has a significant growth opportunity globally. This is in part since the company can successfully serve these points of access from its existing hub network. The company continues to expand its addressable market as it tests alternative channels. It believes it has further opportunities to drive revenue per hub and margin expansion in the U.S.

Timeshare company Marriott Vacations Worldwide Corporation declined 17.4% in the third quarter and hurt performance by 39 bps on softer sales results. The company is selling a new combined product with the addition of the Marriott Abound Collection, which allows timeshare owners to gain access to Sheraton, Westin, Ritz, Marriott, and other brands. This new product sale, combined with higher interest rates and a slight uptick in default rates, led to declines in earnings and cash flow. Wildfires in Hawaii, which comprises 12% of the company's room base, also hurt results. We believe that, once the sales team is trained in selling the new product, sales and associated recurring revenue including maintenance fees, financing fees, and membership dues, should return to growth. The business disruption caused by the fires in Hawaii should be covered by insurance and result in a one-time impact on the business. Occupancies across its portfolio have returned to pre-COVID levels, which should be a strong channel for further sales growth. Marriott Vacations continues to have a robust pipeline of tour packages, with higher-than-usual rates of bookings. We believe this strength, combined with a more targeted marketing approach, should help boost closing rates and sales growth. The company has a strong balance sheet with robust cash flow that it uses to buy back its stock and pay a well-covered 3% dividend. With 35% of EBITDA generated through recurring management fees, interest income, exchange and membership dues, and maintenance fees; we think the company is well positioned to weather a potential downturn. The stock trades close to a trough forward EBITDA multiple and should expand to its historical average multiple over time as earnings growth and share repurchases accelerate.

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

	% of Net Assets (as of 9/30/2023)	Total Return (%)	Contribution to Return (%)
Financials	**19.1**	**7.88**	**1.23**
Jefferies Financial Group Inc.	0.8	11.38	0.08
MSCI Inc.	4.0	9.57	0.32
FactSet Research Systems Inc.	4.8	9.42	0.40
Arch Capital Group Ltd.	6.3	6.49	0.34
Interactive Brokers Group, Inc.	3.2	4.25	0.10
Core Growth	**18.0**	**–4.34**	**–0.81**
Guidewire Software, Inc.	4.1	18.34	0.59
Verisk Analytics, Inc.	3.3	4.66	0.14
IDEXX Laboratories, Inc.	1.3	–12.77	–0.19
CoStar Group, Inc.	4.3	–13.71	–0.60
On Holding AG	2.0	–14.62	–0.30
Krispy Kreme, Inc.	3.0	–14.99	–0.45
Russell 2500 Growth Index		**–6.84**	
Real/Irreplaceable Assets	**23.6**	**–8.79**	**–2.16**
PENN Entertainment, Inc.	–	12.46	0.11
Choice Hotels International, Inc.	2.4	4.71	0.09
Douglas Emmett, Inc.	1.6	3.08	0.05
American Homes 4 Rent	0.7	–4.38	–0.03
Hyatt Hotels Corporation	4.6	–7.29	–0.33
Alexandria Real Estate Equities, Inc.	1.4	–10.63	–0.20
Red Rock Resorts, Inc.	3.1	–11.81	–0.38
Vail Resorts, Inc.	4.5	–11.86	–0.57
MGM Resorts International	1.6	–16.19	–0.30
Marriott Vacations Worldwide Corporation	1.9	–17.37	–0.39
Manchester United plc	1.7	–19.74	–0.21
Disruptive Growth	**37.0**	**–9.79**	**–3.33**
Rivian Automotive, Inc.	1.1	19.66	0.10
Spotify Technology S.A.	3.4	–3.23	0.01
Tesla, Inc.	13.4	–4.41	–0.48
BioNTech SE	1.4	–4.58	–0.05
Space Exploration Technologies Corp.	7.7	–7.37	–0.62
ANSYS, Inc.	2.5	–9.89	–0.24
Shopify Inc.	1.7	–15.49	–0.23
Iridium Communications Inc.	2.9	–26.53	–0.91
FIGS, Inc.	3.0	–28.68	–0.91
Cash	**2.3**	**–**	**0.03**
Fees	**–**	**–0.28**	**–0.28**
Total	**100.0***	**–5.30****	**–5.30****

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 September 30, 2023

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
Guidewire Software, Inc.	2013	$ 2.7	$ 7.3	18.34%	0.59%
FactSet Research Systems Inc.	2008	2.5	16.7	9.42	0.40
Arch Capital Group Ltd.	2003	0.9	29.7	6.49	0.34
MSCI Inc.	2021	53.9	40.6	9.57	0.32
Verisk Analytics, Inc.	2022	27.4	34.3	4.66	0.14

Shares of P&C insurance software vendor **Guidewire Software, Inc.** rose after the company announced robust quarterly results. Sales results included 17 cloud deals, 11 of which were with Tier 1 carriers including AllState Canada, Progressive, and Insurance Australia Group, the largest insurer in Australia. We expect to see the company's consistent annual recurring revenue growth accelerate next year as sales momentum continues and ramped deals distribute revenue. We are also encouraged by Guidewire's gross margin expansion, which improved by almost 10% during the quarter. We believe Guidewire will be the critical software vendor for the global P&C insurance industry, capturing 30% to 50% of its $15 billion to $30 billion total addressable market and generating margins above 40%.

Shares of **FactSet Research Systems Inc.**, a leading provider of investment management tools, contributed to performance. Despite macro-related volatility including challenges in the banking sector, lengthening sales cycles, and constrained client budgets, the company reported quarterly earnings that beat consensus estimates and provided a solid outlook for fiscal year 2024. While there is some near-term uncertainty, we retain 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 (FCF) generation.

Specialty insurer **Arch Capital Group Ltd.** contributed after reporting results that beat consensus amid favorable industry conditions. During the second quarter, net premiums written grew 28%, underwriting margins remained strong, and net investment income more than doubled. The operating ROE exceeded 20%, and book value per share grew 18%. Pricing trends in the P&C insurance market remain favorable, and higher interest rates are driving higher investment yields. We expect Arch to achieve significant growth in earnings and book value.

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

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
Iridium Communications Inc.	2014	$0.6	$ 5.7	–26.53%	–0.91%
FIGS, Inc.	2022	1.5	1.0	–28.68	–0.91
Space Exploration Technologies Corp.	2017	–	–	–7.37	–0.62
CoStar Group, Inc.	2014	6.2	31.4	–13.71	–0.60
Vail Resorts, Inc.	2013	2.3	8.5	–11.86	–0.57

Iridium Communications Inc. is a leading mobile voice and data communications services vendor offering global coverage via satellite. Shares fell on a second quarter earnings miss. A potential slowdown in Iridium's voice and data segment, following a few years during which the segment benefited from a price increase and competition displacement, also likely contributed to the stock's decline. We maintain conviction. The earnings miss was due largely to a one-time write-off of a spare satellite that we believe does not impact its long-term prospects. Iridium recently announced a collaboration with Qualcomm to integrate its satellite communication technology into Qualcomm's Snapdragon chip, allowing devices to seamlessly connect to both cellular and satellite networks. While Iridium has suggested the realization of the direct-to-device opportunity might take longer than some investors had hoped, we believe the collaboration will yield substantial revenue for the company over time. We also remain excited about the company's capital allocation program, which should benefit shareholders in the years ahead.

FIGS, Inc. is a direct-to-consumer apparel and lifestyle brand dedicated to the health care community. While the company reported quarterly results that beat consensus in early August, shares underperformed during the third quarter due to macroeconomic concerns regarding FIGS' customer base, including worries about the resumption of student loan payments. We believe FIGS will continue to grow its customer base and share of wallet through its superior product offering and direct relationship with consumers. In our view, FIGS has a long growth runway ahead, thanks to its international opportunities and nascent B2B offerings, that should expand the company's profitability over time.

Space Exploration Technologies Corp. (SpaceX) is a high-profile private company founded by Elon Musk that designs, manufactures, and launches rockets, satellites, and spacecrafts. Its long-term goal is to enable human beings to inhabit Mars. We believe SpaceX is creating substantial value through the expansion of its Starlink broadband service. It also reliably provides reusable launch capabilities, including crewed space flights, and is making progress on its largest rocket, Starship. We value SpaceX using prices of recent financing transactions and a proprietary valuation model.

Investment Strategy & Portfolio Structure

We remain steadfast in our commitment to long-term investing in competitively advantaged growth businesses with large market opportunities that are taking share and are managed by exceptional executives in whom we trust. We look for businesses that have strong pricing power with high retention rates and can invest capital at robust rates of return. We also look for companies that are cost leaders and can produce goods and provide services at the lowest possible cost. These investments, we believe, are an effective way to protect and increase the purchasing power of your savings. In the past, after wars, pandemics, financial panics, higher-than-normal inflation, and significant market declines, as interest rates stabilize and are ultimately reduced, equity stock prices have increased substantially. We believe this will happen again, although the timing remains uncertain.

Despite market volatility, our portfolio companies continue to invest in their businesses to accelerate revenue growth, while using excess cash to return capital to shareholders through increased buybacks and dividends. That is a key differentiator for the Fund, and one that we believe reduces Fund volatility, an important factor in a concentrated fund. As a result, while the Fund tends to keep up with the market during upcycles, the Fund loses less than the Benchmark during downturns, creating significantly lower risk while generating strong excess returns for investors.

The current weighted average return on invested capital for our holdings is 9.0% versus 4.1% for companies in the Benchmark. One of the reasons we believe our investments should continue to grow in any market environment is that they invest for growth through all market environments. In addition, many are starting to accelerate their return of capital to shareholders through increased buybacks and dividends with insiders including CEOs, CFOs and Directors starting to personally buy their stocks. Those are signs to us that management teams remain confident in their businesses' prospects despite the uncertain macroeconomic environment.

As of September 30, 2023, the Fund owned 30 investments. The Fund's average portfolio turnover for the past three years was 25.1%. This means the Fund has an average holding period for its investments of around four years. This contrasts sharply with the average mid-cap growth mutual fund, which typically turns over its entire portfolio around every 17 months. From a quality standpoint, the Fund's investments have stronger sales growth than holdings in the Benchmark, higher EBITDA, operating, and FCF margins, and stronger returns on invested capital. We believe these metrics are important factors to limit the risk in this focused portfolio.

While focused, the Fund is diversified by sector. The Fund's weightings are significantly different than those of the Benchmark. For example, we are heavily weighted in Consumer Discretionary businesses with 40.6% of net assets in this sector versus 12.9% for the Benchmark. We have no exposure to Energy versus 5.1% for the Benchmark and lower exposure to Health Care stocks at 2.7% for the Fund versus 20.4% for the Benchmark. We believe the performance of stocks in the Energy and Health Care sectors can change quickly and therefore believe it is undesirable to invest a large amount in these stocks in a concentrated portfolio for the long term. The Fund is further diversified by investments in businesses at different stages of growth and development.

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

	Percent of Net Assets	Year Acquired	Cumulative Return Since Initial Purchase
Tesla, Inc.	13.4%	2014	1,398.9%
Space Exploration Technologies Corp.	7.7	2017	441.6
Spotify Technology S.A.	3.4	2020	–35.4
FIGS, Inc.	3.0	2022	–35.6
Iridium Communications Inc.	2.9	2014	572.6
ANSYS, Inc.	2.5	2022	22.2
Shopify Inc.	1.7	2022	56.8
BioNTech SE	1.4	2023	–4.0
Rivian Automotive, Inc.	1.1	2023	18.8

Disruptive Growth firms accounted for 37.0% of the Fund's net assets. On current metrics, these businesses may appear expensive; however, we think they will continue to grow significantly and, if we are correct, they have the potential to generate exceptional returns over time. Examples of these companies include electric vehicle leader **Tesla, Inc.**, commercial satellite company **Iridium Communications Inc.**, and audio streaming service provider **Spotify Technology S.A.** All of these companies have large underpenetrated addressable markets relative to the current size of these competitively advantaged businesses.

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

	Percent of Net Assets	Year Acquired	Cumulative Return Since Initial Purchase
Hyatt Hotels Corporation	4.6%	2009	287.7%
Vail Resorts, Inc.	4.5	2013	336.3
Red Rock Resorts, Inc.	3.1	2017	120.6
Choice Hotels International, Inc.	2.4	2010	509.2
Marriott Vacations Worldwide Corporation	1.9	2022	–22.2
Manchester United plc	1.7	2022	–6.7
MGM Resorts International	1.6	2023	–16.7
Douglas Emmett, Inc.	1.6	2022	–15.6
Alexandria Real Estate Equities, Inc.	1.4	2022	–29.0
American Homes 4 Rent	0.7	2018	73.5

Companies that own what we believe are **Real/Irreplaceable Assets** represented 23.6% of net assets. **Vail Resorts, Inc.**, owner of the premier ski resort portfolio in the world, upscale lodging brand **Hyatt Hotels Corporation**, and the largest player in the Las Vegas locals casino gaming market **Red Rock Resorts, Inc.**, are examples of companies we believe possess meaningful brand equity and barriers to entry that equate to pricing power over time. Red Rock Resorts' state-granted licenses for its regional casinos provide important protection from competitors, while its undeveloped gaming-entitled land portfolio offers large opportunities for future growth.

Table VII.
Financials Investments as of September 30, 2023

	Percent of Net Assets	Year Acquired	Cumulative Return Since Initial Purchase
Arch Capital Group Ltd.	6.3%	2003	2,089.2%
FactSet Research Systems Inc.	4.8	2008	905.5
MSCI Inc.	4.0	2021	–20.1
Interactive Brokers Group, Inc.	3.2	2023	8.5
Jefferies Financial Group Inc.	0.8	2023	21.4

Financials investments accounted for 19.1% 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.** Arch, one of the leading P&C insurers, continued to increase premiums written and raise prices. This strong pricing is resulting in robust returns on investments, with increased earnings and cash flow that the company is using to repurchase its shares. We continue to believe that Arch should continue to generate mid-teens returns on capital and that its growth and valuation remain attractive.

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

	Percent of Net Assets	Year Acquired	Cumulative Return Since Initial Purchase
CoStar Group, Inc.	4.3%	2014	259.3%
Guidewire Software, Inc.	4.1	2013	94.7
Verisk Analytics, Inc.	3.3	2022	37.4
Krispy Kreme, Inc.	3.0	2021	–10.3
On Holding AG	2.0	2023	–12.8
IDEXX Laboratories, Inc	1.3	2022	–0.9

Core Growth investments, steady growers that continually invest in their businesses for growth and return excess FCF to shareholders, represented 18.0% of net assets. An example would be **CoStar Group, Inc.** The company continues to add new services in the commercial and residential areas of real estate, which have grown its addressable market and enhanced services for its clients. This has improved client retention and cash flow. CoStar continues to invest its cash flow in its business to accelerate growth, which we believe should generate strong returns over time.

Portfolio Holdings

As of September 30, 2023, the Fund's top 10 holdings represented 57.2% of net assets. A number of these investments have been successful and were purchased when they were much smaller businesses. We believe they continue to offer significant appreciation potential, although we cannot guarantee that will be the case.

The top five positions in the portfolio, **Tesla, Inc.**, **Space Exploration Technologies Corp.**, **Arch Capital Group Ltd.**, **FactSet Research Systems Inc.**, and **Hyatt Hotels Corporation**, all have, in our view, significant competitive advantages due to irreplaceable assets, strong brand awareness, technologically superior industry expertise, or exclusive data that is integral to their operations. We think these businesses cannot be easily duplicated, which enhances their potential for superior earnings growth and returns over time.

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

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Tesla, Inc.	2014	$31.2	$794.2	$153.9	13.4%
Space Exploration Technologies Corp.	2017	–	–	88.1	7.7
Arch Capital Group Ltd.	2003	0.9	29.7	71.7	6.3
FactSet Research Systems Inc.	2008	2.5	16.7	54.7	4.8
Hyatt Hotels Corporation	2009	4.2	11.0	53.0	4.6
Vail Resorts, Inc.	2013	2.3	8.5	51.8	4.5
CoStar Group, Inc.	2014	6.2	31.4	48.8	4.3
Guidewire Software, Inc.	2013	2.7	7.3	47.4	4.1
MSCI Inc.	2021	53.9	40.6	46.2	4.0
Spotify Technology S.A.	2020	45.4	29.9	39.0	3.4

Recent Activity

In the third quarter, we added to our position in **On Holding AG**, a developer and distributor of athletic footwear, apparel, and accessories. The company has a strong brand and continues to take share in a large addressable market. On is one of the fastest-growing scaled athletic sports companies in the world and it continues to innovate with new footwear and apparel. On continues to expand its owned stores globally, especially in the U.S. On has just seven owned stores globally today and is carefully growing the number of wholesale stores.

On has a large market opportunity. It operates in the $300 billion global sportswear industry. That category is forecast to grow at a high single-digit rate through 2025, making it one of the fastest-growing pockets within Consumer Discretionary. The factors driving growth in the industry include continued trends toward *athleisure,* as trends towards healthier lifestyles drive consumers towards more comfortable and casual attire.

We believe On should be able to grow revenues at a rate of 20% to 25% annually over the next several years, while expanding margins as it scales. On should generate strong cash flow to reinvest in its business at high rates of return. On is debt free. On's growth is driven by growing brand awareness as it expands its geographic footprint. This is achieved through On's wholesale stores as well as direct-to-consumer growth through both digital and physical store expansion. Eventual cross-selling from running sneakers to lifestyle, outdoor, and tennis footwear, as well as expanding from footwear to apparel and accessories, is another long-term opportunity.

Outlook

We believe the shares of many of our portfolio companies already reflect significant declines in earnings next year. Investors obviously remember operating declines during the 2008/2009 Global Financial Crisis and are pricing in similar declines today. If we do not go into a deep recession this year, or if the slowdown and expected decline in earnings next year are not as bad as feared, we should see significant near-term upside in our investments. We believe our stocks are cyclically depressed, not secularly challenged, and should recover over the next 12 to 18 months. So far, most of our portfolio companies have not experienced a slowdown in sales or earnings growth, and their outlooks remain strong. In addition, we believe that even if a downturn were to occur, our portfolio companies would still be operating above pre-pandemic levels. These businesses' balance sheets have been strengthened compared to pre-COVID levels, and we believe they remain well positioned to weather a downturn should we enter one.

Thank you for investing in Baron Focused Growth Fund. We continue to work hard to justify your confidence and trust in our stewardship of your family's hard-earned savings. We also continue to try to provide you with information we would like to have if our roles were reversed. This is so you can make an informed judgment about whether Baron Focused Growth Fund remains an appropriate investment for your family.

Respectfully,

Ronald Baron
CEO and Portfolio Manager

David Baron
Portfolio Manager

Investors should consider the investment objectives, risks, and charges and expenses of the investment carefully before investing. The prospectus and summary prospectus contain this and other information about the Funds. You may obtain them from the Funds' distributor, Baron Capital, Inc., by calling 1-800-99-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 13% of the Fund's assets are invested in Tesla stock. Therefore, the Fund is exposed to the risk that were Tesla stock to lose significant value, which could happen rapidly, the Fund's performance would be adversely affected. Specific risks associated with investing in small and medium-sized companies include that the securities may be thinly traded and more difficult to sell during market downturns.

The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future holdings are subject to risk.

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

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

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 International Growth Fund Shareholder:

Performance

Baron International Growth Fund® (the Fund) declined 6.98% (Institutional Shares) during the third quarter of 2023, while the MSCI ACWI ex USA Index (the Benchmark) fell 3.77%. The MSCI ACWI ex USA IMI Growth Index (the Proxy Benchmark) declined 6.82% for the quarter. The Fund underperformed the Benchmark while performing largely in line with the Proxy Benchmark in a period of rising interest rates and weakness in global equities. The dominant macro development during the quarter was a sharp rise in global bond yields in response to stronger-than-expected U.S. economic and employment conditions. Consequently, global equities broadly retreated with growth stocks notably underperforming value stocks. Notwithstanding the stubbornly strong U.S. economic and employment picture, which are in contrast to many other jurisdictions and, in our view, is the direct result of significant fiscal spending commitments in recent years, we remain of the view that we are passing through *peak hawkishness*, and on the other side lies a sustainable phase of international and emerging markets (EM) relative outperformance. Interestingly, while employment surprised positively and oil prices rose throughout the quarter, forward inflation expectations did not move higher, and therefore real bond yields approached levels not seen since 2006 to 2007 (barring the 2008 financial crisis when inflation expectations plummeted). To us, this is akin to the 2007 to 2008 rally in oil on strong demand, which ultimately and paradoxically choked off economic growth. We believe rising real rates will likely trigger demand destruction in the U.S., ushering in a phase of earnings vulnerability and provide a more favorable backdrop for non-U.S. central banks to begin an easing cycle that will improve perceived relative earnings prospects there. We remain confident that our diversified portfolio of well-positioned and well-managed companies will capitalize on their attractive growth potential over the coming years.

MICHAEL KASS

PORTFOLIO MANAGER

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

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

	Baron International Growth Fund Retail Shares[1,2]	Baron International Growth Fund Institutional Shares[1,2,3]	MSCI ACWI ex USA Index[1]	MSCI ACWI ex USA IMI Growth Index[1]
Three Months[4]	(7.02)%	(6.98)%	(3.77)%	(6.82)%
Nine Months[4]	(0.34)%	(0.16)%	5.34%	2.75%
One Year	14.42%	14.66%	20.39%	15.83%
Three Years	(2.07)%	(1.84)%	3.74%	(1.64)%
Five Years	2.45%	2.70%	2.58%	2.48%
Ten Years	4.47%	4.73%	3.35%	3.99%
Since Inception (December 31, 2008)	8.28%	8.55%	6.19%	6.86%

Performance listed in the above table is net of annual operating expenses. The gross annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2022 was 1.26% and 0.99%, but the net annual expense ratio was 1.20% and 0.95% (net of the Adviser's fee waivers), respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser reimburses certain Fund expenses pursuant to a contract expiring on August 29, 2034, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit baronfunds.com or call 1-800-99-BARON.

† The Fund's year-to-date as well as 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 **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.

For the third quarter of 2023, we underperformed our Benchmark while performing broadly in line with our Proxy Benchmark. From a sector or theme perspective, adverse stock selection effect in the Information Technology sector across multiple themes (**Meyer Burger Technology AG, Keyence Corporation, Renesas Electronics Corporation,** and **Glodon Company Limited**), was the largest detractor to relative performance this quarter. Poor stock selection in the Materials sector, primarily driven by a significant correction in **AMG Critical Materials N.V.,** owing to a decline in lithium and vanadium prices, also weighed on relative results. In addition, weak stock selection effect combined with our underweight positioning in Energy hampered relative performance. Partially offsetting the above was positive stock selection effect in the Health Care sector, largely attributable to our investment in **argenx SE,** which is part of our biotechnology/diagnostics theme. Favorable stock selection in the Financials sector (**Mitsubishi UFJ Financial Group**, **Inc., Arch Capital Group Ltd.,** and **Sumitomo Mitsui Financial Group, Inc**.) and our lack of exposure to the Utilities sector also bolstered relative results.

From a country perspective, poor stock selection in Switzerland, the U.K, France, and China, owing to some of the above-mentioned holdings as well as our general growth bias, drove the vast majority of relative underperformance this quarter. We believe several of our European investments were impacted by the combination of rising concerns of a potential recession there and higher interest rates, a symptom of U.S. economic strength. Partly offsetting the above was our overweight position in India together with our active exposure to the U.S. Favorable stock selection effect in the Netherlands and Brazil also contributed to relative performance this quarter.

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

	Percent Impact
argenx SE	0.47%
Mitsubishi UFJ Financial Group, Inc.	0.20
Suzano S.A.	0.16
Sumitomo Mitsui Financial Group, Inc.	0.15
Universal Music Group N.V.	0.15

Argenx SE is a biotechnology company focused on autoimmune disorders. Shares increased in the quarter given a positive chronic immune demyelinating polyneuropathy (CIDP) Phase 3 trial result. CIDP is an important commercial market representing billions of dollars in potential sales, and investors viewed this dataset as a high-profile catalyst. Overall, the market expects the strong Vyvgart launch, with early sales tripling consensus expectations and global approvals coming earlier than guided, to continue to grow revenue. We expect 2023/2024 to have many catalysts, including readouts in pemphigus vulgaris, immune thrombocytic purpura, bullous pemphigoid, myositis, and argenx's subcutaneous formulation launch. We remain optimistic regarding the company's long-term growth potential.

Mitsubishi UFJ Financial Group, Inc. is a Japan-based financial holding company offering diversified financial services in Japan and other markets globally. Shares increased during the quarter on the prospect of higher revenue growth, driven partly by rising yields in Japan. We believe the improved revenue outlook along with capital optimization initiatives will drive a higher return on equity and a rerating of its valuation.

Suzano S.A. is the world's largest and lowest-cost producer of pulp, which is primarily used in paper, tissue, and packaging. Shares increased due to rising pulp prices as a result of higher demand in China. We retain conviction. Suzano is expanding into new, higher-margin markets for pulp with fossil-to-fiber substitution for textile, plastics, fuels, and chemicals. Suzano's pulp production removes more greenhouse gas emissions from the atmosphere than it emits. Its goal is to remove 40 million tons of CO2 over the next five years, and we see an opportunity for the company to monetize these carbon credits. In addition to our positive view on pulp prices, we expect sustainability/ESG factors to drive a positive re-rating for Suzano.

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

	Percent Impact
Meyer Burger Technology AG	–0.94%
AMG Critical Materials N.V.	–0.85
S4 Capital plc	–0.46
Pernod Ricard SA	–0.42
Dino Polska S.A.	–0.37

Meyer Burger Technology AG is a Switzerland-based supplier of solar modules. Shares were down on weak revenue and bottom-line results due to challenging market conditions in Europe and delays in regulatory support, which prompted the company to halt the expansion of its German solar cell factory and move production equipment to the U.S. instead. We retain conviction in Meyer Burger as a long-term beneficiary of greater localization of energy supply chains and reduced global reliance on China. Meyer Burger's next-generation heterojunction solar modules are more efficient, resulting in premium prices and much higher margins. The company is also seeing strong order momentum as it ramps up capacity at its U.S facilities, supported by long-term off-take agreements with key customers. The Inflation Reduction Act, which provides incentives to manufacture solar modules and cells in the U.S., should also help drive growth over the long term.

AMG Critical Materials N.V. is a European specialty metals and minerals company. Shares fell due to a decline in lithium and vanadium prices principally as result of weaker demand in China. We retain conviction. The company has a captive customer base with long-term contracts in the energy, transportation, infrastructure, specialty metals, and chemicals industries. Demand for its services is driven by environmental regulations to reduce hazardous waste. In addition, we like the company's growth opportunity in lithium, an essential metal used in electric vehicle (EV) batteries and energy storage. AMG is currently building its own lithium hydroxide refining plant in Europe to produce higher value chemicals for the EV battery supply chain, which we think should lead to a better margin profile for this business.

S4 Capital plc is a global marketing services business founded by Sir Martin Sorrell, the founder and former CEO of WPP, the largest ad agency in the world. S4 encompasses creative production firm MediaMonks and data-driven media consultancy MightyHive. Shares of S4 fell during the quarter after the company lowered full-year guidance due to continued macro weakness. Some investors also remain concerned that generative AI (GenAI) will disintermediate the ad agency business over the long term. We believe S4 will see improvement when agency spend recovers. Our research, industry calls, and lengthy discussions with management have led us to believe that S4 has a deep understanding of the opportunities and risks presented by GenAI and can serve a key role in helping clients incorporate GenAI in their marketing. On the bottom line, we believe management has concrete levers to manage costs in the next year and beyond. At its recent low price, we think S4 has material upside if it executes over the long term.

Portfolio Structure

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

	Percent of Net Assets
argenx SE	3.2%
Linde plc	2.7
Arch Capital Group Ltd.	2.4
eDreams ODIGEO SA	2.3
AstraZeneca PLC	2.2
Constellation Software Inc.	2.2
Industria de Diseno Textil, S.A.	1.9
BNP Paribas S.A.	1.9
Mitsubishi UFJ Financial Group, Inc.	1.7
Sumitomo Mitsui Financial Group, Inc.	1.6

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

	Percent of Net Assets
InPost S.A.	1.7%
Taiwan Semiconductor Manufacturing Company Limited	1.7
HD Korea Shipbuilding & Offshore Engineering Co., Ltd.	1.6
Alibaba Group Holding Limited	1.4
Suzano S.A.	1.4

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

	Percent of Net Assets
Japan	12.2%
United Kingdom	10.5
Netherlands	7.4
France	6.9
Switzerland	4.6
Spain	4.6
United States	3.6
Canada	3.1
Germany	2.1
Israel	1.4
Sweden	1.4
Italy	1.1
Ireland	1.1
Denmark	1.0
Norway	0.4
Hong Kong	0.4

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

	Percent of Net Assets
India	8.1%
China	7.9
Korea	4.4
Brazil	3.9
Poland	2.6
Taiwan	1.7
Mexico	0.9
Peru	0.8

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 third quarter of 2023, the Fund's median market cap was $12.9 billion. We were invested 62.1% in large- and giant-cap companies, 19.1% in mid-cap companies, and 10.8% in small- and micro-cap companies, as defined by Morningstar, with the remainder in cash.

Recent Activity

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

We initiated a position in **Japan Exchange Group, Inc** (JPX), which operates Japan's primary exchanges for equities (Tokyo Stock Exchange), derivatives (Osaka Exchange) and commodities (Tokyo Commodity Exchange). The company also provides clearing and settlement services for equities, futures, options, and Japanese government bonds through its subsidiary, Japan Securities Clearing Corporation. In our view, JPX's vertically integrated business model is a competitive advantage as it creates high barriers to entry for potential new entrants. We are excited about this investment for several reasons. First, we see a significant opportunity for equity volumes to increase in Japan as domestic households' allocation to equities, at approximately 13%, is still low compared to other developed markets. In our view, current negative real rates in Japan should provide an incentive for investors to shift away from traditional deposits and into riskier/higher return assets such as equities. Second, the Tokyo Stock Exchange is urging listed companies to improve governance practices and lay out plans to bring corporate valuations closer to book value. These initiatives are already boosting the total capitalization of the equity market, which in turn drives higher volumes for JPX. Lastly, the government is incentivizing higher retail ownership of equities by reducing the capital gains tax thresholds starting in 2024. We believe these structural factors will accelerate JPX's earnings momentum over the next few years.

During the quarter, we also increased exposure to our digitization theme by initiating a position in **Prosus N.V.**, which is a Dutch holding company whose primary asset is shares in Tencent Holdings Limited. Due to a complex cross-holding structure with its South Africa domiciled parent company, Naspers Ltd., the company has historically traded at a wide discount to NAV. A series of recent announcements and actions by Naspers and Prosus, specifically a major simplification of that cross-holding structure and a commitment to repurchasing both Prosus' and Naspers' stock at discounts to NAV with proceeds from Tencent share sales, indicate a substantive positive development in corporate governance, which should drive a narrowing in NAV discounts and equity value creation. We view Prosus as an attractive vehicle through which to invest in the underlying Tencent business.

We added to several of our existing positions during the quarter, including **Sumitomo Mitsui Financial Group, Inc.**, **Z Holdings Corporation**, **Befesa S.A.**, **Mitsubishi UFJ Financial Group, Inc.**, **S4 Capital plc**, **Endava plc**, **BNP Paribas S.A.**, **B3 S.A. – Brasil, Bolsa, Balcao**, **InPost S.A.**, and **argenx SE.**

During the quarter, we also exited several positions, the largest being **Vivendi SE**, **Estun Automation Co., Ltd.**, and **Wuliangye Yibin Co., Ltd**. In our endeavor to increase our weightings in holdings for which we have the highest conviction in quality and return potential and eliminate lower conviction or smaller positions over time, we also exited **MonotaRO Co.,**

Ltd., **AIA Group Limited**, **Lloyds Banking Group plc**, **Shenzhen Mindray Bio-Medical Electronics Co., Ltd.**, **JD.com, Inc.**, **Tenaris S.A.,** and **Glodon Company Limited.**

Outlook

In our second quarter letter, we suggested that rising real bond yields, and a likely return to Fed rate hikes after a brief pause, were not consistent with rising multiples on U.S. and global growth stocks, and thus we anticipated that tightening U.S. liquidity and higher yields could trigger a consolidation of recent gains. This is largely what played out in the past quarter, as bond yields rose sharply on stronger-than-expected U.S. economic and employment conditions, while global equities broadly retreated with growth stocks notably underperforming value stocks. While we believe, as stated in our prior letter, that a correction in U.S. equities is a likely precondition to a lasting inflection point in international and EM equity relative performance, in our view the necessary catalyst would be *deteriorating* U.S. economic and earnings visibility and *a peak* in bond yields, which we still view as a likely coming development. The increase in yields in the recent quarter, largely on stronger U.S. employment data, triggered a reversal of fortunes for some of the second quarter leaders that had rallied on the anticipation that Fed rate cuts would begin before year end. Only three months later, markets have pushed out the timing for Fed easing into the back half of 2024. Interestingly, while employment surprised positively and oil prices rose, two-year and five-year forward inflation expectations remained steady at just above 2%, and therefore real bond yields approached levels not seen since 2006 to 2007 (barring the 2008 financial crisis when inflation expectations plummeted). To us, this is akin to the 2007 to 2008 rally in oil on strong demand, which ultimately, and paradoxically, choked off economic growth and demand. In the current scenario, we believe rising real rates will likely trigger demand destruction in the U.S., ushering in a phase of earnings vulnerability, and providing a more favorable backdrop for non-U.S. central banks to begin an easing cycle well before the Fed, and thus trigger a long-awaited reversal in market leadership.

For international and EM investors, we think the most notable events during the quarter were the relative strength in Japan and India-related equities in the face of rising global yields and tightening liquidity, and volatility in China's markets, economic outlook, and expectations for stimulus measures. We have increased our investments and weighting in Japan and India this year based on our view of improving long-term fundamentals, and we are encouraged that both markets have uncharacteristically outperformed in the recent quarter amid strong headwinds for global equities.

While we have spent considerable time discussing the attractive outlook for India, Japan has some similar parallels. Japan, even if largely driven by a decade of currency depreciation, has achieved material gains in labor productivity and is now capturing significant foreign direct investment as global corporations seek to diversify supply chains and manufacturing footprints. In addition, Japan is emerging from a 20-year battle on the edge of price deflation, which had a suffocating effect on domestic economic growth and consumer demand. As such, Japan's domestic economy is one of the few obvious beneficiaries of higher inflation, and the bulk of our incremental investments have been in domestically driven businesses, where we have been significantly underexposed since the inception of the Fund. Coincidentally, a multi-year movement towards improved capital efficiency and corporate governance has only gained momentum, adding to the long-term appeal of Japan, and we are actively researching additional investment candidates given what we deem as a vector change in opportunity.

India's equity market uncharacteristically outperformed global indexes by a wide margin when interest rates, oil prices, and the U.S. dollar were rising. This is a departure from historical trends, and in our view offers confirmation that something has changed. India has reached escape velocity after years of implementing a series of productivity-enhancing reforms and now stands out as a material beneficiary in the evolving global geopolitical environment. We remain enthusiastic regarding the growth and investment potential of India and our investments there.

China-related equities rallied impressively early in the quarter on speculation that policymakers were preparing fresh support measures for the property and financial sectors, as well as targeted infrastructure and demand-side stimulus. This rally reversed sharply when the government announced stimulus appeared insufficient and supply-side biased, and coincident economic indicators fell short of expectations. We would characterize the sell-off in China-related equities as a third capitulation since early 2022, with the first two being triggered by Russia's invasion of Ukraine and last October's Party Congress meeting and ensuing frustration over China's zero-COVID measures. In what to us is becoming a pattern, China's authorities appear fairly sensitive to market signals, and we are now seeing enhanced expectations and cues regarding more substantial support forthcoming, which is again supporting the equity market. Importantly, we see no evidence in China's currency, bond market, or credit spreads that suggest policymakers are losing control of the narrative, and we continue to believe they are more likely than not to ultimately provoke the economic recovery they committed to in late 2022. We see a favorable risk/reward proposition from current levels, and we remain confident that we own well-positioned companies from a fundamental and competitive position that are poised to benefit from China's economic pivot in an era of deglobalization.

We continue to believe that international and EM equities are nearing the end of 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.

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DEAR BARON REAL ESTATE FUND SHAREHOLDER:

PERFORMANCE

On September 28, 2023, we hosted a client educational webinar, titled *"Demystifying Real Estate: An Optimistic Perspective on the Prospects for Real Estate."* A replay of the webinar can be accessed on our Baron website homepage at baronfunds.com in the "Insights & Reports" section. A sampling of the key messages from the webinar can be found below after the "Performance" section of this letter.

Following a strong first six months of 2023, the stock market, most real estate stocks, and the Baron Real Estate Fund® (the Fund) declined in the third quarter. The Fund declined 8.19% (Institutional Shares), underperforming the MSCI USA IMI Extended Real Estate Index (the MSCI Real Estate Index), which declined 6.08%, and the MSCI US REIT Index (the REIT Index), which declined 7.32%.

In the first nine months of 2023, the Fund increased 5.59%, modestly outperforming the MSCI Real Estate Index, which gained 5.29%, and outperforming the REIT Index, which declined 2.89%.

In the third quarter, several factors weighed on stocks, including higher interest and mortgage rates, higher oil prices, the prospect that monetary tightening may persist for several quarters as inflation remains above central bank targets, concerns about China's economic growth prospects, a few company earnings disappointments, and the possibility of additional economic growth headwinds, including the lag effects of the Federal Reserve's tightening, student loan payments, and union strikes.

Though we are mindful of key risks to the equity and real estate market outlook, we remain optimistic about the prospects for the Fund. We believe the Fund is populated with attractively valued best-in-class companies with strong long-term growth prospects. We believe the Fund's two- to three-year return prospects are compelling.

Since inception on December 31, 2009 through September 30, 2023, the Baron Real Estate Fund is the #1 ranked real estate fund according to Morningstar. The Fund's cumulative return of 413.7% exceeds that of the MSCI Real Estate Index and REIT Index, which have increased 272.0% and 156.3%, respectively.

JEFFREY KOLITCH

PORTFOLIO MANAGER

Retail Shares: BREFX
IInstitutional Shares: BREIX
R6 Shares: BREUX

As of September 30, 2023, the Fund has maintained its #1 real estate fund ranking for each of the trailing 10-year and 5-year annualized performance periods.

We will address the following topics in this letter:

- Demystifying real estate – an optimistic perspective on the prospects for real estate
- 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 9/30/2023, the Morningstar Real Estate Category consisted of 253, 230, 213, 153, and 182 share classes for the 1-, 3-, 5-, 10-year, and since inception (12/31/2009) periods. Morningstar ranked Baron Real Estate Fund Institutional Share Class in the 3rd, 56th, 1st, 1st, and 1st percentiles, respectively. On an absolute basis, Morningstar ranked Baron Real Estate Fund Institutional Share Class as the 7th, 132nd, 2nd, 1st, and 2nd best performing share class in its Category, for the 1-, 3-, 5-, 10-year, and since inception periods, respectively.

As of 9/30/2023, Morningstar ranked Baron Real Estate Fund R6 Share Class in the 3rd, 55th, 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 6th, 131st, 1st, 2nd, 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.

BARON FUNDS 1987

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

	Baron Real Estate Fund Retail Shares[1,2]	Baron Real Estate Fund Institutional Shares[1,2]	MSCI USA IMI Extended Real Estate Index[1]	MSCI US REIT Index[1]
Three Months[3]	(8.22)%	(8.19)%	(6.08)%	(7.32)%
Nine Months[3]	5.38%	5.59%	5.29%	(2.89)%
One Year	11.81%	12.10%	14.46%	1.87%
Three Years	2.88%	3.14%	6.51%	4.51%
Five Years	10.12%	10.40%	5.57%	1.62%
Ten Years	8.94%	9.22%	7.99%	4.65%
Since Inception (December 31, 2009) (Annualized)	12.35%	12.64%	10.03%	7.08%
Since Inception (December 31, 2009) (Cumulative)[3]	396.09%	413.65%	272.00%	156.25%

Demystifying Real Estate: An Optimistic Perspective on the Prospects for Real Estate

The highly unusual and challenging last few years (e.g., COVID-19, a sharp and rapid rise in interest and mortgage rates, credit market stress, multi-decade high inflation) have left many anxious and concerned about the prospects for real estate. Accordingly, last month, we thought it would be timely to host an educational real estate webinar for clients. The goal of our webinar was to *demystify real estate* – make it clearer, easier to understand, separate the facts from fiction – and provide our more optimistic perspective on the prospects for real estate. A sampling of our key messages is as follows:

Perception vs. Reality: We believe there are several perceptions about real estate that do not reflect reality. A few examples are listed below.

Perception: A commercial real estate crisis is on the horizon.
- *Reality*: Prospects for most of commercial real estate are encouraging.

Perception: 6% to 7% mortgage rates will cripple the new home sales market.
- *Reality*: New home sales are strong.

Perception: The American Dream to own a home is over.
- *Reality*: Millennials are buying homes.

Perception: Office real estate is "dead."
- *Reality*: Elements of office real estate are performing well – globally and by type.

Perception: Zoom will derail business travel.
- *Reality*: Business travel continues to recover.

Perception: A banking crisis is forthcoming that will crush real estate.
- *Reality*: Sufficient credit exists to support real estate.

Perception: Real estate performs poorly in a high or rising rate environment.
- *Reality*: Segments of real estate perform well in a high or rising rate environment.

Commercial Real Estate Crisis?: Since the failure of Silicon Valley Bank in March 2023, there has been a broad-based and consistent narrative that a commercial real estate crisis is forthcoming. Further, commercial real estate has been painted with a broad brushstroke as the challenges of B and C office buildings, comprising just 3% to 5% of the total market, are being extrapolated to all commercial real estate. We believe forecasts of widespread distress in commercial real estate are sensationalized and a commercial real estate crisis is unlikely to materialize.

We believe the likelihood of a commercial real estate crisis is low for the following reasons:

1. Operating fundamentals are positive.
2. Lack of overbuilding and a dearth of new construction activity bode well.
3. Most balance sheets are in good shape.
4. The banking system is well capitalized with ample liquidity.
5. Real estate loan defaults will mostly impact class B and C offices.
6. A Fed "put" could mitigate headwinds.

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2022 was 1.33% and 1.07%, respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser may reimburse certain Fund expenses pursuant to a contract expiring on August 29, 2034, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit baronfunds.com or call 1-800-99-BARON.

[1] The **MSCI USA IMI Extended Real Estate Index Net (USD)** is a custom index calculated by MSCI for, and as requested by, BAMCO, Inc. The index includes real estate and real estate-related GICS classification securities. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indexes or any securities or financial products. This report is not approved, reviewed or produced by MSCI. The **MSCI US REIT Index Net (USD)** is a free float-adjusted market capitalization index that measures the performance of all equity REITs in the US equity market, except for specialty equity REITs that do not generate a majority of their revenue and income from real estate rental and leasing operations. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. The indexes and the Fund include reinvestment of dividends, net of withholding taxes, which positively impact the performance results. The indexes are unmanaged. Index performance is not Fund performance; one cannot invest directly into an index.

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

[3] Not annualized.

U.S. Housing Market: Though we are mindful of the ongoing increase in mortgage rates and its negative impact on home purchase affordability, we remain bullish on the long-term prospects for the U.S. housing market. The multi-decade structural underinvestment in the construction of residential real estate relative to the demographic needs of our country bodes well for long-term housing construction activity, sales, rentals, pricing, and repair and remodel activity. Fewer homes are being built today than 60 years ago despite an increase in the U.S. population of 150 million people![1]

The Case for Public Real Estate & Key Investment Themes: We believe there is a strong long-term case to allocate capital to public real estate in an actively managed strategy. We continue to prioritize six long-term high-conviction investment themes or real estate categories: REITs, Residential-Related, Travel-Related, Commercial Real Estate Services, Real Estate-Focused Alternative Asset Managers, and Property Technology.

Long-Term Case
1. Inflation protection
2. Diversification and low correlation to equities/bonds
3. Strong historical long-term returns with ongoing potential

Near- to Medium-Term Case
1. Much of public real estate has lagged
2. Several public real estate companies are cheap
3. May be near end of Fed tightening period – historically bullish for real estate
4. We see generally attractive demand vs. supply prospects
5. Balance sheets are in solid shape
6. Wall of private capital is targeting public real estate

Benefits of Active Management
1. Managers can focus on what they believe to be real estate winners and avoid the losers
2. Managers can exploit mispricings
3. Managers can embrace a benchmark-agnostic approach

We encourage you to register and listen to the replay of our educational webinar for our more complete thoughts on demystifying real estate.

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).

[1] Source: 1. Bureau of the Census, Department of Commerce 2. US Census Bureau

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

		Percent of Net Assets
REITs		25.7%
Non-REITs		67.2
Homebuilders & Land Developers	18.9	
Casinos & Gaming Operators	14.6	
Building Products/Services	10.4	
Real Estate Service Companies	9.9	
Real Estate Operating Companies	9.6	
Hotels & Leisure	3.9	
Cash and Cash Equivalents		7.1%
Total		100.0%*

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

Investment Themes

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

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

REITs

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

Following the 25% decline in the REIT Index in 2022 and modest declines in the first nine months of 2023, REIT valuations have become attractive on an absolute basis relative to history and relative to private market valuations, but not relative to fixed income alternatives. If economic growth contracts and evolves into no worse than a mild recession and the path of interest rates peaks at levels not much higher than current rates, we believe the shares of certain REITs may begin to perform relatively well. Should long-term interest rates begin to decline and credit spreads compress, REIT return prospects may also benefit from an improvement in valuations as valuation multiples expand (e.g., capitalization rates compress).

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

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

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

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

As of September 30, 2023, we had investments in six REIT categories representing 25.7% of the Fund's net assets. Please see Table III below.

Table III.
REITs as of September 30, 2023

	Percent of Net Assets
Industrial REITs	10.1%
Data Center REITs	9.1
Health Care REITs	2.4
Self-Storage REITs	1.9
Single-Family Rental REITs	1.7
Wireless Tower REITs	0.5
Total	25.7%*

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

Residential-related real estate

In the third quarter of 2023, legendary investor Warren Buffett's Berkshire Hathaway Inc. invested $800 million in three U.S. homebuilders, two of which are top holdings in the Fund – **D.R. Horton, Inc.** and **Lennar Corporation**. We find it notable and bullish that Berkshire Hathaway acquired shares in these homebuilders:

- Historically, its portfolio has been limited to a small number of investments.
- Despite a more than 75% increase in the share prices of both D.R. Horton and Lennar in the trailing 12-month period ended June 30, 2023, and strong share price performance in the first six months of 2023, Berkshire Hathaway, a legendary *value* investor, acquired shares in D.R. Horton and Lennar.
- Berkshire Hathaway purchased homebuilders despite the dramatic increase in mortgage rates and home purchase affordability challenges for many consumers.

We wonder if Berkshire Hathaway may have acquired shares in the homebuilders for some of the same reasons we own them:

- We are optimistic about the long-term prospects for the U.S. housing market given the multi-year structural underinvestment in housing shelter relative to demographic needs.
- D.R. Horton and Lennar are the two largest homebuilders in the U.S. – each with scale advantages that help each company procure materials, labor, and land more easily and at more favorable prices than many of their competitors.
- D.R. Horton and Lennar are exceptionally well-managed companies that maintain well-capitalized and liquid balance sheets, focus on generating strong profitability margins, free cash flow and returns on equity, and have an opportunity to generate strong long-term earnings growth.
- Each homebuilder is well positioned to increase market share because activity in the existing home sale market may remain subdued if homeowners continue to choose to stay in their homes due to low in-place mortgages. Goldman Sachs reports that 72% of borrowers have a mortgage rate at or below 4%. In addition, many of their competitors are private homebuilders that are capital constrained and lack comparable access to materials, labor, and land.

Regarding homebuilder valuations, we believe that homebuilder stocks are cheap and have the potential to re-rate higher over time. In our June 30, 2023 shareholder letter, we noted that should homebuilder valuations remain in their historical valuation range, we believe the Fund's homebuilder investments have the potential to continue to generate strong annual performance returns given our expectation for durable long-term earnings growth and, in some cases, an improvement in valuation multiples. This is our base case valuation assumption. We also introduced our view that there is a compelling case for a favorable paradigm shift in how homebuilding companies are valued in the public markets. Why?

– Since the beginning of 2020, D.R. Horton, Lennar, and the Fund's third homebuilder investment in **Toll Brothers, Inc.** have demonstrated substantial resilience and operating prowess. Despite several black swan events – COVID-19, a sharp increase in mortgage rates from 3% to 7%, and supply-chain disruptions – each company has managed its business exceptionally well and demonstrated that the demand to buy homes is resilient. Further, each company has dramatically improved its operating prowess and balance sheet management and has an opportunity to generate strong long-term earnings growth.

– Homebuilding companies tend to be valued in the public market on a price-to-book value basis ranging from 1 to 2 times book value. This compares to the S&P 500 Index average book value since 2000 of approximately 3 times (minimum book value of 1.78 times and maximum book value of 5.06 times). Similarly, homebuilding companies have tended to be valued in the public market at steep discounts (often 5 to 10 times earnings per share) to the long-term average S&P 500 Index P/E multiple of 17 times earnings per share.

If a paradigm shift in valuation multiples materializes due to the reasons cited above and homebuilder valuations re-rate structurally higher – closer to an S&P 500 Index valuation – the long-term share price return potential for our homebuilder companies would become notably compelling.

As of September 30, 2023, residential-related real estate companies represented 29.3% of the Fund's net assets. Please see Table IV below.

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

	Percent of Net Assets
Homebuilders	17.4%
Building Products/Services	9.8
Home Centers	2.2
Total	29.3%[1]*

[1] Total would be 31.0% if included residential-related housing REIT Invitation Homes, Inc.

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

Travel-related real estate

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

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

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

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

As of September 30, 2023, travel-related real estate companies represented 18.5% of the Fund's net assets. Please see Table V below.

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

	Percent of Net Assets
Casinos & Gaming Operators	14.6%
Hotels	2.6
Ski Resorts	0.9
Timeshare Operators	0.4
Total	18.5%*

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

Other real estate-related opportunities

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

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

Real asset-focused alternative asset managers

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

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

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

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

Commercial real estate services companies

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

Tailwinds include:

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

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

Property technology companies

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

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

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

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

As of September 30, 2023, other real estate-related companies represented 19.5% of the Fund's net assets. Please see Table VI below.

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

	Percent of Net Assets
Real Estate-Focused Alternative Asset Managers	9.6%
Real Asset-Focused Alternative Asset Managers	5.5
Property Technology Companies	4.4
Total	19.5%*

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

Top Contributors and Detractors

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

	Quarter End Market Cap (billions)	Percent Impact
Blackstone Inc.	$130.2	0.47%
Digital Realty Trust, Inc.	37.4	0.09
Hilton Worldwide Holdings Inc.	39.3	0.03
Brookfield Asset Management Ltd.	13.8	0.02
Welltower Inc.	42.5	0.01

In the third quarter, the shares of **Blackstone Inc.**, the world's largest alternative asset manager, continued to perform well due to strong quarterly business results, the announcement that Blackstone would be added to the S&P 500 Index, and expectations for enduring and compelling long-term growth prospects. Blackstone is the largest real estate manager in the world with an impressive investment track record. 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 generated through dividends and share repurchases. Led by its exceptional CEO Stephen Schwarzman and President Jon Gray, the company attracts and retains excellent talent. We believe Blackstone is exceptionally positioned to continue to increase market share in a secular growth opportunity for alternative assets.

Following strong quarterly business results, the shares of **Digital Realty Trust, Inc.**, a global data center operator with 290 data centers, continued to perform well in the third quarter. As noted in the Fund's second quarter shareholder letter, we believe the multi-year prospects for real estate data centers are compelling – perhaps as strong as they have ever been. For our more complete thoughts on Digital Realty Trust and the Fund's other data center REIT investment in **Equinix, Inc.**, please see "Top net purchases" later in this letter.

Hilton Worldwide Holdings Inc. was a contributor to performance during the third quarter due to better-than-expected results, improved full-year earnings outlook, and strong trends in leisure with continued signs of recovery in business travel and group demand. Hilton is the second largest hotel company in the world with 7,300 properties, 1.1 million rooms, 22 unique brands, and over 165 million loyalty members in its database. Hilton has a superior executive team led by long-time CEO Chris Nassetta (over 15 years as CEO). We recently got an opportunity to spend time with Chris in our office to assess his vision for the company over the next five years. His interests are fully aligned with shareholders, and he has meaningful skin in the game through his ownership of approximately $600 million of Hilton stock (and he has never sold a share!).

Hilton's growth is underpinned by one of the best business models that we have encountered, which creates a flywheel effect. The crux of 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 data base of 165 million members; iii) leading to a disproportionate share of hotel developers choosing to invest in Hilton brands; iv) translating to a disproportionate share of industry hotel unit growth (Hilton's share of rooms under construction is 3.5 times greater than its existing market share of rooms). In effect, the company can grow with limited capital investment required and thus return most of its cash flow to shareholders via a dividend and share repurchases since its earnings are driven by revenue-based franchise and licensing fees. We see the potential for the company to grow its cash flow by high single digits to 10% annually at 90% incremental margins translating to 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/share on a recent $150 share price. The new deals it has already signed should set the company up to see accelerating unit growth in the years ahead despite the uncertain macro environment and having a bigger installed base of rooms today.

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

	Quarter End Market Cap (billions)	Percent Impact
Las Vegas Sands Corporation	$35.0	–0.64%
CoStar Group, Inc.	31.4	–0.59
D.R. Horton, Inc.	36.4	–0.56
MGM Resorts International	12.9	–0.53
Toll Brothers, Inc.	7.9	–0.51

Following strong share price performance in the trailing 12-month period, the shares of **Las Vegas Sands Corporation**, a global leader in the development and operation of luxury casino resorts in Macau and Singapore, declined 21.0% in the third quarter due, in large part, to concerns that economic growth in China would remain challenged. At its recent share price of only $46 per share, we believe these concerns are sufficiently discounted in Sands' valuation. The company's share price is currently valued at only 9 times 2024 estimated cash flow (EBITDA), a more than 25% discount to the company's long-term average valuation multiple.

We continue to believe that Macau visitation and business activity will rebound. Additional drivers for future value creation beyond a re-emergence in Macau business activity include: (i) our expectation for a continued positive inflection in visitation and cash flow at Marina Bay Sands, Singapore; (ii) Sands' plans to invest $4.5 billion in Macau and Singapore in the next 10 years; and (iii) the company's plans to pursue a New York casino and its prioritization of Texas as a new market. Management recently reinstated Sands' dividend and continues to maintain a liquid and well-capitalized investment grade balance sheet.

Shares of **CoStar Group, Inc.** decreased 13.6% in the third quarter of 2023 following modestly disappointing quarterly business results as net new business bookings declined 2% year-over-year and slower commercial real estate transactions negatively impacted revenue.

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

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

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

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

Following a more than 36% increase in its share price in the first six months of 2023, the shares of **D.R. Horton, Inc.**, the number one homebuilder by volume in the U.S., declined 11.7% in the third quarter mainly due to concerns that higher mortgage rates would negatively impact home affordability and new home sales. For additional thoughts on D.R. Horton, please see "Top net purchases" below.

Recent Activity

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

	Quarter End Market Cap (billions)	Amount Purchased (millions)
Equinix, Inc.	$ 68.0	$22.3
Digital Realty Trust, Inc.	37.4	21.7
D.R. Horton, Inc.	36.4	21.3
Caesars Entertainment, Inc.	10.0	15.8
Blackstone Inc.	130.2	8.6

In the third quarter, we continued to acquire shares in data center REITs **Equinix, Inc.** and **Digital Realty Trust, Inc.**

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

Equinix is the premier global operator of network-dense, carrier-neutral colocation data centers with operations across 32 countries. In the last few months, we have spent time with CEO Charles Meyers and CFO Keith Taylor and are encouraged about the company's long-term prospects. Ultimately, we believe the underlying demand vectors, strong pricing power, favorable supply backdrop, and interconnection focus will support approximately 10%

cash-flow-per-share growth for the next several years with upside from further scaling of digital services, incremental AI demand, and select M&A opportunities. We remain optimistic about the prospects for Equinix shares over the next several years.

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

In the third quarter, we acquired additional shares in the largest homebuilder company, **D.R. Horton, Inc.**

Though we are mindful of the impact of higher home prices and elevated mortgage rates on the consumer and the possibility that it may result in a slowdown in new home sales, we remain bullish on the company's long-term prospects primarily due to two key considerations:

1) We believe the company is positioned to continue to perform well over time given its status as the largest and lowest-cost producer in the entry-level home segment for first-time buyers and baby boomers looking for an affordable home. In the trailing 12-month period ended June 30, 2023, 66% of D.R. Horton's home sales were for prices less than $400,000, thereby enabling the company to satisfy the home affordability constraints of many potential home buyers.

2) We are enthusiastic about D.R. Horton's continued transition to a stronger and more asset-light balance sheet by outsourcing its land development spending needs to third-party developers such as Forestar Group Inc. D.R. Horton's transition to a less capital-intensive business model is leading to stronger cash-flow generation, lower debt levels, an ability to pursue more share repurchases and/or other investment opportunities, and a higher-valuation multiple.

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

	Quarter End Market Cap (billions)	Amount Sold (millions)
Brookfield Corporation	$51.2	$36.5
American Tower Corporation	76.7	21.4
Public Storage Incorporated	46.3	20.3
Marriott Vacations Worldwide Corporation	3.7	16.1
Extra Space Storage Inc.	25.7	11.4

Brookfield Corporation was the top detractor in response to investors selling yield stocks during the quarter. Long-term U.S. Treasury rates increased by approximately 100 basis points in the third quarter and provided investors with a more attractive risk-free yield alternative. In addition, the commercial real estate crisis drumbeat, which we've discussed in prior letters, continues to limit the value investors are willing to ascribe to Brookfield's real estate investments held on its balance sheet. We reduced our position given the ongoing headwinds and re-allocated capital but remain of the view that shares remain attractively valued both in the near term and long term. Brookfield's ownership stakes in its listed entities are being valued higher in the public markets than the current share price of Brookfield itself with zero credit being ascribed for its insurance business, on balance sheet investments, or accrued carried interest.

Early in 2023, we reduced the majority of our position in **American Tower Corporation**, a global operator of over 200,000 wireless towers, and exited our small position in the third quarter. While we are positive on the long-term secular trends underpinning American Tower's business, we concluded in late 2022 and early 2023 that growth expectations were too high given forthcoming headwinds from significantly higher financing costs (20%-plus exposure to floating rate debt), upcoming debt maturities, continued payment shortfalls from a key tenant in India, foreign exchange headwinds, and a possible reduction in mobile carrier capital expenditures.

As shares have become more attractively valued, growth headwinds are better understood, and a potential monetization event of its India business, we may look to re-acquire shares.

We recently trimmed our investment in **Public Storage Incorporated**, a REIT that is the world's largest owner, operator, and developer of self-storage facilities, due in part to expectations that rent and overall cash-flow growth may continue to moderate.

Public Storage's nearly 2,500 self-storage facilities across the U.S. serve more than one million customers. The company has achieved the #1 market position in 14 of its top 15 markets. Despite our near-term caution, we are optimistic about the company's long-term prospects due to our expectations for strong occupancy, limited new supply, the resumption of solid long-term organic cash-flow growth, and the potential for M&A due to its well-capitalized and low leverage balance sheet and its ability to increase rents monthly to offset inflation headwinds. We believe Public Storage's shares are currently valued at a discount to private market self-storage values.

Concluding Thoughts on the Prospects for Real Estate and the Fund

We remain mindful that the current economic and investment climate is challenging. Though we do not have a crystal ball regarding the macro-economic and geopolitical outlook, we remain optimistic about the long-term prospects for the Fund.

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

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

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

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

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Toll Brothers, Inc.	$ 7.9	$122.9	8.3%
Equinix, Inc.	68.0	85.0	5.7
Prologis, Inc.	103.7	81.7	5.5
Lennar Corporation	31.6	67.7	4.6
Blackstone Inc.	130.2	67.4	4.5
D.R. Horton, Inc.	36.4	67.1	4.5
CoStar Group, Inc.	31.4	65.6	4.4
Brookfield Corporation	51.2	56.1	3.8
Wynn Resorts, Limited	10.5	52.3	3.5
Digital Realty Trust, Inc.	37.4	50.4	3.4

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

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

Sincerely,

Jeffrey Kolitch
Portfolio Manager

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

Risks: In addition to general market conditions, the value of the Fund will be affected by the strength of the real estate markets as well as by interest rate fluctuations, credit risk, environmental issues and economic conditions. The Fund invests in companies of all sizes, including small and medium sized companies whose securities may be thinly traded and more difficult to sell during market downturns.

The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

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

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

The portfolio manager defines "**Best-in-class**" as well-managed, competitively advantaged, faster growing companies with higher margins and returns on invested capital and lower leverage that are leaders in their respective markets. Note that this statement represents the manager's opinion and is not based on a third-party ranking. **Price/Earnings Ratio (next 12-months)**: is a valuation ratio of a company's current share price compared to its mean forecasted 4 quarter sum earnings per share over the next twelve months. If a company's EPS estimate is negative, it is excluded from the portfolio-level calculation. **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 Emerging Markets Fund Shareholder:

Performance

Baron Emerging Markets Fund® (the Fund) declined 4.89% (Institutional Shares) during the third quarter of 2023, while the MSCI EM Index (the Benchmark) fell 2.93%. The MSCI EM IMI Growth Index (the Proxy Benchmark) declined 3.99% for the quarter. The Fund underperformed the Benchmark and modestly trailed the Proxy Benchmark in a period of rising interest rates and weakness in global equities. The Fund now slightly trails the Benchmark and remains ahead of the Proxy Benchmark year-to-date. The dominant macro development during the quarter was a sharp rise in bond yields in response to stronger-than-expected U.S. economic and employment conditions. Consequently, global equities broadly retreated with growth stocks notably underperforming value stocks. Notwithstanding the stubbornly strong U.S. economic and employment picture, which is in contrast to much of the rest of the world and, in our view, is the direct result of significant fiscal spending commitments in recent years, we remain of the view that we are passing through *peak hawkishness*, and on the other side lies a sustainable phase of international and emerging markets (EM) relative outperformance. Interestingly, while employment surprised positively and oil prices rose throughout the quarter, forward inflation expectations did not move higher, and therefore real bond yields approached levels not seen since 2006 to 2007 (barring the 2008 financial crisis when inflation expectations plummeted). To us, this is akin to the 2007 to 2008 rally in oil on strong demand, which ultimately and paradoxically choked off economic growth. We believe rising real rates will likely trigger demand destruction in the U.S., ushering in a phase of earnings vulnerability and providing a more favorable backdrop for non-U.S. central banks to begin an easing cycle that will improve perceived relative earnings prospects. 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.

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

	Baron Emerging Markets Fund Retail Shares[1,2]	Baron Emerging Markets Fund Institutional Shares[1,2]	MSCI EM Index[1]	MSCI EM IMI Growth Index[1]
Three Months[3]	(5.00)%	(4.89)%	(2.93)%	(3.99)%
Nine Months[3]	1.16%	1.38%	1.82%	0.34%
One Year	9.72%	10.07%	11.70%	9.65%
Three Years	(5.49)%	(5.24)%	(1.73)%	(5.43)%
Five Years	0.09%	0.36%	0.55%	1.37%
Ten Years	2.02%	2.29%	2.07%	2.96%
Since Inception (December 31, 2010)	2.45%	2.71%	0.98%	1.82%

MICHAEL KASS
PORTFOLIO MANAGER

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

For the third quarter of 2023, we underperformed our primary Benchmark, while also modestly underperforming our Proxy Benchmark. From a sector or theme perspective, adverse stock selection in the Information Technology (IT) sector, most notably select investments in our China value-added theme (**Glodon Company Limited** and **Kingdee International Software Group Company Limited**) and automation/robotics theme (**Keyence Corporation**), was a key detractor to relative performance this quarter. In addition, weak stock selection effect in the Industrials sector, across multiple themes (**Estun Automation Co., Ltd.**, **Localiza Rent a Car S.A.**, **HD Korea Shipbuilding & Offshore Engineering Co., Ltd.**, **HD Hyundai Heavy Industries Co., Ltd.**, and **Korea Aerospace Industries, Ltd.**), also weighed on relative results. Lastly, poor stock selection effect combined with our underweight positioning in the Energy sector also adversely impacted relative performance. Partially offsetting the above was positive stock selection in the Communications Services sector, primarily attributable to select holdings in our digitization theme (**Tata Communications Limited** and **Bharti Airtel Limited**). Favorable stock selection effect in the Materials sector also bolstered relative performance this quarter.

From a country perspective, adverse stock selection effect in China drove the majority of underperformance this quarter. Our active exposure to Hong

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2022 was 1.38% and 1.12%, respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser may reimburse certain Fund expenses pursuant to a contract expiring on August 29, 2034, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit baronfunds.com or call 1-800-99-BARON.

† The Fund's 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 **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.

Kong, which we largely view as a China proxy, and Japan, through a single investment in **Keyence Corporation**, were also detractors to relative results. Partly offsetting the above was our overweight positioning in India, together with favorable stock selection effect in Poland and the Philippines.

As expressed in previous letters, we remain excited about the long-term investment potential of India and are encouraged by the durability of corporate earnings growth of our holdings there. India's productivity enhancing economic reforms such as the Goods & Services Tax, Unified Payments Interface, Performance Linked Incentives, among others, are kick-starting a virtuous investment cycle that is positioning the country to become the world's fastest-growing large economy of this decade. In our view, real GDP growth is likely to sustain a 6% to 8% CAGR over the next several years, which presents exciting bottom-up opportunities for long-term investors. We also believe India will be a key beneficiary of tectonic shifts in the geopolitical landscape that increasingly position the country as an attractive investment destination for global corporations looking to diversify their supply chains and manufacturing footprints. Despite the recent underperformance in China, primarily driven by near-term economic concerns, we remain encouraged by the ongoing regulatory and financial easing cycle and continue to expect government sponsored stimulus to ultimately spark a recovery in confidence and job creation.

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

	Percent Impact
Suzano S.A.	0.30%
Tata Communications Limited	0.28
Bundl Technologies Private Limited	0.26
Bajaj Finance Limited	0.17
Fix Price Group Ltd.	0.17

Suzano S.A. is the world's largest and lowest-cost producer of pulp, which is primarily used in paper, tissue, and packaging. Shares increased due to rising pulp prices as a result of higher demand in China. We retain conviction. Suzano is expanding into new, higher-margin markets for pulp with fossil-to-fiber substitution for textile, plastics, fuels, and chemicals. Suzano's pulp production removes more greenhouse gas emissions from the atmosphere than it emits. Its goal is to remove 40 million tons of CO2 over the next five years, and we see an opportunity for the company to monetize these carbon credits. In addition to our positive view on pulp prices, we expect sustainability/ESG factors to drive multiple positive re-ratings for Suzano.

Indian telecommunications company **Tata Communications Limited** is the world's leading sub-sea fiber network operator. The company carries roughly 30% of the world's internet routes and connects businesses to 60% of the cloud hyperscalers. Shares were up during the quarter on the accelerated growth of Tata Communications' data business, which the company plans to double in the next four years. Long term, we believe revenue growth could re-rate to double digits from high single digits, as the company continues to benefit from structural growth in data usage, incremental large deal wins, and front-loaded investments in talent.

Bundl Technologies Private Limited contributed to performance during the quarter. Bundl is the parent entity of Swiggy, India's leading food delivery platform with a roughly 50% market share. Bundl is benefiting from increasing penetration of food delivery in India and improving profitability. 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 driven by a technology savvy younger population.

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

	Percent Impact
Taiwan Semiconductor Manufacturing Company Limited	–0.73%
Samsung Electronics Co., Ltd.	–0.35
Tencent Holdings Limited	–0.34
Estun Automation Co., Ltd.	–0.31
HDFC Bank Limited	–0.26

Semiconductor giant **Taiwan Semiconductor Manufacturing Company Limited** detracted in the third quarter due to the weakening global macroeconomic environment and muted semiconductor demand across major end-markets, including the smartphone and PC markets. We retain conviction that Taiwan Semiconductor's technological leadership, pricing power, and exposure to secular growth markets, including high-performance computing, AI, automotive, 5G, and IoT, will allow the company to sustain strong earnings growth over the next several years.

Shares of South Korean conglomerate **Samsung Electronics Co., Ltd.** decreased during the quarter due to the weakening global macroeconomic environment and an ongoing inventory correction in the semiconductor memory market. We are confident that Samsung will remain a key beneficiary of long-term growth in semiconductor demand and a global leader in memory, 5G smartphones, and semiconductor foundry services.

Tencent Holdings Limited operates the leading social network and messaging platforms (QQ, WeChat), the largest online entertainment and media business, and the largest online gaming business in China. Shares of Tencent were down this quarter on continued investor uncertainty around the macroeconomic recovery and post-COVID reopening of China. We retain conviction in Tencent's ability to compound earnings, especially given the company's recent quarterly results, and its ability to compound growth in games, ads, software, and fintech. While it is still on the earlier side, we also believe that Tencent could become the largest generative AI beneficiary in China, given its ability to improve its existing products (e.g., content creation in gaming) and enter adjacent markets (e.g., search-like products) with massive scale and distribution.

Portfolio Structure

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

	Percent of Net Assets
Taiwan Semiconductor Manufacturing Company Limited	5.9%
Samsung Electronics Co., Ltd.	4.6
Alibaba Group Holding Limited	4.1
Tencent Holdings Limited	3.7
Bajaj Finance Limited	2.6
Suzano S.A.	2.3
HDFC Bank Limited	2.1
HD Korea Shipbuilding & Offshore Engineering Co., Ltd.	2.1
Tata Communications Limited	1.9
PT Bank Rakyat Indonesia (Persero) Tbk	1.7

Exposure by Country

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

	Percent of Net Assets
China	27.8%
India	27.2
Korea	10.4
Taiwan	7.4
Brazil	7.0
Mexico	2.6
Philippines	2.1
Hong Kong	2.0
Poland	1.8
Indonesia	1.7
South Africa	1.1
Peru	1.0
Japan	0.7
France	0.6
United Arab Emirates	0.3
Spain	0.1
Russia	0.0*

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

Exposure by Market Cap: The Fund may invest in companies of any market capitalization, and we have generally been broadly diversified across large-, mid-, and small-cap companies, as we believe developing world companies of all sizes can exhibit attractive growth potential. At the end of the third quarter of 2023, the Fund's median market cap was $12.4 billion, and we were invested 47.8% in giant-cap companies, 36.9% in large-cap companies, 8.5% in mid-cap companies, and 0.6% in small- and micro-cap companies, as defined by Morningstar, with the remainder in cash.

Recent Activity

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

We were active in adding to our EM consumer theme by initiating positions in **Kweichow Moutai Co., Ltd.** and **Mahindra & Mahindra Limited** (M&M). Moutai is a distiller of ultra-premium baijiu, China's national spirit. Among local consumers, its flagship products have the strongest brand equity of any Chinese spirits company (and likely of any Chinese consumer brand more broadly), evidenced by its 95% market share of baijiu priced above RMB 1,500 per 500 ml bottle at retail. Supply grows slowly due to inherent production constraints and is vastly exceeded by demand, so much so that market prices on its core SKUs generally range around two to four times the ex-factory price at which the company sells those products to its wholesale distributors. This suggests significant pricing power and latent earnings power, and Moutai's ongoing shift in channel mix away from traditional wholesale and into direct relationships with key accounts and a new direct-to-consumer digital channel should drive significant ASP growth and allow the company to gradually capture that latent pricing power. Combined with gradual volume growth, we believe the channel mix improvement can drive at least a doubling of earnings over the next half-decade, with the potential for continued compounding thereafter. Moutai has also increased attention to shareholder value creation relative to prior years, a welcome development.

M&M is a leading Indian conglomerate. The company's core business is automotive and farm equipment manufacturing, and it is a market leader with approximately 40% and 20% share in tractors and SUVs, respectively. M&M also operates in other business verticals through its subsidiaries and associates, including publicly listed entities such as M&M Financial Services, which focuses on domestic vehicle financing, and Tech Mahindra, which is a leading IT services company in India. Under the leadership of Dr. Anish Shah, who took over as managing director in 2020, M&M has rationalized its unprofitable investments and become a shareholder return-oriented organization. We are excited about several growth opportunities for the company in the medium to long term, including rising adoption of SUVs and farm machinery in India, upcoming EV launches, and the ongoing restructuring of Tech Mahindra. We expect M&M to deliver 15% to 20% compounded earnings growth over the next five years, while also generating an attractive high teens return on equity.

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

We added to several of our existing positions during the quarter, including **Baidu, Inc.**, **NARI Technology Co. Ltd.**, **Trent Limited**, **Kanzhun Limited**, **Kingdee International Software Group Company Limited**, **Wal-Mart de Mexico, S.A.B. de C.V.**, **Midea Group Co., Ltd.**, and **Shenzhou International Group Holdings Ltd.**

During the quarter, we exited several smaller positions in favor of more attractive opportunities including **Hindustan Unilever Limited**, **LG Chem, Ltd.**, **Hangzhou Tigermed Consulting Co., Ltd.**, **PT Bank Negara Indonesia (Persero) Tbk**, **Hong Kong Exchanges and Clearing Limited**, and **Tenaris S.A.**

Outlook

In our second quarter letter, we suggested that rising real bond yields, and a likely return to Fed rate hikes after a brief pause, were not consistent with rising multiples on U.S. and global growth stocks, and thus we anticipated that tightening U.S. liquidity and higher yields could trigger a consolidation of recent gains. This is largely what played out in the past quarter, as bond yields rose sharply on stronger-than-expected U.S. economic and employment conditions, while global equities broadly retreated with growth stocks notably underperforming value stocks. While we believe, as stated in our prior letter, that a correction in U.S. equities is a likely precondition to a lasting inflection point in EM and international equity relative performance, in our view the necessary catalyst would be *deteriorating* U.S. economic and earnings visibility and *a peak* in bond yields, which we still view as a likely coming development. The increase in yields in the recent quarter, largely on stronger U.S. employment data, triggered a reversal of fortunes for some of the second quarter leaders that had rallied on the anticipation that Fed rate cuts would begin before year end. Only three months later, markets have pushed out the timing for Fed easing into the back half of 2024. Interestingly, while employment surprised positively and oil prices rose, two-year and five-year forward inflation expectations remained steady at just above 2%, and therefore real bond yields approached levels not seen since 2006 to 2007 (barring the 2008 financial crisis when inflation expectations plummeted). To us, this is akin to the 2007 to 2008 rally in oil on strong demand, which ultimately, and paradoxically choked off economic growth and demand. In the current scenario, we believe rising real rates will likely trigger demand destruction in the U.S., ushering in a phase of earnings vulnerability, and providing a more favorable backdrop for non-U.S. central banks to begin an easing cycle well before the Fed, and thus help trigger a long-awaited reversal in market leadership.

For international and EM investors, we think the most notable events during the quarter were the volatility in China's markets, economic outlook, and expectations for stimulus measures; and India's ongoing and uncharacteristic solid performance in the face of rising global yields and tightening liquidity. China-related equities rallied impressively early in the quarter on speculation that policymakers were preparing fresh support measures to the property and financial sectors, as well as targeted infrastructure and demand-side stimulus. This rally reversed sharply when the government announced stimulus appeared insufficient and supply-side biased, and coincident economic indicators fell short of expectations. We would characterize the sell-off in China-related equities as a third capitulation since early 2022, with the first two being triggered by Russia's invasion of Ukraine and last October's Party Congress meeting and ensuing frustration over China's zero-COVID measures. In what to us is becoming a pattern, China's authorities appear fairly sensitive to market signals, and we are now seeing enhanced expectations and cues regarding more substantial support forthcoming, which is again supporting the equity market. Importantly, we see no evidence in China's currency, bond market, or credit spreads that suggest policymakers are losing control of the narrative, and we continue to believe they are more likely than not to ultimately provoke the economic recovery they committed to in late 2022. We remain roughly market weight China and see a favorable risk/reward proposition from current levels, and we remain confident that we own many well-positioned companies from a fundamental and competitive position that are poised to benefit from China's economic pivot in an era of deglobalization.

India's equity market uncharacteristically outperformed the emerging market and global indices by a wide margin during a period of a material rise in interest rates, oil prices and the U.S. dollar; this is a departure from historical trends, and in our view offers confirmation that something has changed. India has reached escape velocity after years of implementing a series of productivity-enhancing reforms and in addition stands out as a material beneficiary in the evolving global geopolitical environment. We remain enthusiastic regarding the growth and investment potential of India and our many investments there.

We continue to believe that EM and international equities are nearing the end of 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.

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Dear Baron Global Advantage Fund Shareholder:

Performance

Baron Global Advantage Fund® (the Fund) lost 6.1% (Institutional Shares) in the third quarter of 2023, which compares to losses of 3.4% for the MSCI ACWI Index (the Benchmark), and 4.9% for the MSCI ACWI Growth Index, the Fund's benchmarks.

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

	Baron Global Advantage Fund Retail Shares[1,2]	Baron Global Advantage Fund Institutional Shares[1,2]	MSCI ACWI Index[1]	MSCI ACWI Growth Index[1]
Three Months[3]	(6.11)%	(6.06)%	(3.40)%	(4.89)%
Nine Months[3]	9.18%	9.37%	10.06%	18.16%
One Year	(0.59)%	(0.36)%	20.80%	24.41%
Three Years	(14.62)%	(14.41)%	6.89%	3.76%
Five Years	3.36%	3.62%	6.46%	8.37%
Ten Years	8.60%	8.85%	7.56%	9.53%
Since Inception (April 30, 2012)	9.21%	9.46%	8.32%	9.94%

ALEX UMANSKY
PORTFOLIO MANAGER

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

The quarter began with a steady dose of good news. Inflation continued to slow down to around 3.7%, while growth and economic activity remained surprisingly strong. Federal Reserve (the Fed) Chairman Jerome Powell pointed out in a speech that the U.S. economy has been more resilient than almost anyone expected. The probability of a soft landing was steadily increasing. The Fund gained an additional 6.5% in the month of July, on top of the 16.4% gain in the first six months of the year. But just as night follows day, the talk of good news makes investors think of the bad news that could follow. The obvious bad news scenario is higher interest rates or as the talking heads refer to it *higher for longer*. And so, while the Fed kept rates on hold for now, it delivered a stern message and managed to jolt the markets into believing that borrowing costs are going to stay higher for a while, the implication being fewer rate cuts next year with a potential negative impact on the broader economy. Add to this $90 oil, the expanding auto workers strike, the prospect of a government shutdown, and increasing geopolitical uncertainty; and the context for a market pullback was set. The Fund lost 5.3% in August and another 6.9% in September, ending the quarter with a 6.1% loss.

From a performance attribution perspective, sector allocation detracted 174bps from the Fund's relative results during the third quarter as compared to the MSCI ACWI, whereas stock selection detracted 94bps. Consumer Discretionary, Information Technology (IT), and Industrials were our three best sectors, generating 263bps of relative gains, which was more than offset by poor returns in Financials (**Adyen** and **Block**) and Materials (**Farmers Business Network**), which cost us 403bps combined. Not having investments in Energy stocks, which was by far the best sector in the benchmark (up 10.7%) and being underweight Communication Services (the second best sector) detracted an additional 90bps from our relative results.

Performance listed in the table above is net of annual operating expenses. The gross annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2022 was 1.19% and 0.93%, respectively, but the net annual expense ratio was 1.15% and 0.90% (net of the Adviser's fee waivers), respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser reimburses certain Fund expenses pursuant to a contract expiring on August 29, 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 FUNDS 1987

From a geographic perspective, our emerging markets holdings contributed 45bps to our relative results, driven almost entirely by stock selection, largely due to our holdings in Brazil (**Afya**) and Poland (**InPost**). Our investments in Argentina (**MercadoLibre** and **Globant**) contributed another 100bps to our relative results. These positive results were more than offset by our developed market investments, which detracted 393bps. The U.S. and Netherlands were our weakest geographies, responsible for 396bps of the shortfall. While our holdings in the U.K. and Israel contributed positively (80bps), they were not large enough to offset the laggards.

At the company level there were 16 contributors and 22 detractors. **Rivian**, **argenx**, **Endava**, **Bajaj**, MercadoLibre, **NVIDIA**, and **CrowdStrike** were our largest winners contributing at least 30bps each to absolute returns, but just 300bps combined. Our two largest losers, Adyen and Farmers Business Network cost the Fund 390bps, while the 7 other 30bps or more detractors cost an additional 466bps. Adyen, the leading European payments processing platform reported decelerating growth amid increasing competitive intensity in the U.S. online market segment and the stock declined 59%. While the U.S. represents a relatively small percentage of the company's overall business (we estimate around 20%), it is an important market for future growth. We retained a small position and continue to reassess our thesis, though our conviction in this company has clearly been shaken. Farmers Business Network, a private company that provides a two-sided marketplace for farmers and agricultural data and supplies, had a negative development during the quarter as a result of increasing pressures on the business's agricultural inputs segment following the supply-chain imbalances that started to unwind post-COVID. The company completed a new round of financing during the quarter. We chose not to participate in this round, which caused us to revalue the price of stock significantly lower.

Looking under the hood, company fundamentals are stable.

We believe that most of the underperformance in the third quarter could be explained by several company-specific issues (e.g., Adyen and Farmers Business). At the portfolio level, the positive fundamental trends we noticed in the second quarter continued into the third quarter as well – many of our companies are reporting stability or slight improvement in business trends. **Weighted average 2023 revenue growth expectations for the portfolio were up 3.8% during the third quarter or up 0.8% if we exclude NVIDIA**. We wrote at length about NVIDIA earlier this year, but it is worth mentioning that the company has continued to exceed its own projections and the Street's most optimistic expectations. After raising its revenue and EPS guidance for 2023 by 40% and 69%, respectively, following its last quarter, NVIDIA increased it further by 26% and 35%, respectively, after reporting the most recent one. Consensus expectations now call for revenues to grow 94% this year, while earnings per share are expected to increase by 192%. You may have seen these kinds of growth rates before, but we doubt you saw them from a company generating $50 billion in revenues. The skeptics who continue to question and doubt the accelerating demand for Generative artificial intelligence (AI) forgot to tell NVIDIA about it. But we digress…back to the portfolio…profit expectations have risen even faster than revenues and were up 11% during the third quarter (or up 7.8% ex-NVIDIA) with margin expectations up 149bps (107bps ex-NVIDIA). So, broadly speaking, our companies are seeing improvement in overall business trends, which flow through to their bottom lines, driving higher margins. We are also starting to see the benefits of leaner cost structures and more disciplined capital allocation compared to two or three years ago when capital was both cheaper and more readily available.

Could our companies' fundamentals start to deteriorate again? Sure, if macro headwinds intensify. Would it significantly impair their long-term value? Unlikely, in our view. The majority of the businesses we own have no financial leverage and are capital light – meaning that higher interest rates would not directly have a negative impact on their businesses. They are leaders in their industries and should continue to benefit from customers consolidating in favor of their most important vendors. They are run by what we believe are great management teams and offer critical solutions to their customers, which makes them stickier and gives them pricing power.

But multiples took another leg down…

While fundamentals seem to have turned the corner, the Fund's holdings experienced a multiple contraction of 9.5% during the third quarter[1] as we continue to operate in a challenging environment. The culprit behind the multiple contraction in the quarter was a combination of rising rate expectations or the *higher-for-longer* narrative, along with deteriorating investor sentiment, which led to a sell-off in longer-duration assets. The bears argue that *higher for longer* will undoubtedly lead to a recession as consumers have depleted their savings from the COVID period, and they are now facing a resumption of student loan payments and rising credit card bills. In the meantime, the affordability of large purchases from houses to cars has deteriorated (mortgage rates are approaching 8%, while car loan rates are even higher now). The bulls continue to argue that the tightening cycle is mostly over, and that the economy has proven to be resilient as is evidenced by strong GDP and employment growth numbers. Inflation has been mostly tamed, and the next major Fed move in interest rates (sooner or later) is surely down. The 10-year inflation break-even rate, which we like to look at, has been hovering around 2.0% to 2.5%. A recession is far from a foregone conclusion, and the Fed has likely threaded the needle and engineered a soft landing. While we do not belong to either camp, we would point out that if the bears are right and the economy slips into a recession, the Fed will likely lower rates sooner and will do so more aggressively, whereas if the bulls prove to be correct, inflation will likely remain stickier leading to *higher-for-longer* rates than investors are currently pricing in. This logic is of course circular with each argument leading into and supporting the other, enabling both sides to continue to stand their ground.

The correction was especially pronounced in small and mid-caps as index returns have been driven by mega caps.

As of the end of the third quarter, the *Magnificent Seven* continued to lead the Benchmark's returns – Amazon, Alphabet, Meta, Apple, Tesla, NVIDIA, and Microsoft were up on average **87.8%** year-to-date, contributing **62%** of MSCI ACWI's total return. Small-cap growth stocks continued to underperform with the Russell 2000 Growth Index up a meager **5.2%** year-to-date compared to a **13.1%** gain for the S&P 500 Index, and **25.0%** increase for the Russell 1000 Growth Index. Similarly, within MSCI ACWI, while mega-caps were up 17.2% year-to-date and large caps were up 4.5%, mid-caps were up only 2.6% and *small caps were down 5.3%*. The underperformance of small caps was even more pronounced over the last three and five years where the Russell 2000 Growth Index was up 3.3% and 8.0% (cumulative), respectively compared to gains of 33.7% and 60.4% for the S&P 500 Index, and 25.9% and 79.5% for the Russell 1000 Growth Index, respectively.

[1] We calculate the weighted average change for the portfolio and either use a P/E multiple or an EV/Revenue multiple based on FactSet consensus expectations for the next 12 months for each stock (and choose depending on whether the company has significant near-term profits on which a meaningful P/E can be calculated).

Why have the mega caps outperformed?

During times of increased uncertainty and stress, investors' time horizons shrink significantly. With their focus shifting to the here and now, current profitability and cash-flow generation take center stage. All of these companies have a few things in common: they are highly profitable, have low or no debt so they are not highly leveraged, have high returns on invested capital, and historically, they have always used recessions and economic turmoil to their advantage. As their competitors and the upstarts struggle and are forced to pull back because they're fighting for survival, the leaders take market share, consolidate power, and often emerge even stronger than they were before. Small-cap stocks tend to do better when investors' time horizons expand, along with their risk tolerance and appetites, which then show up in stock multiples. It is also worth noting that growth in passive investment vehicles has led to increased allocations to the largest market cap stocks (they are the biggest weights in indexes) as passive index funds and ETFs must continually buy without regard to fundamentals or valuations.

We own only two of the *Magnificent Seven* – Tesla and NVIDIA. As the underperformance of small caps became more pronounced over the last two years, we reduced our investments in large and mega-caps and increased our exposure to small, and mid-caps. This was ***not*** a top-down decision. We are bottom-up investors, and as the environment has changed and valuations of most of our small- and mid-cap holdings contracted disproportionately, we concluded that many of them began to offer more attractive long-term risk/rewards and have used the majority of our large- and mega-cap names as sources of capital. At the end of the quarter, the Fund was 19% overweight small- and mid-cap stocks. This shift has hurt our near-term results.

Is there anything we can do to reduce or mitigate the risk of further multiple contraction?

Sure. We could sell higher-multiple, higher-quality businesses, and buy lower-multiple, lower-quality ones. We could rotate out of Technology, Health Care, Consumer Discretionary, and Financials into Energy, Staples, Utilities, or Gold. We could sell and go to cash. The main reason we do not employ these tactics is that we do not *rent* stocks – we ***own*** businesses! A long-term ownership mindset is foundational to our investment philosophy and process, and we are willing to live with the volatility of valuation multiples and stock prices over full market cycles.

We don't rotate sectors, go to cash or buy mediocre businesses because it is outside of our circle of competence, and because we believe that investing in high-quality businesses over the long term will enable us to outperform the indexes even though we may have to endure higher market volatility. The less attractive longer-duration stocks become to other market participants due to short-term issues and concerns, the more attractive they become to us as long-term investors – all else being equal, we would rather buy a business when it is selling at a larger discount to intrinsic value because everyone is focused on the here and now at the expense of thinking and analyzing the long-term prospects of the business.

It is important not to lose sight that mathematically, an investor's return will be determined by the change in multiple over the holding period, multiplied by the compounding growth in business' fundamentals over the holding period. The longer the holding period, the less important changes in multiples become (since these multiple changes are linear, while fundamentals compound exponentially). The multiple contraction that our stocks suffered over the last 21 months while fundamentals continued to compound, make current stock prices attractive for long-term investors, in our view.

So, what are we doing?

We continue to do what we always do. Focus on trying to understand disruptive change. Meet with companies, do fundamental research, and analyze businesses that can become Big Ideas over the time. In early September, we traveled to Japan and Korea and met with half a dozen companies. Though we were mostly searching for new ideas, the company that impressed us the most, that we decided to allocate fresh capital to, was one that we already owned, and in good size too.

Coupang is a leading Korean e-commerce company founded in 2010. It went public in March of 2021, and we have been investors in this Fund since the IPO. After spending half a day with management, touring the company's fulfillment center, asking questions, and learning more about the reasons behind the remarkable success the company has achieved over the last 13 years, we decided we wanted to own it in this Fund as well. When we originally invested in Coupang, our thesis was constructed around the company's wide product selection, low prices, and unrivaled convenience thanks to its investments in an end-to-end infrastructure that covers over 70% of Korea's population, enabling over 99% of orders to be delivered within one day or less, rather than the industry norm of two to three days, driving customer satisfaction, which translates to higher customer retention rates and lifetime value. We thought that Coupang would continue to gain market share in the U.S. $500 billion-plus Korean retail market, while expanding its offerings into additional categories, expanding its ecosystem via a third-party marketplace, and continuing to invest in infrastructure density to further capture inefficiencies, enhancing the customer experience, and improving profit margins. The company has since outperformed our expectations, growing its market share to 25% (#1 in the industry), despite not being a first mover, while building an unrivaled user experience with 99.8% of products delivered the next day (with the majority of them by dawn) and becoming profitable significantly faster than we expected. Our biggest takeaway from the visit was that despite all of Coupang's success, there is still a long runway of growth ahead. For example, while most of the facility we visited is operated with pickers going to shelves to pick up items for orders, there was one room in which *shelves drove themselves to pickers* on the back of autonomous robots, which *increased* picker *productivity by 3x*. Additionally, while Coupang has been striving to reduce its reliance on distributors, which enables them to expand margins while lowering prices for consumers, a significant opportunity remains for further reduction. Lastly, we got plenty of examples of out-of-the-box thinking (no pun intended) from the company's singulation process (improves the picking process by reducing the constraint to search for items order by order), decreasing use of boxes (80% of shipments are now *boxless*), enabling grocery delivery without cold-chain logistics (thanks to end-to-end supply-chain efficiency), or how Coupang is able to fill trucks so that each carries more than 2x the parcels a UPS or a FedEx truck can, despite being half the size. The 4% free-cash-flow (FCF) yield, which is also negatively impacted by the significant reinvestments the company is making into its emerging offerings, also contributed to our decision to add to our Coupang position upon returning to New York.

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

	Quarter End Market Cap (billions)	Percent Impact
Rivian Automotive, Inc.	$23.0	0.60%
argenx SE	28.8	0.57
Endava plc	3.3	0.55
Bajaj Finance Limited	57.0	0.35
MercadoLibre, Inc.	63.5	0.32

Shares of **Rivian Automotive, Inc.**, a U.S.-based electric vehicle manufacturer, continued their volatile trading, and after declining during the first half of 2023, rose 45.7% during the third quarter. Rivian's unit economics are improving as a result of several factors: i) the company's production rate is increasing, which enables it to better absorb fixed costs; ii) Rivian is ramping-up the usage of more price effective technologies, such as LFP batteries and its in-house developed motor, Enduro; and iii) the company is benefiting from renegotiated supplier agreements, as its scale and purchasing power have significantly increased over the last few years. Management expects continued progress in profitability ahead as Rivian further scales production. We remain shareholders and believe that the release of Rivian's new smaller SUV dubbed R2, which is planned for early 2024, would enable the company to compete in the higher volume SUV segment, and significantly expand its addressable market. On the liquidity front, we expect the company to raise additional funds to support its longer-term business plans.

Argenx SE is a biotechnology company focused on autoimmune disorders. Shares increased 26.4% in the third quarter following positive chronic immune demyelinating polyneuropathy (CIDP) Phase 3 trial results. CIDP is an important commercial market representing billions of dollars in potential sales, and investors viewed this data set as a high profile catalyst. Overall, we believe that the strong Vyvgart launch, with early sales tripling consensus expectations and global approvals coming earlier than guided, will drive revenue growth over the next few years. Furthermore, we expect the next few years to have many catalysts, including readouts in pemphigus vulgaris, immune thrombocytic purpura, bullous pemphigoid, myositis, and argenx's subcutaneous formulation launch. We believe that positive readouts would expand argenx's opportunity set and therefore remain shareholders.

Endava plc provides outsourced software development for business customers. Shares rebounded 10.7% in the third quarter following a prolonged period of weak performance. Macroeconomic uncertainty has weighed on client demand and revenue growth in recent quarters, but management expects growth to improve early next year as several large new projects ramp up. Margins should expand alongside faster revenue growth as the company leverages upfront costs to build capacity in anticipation of an expected recovery. The company is also investing in AI-based tools that can accelerate project timelines and provide additional customer value. We remain shareholders because we believe Endava will continue gaining share in a large global market for IT services as digitization only becomes more important for customers to sustain their competitive positioning and take advantage of the advancements in AI.

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

	Quarter End Market Cap (billions)	Percent Impact
Adyen N.V.	$22.9	–1.97%
Farmers Business Network, Inc.	–	–1.93
Shopify Inc.	70.1	–0.90
Schrodinger, Inc.	2.0	–0.77
Think & Learn Private Limited	–	–0.71

Adyen N.V. provides technology that enables merchants to accept electronic payments. Shares declined 59.1% during the third quarter after the company reported disappointing financial results for the first half of the year. While payment volume growth of 23% was solid, it had slowed significantly from 41% in the prior period, which management attributed to more intense competition and pricing pressure in North America. Adyen is still gaining market share, but we believe the company lost wallet share with a few large merchants who shifted volumes to lower-priced competitors. We trimmed the position but continue to own the stock because we believe Adyen will be a prime beneficiary of the secular growth of e-commerce and will continue gaining share over time.

Farmers Business Network, Inc. is a private company seeking to create a two-sided marketplace to connect farmers and agricultural data and supplies. By leveraging its technology and community, it is seeking to disrupt large global agricultural markets dominated by oligopolistic counterparties that control distribution channels. Farmers Business Network is a young business that is still consuming cash as it is under scaled, and in investment mode. Furthermore, the company has faced various challenges recently namely due to internal execution issues amid increasing pressures on the business's agricultural inputs segment following the supply-chain imbalances that intensified during COVID. During the quarter, the company closed a new funding round with terms that reduced the value of our holding, since we decided not to participate.

Shopify Inc. is a cloud-based software provider for multi-channel commerce. Shares gave back some of their strong performance from the first half of 2023, declining 15.5% on the back of rising concerns related to the health of the consumer and the expansion of TikTok and Temu into the U.S. While we are cognizant of these near-term risks, we believe that Shopify will continue to benefit from its position as the commerce operating system for its merchants. Rather than replacing Shopify, various selling channels, including TikTok, are managed within the platform, which should enable Shopify to maintain its competitive advantage over the long term. During the quarter, Shopify announced an agreement with Amazon that will allow merchants to offer *Buy with Prime* within the Shopify ecosystem, enabling Shopify to act as the payments provider for these transactions and alleviating a key concern. Lastly, the company also reported strong financial results, including 17% year-over-year gross merchandise volume growth, 31% revenue growth, and consensus-beating non-GAAP operating income that outpaced estimates by over $90 million. We remain shareholders due to Shopify's strong competitive positioning, innovative culture, and long runway for growth, as it still holds less than a 2% share of the global commerce market.

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 September 30, 2023, the top 10 positions represented 57.8% of the Fund and the top 20 represented 82.9%. As we articulated earlier in the year, we have now returned to a more concentrated portfolio as the market volatility enabled us to consolidate the portfolio on our highest conviction ideas (top 10 and top 20 positions were 45.9% and 73.0% in December 2022, and 42.5% and 61.9% in December 2021, respectively). We ended the quarter with 36 investments (down from 41 at the end of December 2022).

Our investments in the IT, Consumer Discretionary, Industrials, Financials, and Health Care sectors (as classified by GICS) represented 99.2% of the Fund's net assets. Our investments in non-U.S. companies represented 53.6%, while emerging markets represented 18.6% of net assets. An additional 10.9% was invested in companies based in Argentina, which falls outside of MSCI's developed/emerging/frontier markets framework.

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

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
NVIDIA Corporation	$1,074.4	$63.8	9.3%
MercadoLibre, Inc.	63.5	60.3	8.8
Shopify Inc.	70.1	39.6	5.8
Endava plc	3.3	37.7	5.5
Snowflake Inc.	50.4	36.6	5.4
Bajaj Finance Limited	57.0	35.1	5.1
Tesla, Inc.	794.2	32.4	4.7
Coupang, Inc.	30.3	32.1	4.7
argenx SE	28.8	31.8	4.7
Cloudflare, Inc.	21.1	25.0	3.7

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

	Percent of Net Assets
United States	45.7%
Argentina	10.9
India	9.0
Netherlands	8.7
Canada	5.8
United Kingdom	5.5
Korea	4.7
Israel	3.3
Poland	2.1
Brazil	1.6
China	1.3
Spain	0.7

Recent Activity

During the third quarter, we sold two investments – the B2B sales software and data platform **ZoomInfo** and the health care software provider **Veeva**. We also reduced 18 existing positions to raise capital for investor redemptions as well as to add to 5 names in which we increased our conviction level, since we believe they offer an attractive long-term risk/reward profile: **Wix**, **Coupang**, **argenx**, **Cloudflare**, and **Fiverr**.

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

	Quarter End Market Cap (billions)	Net Amount Purchased (millions)
Wix.com Ltd.	$ 5.2	$6.1
Coupang, Inc.	30.3	2.2
argenx SE	28.8	1.7
Cloudflare, Inc.	21.1	1.6
Fiverr International Ltd.	0.9	0.4

Our biggest add in the quarter was **Wix.com Ltd.** Wix provides a cloud-based software to help micro-businesses build and maintain websites. We have been investors in Wix since 2017, and despite decelerating sales growth due demand pulling forward during the early days of COVID, which has impacted the share price, we believe the company is making significant progress towards profitability and expanding its opportunity in the partners (professional website development) segment. After years of penalizing near-term profitability with investments in sales and marketing, the company is now taking advantage of its leading brand name to acquire incremental users mostly organically, which enabled it to improve non-GAAP operating margins by 21% year-over-year to 18% for the most recently reported quarter. During its Investor Day, the company further guided to FCF margin targets of 19% in 2024 and 25% in 2025, which we believe could prove conservative as the mix of revenues shifts over time to the partners segment, which is structurally more profitable than the do-it-yourself segment. This is namely because Wix only needs to acquire a partner once, while the partner serves as an external sales force for Wix, creating a highly effective subscriber acquisition channel. Additionally, businesses that hire partners tend to have less churn, have higher business volumes, and adopt additional modules from Wix to drive higher revenue per subscription. While the advancements in AI remain a risk to be cognizant of, we believe Wix will benefit from AI. The company has been investing in AI for over five years now. AI lowers the hurdles for starting new businesses and designing websites (through Wix's AI site generator) makes existing businesses more successful over time. We believe that Wix trades at an attractive valuation with an FCF yield of over 5%, despite profitability being penalized due to reinvestments back into the partners segment, which investors value below zero (masking the profitability of the do-it-yourself segment). As the partners segment becomes profitable over the next few years, we believe Wix's overall FCF will move much higher.

Our second largest addition in the quarter was the Korean e-commerce leader, **Coupang, Inc.** As mentioned above, we returned from our visit to Korea with increased conviction in the prospects of Coupang to continue taking market share in the Korean e-commerce market, with still a significant runway to increase profitability.

We also added to our biotechnology investment, **argenx SE**, during the quarter, as the positive readout from the CIDP trial, increased our conviction in the platform opportunity for Efgartigimod across a large number of additional indications.

Our fourth addition during the quarter was to the leading cloud-based networking and software infrastructure, **Cloudflare, Inc.** Despite continued elongation of sales cycles due to the macro slowdown, the company reported signs of stabilization and noted that the second quarter set a new record for pipeline generation, while deal close rates are improving and sales representative productivity is also moving in the right direction after the go-to-market changes the company implemented in the first quarter. Cloudflare also disclosed that it is benefiting from customers consolidating their spending on its platform[2]:

"One of the things that is unique about us versus a number of others is, as we look at our products, that we've been able to achieve very high gross margins. I think that's the best – one of the best indicators that we have a really differentiated platform. ***And as customers are looking for ways to consolidate their vendors, to find how to get more ROI out of everything they're doing, they're turning to us****. And our team is ready, and we have the right products."*

[2] Cloudflare's CEO, Matthew Prince, during the company's second quarter, 2023, earnings call.

Our last addition during the quarter was to the leading freelance platform, **Fiverr International Ltd.** The company's revenue growth rates remain negatively impacted by macro factors as it's relatively easy for customers to hire fewer freelancers when they must cut budgets in the near term. However, we are encouraged by the company's rapid progress on the profitability front (with guidance for EBITDA margins to be approximately 16% for 2023 compared to 7% in 2022), early signs of revenue growth acceleration, and its significant long-term opportunity as freelance work continues growing. These factors present a positively skewed risk/reward opportunity for long-term investors, especially with the shares trading at a 9% FCF yield. We have therefore decided to add to our position.

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

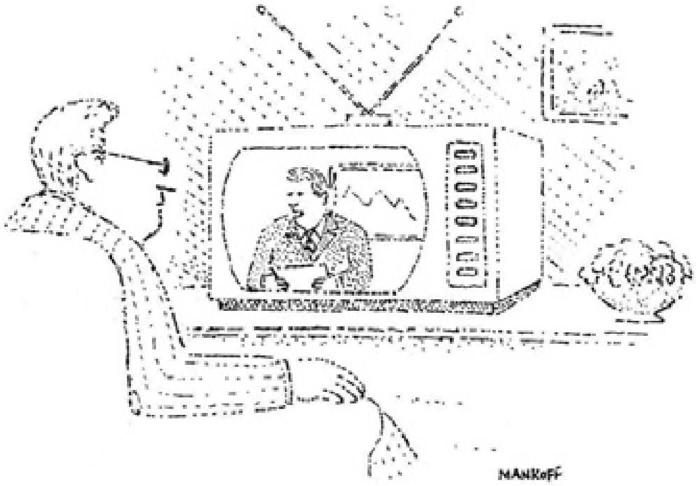
	Quarter End Market Cap or Market Cap When Sold (billions)	Net Amount Sold (millions)
CrowdStrike Holdings, Inc.	$40.0	$21.7
ZoomInfo Technologies Inc.	7.5	14.8
Veeva Systems Inc.	32.7	12.3
Datadog, Inc.	29.6	8.0
Adyen N.V.	22.9	6.4

Outlook

It seems that the topic du jour of financial commentators moved from "how high can rates go?" to "how long would rates need to stay at these higher levels?", or the *higher-for-longer* discussion. The bond market has clearly moved in that direction with the 10-Year U.S. Treasury bond yield increasing nearly 100bps from 3.81% as of the end of the second quarter to 4.80% at the end of the third. This caused the Vanguard Long-Term Bond ETF to crater 14% from the beginning of the quarter through the middle of October. In the meantime, the 10-year break-even inflation rates remain in the 2.0% to 2.5% range, where they have been for the last three years and real rates (as measured by the 10-Year TIPS) have risen all the way up to 2.3%. We get why long-duration assets sell off on a *higher for longer* scenario, but we are uncertain how sustainable/persistent it will turn out to be. We think the consensus view on *higher* has already moved to *not much higher*, and we think the answer to how much *longer* is *not much longer*. In other words, it will be measured in months or quarters and not years, which for our purposes – is not much longer at all.

It also never ceases to amuse us how the market can react to similar data one way on a good day, and in an entirely different way on a bad one. After the August job openings (JOLTS) report was published on Tuesday, October 3, showing that the economy had 9.6 million job openings, which was more than expected, the market sold off, with the S&P 500 Index losing 1.4%, and the Russell 2000 Growth Index down 1.8%. This move was consistent with the *higher-for-longer* narrative, and the 10-Year Treasury yield did in fact spike 12bps that day in response to the news. Then on Friday, October 6, we got the nonfarm payroll report, showing again a much higher-than-expected number of 336,000 as compared to consensus expectations of 170,000. A consistent data point to what we saw just three days earlier, in our opinion. But the S&P 500 Index went straight up that day closing with a 1.2% gain, while the Russell 2000 Growth Index finishing the day up 1.1%, with what looked to us like similar and consistent data causing the exact opposite effect on market movement and the prices of our stocks.

This reminded us of the famous Mankoff cartoon from 1981:



"On Wall Street today, news of lower interest rates sent the stock market up, but then the expectation that these rates would be inflationary sent the market down, until the realization that lower rates might stimulate the sluggish economy pushed the market up, before it ultimately went down on fears that an overheated economy would lead to a reimposition of higher interest rates."

www.CartoonStock.com

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.

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 Discovery Fund Shareholder:

Performance

Baron Discovery Fund's 10-Year Anniversary

On September 30, 2023, Baron Discovery Fund® (the Fund) reached its 10-year anniversary. As long-term investors, we are most focused on our alpha creation over time. Using that criteria, investors who bought our Fund on day one would be up, on a cumulative basis, 195.3% (Institutional Shares) versus the Russell 2000 Growth Index (the Benchmark), which was up 91.6%. In other words, investors who invested in the Fund more than doubled the return of the Benchmark in the first 10 years of the Fund's life. While there will be years in which we underperform the market, we believe our strategy shines most during economic recoveries, and we continue to position ourselves to benefit from the stock market recovery we expect during the next economic up cycle.

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

	Baron Discovery Fund Retail Shares[1,2]	Baron Discovery Fund Institutional Shares[1,2]	Russell 2000 Growth Index[1]	S&P 500 Index[1]
Three Months[3]	(5.38)%	(5.36)%	(7.32)%	(3.27)%
Nine Months[3]	8.83%	9.02%	5.24%	13.07%
One Year	9.03%	9.25%	9.59%	21.62%
Three Years	(2.58)%	(2.34)%	1.09%	10.15%
Five Years	3.41%	3.68%	1.55%	9.92%
Ten Years and Since Inception (September 30, 2013) (Annualized)	11.16%	11.44%	6.72%	11.91%
Ten Years and Since Inception (September 30, 2013) (Cumulative)[3]	188.01%	195.28%	91.56%	208.21%

Our motto is: *Grind daily and celebrate rarely*. As a result, it should come as no surprise to you that we didn't even acknowledge (no less celebrate) that we had reached the 10-year mark when it happened. Truth be told, we probably would not have even remembered if not for one of our team members congratulating us on the milestone. The reason we mention this is

RANDY GWIRTZMAN
PORTFOLIO MANAGER

LAIRD BIEGER
PORTFOLIO MANAGER

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

that despite our success these last 10 years, we don't want investors to think their managers are going to become complacent. We are aware that we are frequently getting new investors into the Fund and, while they may have chosen our Fund based on our historical performance, it is how we perform going forward that they (and we!) really care about. As a result, we continue to methodically execute our process and *grind daily*. Our goal remains the same: double our investors' money every five years by investing in high-quality, fast-growing small-cap businesses (and we strive to do this in a tax efficient manner – the Fund currently has a meaningful amount of capital loss carryforwards to shield future gains.)

Third Quarter

The Fund was down 5.4% during the third quarter, which was 2.0% better than the Benchmark. Year-to-date, the Fund appreciated 9.0%, which was 3.8% better than the Benchmark. The crosscurrents we have been writing about for the past few quarters continued into the third quarter. During the

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of September 30, 2022 was 1.32% and 1.06%, respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser may reimburse certain Baron Fund expenses pursuant to a contract expiring on August 29, 2034, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit baronfunds.com or call 1-800-99-BARON.

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

1 The **Russell 2000® Growth Index** measures the performance of small-sized U.S. companies that are classified as growth. The **S&P 500 Index** measures the performance of 500 widely held large-cap U.S. companies. All rights in the FTSE Russell Index (the "Index") vest in the relevant LSE Group company which owns the Index. Russell® is a trademark of the relevant LSE Group company and is used by any other LSE Group company under license. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. The Fund includes reinvestment of dividends, net of withholding taxes, while the Russell 2000® Growth Index and S&P 500 Index include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts the performance results. The indexes are unmanaged. Index performance is not Fund performance. Investors cannot invest directly in an index.

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

3 Not annualized.

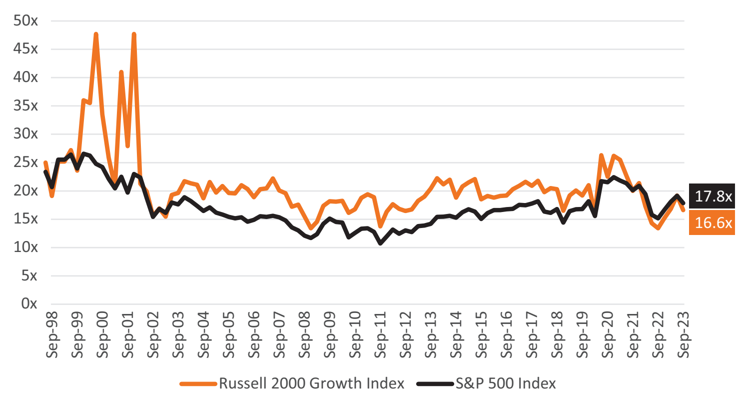
third quarter, it was the bond market that became the latest headwind to stock market performance. The stock market began the quarter with gains during the month of July. However, the bond market sold off in August and September (causing long-term U.S. Treasury yields to increase during that period) on fears of rising inflation and, as a result, further rate increases by the Federal Open Market Committee. This bond market sell-off bled into the stock market with August and September being down for equities (with small-cap equities being especially hard hit).

In our last few quarterly letters, we have focused on the crosscurrents we were seeing at both the macro and individual company levels. As we move into the fourth quarter, we continue to see some positives and some negatives impacting stock prices. On the positive side, unemployment remains low, the industrial economy has shown resiliency, and, with the exception of the lower-end consumer, overall consumer spending has remained strong. Those positives are being offset by signs that deflationary forces have abated (oil increased almost 30% in the third quarter) and that some consumer spending indicators are flashing warning signs. Of course, strength in the labor market is a good thing objectively, but it is also viewed as potentially inflationary. We continue to think that these crosscurrents will continue over the next few quarters, but depressed stock prices already reflect a lot of this negativity. American Association of Individual Investors (AAII) bearish sentiment, a contrary market indicator, was at a five-month high for the week ended October 5. This is lower than the near all-time high reached last September but still reflects the fact that investors remain pessimistic. In our view, we can make the greatest profits when we buy stocks at peak pessimism, so this level of bearishness makes us more, not less, constructive on the market.

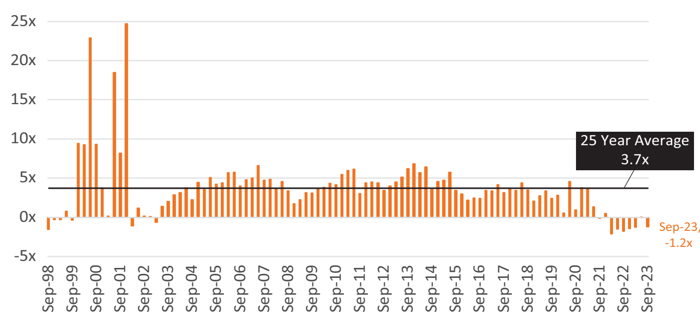
Valuations remain compelling both on an absolute and relative basis (see charts below). Despite the Benchmark still being about a third below where it peaked two and a half years ago, our individual company 2023 revenue and profit estimates have, on average, remained relatively unchanged from what we thought at the beginning of the year. Our *goldilocks* scenario for making outsized investment returns is an environment where investors are extremely bearish, valuations are inexpensive, and future revenue and earnings estimates are understated. Today we have the first two elements in place. The crosscurrents we have been writing about for the past few quarters are, for the time being, delaying the upward revision to revenue and earnings estimates that we expect to come eventually. While we don't know when upward revenue and earnings revisions will happen, we do believe that *they will eventually happen* and we believe we have positioned the portfolio to outperform when they do.

Russell 2000 Growth Index vs. S&P 500 Index

Historical Valuation Comparison using Forward P/E Estimates



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.

Facts from Baron Discovery Fund's first 10 years

- Our 10-year performance ranked in the 4th percentile (meaning we beat 96% of funds in the Morningstar Category).
- The Fund received a 5-Star 10-year Morningstar Rating™ as of 9/30/2023. Complete Ratings are as follows:
  - 4-Star Overall Morningstar Rating™ *(562 funds)*
  - 5-Star 10-year Morningstar Rating™ *(397 funds)*
  - 3-Star 5-year Morningstar Rating™ *(527 funds)*
  - 2-Star 3-year Morningstar Rating™ *(562 funds)*
- In the 85 months that Morningstar has rated the Fund, 74% of the time the Fund received 4- or 5-Star Overall Morningstar Ratings™.
- The Fund has outperformed the Morningstar Small Growth Category average 100% of the time on a 5-year rolling basis and 91% of the time on a 3-year rolling basis.
  - We strive for consistency and measuring our performance on a rolling basis highlights our consistency over time.

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

	Percent Impact
Kinsale Capital Group, Inc.	0.50%
Clearwater Analytics Holdings, Inc.	0.36
PAR Technology Corporation	0.31
Guidewire Software, Inc.	0.22
Axonics, Inc.	0.22

Specialty insurer **Kinsale Capital Group, Inc.** contributed to performance after reporting consensus-beating quarterly results. Gross written premiums grew 58%, and earnings per share increased 50%. Market conditions remained favorable, with rising premium rates and more business shifting from the standard lines market to the excess and surplus lines market where Kinsale operates. The company is also capitalizing on disruption in the property market, where rates are rising rapidly after years of industry losses and a reduction in reinsurance capacity. We continue to own the stock because we believe Kinsale is well managed and has a long runway for growth in an attractive segment of the insurance market.

Clearwater Analytics Holdings, Inc. provides portfolio accounting and reporting software. Shares rose after the company reported solid second quarter earnings, demonstrating strong underlying business trends, and raised its full-year guidance for 2023. The company also hosted an upbeat Investor Day where it gave strong medium-term guidance calling for 20%-plus revenue growth and an annual margin expansion of 200 basis points. We believe Clearwater has robust competitive advantages and the potential to compound revenue at more than 20%. The company has an efficient business model that should drive 40%-plus adjusted EBITDA margins over time.

PAR Technology Corporation is a leading software-as-a-service provider to the restaurant industry. Shares rose during the quarter on news that the company is on the verge of potentially winning some contracts with large quick-service restaurants and table service customers. The restaurant industry has historically under-invested in technology, and PAR is building an all-in-one platform for enterprise restaurants to run the most critical portions of their technology stacks. PAR benefits from limited industry competition, accelerating restaurant adoption of cloud platforms, a renewed focus on R&D, and sales efficiency. As its new payments and online ordering products continue to ramp, we believe PAR will deliver on its 20% to 30% subscription revenue growth targets for the next several years. We believe the company will become profitable in the quarters ahead as it controls operating expenses while delivering strong growth and continues to bolt on targets.

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

	Percent Impact
Silk Road Medical, Inc.	–0.81%
Montrose Environmental Group, Inc.	–0.70
Navitas Semiconductor Corporation	–0.68
indie Semiconductor, Inc.	–0.65
Revance Therapeutics, Inc.	–0.62

The Morningstar Ratings™ are for the Institutional share class only; other classes may have different performance characteristics. The Morningstar Ratings are based on the Morningstar Risk-Adjusted Return measures.

As of 9/30/2023, the Morningstar Small Growth Category consisted of 592, 562, 527, and 397 share classes for the 1-, 3-, 5-, and 10-year periods. Morningstar ranked Baron Discovery Fund Institutional Share Class in the 54th, 79th, 50th, and 4th percentiles, respectively.

Baron Discovery Fund Institutional Share Class is in the Morningstar Small Growth Category. Morningstar calculates the Morningstar Small 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.

Silk Road Medical, Inc. sells medical devices used in minimally invasive transcarotid artery revascularization (TCAR) procedures. The company's TCAR device allows placement of a stent in the carotid artery to provide better blood flow to the brain, while reducing the risk of stroke during the procedure due to its innovative reverse blood flow system. The stock detracted from performance as Medicare is updating reimbursement for an alternative carotid procedure (TF-CAS) to be equivalent to TCAR and investors are debating the competitive impact. We retain conviction as TCAR is less invasive, has an easier recovery, and causes fewer periprocedural strokes than other options, including TF-CAS and carotid endarterectomy surgery (CEA),the traditional and far more invasive method of clearing and stenting carotid arteries. Following last summer's FDA approval of Silk Road devices in the treatment of standard surgical risk carotid stenosis patients, which expanded the company's market, Silk Road saw rising numbers of eligible patients, accelerated use of its products, reduced reimbursement uncertainty, as well as further legitimization of TCAR in the eyes of more conservative surgeons who had been holding off switching from CEA. We think TCAR is fundamentally safer, easier to perform, and more scalable than either of the alternative procedures. Currently accounting for nearly 15% of carotid stenosis interventions, we believe the TCAR should become the standard of care for treating carotid artery disease over the long term. The company now trades for an exceedingly cheap 2 times its enterprise value/sales ratio for 2024, has significant net cash on the balance sheet, and will be cash flow breakeven by our estimates in 2024. We believe that even with conservative overall market and competitive procedure share assumptions, the company will be able to double revenues over the next five years.

Montrose Environmental Group, Inc. is a services company that provides environmental analysis, testing, and remediation consulting as well as technology solutions. Shares were weak in the quarter along with a broader decline in small-cap stocks as well as due to concerns that infrastructure investments could get pushed out while waiting for the finalization of certain government rules. We continue to believe that Montrose's patented technology positions them well to benefit from the billions of dollars of upcoming spending by both government and industrial customers related to the clean-up of PFAS (polyfluoroalkyl substances, sometimes known as forever chemicals). In addition, Montrose's methane emissions monitoring and detection business is poised to ramp up as the Inflation Reduction Act spurs corporate compliance by imposing a waste emissions charge. We continue to be confident around the long-term opportunity for Montrose as well as its management's ability to execute on the company's growth strategy.

Navitas Semiconductor Corporation is a leader in gallium nitride (GaN) power semiconductors and a smaller player in silicon carbide (SiC) power semiconductors. These are both new materials used as a base (substrate) on which to print power-oriented chip circuits. Shares fell during the quarter as the stock was trading at a premium valuation heading into the quarter, and investors were broadly concerned about underlying demand conditions in key end-markets like smartphones. Despite near-term concerns, the company reiterated its outlook to double revenues in 2023, reported strong design win momentum, and indicated opportunity pipeline growth. Navitas sells monolithically integrated GaN power integrated circuit chips (completed printed circuit systems on a chip), which provide greater reliability and performance compared to competitors that supply discrete power devices (multiple individual, larger components put together on a chip). It recently purchased a silicon control company to drive integration and performance even further, and its SiC products offer high performance across many different applications. The company's high-power GaN product launches remain on track for data center, solar, and electric vehicle applications. We expect Navitas to gain share in the rapidly growing GaN and SiC power semiconductor markets over time, driven by its superior technology.

Portfolio Structure

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

	Year Acquired	Quarter End Investment Value (millions)	Percent of Net Assets
Kinsale Capital Group, Inc.	2016	$62.1	4.9%
Advanced Energy Industries, Inc.	2019	40.8	3.2
Chart Industries, Inc.	2022	38.1	3.0
Axonics, Inc.	2020	35.8	2.8
Boyd Gaming Corporation	2021	35.6	2.8
GitLab Inc.	2022	35.2	2.8
Axon Enterprise, Inc.	2022	33.1	2.6
SiteOne Landscape Supply, Inc.	2016	32.7	2.6
PAR Technology Corporation	2018	32.6	2.6
Rexford Industrial Realty, Inc.	2019	32.1	2.5

Our top 10 holdings represented 29.6% of our net assets, which is in line with historical levels.

Recent Activity

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

	Year Acquired	Quarter End Market Cap (billions)	Net Amount Purchased (millions)
SentinelOne, Inc.	2023	$5.0	$20.9
Liberty Media Corporation – Liberty Live	2023	2.9	16.7
Repligen Corporation	2023	8.9	12.1
European Wax Center, Inc.	2023	1.0	10.9
10x Genomics, Inc.	2023	4.8	6.9

We initiated a position in **SentinelOne, Inc.** this quarter after the stock fell sharply on its March 2023 quarterly results. The company lowered its full-year guidance for revenue growth by about 10%, and it will still grow annualized recurring revenue by a mid-30s rate. We believe that the market over reacted to the update, and we already saw a positive update in its June 2023 results (increasing full-year revenue growth to 43%). This is a classic *fallen angel* investment for the Fund.

SentinelOne is a cybersecurity vendor primarily focused on endpoint protection (preventing malicious attacks on corporate laptops, mobile devices, and servers). The company collects petabytes of data from over 15 million endpoints across its customer base and uses artificial intelligence (AI) to learn behavior patterns, detect suspicious activity, proactively hunt threats, and roll-back devices to their pre-breach states to mitigate damage when attacks occur. SentinelOne is widely recognized as a technology leader in the $27 billion endpoint and cloud security industry due to its AI-powered detection and its ease of use. As a result, the business has been winning market share away from legacy antivirus vendors who struggle to keep up with the rapidly evolving threat environment. More than 11,000 organizations have adopted SentinelOne, with customers including half the Fortune 10, government agencies, and many of the world's largest managed security service providers (MSSPs). MSSPs, which represent 20% to 30% of SentinelOne's revenue, extend the company's reach to thousands of small businesses who lack adequate IT resources to defend against cyberattacks.

SentinelOne has also leveraged its large security data set across customers to offer new products including cloud security (protecting virtual machines and applications running in the cloud), identity-based threat protection, and extended detection & response (collecting data from other sources like network scans and IT logs to provide a holistic security view). These emerging solutions represent more than a third of bookings, are growing faster than core endpoint protection, and drive much higher long-term contract values. As SentinelOne has scaled its business across these products, the company has delivered significant improvement in its free-cash-flow (FCF) margins, which have expanded by an average of 24% year-over-year every quarter since becoming a public company. We expect the business to generate positive cash flow next year and healthy 20%-plus margins longer term. As the threat environment continues to get worse, with more frequent and severe ransomware attacks, heightened geopolitical tension, and increased sophistication of hackers, we see ample runway for growth through both new customer acquisition and existing customer expansion. The combination of resilient end-market demand, new product traction, and margin expansion should all bode well for the stock long term.

Liberty Media Corporation-Liberty Live is a tracking stock created on 8/4/2023 representing Liberty Media Corporation's holdings in Live Nation shares. Those holdings were previously attributed to Liberty SiriusXM and reattributed to a the newly created Liberty Live Group vehicle to reduce the complexity of the Liberty SiriusXM structure and make way for its potential combination with the underlying SiriusXM business. We believe the separation created some selling pressure on Liberty Live, creating an attractive discount of over 40% to the underlying value of its Live Nation holdings, and we took advantage of that discount to build a position. The Liberty Live Group is a small-cap vehicle through which we can own the underlying Live Nation business, which we have tracked and liked for years. Live Nation has significant competitive advantages in the live entertainment industry due to its unique combination of concert promotion, ticketing, venue management, and sponsorship businesses, which create a market share flywheel and margin structure that is difficult for competitors in any one of these underlying sub-segments to replicate independently. In addition to the upside we see in Live Nation, we think Liberty Live Group could eventually transition from a tracking stock to an asset-backed vehicle, which would pave the way for a structure consolidation with Live Nation and allow us to capture the current wide NAV discount.

We continued to build our **Repligen Corporation** position, which we initially purchased in the second quarter. For more detailed information, please refer to last quarter's commentary on the company.

During the quarter, we added to our position in **European Wax Center, Inc.** European Wax Center is the largest and fastest-growing franchisor and operator of out-of-home waxing services in the U.S. with more than 1,000 locations. We believe European Wax Center's scale, high-quality service, and differentiated waxing experience will enable the company to take share in the $18 billion hair removal market. As a franchisor, European Wax Center offers compelling new unit economics for franchisees with 60% cash-on-cash returns after five years. This healthy return, along with a relatively low initial investment and economic resiliency has led to a multi-year pipeline of over 400 franchisees. We believe that over time European Wax Center can grow units 10% annually with longer-term potential for over 3,000 units, roughly 3 times the current unit count. As the company's valuation compressed during the quarter, we took advantage of this pullback to increase our position. We believe the combination of double-digit unit growth and high single-digit same-store sales growth will lead to a more than doubling of the stock price over the next five years.

We initiated a position in **10x Genomics, Inc.,** a company that sells innovative instruments and reagents for life sciences research. The company's first platform, the Chromium, is dominant within the single-cell space. The Chromium utilizes advanced microfluidics to separate a sample into individual cells. Each cell is enveloped in its own droplet, where an individual reaction occurs to detect the expression profile of that cell. This occurs in parallel across tens of thousands of droplets, enabling high-throughput and granular characterization of a sample. 10x Genomics' second platform is the Visium platform for spatial analysis. Visium employs a slide with many small dots (55 microns in diameter), each of which has a unique barcode. The barcodes are read by next-generation sequencing equipment. This enables researchers to detect expression patterns (genetic behavior) across geographic regions of a tissue sample. Finally, the company is launching its third major platform, the Xenium for in-situ analysis. The in-situ platform allows researchers to visualize biomarkers of interest right on the tissue slide, in real time. The images are processed on-instrument versus Visium, which requires barcodes that a separate sequencer reads.

Our conviction in 10x Genomics is driven by multiple growth drivers over the next several years. First, for the single-cell platform, the company has a new kit called Flex that enables sample multiplexing and working with FFPE (preserved) samples. We think this opens up translational studies that rely on archival samples. This marks an opportunity to expand into biopharmaceuticals (whereas historically the company has been predominantly conducting basic research). Second, we think there is upside from the new product cycle with the in-situ Xenium. We believe the platform is differentiated by its throughput, paired with a panel approach that allows customers to add customization to their research projects. In the near term,10X Genomics' margins may be pressured by the bolus of Xenium boxes being placed, which are generally, lower-margin *razors*. This will eventually lead to a stream of consumables *(razor blades)* sales at much higher margins. We like 10x Genomics as a high-quality life science research company with *multiple shots on goal*. The company has a strong balance sheet with $400 million in cash and no debt, and with visibility to FCF breakeven in the near term. We see 10x Genomics as a consistent double-digit grower, with over 80% of revenues coming from high-margin and recurring consumables, roughly 70% gross margins, and a path to over 30% EBITDA margins longer term.

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

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap or Market Cap When Sold (billions)	Net Amount Sold (millions)
Kinsale Capital Group, Inc.	2016	$0.4	$9.6	$12.4
Allegro MicroSystems, Inc.	2020	0.4	6.1	11.5
Boyd Gaming Corporation	2021	7.3	6.1	9.7
Qualys, Inc.	2013	0.7	5.6	7.3
Abcam plc	2023	3.6	4.9	7.3

We trimmed our positions in **Kinsale Capital Group, Inc**. and **Boyd Gaming Corporation** to manage their respective position sizes as part of our risk management efforts. We continue to remain positive about both companies' long-term prospects. We trimmed our positions in **Allegro MicroSystems, Inc.** and in **Qualys, Inc.** based upon our longer-term valuation estimates. We sold our **Abcam plc** investment (a leading provider of customized antibodies for biologic research and drug development) during the quarter. After a tumultuous round of public squabbling between the company and one of its founders, Danaher Corp. ultimately made an acquisition bid for the company that was accepted by Abcam's board of directors. We believe that even though the founder continues to agitate for a higher price, the bid from Danaher was fair.

Outlook

It has been a wonderful 10-year journey for us. We want to give our heartfelt thanks to all our shareholders for your long-term support. If it were not for you, we would not be here. We also want to thank the entire team at Baron whose help and support have been invaluable to us. Our success truly is a team effort.

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.

Alpha measures the difference between a fund's actual returns and its expected performance, given its level of risk as measured by beta. **Beta** explains common variation in stock returns due to different stock sensitivities to market or systematic risk that cannot be explained by the US Country factor. Positive exposure indicates high beta stock. Negative exposure indicates low beta stock. **Price/Earnings Ratio (next 12-months)**: is a valuation ratio of a company's current share price compared to its mean forecasted 4 quarter sum earnings per share over the next twelve months. If a company's EPS estimate is negative, it is excluded from the portfolio-level calculation. **Enterprise value (EV)** is a measure of a company's total value, often used as a more comprehensive alternative to equity market capitalization. EV includes in its calculation the market capitalization of a company but also short-term and long-term debt as well as any cash on the company's balance sheet. **Free cash flow (FCF)** represents the cash that a company generates after accounting for cash outflows to support operations and maintain its capital assets.

The **Morningstar Rating™** for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The Morningstar Rating does not include any adjustment for sales loads. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10- year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods.

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

DEAR BARON DURABLE ADVANTAGE FUND SHAREHOLDER:

PERFORMANCE

Baron Durable Advantage Fund® (the Fund) lost 0.6% (Institutional Shares) during the third quarter, which compared favorably to the 3.3% loss for the S&P 500 Index (the Benchmark). Year-to-date, the Fund is up 27.7% compared to 13.1% for the Benchmark, and we have recovered nearly all of the 24.8% drawdown experienced last year.

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

	Baron Durable Advantage Fund Retail Shares[1,2]	Baron Durable Advantage Fund Institutional Shares[1,2]	S&P 500 Index[1]
Three Months[3]	(0.66)%	(0.55)%	(3.27)%
Nine Months[3]	27.44%	27.71%	13.07%
One Year	33.36%	33.65%	21.62%
Three Years	10.68%	10.95%	10.15%
Five Years	12.91%	13.18%	9.92%
Since Inception (December 29, 2017)	12.53%	12.79%	10.48%

ALEX UMANSKY
PORTFOLIO MANAGER

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

To a casual observer, a modest pullback in the third quarter might seem par for the course. After two consecutive quarters of strong double-digit gains, a small step back and a period of consolidation would seem to be appropriate. That, of course, does not tell the entire story.

The quarter began with a steady dose of good news. Inflation continued to slow down to around 3.7%, while growth and economic activity remained surprisingly strong. Federal Reserve (the Fed) Chairman Jerome Powell pointed out in a speech that the U.S. economy has been more resilient than almost anyone expected. The probability of a soft landing was steadily increasing. The Benchmark rose 3.2% in the month of July, while Fund gained an additional 4.5% on top of the 28.4% gain in the first six months of the year. But just as night follows day, the talk of good news makes investors think of the bad news that could follow. The obvious bad news scenario is higher interest rates or as the talking heads refer to it *higher for longer*. And so, while the Fed kept rates on hold for now, it delivered a stern message and managed to jolt the markets into believing that borrowing costs are going to stay higher for a while, the implication being fewer rate cuts next year with a potential negative impact on the broader economy. Add to this $90 oil, the expanding auto workers strike, the prospect of a government shutdown and the increasing geopolitical uncertainty; and the context for a market pullback was set. The Benchmark lost 1.6% in August and another 4.8% in September, while the Fund declined 0.6% and 4.3%, respectively. It is unusual for any portfolio to go up more and be down less than the *market* for any meaningful period of time, but it is what we experienced in the third quarter and year-to-date, so far.

In our last quarterly letter, we explained how we believe stock prices have two components to them: business fundamentals, which can be measured by revenues, earnings, and ultimately cash flows, and then a multiple that investors are willing to pay for those fundamentals. During the third quarter, our analysis suggests that at the portfolio level, the fundamentals of our businesses improved with revenue and profit expectations rising, while the multiples of how much investors were willing to pay for these profits took another leg down, declining 7.4%, and making our companies even more attractive in our view.

From a performance attribution perspective, 215bps of the Fund's 268bps of outperformance was driven by stock selection, which was positive in every sector in which we were invested, except for Industrials, which detracted

Performance listed in the table above is net of annual operating expenses. The gross annual expense ratio for the Retail and Institutional Shares as of September 30, 2022 was 1.49% and 1.10%, respectively, but the net annual expense ratio was 0.95% and 0.70% (net of the Adviser's fee waivers), respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser reimburses certain Fund expenses pursuant to a contract expiring on August 29, 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.

8bps. The positive effect of sector allocation was responsible for the rest. We had a consistent quarter, outperforming in all sectors except Energy, which unfortunately was the best performing sector in the Benchmark, up 12.2%, and not owning any Energy stocks detracted 65bps from relative returns. In a flattish quarter, there were not many insights from the contribution of individual investments. We had 14 contributors against 16 detractors. There were no meaningful winners or large losers. Our top five contributors – **Meta**, **Intuit**, **Alphabet**, **Blackstone**, and **Arch Capital –** added 160bps to absolute returns, while the top five detractors – **Microsoft**, **Monolithic Power Systems**, **S&P Global**, **Taiwan Semiconductor**, and **Moody's –** detracted 186bps.

At the risk of sounding like a broken record, we continue to have a lot of confidence that the decline in stock prices of our detractors is unlikely to result in a permanent loss of capital. Consistent with that, our largest detractor this quarter was also our largest add – Microsoft. We believe the company's competitive advantages remain extremely durable and it is well positioned to capitalize on the disruptive innovation driven by generative AI (Gen AI), benefiting from its incumbency, go-to-market advantages, leading position in the cloud (Azure), and from its investment in OpenAI (the provider of ChatGPT as well as other GenAI developer tools and APIs[1]).

Looking under the hood, company fundamentals are stable and appear to be improving.

At the portfolio level, the positive fundamental trends we observed in the second quarter continued into the third quarter. Weighted average revenue growth expectations for 2023 increased by 1.9%, or by 0.8% if we exclude **NVIDIA**. We wrote at length about NVIDIA earlier this year, but it is worth mentioning that the company has continued to exceed its own projections and the Street's most optimistic expectations. After raising its revenue and EPS guidance for 2023 by 40% and 69%, respectively, following its last quarter, NVIDIA increased it further by 26% and 35%, respectively, after reporting the most recent one. Consensus expectations now call for revenues to grow 94% this year, while earnings per share are expected to increase 192%. You may have seen these kinds of growth rates before, but we doubt you saw them from a company generating $50 billion in revenues. The skeptics who continue to question and doubt the accelerating demand for Gen AI forgot to tell NVIDIA about it. But we digress…Back to the portfolio…profit expectations have risen even faster than revenues and were up 5.0% during the third quarter (or up 3.4% ex-NVIDIA) with margin expectations up 46bps (25bps ex-NVIDIA). So, broadly speaking, our companies are seeing continued improvement in overall business trends, which flow through to their bottom lines, driving higher margins. We are also starting to see the benefits of leaner cost structures and more disciplined capital allocation compared to two or three years ago when capital was both cheaper and more readily available.

Could our companies' fundamentals start to deteriorate again? Sure, if macro headwinds intensify. Would it significantly impair their long-term value? Unlikely, in our view. The majority of the businesses we own have no financial leverage and are capital light – meaning that higher interest rates would not directly have a negative impact on their businesses (with some, like LPL Financial, actually benefiting from higher rates). They are leaders in their industries and should continue to benefit from customers consolidating in favor of their most important vendors. They are run by what we believe are great management teams and offer critical solutions to their customers, which makes them stickier and gives them pricing power.

But multiples took another leg down…

While fundamentals appear to have turned the corner, the Fund's holdings experienced a multiple contraction of 7.4% during the third quarter[2] as we continue to operate in a challenging environment. The culprit behind the multiple contraction in the quarter was a combination of rising rate expectations or the *higher-for-longer* narrative, along with deteriorating investor sentiment, which led to a sell-off in high-quality, but longer-duration assets. The bears argue that *higher for longer* will undoubtedly lead to a recession as consumers have depleted the extra savings from the COVID period, and they are now facing a resumption of student loan payments and rising credit card bills. In the meantime, the affordability of large purchases like houses or cars has deteriorated (mortgage rates are approaching 8%, while car loan rates are even higher). The bulls continue to argue that the tightening cycle is mostly over, and that the economy has proven to be resilient as is evidenced by strong GDP and employment growth numbers. Inflation has been mostly tamed, and the next major Fed move in interest rates (sooner or later) is surely down. The 10-Year inflation break-even rate, which we like to look at, has been hovering around 2.0% to 2.5%. A recession is far from a foregone conclusion, and we believe the Fed has likely threaded the needle and engineered a soft landing. While we do not belong to either camp, we would point out that if the bears are right and the economy slips into a recession, the Fed will likely lower rates sooner and will do so more aggressively, whereas if the bulls prove to be correct, inflation will likely remain stickier leading to even *higher-for-longer* rates than investors are currently pricing in. This logic is of course circular with each argument leading into and supporting the other, enabling both sides to continue to stand their ground.

Mega caps and the *Magnificent Seven* are still dominating Index returns year-to-date.

As of the end of the third quarter, large caps, which are defined as companies with market cap of $143.6 billion or above and represented 55.6% of the Benchmark, were responsible for **90%** of the Benchmark's year-to-date gain of 13.1%. Within the large-cap group lies the Magnificent Seven, which we like to classify as mega caps. The *Magnificent Seven* continue to lead the Benchmark's returns – **Amazon**, Alphabet, Meta, Apple, Tesla, NVIDIA, and Microsoft were up an impressive 88% on average year-to-date, and they were responsible for **84.5%** of the total Benchmark return, while representing 25% of its weight. We own five of the seven – no Apple, and no Tesla. Interestingly, most of the stock price gains year-to-date have been driven by improving profits rather than multiple expansion. NVIDIA's P/E multiple (on forward 12-month consensus EPS estimates) is down 13.5%, while Amazon's P/E multiple has declined 6.6%. For Microsoft, Meta, and Alphabet the equation is more balanced with multiple appreciation from historically low levels of last year accounting for 41% of their stock gains year-to-date.

Why have the mega caps outperformed?

During times of increased uncertainty and stress, investors' time horizons shrink significantly. With their focus shifting to the here and now, current

1 API stands for Application Programming Interface. OpenAI provides APIs for developers to tap into its GenAI solutions, enabling them to embed GenAI into their own custom software programs.

2 We calculate the weighted average change for the portfolio and either use a P/E multiple or an EV/Revenue multiple based on FactSet consensus expectations for the next 12 months for each stock (and choose which multiple to use depending on whether the company has significant near-term profits on which a meaningful P/E can be calculated).

profitability and cash-flow generation take center stage. All of these companies have a few things in common: they are highly profitable, they have no or low debt, so they're not highly levered, they have high returns on invested capital, and historically, they have always used recessions and economic turmoil to their advantage. As the competitors and the upstarts struggle and are forced to pull back because they're fighting for survival, the leaders take market share, consolidate their power, and often emerge even stronger than they were before. It is also worth mentioning that growth in passive investment vehicles has led to increased allocation to the largest market cap stocks (they are biggest weights in indexes) as passive index funds and ETFs must continually buy without regard to fundamentals or valuations.

Is there anything we can do to reduce or mitigate the risk of further multiple contraction?

Sure. We could sell higher-multiple higher-quality businesses and buy lower-multiple lower-quality ones. We could rotate out of Technology, Health Care, Consumer Discretionary, and Financials into Energy, Consumer, Utilities, or Gold. We could sell and go to cash. The main reason we do not employ these tactics is that we do not *rent* stocks – we *own* businesses. A long-term ownership mindset is foundational to our investment philosophy and process, and we are willing to live with the volatility of valuation multiples and stock prices over full-market cycles.

We don't rotate sectors, go to cash, or buy mediocre businesses because it is outside of our circle of competence, and because we believe that investing in high-quality businesses over the long term will enable us to outperform the indexes even though we may have to endure higher market volatility. Furthermore, the less attractive longer-duration stocks become to other market participants due to short-term issues and concerns, the more attractive they become to us as long-term investors – all else being equal, we would rather buy a business when its selling at a larger discount because everyone is focused on the here and now at the expense of thinking and analyzing the long-term prospects of the business. That said, since we focus on more mature and stable businesses for this Fund, it has exhibited significantly lower volatility, both up and down, than our other *Big Idea* strategies, and we would expect that to continue to be the case.

It is important not to lose sight that mathematically, an investor's return will be determined by the change in multiple over the holding period, multiplied by the compounding growth in business' fundamentals over the holding period. The longer the holding period, the less important changes in multiples become (since these multiple changes are linear, while fundamentals compound exponentially). The weighted average multiple for the Fund declined 26% in 2022, and we have recovered only a small portion of it year-to-date (though we recovered most of the drawdown due to profit growth). Fundamentals continue to compound, making current stock prices attractive for long-term investors, in our view.

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

	Quarter End Market Cap (billions)	Percent Impact
Meta Platforms, Inc.	$772.5	0.38%
Intuit Inc.	143.2	0.33
Alphabet Inc.	1,656.2	0.33
Blackstone Inc.	130.2	0.29
Arch Capital Group Ltd.	29.7	0.27

Shares of **Meta Platforms, Inc.,** the world's largest social network, were up 4.6% this quarter, driven by a reacceleration of revenue growth to over 13% year-over-year (in constant currency) as a result of a broader improvement in the digital advertising market along with strong adoption of newer advertising products such as Instagram Reels. We are also beginning to see Meta incorporating GenAI as part of the user experience in its core applications, while the company's innovation in GenAI has resulted in some of the most popular open-source GenAI models to date (e.g., LlaMa2), which add to future optionality. Meta's increasing focus on profitability, which drove significant layoffs and reductions in office footprint, should enable the company to benefit from operating leverage as revenues reaccelerate. Lastly, core app engagement remains healthy, with video and Instagram Reels proving to be incremental to user engagement. Longer term, we believe Meta will utilize its leadership in mobile advertising, massive user base, innovative culture, leading GenAI research, and scale to maintain durable growth for years to come, with further monetization opportunities ahead.

Intuit Inc. is the leading provider of accounting software for small businesses and tax preparation software for individuals and tax professionals. Shares increased 11.7% during the quarter after the company reported financial results that exceeded Street expectations, with 13% year-over-year revenue growth and 22% EPS growth in the recently completed fiscal year. Management also provided favorable guidance for the next fiscal year that demonstrated confidence in the business' momentum despite macroeconomic uncertainty. Intuit is benefiting from the sale of higher-value services and is well positioned to capitalize on increasing adoption of artificial intelligence given the company's vast and proprietary data assets. We continue to own the stock due to Intuit's strong competitive position and numerous growth opportunities as it solves more problems over time for its consumers and SMB customers.

Alphabet Inc. is the parent company of Google, the world's largest search and online advertising company. Shares of Alphabet were up 8.9% this quarter, reflecting solid financial results, with second quarter revenues accelerating to over 9% year-over-year (in constant currency) with 29% operating margins, along with continued product innovation in GenAI that boosted investor sentiment after the heightened initial doubt around the potential intensifying competition from ChatGPT and Microsoft. We believe Alphabet's attractive business model and massive scale, particularly in its core assets of Search, YouTube, and the Google ad network, will enable it to sustain its competitive positioning. We continue to closely monitor the rapidly evolving GenAI space and the potential implications it may have on consumer behavior around Search, including the incorporation of AI assistants. While OpenAI was the early mover in introducing a consumer facing assistant, we believe that Alphabet's talent in AI remains world class in both scale and quality. We also believe that Alphabet's own GenAI innovation should lead to product improvements across Google's existing product set and in adjacent fields (e.g., travel) while the company's cloud business (Google Cloud Platform or GCP) would also benefit from the adoption of GenAI.

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

	Quarter End Market Cap (billions)	Percent Impact
Microsoft Corporation	$2,345.9	–0.56%
Monolithic Power Systems, Inc.	22.1	–0.43
S&P Global Inc.	116.3	–0.35
Taiwan Semiconductor Manufacturing Company Limited	420.1	–0.31
Moody's Corporation	58.0	–0.22

Microsoft Corporation is a software company traditionally known for its Windows and Office products. Over the last five years, it has built a $60-plus billion cloud business, including its infrastructure-as-a-service Azure business, Office 365, and Dynamics 365 (Microsoft's CRM offering). We believe investors took some profits in the third quarter. After the stock rose over 40% in the first six months of the year, the stock was down 7.0% this quarter following the company's earnings release in which it provided guidance for the first fiscal quarter of 2024 that was shy of investor expectations by approximately 1%. While Microsoft is continuing to see better performance in Azure for the third straight quarter and slightly better quarter-over-quarter trends captured in its guidance, the rate of improvement specifically in AI-related workloads was below investor expectations. Looking at the big picture, we remain confident that Microsoft remains well positioned over the long term to further deepen its software ecosystem, while utilizing its large installed base and go-to-market leadership to gain market share. Over time, we expect Microsoft to infuse AI across its entire product portfolio, driving strong value for customers and incremental monetization opportunities for itself. Over 100% of the stock's decline during the quarter was driven by multiple contraction, which further contributed to our decision to add to our position.

Monolithic Power Systems, Inc. is a fabless high-performance analog and power semiconductor company serving diverse end markets across the semiconductor industry. The company, a relatively small player in the industry, leverages its deep system-level and applications knowledge, strong design experience, and innovative process technologies to provide highly integrated, energy-efficient, cost-effective, and easy-to-use monolithic products to its customers. The company's shares declined 14.4% this quarter after rising over 50% in the first six months of the year. Shares declined due to growing investor concerns around the semiconductor cycle and weakening demand in various key end markets. While near-term growth drivers such as AI and automotive were not large enough to offset the weakness in other end markets like notebooks, industrial, and CPU power, we believe that the company should return to revenue growth of 10% to 15% above the broader industry when the demand environment improves. The company continues to expand its addressable market and drive strong market share gains by taking advantage of areas where its competition has failed to innovate. It has also started to sell more integrated, higher-priced modules as opposed to discrete products, generating additional above-market growth. With the entire stock price decline during the quarter driven by multiple contraction, we decided to add to our position.

Shares of rating agency and data provider **S&P Global Inc.** gave back some gains from earlier this year, and after rising 20% during the first half, declined 8.7% in the third quarter. The correction was due to investor concerns that rising interest rates will weigh on future debt issuance and asset-based fees. Management also removed its 2026 target for revenue from the ESG segment due to a more uncertain regulatory landscape and political climate. On a positive note, S&P Global reported strong second quarter financial results, with 7% adjusted revenue growth and 11% EPS growth as ratings issuance returned to growth for the first time in six quarters. Management maintained full-year guidance as a more favorable outlook for the ratings and indices segments offset slower growth in the market intelligence segment. We continue to own the stock and have added to our position due to the company's long runway for growth and significant competitive advantages, while over 100% of the stock's decline during the quarter was due to multiple contraction.

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 September 30, 2023, our top 10 positions represented 53.0% of the Fund, the top 20 represented 81.5%, and we exited the quarter with 30 investments, unchanged from the second quarter.

IT and Financials represented 61.5% of the Fund, while Communication Services, Health Care, Consumer Discretionary, Consumer Staples, and Industrials represented another 35.9%, with the remaining 2.6% held in cash and cash equivalents.

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

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Microsoft Corporation	$2,345.9	$9.2	9.2%
Meta Platforms, Inc.	772.5	7.3	7.2
Amazon.com, Inc.	1,311.6	7.1	7.1
Arch Capital Group Ltd.	29.7	4.8	4.8
Alphabet Inc.	1,656.2	4.8	4.8
UnitedHealth Group Incorporated	467.0	4.3	4.3
NVIDIA Corporation	1,074.4	4.2	4.2
Visa Inc.	480.2	4.0	4.0
S&P Global Inc.	116.3	3.9	3.9
Intuit Inc.	143.2	3.5	3.5

Recent Activity

During the third quarter, we added to 28 of our holdings as we put the Fund's inflows to work.

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

	Quarter End Market Cap (billions)	Net Amount Purchased (millions)
Microsoft Corporation	$2,345.9	$3.1
Alphabet Inc.	1,656.2	1.3
Adobe Inc.	232.2	1.0
Arch Capital Group Ltd.	29.7	1.0
UnitedHealth Group Incorporated	467.0	1.0

Microsoft Corporation was our largest addition during the quarter. While near-term uncertainty regarding customer cloud optimization efforts continues to cast a cloud (pun intended) around the timing of a reacceleration in the company's Azure business, we believe it is a question of when, and not if. Additionally, we believe that the company remains well positioned in GenAI, through both its investment in Open AI, which was recently reported to have reached a revenue run rate of $1.3 billion, as well as through its own GenAI cloud solutions (from GitHub Co-Pilot, Microsoft Co-Pilot, Azure AI services and more). We continue to believe that Microsoft is well positioned to be a beneficiary of GenAI as the company adopts it across its existing product base, creating incremental monetization opportunities (for example, Microsoft Co-Pilot is priced at $30 per user per month), and as its customers further accelerate digital transformation to take advantage of GenAI.

We also added to our position in **Alphabet Inc.** during the quarter. While there is a range of outcomes over the potential result from the recent DOJ lawsuit as well as the potential impact of GenAI on the company's business, we have decided to add to our position for several reasons. First, while we don't believe it to be a high probability outcome, even in a scenario in which Alphabet is required to split up its various assets, we believe the parts may be worth more than the whole (as various parts of the business, such as Google Cloud, are under-earning today). Second, we believe that the company's world-class talent in AI and years of being at the cutting edge of AI research will help it sustain its competitive advantages while the company's scale and proprietary data assets should enable it to sustain a long duration of growth as it infuses AI into its products. Finally, we believe that Alphabet's core business is on solid footing, as advertisers will continue to be attracted to it as long as user engagement remains high. Google's market share in search is still above 90% (and has not declined) and we have not seen any data to suggest this is likely to change. We have therefore decided to add to our position.

Our next largest add was to the leading creative, document, and marketing cloud software provider, **Adobe Inc.**, which investors initially considered a GenAI loser, continues to execute well, introducing a host of GenAI solutions from its content creation platform, Adobe Firefly, to its marketing AI solutions that would enable personalization at scale and real time optimization of customer experiences. The company has also continued to show strong performance in its core business. The company reported a 12% beat in net new digital media annual recurring revenues in the last quarter, overall revenue growth was 13% year-over-year (in constant currency), and operating margins were over 46%.

We also put the Fund's inflows to work with the next two largest adds into the property and casualty insurance company, **Arch Capital Group Ltd.**, and the health care insurance and solutions provider, **UnitedHealth Group Incorporated**.

Arch Capital has a long history of world-class management execution, proving itself as an exceptional capital allocator, across insurance cycles and with a strong underwriting discipline over many years. Its most recent financial results continue to show similar excellence with an 18% year-over-year growth in book value per share, while achieving a combined ratio below 80%.

UnitedHealth Group is another solid durable business that has a long history of exceptional results. The stock has been weak this year because of some near-term concerns that we viewed as an opportunity for longer-term investors. Investors were namely concerned about higher utilization trends in outpatient procedures (mostly for seniors) potentially due to pent-up demand from COVID, which led the company to guide for a medical loss ratio (MLR) at the higher end of their historical range at over 82%. The company's recent third quarter results showed utilization continuing at heightened levels, but the company was able to more adequately price for it, beating expectations on MLR. We believe UnitedHealth is the best-positioned managed-care player, with a leading franchise in Medicare Advantage, the market's fastest growing segment. We expect continued strong growth and profitability, driven by positive demographic trends, effective cost management through economies of scale, industry-leading technology investments, enhanced expertise in population health, and a growing portfolio of providers, all of which enable UnitedHealth to keep and effectively manage more of its health care spending in-house.

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

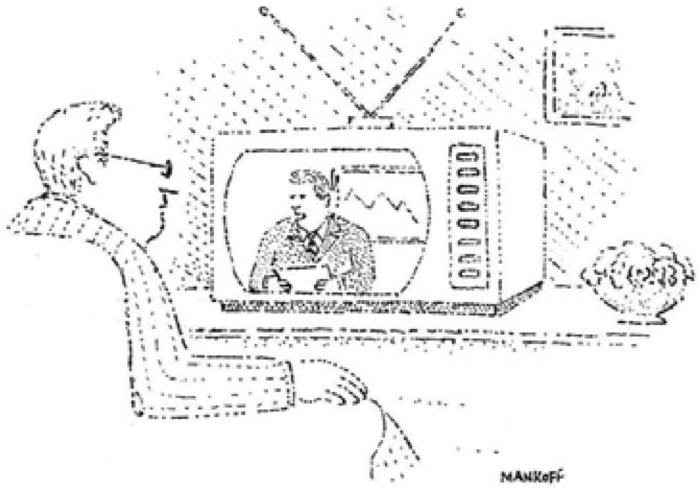
None

Outlook

It seems that the topic du jour of financial commentators moved from "how high can rates go?" to "how long would rates need to stay at these higher levels?", or the *higher-for-longer* discussion. The bond market has clearly moved in that direction with the 10-Year Treasury bond yield increasing nearly 100bps from 3.81% as of the end of the second quarter to 4.80% at the end of the third. This caused the Vanguard Long-Term Bond ETF to crater 14% from the beginning of the quarter through the middle of October. In the meantime, the 10-year break-even inflation rates remain in the 2.0% to 2.5% range, where they have been for the last three years, and real rates (as measured by 10-Year TIPS) have risen all the way up to 2.3%. We get why long-duration assets sell off on *higher for longer,* but we are uncertain how sustainable/persistent it will turn out to be. We think the consensus view on *higher* has already moved to *not much higher*, and we think the answer to how much *longer* is *not much longer*. In other words, it will be measured in months or quarters and not years, which for our purposes – is not much longer at all.

It also never stops to amuse us how the market can react to similar data one way on a good day, and in an entirely different way on a bad one. After the August job openings (JOLTS) report was published on Tuesday, October 3, showing that the economy had 9.6 million job openings, which was more than expected, the market sold off, with the Benchmark losing 1.4%, and the Russell 2000 Growth Index down 1.8%. One could make sense of this move as supporting the *higher-for-longer* narrative and 10-Year Treasuries did in fact spike 12bps that day in response to the news. Then on Friday, October 6, we got the nonfarm payroll report, showing again a much higher-than-expected number of 336,000 as compared to consensus expectations of 170,000. Rather a consistent data point with what we saw just three days earlier. But the Benchmark went straight up that day closing with a 1.2% gain, while the Russell 2000 Growth Index rose 1.1%, with what looked to us like very similar and consistent data causing the exact opposite effect on market movement and our stock prices.

This reminded us of the famous Mankoff cartoon from 1981:



"On Wall Street today, news of lower interest rates sent the stock market up, but then the expectation that these rates would be inflationary sent the market down, until the realization that lower rates might stimulate the sluggish economy pushed the market up, before it ultimately went down on fears that an overheated economy would lead to a reimposition of higher interest rates."

www.CartoonStock.com

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

Our goal is to invest in large-cap companies with, in our view, strong and durable competitive advantages, proven track records of successful capital allocation, high returns on invested capital, and high free-cash-flow generation, a significant portion of which is regularly returned to shareholders in the form of dividends or share repurchases. It is our belief that investing in great businesses at attractive valuations will enable us to earn excess risk-adjusted returns for our shareholders over the long term. We are optimistic about the prospects of the companies in which we are invested and continue to search for new ideas and investment opportunities.

Sincerely,

Alex Umansky
Portfolio Manager

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.

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

DEAR BARON REAL ESTATE INCOME FUND SHAREHOLDER:

PERFORMANCE

On September 28, 2023, we hosted a client educational webinar, titled *"Demystifying Real Estate: An Optimistic Perspective on the Prospects for Real Estate."* A replay of the webinar can be accessed on our Baron website homepage at baronfunds.com in the "Insights & Reports" section. A sampling of the key messages from the webinar can be found below after the "Performance" section of this letter.

Following a strong first six months of 2023, the stock market, most REITs and non-REIT real estate companies, and the Baron Real Estate Income Fund® (the Fund) declined in the third quarter. The Fund declined 6.46% (Institutional Shares), modestly outperforming the MSCI US REIT Index (the REIT Index), which declined 7.32%.

In the first nine months of 2023, the Fund has increased 1.20%, outperforming the REIT Index, which declined 2.89%.

In the third quarter, several factors weighed on stocks, including higher interest and mortgage rates, higher oil prices, the prospect that monetary tightening may persist for several quarters as inflation remains above central bank targets, concerns about China's economic growth prospects, a few company earnings disappointments, and the possibility of additional economic growth headwinds including the lag effects of the Federal Reserve's tightening, student loan payments, and union strikes.

Though we are mindful of key risks to the equity and real estate market outlook, we remain optimistic about the prospects for the Fund. We believe the Fund is populated with attractively valued best-in-class REITs and non-REIT real estate companies with strong long-term growth prospects. We believe the Fund's two- to three-year return prospects are compelling.

Since inception on December 29, 2017 through September 30, 2023, the Baron Real Estate Income Fund is the #2 ranked real estate fund according to Morningstar – only trailing the three share classes of the Baron Real Estate Fund. The Fund's cumulative return of 41.32% far exceeds the REIT Index, which has increased 9.79%.

As of September 30, 2023, the Fund has maintained its top 3% ranking among all real estate funds for its 5-year performance period.

JEFFREY KOLITCH
PORTFOLIO MANAGER

Retail Shares: BRIFX
Institutional Shares: BRIIX
R6 Shares: BRIUX

We will address the following topics in this letter:

- Demystifying real estate: an optimistic perspective on the prospects for real estate
- 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
- Demystifying real estate: an optimistic perspective on the prospects for real estate

As of 9/30/2023, the Morningstar Real Estate Category consisted of 253, 230, 213, and 225 share classes for the 1-, 3-, 5-year, and since inception (12/29/2017) periods. Morningstar ranked Baron Real Estate Income Fund Institutional Share Class in the 16th, 64th, 3rd, and 2nd percentiles for the 1-, 3-, 5-year, and since inception periods, respectively. On an absolute basis, Morningstar ranked Baron Real Estate Income Fund Institutional Share Class as the 40th, 151st, 5th, and 4th best performing share class in its Category, for the 1-, 3-, 5-year, and since inception periods, respectively.

Morningstar calculates the Morningstar Real Estate Category Average performance and rankings using its Fractional Weighting methodology. Morningstar rankings are based on total returns and do not include sales charges. Total returns do account for management, administrative, and 12b-1 fees and other costs automatically deducted from fund assets.

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

	Baron Real Estate Income Fund Retail Shares[1,2]	Baron Real Estate Income Fund Institutional Shares[1,2]	MSCI US REIT Index[1]
Three Months[3]	(6.45)%	(6.46)%	(7.32)%
Nine Months[3]	0.97%	1.20%	(2.89)%
One Year	3.11%	3.33%	1.87%
Three Years	2.56%	2.84%	4.51%
Five Years	6.89%	7.11%	1.62%
Since Inception (December 29, 2017)	5.98%	6.20%	1.64%
Since Inception (December 29, 2017) (Cumulative)[3]	39.63%	41.32%	9.79%

Demystifying Real Estate: An Optimistic Perspective on the Prospects for Real Estate

The highly unusual and challenging last few years (e.g., COVID-19, a sharp and rapid rise in interest and mortgage rates, credit market stress, multi-decade high inflation) have left many anxious and concerned about the prospects for real estate. Accordingly, last month, we thought it would be timely to host a client educational real estate webinar. The goal of our webinar was to *demystify real estate* – make it clearer, easier to understand, separate the facts from fiction – and provide our more optimistic perspective on the prospects for real estate. A sampling of our key messages is as follows:

Perception vs. Reality: We believe there are several perceptions about real estate that do not reflect reality. A few examples are listed below.

Perception: A commercial real estate crisis is on the horizon.
- *Reality*: Prospects for most of commercial real estate are encouraging.

Perception: 6% to 7% mortgage rates will cripple the new home sales market.
- *Reality*: New home sales are strong.

Perception: The American Dream to own a home is over.
- *Reality*: Millennials are buying homes.

Perception: Office real estate is "dead."
- *Reality*: Elements of office real estate are performing well – globally and by type.

Perception: Zoom will derail business travel.
- *Reality*: Business travel continues to recover.

Perception: A banking crisis is forthcoming that will crush real estate.
- *Reality*: Sufficient credit exists to support real estate.

Perception: Real estate performs poorly in a high or rising rate environment.
- *Reality*: Segments of real estate perform well in a high or rising rate environment.

Commercial Real Estate Crisis?: Since the failure of Silicon Valley Bank in March 2023, there has been a broad-based and consistent narrative that a commercial real estate crisis is forthcoming. Further, commercial real estate has been painted with a broad brushstroke as the challenges of B and C office buildings, comprising just 3% to 5% of the total market, are being extrapolated to all commercial real estate. We believe forecasts of widespread distress in commercial real estate are sensationalized and a commercial real estate crisis is unlikely to materialize.

We believe the likelihood of a commercial real estate crisis is low for the following reasons:

1. Operating fundamentals are positive.
2. Lack of overbuilding and a dearth of new construction activity bode well.
3. Most balance sheets are in good shape.
4. The banking system is well capitalized with ample liquidity.
5. Real estate loan defaults will mostly impact class B and C offices.
6. A Fed "put" could mitigate headwinds.

We See Many Secular Tailwinds in Commercial Real Estate: An important element of commercial real estate that we believe is underappreciated is that there is a large swath of commercial real estate that benefits from secular tailwinds – demand drivers that are enduring and likely to persist in both good and challenging economic environments. Some examples of the secular tailwinds we are seeing in commercial real estate are listed below.

Industrial
- Secular tailwinds: E-commerce, supply-chain logistics, shift from "just-in-time" to "just-in-case," "on-shoring"

Multi-Family
- Secular tailwinds: More affordable to rent vs. own

Single-Family Rental
- Secular tailwinds: Millennial household formation, desire for flexibility, more affordable to rent vs. own, inventory shortage

Performance listed in the above table is net of annual operating expenses. The gross annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2022 was 1.32% and 0.96%, respectively, but the net annual expense ratio was 1.05% and 0.80% (net of the Adviser's fee waivers), respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser reimburses certain Fund expenses pursuant to a contract expiring on August 29, 2034, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit baronfunds.com or call 1-800-99-BARON.

1 The **MSCI US REIT Index Net (USD)** is a free float-adjusted market capitalization index that measures the performance of all equity REITs in the US equity market, except for specialty equity REITs that do not generate a majority of their revenue and income from real estate rental and leasing operations. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. The index and the Fund include reinvestment of dividends, net of withholding taxes, which positively impact the performance results. The index is unmanaged. Index performance is not Fund performance; one cannot invest directly into an index.
2 The performance data in the table does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.
3 Not annualized.

Manufactured Housing
- Secular tailwinds: Budget-conscious home buyers and high development barriers

Data Centers
- Secular tailwinds: Rising data consumption, cloud computing, IT outsourcing, artificial intelligence (AI)

Wireless Towers
- Secular tailwinds: Robust mobile data growth, 4G and 5G adoption

Senior Housing
- Secular tailwinds: Aging baby boomers and 80-plus population ("silver tsunami")

Life Science
- Secular tailwinds: Pharmaceutical R&D and drug development

Self-Storage
- Secular tailwinds: Work from home

Hotels
- Secular tailwinds: Travel increasing as a percentage of wallet share

The Case for Public Real Estate & Key Investment Themes: We believe there is a strong long-term case to allocate capital to public real estate in an actively managed strategy.

Long-Term Case

1. Inflation protection
2. Diversification and low correlation to equities/bonds
3. Strong historical long-term returns with ongoing potential

Near- to Medium-Term Case

1. Much of public real estate has lagged
2. Several public real estate companies are cheap
3. May be near end of Fed tightening period – historically bullish for real estate
4. We see generally attractive demand vs. supply prospects
5. Balance sheets are in solid shape
6. Wall of private capital is targeting public real estate

Benefits of Active Management

1. Managers can focus on what they believe to be real estate winners and avoid the losers
2. Managers can exploit mispricings
3. Managers can embrace a benchmark-agnostic approach

Portfolio Composition and Key Investment Themes

As of September 30, 2023, the Fund's net assets were invested as follows: REITs (80.9%), non-REIT real estate companies (12.5%), and cash (6.6%). We currently have investments in 10 REIT categories. Our exposure to REIT and non-REIT real estate categories is based on our research and assessment of opportunities in each category on a bottom-up basis (See Table II below).

Table II.
Fund investments in REIT categories as of September 30, 2023

		Percent of Net Assets
REITs		80.9%
Data Center REITs	19.2	
Industrial REITs	18.5	
Single-Family Rental REITs	10.6	
Health Care REITs	10.0	
Multi-Family REITs	7.9	
Self-Storage REITs	5.9	
Other REITs	4.6	
Hotel REITs	1.9	
Mall REITs	1.5	
Triple Net REITs	0.9	
Non-REIT Real Estate Companies		12.5
Cash and Cash Equivalents		6.6
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), and reduced investment activity (acquisitions and development). Most REITs enjoy occupancy levels of more than 90% with modest new competitive supply forecasted in the next few years due to elevated construction costs and contracting credit availability for new construction. Balance sheets are in good shape. Several REITs have inflation-protection characteristics. Many REITs have contracted cash flows that provide a high degree of visibility into near-term earnings growth and dividends. Dividend yields are well covered by cash flows and are growing.

Following the 25% decline in the REIT Index in 2022 and modest declines in the first nine months of 2023, REIT valuations have become 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 is on REITs that benefit from secular tailwinds where cash-flow growth tends to be durable and less sensitive to a slowdown in the economy. Examples include our investments in data center, industrial logistics, and life science REITs. As of September 30, 2023, secular growth REITs represented 39.7% of the Fund's net assets.
>
> *Short-lease duration REITs with pricing power:* We have continued to emphasize REITS that are able to raise rents and prices on a regular basis to combat inflation's impact on their businesses. Examples include the Fund's investments in single-family rental, multi-family,

and self-storage REITs. As of September 30, 2023, short-lease duration real estate companies represented 24.4% of the Fund's net assets.

Secular growth REITs (39.7% of the Fund's net assets)

Data Center REITs (19.2%): In the third quarter, we increased the Fund's exposure to data center REITs from 15.1% to 19.2%. We believe the multi-year prospects for real estate data centers are compelling. Data center landlords such as **Equinix, Inc.** and **Digital Realty Trust, Inc.** are benefiting from record low vacancy, demand outpacing supply, and rising rental rates. Regarding the demand outlook, several secular demand vectors are contributing to robust demand for data center space globally. They include the outsourcing of information technology, increased cloud computing adoption, the ongoing growth in mobile data and internet traffic, and AI as a new wave of data center demand.

Industrial REITs (18.5%): Though we expect rent growth to moderate from its frenzied pace of the last few years, we remain optimistic about the long-term prospects for industrial REITs. With industrial vacancies at less than 4%, new supply expected to moderate in 2024, rents on in-place leases more than 50% below market, and multi-faceted demand drivers including the ongoing growth in e-commerce and companies' seeking to improve inventory supply-chain resiliency by carrying more inventory (shift from *just in time* to *just in case* inventory), we believe our investments in industrial warehouse REITs **Prologis, Inc.**, **Rexford Industrial Realty, Inc.**, **EastGroup Properties, Inc.**, **Terreno Realty Corporation**, and **First Industrial Realty Trust, Inc.** have compelling multi-year cash-flow growth runways.

Life Science REITs (2.1%): Alexandria Real Estate Equities, Inc. is the life science industry leader and sole publicly traded life science pure-play REIT. At its current discounted valuation, we believe concerns about competitive supply and distress for some of the company's biotechnology and health care tenants are overblown and sufficiently discounted in the company's valuation. We believe the management team has assembled a desirable real estate portfolio, enjoys a leading market share position in its geographic markets, and has solid expectations for long-term demand-driven growth.

Short-lease duration REITs (24.4% of the Fund's net assets)

Single-Family Rental REITs (10.6%): Following strong second quarter results, 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 suburbs rather than apartment rentals in cities. Rising construction costs are limiting the supply of single-family rental homes in the U.S. housing market. This limited inventory combined with strong demand is leading to robust rent growth.

Both Invitation Homes and American Homes 4 Rent have an opportunity to partially offset the impact of inflation given that their in-place annual leases are significantly below market rents. Valuations are compelling at mid-5% capitalization rates, and we believe the shares are currently valued at a discount to our assessment of net asset value.

We remain mindful that expense headwinds and slower top-line growth could weigh on growth later in 2023 and 2024. We will continue to closely monitor business developments and will adjust our exposures accordingly.

Multi-Family REITs (7.9%): In the third quarter, we maintained our exposure to apartment REITs **Equity Residential** and **AvalonBay Communities, Inc.** at 7.9% of the Fund's net assets. We believe public valuations remain discounted relative to the private market. Tenant demand remains healthy and rent growth has modestly improved since the first quarter of 2023. Rental apartments continue to benefit from the current homeownership affordability challenges. Multi-family REITs provide partial inflation protection to offset rising costs due to leases that can be reset at higher rents, in some cases, annually. We continue to closely monitor new supply deliveries and job losses in key geographic markets.

Self-Storage REITs (5.9%): In the third quarter, we reduced our exposure to self-storage REITs – **Public Storage Incorporated**, **Extra Space Storage Inc.**, and **CubeSmart** – because we expect growth may continue to moderate in 2023.

Long term, there is a lot to like about self-storage businesses. Monthly leases provide an opportunity for landlords to increase rents and combat inflation. Self-storage facilities do not tend to require significant ongoing capital expenditures. Elevated construction costs are constraining new construction. Should economic growth continue to decelerate and perhaps lead to a recession, self-storage business fundamentals have historically held up well during economic downturns. We also believe there is a wall of capital from private equity companies that are interested in acquiring self-storage real estate should valuations in the public market become attractive relative to other opportunities.

Other REIT and non-REIT real estate investments (29.3% of the Fund's net assets)

Health Care REITs (10.0%): We remain optimistic about our health care REIT investments in **Welltower Inc.** and **Ventas, Inc.** Health care real estate fundamentals are improving (rent increases and occupancy gains) against a backdrop of muted supply growth in the next two to three years due to increasing financing and construction costs and supply-chain challenges. The long-term demand outlook is favorable, driven in part by an aging population, which is expected to accelerate in the years ahead. Despite our optimism for long-term prospects for health care real estate, we are closely monitoring near-term expense headwinds combined with a slower-than-expected recovery in leasing and occupancy.

Other REITs (5.9%): We are optimistic about our REIT investments in **Tanger Factory Outlet Centers, Inc.**, **Americold Realty Trust**., and recent addition **DiamondRock Hospitality Company**. Tanger owns and operates the second largest outlet center portfolio in the U.S. Tanger is the only mall REIT that focuses exclusively on outlets and, as a result, there is less risk from department store closures. We believe the shares are attractively valued and offer solid prospects for growth. Americold is the second largest owner-operator of cold storage facilities in the U.S. and globally. We believe the shares of Americold should benefit from steady growth in food consumption, limited new supply, and improvements in its operations, which should support solid growth. We discuss hotel REIT DiamondRock in greater detail below in the "Top net purchases" section.

Triple Net REITs (0.9%): We have slightly decreased our already modest exposure to the triple net gaming REIT **VICI Properties Inc.**, an owner of quality gaming, hospitality, and entertainment properties. The company pays a 6% dividend that is well covered, has a strong track record of making accretive acquisitions, and has additional opportunities for growth in the years ahead.

Non-REIT Real Estate Companies (12.5%): We emphasize REITs but have the flexibility to invest in non-REIT real estate companies. We tend to limit these to no more than 20% to 25% of the Fund's net assets. At times, some of our non-REIT holdings may present superior growth, dividend, valuation, and share price appreciation potential than many REITs.

We are bullish about the prospects for the Fund's non-REIT real estate investments, which include: **Toll Brothers, Inc.**, **Wynn Resorts, Limited**, **Brookfield Corporation**, **Brookfield Asset Management Ltd.**, **Lowe's Companies, Inc.**, **Travel + Leisure Co.**, and **Brookfield Infrastructure Corporation**.

Top Contributors and Detractors

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

	Quarter End Market Cap (billions)	Percent Impact
Digital Realty Trust, Inc.	$37.4	0.40%
Welltower Inc.	42.5	0.07
Tanger Factory Outlet Centers, Inc.	2.4	0.03
Brookfield Asset Management Ltd.	13.8	0.02

Following strong quarterly business results, the shares of **Digital Realty Trust, Inc.**, a global data center operator with 290 data centers, continued to perform well in the third quarter. As noted in the Fund's second quarter shareholder letter, we believe the multi-year prospects for real estate data centers are compelling – perhaps as strong as they have ever been. For our more complete thoughts on Digital Realty and the Fund's other data center REIT investment in **Equinix, Inc.**, please see "Top net purchases" later in this letter.

Welltower Inc., an owner and operator of senior housing and medical office buildings, was a contributor to performance during the quarter due to strong cash-flow growth in its senior housing portfolio driven by healthy rent growth and occupancy gains, robust demand from new residents, improving labor expenses, and superior capital deployment by management. Welltower owns and operates senior housing and medical office buildings in the U.S. and internationally. We believe the company continues to be well positioned to benefit from cyclical and secular growth over the coming years and has a credible path to double its senior housing operating cash flow organically over the next four to five years. In addition, we believe the current constrained financing environment will create attractive external growth opportunities for the company to acquire quality assets at attractive prices.

The shares of **Tanger Factory Outlet Centers, Inc.**, a real estate owner of the second largest outlet center portfolio in the U.S., increased modestly following strong quarterly results. We met with CEO Stephen Yalof and CFO Michael Billerman earlier this year and came away impressed. The management team continues to look for opportunities to manage the business more profitably, prioritize Tanger's digital transformation, and expand outlet center offerings. Tanger, unlike mall REITs, focuses solely on retail outlets so it is immune from department store tenant risk. We believe the shares are attractively valued and are optimistic about the company's long-term prospects.

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

	Quarter End Market Cap or Market Cap When Sold (billions)	Percent Impact
Prologis, Inc.	$103.7	–0.78%
Equinix, Inc.	68.0	–0.61
Wynn Resorts, Limited	10.5	–0.50
Brookfield Renewable Corporation	8.8	–0.48
Invitation Homes, Inc.	19.4	–0.42

The shares of **Prologis, Inc.**, the world's largest industrial REIT, declined in the third quarter of 2023 along with most REITs. We are big fans of CEO Hamid Moghadam and Prologis' management team, and we remain optimistic about the company's long-term growth outlook.

Prologis owns a high-quality real estate portfolio that is concentrated in major global trade markets and large population centers across the Americas, Europe, and Asia. Prologis has an unmatched global platform, strong competitive advantages (scale, data, and technology), and attractive embedded growth prospects. The company is the only industrial REIT with an A credit rating.

We continue to believe the appreciation potential for Prologis shares remain compelling given that the company's rents on its in-place leases are more than 65% below current market rents, thus providing a strong runway for growth in the next three to five years.

The shares of **Equinix**, **Inc.**, the premier global operator of network-dense, carrier-neutral colocation data centers with operations across 32 countries, declined 7.1% in the third quarter following a 20.4% gain in the first six months of 2023. In the last few months, we have spent time with CEO Charles Meyers and CFO Keith Taylor and are encouraged about the company's long-term prospects. Ultimately, we believe the underlying demand vectors, strong pricing power, favorable supply backdrop, and interconnection focus will support approximately 10% cash-flow-per-share growth for the next several years with upside from further scaling of digital services, incremental AI demand, and select M&A opportunities. We remain optimistic about the prospects for Equinix shares over the next several years.

The shares of **Wynn Resorts, Limited**, an owner and operator of hotels and casino resorts, declined 14.5% during the period held in the third quarter.

We remain optimistic about the multi-year prospects for the company. We believe the re-emergence of business activity in Macau will drive additional shareholder value. If cash flow returns to the level achieved in 2019 prior to COVID-19, we believe Wynn's shares will increase to $150 per share, or more than 60% higher than where they have recently traded.

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

Recent Activity

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

	Quarter End Market Cap (billions)	Amount Purchased (millions)
Wynn Resorts, Limited	$10.5	$4.8
Digital Realty Trust, Inc.	37.4	4.3
DiamondRock Hospitality Company	1.7	2.5
Equinix, Inc.	68.0	2.5
First Industrial Realty Trust, Inc.	6.3	1.9

In the third quarter, we re-acquired shares of **Wynn Resorts, Limited**, which we discuss in detail above.

We believe the multi-year prospects for real estate data centers are compelling – perhaps as strong as they have ever been. Accordingly, we recently increased our exposure to data center REITs by acquiring additional shares in **Digital Realty Trust, Inc.** and **Equinix, Inc.**

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

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

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

We initiated a position in **DiamondRock Hospitality Company** during the quarter. DiamondRock owns high-quality hotel assets skewed towards resort and leisure. While macroeconomic concerns have limited near-term share price performance, we continue to believe that the value of the 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.

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

	Quarter End Market Cap or Market Cap When Sold (billions)	Amount Sold (millions)
American Tower Corporation	$74.4	$2.8
Brookfield Renewable Corporation	8.8	2.4
Public Storage Incorporated	46.3	1.4
Travel + Leisure Co.	2.7	1.2
VICI Properties Inc.	29.5	1.0

Early in 2023, we reduced the majority of our position in **American Tower Corporation**, a global operator of over 200,000 wireless towers, and exited our small position in the third quarter. While we are positive on the long-term secular trends underpinning American Tower's business, we concluded in late 2022 and early 2023 that growth expectations were too high given forthcoming headwinds from significantly higher financing costs (20%-plus exposure to floating rate debt), upcoming debt maturities, continued payment shortfalls from a key tenant in India, foreign exchange headwinds, and a possible reduction in mobile carrier capital expenditures.

As shares have become more attractively valued, growth headwinds are better understood, and with a potential monetization event of its India business, we may look to re-acquire shares.

Shares of **Brookfield Renewable Corporation** underperformed significantly in the quarter. The approximate 100 basis point increase in risk-free rates during the quarter made yield stocks less attractive to investors. In addition, select industry headwinds such as supply-chain issues, development delays, and lower return targets weighed on the shares as well. While Brookfield Renewable has not, to date, been impaired by ongoing industry issues, we exited our position due to ongoing industry concerns and reallocated capital to higher conviction ideas. We may revisit Brookfield Renewable as some of the clouds clear and return prospects become more evident.

We recently trimmed our investment in **Public Storage Incorporated**, a REIT that is the world's largest owner, operator, and developer of self-storage facilities, due to expectations that rent and overall cash-flow growth may continue to moderate.

Public Storage's nearly 2,500 self-storage facilities across the U.S. serve more than one million customers. The company has achieved the #1 market position in 14 of its top 15 markets. Despite our near-term caution, we are optimistic about the company's long-term prospects due to our expectations for strong occupancy, limited new supply, the resumption of solid long-term organic cash-flow growth, and the potential for M&A due to its well-capitalized and low leveraged balance sheet and its ability to increase rents monthly to offset inflation headwinds. We believe Public Storage's shares are currently valued at a discount to private market self-storage values.

Concluding Thoughts on the Prospects for Real Estate and the Fund

We remain mindful that the current economic and investment climate is challenging. Though we do not have a crystal ball regarding the macroeconomic and geopolitical outlook, we remain optimistic about the long-term prospects for the Fund.

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 compelling investment themes. Valuations and return prospects are attractive.

We believe the Fund's approach to investing in REITs and non-REIT real estate companies will shine even brighter in the years ahead.

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

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

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Equinix, Inc.	$ 68.0	$12.6	9.7%
Prologis, Inc.	103.7	12.5	9.6
Digital Realty Trust, Inc.	37.4	12.4	9.5
Welltower Inc.	42.5	9.9	7.6
Invitation Homes, Inc.	19.4	7.3	5.6
American Homes 4 Rent	12.2	6.4	5.0
AvalonBay Communities, Inc.	24.4	6.0	4.6
Equity Residential	22.3	4.3	3.3
Toll Brothers, Inc.	7.9	4.3	3.3
Wynn Resorts, Limited	10.5	4.1	3.1

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

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

Sincerely,

Jeffrey Kolitch
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

After a strong first half, Baron WealthBuilder Fund® (the Fund) declined in the most recent quarter. The Fund fell 4.83% (Institutional Shares) and trailed both its primary S&P 500 Index (the Benchmark) and the MSCI ACWI Index (the Global Index) during the quarter. Those indexes declined 3.27% and 3.40%, respectively. The Morningstar Aggressive Allocation Category average (the Peer Group) declined 3.25% in the period.*

Year-to-date, the Fund's performance modestly trails the Benchmark, but exceeds that of the Global Index. The Fund has appreciated 12.85%. The Benchmark and the Global Index have appreciated 13.07% and 10.06%, respectively. The Peer group increased 6.21% over this same period.

Despite a challenging and turbulent market for growth equities since the Fund's founding, the Fund has outperformed its indexes since its inception. Since inception, the Fund has had an annualized return of 11.26%. This compares to the Benchmark's and Global Index's annualized returns of 10.48% and 6.29%, respectively.

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 September 30, 2023

	Baron WealthBuilder Fund Retail Shares[1,2]	Baron WealthBuilder Fund Institutional Shares[1,2]	Baron WealthBuilder Fund TA Shares[1,2]	S&P 500 Index[1]	MSCI ACWI Index[1]
Three Months[3]	(4.93)%	(4.83)%	(4.84)%	(3.27)%	(3.40)%
Nine Months[3]	12.54%	12.85%	12.78%	13.07%	10.06%
One Year	13.75%	14.13%	14.06%	21.62%	20.80%
Three Years	2.71%	3.01%	2.96%	10.15%	6.89%
Five Years	10.26%	10.55%	10.51%	9.92%	6.46%
Since Inception (December 29, 2017)	10.99%	11.26%	11.25%	10.48%	6.29%

In the third quarter, there was significant market volatility. Investors continued to speculate whether interest rate hikes will continue and how long rates will remain at current levels. There was mixed data about domestic employment, inflation, and major foreign economies. These macro factors have particularly weighed on valuations for small- and mid-cap growth businesses, which are heavily represented in the portfolio.

Investors continued to favor select mega-cap growth businesses. As Alex Umansky points out in the Baron Fifth Avenue Growth Fund September 30, 2023 letter, these companies are "very profitable, they have no or low debt, so they're not highly levered, they have high returns on invested capital." Essentially, they are viewed as safe bellwethers during an uncertain environment and also have improved prospects stemming from artificial

Performance listed in the above table is net of annual operating expenses. The gross annual expense ratio for the Retail Shares, Institutional Shares, and TA Shares as of December 31, 2022 was 1.40%, 1.14%, and 1.15%, respectively, but the net annual expense ratio was 1.36%, 1.11%, and 1.11% (includes acquired fund fees of 1.06%, net of expense reimbursements), respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser reimburses certain Fund expenses pursuant to a contract expiring on August 29, 2034, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. BAMCO, Inc. ('BAMCO" or the "Adviser") has agreed that, pursuant to a contract expiring on August 29, 2034, unless renewed for another 11-year term, it will reimburse certain expenses of the Fund, limiting net annual operating expenses (portfolio transaction costs, interest, dividend, acquired fund fees and expenses and extraordinary expenses are not subject to the operating expense limitation) to 0.30% of average daily nest assets of Retail Shares, 0.05% of average daily net assets of Institutional Shares and 0.05% of average daily net assets of TA Shares, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit baronfunds.com or call 1-800-99-BARON.

* As of 9/30/2023, the annualized returns of the Morningstar Aggressive Allocation Category average were 14.83%, 6.33%, 4.86%, and 4.64% for the 1-, 3-, 5-year, and since inception (12/29/2017) periods, respectively.

1 The **S&P 500 Index** measures the performance of 500 widely held large cap U.S. companies. The **MSCI ACWI Index Net (USD)** is an unmanaged, free float-adjusted market capitalization weighted index reflected in US dollars that measures the equity market performance of large- and mid-cap securities across developed and emerging markets. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. The MSCI ACWI Index Net (USD) and the Fund include reinvestment of dividends, net of foreign withholding taxes, while the S&P 500 Index includes reinvestment of dividends before taxes. Reinvestment of dividends positively impacts performance results. The indexes are unmanaged. Index performance is not Fund performance; one cannot invest directly into an index.

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

3 Not annualized.

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intelligence (AI) advances. The seven largest technology-focused stocks (Microsoft, Apple, NVIDIA, Amazon, Meta, Tesla, and Alphabet) in the market-cap weighted S&P 500 Index represented 27.5% of the Benchmark and accounted for 85% of the Benchmark's year-to-date return. With 417 underlying holdings in the Fund, Baron WealthBuilder is underweight all of these holdings except Tesla.

All but one of Baron WealthBuilder's underlying funds declined in the period. Larger-cap strategies tended to retain value better than smaller-cap portfolios. Non-U.S. strategies also had higher rates of decline in the period. Our real estate strategies were negatively impacted by overarching macroeconomic trends and investor sentiment.

Although our style of investing was largely out of favor during this period, we did have pockets of good performance in often overlooked growth segments. The Financials sector has an average portfolio weight of 18.3%. It is only 12.7% of the Benchmark. The returns of our stocks in this sector were 3.40%, while Financials in the Benchmark returned -1.13%. Additionally, the underlying funds had exposure to an array of financial-related businesses that also performed quite well. Out of the top six contributors to performance in the quarter, five (**Guidewire Software, Inc.**, **FactSet Research Systems Inc.**, **Arch Capital Group Ltd.**, **MSCI Inc.**, and **Kinsale Capital Group, Inc.**) were financial-related businesses. Higher interest rates and improved insurance prices should boost the earnings of unique insurers like Arch Capital and Kinsale for years to come. Technology companies servicing financial end markets also performed particularly well in the period. This group includes FactSet, MSCI, and Guidewire. Their end markets are highly regulated and vital. Our competitively advantaged businesses that serve these markets are generally insulated from difficult macroeconomic environments. The businesses owned in the Fund continued to execute on their growth opportunities. There was a perception that FactSet and MSCI's clients were under significant pressure. While client spending has moderated slightly, retention has remained high for both companies. FactSet has expanded its product offering, added different types of users, and managed expense growth appropriately. We expect FactSet to maintain steady growth in various channels while also expanding margins. MSCI's business has also been more resilient than many anticipated. New MSCI offerings in private assets information should expand its addressable market. And finally, Guidewire is nearing the end of its costly technological cloud migration. New deals are improving meaningfully, and infrastructure and research & development costs are being reallocated towards product development. We believe margins should increase over time.

Vertiv Holdings Co was the only non-financial holding in the top six. This business is benefiting from the AI revolution that is also driving the stock prices of many technology behemoths. Vertiv provides cooling and power management for data centers, essential infrastructure to enable AI. AI has higher energy density and requires more cooling than other data center use cases. Vertiv's total addressable market is expanding. The company recently exceeded investors' revenue and earnings expectations and provided an upbeat prospect for its growth.

While these holdings helped blunt some of the market pressures, it was not able to overcome the downdraft in the rest of the underlying funds. The biggest detractors were steadier growth businesses like **IDEXX Laboratories, Inc.** and **CoStar Group, Inc.** Consumers, feeling the pressure from a slowing job market and higher inflation, may pause future discretionary purchases of IDEXX's veterinary lab services. Negative sentiment for the real estate segment (of which CoStar is a data provider) impacted stock prices. But the most significant valuation contraction occurred when there was not a clear catalyst to revitalize growth. **Iridium Communications Inc.**'s stock price decline was particularly pronounced and was the second largest detractor in the quarter. The satellite company's future growth is moderating. Tailwinds for the more mature Voice and Data service, which requires expensive hardware, is abating. *Internet of Things* services, while still exhibiting solid growth, had declining average revenue per user. A shift towards individual customers from industrial use cases is pressuring average user fees. Government services have already been contracted for the next few years. We had anticipated growth would be reinvigorated by its direct-to-device offering. However, Apple entered a deal with a competitor. While Iridium partnered with Qualcomm, this service has yet to be contracted in with major device manufacturers. It is unclear when these deals will be announced or if consumers will be willing to pay for the service. The uncertainty has given some investors pause. We remain confident that the service will eventually be widely available and become a standard offering in future personal devices. However, the timeline for a potentially ubiquitous offering is uncertain.

We encourage you to read the various quarterly letters found on our website and in our full report to gain a deeper understanding of the funds that make up Baron WealthBuilder Fund.

Table II.
Baron Funds Performance
as of September 30, 2023

Institutional Share Class Data

% of Net Assets of Fund		Third Quarter of 2023*	Annualized 12/29/2017 to 9/30/2023	Primary Benchmark	Third Quarter of 2023*	Annualized 12/29/2017 to 9/30/2023
32.4%	**Small Cap**					
4.6%	Baron Discovery Fund	(5.36)%	8.20%	Russell 2000 Growth Index	(7.32)%	3.96%
14.9%	Baron Growth Fund	(3.66)%	10.88%			
12.9%	Baron Small Cap Fund	(3.11)%	8.39%			
6.4%	**Small/Mid Cap**					
6.4%	Baron Focused Growth Fund	(5.29)%	21.14%	Russell 2500 Growth Index	(6.84)%	6.18%
12.7%	**Mid Cap**					
12.7%	Baron Asset Fund	(4.42)%	8.84%	Russell Midcap Growth Index	(5.22)%	8.38%
7.1%	**Large Cap**					
2.8%	Baron Durable Advantage Fund	(0.55)%	12.05%†	S&P 500 Index	(3.27)%	10.13%†
4.3%	Baron Fifth Avenue Growth Fund	(3.48)%	7.48%	Russell 1000 Growth Index	(3.13)%	13.79%
18.8%	**All Cap**					
4.3%	Baron Opportunity Fund	(5.03)%	16.55%	Russell 3000 Growth Index	(3.34)%	13.14%
14.5%	Baron Partners Fund	(7.17)%	24.80%	Russell Midcap Growth Index	(5.22)%	8.38%
9.2%	**Non-U.S./Global**					
2.8%	Baron Emerging Markets Fund	(4.89)%	(2.11)%	MSCI EM Index	(2.93)%	(0.90)%
3.4%	Baron Global Advantage Fund	(6.06)%	4.45%†	MSCI ACWI Index	(3.40)%	5.78%†
3.0%	Baron International Growth Fund	(6.98)%	1.86%	MSCI ACWI ex USA Index	(3.77)%	1.68%
13.3%	**Sector**					
2.6%	Baron FinTech Fund	1.30%	6.56%†	FactSet Global FinTech Index	(6.77)%	(0.83)%†
2.9%	Baron Health Care Fund	(6.05)%	11.21%†	Russell 3000 Health Care Index	(3.88)%	7.73%†
5.7%	Baron Real Estate Fund	(8.19)%	7.64%	MSCI USA IMI Extended Real Estate Index	(6.08)%	5.04%
2.1%	Baron Real Estate Income Fund	(6.46)%	(6.58)%†	MSCI US REIT Index	(7.32)%	(4.70)%†

* Not annualized.

† Performance is calculated from the time the Fund was added to Baron WealthBuilder Fund: Baron Durable Advantage Fund – 3/13/2018; Baron Global Advantage Fund – 1/9/2018; Baron FinTech Fund – 2/27/2020; Baron Health Care Fund – 10/18/2018; and Baron Real Estate Income Fund – 5/17/2021.

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

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 67.4% of the Fund (compared to only 17.8% for the Benchmark). While our small- and mid-cap growth investments have been successful over our Firm's 41-year history, these styles are occasionally out of favor. Today's environment is one of those times. Large-cap growth companies outperformed small-cap growth companies in the quarter and in many instances over the last decade. Since inception of the Fund, the 1-year rolling monthly returns of the Russell 1000 Growth Index have outperformed the Russell 2000 Growth Index 74% of the time. This includes four out of the past five calendar years, and 2023 is shaping up to be no different.

Rather than only examining the Fund's performance over a quarter or a year, we believe it is equally important to understand how the Fund has performed over the course of an economic cycle. The COVID-19 Pandemic and subsequent Macro-Induced Market Rotation has been very difficult for small- and mid-sized growth companies. Investors have favored larger-cap, value-oriented businesses that are deemed safer during a time of uncertainty. We believe this offers a great opportunity for long-term investors to invest in small- and mid-cap growth businesses at attractive prices. Markets first peaked in late February 2020 before rapidly dropping as the economy braced for the COVID-19 Pandemic. It recovered quickly followed by another sizable drop based on macroeconomic factors. Over the three years of the COVID-19 Pandemic 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 the COVID-19 Pandemic will persist. Volatility has remained high, but we are hopeful that interest rate increases, policy factors, and COVID-19 hangovers are ending. Growth has recently begun to outperform value. But safer large caps have continued to perform better than smaller companies. So far, we are optimistic that companies will again be valued on their fundamentals rather than 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. As discussed, the Fund's performance has kept pace with the large-cap Benchmark since the start of the year. However, the Fund's return has continued to meaningfully exceed small- and mid- 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 9/30/2023
Baron WealthBuilder Fund (Institutional Shares)	13.84%	(38.48)%	179.85%	(34.64)%	28.11%	12.85%
S&P 500 Index	5.08%	(33.79)%	115.86%	(16.91)%	24.79%	13.07%
MSCI ACWI Index	2.74%	(33.64)%	102.32%	(18.44)%	12.50%	10.06%
Russell 2000 Growth Index	5.09%	(38.46)%	129.58%	(31.34)%	1.96%	5.24%
Russell Midcap Growth Index	6.97%	(35.71)%	134.05%	(30.42)%	12.00%	9.88%

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

Table IV.
Performance based characteristics since inception through September 30, 2023

	Baron WealthBuilder Fund (Institutional Shares)	S&P 500 Index	Morningstar Allocation 85%+ Equity Category
Alpha (%) – Annualized	(0.37)	0.00	(4.61)
Beta	1.18	1.00	0.92
Sharpe Ratio	0.41	0.48	0.17
Standard Deviation (%) – Annualized	23.18	18.03	16.98
Upside Capture (%)	109.51	100.00	80.39
Downside Capture (%)	110.08	100.00	97.46

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 September 30, 2023

	Percent of Net Assets	S&P 500 Index	MSCI ACWI Index
Consumer Discretionary	23.8%	10.7%	11.2%
Information Technology	18.7	27.5	21.6
Financials	18.7	12.8	15.8
Health Care	12.5	13.4	11.9
Industrials	11.4	8.3	10.4
Real Estate	8.7	2.4	2.3
Communication Services	4.6	8.9	7.6
Materials	0.7	2.4	4.5
Consumer Staples	0.7	6.6	7.1
Energy	0.1	4.7	5.2
Utilities	0.0	2.4	2.6

Table VI.
Fund of fund holdings as of September 30, 2023

	Percent of Net Assets
Baron Growth Fund	14.9%
Baron Partners Fund	14.5
Baron Small Cap Fund	12.9
Baron Asset Fund	12.7
Baron Focused Growth Fund	6.4
Baron Real Estate Fund	5.7
Baron Discovery Fund	4.6
Baron Fifth Avenue Growth Fund	4.3
Baron Opportunity Fund	4.3
Baron Global Advantage Fund	3.4
Baron International Growth Fund	3.0
Baron Health Care Fund	2.9
Baron Durable Advantage Fund	2.8
Baron Emerging Markets Fund	2.8
Baron FinTech 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. Active Share was introduced in 2006 in a study by Yale academics, M. Cremers and A. Petajisto, as a measure of active portfolio management. **Alpha** measures the difference between a fund's actual returns and its expected performance, given its level of risk as measured by beta. **Beta** measures a fund's sensitivity to market movements. The beta of the market is 1.00 by definition. **EPS Growth Rate** (3-5-year forecast) indicates the long term forecasted EPS growth of the companies in the portfolio, calculated using the weighted average of the available 3-to-5 year forecasted growth rates for each of the stocks in the portfolio provided by FactSet Estimates. The EPS Growth rate does not forecast the Fund's performance. **Sharpe Ratio** is a risk-adjusted performance statistic that measures reward per unit of risk. The higher the Sharpe ratio, the better a fund's risk adjusted performance. **Upside Capture** explains how well a fund performs in time periods where the benchmark's returns are greater than zero. **Downside Capture** measures how well a fund performs in time periods where the benchmark's returns are less than zero. **Standard Deviation** (Std. Dev) measures the degree to which a fund's performance has varied from its average performance over a particular time period. The greater the standard deviation, the greater a fund's volatility (risk).

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

Baron WealthBuilder Fund

Baron Funds (Institutional Shares) and Benchmark Performance 9/30/2023

Fund	Primary Benchmark	Annualized Return Since Fund Inception	Annualized Benchmark Return Since Fund Inception	Inception Date	Average Annualized Returns 1-Year	3-Year	5-Year	10-Year	Annual Expense Ratio	Net Assets
SMALL CAP										
Baron Growth Fund	Russell 2000 Growth Index	12.70%	7.29%	12/31/1994	19.48%	6.42%	8.68%	10.28%	1.04%[3]	$7.44 billion
Baron Small Cap Fund†	Russell 2000 Growth Index	9.78%	5.69%	9/30/1997	17.71%	1.97%	5.94%	9.06%	1.04%[3]	$4.22 billion
Baron Discovery Fund†	Russell 2000 Growth Index	11.44%	6.72%	9/30/2013	9.25%	(2.34)%	3.68%	11.44%	1.06%[3]	$1.28 billion
SMALL/MID CAP										
Baron Focused Growth Fund[1]	Russell 2500 Growth Index	13.09%	7.65%	5/31/1996	11.18%	9.69%	20.78%	15.22%	1.06%[4]	$1.14 billion
MID CAP										
Baron Asset Fund†	Russell Midcap Growth Index	11.09%	9.86%[2]	6/12/1987	17.10%	0.60%	6.33%	10.32%	1.04%[3]	$4.37 billion
LARGE CAP										
Baron Fifth Avenue Growth Fund†	Russell 1000 Growth Index	8.40%	10.91%	4/30/2004	24.53%	(7.25)%	4.41%	10.46%	0.76%/0.75%[3][6]	$461.43 million
Baron Durable Advantage Fund	S&P 500 Index	12.79%	10.48%	12/29/2017	33.65%	10.95%	13.18%	N/A	1.10%/0.70%[3][7]	$100.21 million
ALL CAP										
Baron Partners Fund[1]	Russell Midcap Growth Index	15.00%	9.52%	1/31/1992	5.96%	12.78%	24.82%	19.31%	1.44%[4][5]	$6.46 billion
Baron Opportunity Fund†	Russell 3000 Growth Index	8.59%	6.23%	2/29/2000	24.39%	0.96%	13.21%	13.40%	1.05%[3]	$999.37 million
NON-U.S./GLOBAL										
Baron Emerging Markets Fund†	MSCI EM Index	2.71%	0.98%	12/31/2010	10.07%	(5.24)%	0.36%	2.29%	1.12%[4]	$4.54 billion
Baron Global Advantage Fund†	MSCI ACWI Index	9.46%	8.32%	4/30/2012	(0.36)%	(14.41)%	3.62%	8.85%	0.94%/0.91%[4][8]	$682.53 million
Baron International Growth Fund†	MSCI ACWI ex USA Index	8.55%	6.19%	12/31/2008	14.66%	(1.84)%	2.70%	4.73%	0.99%/0.95%[4][9]	$482.27 million
Baron New Asia Fund	MSCI AC Asia ex Japan Index	(12.92)%	(11.13)%	7/30/2021	6.31%	N/A	N/A	N/A	7.22%/1.20%[4][10]	$4.23 million
SECTOR										
Baron Real Estate Fund	MSCI USA IMI Extended Real Estate Index	12.64%	10.03%	12/31/2009	12.10%	3.14%	10.40%	9.22%	1.07%[4]	$1.48 billion
Baron Real Estate Income Fund	MSCI US REIT Index	6.20%	1.64%	12/29/2017	3.33%	2.84%	7.11%	N/A	0.96%/0.80%[4][11]	$130.04 million
Baron Health Care Fund†	Russell 3000 Health Care Index	11.62%	9.52%	4/30/2018	7.80%	3.63%	9.35%	N/A	0.90%/0.85%[4][12]	$199.31 million
Baron FinTech Fund†	FactSet Global FinTech Index	6.50%	(2.22)%	12/31/2019	17.39%	(0.74)%	N/A	N/A	1.20%/0.95%[4][13]	$52.49 million
Baron Technology Fund	MSCI ACWI Information Technology Index	(14.19)%	(6.71)%	12/31/2021	29.44%	N/A	N/A	N/A	6.42%/0.95%[4][14]	$7.04 million
EQUITY ALLOCATION										
Baron WealthBuilder Fund	S&P 500 Index	11.26%	10.48%	12/29/2017	14.13%	3.01%	10.55%	N/A	1.14%/1.11%[4][15]	$494.42 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 September 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).
(11) Gross annual expense ratio was 0.96%, but the net annual expense ratio was 0.80% (net of Adviser's fee waivers).
(12) Gross annual expense ratio was 0.90%, but the net annual expense ratio was 0.85% (net of Adviser's fee waivers).
(13) Gross annual expense ratio was 1.20%, but the net annual expense ratio was 0.95% (net of Adviser's fee waivers).
(14) Gross annual expense ratio was 6.42%, but the net annual expense ratio was 0.95% (net of Adviser's fee waivers and expense reimbursements).
(15) Gross annual expense ratio was 1.14%, but the net annual expense ratio was 1.11% (includes acquired fund fees and expenses, net of 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 September 30, 2023, Baron Health Care Fund® (the Fund) declined 6.05% (Institutional Shares), compared with the 3.88% loss for the Russell 3000 Health Care Index (the Benchmark) and the 3.27% loss for the S&P 500 Index. Year-to-date through September 30, 2023, the Fund declined 1.17%, the Benchmark declined 3.83%, and the S&P 500 Index increased 13.07%. Since inception (April 30, 2018), the Fund increased 11.62% on an annualized basis compared with the 9.52% gain for the Benchmark and the 11.24% gain for the S&P 500 Index.

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

	Baron Health Care Fund Retail Shares[1,2]	Baron Health Care Fund Institutional Shares[1,2]	Russell 3000 Health Care Index[1]	S&P 500 Index[1]
Three Months[3]	(6.13)%	(6.05)%	(3.88)%	(3.27)%
Nine Months[3]	(1.36)%	(1.17)%	(3.83)%	13.07%
One Year	7.58%	7.80%	7.27%	21.62%
Three Years	3.38%	3.63%	5.64%	10.15%
Five Years	9.08%	9.35%	6.86%	9.92%
Since Inception (April 30, 2018)	11.34%	11.62%	9.52%	11.24%

The Fund trailed the Benchmark by 217 basis points this quarter due to a combination of stock selection and active sub-industry weights. Investments in health care equipment, life sciences tools & services, biotechnology, and health care supplies accounted for most of the underperformance in the period. Adverse stock selection in health care equipment was linked to concerns about growing adoption of diabetes and weight loss medicines Wegovy, Ozempic, Mounjaro and future generations of drugs in this class and how adoption would impact the growth prospects of certain Fund holdings, namely sleep apnea treatment leader **Inspire Medical Systems, Inc.** and diabetes device companies **DexCom, Inc.** and **Insulet Corporation**. Novo Nordisk released SELECT trial results in early August showing that its GLP-1 weight loss medicine Wegovy reduced the risk of major adverse cardiovascular events compared to placebo by 20% in adults aged 45 or older who are overweight or obese and have established cardiovascular disease with no prior history of diabetes. Based on these compelling health benefits, investors concluded that the GLP-1 drug class would eventually be broadly covered by payors and broadly adopted in the U.S. This news drove sharp gains in **Eli Lilly and Company** and Novo Nordisk, while shares of companies like Inspire Medical, DexCom, and Insulet suffered severe losses. We discuss most of these stocks later in this letter.

NEAL KAUFMAN

PORTFOLIO MANAGER

Retail Shares: BHCFX
Institutional Shares: BHCHX
R6 Shares: BHCUX

Performance listed in the above table is net of annual operating expenses. The gross annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2022 was 1.21% and 0.90%, respectively, but the net annual expense ratio was 1.10% and 0.85% (net of the Adviser's fee waivers), respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser reimburses certain Fund expenses pursuant to a contract expiring on August 29, 2034, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit baronfunds.com or call 1-800-99-BARON.

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

1 The **Russell 3000® Health Care Index** is an unmanaged index representative of companies involved in medical services or health care in the Russell 3000 Index, which is comprised of the 3,000 largest U.S. companies as determined by total market capitalization. The **S&P 500 Index** measures the performance of 500 widely held large cap U.S. companies. All rights in the FTSE Russell Index (the "Index") vest in the relevant LSE Group company which owns the Index. Russell® is a trademark of the relevant LSE Group company and is used by any other LSE Group company under license. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. The Fund includes reinvestment of dividends, net of withholding taxes, while the Russell 3000® Health Care Index and S&P 500 Index include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts the performance results. The indexes are unmanaged. Index performance is not Fund performance; one cannot invest directly into an index.

2 The performance data in the table does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemptions of Fund shares.

3 Not annualized.

Weakness in life sciences tools & services was driven by double-digit declines from cancer diagnostics company **Exact Sciences Corporation** and precision instruments provider **Mettler-Toledo International Inc.** After rallying in the first half of the year as concerns regarding a competing blood-based screening test dissipated, Exact Sciences' shares pulled back this quarter because the company's quarterly results fell short of lofty expectations. We discuss Exact Sciences later in this letter. Mettler's stock declined in response to disappointing second quarter financial results and lowered 2023 guidance. Management noted market conditions in China have worsened considerably, particularly among biopharmaceutical customers who are delaying investment decisions as they wait for government stimulus. Management also stated that global manufacturing Purchasing Managers' Indexes have continued to trend lower. We think these headwinds are temporary and continue to believe Mettler has a solid long-term outlook. Another material detractor in the sub-industry was **Bio-Techne Corporation**, a leading developer and manufacturer of reagents, instruments, and services for the life sciences research, diagnostics, and bioprocessing markets. Bio-Techne's shares were pressured by various headwinds in the life sciences tools end market including reduced biotechnology funding, continued inventory destocking by customers, and a slowdown in China.

The relative shortfall in biotechnology mostly had to do with not owning a few larger cap names, particularly AbbVie Inc., Amgen Inc., and Regeneron Pharmaceuticals, Inc., whose share prices were up double digits for the quarter as investors flocked to larger, safer, cash flow positive biotechnology companies as long-term interest rates rose. These losses were somewhat offset by strong performance from **argenx SE** and **Rocket Pharmaceuticals, Inc.** The Fund's higher exposure to heath care supplies via positions in **The Cooper Companies, Inc.** and **Neogen Corp.** also proved costly as the sub-industry was among the worst performers in the Benchmark during the quarter.

Partially offsetting the above was favorable stock selection in pharmaceuticals and health care distributors along with cash exposure in a declining market. Strength in pharmaceuticals and health care distributors was driven by gains from Lilly and **McKesson Corporation**, respectively. Global pharmaceutical company Lilly was the largest contributor due to strong second quarter sales of Mounjaro and ongoing enthusiasm surrounding the company's obesity and diabetes franchises. McKesson is a leading distributor of pharmaceuticals and medical supplies and also provides prescription technology solutions that connect pharmacies, providers, payers, and biopharmaceutical customers. McKesson's stock performed well due to strong financial results in the company's pharmaceutical distribution and prescription technology solutions businesses, driven in part by higher volumes of GLP-1 medicines and prior authorization technology services related to GLP-1 medicines.

Our strategy is to identify competitively advantaged growth companies that we can own for years. Similar to the other Baron Funds, we remain focused on finding businesses that we believe have secular growth opportunities, durable competitive advantages, and strong management teams. We conduct independent research and take a long-term perspective. We are particularly focused on businesses that solve problems in health care, whether by reducing costs, enhancing efficiency, and/or improving patient outcomes.

We continue to think the Health Care sector will offer attractive investment opportunities over the next decade and beyond. Health Care is one of the largest and most complex sectors in the U.S. economy, accounting for an estimated 17.4% of GDP in 2022 and encompassing a diverse array of sub-industries. Health Care is also a dynamic industry undergoing changes driven by legislation, regulation, and advances in science and technology. We think navigating these changes requires investment experience and sector expertise, which makes the Health Care sector particularly well suited for active management.

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

	Percent Impact
Eli Lilly and Company	1.03%
argenx SE	0.47
UnitedHealth Group Incorporated	0.42
Rocket Pharmaceuticals, Inc.	0.12
Arcellx, Inc.	0.10

Eli Lilly and Company is a global pharmaceutical company that discovers, develops, manufactures, and sells medicines in the categories of diabetes, oncology, neuroscience, and immunology, among other areas. Stock performance was strong due to strong second quarter sales of blockbuster diabetes/obesity medicine Mounjaro and ongoing enthusiasm surrounding the company's obesity and diabetes franchises, particularly after Novo Nordisk released its SELECT trial results. We continue to think Lilly is well positioned to grow revenue and earnings at attractive rates through the end of the decade and beyond.

Argenx SE is a commercial stage biopharmaceutical company focused on developing and commercializing therapies for rare autoimmune diseases. Shares increased in the quarter after the company reported positive data from a study of Vyvgart Hytrulo in adults with chronic inflammatory demyelinating polyneuropathy (CIDP). CIDP is an important commercial market representing billions of dollars in potential sales, which adds to the overall revenue opportunity for the Vyvgart franchise. We expect additional upcoming clinical data readouts to further increase the revenue opportunity for argenx.

UnitedHealth Group Incorporated is a diversified health and well-being company with $200 billion in revenue that operates across four segments, United Healthcare, Optum Health, OptumInsight, and OptumRX, serving 134 million individuals in all 50 states and more than 125 countries. Shares increased on a second quarter upside surprise, including an EPS beat and medical loss ratio of 82.3%, 30 basis points better than investors had feared after management's warning of higher Medicare Advantage utilization. Investors were also reassured by management confidence that it had priced to trend, which it backed up by raising the low end of 2023 guidance. We remain positive on this market-leading managed care company with revenue twice that of its closest competitor. The company continues to gain Medicare Advantage share given attractive and stable benefits and could achieve greater profitability as medical management is deployed across newer, higher acuity lives. We believe UnitedHealth has a broad number of levers at its command and can sustainably deliver 13% to 16% annual long-term earnings growth.

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

	Percent Impact
Inspire Medical Systems, Inc.	–1.12%
DexCom, Inc.	–1.02
Exact Sciences Corporation	–0.70
Intuitive Surgical, Inc.	–0.65
Insulet Corporation	–0.56

Inspire Medical Systems, Inc. offers a treatment option called hypoglossal nerve stimulation for patients with moderate-to-severe obstructive sleep apnea who are unable to use or get benefit from continuous positive airway pressure. The stock declined after Novo Nordisk released SELECT trial results. The trial results have led to investor concerns that GLP-1 medicines may be broadly reimbursed by payors and widely adopted in the future. While this has raised questions about the long-term impact of GLP-1 drugs on the size of Inspire Medical's addressable market and the terminal value of the stock as weight loss can significantly reduce the severity of sleep apnea, the net impact remains unclear as some severely obese patients who would otherwise be ineligible for the company's therapy could become candidates for treatment after losing weight. We retain conviction in Inspire Medical's growth outlook.

DexCom, Inc. is a leading provider of continuous glucose monitoring technology (CGM) for people with diabetes. The stock declined after Novo Nordisk released SELECT trial results. The trial results have led to investor concerns that Wegovy and medications in the same class (Ozempic, Mounjaro, and other drugs in development) may be broadly reimbursed by payors and widely adopted. This has raised questions about the long-term impact of GLP-1 drugs on the size of DexCom's addressable market and the terminal value of the stock as these new medications could slow the progression of diabetes for those who are pre-diabetic and reduce the need for insulin for those with Type 2 diabetes. We think GLP-1 drugs will be used in conjunction with CGM technology, which will remain a critical diabetes management tool. We continue to believe DexCom has an attractive long-term growth runway ahead.

Exact Sciences Corporation is a cancer diagnostics company whose flagship product is Cologuard, a stool-based screening test for colon cancer. The stock declined because financial results did not satisfy lofty expectations and there was a broader sell-off in the diagnostics stocks. We retain conviction in the investment, though we reduced the position size to manage risk ahead of privately held company Freenome's clinical trial readout of a potentially competing blood-based screening test for colorectal cancer. We believe the screening market for colon cancer is vast, and management continues to build optionality by moving several liquid biopsy programs of their own through the pipeline.

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 September 30, 2023, we held 38 stocks. This compares with 528 stocks in the Benchmark. International stocks represented 14.5% of the Fund's net assets. The Fund's 10 largest holdings represented 49.8% 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 technology and underweight in pharmaceuticals, health care services, biotechnology, and health care equipment. The market cap range of the investments in the Fund was $150 million to $510 billion with a weighted average market cap of $156 billion. This compared with the Benchmark's weighted average market cap of $193 billion.

We continue to invest in multiple secular growth themes in Health Care, such as genomics/genetic testing/genetic medicine, technology-enabled drug development/discovery, minimally invasive surgery, diabetes devices and therapeutics, anti-obesity medications, *picks and shovels* life sciences tools providers, the shift to lower cost sites of care, value-based health care, growth of Medicare Advantage, and animal health, among others. To be clear, this list is not exhaustive: we own stocks in the portfolio that do not fit neatly into these themes and there are other themes not mentioned here that are in the portfolio. We evaluate each stock on its own merits.

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

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
UnitedHealth Group Incorporated	2018	$227.2	$467.0	$18.9	9.5%
Eli Lilly and Company	2021	187.4	509.9	18.6	9.3
argenx SE	2018	2.8	28.8	9.1	4.6
Merck & Co., Inc.	2022	205.6	261.2	9.0	4.5
Thermo Fisher Scientific Inc.	2019	117.4	195.4	9.0	4.5
Intuitive Surgical, Inc.	2018	49.9	102.7	8.8	4.4
Vertex Pharmaceuticals Incorporated	2022	61.4	89.7	8.0	4.0
DexCom, Inc.	2018	8.3	36.2	6.3	3.2
Boston Scientific Corporation	2023	73.4	77.3	5.9	3.0
Zoetis Inc.	2019	55.8	80.1	5.5	2.8

Table V.
Fund investments in GICS sub-industries as of September 30, 2023

	Percent of Net Assets
Pharmaceuticals	19.3%
Life Sciences Tools & Services	17.4
Biotechnology	17.1
Health Care Equipment	16.9
Managed Health Care	12.5
Health Care Supplies	3.7
Health Care Distributors	2.4
Health Care Facilities	2.3
Health Care Technology	2.0
Cash and Cash Equivalents	6.4
Total	100.0%*

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

Recent Activity

During the third quarter, we did not add any new positions and exited four positions. Below we discuss some of our top net purchases and sales.

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

	Quarter End Market Cap (billions)	Amount Purchased (millions)
argenx SE	$ 28.8	$3.6
Shockwave Medical, Inc.	7.3	2.0
Boston Scientific Corporation	77.3	1.8
Legend Biotech Corporation	11.4	1.0
Danaher Corporation	183.2	0.9

We added to our position in **argenx SE**, a commercial stage biopharmaceutical company focused on developing and commercializing therapies for rare autoimmune diseases. In July, argenx reported positive data from a study of Vyvgart Hytrulo in adults with CIDP. The study met its primary endpoint demonstrating a significantly lower risk of relapse with Vyvgart Hytrulo versus a placebo. This positive data adds to the commercial opportunity for Vyvgart, which is in the early stages of commercial launch for the treatment of myasthenia gravis (MG). We estimate CIDP represents an additional $3 billion revenue opportunity. We believe Vyvgart and the subcutaneous version Vyvgart Hytrulo have the potential to generate at least $7 billion in peak sales in MG, CIDP, primary immune thrombocytopenia, and pemphigus vulgaris. Plus, the company is studying Vyvgart in other autoimmune diseases and the ultimate peak sales potential for the franchise could be much higher. We continue to believe argenx is a unique growth company with strong management.

We added to our position in **Shockwave Medical, Inc.**, a medical device company that sells products for the treatment of peripheral artery disease and coronary artery disease. The company's catheters emit sonic waves to crack calcium in the plaque and open up the arteries (called intravascular lithotripsy or IVL). Shockwave is the only player on the market today with IVL catheters. Competing devices include plain balloons to push out plaque, and atherectomy, which uses blades or lasers to scrape away plaque. Plain balloons have difficulty removing hard, calcified plaque, and both of these alternative methods carry risks of damaging the artery. In contrast, IVL uses sonic waves to selectively target calcium plaque while leaving arteries undamaged. IVL also enables penetration deep into artery walls to crack hidden calcium. According to physicians, IVL is safe and easy to use, and adoption has been rapid, which has driven strong revenue growth for Shockwave. There is some uncertainty about the level of Medicare rates for IVL coronary artery procedures in the outpatient setting when a temporary add-on payment expires next year, but recently Medicare created new reimbursement codes specifically for IVL for the inpatient setting, which is encouraging. Meanwhile, Shockwave continues to advance its new product pipeline and expand in international markets. We think the company can grow revenue 20% or better for at least the next few years. The company is already highly profitable with higher than 20% operating margins and room to expand further.

We added to our position in **Boston Scientific Corporation**, a global developer, manufacturer, and marketer of medical devices that are used in a broad range of interventional medical specialties. We wrote about Boston Scientific last quarter. We believe Boston Scientific can grow revenue in the high single digits, driven by differentiated products used to treat atrial fibrillation, among others. The company held an Investor Day during the quarter at which management established financial targets for the 2024–2026 period calling for an organic sales CAGR of 8% to 10%, 150 basis points of margin expansion and strong double-digit adjusted EPS growth and improved free-cash-flow conversion. We think this growth profile makes Boston Scientific a compelling name within the large medical device universe.

We added to **Legend Biotech Corporation**, a biotechnology company developing cell therapies for cancer. The company's lead product is Carvykti, a cell therapy for the treatment of multiple myeloma, a blood cancer affecting over 200,000 people in the U.S. alone. We wrote about Legend Biotech last quarter and retain conviction in the investment thesis.

We added to **Danaher Corporation**, which recently completed the spinoff of its non-life sciences businesses to become a pure-play life sciences tools company. Although near-term trends in the bioprocessing market remain challenging, we like the long-term growth drivers in this business and think Danaher is well positioned.

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

	Amount Sold (millions)
Abbott Laboratories	$2.5
Exact Sciences Corporation	1.3
Humana Inc.	1.1
Elevance Health, Inc.	1.1
Moderna, Inc.	1.0

We sold **Abbott Laboratories** to raise cash for potential new ideas with higher growth potential. We reduced our positions in **Humana Inc.** and **Elevance Health, Inc.** to lower our overall exposure to managed care. We trimmed our position in **Exact Sciences Corporation** as discussed earlier. We took a tax loss in **Moderna, Inc.**

Outlook

One of the biggest growth categories in health care is the adoption of GLP-1 medicines to treat Type 2 diabetes and obesity. GLP-1 medicines work by stimulating insulin production, decreasing glucagon secretion, slowing gastric emptying, and increasing satiety. This results in improved glucose control and weight loss. Although GLP-1s have been used to treat Type 2 diabetes for many years, the newest generation of GLP-1s (Ozempic, Wegovy, Mounjaro) are more effective and can help people lose 15% to 20% or more of their body weight.

The announcement of Novo Nordisk's SELECT trial results in early August demonstrated that these newer GLP-1s don't just treat Type 2 diabetes and cause weight loss, they also benefit patients' cardiovascular health. GLP-1s are being studied in other outcomes trials to demonstrate whether they have other health benefits. If these trials read out positively, we could be entering a new era with improved public health and lower downstream medical costs. The SELECT news sent shockwaves throughout the market as investors digested the potential impact of widespread adoption of GLP-1s on health care companies, food and beverage manufacturers, restaurants, retailers, and even tobacco and gaming companies.

When thinking about how big the market for GLP-1s could be, the numbers get large. There are roughly 100 million people in the U.S. who have obesity without diabetes and another roughly 33 million diagnosed adults with Type 2 diabetes. One possible precedent is the market for cholesterol and blood pressure medications that are roughly 50% penetrated on a compliance-adjusted basis. If we assume 40% of the non-diabetic obese population plus 60% of the Type 2 adults population take and stay on a GLP-1 medicine (a key variable since some patients may cycle on and off therapy), that implies roughly 60 million people taking GLP-1s in the future in this country alone.

We have positioned the Fund to benefit from this trend by maintaining a large position in **Eli Lilly and Company**, which we believe will remain a leader in the field with its drug Mounjaro and its deep pipeline of next generation GLP-1 medicines. Analysts now estimate the GLP-1 drug class could surpass $100 billion in revenue by the end of the decade and we expect Lilly to hold a meaningful share of that market. We also have positions in **West Pharmaceutical Services, Inc.** and **Stevanato Group S.p.A**, both of which are beneficiaries of GLP-1 injectable medicine uptake. West makes syringe plungers that are used in injection devices and Stevanato makes glass syringes and cartridges that go into pens and autoinjectors. **McKesson Corporation**, another Fund holding, also benefits from distribution of GLP-1 medicines and prior authorization technology services related to GLP-1 medicines.

Moving beyond the GLP-1 discussion and turning to managed care, the second quarter's scare about medical cost trends has dissipated as recent commentary by managed care companies has noted relatively stable trends. Although managed care stocks have faced a challenging 2023 due to heightened political and regulatory scrutiny of the Medicare Advantage program and the pharmacy benefit management industry, less favorable Medicare Advantage rates for 2024, and an uptick in medical cost trends, we continue to believe the managed care stocks we own are well positioned for long-term growth.

During the quarter, the Center for Medicare and Medicaid Services released the list of the first 10 drugs that will be subject to price negotiation under the Medicare Drug Price Negotiation Program (the Program) that Congress established as part of the Inflation Reduction Act. For the most part, the list did not surprise investors, and many of the drugs on the list will be close to patent expiration around the time they become subject to negotiation. We continue to track litigation challenging the constitutionality of the Program. We are also monitoring whether the Program leads to an overall change in biopharmaceutical R&D spending or a shift in spending towards large molecule biologics and away from small molecules because of the different treatment of these drugs in the legislation (13-year period without Medicare drug price negotiation for biologics vs. 9 years for small molecules).

In biotechnology, we continue to focus on select biotechnology companies that we believe have innovative products and are well funded and well positioned in a more difficult pricing environment. Examples include **argenx SE**, a developer of therapeutic antibodies for severe autoimmune diseases; **Rocket Pharmaceuticals, Inc.**, a developer of gene therapies for rare, undertreated diseases; and **Legend Biotech Corporation**, a developer of cell therapies for blood cancers such as multiple myeloma.

After benefiting during COVID and then having a challenging 2022, life sciences tools stocks continue to face multiple headwinds in 2023, including a pullback in spending by pharmaceutical customers, lower funding for biotechnology customers, a growth slowdown in China, and inventory destocking by biotechnology drug manufacturers. Although market conditions in China deteriorated in the third quarter, we believe the headwinds are temporary. We remain invested in several life sciences tools companies with secular growth drivers, pricing power, recurring revenues, high margins, and low-capital intensity.

Overall, our long-term outlook for Health Care remains bullish. Innovation in the sector and the themes in which we have been investing are very much intact. We believe the Fund holds competitively advantaged growth companies with pricing power, strong management, and excellent balance sheets.

As always, I would like to thank my colleague Josh Riegelhaupt, Assistant Portfolio Manager of Baron Health Care Fund, for his invaluable contributions to the Fund.

Thank you for investing in Baron Health Care Fund. I remain an investor in the Fund, alongside you.

Sincerely,

Neal Kaufman

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 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 investments in health care companies which are subject to a number of risks, including the adverse impact of legislative actions and government regulations. The Fund is non-diversified, which means it may have a greater percentage of its assets in a single issuer than a diversified fund. The Fund invests in small and medium-sized companies whose securities may be thinly traded and more difficult to sell during market downturns.

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

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

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

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

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

DEAR BARON FINTECH FUND SHAREHOLDER:

PERFORMANCE

In the quarter ended September 30, 2023, Baron FinTech Fund® (the Fund) rose 1.30% (Institutional Shares) compared with a 6.77% loss for the FactSet Global FinTech Index (the Benchmark). Since inception (December 31, 2019), the Fund has risen 6.50% on an annualized basis compared with a 2.22% decline for the Benchmark.

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

	Baron FinTech Fund Retail Shares[1,2]	Baron FinTech Fund Institutional Shares[1,2]	FactSet Global FinTech Index[1]	S&P 500 Index[1]
Three Months[3]	1.14%	1.30%	(6.77)%	(3.27)%
Nine Months[3]	11.54%	11.82%	6.75%	13.07%
One Year	17.03%	17.39%	10.93%	21.62%
Three Years	(1.01)%	(0.74)%	(6.12)%	10.15%
Since Inception (December 31, 2019)	6.23%	6.50%	(2.22)%	9.61%

JOSH SALTMAN

PORTFOLIO MANAGER

Retail Shares: BFINX
Institutional Shares: BFIIX
R6 Shares: BFIUX

This year's market rally stalled in the third quarter with the S&P 500 Index down over 3%. Persistent inflation and higher interest rates again weighed on investor sentiment. Hawkish commentary from the Federal Reserve raised expectations that interest rates will remain higher for longer, with U.S. Treasury yields reaching multi-decade highs. Fiscal deficits, high profile labor strikes, and the possibility of a U.S. government shutdown added to market weakness. Most sectors closed lower for the quarter except for Energy, which rose along with higher oil prices, and Communication Services, which rose mostly due to gains from mega-caps Alphabet and Meta. Small caps were down the most in the third quarter, falling further behind large caps for the year. Growth trailed value across most size segments, with the largest dispersion in small cap. Despite recent underperformance, growth continues to hold an advantage over value this year.

The Fund managed a small gain in a difficult third quarter, meaningfully outperforming the Benchmark and the broader market. Performance was broad-based with six of the Fund's seven investment themes outperforming the Benchmark. Leaders again outpaced Challengers (up 2.3% vs. down 0.5%, respectively) even though both categories outperformed the Benchmark.

Favorable stock selection in Tech-Enabled Financials drove over one-third of this quarter's outperformance, led by gains from alternative asset manager and insurance company **Apollo Global Management, Inc.** and independent broker-dealer **LPL Financial Holdings Inc.** Apollo was the top contributor after the company's insurance business, Athene, took in significant inflows due to greater investor demand for annuities. Given the strong growth in its insurance business, Apollo will likely exceed its full-year guidance. LPL shares

Performance listed in the above table is net of annual operating expenses. The gross annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2022 was 1.63% and 1.20%, respectively, but the net annual expense ratio was 1.20% and 0.95% (net of the Adviser's fee waivers), respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser reimburses certain Fund expenses pursuant to a contract expiring on August 29, 2034, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit baronfunds.com or call 1-800-99-BARON.

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

1 The **FactSet Global FinTech Index™** is an unmanaged and equal-weighted index that measures the equity market performance of companies engaged in Financial Technologies, primarily in the areas of software and consulting, data, and analytics, digital payment processing, money transfer, and payment transactional-related hardware across 30 developed and emerging markets. The **S&P 500 Index** measures the performance of 500 widely held large cap U.S. companies. The Fund includes reinvestment of dividends, net of withholding taxes, while the FactSet Global Fintech Index™ and S&P 500 Index include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts the performance results. The indexes are unmanaged. Index performance is not Fund performance; one cannot invest directly into an index.

2 The performance data in the table does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemptions of Fund shares.

3 Not annualized.

benefited from strong organic growth and higher interest rates. The company continued to gain market share as it amassed assets not only from new advisor recruitment but also increasingly from its ability to win large enterprise deals from banks and insurers. The higher interest rate environment raises the yield that LPL earns on client cash balances.

Stock-specific strength in Capital Markets more than offset the Fund's higher exposure to this lagging category. Electronic trading marketplace **Tradeweb Markets Inc.** led the way in the group as trading activity picked up nicely following a slow start to the year, with the company poised to return to double-digit revenue growth. Interest rate trading volume grew 31% in the third quarter, and credit trading activity improved with significant market share gains in U.S. corporate bonds. The other drivers of performance in the category were global investment bank **Houlihan Lokey, Inc.**, derivatives exchange **CME Group, Inc.**, and securities firm **Interactive Brokers Group, Inc.** Performance in Payments was bolstered by gains from **Mastercard Incorporated** and **Global Payments Inc.** Shares of global payment network Mastercard were up modestly after reporting a continuation of double-digit earnings growth and resilient payment volumes, while payments technology company Global Payments benefited from better-than-expected quarterly results and market share gains.

Solid stock selection in Information Services came from data and analytics company **Fair Isaac Corporation** and investment decision support tools provider **MSCI Inc.** Fair Isaac reported impressive quarterly earnings results and raised its full-year guidance for 2023. CEO Will Lansing is confident that the company can hold up relatively well amid an unpredictable macro backdrop and expressed optimism about momentum in the software business. Similarly, MSCI reported solid second quarter earnings and reiterated its full-year outlook due to stabilizing ESG trends along with continued robust performance in the Index and Analytics segments.

Partially offsetting the above was lower exposure to Enterprise Software, which was the top performing category in the Benchmark during the quarter.

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

	Percent Impact
Apollo Global Management, Inc.	0.55%
Intuit Inc.	0.54
Tradeweb Markets Inc.	0.41
Guidewire Software, Inc.	0.31
LPL Financial Holdings Inc.	0.30

Apollo Global Management, Inc. is an alternative asset manager and insurance company. Shares contributed in the quarter. Distress in the banking system from higher interest rates and deposit outflows, coupled with higher capital requirements, has caused banks to retreat from certain lending markets, which, in turn, has led to the growth of private credit. Apollo's captive insurance business, Athene, has seen significant inflows as the demand for annuities continued to increase, and Apollo has used the retirement assets sourced by Athene to provide private lending solutions at higher yields than the public credit market. Given strong growth in its insurance business, Apollo will likely exceed full-year guidance and should continue to benefit from the aforementioned trends. Apollo has a large opportunity to continue taking share from the public credit markets, and we remain bullish about its long-term prospects.

Intuit Inc. is the leading provider of accounting software for small businesses and tax preparation software for individuals and tax professionals. Shares increased after the company reported financial results that exceeded Street expectations, with 13% revenue growth and 22% EPS growth in the recently completed fiscal year. Management provided favorable guidance for the next fiscal year that demonstrated confidence in the business momentum despite macroeconomic uncertainty. Intuit is benefiting from the sale of higher-value services and is well positioned to capitalize on increasing adoption of artificial intelligence given the company's vast datasets. We continue to own the stock due to Intuit's strong competitive position and numerous growth opportunities.

Tradeweb Markets Inc. operates electronic marketplaces for trading bonds, derivatives, and other financial instruments. Shares rose during the quarter as trading activity picked up nicely after a slower start to the year, with the company poised to return to double-digit revenue growth. Interest rate trading volume grew 31% in the third quarter, up from 9% growth in the prior quarter. Credit trading volume also accelerated with significant market share gains in U.S. corporate bonds. We believe Tradeweb can achieve solid growth in a variety of macroeconomic conditions and expect market share gains in U.S. Treasuries, interest rate swaps, and U.S. corporate bonds to drive long-term upside. We continue to own the stock due to Tradeweb's strong network effects, long track record of innovation, and significant growth opportunities from the ongoing electronification of the capital markets.

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

	Percent Impact
Block, Inc.	–0.56%
Adyen N.V.	–0.53
S&P Global Inc.	–0.41
Equifax Inc.	–0.32
Fiserv, Inc.	–0.31

Block, Inc. provides point-of-sale technology to small businesses and operates the Cash App ecosystem of financial services for individuals. Shares fell due to a confluence of factors, including slowing growth, a brief system outage, and the departure of a key executive who ran the Square business segment. Ongoing investor concerns over consumer spending and a recession did not help sentiment. Nevertheless, Block reported strong quarterly results with 27% gross profit growth and adjusted EBITDA more than doubling. We believe Block's businesses are resilient, and greater management focus on cost discipline should drive further margin expansion. We continue to own the stock due to Block's long runway for growth, durable competitive advantages, and track record of innovation.

Adyen N.V. provides technology that enables merchants to accept electronic payments. Shares collapsed after the company reported disappointing financial results for the first half of the year. While payment volume growth of 23% was solid, it slowed significantly from 41% in the prior period, which management attributed to greater competition and pricing pressure in North America. Adyen is still growing faster than the market, but the company lost wallet share with a few large merchants who shifted volumes to lower-priced competitors. We sold the stock because we believe Adyen's competitive advantages have narrowed over time, leading to less growth potential than we previously expected.

Shares of rating agency and data provider **S&P Global Inc.** gave back some gains from earlier this year due to investor concerns that rising interest rates will weigh on future debt issuance and asset-based fees. Management also removed its 2026 revenue target for the ESG segment due to a more uncertain regulatory landscape and political climate. On a positive note, S&P Global reported strong second quarter financial results, with 7% adjusted revenue growth and 11% EPS growth as ratings issuance returned to growth for the first time in six quarters. Management maintained full-year guidance as a more favorable outlook for the Ratings and Indices segments offset slower growth in the Market Intelligence segment. We continue to own the stock due to the company's long runway for growth and significant competitive advantages.

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 September 30, 2023, the Fund held 45 positions. The Fund's 10 largest holdings represented 41.0% of net assets, and the 20 largest holdings represented 67.4% of net assets. International stocks represented 12.8% of net assets. The market capitalization range of the investments in the Fund was $763 million to $480 billion with a median of $22.5 billion and a weighted average of $87.9 billion. The Fund's active share versus the Benchmark was 85.6%.

We segment the Fund's holdings into seven investment themes. As of September 30, 2023, Information Services represented 23.3% of net assets, Tech-Enabled Financials represented 22.5%, Payments represented 18.4%, Enterprise Software represented 13.3%, Capital Markets represented 9.0%, Digital IT Services represented 7.5%, and E-Commerce represented 4.6%, with the remainder in cash. Relative to the Benchmark, the Fund is underweight in Enterprise Software and Payments, and has overweight positions in Tech-Enabled Financials, Capital Markets, Information Services, 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 September 30, 2023, Leaders represented 77.2% of net assets and Challengers represented 21.3%, with the remainder in cash.

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

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Intuit Inc.	2020	$ 69.3	$143.2	$2.7	5.1%
Mastercard Incorporated	2020	306.1	373.0	2.7	5.1
Visa Inc.	2020	376.2	480.2	2.6	4.9
S&P Global Inc.	2020	67.9	116.3	2.4	4.5
Apollo Global Management, Inc.	2023	40.4	50.9	2.1	3.9
Fair Isaac Corporation	2020	11.1	21.6	2.0	3.8
LPL Financial Holdings Inc.	2021	12.9	18.1	1.9	3.6
The Progressive Corporation	2022	65.4	81.5	1.8	3.5
MercadoLibre, Inc.	2020	53.7	63.5	1.8	3.4
MSCI Inc.	2020	22.5	40.6	1.7	3.2

Table V.
Fund investments in GICS sub-industries as of September 30, 2023

	Percent of Net Assets
Transaction & Payment Processing Services	21.1%
Financial Exchanges & Data	20.7
Application Software	13.3
Investment Banking & Brokerage	8.9
IT Consulting & Other Services	7.5
Property & Casualty Insurance	7.1
Research & Consulting Services	5.4
Diversified Financial Services	3.9
Broadline Retail	3.4
Asset Management & Custody Banks	2.7
Real Estate Services	1.5
Diversified Banks	1.4
Internet Services & Infrastructure	1.2
Insurance Brokers	0.4
Cash and Cash Equivalents	1.4
Total	100.0%*

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

Recent Activity

During the quarter, we initiated two new positions and exited three positions. Below we discuss some of our top net purchases and sales.

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

	Quarter End Market Cap (billions)	Net Amount Purchased (thousands)
Morningstar, Inc.	$10.0	$1,114.1
Arch Capital Group Ltd.	29.7	855.1
Apollo Global Management, Inc.	50.9	121.7
BlackRock Inc.	97.1	70.6
The Progressive Corporation	81.5	58.7

We initiated a position in **Morningstar, Inc.**, a leading provider of financial data and software for the investment industry. The company owns valuable data assets that are widely used by investors, fund managers, and consultants. We believe that Morningstar will benefit from rising demand for its proprietary financial information and significantly expand margins back to historical levels after completing a recent investment cycle.

Morningstar owns several unique data products that span both public and private markets. Key products include Morningstar Category, Morningstar Style Box, and Morningstar Rating, which are the de factor standards for mutual fund classification and ratings. Pitchbook aggregates data on privately held companies, such as valuations, fundraising rounds, ownership, and debt. Morningstar generates over 70% of its revenue from license-based products that are sold on a subscription basis. These products generate recurring revenues with high margins and pricing power. Aside from subscriptions, Morningstar also generates revenue from products with variable fees that are charged on a transactional basis or as a percentage of client assets.

Prior to our purchase, Morningstar shares had underperformed as operating margins had dipped into the low teens from their historic 20% to 25% range. This was caused by revenue declines in some of the more cyclical products as well as significant expense growth as the company increased headcount. This investment cycle appears to be over as management has slowed hiring and signaled their intention to improve operating efficiency. We believe that a slower pace of expense growth combined with a normalization in cyclical product sales will boost profit margins and drive rapid earnings growth. We took advantage of recent share price weakness to purchase this high-quality financial data business with earnings that should grow durably over a multi-year period.

We also initiated a position in **Arch Capital Group Ltd.**, a Bermuda-based insurance company. We believe Arch is a superior operator in the insurance industry, which is benefiting from favorable pricing trends and higher interest rates. While the insurance industry is notoriously cyclical with volatile earnings that vary based on market conditions and storm activity, Arch has produced exceptional results over many years. Since the company's recapitalization in 2001, book value per share has grown 16 times or at a 14% annualized rate (these rise to 18 times and a 15% annualized growth rate excluding unrealized losses on the investment portfolio related to higher interest rates).

Arch is a diversified provider of property & casualty (P&C) insurance, reinsurance, and mortgage insurance. The company focuses on underwriting specialty lines where knowledge and expertise provide a competitive edge. The diversity of Arch's operations gives it the flexibility to shift its business mix to target the most profitable product lines as market conditions change. Management allocates capital to the most attractive opportunities while following a *cycle management* strategy that encourages underwriting teams to grow during favorable market conditions and remain cautious in the soft period of the underwriting cycle. By employing this cycle management strategy, Arch acts like a value investor in the insurance industry. We observed this underwriting discipline during the most recent soft market when Arch's P&C net premiums written were essentially flat from 2014 to 2018 and return on equity was around 10%, thereby limiting the company's exposure to inadequately priced business and ensuring that it had ample capacity available when opportunities emerged. Today, P&C market conditions are much more favorable as premium rates have risen faster than claims costs. Arch has leaned into the hard market by growing P&C net premiums written by 34% year-to-date, while increasing ROE to over 21%. According to management, this faster growth and higher profitability would not have been possible without the greater use of data analytics that categorize and prioritize new business submissions to increase win rates and improve employee productivity.

Arch is led by an experienced management team with a long track record of success. Marc Grandisson was appointed CEO in 2018 but has been with the company since 2001. Marc and his team have been excellent stewards of capital. They maintain a strong balance sheet with moderate financial leverage, a low-risk investment portfolio, and a conservative reserving policy whereby reserves have developed favorably every year since 2003. Executive compensation is primarily based on ROE targets, which supports the goal of book value per share growth and aligns executive compensation with shareholder returns. Compensation for underwriters is based on ROE for all business written over the last 10 years, which contrasts with typical industry compensation practices based on short-term premium growth and market share. Management has been opportunistic on share repurchases and M&A. Since Arch acquired mortgage insurer United Guaranty for $3.3 billion in 2016, the mortgage segment has generated $5.4 billion of underwriting income. Management's cautious approach toward duration and credit risk for the company's investment portfolio has enabled Arch to benefit from higher interest rates with net investment income more than doubling on a year-to-date basis.

We believe Arch is attractively valued at 2 times book value and 11 times forward earnings. We expect book value per share to more than double over the next five years through a combination of sustained underwriting profits, higher investment income, and a reversal of unrealized losses on the fixed income portfolio. Even assuming a modest decline in the book value multiple, this should drive mid-teens share price returns over the long term.

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

	Net Amount Sold (thousands)
Adyen N.V.	$767.6
Accenture plc	451.4
MarketAxess Holdings Inc.	371.1
Equifax Inc.	295.3
nCino Inc.	138.5

We sold **Adyen N.V.** due to increasing competitive intensity and pricing pressure in the online payment processing industry. We had trimmed the position on strength prior to Adyen's half-year financial release and sold the remainder shortly after the release when it became apparent that Adyen had lost wallet share at some of its largest customers. While Adyen's single platform provides a technological advantage, we were concerned that Adyen's competitive advantage had narrowed over time, thereby limiting the growth opportunity and valuation upside.

We also sold **MarketAxess Holdings Inc.** due to concerns about increasing competitive intensity and slowing growth. We had owned MarketAxess because it was the dominant electronic platform for trading corporate bonds and had enjoyed many years of double-digit growth from the secular growth of electronic trading. However, earnings and market share in the company's core product area (U.S. high-grade corporate bonds) peaked in 2020 and have stagnated for the last three years. Meanwhile, competitor Tradeweb has been gaining share through innovation and cross-selling.

We trimmed **Accenture plc** and **nCino Inc.** after recent strength to fund the purchase of higher-conviction ideas. We trimmed **Equifax Inc.** due to concerns that rising interest rates would delay the mortgage recovery and pressure near-term earnings. We sold our tiny position in **Expensify, Inc.**

OUTLOOK

Our outlook remains relatively unchanged from last quarter. The economy is OK but likely slowing as the lagged effects of tighter monetary policy take hold. While the Fed is likely near the end of its overnight rate hiking cycle, long-term interest rates have risen dramatically with the 10-Year U.S. Treasury yield approaching 5%, a level we haven't seen since 2007. Higher rates have the dual market effect of reducing cash flow for indebted individuals and companies and weighing on the values of long-duration assets, especially growth equities.

When it comes to the market and the economy, we heed the advice of Oaktree founder Howard Marks who wrote a memo in 2001 called "You can't predict. You can prepare." We don't know the future, but we can prepare for it, nonetheless. We have positioned the portfolio for the current environment by owning higher quality businesses with strong free cash flow, modest financial leverage, and limited refinancing requirements. We have also increased the mix of stable Leaders over less predictable Challengers while raising our exposure to Tech-Enabled Financials, which tend to benefit from higher interest rates.

Despite our relatively defensive positioning, we are optimistic about the Fund's prospects for next year and beyond. Many fintech stocks have already gone through their own version of a recession with multiples near decade lows. However, the outlooks for many of these businesses are more promising than they've been in the last two years for several reasons. First, many companies have already restructured or are in the process of restructuring their cost bases as they have accepted the cultural shift away from the wasteful spending era of 2016-2021 to one more focused on profitability. Second, even if the economy slows further next year, our Leaders will likely gain market share and become even more dominant. Third, we believe risk aversion remains high and company expectations are low among fintech investors. If companies deliver upside surprises, then we'd expect share prices to spike as positioning reverses.

Thank you for investing in Baron FinTech 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 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) declined 5.00% (Institutional Shares) during the third quarter of 2023, while the MSCI AC Asia ex-Japan Index (the Benchmark) fell 3.34%. The MSCI AC Asia ex-Japan IMI Growth Index (the Proxy Benchmark) declined 4.51% for the quarter. The Fund underperformed the Benchmark and modestly trailed the Proxy Benchmark in a period of rising interest rates and weakness in global equities. Year-to-date, the Fund is now just ahead of the Benchmark and has outperformed the Proxy Benchmark. The dominant macro development during the quarter was a sharp rise in bond yields in response to stronger-than-expected U.S. economic and employment conditions. Consequently, global equities broadly retreated with growth stocks notably underperforming value stocks. Notwithstanding the stubbornly strong U.S. economic and employment picture, which is in contrast to much of the rest of the world and, in our view, is the direct result of significant fiscal spending commitments in recent years, we remain of the view that we are passing *through peak hawkishness*, and on the other side lies a sustainable phase of emerging markets (EM)/Asia relative outperformance. Interestingly, while employment surprised positively and oil prices rose throughout the quarter, forward inflation expectations did not move higher, and therefore real bond yields approached levels not seen since 2006 to 2007 (barring the 2008 financial crisis when inflation expectations plummeted). To us, this is akin to the 2007 to 2008 rally in oil on strong demand, which ultimately and paradoxically choked off economic growth. We believe rising real rates will likely trigger demand destruction in the U.S., ushering in a phase of earnings vulnerability and providing a more favorable backdrop for non-U.S. central banks to begin an easing cycle that will improve perceived relative earnings prospects. We remain confident that our diversified portfolio of well-positioned and well-managed companies will capitalize on their attractive growth potential over the coming years.

MICHAEL KASS AND ANUJ AGGARWAL

PORTFOLIO MANAGERS

Retail Shares: BNAFX
Institutional Shares: BNAIX
R6 Shares: BNAUX

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

	Baron New Asia Fund Retail Shares[1,2]	Baron New Asia Fund Institutional Shares[1,2]	MSCI AC Asia ex Japan Index[1]	MSCI AC Asia ex Japan IMI Growth Index[1]
Three Months[3]	(5.15)%	(5.00)%	(3.34)%	(4.51)%
Nine Months[3]	(0.41)%	(0.27)%	(0.42)%	(1.80)%
One Year	6.04%	6.31%	10.88%	9.29%
Since Inception (July 30, 2021)	(13.14)%	(12.92)%	(11.13)%	(14.26)%

For the third quarter of 2023, we underperformed the Benchmark, while also modestly underperforming our Proxy Benchmark. From a sector or theme perspective, adverse stock selection in the Information Technology (IT) sector, most notably select investments in our China value-added theme (**Glodon Company Limited and Silergy Corp.**) and automation/robotics/artificial intelligence (AI) theme (**Keyence Corporation**), was a key detractor to relative performance this quarter. Weak stock selection effect in the Consumer Staples sector, primarily driven by a correction in a few positions within our Asia consumer theme (**Budweiser Brewing Company APAC Limited, Pernod Ricard SA, Godrej Consumer Products Limited,** and **China Mengniu Dairy Co., Ltd.**), also weighed on relative results. Poor stock selection in Financials and our underweight positioning in this sector also detracted during the quarter. Partially offsetting the above was solid stock selection effect in the Consumer Discretionary sector across multiple themes (**Zomato Limited, Trent Limited, Amber Enterprises India Ltd., Alibaba Group Holding Limited,** and **Dixon Technologies Ltd.**). Favorable stock selection in the Communications Services sector, primarily attributable to our investment in **Tata Communications Limited**, which forms part of our digitization theme, also bolstered relative performance.

Performance listed in the above table is net of annual operating expenses. The gross annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2022 was 8.96% and 7.22%, respectively, but the net annual expense ratio was 1.45% and 1.20% (net of the Adviser's fee waivers and expense reimbursements), respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser reimburses certain Fund expenses pursuant to a contract expiring on August 29, 2034, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit baronfunds.com or call 1-800-99-BARON.

[1] The **MSCI AC Asia ex Japan Index Net (USD)** measures the performance of large and mid-cap equity securities representation across 2 of 3 developed markets countries (excluding Japan) and 8 emerging markets countries in Asia. The **MSCI AC Asia ex Japan IMI Growth Index Net (USD)** measures the performance of large, mid, and small cap securities exhibiting overall growth style characteristics across 2 of 3 developed markets countries (excluding Japan) and 8 emerging market countries in Asia. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. The indexes and the Fund include reinvestment of dividends, net of foreign withholding taxes, which positively impact the performance results. The indexes are unmanaged. Index performance is not Fund performance; one cannot invest directly into an index.

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

[3] Not annualized.

From a country perspective, adverse stock selection effect in China drove the majority of underperformance this quarter. Our active exposure to Japan, through some of the above-mentioned holdings, was also a detractor to relative results. Partly offsetting the above was favorable stock selection together with our overweight positioning in India.

As expressed in previous letters, we remain excited about the long-term investment potential of India and are encouraged by the durability of corporate earnings growth of our holdings there. India's productivity enhancing economic reforms such as the Goods & Services Tax, Unified Payments Interface, Performance Linked Incentives, among others, are kick-starting a virtuous investment cycle that is positioning the country to become the world's fastest-growing large economy of this decade. In our view, real GDP growth is likely to sustain a 6% to 8% CAGR over the next several years, which presents exciting bottom-up opportunities for long-term investors. We also believe India will be a key beneficiary of tectonic shifts in the geopolitical landscape that increasingly position the country as an attractive investment destination for global corporations looking to diversify their supply chains and manufacturing footprints. Despite the recent underperformance in China, primarily driven by near-term economic concerns, we remain encouraged by the ongoing regulatory and financial easing cycle and continue to expect government sponsored stimulus to ultimately spark a recovery in confidence and job creation.

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

	Percent Impact
Zomato Limited	0.44%
Tata Communications Limited	0.32
Trent Limited	0.25
Amber Enterprises India Ltd.	0.24
Bajaj Finance Limited	0.23

Zomato Limited is India's leading food delivery platform, with a roughly 50% market share. Shares of Zomato were up this quarter on continued improvement in profitability. We believe the company will 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 further enhance profitability and grow earnings over the next several years.

Indian telecommunications company **Tata Communications Limited** is the world's leading sub-sea fiber network operator. The company carries roughly 30% of the world's internet routes and connects businesses to 60% of the cloud hyperscalers. Shares were up during the quarter on the accelerated growth of Tata Communications' data business, which the company plans to double in the next four years. Long term, we believe revenue growth could re-rate to double digits from high single digits, as the company continues to benefit from structural growth in data usage, incremental large deal wins, and front-loaded investments in talent.

Trent Limited is a leading retailer in India that sells private-label apparel directly to consumers through its proprietary retail network. Shares increased on Trent's consensus-beating quarterly sales performance as well as the continued footprint expansion of the company's value fashion franchise, Zudio. We retain conviction and think the company will generate in excess of 25% revenue growth in the near to medium term, driven by same-store sales growth and outlet expansion. In addition, we believe operating leverage and franchise growth will lead to better profitability and return on capital, generating more than 30% EBITDA CAGR over the next three to five years.

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

	Percent Impact
Taiwan Semiconductor Manufacturing Company Limited	-0.83%
Tencent Holdings Limited	-0.41
Samsung Electronics Co., Ltd.	-0.38
AIA Group Limited	-0.34
Keyence Corporation	-0.32

Semiconductor giant **Taiwan Semiconductor Manufacturing Company Limited** detracted in the third quarter due to the weakening global macroeconomic environment and muted semiconductor demand across major end-markets, including the smartphone and PC markets. We retain conviction that Taiwan Semiconductor's technological leadership, pricing power, and exposure to secular growth markets, including high-performance computing, AI, automotive, 5G, and IoT, will allow the company to sustain strong earnings growth over the next several years.

Tencent Holdings Limited operates the leading social network and messaging platforms (QQ, WeChat), the largest online entertainment and media business, and the largest online gaming business in China. Shares of Tencent were down this quarter on continued investor uncertainty around the macroeconomic recovery and post-COVID reopening of China. We retain conviction in Tencent's ability to compound earnings, especially given the company's recent quarterly results, and its ability to compound growth in games, ads, software, and fintech. While it is still on the earlier side, we also believe that Tencent could become the largest generative AI beneficiary in China, given its ability to improve its existing products (e.g., content creation in gaming) and enter adjacent markets (e.g., search-like products) with massive scale and distribution.

Shares of South Korean conglomerate **Samsung Electronics Co., Ltd.** decreased during the quarter due to the weakening global macroeconomic environment and an ongoing inventory correction in the semiconductor memory market. We are confident that Samsung will remain a key beneficiary of long-term growth in semiconductor demand and a global leader in memory, 5G smartphones, and semiconductor foundry services.

PORTFOLIO STRUCTURE

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

	Percent of Net Assets
Taiwan Semiconductor Manufacturing Company Limited	6.3%
Samsung Electronics Co., Ltd.	4.9
Tencent Holdings Limited	4.3
Alibaba Group Holding Limited	4.2
Bajaj Finance Limited	3.6
Zomato Limited	2.6
Reliance Industries Limited	2.3
Trent Limited	2.1
Tata Communications Limited	2.1
Bharti Airtel Limited	2.0

EXPOSURE BY COUNTRY

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

	Percent of Net Assets
India	35.5%
China	29.3
Korea	10.9
Taiwan	7.7
Hong Kong	3.0
Japan	2.7
Indonesia	1.8
France	0.6

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 third quarter of 2023, the Fund's median market cap was $14.4 billion, and we were invested 53.1% in giant-cap companies, 32.7% in large-cap companies, 3.9% in mid-cap companies, and 1.8% in small- and micro-cap companies, as defined by Morningstar, with the remainder in cash.

RECENT ACTIVITY

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

We were active in adding to our Asia consumer theme by initiating positions in **Kweichow Moutai Co., Ltd., Shenzhou International Group Holdings Ltd., and Mahindra & Mahindra Limited** (M&M). Moutai is a distiller of ultra-premium baijiu, China's national spirit. Among local consumers, its flagship products have the strongest brand equity of any Chinese spirits company (and likely of any Chinese consumer brand more broadly), evidenced by its 95% market share of baijiu priced above RMB 1,500 per 500 ml bottle at retail. Supply grows slowly due to inherent production constraints and is vastly exceeded by demand, so much so that market prices on its core SKUs generally range around two to four times the ex-factory price at which the company sells those products to its wholesale distributors, suggesting significant pricing power and latent earnings power. Moutai's ongoing shifts in channel mix away from traditional wholesale and into direct relationships with key accounts and a new direct-to-consumer digital channel should drive significant ASP growth and allow the company to gradually capture some of that latent pricing power. Combined with gradual volume growth, we believe these channel mix developments can drive at least a doubling of earnings over the next half-decade, with the potential for continued compounding thereafter. The company is also increasingly targeting shareholder value creation relative to prior years, which is a welcome development.

Shenzhou is a high-ROI textile manufacturer with assets in Vietnam, Cambodia, and China and a mission-critical partner to the largest multi-national sportswear brands. This has been a long-standing investment in Baron Emerging Markets Fund, and we took advantage of its recent sell-off and attractive valuation relative to long-run earnings power to initiate a position in the Fund. Shenzhou's capacity utilization in its core China facilities is depressed by weak Chinese apparel consumption, particularly of international brands, which we believe is a cyclical rather than a secular phenomenon. The company has been, and in our view will continue to be, a major market share consolidator in global sportswear, both with multinational brands and increasingly with Chinese domestic brands, and we believe capacity utilization will gradually improve over the next two years, with a corresponding improvement in margins, earnings, and stock price.

M&M is a leading Indian conglomerate. The company's core business is auto and farm equipment manufacturing, and it is a market leader with approximately 40% and 20% share in tractors and SUVs, respectively. M&M also operates in other business verticals through its subsidiaries and associates, including publicly listed entities such as M&M Financial Services, which focuses on domestic vehicle financing, and Tech Mahindra, which is a leading IT services company in India. Under the leadership of Dr. Anish Shah, who took over as managing director in 2020, M&M has rationalized its unprofitable investments and become a shareholder return-oriented organization. We are excited about several growth opportunities for the company in the medium to long term, including rising adoption of SUVs and farm machinery in India, upcoming EV launches, and the ongoing restructuring of Tech Mahindra. We expect M&M to deliver 15% to 20% compound earnings growth over the next five years, while also generating an attractive high teens return on equity.

During the quarter, we also increased exposure to our India wealth management/consumer finance theme by initiating a position in **Cholamandalam Investment and Finance Company Limited**, a leading non-bank financial services company in India. While vehicle finance remains Chola's core business, the company has diversified into other lending verticals including loans against property, home mortgages, and SME loans, which help offset the cyclicality of its auto financing business. Chola also takes a conservative approach to loan underwriting and collections, and it has demonstrated strong asset quality trends through various credit cycles. In our view, the company is well positioned to benefit from growing demand for consumer financial services in India, and we are excited about several opportunities that lie ahead, including its newly launched unsecured consumer and SME loans product and further rollout of its home loans. We expect Chola to sustain about 20% to 25% loan growth over the next three to five years while generating an attractive 20%-plus return of equity.

During the quarter, we added to several of our existing positions, including **Zomato Limited, Trent Limited, Baidu, Inc., Alibaba Group Holding Limited, Bharti Airtel Limited, Bajaj Finance Limited**, and **SK hynix Inc**.

During the quarter, due to deteriorating fundamentals or in favor of higher conviction investments, we exited several positions including Hindustan Unilever Limited, Aarti Industries Limited, Airtac International Group, LG Chem, Ltd., Si**lergy Corp., PT Bank Negara Indonesia (Persero) Tbk, Hangzhou Tigermed Consulting Co., Ltd.**, and **JD.com, Inc**.

Outlook

In our second quarter letter, we suggested that rising real bond yields, and a likely return to Fed rate hikes after a brief pause, were not consistent with rising multiples on U.S. and global growth stocks, and thus we anticipated that tightening U.S. liquidity and higher yields could trigger a consolidation of recent gains. This is largely what played out in the past quarter, as bond yields rose sharply on stronger-than-expected U.S. economic and employment conditions, while global equities broadly retreated with growth stocks notably underperforming value stocks. While we believe, as stated in our prior letter, that a correction in U.S. equities is a likely precondition to a lasting inflection point in Asia/EM equity relative performance, in our view the necessary catalyst would be *deteriorating* U.S. economic and earnings visibility and *a peak* in bond yields, which we still view as a likely coming development. The increase in yields in the recent quarter, largely on stronger U.S. employment data, triggered a reversal of fortunes for some of the second quarter leaders that had rallied on the anticipation that Fed rate cuts would begin before year end. Only three months later, markets have pushed out the timing for Fed easing into the back half of 2024. Interestingly, while employment surprised positively and oil prices rose, two year and five-year forward inflation expectations remained steady at just above 2%, and therefore real bond yields approached levels not seen since 2006 to 2007 (barring the 2008 financial crisis when inflation expectations plummeted). To us, this is akin to the 2007 to 2008 rally in oil on strong demand, which ultimately, and paradoxically, choked off economic growth and demand. In the current scenario, we believe rising real rates will likely trigger demand destruction in the U.S., ushering in a phase of earnings vulnerability, and providing a more favorable backdrop for non-U.S. central banks to begin an easing cycle well before the Fed, and thus help trigger a long-awaited reversal in market leadership.

For developing Asia investors, we think the most notable events during the quarter were the volatility in China's markets, economic outlook and expectations for stimulus measures, and India's ongoing and uncharacteristic solid performance in the face of rising global yields and tightening liquidity. India's equity market outperformed EM and global indexes by a wide margin when interest rates, oil prices, and the U.S. dollar were rising. This is a departure from historical trends, and in our view offers confirmation that something has changed. India has reached escape velocity after years of implementing a series of productivity-enhancing reforms and now stands out as a material beneficiary in the evolving global geopolitical environment. We remain enthusiastic regarding the growth and investment potential of India and our many investments there.

China-related equities rallied impressively early in the quarter on speculation that policymakers were preparing fresh support measures for the property and financial sectors, as well as targeted infrastructure and demand-side stimulus. This rally reversed sharply when the government announced stimulus appeared insufficient and supply-side biased, and coincident economic indicators fell short of expectations. We would characterize the sell-off in China-related equities as a third capitulation since early 2022, with the first two being triggered by Russia's invasion of Ukraine and last October's Party Congress meeting and ensuing frustration over China's zero-COVID measures. In what to us is becoming a pattern, China's authorities appear sensitive to market signals, and we are now seeing enhanced expectations and cues regarding more substantial support forthcoming, which is again supporting the equity market. Importantly, we see no evidence in China's currency, bond market, or credit spreads that suggest policymakers are losing control of the narrative, and we continue to believe they are more likely than not to ultimately provoke the economic recovery they committed to in late 2022. We remain roughly market weight in China and see a favorable risk/reward proposition from current levels, and we remain confident that we own many well-positioned companies from a fundamental and competitive position that are poised to benefit from China's economic pivot in an era of deglobalization.

We continue to believe that EM and developing Asia equities are nearing the end of 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 and Anuj Aggarwal
Portfolio Managers

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.

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

Dear Baron Technology Fund Shareholder:

Performance

During the second quarter, Baron Technology Fund® (the Fund) declined 3.89% (Institutional Shares), outperforming the MSCI ACWI Information Technology Index, which dropped 6.16%. The Fund slightly underperformed the broader S&P 500 Index, which fell 3.27%. For the year-to-date period, the Fund is up 37.34%, ahead of both indexes, which returned 28.47% and 13.07%, respectively.

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

	Baron Technology Fund Retail Shares[1,2]	Baron Technology Fund Institutional Shares[1,2]	MSCI ACWI Information Technology Index[1]	S&P 500 Index[1]
Three Months[3]	(4.04)%	(3.89)%	(6.16)%	(3.27)%
Nine Months[3]	36.69%	37.34%	28.47%	13.07%
One Year	28.81%	29.44%	35.88%	21.62%
Since Inception (December 31, 2021)	(14.51)%	(14.19)%	(6.71)%	(4.30)%

MICHAEL A. LIPPERT
PORTFOLIO MANAGER

ASHIM MEHRA
PORTFOLIO MANAGER

Retail Shares: BTEEX
Institutional Shares: BTECX
R6 Shares: BTEUX

Review & Outlook

Like the market environment of 2022, the third quarter just concluded and the first weeks of the fourth quarter proved to be dominated by macroeconomic and exogenous issues, including: (1) economic debates and considerations regarding a soft landing vs. a recession, Fed policy (i.e., when will the Fed stop raising rates, when might it lower rates, the risk of *higher for longer*), the U.S. government budget picture, the spike to fresh multi-decade highs on the 10-Year Treasury yield, and the first United Auto Workers strike in more than 80 years; (2) domestic political instability, such as the absence of a Speaker of the House and the ensuing legislative paralysis, the possibility of a government shutdown (now, in mid-November), and the upcoming 2024 election; and (3) geopolitical fears and risks, particularly China-U.S. relations and U.S. semiconductor-technology export restrictions, the war in Ukraine, and now the tragic developments and threats of a wider conflict in the Middle East. As in the past, this backdrop restrained investor sentiment and negatively impacted equity market and Fund performance in the third quarter, and the Fund slightly underperformed the broader market indexes.

There has been no change at all in our research-based view of the longer-term secular trends we emphasize, particularly artificial intelligence (AI), semiconductors, software, cloud computing, and electric vehicles (EVs). But in our interactions with management teams, we are hearing a little more macroeconomic uncertainty, both in terms of the impact on customer behavior and company investment decisions. We chose the word *uncertainty* deliberately because it is not weakness we are hearing, but genuine hesitation, indecision, and a wait-and-see attitude about the macroeconomic issues listed above. History has taught us that in these types of conditions the strong get stronger, particularly for well-managed and well-capitalized businesses, and most of our companies are prudently investing to capture the large opportunities ahead of them, as well as sustaining healthy growth rates.

Performance listed in the above table is net of annual operating expenses. The gross annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2022 was 6.86% and 6.42%, respectively, but the net annual expense ratio was 1.20% and 0.95% (net of the Adviser's fee waivers and expense reimbursements), respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original. The Adviser reimburses certain Fund expenses pursuant to a contract expiring on August 29, 2034, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month-end, visit baronfunds.com or call 1-800-99-BARON.

1 The **MSCI ACWI Information Technology Index Net (USD)** includes large and mid cap securities across 23 Developed Markets (DM) countries and 24 Emerging Markets (EM) countries. All securities in the index are classified in the Information Technology sector as per the Global Industry Classification Standard (GICS®). MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. The **S&P 500 Index** measures the performance of 500 widely held large-cap U.S. companies. The MSCI ACWI Information Technology Index Net (USD) and the Fund include reinvestment of dividends, net of foreign withholding taxes, while the S&P 500 Index includes reinvestment of dividends before taxes. Reinvestment of dividends positively impacts performance results. The indexes are unmanaged. Index performance is not Fund performance; one cannot invest directly into an index.

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

3 Not annualized.

Semiconductors/AI

Semiconductor stocks underperformed the market during the third quarter. AI-related excitement from prior quarters waned somewhat, and macroeconomic and geopolitical concerns dominated investor sentiment. Geopolitical tensions between the U.S. and China continued to be a major source of uncertainty for semiconductor companies. The Biden administration has imposed stricter restrictions on the export of chips and manufacturing equipment to China. We continue to monitor these restrictions, especially for AI-related names like **NVIDIA Corporation** and **Advanced Micro Devices, Inc.**, and semi-cap equipment companies like **ASML Holding N.V.** In contrast to the short-term stock performance, demand for AI chips and systems remained robust and continues to outstrip supply. See our discussion of NVIDIA in the Top Contributors section below.

The long-term picture for the semiconductor industry remains favorable, with durable secular drivers expected to continue driving well-above-GDP growth through the end of the decade. We do not try to time the cycle but focus on buying high-quality growth companies at what we feel are attractive prices relative to their long-term growth and profitability prospects. Given the recent pullback in semiconductor stocks, we initiated positions in a couple of names and added to existing holdings that we thought were myopically punished in the current environment.

We wanted to delve deeper into an emerging trend in the world of high-performance computing. To put it simply, Moore's Law stated that computer chips would double in power every two years by cramming in tinier electrical components, known as transistors. We are now hitting a wall, however: these transistors are nearly as small as atoms, making further miniaturization both complex and costly. To navigate this challenge, the tech world is pivoting to a novel design concept known as *chiplets*. In contrast to the legacy approach, where all computing functions are fused onto a single, flat chip, chiplets modularize these functions. Each function, like processing or memory, gets its own mini chip. These mini chips are then stacked vertically, taking advantage of three-dimensional space in chip design for the first time. The chiplet architecture offers multiple benefits, such as improved performance, reduced cost, and higher manufacturing yields. One critical advantage is energy efficiency: stacking a memory chiplet directly above a processing chiplet reduces the distance data has to travel, saving energy in the process.

A groundbreaking technique called *hybrid bonding* is now being employed to seamlessly connect these chiplets, enhancing their performance even further. During the quarter, we initiated an investment in **BE Semiconductor Industries N.V.**, a Netherlands-based firm leading the charge in this hybrid bonding technology. We're confident that the company holds significant technological and first-mover advantages along with notable orders from leading semiconductor customers, positioning it well to capitalize on the widespread adoption of chiplet architectures in years to come.

Software/Cloud/AI

Since mid-2022, we have observed a moderation in the purchases of cloud infrastructure and software tied to digital transformation, as companies looked to *optimize* their spending after several years of strong growth. More recently, software and cloud vendors have noted stabilization and attenuation in the pace of optimizations, and that new workload and new businesses pipelines are beginning to strengthen.

Despite near-term macro uncertainty, it's important to frame that we find ourselves in the early innings of both the AI investment cycle and overall cloud penetration. We estimate cloud penetration to be between 25% and 30% versus the likely 70% to 75% level over time, if not even higher. AI deployments are literally just getting off the ground.

Three vectors where we see the adoption of AI impacting cloud and software businesses include:

- Infrastructure and development platforms for securely storing and curating data, training and fine-tuning large-language and other AI models, and developing and delivering AI applications. Beneficiaries include Microsoft Azure and Amazon Web Services.
- Integration of generative AI capabilities, such as AI agents and copilots, directly into existing product offerings and customer workflows. Software vendors capitalizing on this opportunity include **Microsoft Corporation, Ceridian HCM Holding Inc., Workday, Inc., Intuit Inc., ServiceNow, Inc., CrowdStrike Holdings, Inc.,** and **HubSpot, Inc.**
- Developer productivity tools, including generative AI writing software code from natural language prompts. Leaders are Microsoft Github, Amazon CodeWhisperer, and **GitLab Inc.**

We continue to run a high-conviction portfolio with an emphasis on the secular trends cited above. Among others, during the third quarter we initiated positions in, or increased portfolio weights of, the following positions:

- Semiconductors: **NVIDIA Corporation** and **BE Semiconductor Industries N.V.**
- Software: **Ceridian HCM Holding Inc., Dynatrace, Inc., Workday, Inc., Intuit Inc.,** and **CrowdStrike Holdings, Inc.**
- Digital Media/Entertainment: **Take-Two Interactive Software, Inc.** and **Alphabet Inc.**
- IT Services: **Gartner, Inc.**

We remain steadfast in our belief that exposure to the broader technology sector should be a material part of an investor's portfolio for the long term. Technology has the power to reshape industries, disrupt business models, and create opportunities for substantial wealth creation.

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

	Percent Impact
Rivian Automotive, Inc.	0.52%
NVIDIA Corporation	0.34
CrowdStrike Holdings, Inc.	0.25
Intuit Inc.	0.21
PAR Technology Corporation	0.19

Shares of **Rivian Automotive, Inc.**, a U.S.-based EV manufacturer, rose during the quarter. As we wrote last quarter, we concluded that Rivian was hitting a turning point in its execution, particularly ramping vehicle production, rolling out engineering innovations (such as the Enduro motor and lithium-iron-phosphate (LFP) battery pack) and lowering costs-of-goods-sold per vehicle. Rivian's second quarter results demonstrated that Rivian's unit-level economics continued to improve due to the company's rising production rate, which is driving better fixed cost absorption, and the ramp-up of its cheaper in-house technologies, including Enduro and LFP batteries. Management expects a long road of profitability in the years ahead as Rivian continues to scale production. While backlog remains healthy for now, we are monitoring levels as production volume and competition increase. We think Rivian will benefit from the release of its next-generation R2 model, which it plans to unveil in early 2024. More recently, the company raised $1.5 billion of additional funds to support its longer-term business plan and reported third quarter production and delivery figures that beat Street expectations and confirmed that it remained on track to hit its 52,000 annual production target.

NVIDIA Corporation is a leading semiconductor company that sells chips and software for accelerated computing and gaming. Shares have nearly tripled year-to-date, as the company continues reporting unprecedented growth because of the acceleration in demand for its data center chips. After reporting revenue of $7 billion in the first quarter and providing guidance of $11 billion for the second quarter, NVIDIA reported second quarter revenue of $13.5 billion and guided for another step up in the third quarter to $16 billion, with its CFO declaring "[d]emand for our Data Center platform for AI is tremendous and broad-based across industries and customers." We are at the tipping point of a new era of computing with NVIDIA at its epicenter. This is how CEO and founder Jensen Huang put it (during the company's August 23 earnings call):

> *"[T]he easiest way to think about the demand is the world is transitioning from general purpose computing to accelerated computing…[W]hat you're seeing companies do now is recognizing this… tipping point…recognizing the beginning of this transition, and diverting their capital investment to accelerated computing and generative AI…This isn't a singular application that is driving the demand, but this is a new computing platform…a new computing transitioning that's happening…A new computing era has begun. The simultaneously going through two platform transitions, accelerated computing and generative AI."*

While the opportunity within the data center installed base is already large at roughly $1 trillion, the pace of innovation in AI in general, and generative AI in particular, should drive a significant expansion in the addressable market, as generative AI enables natural language human-computer interaction better utilization of data to guide decision making.

CrowdStrike Holdings, Inc. is a native-cloud cybersecurity vendor. Shares performed well on results that beat expectations, with annual recurring revenue (ARR), total revenue, and cash flow all coming in ahead of investor estimates. The company also increased its guidance for the year, calling for a strong second half of 2023. CrowdStrike disclosed ARR levels for its top set of new products focused on cloud security, identity protection, and next-generation security information event management. Together these three product areas comprise over $500 million in ARR, with revenue more than doubling year-over-year. We believe CrowdStrike is innovating at a rapid pace and enabling customers to expand and consolidate spending easily from other point-solution providers onto the CrowdStrike platform. In our view, CrowdStrike is on track to becoming one of the preeminent cloud security platforms.

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

	Percent Impact
Microsoft Corporation	–0.74%
indie Semiconductor, Inc.	–0.67
Apple Inc.	–0.62
ZoomInfo Technologies Inc.	–0.48
ASML Holding N.V.	–0.35

Microsoft Corporation is the world's largest software company. Microsoft was traditionally known for its Windows and Office products, but over the last five years, it has built an over $60 billion cloud business, including its Azure cloud infrastructure service and its Office 365 and Dynamics 365 cloud-delivered applications. The stock detracted from performance because Microsoft is the Fund's largest holding and shares retreated 7.0% after strong first half performance. For the June quarter, Microsoft reported better-than-expected Azure results for the third straight period, highlighted by Azure revenue growing 27% in constant currency. Its computing division also beat expectations, with Windows revenue benefiting from an early back-to-school inventory build. Microsoft's September quarter revenue guidance came in below Street expectations; however, with Azure effectively in line and demonstrating stabilization, but computing seeing the negative sequential impact of the pull-forward in back-to-school purchases. Looking at the big picture, Microsoft continues to execute at a high level, navigating a challenging macro backdrop while aggressively investing in long-term growth, and we remain confident that Microsoft is well positioned to leverage AI over the medium to long term as it infuses Open AI and other generative AI technologies across its entire product portfolio.

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 due to investor concerns that near-term automotive semiconductor demand will face headwinds because of excess inventory in the automotive semiconductor supply chain, combined with third quarter revenue guidance that slightly missed consensus expectations due to a customer slightly delaying the launch of a new vehicle model where indie had secured a design win (so delayed, not lost sales). As indie steadily ramps new product and design wins into production, we are confident the company will achieve its targeted model of profitability by year end, while effectively doubling revenues as it delivers on its $4.3 billion and growing strategic backlog. We believe indie has the potential to grow from its $200 million revenue run rate today to its targeted $500 million by 2025 and $1 billion by 2028. In the years ahead, indie should benefit as it develops differentiated, highly integrated, energy-efficient products, while the automotive semiconductor vertical remains highly attractive over the long term.

After a strong start to the year, shares of **Apple Inc.** partially retraced their gains this quarter. Mixed second calendar quarter financial results, with iPhone, iPad, and Wearables revenue coming in just shy of consensus expectations, coupled with elevated investor concerns about the macro economy and potential weakness in consumer spending later this year, pressured shares. Despite these quarterly fluctuations in product sales, we are encouraged by several long-term trends, including: (1) revenue from higher-margin services like the App Store, iCloud, and Apple Pay, which are growing faster than the overall business, driving better revenue visibility and higher free-cash-flow (FCF) margins; (2) continued gains in global market share in smartphones, wearables, and other hardware categories; and (3) consistent returns of capital to shareholders via share repurchases and dividends. On top of these trends in the core business, Apple is thoughtfully investing in new categories like augmented reality, search, financial services, and streaming media content. We took advantage of weakness in the quarter to add to our position in Apple.

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 third quarter, the largest market cap holding in the Fund was $2.7 trillion and the smallest was $870.2 million. The median market cap of the Fund was $51.9 billion and the weighted average market cap was $753.5 billion.

We had $7.0 million in net assets. We had investments in 41 unique companies. Our top 10 positions accounted for 54.4% of net assets.

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

	Quarter End Market Cap (billions)	Quarter End Investment Value (thousands)	Percent of Net Assets
Microsoft Corporation	$2,345.9	$702.2	10.0%
NVIDIA Corporation	1,074.4	701.6	10.0
Amazon.com, Inc.	1,311.6	568.0	8.1
Tesla, Inc.	794.2	441.1	6.3
Apple Inc.	2,676.7	345.3	4.9
Meta Platforms, Inc.	772.5	244.1	3.5
Advanced Micro Devices, Inc.	166.1	238.2	3.4
Ceridian HCM Holding Inc.	10.6	202.5	2.9
Workday, Inc.	56.3	192.7	2.7
Intuit Inc.	143.2	192.1	2.7

Table V.
Fund investments in GICS industries as of September 30, 2023

	Percent of Net Assets
Semiconductors & Semiconductor Equipment	28.0%
Software	26.1
Broadline Retail	8.1
Automobiles	7.6
Interactive Media & Services	6.2
Technology Hardware Storage & Peripherals	4.9
IT Services	3.4
Professional Services	2.9
Financial Services	2.5
Real Estate Management & Development	1.9
Electronic Equipment Instruments & Components	1.4
Automobile Components	1.0
Media	1.0
Entertainment	1.0
Hotels Restaurants & Leisure	0.9
Cash and Cash Equivalents	3.1
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 September 30, 2023

	Quarter End Market Cap (billions)	Net Amount Purchased (thousands)
Apple Inc.	$2,676.7	$259.5
NVIDIA Corporation	1,074.4	240.3
Microsoft Corporation	2,345.9	218.3
Tesla, Inc.	794.2	131.9
Ceridian HCM Holding Inc.	10.6	85.6

We took advantage of weakness to increase our position in **Apple Inc.**

On a pullback in its share price, we opportunistically added to our position in **NVIDIA Corporation**.

During the quarter, we deployed fund inflows to purchase additional shares of **Microsoft Corporation**, preserving the investment's portfolio weighting and offsetting dilution.

Please see above for further discussion of each of these companies.

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

	Quarter End Market Cap or Market Cap When Sold (billions)	Net Amount Sold (thousands)
Meta Platforms, Inc.	$772.5	$79.5
Pinterest, Inc.	19.4	61.7
Datadog, Inc.	29.6	30.2
Cloudflare, Inc.	21.1	27.9
Monolithic Power Systems, Inc.	22.1	13.0

We trimmed our investments in **Meta Platforms, Inc.** and **Monolithic Power Systems, Inc.** to position sizes we were more comfortable with.

We exited our investment in **Pinterest, Inc.** to fund purchases of other names in which we have more conviction.

We slightly trimmed our holdings in **Datadog, Inc.** and **Cloudflare, Inc.** to fund increases in the software names listed in the Review and Outlook section above. Effectively, we engineered a slight shift from companies currently valued on sales multiples to those valued on FCF.

To conclude, despite the current uncertain macroeconomic geopolitical backdrop, 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.

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

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

Portfolio Market Capitalization (Unaudited)

Baron Asset Fund

Baron Asset Fund invests in mid-sized growth companies with market capitalizations above $2.5 billion or the smallest market cap stock in the Russell Midcap Growth Index at reconstitution, whichever is larger, and below the largest market cap stock in the Russell Midcap Growth Index at reconstitution.

Company	Equity Market Cap (in millions)	% of Net Assets
The Charles Schwab Corp.	$99,979	2.2%
Equinix, Inc.	67,953	1.1
Roper Technologies, Inc.	51,678	2.8
Amphenol Corporation	50,096	1.7
MSCI Inc.	40,579	0.6
The Trade Desk	38,309	1.0
IDEXX Laboratories, Inc.	36,299	6.5
DexCom, Inc.	36,188	1.2
Verisk Analytics, Inc.	34,261	5.1
Veeva Systems Inc.	32,685	2.0
CoStar Group, Inc.	31,397	4.3
Arch Capital Group Ltd.	29,728	4.0
argenx SE	28,779	0.5
West Pharmaceutical Services, Inc.	27,714	2.9
Quanta Services, Inc.	27,162	1.2
Gartner, Inc.	27,085	9.1
CDW Corporation	27,046	1.8
ANSYS, Inc.	25,825	3.8
Mettler-Toledo International Inc.	24,228	4.5
T. Rowe Price Group, Inc.	23,522	0.4
CBRE Group, Inc.	22,885	1.0
Willis Towers Watson Public Limited Company	21,904	0.6
SBA Communications Corp.	21,695	0.4
Fair Isaac Corporation	21,589	3.0
VeriSign, Inc.	20,888	2.6
ICON Plc	20,230	1.1
Tradeweb Markets Inc.	$18,820	0.6%
LPL Financial Holdings Inc.	18,132	0.3
Rollins, Inc.	18,071	1.4
FactSet Research Systems Inc.	16,680	3.7
The Cooper Companies, Inc.	15,749	1.5
IDEX Corporation	15,727	1.6
Axon Enterprise, Inc.	14,877	0.3
Booz Allen Hamilton Holding Corporation	14,327	0.5
TransUnion	13,877	2.4
Aspen Technology, Inc.	13,151	0.8
SS&C Technologies Holdings, Inc.	13,035	0.9
Hyatt Hotels Corporation	11,017	1.3
Bio-Techne Corporation	10,771	2.4
Ceridian HCM Holding Inc.	10,558	2.5
Morningstar, Inc.	9,991	0.9
Floor & Decor Holdings, Inc.	9,633	0.5
Repligen Corporation	8,866	0.8
On Holding AG	8,846	0.8
Vail Resorts, Inc.	8,465	3.1
MarketAxess Holdings Inc.	8,049	0.4
Guidewire Software, Inc.	7,330	2.9
Choice Hotels International, Inc.	6,172	1.5
		96.6%*

* 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
MSCI Inc.	$40,579	10.4%
IDEXX Laboratories, Inc.	36,299	3.1
CoStar Group, Inc.	31,397	5.3
Arch Capital Group Ltd.	29,728	9.7
West Pharmaceutical Services, Inc.	27,714	2.4
Gartner, Inc.	27,085	7.0
ANSYS, Inc.	25,825	4.0
Mettler-Toledo International Inc.	24,228	1.0
Alexandria Real Estate Equities, Inc.	17,320	1.0
FactSet Research Systems Inc.	16,680	7.0
Gaming and Leisure Properties, Inc.	11,963	3.3
The Carlyle Group Inc.	10,856	0.7
Bio-Techne Corporation	10,771	2.7
Morningstar, Inc.	9,991	2.9
Kinsale Capital Group, Inc.	9,592	5.6
Vail Resorts, Inc.	8,465	6.0
Houlihan Lokey, Inc.	7,426	0.6
Guidewire Software, Inc.	7,330	1.1
Primerica, Inc.	6,939	3.9
Trex Company, Inc.	6,691	1.0
Choice Hotels International, Inc.	$6,172	4.9%
Littelfuse, Inc.	6,156	0.2
Boyd Gaming Corporation	6,084	0.4
Iridium Communications Inc.	5,689	4.8
Altair Engineering Inc.	5,082	0.6
Essent Group Ltd.	5,060	0.3
Bright Horizons Family Solutions, Inc.	4,715	1.1
Clearwater Analytics Holdings, Inc.	4,679	0.1
Red Rock Resorts, Inc.	4,279	1.1
Neogen Corp.	4,010	0.3
Marriott Vacations Worldwide Corporation	3,670	1.7
PENN Entertainment, Inc.	3,454	1.5
Moelis & Company	3,207	0.2
Cohen & Steers, Inc.	3,080	1.6
Marel hf.	2,234	0.0
Douglas Emmett, Inc.	2,128	0.8
Krispy Kreme, Inc.	2,098	0.8
FIGS, Inc.	994	0.7
		99.7%*

* 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	$46,527	2.5%
The Trade Desk	38,309	1.4
IDEXX Laboratories, Inc.	36,299	0.6
DexCom, Inc.	36,188	1.2
Waste Connections, Inc.	34,600	1.3
Gartner, Inc.	27,085	5.5
Mettler-Toledo International Inc.	24,228	0.9
SBA Communications Corp.	21,695	1.2
ICON Plc	20,230	4.1
Liberty Media Corporation – Liberty Formula One	14,466	1.8
Vertiv Holdings Co	14,156	6.3
DraftKings Inc.	13,659	0.6
Aspen Technology, Inc.	13,151	1.7
Ceridian HCM Holding Inc.	10,558	1.5
Floor & Decor Holdings, Inc.	9,633	2.7
Kinsale Capital Group, Inc.	9,592	4.7
Liberty Media Corporation – Liberty SiriusXM	8,316	0.3
Americold Realty Trust	8,219	0.6
WEX Inc.	8,079	1.1
Houlihan Lokey, Inc.	7,426	1.6
SiteOne Landscape Supply, Inc.	7,365	3.7
Guidewire Software, Inc.	7,330	2.6
Cognex Corporation	7,312	1.5
Chart Industries, Inc.	7,228	3.0
RBC Bearings Incorporated	6,803	1.6
Trex Company, Inc.	6,691	1.1
HealthEquity, Inc.	6,255	1.4
Inspire Medical Systems, Inc.	5,821	1.1
Dechra Pharmaceuticals PLC	5,264	1.0
Altair Engineering Inc.	5,082	1.1
Bright Horizons Family Solutions, Inc.	4,715	1.3
Clearwater Analytics Holdings, Inc.	4,679	0.8
Clarivate Plc	$4,538	0.5%
Planet Fitness, Inc.	4,335	1.4
Red Rock Resorts, Inc.	4,279	2.9
Madison Square Garden Sports Corp.	4,212	0.9
Fox Factory Holding Corp.	4,198	0.6
Neogen Corp.	4,010	1.8
ASGN Incorporated	3,953	3.4
Installed Building Products, Inc.	3,548	2.4
John Bean Technologies Corporation	3,347	1.3
Endava plc	3,312	1.1
Avient Corporation	3,217	1.4
Shoals Technologies Group, Inc.	3,101	0.8
Liberty Media Corporation – Liberty Live	2,859	0.2
Axonics, Inc.	2,832	1.3
Sprout Social, Inc.	2,780	0.9
BRP Group, Inc.	2,713	1.7
Mercury Systems, Inc.	2,158	0.7
Driven Brands Holdings Inc.	2,109	0.5
First Advantage Corporation	2,002	1.2
Kratos Defense & Security Solutions, Inc.	1,924	0.8
UTZ Brands, Inc.	1,887	1.0
ODDITY Tech Ltd.	1,611	0.2
Janus International Group, Inc.	1,571	1.4
The Cheesecake Factory, Inc.	1,554	1.6
E2open Parent Holdings, Inc.	1,377	0.6
indie Semiconductor, Inc.	1,086	0.6
European Wax Center, Inc.	1,016	1.1
Grid Dynamics Holdings, Inc.	918	0.9
The Beauty Health Company	800	0.6
Repay Holdings Corporation	763	0.7
Holley Inc.	591	0.6
		96.6%*

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

Baron Opportunity Fund

Baron Opportunity Fund invests in high growth businesses of any market capitalization selected for their capital appreciation potential.

Company	Equity Market Cap (in millions)	% of Net Assets
Microsoft Corporation	$2,345,948	13.5%
Alphabet Inc.	1,656,190	2.6
Amazon.com, Inc.	1,311,593	6.2
NVIDIA Corporation	1,074,425	8.6
Tesla, Inc.	794,197	6.5
Meta Platforms, Inc.	772,489	3.3
Visa Inc.	480,203	2.9
Mastercard Incorporated	373,031	2.7
ASML Holding N.V.	238,298	1.3
Advanced Micro Devices, Inc.	166,123	2.0
ServiceNow, Inc.	114,028	2.9
Intuitive Surgical, Inc.	102,698	1.6
Shopify Inc.	70,106	1.1
Equinix, Inc.	67,953	1.0
Workday, Inc.	56,291	1.9
Snowflake Inc.	50,368	1.0
Marvell Technology, Inc.	46,703	1.1
CrowdStrike Holdings, Inc.	39,968	1.8
The Trade Desk	38,309	1.7
DexCom, Inc.	36,188	0.9
Mobileye Global Inc.	33,475	0.8
CoStar Group, Inc.	31,397	2.9
Datadog, Inc.	29,604	1.0
argenx SE	$28,779	3.2%
Gartner, Inc.	27,085	2.9
HubSpot, Inc.	24,633	1.0
Take-Two Interactive Software, Inc.	23,843	1.1
Rivian Automotive, Inc.	23,021	1.6
Monolithic Power Systems, Inc.	22,073	1.2
Illumina, Inc.	21,731	0.9
Cloudflare, Inc.	21,069	1.0
TKO Group Holdings, Inc.	14,524	1.0
Dynatrace, Inc.	13,705	0.6
Legend Biotech Corporation	11,411	0.5
Ceridian HCM Holding Inc.	10,558	1.5
Guidewire Software, Inc.	7,330	1.6
Shockwave Medical, Inc.	7,317	1.0
GitLab Inc.	6,996	1.0
ZoomInfo Technologies Inc.	6,584	1.0
Endava plc	3,312	1.1
Arrowhead Pharmaceuticals, Inc.	2,880	0.4
Rocket Pharmaceuticals, Inc.	1,810	1.6
indie Semiconductor, Inc.	1,086	1.5
		95.0%*

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

Baron Partners Fund

Baron Partners Fund is a non-diversified fund that invests primarily in U.S. companies of any size with significant growth potential.

Company	Equity Market Cap (in millions)	% of Total Investments
NVIDIA Corporation	$1,074,425	0.3%
Tesla, Inc.	794,197	41.0
The Charles Schwab Corp.	99,979	3.9
MSCI Inc.	40,579	1.7
Moderna, Inc.	39,311	0.6
IDEXX Laboratories, Inc.	36,299	4.7
CoStar Group, Inc.	31,397	7.6
Spotify Technology S.A.	29,933	0.5
Arch Capital Group Ltd.	29,728	7.0
Gartner, Inc.	27,085	3.2
HEICO Corporation	19,646	0.5
FactSet Research Systems Inc.	16,680	4.3
Gaming and Leisure Properties, Inc.	$11,963	1.1%
Hyatt Hotels Corporation	11,017	4.8
Vail Resorts, Inc.	8,465	3.3
Guidewire Software, Inc.	7,330	1.1
Iridium Communications Inc.	5,689	2.5
Red Rock Resorts, Inc.	4,279	1.0
Marriott Vacations Worldwide Corporation	3,670	1.0
FIGS, Inc.	994	0.5
		90.6%*

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

Baron Fifth Avenue Growth Fund

Baron Fifth Avenue Growth Fund invests in large-sized growth companies with market capitalizations no smaller than the top 85th percentile by total market capitalization of the Russell 1000 Growth Index at June 30, or companies with market capitalizations above $10 billion, whichever is smaller.

Company	Equity Market Cap (in millions)	% of Net Assets
Amazon.com, Inc.	$1,311,593	7.9%
NVIDIA Corporation	1,074,425	10.6
Tesla, Inc.	794,197	5.3
Meta Platforms, Inc.	772,489	5.9
Mastercard Incorporated	373,031	4.9
ASML Holding N.V.	238,298	2.5
ServiceNow, Inc.	114,028	6.6
Intuitive Surgical, Inc.	102,698	4.7
Shopify Inc.	70,106	4.8
MercadoLibre, Inc.	63,512	3.7
Atlassian Corporation Plc	51,865	1.6
Snowflake Inc.	50,368	4.6
CrowdStrike Holdings, Inc.	39,968	3.2
The Trade Desk	38,309	3.9
Mobileye Global Inc.	33,475	1.7
Veeva Systems Inc.	32,685	2.0
Coupang, Inc.	$30,324	1.1%
Datadog, Inc.	29,604	3.5
argenx SE	28,779	3.5
Block, Inc.	27,002	1.3
Rivian Automotive, Inc.	23,021	2.6
Adyen N.V.	22,948	0.9
Illumina, Inc.	21,731	1.4
Cloudflare, Inc.	21,069	3.1
EPAM Systems, Inc.	14,820	1.8
GitLab Inc.	6,996	1.1
ZoomInfo Technologies Inc.	6,584	1.2
Endava plc	3,312	2.5
		97.8%*

* 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.	$794,197	13.4%
Shopify Inc.	70,106	1.7
MSCI Inc.	40,579	4.0
Interactive Brokers Group, Inc.	36,665	3.2
IDEXX Laboratories, Inc.	36,299	1.3
Verisk Analytics, Inc.	34,261	3.3
CoStar Group, Inc.	31,397	4.3
Spotify Technology S.A.	29,933	3.4
Arch Capital Group Ltd.	29,728	6.3
BioNTech SE	26,049	1.4
ANSYS, Inc.	25,825	2.5
Rivian Automotive, Inc.	23,021	1.1
Alexandria Real Estate Equities, Inc.	17,320	1.4
FactSet Research Systems Inc.	16,680	4.8
MGM Resorts International	12,899	1.6
American Homes 4 Rent	12,196	0.7
Hyatt Hotels Corporation	$11,017	4.6%
On Holding AG	8,846	2.0
Vail Resorts, Inc.	8,465	4.5
Jefferies Financial Group Inc.	7,708	0.8
Guidewire Software, Inc.	7,330	4.1
Choice Hotels International, Inc.	6,172	2.4
Iridium Communications Inc.	5,689	2.9
Red Rock Resorts, Inc.	4,279	3.1
Marriott Vacations Worldwide Corporation	3,670	1.9
Manchester United plc	3,226	1.7
Douglas Emmett, Inc.	2,128	1.6
Krispy Kreme, Inc.	2,098	3.0
FIGS, Inc.	994	3.0
		90.0%*

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

Baron International Growth Fund

Baron International Growth Fund is a diversified fund that invests in non-U.S companies with significant growth potential. Investments may be made across all market capitalizations. The Fund invests principally in companies of developed countries and may invest up to 35% in companies of developing countries.

Company	Equity Market Cap (in millions)	% of Net Assets
Taiwan Semiconductor Manufacturing Company Limited	$420,145	1.7%
LVMH Moet Hennessy Louis Vuitton SE	380,259	1.2
Tencent Holdings Limited	369,545	1.0
Samsung Electronics Co., Ltd.	302,604	0.8
Nestle S.A.	302,601	1.3
Alibaba Group Holding Limited	220,617	1.4
AstraZeneca PLC	209,918	2.2
Reliance Industries Limited	191,064	1.1
Linde plc	182,673	2.7
HDFC Bank Limited	139,323	0.8
Industria de Diseno Textil, S.A.	116,283	1.9
Mitsubishi UFJ Financial Group, Inc.	107,719	1.7
Keyence Corporation	90,324	1.1
Prosus N.V.	77,082	0.5
BNP Paribas S.A.	74,969	1.9
Compagnie Financiere Richemont SA	70,258	0.8
Sumitomo Mitsui Financial Group, Inc.	65,758	1.6
Bharti Airtel Limited	64,631	0.7
Tokyo Electron Limited	64,472	1.0
Sberbank of Russia PJSC	58,542	0.0
Bajaj Finance Limited	56,992	1.0
Midea Group Co., Ltd.	53,345	0.5
Recruit Holdings Co., Ltd.	52,307	0.6
Universal Music Group N.V.	47,609	1.2
Baidu, Inc.	46,968	0.8
Constellation Software Inc.	43,749	2.2
Pernod Ricard SA	42,662	1.4
Grupo Mexico, S.A.B. de C.V.	36,849	0.9
Agilent Technologies, Inc.	32,717	1.2
Coupang, Inc.	30,324	0.7
Experian plc	30,200	1.2
Renesas Electronics Corporation	29,952	1.5
Arch Capital Group Ltd.	29,728	2.4
argenx SE	28,779	3.2
Galaxy Entertainment Group Limited	26,333	0.4
Samsung SDI Co., Ltd.	26,091	0.4
Cellnex Telecom, S.A.	24,626	0.4
Yum China Holdings Inc.	23,399	0.6
Genmab A/S	23,302	1.0
Agnico Eagle Mines Limited	22,514	0.9
DSM-Firmenich AG	22,507	1.2
Epiroc AB	21,936	1.4
Z Holdings Corporation	21,228	1.1
Techtronic Industries Co. Ltd.	17,807	0.4
Jio Financial Services Limited	17,689	0.1
Suzano S.A.	14,299	1.4
B3 S.A. – Brasil, Bolsa, Balcao	14,228	0.5
Symrise AG	13,288	1.3
XP Inc.	12,609	0.5
Localiza Rent a Car S.A.	12,353	0.5
Godrej Consumer Products Limited	$12,213	0.6%
Jiangsu Hengli Hydraulic Co., Ltd.	11,730	0.5
Eurofins Scientific SE	10,916	1.0
Bank of Ireland Group plc	10,378	1.1
Credicorp Ltd.	10,178	0.8
Japan Exchange Group, Inc.	9,812	0.7
Trent Limited	8,905	0.6
HD Hyundai Heavy Industries Co., Ltd.	7,973	0.8
Dino Polska S.A.	7,967	0.9
Stevanato Group S.p.A	7,867	1.1
Full Truck Alliance Co. Ltd.	7,536	0.7
B&M European Value Retail S.A.	7,174	1.5
Kanzhun Limited	6,752	0.4
Max Healthcare Institute Limited	6,639	0.5
Tata Communications Limited	6,633	0.6
HD Korea Shipbuilding & Offshore Engineering Co., Ltd.	5,822	1.6
InPost S.A.	5,815	1.7
Dechra Pharmaceuticals PLC	5,264	0.8
Clariant AG	5,258	0.9
Wix.com Ltd.	5,247	0.7
Godrej Properties Limited	5,204	0.6
Kingsoft Corporation Ltd.	4,952	0.4
Kingdee International Software Group Company Limited	4,280	0.5
Japan Airport Terminal Co., Ltd.	3,950	1.2
Max Financial Services Limited	3,781	0.5
StoneCo Ltd.	3,341	0.4
Endava plc	3,312	0.8
Nippon Life India Asset Management Limited	2,468	0.6
Lufax Holding Ltd	2,430	0.3
Zai Lab Limited	2,403	0.4
ODDITY Tech Ltd.	1,611	0.3
Watches of Switzerland Group PLC	1,564	0.4
SMS Co., Ltd.	1,492	1.0
Meyer Burger Technology AG	1,458	1.6
Afya Limited	1,449	0.7
Taboola.com Ltd.	1,312	0.4
Befesa S.A.	1,216	0.9
JM Financial Limited	993	0.5
AMG Critical Materials N.V.	979	1.4
eDreams ODIGEO SA	870	2.3
Ceres Power Holdings plc	739	0.5
Aker Carbon Capture ASA	640	0.4
Okamoto Industries, Inc.	614	0.7
Waga Energy SA	522	1.3
S4 Capital plc	480	0.5
WANdisco plc	92	0.0
		92.0%*

* 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.	$130,227	4.5%
Lowe's Companies, Inc.	119,948	2.2
Prologis, Inc.	103,667	5.5
American Tower Corporation	76,659	0.5
Equinix, Inc.	67,953	5.7
Brookfield Corporation	51,245	3.8
Public Storage Incorporated	46,335	1.0
Welltower Inc.	42,494	2.4
Hilton Worldwide Holdings Inc.	39,274	1.4
Digital Realty Trust, Inc.	37,419	3.4
D.R. Horton, Inc.	36,357	4.5
Las Vegas Sands Corporation	35,042	2.7
Lennar Corporation	31,571	4.6
CoStar Group, Inc.	31,397	4.4
Vulcan Materials Company	26,842	0.6
Extra Space Storage Inc.	25,687	0.9
CBRE Group, Inc.	22,885	3.3
Invitation Homes, Inc.	19,393	1.7
Pool Corporation	13,906	2.2
Brookfield Asset Management Ltd.	13,757	1.2
MGM Resorts International	$12,899	3.1%
Hyatt Hotels Corporation	11,017	1.2
Wynn Resorts, Limited	10,529	3.5
Rexford Industrial Realty, Inc.	10,188	2.3
Caesars Entertainment, Inc.	9,979	2.0
Floor & Decor Holdings, Inc.	9,633	1.9
Vail Resorts, Inc.	8,465	0.9
Toll Brothers, Inc.	7,949	8.3
Fortune Brands Innovations, Inc.	7,888	1.3
EastGroup Properties, Inc.	7,560	1.5
SiteOne Landscape Supply, Inc.	7,365	2.2
Jones Lang LaSalle Incorporated	6,732	2.2
Boyd Gaming Corporation	6,084	1.8
Terreno Realty Corporation	4,766	0.8
Red Rock Resorts, Inc.	4,279	1.5
Marriott Vacations Worldwide Corporation	3,670	0.4
Installed Building Products, Inc.	3,548	1.6
		92.9%*

* 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	$420,145	5.9%
Tencent Holdings Limited	369,545	3.7
Kweichow Moutai Co., Ltd.	309,326	0.8
Samsung Electronics Co., Ltd.	302,604	4.6
Alibaba Group Holding Limited	220,617	4.1
Reliance Industries Limited	191,064	1.7
Tata Consultancy Services Limited	155,481	0.6
HDFC Bank Limited	139,323	2.1
AIA Group Limited	93,910	0.7
Keyence Corporation	90,324	0.7
Wuliangye Yibin Co., Ltd.	82,957	0.5
Wal-Mart de Mexico, S.A.B. de C.V.	65,728	1.5
Bharti Airtel Limited	64,631	1.6
SK hynix Inc.	61,881	0.5
Sberbank of Russia PJSC	58,542	0.0
Bajaj Finance Limited	56,992	2.6
Midea Group Co., Ltd.	53,345	1.3
PT Bank Rakyat Indonesia (Persero) Tbk	51,239	1.7
Baidu, Inc.	46,968	1.3
JD.com, Inc.	45,822	0.3
Shenzhen Mindray Bio-Medical Electronics Co., Ltd.	44,787	0.5
Pernod Ricard SA	42,662	0.6
Grupo Mexico, S.A.B. de C.V.	36,849	1.1
Nu Holdings Ltd.	34,384	0.6
Titan Company Limited	33,664	0.9
Coupang, Inc.	30,324	1.2
Naspers Limited	30,112	0.5
Galaxy Entertainment Group Limited	26,333	1.0
Budweiser Brewing Company APAC Limited	26,145	0.7
Delta Electronics, Inc.	26,112	1.5
Samsung SDI Co., Ltd.	26,091	0.4
NARI Technology Co. Ltd.	24,406	1.0
Yum China Holdings Inc.	23,399	1.6
Mahindra & Mahindra Limited	23,275	0.6
Techtronic Industries Co. Ltd.	17,807	0.7
Jio Financial Services Limited	17,689	0.2
SBI Life Insurance Company Limited	15,737	1.3
Shenzhou International Group Holdings Ltd.	14,397	1.0
Suzano S.A.	14,299	2.3
B3 S.A. – Brasil, Bolsa, Balcao	14,228	0.7
BDO Unibank, Inc.	13,213	1.5
China Mengniu Dairy Co. Ltd.	13,207	1.1
Yunnan Baiyao Group Co., Ltd.	13,112	0.8
XP Inc.	12,609	0.8
Localiza Rent a Car S.A.	$12,353	1.1%
Godrej Consumer Products Limited	12,213	1.3
Divi's Laboratories Limited	12,037	0.6
Jiangsu Hengli Hydraulic Co., Ltd.	11,730	1.4
Credicorp Ltd.	10,178	1.0
Tata Consumer Products Limited	9,810	0.9
Gold Fields Limited	9,704	0.6
Trent Limited	8,905	0.7
HD Hyundai Heavy Industries Co., Ltd.	7,973	1.0
Dino Polska S.A.	7,967	0.2
Ayala Land, Inc.	7,782	0.7
Full Truck Alliance Co. Ltd.	7,536	1.3
Kanzhun Limited	6,752	0.8
Max Healthcare Institute Limited	6,639	0.5
Tata Communications Limited	6,633	1.9
Muthoot Finance Limited	6,053	0.5
HD Korea Shipbuilding & Offshore Engineering Co., Ltd.	5,822	2.1
InPost S.A.	5,815	1.5
Glodon Company Limited	5,325	0.6
Godrej Properties Limited	5,204	0.9
Kingsoft Corporation Ltd.	4,952	1.0
Kingdee International Software Group Company Limited	4,280	1.1
Jubilant FoodWorks Limited	4,236	0.5
Max Financial Services Limited	3,781	1.2
Fix Price Group Ltd.	3,809	0.0
Venustech Group Inc.	3,649	0.7
Korea Aerospace Industries, Ltd.	3,525	0.7
StoneCo Ltd.	3,341	0.6
Estun Automation Co., Ltd.	2,626	0.8
Network International Holdings Plc	2,536	0.3
Nippon Life India Asset Management Limited	2,468	0.9
Lufax Holding Ltd	2,430	0.3
Zai Lab Limited	2,403	0.7
Aarti Industries Limited	2,145	0.5
Inter & Co Inc.	1,604	0.2
Afya Limited	1,449	0.6
Nuvama Wealth Management Limited	1,018	0.2
JM Financial Limited	993	1.0
Edelweiss Financial Services Limited	696	0.4
Aarti Pharmalabs Limited	504	0.1
Codere Online Luxembourg, S.A.	136	0.1
		90.1%*

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

Baron Global Advantage Fund

Baron Global Advantage Fund is a diversified fund that invests primarily in established and emerging markets companies located throughout the world with capitalization within the range of companies included in the MSCI ACWI Index.

Company	Equity Market Cap (in millions)	% of Net Assets
NVIDIA Corporation	$1,074,425	9.3%
Tesla, Inc.	794,197	4.7
ASML Holding N.V.	238,298	3.0
Meituan Inc.	91,359	1.3
Shopify Inc.	70,106	5.8
MercadoLibre, Inc.	63,512	8.8
Bajaj Finance Limited	56,992	5.1
Snowflake Inc.	50,368	5.4
CrowdStrike Holdings, Inc.	39,968	2.3
Coupang, Inc.	30,324	4.7
Datadog, Inc.	29,604	2.7
argenx SE	28,779	4.7
Block, Inc.	27,002	1.2
Rivian Automotive, Inc.	23,021	2.3
Adyen N.V.	22,948	1.1
Zscaler, Inc.	22,898	2.2
Illumina, Inc.	21,731	1.2

Company	Equity Market Cap (in millions)	% of Net Assets
Cloudflare, Inc.	$21,069	3.7%
EPAM Systems, Inc.	14,820	1.5
BILL Holdings, Inc.	11,574	2.3
Zomato Limited	10,517	1.3
Globant S.A.	8,396	2.1
InPost S.A.	5,815	2.1
Wix.com Ltd.	5,247	2.2
Endava plc	3,312	5.5
Schrodinger, Inc.	2,032	1.2
Afya Limited	1,449	1.6
Taboola.com Ltd.	1,312	0.0
Fiverr International Ltd.	936	1.1
Innovid Corp.	178	0.0
Codere Online Luxembourg, S.A.	136	0.7
		90.9%*

* 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.	$14,877	2.6%
Liberty Media Corporation – Liberty Formula One	14,466	0.8
Dynatrace, Inc.	13,705	1.6
DraftKings Inc.	13,659	2.4
Ceridian HCM Holding Inc.	10,558	2.1
Rexford Industrial Realty, Inc.	10,188	2.5
Floor & Decor Holdings, Inc.	9,633	2.5
Kinsale Capital Group, Inc.	9,592	4.9
Repligen Corporation	8,866	2.1
On Holding AG	8,846	1.2
Stevanato Group S.p.A	7,867	1.0
SiteOne Landscape Supply, Inc.	7,365	2.6
Guidewire Software, Inc.	7,330	1.7
Chart Industries, Inc.	7,228	3.0
GitLab Inc.	6,996	2.8
CyberArk Software Ltd.	6,840	2.4
RBC Bearings Incorporated	6,803	1.4
Trex Company, Inc.	6,691	1.4
Texas Roadhouse, Inc.	6,415	1.7
Allegro MicroSystems, Inc.	6,145	0.3
Boyd Gaming Corporation	6,084	2.8
Qualys, Inc.	5,600	0.7
Smartsheet Inc.	5,468	1.7
Novanta Inc.	5,136	0.6
SentinelOne, Inc.	4,985	1.7
RH	4,864	0.8
10x Genomics, Inc.	4,844	0.5
Clearwater Analytics Holdings, Inc.	4,679	2.0
Red Rock Resorts, Inc.	4,279	1.2
ASGN Incorporated	3,953	2.1

Company	Equity Market Cap (in millions)	% of Net Assets
Advanced Energy Industries, Inc.	$3,883	3.2%
Inari Medical, Inc.	3,751	2.2
Varonis Systems, Inc.	3,349	1.8
Endava plc	3,312	1.1
Nova Ltd.	3,239	1.2
Liberty Media Corporation – Liberty Live	2,859	1.3
Axonics, Inc.	2,832	2.8
SiTime Corporation	2,538	1.8
Maravai LifeSciences Holdings, Inc.	2,510	0.4
ACV Auctions Inc.	2,440	0.9
Certara, Inc.	2,323	0.8
Mercury Systems, Inc.	2,158	1.9
Kratos Defense & Security Solutions, Inc.	1,924	2.4
Alkami Technology Inc.	1,717	1.0
Veracyte, Inc.	1,625	1.0
Establishment Labs Holdings Inc.	1,265	1.0
Definitive Healthcare Corp.	1,237	1.7
Navitas Semiconductor Corporation	1,207	1.4
indie Semiconductor, Inc.	1,086	1.6
PAR Technology Corporation	1,058	2.6
European Wax Center, Inc.	1,016	1.2
Revance Therapeutics, Inc.	1,009	0.7
Ichor Holdings, Ltd.	906	1.2
Montrose Environmental Group, Inc.	882	1.8
Couchbase, Inc.	808	2.1
The Beauty Health Company	800	0.6
Silk Road Medical, Inc.	582	0.6
SmartRent, Inc.	523	0.4
		95.5%*

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

Baron Durable Advantage Fund

Baron Durable Advantage Fund invests primarily in large-sized companies with market capitalizations no smaller than the top 90th percentile by market capitalization of the S&P 500 Index at June 30, or companies with market capitalizations above $10 billion, whichever is smaller.

Company	Equity Market Cap (in millions)	% of Net Assets
Microsoft Corporation	$2,345,948	9.2%
Alphabet Inc.	1,656,190	4.8
Amazon.com, Inc.	1,311,593	7.1
NVIDIA Corporation	1,074,425	4.2
Meta Platforms, Inc.	772,489	7.2
Visa Inc.	480,203	4.0
UnitedHealth Group Incorporated	467,034	4.3
Taiwan Semiconductor Manufacturing Company Limited	420,145	2.3
Mastercard Incorporated	373,031	3.0
Costco Wholesale Corporation	250,160	2.2
Adobe Inc.	232,158	3.2
Thermo Fisher Scientific Inc.	195,356	2.7
Accenture plc	193,939	3.3
Danaher Corporation	183,185	2.5
Texas Instruments Incorporated	144,376	1.5
Intuit Inc.	143,196	3.5
Blackstone Inc.	$130,227	2.1%
S&P Global Inc.	116,274	3.9
CME Group, Inc.	72,029	2.2
Moody's Corporation	58,017	2.5
The Estee Lauder Companies Inc.	51,726	0.3
Brookfield Corporation	51,245	2.6
MSCI Inc.	40,579	3.0
TE Connectivity Ltd.	38,781	0.8
Agilent Technologies, Inc.	32,717	1.1
Arch Capital Group Ltd.	29,728	4.8
Mettler-Toledo International Inc.	24,228	1.1
Monolithic Power Systems, Inc.	22,073	3.3
HEICO Corporation	19,646	2.5
LPL Financial Holdings Inc.	18,132	2.1
		97.4%*

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

Baron Real Estate Income Fund

Baron Real Estate Income Fund is a non-diversified fund that under normal circumstances, invests at least 80% of its net assets in real estate income-producing securities and other real estate securities of any market capitalization, including common stocks and equity securities, debt and preferred securities, non-U.S. real estate income-producing securities, and any other real estate-related yield securities.

Company	Equity Market Cap (in millions)	% of Net Assets
Lowe's Companies, Inc.	$119,948	1.0%
Prologis, Inc.	103,667	9.6
Equinix, Inc.	67,953	9.7
Brookfield Corporation	51,245	2.5
Public Storage Incorporated	46,335	1.6
Welltower Inc.	42,494	7.6
Digital Realty Trust, Inc.	37,419	9.5
VICI Properties Inc.	29,491	0.9
Extra Space Storage Inc.	25,687	2.6
AvalonBay Communities, Inc.	24,390	4.6
Equity Residential	22,253	3.3
Invitation Homes, Inc.	19,393	5.6
Alexandria Real Estate Equities, Inc.	17,320	2.1
Ventas, Inc.	16,952	2.4
Brookfield Asset Management Ltd.	13,757	1.2
American Homes 4 Rent	12,196	5.0
Wynn Resorts, Limited	$10,529	3.1%
Rexford Industrial Realty, Inc.	10,188	2.9
CubeSmart	8,572	1.7
Americold Realty Trust	8,219	2.5
Toll Brothers, Inc.	7,949	3.3
EastGroup Properties, Inc.	7,560	2.2
First Industrial Realty Trust, Inc.	6,294	3.1
Terreno Realty Corporation	4,766	0.7
Brookfield Infrastructure Corporation	3,912	0.3
Travel + Leisure Co.	2,715	1.0
Tanger Factory Outlet Centers, Inc.	2,377	1.5
DiamondRock Hospitality Company	1,683	1.9
		93.4%*

* 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	$509,895	9.3%
UnitedHealth Group Incorporated	467,034	9.5
Merck & Co., Inc.	261,238	4.5
AstraZeneca PLC	209,918	2.7
Thermo Fisher Scientific Inc.	195,356	4.5
Danaher Corporation	183,185	1.5
Intuitive Surgical, Inc.	102,698	4.4
Elevance Health, Inc.	102,606	1.5
Vertex Pharmaceuticals Incorporated	89,750	4.0
Zoetis Inc.	80,086	2.8
Boston Scientific Corporation	77,311	3.0
HCA Healthcare, Inc.	66,904	2.3
Humana Inc.	60,283	1.6
McKesson Corporation	58,662	2.4
IDEXX Laboratories, Inc.	36,299	1.5
DexCom, Inc.	36,188	3.2
Veeva Systems Inc.	32,685	1.8
argenx SE	28,779	4.6
West Pharmaceutical Services, Inc.	27,714	2.2
Mettler-Toledo International Inc.	24,228	2.0
Genmab A/S	23,302	0.2
ICON Plc	$20,230	2.2%
The Cooper Companies, Inc.	15,749	2.5
Exact Sciences Corporation	12,325	1.4
Legend Biotech Corporation	11,411	2.7
Insulet Corporation	11,136	0.8
Bio-Techne Corporation	10,771	1.7
Repligen Corporation	8,866	0.7
Stevanato Group S.p.A	7,867	1.2
Shockwave Medical, Inc.	7,317	1.2
Inspire Medical Systems, Inc.	5,821	2.0
Neogen Corp.	4,010	1.2
Cytokinetics, Incorporated	2,828	0.4
Xenon Pharmaceuticals Inc.	2,191	1.7
Schrodinger, Inc.	2,032	0.2
Rocket Pharmaceuticals, Inc.	1,810	2.7
Arcellx, Inc.	1,735	0.9
Opsens Inc.	150	0.9
		93.6%*

* 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.	$480,203	4.9%
Mastercard Incorporated	373,031	5.1
Accenture plc	193,939	2.6
Intuit Inc.	143,196	5.1
S&P Global Inc.	116,274	4.5
The Charles Schwab Corp.	99,979	1.4
BlackRock Inc.	97,148	2.7
The Progressive Corporation	81,504	3.5
CME Group, Inc.	72,029	2.1
Shopify Inc.	70,106	1.2
Fiserv, Inc.	68,862	2.8
MercadoLibre, Inc.	63,512	3.4
Moody's Corporation	58,017	2.6
Apollo Global Management, Inc.	50,884	3.9
MSCI Inc.	40,579	3.2
Interactive Brokers Group, Inc.	36,665	1.7
Nu Holdings Ltd.	34,384	1.4
Verisk Analytics, Inc.	34,261	2.9
CoStar Group, Inc.	31,397	1.5
Global Payments Inc.	30,001	2.0
Arch Capital Group Ltd.	29,728	1.6
Block, Inc.	27,002	1.2
Equifax Inc.	22,480	0.8
Fair Isaac Corporation	21,589	3.8

Company	Equity Market Cap (in millions)	% of Net Assets
Tradeweb Markets Inc.	$18,820	2.9%
LPL Financial Holdings Inc.	18,132	3.6
FactSet Research Systems Inc.	16,680	3.1
TransUnion	13,877	1.7
BILL Holdings, Inc.	11,574	0.9
Jack Henry & Associates, Inc.	11,023	1.6
Morningstar, Inc.	9,991	2.3
Kinsale Capital Group, Inc.	9,592	2.1
Wise Plc	8,572	2.0
Globant S.A.	8,396	2.3
WEX Inc.	8,079	1.1
Houlihan Lokey, Inc.	7,426	2.2
Guidewire Software, Inc.	7,330	2.1
Clearwater Analytics Holdings, Inc.	4,679	0.7
nCino Inc.	3,591	0.2
Endava plc	3,312	2.1
BRP Group, Inc.	2,713	0.4
Paymentus Holdings, Inc.	2,050	0.2
Alkami Technology Inc.	1,717	0.4
CI&T, Inc.	869	0.4
Repay Holdings Corporation	763	0.2
		98.6%*

* 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	$420,145	6.3%
Tencent Holdings Limited	369,545	4.3
Kweichow Moutai Co., Ltd.	309,326	1.0
Samsung Electronics Co., Ltd.	302,604	4.9
Alibaba Group Holding Limited	220,617	4.2
Reliance Industries Limited	191,064	2.3
Tata Consultancy Services Limited	155,481	0.6
HDFC Bank Limited	139,323	1.7
AIA Group Limited	93,910	1.2
Keyence Corporation	90,324	0.8
Wuliangye Yibin Co., Ltd.	82,957	0.6
Bharti Airtel Limited	64,631	2.0
Tokyo Electron Limited	64,472	0.8
SK hynix Inc.	61,881	0.6
Bajaj Finance Limited	56,992	3.6
Midea Group Co., Ltd.	53,345	1.3
PT Bank Rakyat Indonesia (Persero) Tbk	51,239	1.8
Hong Kong Exchanges and Clearing Limited	47,372	0.5
Baidu, Inc.	46,968	1.4
JD.com, Inc.	45,822	0.3
Shenzhen Mindray Bio-Medical Electronics Co., Ltd.	44,787	0.5
Pernod Ricard SA	42,662	0.6
Hoya Corporation	36,383	1.1
Titan Company Limited	33,664	1.7
Coupang, Inc.	30,324	1.4
Galaxy Entertainment Group Limited	26,333	1.1
Budweiser Brewing Company APAC Limited	26,145	0.7
Delta Electronics, Inc.	26,112	1.4
Samsung SDI Co., Ltd.	26,091	0.4
NARI Technology Co. Ltd.	24,406	1.1
Yum China Holdings Inc.	23,399	2.0
Mahindra & Mahindra Limited	23,275	0.5
Techtronic Industries Co. Ltd.	17,807	0.6
Jio Financial Services Limited	17,689	0.6
SBI Life Insurance Company Limited	15,737	1.7
Shenzhou International Group Holdings Ltd.	14,397	0.7
China Mengniu Dairy Co. Ltd.	13,207	1.2
Yunnan Baiyao Group Co., Ltd.	13,112	0.8
Godrej Consumer Products Limited	$12,213	2.0%
Cholamandalam Investment and Finance Company Limited	12,060	0.7
Divi's Laboratories Limited	12,037	0.7
Jiangsu Hengli Hydraulic Co., Ltd.	11,730	1.4
Zomato Limited	10,517	2.6
Tata Consumer Products Limited	9,810	1.1
Trent Limited	8,905	2.1
Apollo Hospitals Enterprise Limited	8,896	0.6
HD Hyundai Heavy Industries Co., Ltd.	7,973	1.0
Full Truck Alliance Co. Ltd.	7,536	1.3
Tube Investments of India Limited	6,955	0.6
Kanzhun Limited	6,752	0.8
Max Healthcare Institute Limited	6,639	0.8
Tata Communications Limited	6,633	2.1
PI Industries Limited	6,309	0.3
HD Korea Shipbuilding & Offshore Engineering Co., Ltd.	5,822	1.9
Glodon Company Limited	5,325	0.5
Godrej Properties Limited	5,204	1.3
Kingsoft Corporation Ltd.	4,952	1.1
Kingdee International Software Group Company Limited	4,280	1.0
Jubilant FoodWorks Limited	4,236	0.8
Dixon Technologies Ltd.	3,794	0.8
Max Financial Services Limited	3,781	0.7
Venustech Group Inc.	3,649	0.8
Korea Aerospace Industries, Ltd.	3,525	0.7
Estun Automation Co., Ltd.	2,626	0.8
Lufax Holding Ltd	2,430	0.4
Zai Lab Limited	2,403	0.7
360 ONE WAM Limited	2,165	0.5
Amber Enterprises India Ltd.	1,208	0.9
JM Financial Limited	993	0.6
Neogen Chemicals Limited	528	1.1
Aarti Pharmalabs Limited	504	0.6
		91.6%*

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

Baron Technology Fund

Baron Technology Fund is a non-diversified fund that, under normal market conditions, invests at least 80% of its net assets in equity securities in the form of common stock of U.S. and non-U.S. technology companies of any market capitalization, selected for their durable growth potential from the development, advancement and use of technology.

Company	Equity Market Cap (in millions)	% of Net Assets
Apple Inc.	$2,676,737	4.9%
Microsoft Corporation	2,345,948	10.0
Alphabet Inc.	1,656,190	1.0
Amazon.com, Inc.	1,311,593	8.1
NVIDIA Corporation	1,074,425	10.0
Tesla, Inc.	794,197	6.3
Meta Platforms, Inc.	772,489	3.5
Visa Inc.	480,203	1.2
Taiwan Semiconductor Manufacturing Company Limited	420,145	2.6
Mastercard Incorporated	373,031	1.3
Tencent Holdings Limited	369,545	0.9
Broadcom Inc.	342,810	2.0
ASML Holding N.V.	238,298	1.7
Advanced Micro Devices, Inc.	166,123	3.4
Intuit Inc.	143,196	2.7
ServiceNow, Inc.	114,028	2.6
Lam Research Corporation	83,054	1.8
Shopify Inc.	70,106	1.3
Workday, Inc.	56,291	2.7
Arm Holdings plc	54,915	0.5
Atlassian Corporation Plc	51,865	0.6
Marvell Technology, Inc.	46,703	2.5
CrowdStrike Holdings, Inc.	$39,968	2.2%
The Trade Desk	38,309	1.0
Mobileye Global Inc.	33,475	1.0
CoStar Group, Inc.	31,397	1.9
Datadog, Inc.	29,604	0.9
Gartner, Inc.	27,085	2.1
HubSpot, Inc.	24,633	1.4
Take-Two Interactive Software, Inc.	23,843	1.0
Rivian Automotive, Inc.	23,021	1.4
Monolithic Power Systems, Inc.	22,073	0.9
Cloudflare, Inc.	21,069	1.0
Dynatrace, Inc.	13,705	1.0
Ceridian HCM Holding Inc.	10,558	2.9
BE Semiconductor Industries N.V.	8,071	0.9
GitLab Inc.	6,996	1.0
ZoomInfo Technologies Inc.	6,584	0.9
indie Semiconductor, Inc.	1,086	1.6
PAR Technology Corporation	1,058	1.4
eDreams ODIGEO SA	870	0.9
		96.9%*

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

Baron Asset Fund — PORTFOLIO OF INVESTMENTS

September 30, 2023

Shares		Cost	Value
Common Stocks (96.59%)			
Communication Services (1.02%)			
	Advertising (1.02%)		
569,000	The Trade Desk, Inc., Cl A[1]	$ 11,034,463	$ 44,467,350
Consumer Discretionary (7.19%)			
	Footwear (0.80%)		
1,250,000	On Holding AG, Cl A[1,2]	36,838,780	34,775,000
	Home Improvement Retail (0.48%)		
230,000	Floor & Decor Holdings, Inc., Cl A[1]	20,284,646	20,815,000
	Hotels, Resorts & Cruise Lines (2.85%)		
546,442	Choice Hotels International, Inc.	5,198,084	66,944,609
543,233	Hyatt Hotels Corp., Cl A	16,817,762	57,626,157
		22,015,846	124,570,766
	Leisure Facilities (3.06%)		
603,538	Vail Resorts, Inc.	11,683,688	133,919,047
Total Consumer Discretionary		90,822,960	314,079,813
Financials (13.70%)			
	Asset Management & Custody Banks (0.40%)		
168,514	T. Rowe Price Group, Inc.	4,065,256	17,672,063
	Financial Exchanges & Data (6.19%)		
370,725	FactSet Research Systems, Inc.	19,898,420	162,103,213
78,267	MarketAxess Holdings, Inc.	8,184,654	16,720,962
170,000	Morningstar, Inc.	35,654,025	39,820,800
50,000	MSCI, Inc.	17,194,424	25,654,000
326,189	Tradeweb Markets, Inc., Cl A	11,978,713	26,160,358
		92,910,236	270,459,333
	Insurance Brokers (0.56%)		
117,421	Willis Towers Watson PLC[2]	14,378,800	24,536,292
	Investment Banking & Brokerage (2.53%)		
1,750,936	The Charles Schwab Corp.	1,542,899	96,126,387
60,000	LPL Financial Holdings, Inc.	13,576,561	14,259,000
		15,119,460	110,385,387
	Property & Casualty Insurance (4.02%)		
2,203,444	Arch Capital Group Ltd.[1,2]	7,933,936	175,636,521
Total Financials		134,407,688	598,689,596
Health Care (23.35%)			
	Biotechnology (0.46%)		
41,366	argenx SE, ADR[1,2]	13,431,821	20,336,766
	Health Care Equipment (7.68%)		
556,000	DexCom, Inc.[1]	42,144,890	51,874,800
648,630	IDEXX Laboratories, Inc.[1]	11,694,223	283,626,440
		53,839,113	335,501,240
	Health Care Supplies (1.53%)		
210,418	The Cooper Companies, Inc.	35,236,018	66,915,028
	Health Care Technology (2.00%)		
429,386	Veeva Systems, Inc., Cl A[1]	24,367,552	87,358,582

Shares		Cost	Value
Common Stocks (continued)			
Health Care (continued)			
	Life Sciences Tools & Services (11.68%)		
1,524,944	Bio-Techne Corporation	$ 37,146,743	$ 103,802,938
200,000	ICON plc[1,2]	43,086,335	49,250,000
179,117	Mettler-Toledo International, Inc.[1]	10,665,963	198,474,174
210,000	Repligen Corp.[1]	35,784,779	33,392,100
334,404	West Pharmaceutical Services, Inc.	14,419,530	125,471,725
		141,103,350	510,390,937
Total Health Care		267,977,854	1,020,502,553
Industrials (15.95%)			
	Aerospace & Defense (0.25%)		
56,000	Axon Enterprise, Inc.[1]	10,913,153	11,143,440
	Construction & Engineering (1.24%)		
290,000	Quanta Services, Inc.	49,237,385	54,250,300
	Data Processing & Outsourced Services (0.93%)		
771,076	SS&C Technologies Holdings, Inc.	20,933,204	40,512,333
	Environmental & Facilities Services (1.40%)		
1,643,418	Rollins, Inc.	24,597,482	61,348,794
	Human Resource & Employment Services (2.54%)		
1,636,093	Ceridian HCM Holding, Inc.[1]	64,026,866	111,008,910
	Industrial Machinery & Supplies & Components (1.62%)		
340,760	IDEX Corp.	24,525,881	70,884,895
	Research & Consulting Services (7.97%)		
185,000	Booz Allen Hamilton Holding Corp.	19,820,788	20,214,950
1,438,500	TransUnion	77,172,718	103,269,915
951,206	Verisk Analytics, Inc.	23,582,787	224,712,906
		120,576,293	348,197,771
Total Industrials		314,810,264	697,346,443
Information Technology (28.58%)			
	Application Software (13.38%)		
557,856	ANSYS, Inc.[1]	19,939,586	165,990,053
176,026	Aspen Technology, Inc.[1]	32,258,986	35,955,071
150,000	Fair Isaac Corp.[1]	63,616,939	130,279,500
1,421,809	Guidewire Software, Inc.[1]	77,473,157	127,962,810
257,192	Roper Technologies, Inc.	26,184,327	124,552,941
		219,472,995	584,740,375
	Electronic Components (1.73%)		
900,000	Amphenol Corp., Cl A	42,881,684	75,591,000
	Internet Services & Infrastructure (2.56%)		
552,103	Verisign, Inc.[1]	25,249,147	111,817,421
	IT Consulting & Other Services (9.13%)		
1,161,323	Gartner, Inc.[1]	24,407,653	399,042,196
	Technology Distributors (1.78%)		
386,363	CDW Corp.	25,149,811	77,952,599
Total Information Technology		337,161,290	1,249,143,591

Baron Asset Fund — PORTFOLIO OF INVESTMENTS (Continued)

September 30, 2023

Shares		Cost	Value
Common Stocks (continued)			
Real Estate (6.80%)			
	Data Center REITs (1.09%)		
65,416	Equinix, Inc.	$ 4,258,857	$ 47,509,024
	Real Estate Services (5.27%)		
580,323	CBRE Group, Inc., Cl A[1]	8,968,502	42,862,657
2,439,930	CoStar Group, Inc.[1]	59,005,227	187,606,217
		67,973,729	230,468,874
	Telecom Tower REITs (0.44%)		
95,856	SBA Communications Corp.	2,185,540	19,187,496
Total Real Estate		74,418,126	297,165,394
Total Common Stocks		**1,230,632,645**	**4,221,394,740**
Private Common Stocks (1.15%)			
Communication Services (0.87%)			
	Movies & Entertainment (0.87%)		
197,613	StubHub Holdings, Inc., Cl A[1,3,4]	50,000,041	37,919,959
Industrials (0.28%)			
	Aerospace & Defense (0.28%)		
92,406	Space Exploration Technologies Corp., Cl A[1,3,4]	7,115,262	6,920,285
69,932	Space Exploration Technologies Corp., Cl C[1,3,4]	5,384,764	5,237,208
Total Industrials		12,500,026	12,157,493
Total Private Common Stocks		**62,500,067**	**50,077,452**
Private Preferred Stocks (1.65%)			
Industrials (1.65%)			
	Aerospace & Defense (1.65%)		
96,298	Space Exploration Technologies Corp., Series N[1,3,4]	**26,000,460**	**72,114,683**

Principal Amount		Cost	Value
Short Term Investments (0.56%)			
$24,540,647	Repurchase Agreement with Fixed Income Clearing Corp., dated 9/29/2023, 4.85% due 10/2/2023; Proceeds at maturity $24,550,565; (Fully Collateralized by $27,588,300 U.S. Treasury Note, 0.75% due 3/31/2026 Market value - $25,031,506)	**$ 24,540,647**	**$ 24,540,647**
TOTAL INVESTMENTS (99.95%)		**$1,343,673,819**	**4,368,127,522**
CASH AND OTHER ASSETS LESS LIABILITIES (0.05%)			**2,259,760**
NET ASSETS			**$4,370,387,282**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
[3] At September 30, 2023, the market value of restricted and fair valued securities amounted to $122,192,135 or 2.80% 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

September 30, 2023

Shares		Cost	Value
Common Stocks (99.67%)			
Communication Services (4.78%)			
	Alternative Carriers (4.78%)		
7,825,000	Iridium Communications, Inc.[4]	$ 48,151,998	$ 355,959,250
Consumer Discretionary (18.00%)			
	Apparel, Accessories & Luxury Goods (0.67%)		
8,421,539	Figs, Inc., Cl A[1]	64,540,447	49,687,080
	Casinos & Gaming (2.89%)		
440,000	Boyd Gaming Corporation	11,056,072	26,765,200
4,710,000	Penn Entertainment, Inc.[1]	46,934,567	108,094,500
1,968,677	Red Rock Resorts, Inc., Cl A	43,528,673	80,715,757
		101,519,312	215,575,457
	Education Services (1.15%)		
1,050,000	Bright Horizons Family Solutions, Inc.[1]	32,932,654	85,533,000
	Hotels, Resorts & Cruise Lines (6.57%)		
2,965,000	Choice Hotels International, Inc.[4]	71,648,874	363,242,150
1,250,000	Marriott Vacations Worldwide Corp.	66,814,800	125,787,500
		138,463,674	489,029,650
	Leisure Facilities (5.96%)		
2,000,000	Vail Resorts, Inc.[4]	56,102,209	443,780,000
	Restaurants (0.76%)		
4,540,000	Krispy Kreme, Inc.	65,918,556	56,613,800
Total Consumer Discretionary		459,476,852	1,340,218,987
Financials (43.00%)			
	Asset Management & Custody Banks (2.24%)		
1,660,000	The Carlyle Group, Inc	33,856,939	50,065,600
1,860,000	Cohen & Steers, Inc.	40,191,523	116,603,400
		74,048,462	166,669,000
	Commercial & Residential Mortgage Finance (0.33%)		
520,000	Essent Group Ltd.[2]	14,300,210	24,590,800
	Financial Exchanges & Data (20.40%)		
1,200,000	FactSet Research Systems, Inc.	59,954,575	524,712,000
925,000	Morningstar, Inc.	18,840,637	216,672,000
1,515,000	MSCI, Inc.	27,960,632	777,316,200
		106,755,844	1,518,700,200
	Investment Banking & Brokerage (0.86%)		
450,000	Houlihan Lokey, Inc.	19,625,873	48,204,000
350,000	Moelis & Co., Cl A	4,682,331	15,795,500
		24,308,204	63,999,500
	Life & Health Insurance (3.91%)		
1,500,000	Primerica, Inc.	31,190,716	291,015,000
	Property & Casualty Insurance (15.26%)		
9,060,000	Arch Capital Group Ltd.[1,2]	28,241,244	722,172,600
1,000,000	Kinsale Capital Group, Inc.	35,007,763	414,130,000
		63,249,007	1,136,302,600
Total Financials		313,852,443	3,201,277,100

Shares		Cost	Value
Common Stocks (continued)			
Health Care (9.53%)			
	Health Care Equipment (3.05%)		
520,000	IDEXX Laboratories, Inc.[1]	$ 7,281,108	$ 227,380,400
	Health Care Supplies (0.33%)		
1,317,434	Neogen Corp.[1]	16,582,350	24,425,226
	Life Sciences Tools & Services (6.15%)		
2,940,000	Bio-Techne Corporation	38,609,088	200,125,800
70,000	Mettler-Toledo International, Inc.[1]	3,201,574	77,564,900
480,000	West Pharmaceutical Services, Inc.	16,306,090	180,100,800
		58,116,752	457,791,500
Total Health Care		81,980,210	709,597,126
Industrials (0.98%)			
	Building Products (0.96%)		
1,150,000	Trex Co., Inc.[1]	10,329,303	70,874,500
	Industrial Machinery & Supplies & Components (0.02%)		
550,000	Marel hf (Netherlands)[2]	2,306,469	1,593,276
Total Industrials		12,635,772	72,467,776
Information Technology (12.99%)			
	Application Software (5.82%)		
725,000	Altair Engineering, Inc., Cl A[1]	11,330,019	45,356,000
1,000,000	ANSYS, Inc.[1]	22,816,668	297,550,000
305,000	Clearwater Analytics Holdings, Inc., Cl A[1]	4,682,008	5,898,700
940,000	Guidewire Software, Inc.[1]	28,833,355	84,600,000
		67,662,050	433,404,700
	Electronic Components (0.20%)		
60,000	Littelfuse, Inc.	6,452,400	14,839,200
	IT Consulting & Other Services (6.97%)		
1,510,000	Gartner, Inc.[1]	20,973,165	518,851,100
Total Information Technology		**95,087,615**	**967,095,000**
Real Estate (10.39%)			
	Office REITs (1.76%)		
750,000	Alexandria Real Estate Equities, Inc.	26,054,962	75,075,000
4,400,000	Douglas Emmett, Inc.	41,502,726	56,144,000
		67,557,688	131,219,000
	Other Specialized REITs (3.30%)		
5,385,000	Gaming and Leisure Properties, Inc.	114,093,295	245,286,750
	Real Estate Services (5.33%)		
5,160,000	CoStar Group, Inc.[1]	21,547,653	396,752,400
Total Real Estate		203,198,636	773,258,150
Total Common Stocks		**1,214,383,526**	**7,419,873,389**

Baron Growth Fund — PORTFOLIO OF INVESTMENTS (Continued)

September 30, 2023 (Unaudited)

Shares		Cost	Value
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
Private Convertible Preferred Stocks (0.19%)			
Industrials (0.19%)			
	Electrical Components & Equipment (0.19%)		
59,407,006	Northvolt AB (Sweden)[1,2,3,5]	9,374,989	13,867,853
Principal Amount			
Short Term Investments (0.13%)			
$9,890,570	Repurchase Agreement with Fixed Income Clearing Corp., dated 9/29/2023, 4.85% due 10/2/2023; Proceeds at maturity $9,894,567; (Fully Collateralized by $11,118,900 U.S. Treasury Note, 0.75% due 3/31/2026 Market value - $10,088,437)	9,890,570	9,890,570
TOTAL INVESTMENTS (100.00%)		$1,249,949,087	7,444,417,249
CASH AND OTHER ASSETS LESS LIABILITIES (0.00%)			172,896
NET ASSETS			$7,444,590,145

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 At September 30, 2023, the market value of restricted and fair valued securities amounted to $14,653,290 or 0.20% 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

September 30, 2023

Shares		Cost	Value
Common Stocks (96.61%)			
Communication Services (4.57%)			
	Advertising (1.39%)		
750,000	The Trade Desk, Inc., Cl A[1]	$ 2,662,500	$ 58,612,500
	Cable & Satellite (0.30%)		
500,000	Liberty Media Corp.-Liberty SiriusXM, Cl C[1]	818,229	12,730,000
	Movies & Entertainment (2.88%)		
1,200,000	Liberty Media Corp.-Liberty Formula One, Cl C[1]	20,511,579	74,760,000
207,610	Liberty Media Corp.-Liberty Live[1]	680,178	6,664,281
225,000	Madison Square Garden Sports Corp.[1]	8,416,557	39,667,500
		29,608,314	121,091,781
Total Communication Services		33,089,043	192,434,281
Consumer Discretionary (15.14%)			
	Automotive Parts & Equipment (1.24%)		
275,000	Fox Factory Holding Corp.[1]	28,831,922	27,247,000
5,000,000	Holley, Inc.[1]	40,431,893	24,950,000
		69,263,815	52,197,000
	Casinos & Gaming (3.48%)		
875,000	DraftKings, Inc., Cl A[1]	11,187,787	25,760,000
2,950,000	Red Rock Resorts, Inc., Cl A	84,151,028	120,950,000
		95,338,815	146,710,000
	Education Services (1.31%)		
675,000	Bright Horizons Family Solutions, Inc.[1]	22,940,351	54,985,500
	Home Improvement Retail (2.68%)		
1,250,000	Floor & Decor Holdings, Inc., Cl A[1]	44,151,665	113,125,000
	Homebuilding (2.37%)		
800,000	Installed Building Products, Inc.	38,183,412	99,912,000
	Leisure Facilities (1.40%)		
1,200,000	Planet Fitness, Inc., Cl A[1]	51,711,447	59,016,000
	Restaurants (1.58%)		
2,200,000	The Cheesecake Factory, Inc.	60,116,924	66,660,000
	Specialized Consumer Services (1.08%)		
2,800,000	European Wax Center, Inc., Cl A[1]	53,348,102	45,360,000
Total Consumer Discretionary		435,054,531	637,965,500
Consumer Staples (1.81%)			
	Packaged Foods & Meats (1.04%)		
3,250,000	UTZ Brands, Inc.	51,593,468	43,647,500
	Personal Care Products (0.77%)		
300,000	Oddity Tech Ltd.[1,2]	10,623,429	8,505,000
4,000,000	The Beauty Health Co.[1]	41,871,126	24,080,000
		52,494,555	32,585,000
Total Consumer Staples		104,088,023	76,232,500

Shares		Cost	Value
Common Stocks (continued)			
Financials (9.78%)			
	Insurance Brokers (1.71%)		
3,100,000	BRP Group, Inc., Cl A[1]	$ 50,723,405	$ 72,013,000
	Investment Banking & Brokerage (1.59%)		
625,000	Houlihan Lokey, Inc.	28,909,333	66,950,000
	Property & Casualty Insurance (4.66%)		
475,000	Kinsale Capital Group, Inc.	69,271,272	196,711,750
	Transaction & Payment Processing Services (1.82%)		
3,900,000	Repay Holdings Corporation[1]	33,541,410	29,601,000
250,000	WEX, Inc.[1]	10,329,020	47,022,500
		43,870,430	76,623,500
Total Financials		192,774,440	412,298,250
Health Care (13.25%)			
	Health Care Equipment (4.18%)		
1,000,000	Axonics, Inc.[1]	35,459,918	56,120,000
550,000	DexCom, Inc.[1]	1,823,402	51,315,000
55,000	IDEXX Laboratories, Inc.[1]	759,933	24,049,850
225,000	Inspire Medical Systems, Inc.[1]	11,343,376	44,649,000
		49,386,629	176,133,850
	Health Care Supplies (1.76%)		
4,000,000	Neogen Corp.[1]	74,208,486	74,160,000
	Life Sciences Tools & Services (4.94%)		
700,000	ICON plc[1,2]	38,492,341	172,375,000
32,500	Mettler-Toledo International, Inc.[1]	1,571,421	36,012,275
		40,063,762	208,387,275
	Managed Health Care (1.39%)		
800,000	HealthEquity, Inc.[1]	13,208,486	58,440,000
	Pharmaceuticals (0.98%)		
900,000	Dechra Pharmaceuticals PLC (United Kingdom)[2]	24,883,860	41,507,796
Total Health Care		201,751,223	558,628,921
Industrials (31.53%)			
	Aerospace & Defense (3.99%)		
2,200,000	Kratos Defense & Security Solutions, Inc.[1]	32,701,506	33,044,000
800,000	Mercury Systems, Inc.[1]	19,226,473	29,672,000
125,000	TransDigm Group, Inc.[1]	0	105,391,250
		51,927,979	168,107,250
	Building Products (2.49%)		
5,500,000	Janus International Group, Inc.[1]	54,266,533	58,850,000
750,000	Trex Co., Inc.[1]	28,530,038	46,222,500
		82,796,571	105,072,500
	Diversified Support Services (0.52%)		
1,750,000	Driven Brands Holdings, Inc.[1]	41,909,755	22,032,500

Baron Small Cap Fund — PORTFOLIO OF INVESTMENTS (Continued)

September 30, 2023

Shares		Cost	Value
Common Stocks (continued)			
Industrials (continued)			
	Electrical Components & Equipment (7.05%)		
1,800,000	Shoals Technologies Group, Inc., Cl A[1]	$ 29,324,282	$ 32,850,000
7,100,000	Vertiv Holdings Co.	71,880,676	264,120,000
		101,204,958	296,970,000
	Environmental & Facilities Services (1.27%)		
400,000	Waste Connections, Inc.[2]	17,466,667	53,720,000
	Human Resource & Employment Services (6.15%)		
1,750,000	ASGN, Inc.[1]	55,248,585	142,940,000
950,000	Ceridian HCM Holding, Inc.[1]	29,430,555	64,457,500
3,750,000	First Advantage Corp.[1]	60,629,977	51,712,500
		145,309,117	259,110,000
	Industrial Machinery & Supplies & Components (5.90%)		
750,000	Chart Industries, Inc.[1]	118,334,392	126,840,000
525,000	John Bean Technologies Corp.	45,760,616	55,198,500
285,000	RBC Bearings, Incorporated[1]	34,467,037	66,727,050
		198,562,045	248,765,550
	Research & Consulting Services (0.48%)		
3,000,000	Clarivate PLC[1,2]	31,640,666	20,130,000
	Trading Companies & Distributors (3.68%)		
950,000	SiteOne Landscape Supply, Inc.[1]	43,421,179	155,277,500
Total Industrials		714,238,937	1,329,185,300
Information Technology (17.31%)			
	Application Software (7.74%)		
750,000	Altair Engineering, Inc., Cl A[1]	11,935,619	46,920,000
350,000	Aspen Technology, Inc.[1]	32,534,028	71,491,000
1,650,000	Clearwater Analytics Holdings, Inc., Cl A[1]	30,075,588	31,911,000
6,000,000	E2open Parent Holdings, Inc.[1]	56,447,521	27,240,000
1,225,000	Guidewire Software, Inc.[1]	31,269,359	110,250,000
775,000	Sprout Social, Inc., Cl A[1]	43,145,304	38,657,000
		205,407,419	326,469,000
	Electronic Equipment & Instruments (1.51%)		
1,500,000	Cognex Corp.	25,832,809	63,660,000
	IT Consulting & Other Services (7.46%)		
800,000	Endava plc, ADR[1,2]	27,430,574	45,880,000
675,000	Gartner, Inc.[1]	9,084,521	231,936,750
3,000,000	Grid Dynamics Holdings, Inc.[1]	36,322,597	36,540,000
		72,837,692	314,356,750
	Semiconductors (0.60%)		
4,000,000	indie Semiconductor, Inc., Cl A[1]	28,385,293	25,200,000
Total Information Technology		332,463,213	729,685,750

Shares		Cost	Value
Common Stocks (continued)			
Materials (1.42%)			
	Specialty Chemicals (1.42%)		
1,700,000	Avient Corp.	$ 53,733,696	$ 60,044,000
Real Estate (1.80%)			
	Industrial REITs (0.61%)		
850,000	Americold Realty Trust, Inc.	12,961,599	25,848,500
	Telecom Tower REITs (1.19%)		
250,000	SBA Communications Corp.	1,006,880	50,042,500
Total Real Estate		13,968,479	75,891,000
TOTAL COMMON STOCKS		**2,081,161,585**	**4,072,365,502**

Principal Amount			
Short Term Investments (3.33%)			
$140,212,065	Repurchase Agreement with Fixed Income Clearing Corp., dated 9/29/2023, 4.85% due 10/2/2023; Proceeds at maturity $140,268,734; (Fully Collateralized by $128,161,700 U.S.Treasury Bond, 0.125% due 4/15/2026 Market value - $139,710,719 and $3,341,500 U.S. Treasury Note, 3.75% due 4/15/2026 Market value - $3,305,609)	**140,212,065**	**140,212,065**
TOTAL INVESTMENTS (99.94%)		**$2,221,373,650**	**4,212,577,567**
CASH AND OTHER ASSETS LESS LIABILITIES (0.06%)			**2,567,977**
NET ASSETS			**$4,215,145,544**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
[ADR] American Depositary Receipt.

Baron Opportunity Fund — PORTFOLIO OF INVESTMENTS

September 30, 2023

Shares		Cost	Value
Common Stocks (94.99%)			
Communication Services (10.69%)			
	Advertising (1.70%)		
217,510	The Trade Desk, Inc., Cl A[1]	$ 4,644,173	$ 16,998,406
	Interactive Home Entertainment (1.13%)		
80,700	Take-Two Interactive Software, Inc.[1]	8,525,083	11,329,473
	Interactive Media & Services (6.85%)		
194,800	Alphabet, Inc., Cl C[1]	6,780,972	25,684,380
108,700	Meta Platforms, Inc., Cl A[1]	19,882,871	32,632,827
617,369	ZoomInfo Technologies, Inc.[1]	15,081,902	10,124,852
		41,745,745	68,442,059
	Movies & Entertainment (1.01%)		
119,500	TKO Group Holdings, Inc.[1]	11,401,518	10,045,170
Total Communication Services		66,316,519	106,815,108
Consumer Discretionary (15.05%)			
	Automobile Manufacturers (8.07%)		
639,183	Rivian Automotive, Inc., Cl A[1]	9,671,098	15,519,363
260,400	Tesla, Inc.[1]	19,644,628	65,157,288
		29,315,726	80,676,651
	Automotive Parts & Equipment (0.80%)		
192,200	Mobileye Global, Inc., Cl A[1]	7,250,911	7,985,910
	Broadline Retail (6.18%)		
485,500	Amazon.com, Inc.[1]	29,742,116	61,716,760
Total Consumer Discretionary		66,308,753	150,379,321
Financials (5.58%)			
	Transaction & Payment Processing Services (5.58%)		
67,000	MasterCard, Incorporated, Cl A	14,597,170	26,525,970
127,300	Visa, Inc., Cl A	20,263,942	29,280,273
Total Financials		34,861,112	55,806,243
Health Care (10.10%)			
	Biotechnology (5.74%)		
64,739	argenx SE, ADR[1,2]	9,490,491	31,827,635
147,561	Arrowhead Pharmaceuticals, Inc.[1]	3,307,142	3,964,964
77,500	Legend Biotech Corp., ADR[1,2]	5,203,939	5,205,675
799,270	Rocket Pharmaceuticals, Inc.[1]	14,964,064	16,377,042
		32,965,636	57,375,316
	Health Care Equipment (3.42%)		
92,800	DexCom, Inc.[1]	10,578,128	8,658,240
54,505	Intuitive Surgical, Inc.[1]	7,920,379	15,931,267
48,400	Shockwave Medical, Inc.[1]	3,978,873	9,636,440
		22,477,380	34,225,947
	Life Sciences Tools & Services (0.94%)		
68,315	Illumina, Inc.[1]	11,957,854	9,378,283
Total Health Care		67,400,870	100,979,546

Shares		Cost	Value
Common Stocks (continued)			
Industrials (1.52%)			
	Human Resource & Employment Services (1.52%)		
223,070	Ceridian HCM Holding, Inc.[1]	$ 10,997,967	$ 15,135,299
Information Technology (48.21%)			
	Application Software (8.45%)		
228,800	Gitlab, Inc., Cl A[1,4]	8,262,904	10,346,336
175,100	Guidewire Software, Inc.[1]	5,058,280	15,759,000
20,900	HubSpot, Inc.[1]	7,041,030	10,293,250
52,000	ServiceNow, Inc.[1,4]	15,689,186	29,065,920
88,500	Workday, Inc., Cl A[1]	15,080,943	19,014,225
		51,132,343	84,478,731
	Internet Services & Infrastructure (1.11%)		
202,500	Shopify, Inc., Cl A[1,2]	6,532,481	11,050,425
	IT Consulting & Other Services (4.04%)		
197,368	Endava plc, ADR[1,2]	6,552,344	11,319,055
84,587	Gartner, Inc.[1]	2,236,704	29,064,939
		8,789,048	40,383,994
	Semiconductor Materials & Equipment (1.25%)		
21,300	ASML Holding N.V.[2]	10,043,235	12,538,458
	Semiconductors (14.36%)		
191,000	Advanced Micro Devices, Inc.[1]	14,402,667	19,638,620
2,422,600	indie Semiconductor, Inc., Cl A[1]	17,099,141	15,262,380
204,400	Marvell Technology, Inc.	8,271,008	11,064,172
26,200	Monolithic Power Systems, Inc.	10,450,027	12,104,400
196,500	NVIDIA Corp.	16,883,032	85,475,535
		67,105,875	143,545,107
	Systems Software (19.00%)		
163,300	Cloudflare, Inc., Cl A[1,4]	6,498,094	10,294,432
110,123	Crowdstrike Holdings, Inc., Cl A[1]	10,397,459	18,432,388
110,000	Datadog, Inc., Cl A[1,4]	8,216,335	10,019,900
122,600	Dynatrace, Inc.[1,4]	5,888,019	5,729,098
428,400	Microsoft Corporation	63,017,175	135,267,300
66,008	Snowflake, Inc., Cl A[1,4]	8,447,455	10,084,042
		102,464,537	189,827,160
Total Information Technology		246,067,519	481,823,875
Real Estate (3.84%)			
	Data Center REITs (0.98%)		
13,425	Equinix, Inc.	1,782,534	9,750,040
	Real Estate Services (2.86%)		
372,330	CoStar Group, Inc.[1]	16,242,529	28,628,454
Total Real Estate		18,025,063	38,378,494
TOTAL COMMON STOCKS		**509,977,803**	**949,317,886**

Baron Opportunity Fund — PORTFOLIO OF INVESTMENTS (Continued)

September 30, 2023

Shares		Cost	Value
Private Common Stocks (1.44%)			
Communication Services (0.37%)			
	Interactive Media & Services (0.37%)		
50,000	X Holdings I, Inc., Cl A[1,3,4]	$ 5,000,000	$ 3,707,500
Industrials (1.03%)			
	Aerospace & Defense (1.02%)		
105,020	Space Exploration Technologies Corp., Cl A[1,3,4]	4,607,169	7,864,948
31,890	Space Exploration Technologies Corp., Cl C[1,3,4]	1,392,972	2,388,242
		6,000,141	10,253,190
	Passenger Ground Transportation (0.01%)		
3,571	GM Cruise Holdings LLC, Cl B[1,3,4]	103,563	76,958
Total Industrials		6,103,704	10,330,148
Materials (0.04%)			
	Fertilizers & Agricultural Chemicals (0.04%)		
182,067	Farmers Business Network, Inc.[1,3,4]	2,394,652	338,645
TOTAL PRIVATE COMMON STOCKS		**13,498,356**	**14,376,293**
Private Convertible Preferred Stocks (0.28%)			
Materials (0.28%)			
	Fertilizers & Agricultural Chemicals (0.28%)		
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 (1.99%)			
Industrials (1.99%)			
	Aerospace & Defense (1.39%)		
18,519	Space Exploration Technologies Corp., Series N[1,3,4]	5,000,130	13,868,323
	Passenger Ground Transportation (0.60%)		
266,956	GM Cruise Holdings, Cl G[1,3,4]	7,034,290	6,067,910
TOTAL PRIVATE PREFERRED STOCKS		**12,034,420**	**19,936,233**

Principal Amount		Cost	Value
Short Term Investments (0.80%)			
$7,991,133	Repurchase Agreement with Fixed Income Clearing Corp., dated 9/29/2023, 4.85% due 10/2/2023; Proceeds at maturity $7,994,363; (Fully Collateralized by $8,983,600 U.S. Treasury Note, 0.75% due 3/31/2026 Market value - $8,151,029)	**$ 7,991,133**	**$ 7,991,133**
TOTAL INVESTMENTS (99.50%)		**$548,972,828**	**994,387,546**
CASH AND OTHER ASSETS LESS LIABILITIES (0.50%)			**4,978,380**
NET ASSETS			**$999,365,926**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
[3] At September 30, 2023, the market value of restricted and fair valued securities amounted to $37,078,527 or 3.71% of net assets. These securities are not deemed liquid.
[4] The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI (unaudited).
[ADR] American Depositary Receipt.

Baron Partners Fund — PORTFOLIO OF INVESTMENTS

September 30, 2023 (Unaudited)

Shares		Cost	Value
Common Stocks (103.92%)			
Communication Services (3.42%)			
	Alternative Carriers (2.87%)		
4,075,000	Iridium Communications, Inc.	$ 134,665,281	$ 185,371,750
	Movies & Entertainment (0.55%)		
230,000	Spotify Technology SA[1,2]	37,473,451	35,567,200
Total Communication Services		172,138,732	220,938,950
Consumer Discretionary (59.14%)			
	Apparel, Accessories & Luxury Goods (0.59%)		
6,461,923	Figs, Inc., Cl A[1]	63,634,331	38,125,346
	Automobile Manufacturers (47.03%)		
12,150,000	Tesla, Inc.[1,5]	183,531,738	3,040,173,000
	Casinos & Gaming (1.09%)		
1,720,000	Red Rock Resorts, Inc., Cl A	60,020,356	70,520,000
	Hotels, Resorts & Cruise Lines (6.64%)		
3,325,000	Hyatt Hotels Corp., Cl A	115,871,182	352,716,000
759,736	Marriott Vacations Worldwide Corp.	89,753,636	76,452,233
		205,624,818	429,168,233
	Leisure Facilities (3.79%)		
1,105,000	Vail Resorts, Inc.	75,979,950	245,188,450
Total Consumer Discretionary		588,791,193	3,823,175,029
Financials (19.35%)			
	Financial Exchanges & Data (6.92%)		
730,000	FactSet Research Systems, Inc.	59,424,553	319,199,800
250,000	MSCI, Inc.	88,967,758	128,270,000
		148,392,311	447,469,800
	Investment Banking & Brokerage (4.42%)		
5,200,000	The Charles Schwab Corp.	162,830,584	285,480,000
	Property & Casualty Insurance (8.01%)		
6,500,000	Arch Capital Group Ltd.[1,2]	29,781,178	518,115,000
Total Financials		341,004,073	1,251,064,800
Health Care (6.09%)			
	Biotechnology (0.68%)		
425,000	Moderna, Inc.[1]	47,294,861	43,898,250
	Health Care Equipment (5.41%)		
800,000	IDEXX Laboratories, Inc.[1]	35,048,047	349,816,000
Total Health Care		82,342,908	393,714,250
Industrials (0.55%)			
	Aerospace & Defense (0.55%)		
125,625	HEICO Corp.	9,632,520	20,342,456
116,875	HEICO Corp., Cl A	7,586,429	15,102,588
Total Industrials		17,218,949	35,445,044

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (5.35%)			
	Application Software (1.29%)		
925,000	Guidewire Software, Inc.[1]	$ 75,206,412	$ 83,250,000
	IT Consulting & Other Services (3.72%)		
700,000	Gartner, Inc.[1]	83,980,674	240,527,000
	Semiconductors (0.34%)		
50,000	NVIDIA Corp.	21,062,650	21,749,500
Total Information Technology		180,249,736	345,526,500
Real Estate (10.02%)			
	Other Specialized REITs (1.28%)		
1,819,296	Gaming and Leisure Properties, Inc.	57,529,251	82,868,933
	Real Estate Services (8.74%)		
7,350,000	CoStar Group, Inc.[1]	98,974,400	565,141,500
Total Real Estate		156,503,651	648,010,433
TOTAL COMMON STOCKS		**1,538,249,242**	**6,717,875,006**
Private Common Stocks (4.19%)			
Communication Services (1.27%)			
	Interactive Media & Services (0.69%)		
600,000	X Holdings I, Inc., Cl A[1,3,4]	60,000,000	44,490,000
	Movies & Entertainment (0.58%)		
197,613	StubHub Holdings, Inc., Cl A[1,3,4]	50,000,041	37,919,958
Total Communication Services		110,000,041	82,409,958
Industrials (2.92%)			
	Aerospace & Defense (2.92%)		
2,216,310	Space Exploration Technologies Corp., Cl A[1,3,4]	29,920,185	165,979,456
302,210	Space Exploration Technologies Corp., Cl C[1,3,4]	4,079,835	22,632,507
Total Industrials		34,000,020	188,611,963
TOTAL PRIVATE COMMON STOCKS		**144,000,061**	**271,021,921**
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**	**7,741,224**
Private Preferred Stocks (6.42%)			
Industrials (6.42%)			
	Aerospace & Defense (6.42%)		
311,111	Space Exploration Technologies Corp., Cl H[1,3,4]	41,999,985	232,981,694
131,657	Space Exploration Technologies Corp., Cl I[1,3,4]	22,250,032	98,593,978
111,111	Space Exploration Technologies Corp., Series N[1,3,4]	29,999,970	83,207,695
TOTAL PRIVATE PREFERRED STOCKS		**94,249,987**	**414,783,367**

Baron Partners Fund — PORTFOLIO OF INVESTMENTS (Continued)

September 30, 2023 (Unaudited)

Principal Amount		Cost	Value
Short Term Investments (0.00%)			
$ 272,021	Repurchase Agreement with Fixed Income Clearing Corp., dated 9/29/2023, 4.85% due 10/2/2023; Proceeds at maturity $272,131; (Fully Collateralized by $305,900 U.S. Treasury Note, 0.75% due 3/31/2026 Market value - $277,550)	$ 272,021	$ 272,021
TOTAL INVESTMENTS (114.65%)		$1,784,614,932	7,411,693,539
LIABILITIES LESS CASH AND OTHER ASSETS (-14.65%)			(946,801,479)
NET ASSETS			$6,464,892,060

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
[3] At September 30, 2023, the market value of restricted and fair valued securities amounted to $693,546,512 or 10.73% of net assets. These securities are not deemed liquid.
[4] The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI (unaudited).
[5] Investors in the Fund may view Tesla, Inc.'s financial statements on the EDGAR website of the U.S. Securities and Exchange Commission by going to https://www.sec.gov/cgi-bin/browse-edgar?CIK=1318605&owner=exclude. Please note that the Fund is not responsible for Tesla's financial statements and can provide no assurances as to their accuracy or completeness.

Baron Fifth Avenue Growth Fund — PORTFOLIO OF INVESTMENTS

September 30, 2023 (Unaudited)

Shares		Cost	Value
Common Stocks (97.80%)			
Communication Services (11.00%)			
	Advertising (3.85%)		
227,404	The Trade Desk, Inc., Cl A[1]	$ 12,521,494	$ 17,771,623
	Interactive Media & Services (7.15%)		
90,909	Meta Platforms Inc., Cl A[1]	6,630,519	27,291,791
348,023	ZoomInfo Technologies, Inc.[1]	12,177,461	5,707,577
		18,807,980	32,999,368
Total Communication Services		31,329,474	50,770,991
Consumer Discretionary (22.26%)			
	Automobile Manufacturers (7.84%)		
405,858	Rivian Automotive, Inc., Cl A[1]	9,796,533	9,854,232
81,411	Rivian Automotive, Inc., Series F[1]	2,999,995	1,976,659
97,294	Tesla, Inc.[1]	25,360,379	24,344,905
		38,156,907	36,175,796
	Automotive Parts & Equipment (1.68%)		
186,268	Mobileye Global, Inc., Cl A[1]	4,587,439	7,739,435
	Broadline Retail (12.74%)		
287,686	Amazon.com, Inc.[1]	2,726,880	36,570,644
298,466	Coupang, Inc., Cl A[1]	5,259,322	5,073,922
13,534	MercadoLibre, Inc.[1]	8,950,803	17,159,488
		16,937,005	58,804,054
Total Consumer Discretionary		59,681,351	102,719,285
Financials (7.08%)			
	Transaction & Payment Processing Services (7.08%)		
5,491	Adyen N.V., 144A (Netherlands)[1,2]	4,111,141	4,071,213
134,557	Block, Inc.[1]	7,944,887	5,955,493
57,199	MasterCard Incorporated, Cl A	2,719,944	22,645,656
Total Financials		14,775,972	32,672,362
Health Care (11.65%)			
	Biotechnology (3.50%)		
32,834	argenx SE, ADR[1,2]	10,908,181	16,142,179
	Health Care Equipment (4.74%)		
74,792	Intuitive Surgical, Inc.[1]	8,845,700	21,860,954
	Health Care Technology (2.00%)		
45,414	Veeva Systems, Inc., Cl A[1]	2,923,762	9,239,478
	Life Sciences Tools & Services (1.41%)		
47,327	Illumina, Inc.[1]	5,397,461	6,497,051
Total Health Care		28,075,104	53,739,662

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (45.81%)			
	Application Software (9.29%)		
35,862	Atlassian Corp. Ltd., Cl A[1,2]	$ 9,312,661	$ 7,226,551
115,217	Gitlab, Inc., Cl A[1,4]	7,496,851	5,210,113
54,458	ServiceNow, Inc.[1,4]	20,815,805	30,439,844
		37,625,317	42,876,508
	Internet Services & Infrastructure (4.75%)		
401,979	Shopify, Inc., Cl A[1,2]	15,039,802	21,935,994
	IT Consulting & Other Services (4.29%)		
201,215	Endava plc, ADR[1,2]	18,269,297	11,539,680
32,298	EPAM Systems, Inc.[1]	2,313,048	8,258,276
		20,582,345	19,797,956
	Semiconductor Materials & Equipment (2.49%)		
19,541	ASML Holding N.V.[2]	1,203,893	11,503,005
	Semiconductors (10.60%)		
112,398	NVIDIA Corp.	16,814,089	48,892,005
	Systems Software (14.39%)		
228,022	Cloudflare, Inc., Cl A[1,4]	17,270,235	14,374,507
89,381	Crowdstrike Holdings, Inc., Cl A[1]	5,100,279	14,960,592
176,022	Datadog, Inc., Cl A[1,4]	12,294,359	16,033,844
137,498	Snowflake, Inc., Cl A[1,4]	24,489,295	21,005,569
		59,154,168	66,374,512
Total Information Technology		150,419,614	211,379,980
TOTAL COMMON STOCKS		**284,281,515**	**451,282,280**
Private Common Stocks (0.87%)			
Industrials (0.87%)			
	Aerospace & Defense (0.87%)		
41,330	Space Exploration Technologies Corp., Cl A[1,3,4]	1,932,253	3,095,204
12,240	Space Exploration Technologies Corp., Cl C[1,3,4]	567,691	916,653
TOTAL PRIVATE COMMON STOCKS		**2,499,944**	**4,011,857**
Private Preferred Stocks (0.66%)			
Industrials (0.66%)			
	Passenger Ground Transportation (0.66%)		
133,288	GM Cruise Holdings, Cl G[1,3,4]	**3,512,139**	**3,029,637**

Baron Fifth Avenue Growth Fund — PORTFOLIO OF INVESTMENTS (Continued)

September 30, 2023 (Unaudited)

Principal Amount		Cost	Value
Short Term Investments (1.41%)			
$6,543,426	Repurchase Agreement with Fixed Income Clearing Corp., dated 9/29/2023, 4.85% due 10/2/2023; Proceeds at maturity $6,546,070; (Fully Collateralized by $7,356,100 U.S. Treasury Note, 0.75% due 3/31/2026 Market value - $6,674,361)	**$ 6,543,426**	**$ 6,543,426**
TOTAL INVESTMENTS (100.74%)		**$296,837,024**	**464,867,200**
LIABILITIES LESS CASH AND OTHER ASSETS (-0.74%)			**(3,435,384)**
NET ASSETS			**$461,431,816**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 At September 30, 2023, the market value of restricted and fair valued securities amounted to $7,041,494 or 1.53% 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 September 30, 2023, the market value of Rule 144A securities amounted to $4,071,213 or 0.88% of net assets.

Baron Focused Growth Fund — PORTFOLIO OF INVESTMENTS

September 30, 2023 (Unaudited)

Shares		Cost	Value
Common Stocks (89.98%)			
Communication Services (8.03%)			
	Alternative Carriers (2.90%)		
730,000	Iridium Communications, Inc.	$ 16,852,106	$ 33,207,700
	Movies & Entertainment (5.13%)		
1,000,000	Manchester United PLC, Cl A[1,2]	21,182,830	19,790,000
252,000	Spotify Technology SA[1,2]	33,455,256	38,969,280
		54,638,086	58,759,280
Total Communication Services		71,490,192	91,966,980
Consumer Discretionary (40.58%)			
	Apparel, Accessories & Luxury Goods (2.97%)		
5,765,000	Figs, Inc., Cl A[1]	49,696,759	34,013,500
	Automobile Manufacturers (14.50%)		
500,000	Rivian Automotive, Inc., Cl A[1]	10,722,861	12,140,000
615,000	Tesla, Inc.[1,5]	8,168,271	153,885,300
		18,891,132	166,025,300
	Casinos & Gaming (4.70%)		
507,900	MGM Resorts International[1]	21,704,038	18,670,404
857,100	Red Rock Resorts, Inc., Cl A	28,183,690	35,141,100
		49,887,728	53,811,504
	Footwear (2.02%)		
832,000	On Holding AG, Cl A[1,2]	25,086,658	23,146,240
	Hotels, Resorts & Cruise Lines (8.88%)		
220,000	Choice Hotels International, Inc.	12,833,379	26,952,200
500,000	Hyatt Hotels Corp., Cl A	24,424,810	53,040,000
215,000	Marriott Vacations Worldwide Corp.	28,007,421	21,635,450
		65,265,610	101,627,650
	Leisure Facilities (4.52%)		
233,300	Vail Resorts, Inc.	37,576,650	51,766,937
	Restaurants (2.99%)		
2,740,000	Krispy Kreme, Inc.	39,168,421	34,167,800
Total Consumer Discretionary		285,572,958	464,558,931
Financials (19.11%)			
	Financial Exchanges & Data (8.81%)		
125,000	FactSet Research Systems, Inc.	25,848,440	54,657,500
90,000	MSCI, Inc.	43,089,524	46,177,200
		68,937,964	100,834,700
	Investment Banking & Brokerage (4.03%)		
427,500	Interactive Brokers Group, Inc., Cl A	34,188,678	37,004,400
250,000	Jefferies Financial Group, Inc.	7,732,070	9,157,500
		41,920,748	46,161,900
	Property & Casualty Insurance (6.27%)		
900,000	Arch Capital Group Ltd.[1,2]	25,104,585	71,739,000
Total Financials		135,963,297	218,735,600
Health Care (2.67%)			
	Biotechnology (1.37%)		
145,000	BioNTech SE, ADR[1,2]	16,514,273	15,752,800
	Health Care Equipment (1.30%)		
34,000	IDEXX Laboratories, Inc.[1]	15,205,826	14,867,180
Total Health Care		31,720,099	30,619,980

Shares		Cost	Value
Common Stocks (continued)			
Industrials (3.30%)			
	Research & Consulting Services (3.30%)		
160,000	Verisk Analytics, Inc.	$ 28,339,398	$ 37,798,400
Information Technology (8.27%)			
	Application Software (6.60%)		
95,000	ANSYS, Inc.[1]	24,133,643	28,267,250
526,300	Guidewire Software, Inc.[1]	48,175,978	47,367,000
		72,309,621	75,634,250
	Internet Services & Infrastructure (1.67%)		
350,000	Shopify, Inc., Cl A[1,2]	15,502,933	19,099,500
Total Information Technology		87,812,554	94,733,750
Real Estate (8.02%)			
	Office REITs (3.06%)		
165,000	Alexandria Real Estate Equities, Inc.	23,085,133	16,516,500
1,450,000	Douglas Emmett, Inc.	21,593,180	18,502,000
		44,678,313	35,018,500
	Real Estate Services (4.27%)		
635,000	CoStar Group, Inc.[1]	14,752,834	48,825,150
	Single-Family Residential REITs (0.69%)		
235,000	American Homes 4 Rent, Cl A	5,062,679	7,917,150
Total Real Estate		64,493,826	91,760,800
TOTAL COMMON STOCKS		**705,392,324**	**1,030,174,441**
Private Common Stocks (5.05%)			
Industrials (5.05%)			
	Aerospace & Defense (5.05%)		
629,570	Space Exploration Technologies Corp., Cl A[1,3,4]	26,390,845	47,148,498
143,170	Space Exploration Technologies Corp., Cl C[1,3,4]	6,808,820	10,722,001
TOTAL PRIVATE COMMON STOCKS		**33,199,665**	**57,870,499**
Private Preferred Stocks (2.64%)			
Industrials (2.64%)			
	Aerospace & Defense (2.64%)		
29,630	Space Exploration Technologies Corp., Cl H[1,3,4]	4,000,050	22,189,018
1,479	Space Exploration Technologies Corp., Cl I[1,3,4]	249,951	1,107,579
9,259	Space Exploration Technologies Corp., Series N[1,3,4]	2,499,930	6,933,787
TOTAL PRIVATE PREFERRED STOCKS		**6,749,931**	**30,230,384**

Baron Focused Growth Fund — PORTFOLIO OF INVESTMENTS (Continued)

September 30, 2023 (Unaudited)

Principal Amount		Cost	Value
Short Term Investments (2.11%)			
$24,115,119	Repurchase Agreement with Fixed Income Clearing Corp., dated 9/29/2023, 4.85% due 10/2/2023; Proceeds at maturity $24,124,866; (Fully Collateralized by $15,423,000 U.S.Treasury Note, 3.75% due 4/15/2026 Market value - $15,257,343 and $10,340,500 U.S. Treasury Note, 0.75% due 4/30/2026 Market value - $9,340,099)	**$ 24,115,119**	**$ 24,115,119**
TOTAL INVESTMENTS (99.78%)		**$769,457,039**	**1,142,390,443**
CASH AND OTHER ASSETS LESS LIABILITIES (0.22%)			**2,483,349**
NET ASSETS			**$1,144,873,792**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
[3] At September 30, 2023, the market value of restricted and fair valued securities amounted to $88,100,883 or 7.70% 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.
[ADR] American Depositary Receipt.

Baron International Growth Fund — PORTFOLIO OF INVESTMENTS

September 30, 2023 (Unaudited)

Shares		Cost	Value
Common Stocks (92.03%)			
Brazil (3.94%)			
225,742	Afya Ltd., Cl A[1]	$ 3,607,509	$ 3,566,724
889,394	B3 S.A. - Brasil, Bolsa, Balcao	2,365,908	2,174,584
218,728	Localiza Rent a Car SA	2,774,090	2,548,211
188,412	StoneCo Ltd., Cl A[1]	1,875,273	2,010,356
603,130	Suzano SA	5,575,242	6,512,995
95,240	XP, Inc., Cl A	1,150,643	2,195,282
Total Brazil		17,348,665	19,008,152
Canada (3.06%)			
95,758	Agnico Eagle Mines Ltd.	4,613,683	4,352,201
5,029	Constellation Software, Inc.	370,283	10,382,233
Total Canada		4,983,966	14,734,434
China (7.87%)			
76,670	Alibaba Group Holding Limited, ADR[1]	6,850,724	6,650,356
27,527	Baidu, Inc., ADR[1]	3,287,267	3,698,252
455,235	Full Truck Alliance Co. Ltd., ADR[1]	3,115,947	3,204,854
306,876	Galaxy Entertainment Group Ltd.[1]	1,898,377	1,836,230
298,144	Jiangsu Hengli Hydraulic Co. Ltd., Cl A	2,539,219	2,614,797
142,122	Kanzhun Ltd., ADR[1]	2,441,669	2,155,991
2,028,939	Kingdee International Software Group Co. Ltd.[1]	2,017,449	2,483,166
534,073	Kingsoft Corp. Ltd.	1,846,292	1,924,440
1,267,755	Lufax Holding Ltd., ADR	1,869,546	1,343,820
332,972	Midea Group Co., Ltd., Cl A	2,188,387	2,540,060
71,814	Tencent Holdings Limited	1,958,911	2,783,793
48,463	Tencent Holdings Limited, ADR	2,129,697	1,874,064
48,221	Yum China Holdings, Inc.	2,343,942	2,686,874
89,075	Zai Lab Limited, ADR[1]	2,303,663	2,165,413
Total China		36,791,090	37,962,110
Denmark (1.02%)			
138,945	Genmab A/S, ADR[1]	5,457,242	4,900,590
France (6.87%)			
142,804	BNP Paribas S.A.	6,025,474	9,080,374
88,938	Eurofins Scientific SE	2,011,102	5,012,293
7,407	LVMH Moët Hennessy Louis Vuitton SE	2,053,760	5,591,029
41,969	Pernod Ricard SA	8,139,658	6,987,415
252,654	Waga Energy SA[1]	7,313,238	6,437,555
Total France		25,543,232	33,108,666
Germany (2.14%)			
134,675	Befesa SA, 144A	5,557,309	4,105,018
65,317	Symrise AG	5,758,112	6,218,101
Total Germany		11,315,421	10,323,119
Hong Kong (0.39%)			
197,026	Techtronic Industries Co. Ltd.	1,493,206	1,902,007
India (8.12%)			
52,988	Bajaj Finance Limited	2,210,810	4,970,195
537,348	Bharti Airtel Ltd. PP	2,772,162	3,445,318
241,420	Godrej Consumer Products Ltd.[1]	3,010,886	2,879,987
161,750	Godrej Properties Ltd.[1]	1,944,203	3,018,376
206,686	HDFC Bank Ltd.	3,323,760	3,790,600
181,018	Jio Financial Services Ltd.[1]	311,620	503,983
2,458,395	JM Financial Limited	2,893,665	2,551,732
231,007	Max Financial Services Ltd.[1]	1,504,024	2,526,307
324,892	Max Healthcare Institute Ltd.	2,238,906	2,219,339
688,913	Nippon Life India Asset Management Ltd., 144A	2,429,191	2,716,979
181,018	Reliance Industries Limited	3,190,753	5,096,500
117,850	Tata Communications Ltd.	2,279,053	2,738,394
108,335	Trent Ltd.	2,089,438	2,707,786
Total India		30,198,471	39,165,496

Shares		Cost	Value
Common Stocks (continued)			
Ireland (1.07%)			
527,750	Bank of Ireland Group PLC	$ 4,003,943	$ 5,159,079
Israel (1.43%)			
49,517	Oddity Tech Ltd.[1]	1,927,635	1,403,807
557,482	Taboola.com Ltd.[1]	4,210,309	2,112,857
36,998	Wix.com Ltd.[1]	2,195,701	3,396,416
Total Israel		8,333,645	6,913,080
Italy (1.09%)			
177,130	Stevanato Group SpA[1]	3,706,452	5,264,304
Japan (12.22%)			
137,747	Japan Airport Terminal Co. Ltd.	5,802,383	5,835,563
191,557	Japan Exchange Group, Inc.	3,557,965	3,548,840
14,444	Keyence Corporation	3,911,650	5,341,761
964,232	Mitsubishi UFJ Financial Group, Inc., ADR	7,083,673	8,186,330
105,520	Okamoto Industries, Inc.	4,831,807	3,577,220
91,200	Recruit Holdings Co, Ltd.	1,550,835	2,790,265
477,759	Renesas Electronics Corp.[1]	5,843,990	7,297,746
272,300	SMS Co. Ltd.	7,612,593	4,627,454
159,050	Sumitomo Mitsui Financial Group, Inc.	7,070,696	7,813,495
33,962	Tokyo Electron Limited	2,798,386	4,638,946
1,893,668	Z Holdings Corporation	7,424,782	5,253,244
Total Japan		57,488,760	58,910,864
Korea, Republic of (4.36%)			
205,142	Coupang, Inc., Cl A[1]	2,858,334	3,487,414
45,602	HD Hyundai Heavy Industries Co. Ltd.[1]	4,213,438	4,089,665
96,551	HD Korea Shipbuilding & Offshore Engineering Co. Ltd.[1]	8,468,126	7,935,179
73,876	Samsung Electronics Co., Ltd.	4,145,187	3,734,735
4,632	Samsung SDI Co. Ltd.	2,538,208	1,750,491
Total Korea, Republic of		22,223,293	20,997,484
Mexico (0.91%)			
929,271	Grupo Mexico S.A.B. de C.V., Series B	2,674,546	4,391,609
Netherlands (7.40%)			
225,093	AMG Critical Materials NV	6,705,228	6,755,119
31,042	argenx SE, ADR[1]	2,034,287	15,261,178
66,691	DSM-Firmenich AG	9,351,935	5,635,580
76,774	Prosus NV	2,693,801	2,262,225
221,130	Universal Music Group NV	4,625,677	5,770,646
Total Netherlands		25,410,928	35,684,748
Norway (0.43%)			
1,964,968	Aker Carbon Capture ASA[1]	3,435,222	2,065,121
Peru (0.79%)			
29,923	Credicorp, Ltd.	4,239,637	3,829,246
Poland (2.63%)			
55,785	Dino Polska SA, 144A[1]	4,025,150	4,521,017
702,136	InPost SA[1]	9,114,056	8,139,512
Total Poland		13,139,206	12,660,529
Russia (0.00%)			
487,800	Sberbank of Russia PJSC[1,2]	1,650,983	293
Spain (4.55%)			
52,997	Cellnex Telecom S.A., 144A	2,551,939	1,843,341
1,597,890	eDreams ODIGEO SA[1]	12,240,087	10,911,588
246,947	Industria de Diseno Textil, S.A.	7,615,754	9,189,402
Total Spain		22,407,780	21,944,331

Baron International Growth Fund — PORTFOLIO OF INVESTMENTS (Continued)

September 30, 2023 (Unaudited)

Shares		Cost	Value
Common Stocks (continued)			
Sweden (1.36%)			
346,138	Epiroc AB, Cl A	$ 5,460,404	$ 6,572,207
Switzerland (4.58%)			
275,488	Clariant AG[3]	5,538,194	4,343,520
31,051	Compagnie Financiere Richemont SA, Cl A[1]	3,679,974	3,781,491
19,291,346	Meyer Burger Technology AG[1]	8,176,050	7,784,823
54,668	Nestle S.A.	5,615,400	6,188,199
Total Switzerland		23,009,618	22,098,033
Taiwan (1.69%)			
93,484	Taiwan Semiconductor Manufacturing Co., Ltd., ADR	8,915,308	8,123,760
United Kingdom (10.55%)			
158,887	AstraZeneca PLC, ADR	7,322,282	10,759,828
980,469	B&M European Value Retail S.A.	4,391,736	6,993,518
647,259	Ceres Power Holdings PLC[1]	5,247,582	2,479,723
80,824	Dechra Pharmaceuticals PLC	2,533,869	3,727,584
64,418	Endava plc, ADR[1]	2,668,221	3,694,372
170,217	Experian plc	3,928,940	5,567,384
34,980	Linde Public Limited Company	6,288,750	13,014,546
3,192,974	S4 Capital PLC[1]	6,076,262	2,626,330
153,420	WANdisco plc[1]	867,667	123,544
286,957	Watches of Switzerland Group PLC, 144A[1]	2,506,871	1,868,826
Total United Kingdom		41,832,180	50,855,655
United States (3.56%)			
50,934	Agilent Technologies, Inc.	2,577,583	5,695,440
144,115	Arch Capital Group Ltd.[1]	2,899,696	11,487,406
Total United States		5,477,279	17,182,846
Total Common Stocks		**386,540,477**	**443,757,763**
Rights (0.00%)			
Brazil (0.00%)			
1,603	Localiza Rent a Car SA, Exp. 11/10/2023[1]	**0**	**5,102**
Warrants (0.01%)			
Canada (0.00%)			
5,029	Constellation Software, Inc. Exp 3/31/2040[1]	0	0
Israel (0.01%)			
56,745	Taboola.com Ltd. Exp 6/29/2026[1]	104,540	24,395
Total Warrants		**104,540**	**24,395**

Principal Amount		Cost	Value
Short Term Investments (7.39%)			
$35,613,255	Repurchase Agreement with Fixed Income Clearing Corp., dated 9/29/2023, 4.85% due 10/2/2023; Proceeds at maturity $35,627,648; (Fully Collateralized by $36,720,000 U.S. Treasury Note, 3.75% due 4/15/2026 Market value - $36,325,594)	**$ 35,613,255**	**$ 35,613,255**
Total Investments (99.43%)		**$422,258,272**	**479,400,515**
Cash and Other Assets Less Liabilities (0.57%)			**2,739,387**
Net Assets			**$482,139,902**

% Represents percentage of net assets.
1 Non-income producing securities.
2 At September 30, 2023, the market value of restricted and fair valued securities amounted to $293 or 0.00% of net assets. This security is 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 September 30, 2023, the market value of Rule 144A securities amounted to $15,055,181 or 3.12% of net assets.

Summary of Investments by Sector as of September 30, 2023	Percentage of Net Assets
Financials	15.3%
Industrials	13.4%
Consumer Discretionary	13.3%
Information Technology	12.2%
Health Care	11.4%
Materials	11.4%
Communication Services	7.5%
Consumer Staples	4.6%
Energy	2.4%
Real Estate	0.6%
Cash and Cash Equivalents*	8.0%
	100.0%**

* Includes short term investments.
** Individual weights may not sum to 100% due to rounding.

Baron Real Estate Fund — PORTFOLIO OF INVESTMENTS

September 30, 2023 (Unaudited)

Shares		Cost	Value
Common Stocks (92.95%)			
Consumer Discretionary (43.67%)			
	Casinos & Gaming (14.58%)		
447,250	Boyd Gaming Corporation	$ 12,197,815	$ 27,206,218
635,450	Caesars Entertainment, Inc.[1]	31,089,158	29,453,107
865,200	Las Vegas Sands Corp.	41,691,525	39,660,768
1,246,656	MGM Resorts International[1]	47,016,614	45,827,075
535,340	Red Rock Resorts, Inc., Cl A	7,111,614	21,948,940
565,850	Wynn Resorts Ltd.	55,478,542	52,290,198
		194,585,268	216,386,306
	Distributors (2.23%)		
93,050	Pool Corp.	31,586,944	33,135,105
	Home Improvement Retail (4.05%)		
307,550	Floor & Decor Holdings, Inc., Cl A[1]	22,166,475	27,833,275
155,000	Lowe's Companies, Inc.	29,079,626	32,215,200
		51,246,101	60,048,475
	Homebuilding (18.91%)		
624,050	D.R. Horton, Inc.	53,102,806	67,066,653
184,450	Installed Building Products, Inc.	21,220,106	23,035,961
603,199	Lennar Corp., Cl A	48,900,941	67,697,024
1,662,000	Toll Brothers, Inc.	82,606,528	122,921,520
		205,830,381	280,721,158
	Hotels, Resorts & Cruise Lines (3.02%)		
139,300	Hilton Worldwide Holdings, Inc.	19,108,886	20,920,074
171,700	Hyatt Hotels Corp., Cl A	18,453,258	18,213,936
56,836	Marriott Vacations Worldwide Corp.	2,737,732	5,719,407
		40,299,876	44,853,417
	Leisure Facilities (0.88%)		
58,600	Vail Resorts, Inc.	15,239,146	13,002,754
Total Consumer Discretionary		538,787,716	648,147,215
Financials (9.56%)			
	Asset Management & Custody Banks (9.56%)		
629,500	Blackstone, Inc.	59,297,327	67,444,630
549,906	Brookfield Asset Management Ltd., Cl A[2]	14,788,079	18,333,866
1,792,725	Brookfield Corp., Cl A[2]	46,220,176	56,058,511
Total Financials		120,305,582	141,837,007
Industrials (3.51%)			
	Building Products (1.28%)		
307,136	Fortune Brands Innovations, Inc.	18,219,467	19,091,574
	Trading Companies & Distributors (2.23%)		
202,185	SiteOne Landscape Supply, Inc.[1]	23,917,523	33,047,138
Total Industrials		42,136,990	52,138,712
Materials (0.58%)			
	Construction Materials (0.58%)		
42,750	Vulcan Materials Co.	4,378,591	8,636,355

Shares		Cost	Value
Common Stocks (continued)			
Real Estate (35.63%)			
	Data Center REITs (9.13%)		
416,726	Digital Realty Trust, Inc.	$ 47,232,506	$ 50,432,181
117,090	Equinix, Inc.	66,640,241	85,037,783
		113,872,747	135,469,964
	Health Care REITs (2.42%)		
439,200	Welltower, Inc.	33,120,075	35,979,264
	Industrial REITs (10.12%)		
134,250	EastGroup Properties, Inc.	22,084,161	22,356,652
728,300	Prologis, Inc.	76,798,529	81,722,543
681,459	Rexford Industrial Realty, Inc.	34,205,353	33,630,002
219,422	Terreno Realty Corp.	12,754,573	12,463,170
		145,842,616	150,172,367
	Real Estate Services (9.90%)		
653,350	CBRE Group, Inc., Cl A[1]	43,341,564	48,256,431
853,113	CoStar Group, Inc.[1]	47,050,526	65,595,859
234,492	Jones Lang LaSalle, Inc.[1]	31,184,228	33,105,580
		121,576,318	146,957,870
	Self Storage REITs (1.86%)		
105,900	Extra Space Storage, Inc.	16,447,227	12,875,322
55,604	Public Storage	16,441,730	14,652,766
		32,888,957	27,528,088
	Single-Family Residential REITs (1.66%)		
778,200	Invitation Homes, Inc.	22,318,513	24,661,158
	Telecom Tower REITs (0.54%)		
48,250	American Tower Corp.	3,607,623	7,934,712
Total Real Estate		473,226,849	528,703,423
Total Common Stocks		**1,178,835,728**	**1,379,462,712**

Principal Amount			
Short Term Investments (7.30%)			
$108,286,243	Repurchase Agreement with Fixed Income Clearing Corp., dated 9/29/2023, 4.85% due 10/2/2023; Proceeds at maturity $108,330,009; (Fully Collateralized by $111,651,300 U.S. Treasury Note, 3.75% due 4/15/2026 Market value - $110,452,065)	**108,286,243**	**108,286,243**
Total Investments (100.25%)		$1,287,121,971	1,487,748,955
Liabilities Less Cash and Other Assets (-0.25%)			(3,655,862)
Net Assets			$1,484,093,093

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.

Baron Emerging Markets Fund — PORTFOLIO OF INVESTMENTS

SEPTEMBER 30, 2023 (UNAUDITED)

Shares		Cost	Value
Common Stocks (90.06%)			
Brazil (6.96%)			
1,807,501	Afya Ltd., Cl A[1]	$ 42,192,243	$ 28,558,516
12,522,212	B3 S.A. - Brasil, Bolsa, Balcao	30,517,014	30,617,021
2,005,807	Inter & Co., Inc. BDR[1]	8,044,573	8,004,792
4,399,539	Localiza Rent a Car SA	30,931,166	51,255,235
3,452,471	NU Holdings Ltd., Cl A[1]	27,415,443	25,030,415
2,762,050	StoneCo Ltd., Cl A[1]	29,414,847	29,471,074
9,809,865	Suzano SA	90,902,523	105,933,388
1,608,468	XP, Inc., Cl A	24,616,397	37,075,187
Total Brazil		284,034,206	315,945,628
China (27.75%)			
2,164,239	Alibaba Group Holding Limited, ADR[1]	188,446,068	187,726,091
445,953	Baidu, Inc., ADR[1]	54,270,073	59,913,785
15,027,355	China Mengniu Dairy Co. Ltd.	33,030,134	50,124,411
11,866,178	Estun Automation Co. Ltd., Cl A	40,905,498	35,920,873
8,600,447	Full Truck Alliance Co. Ltd., ADR[1]	65,623,510	60,547,147
7,565,256	Galaxy Entertainment Group Ltd.[1]	51,621,599	45,267,622
8,575,193	Glodon Co. Ltd., Cl A	36,000,649	27,466,978
505,356	JD.com, Inc., ADR	19,200,876	14,721,020
7,207,548	Jiangsu Hengli Hydraulic Co. Ltd., Cl A	60,578,620	63,211,997
2,396,217	Kanzhun Ltd., ADR[1]	41,760,532	36,350,612
40,947,683	Kingdee International Software Group Co. Ltd.[1]	38,560,081	50,114,809
12,923,609	Kingsoft Corp. Ltd.	45,610,071	46,567,988
139,488	Kweichow Moutai Co. Ltd., Cl A	36,514,593	34,594,773
14,112,427	Lufax Holding Ltd., ADR	41,235,113	14,959,173
7,564,240	Midea Group Co., Ltd., Cl A	44,148,840	57,703,409
14,496,644	NARI Technology Co. Ltd., Cl A	46,508,474	44,107,673
609,691	Shenzhen Mindray Bio-Medical Electronics Co. Ltd., Cl A	16,227,881	22,654,978
4,566,457	Shenzhou International Group Holdings Ltd.	25,568,421	43,425,280
3,714,839	Tencent Holdings Limited	94,794,328	144,001,766
654,598	Tencent Holdings Limited, ADR	29,992,488	25,313,305
8,569,178	Venustech Group, Inc., Cl A	41,696,787	33,121,419
1,056,672	Wuliangye Yibin Co. Ltd., Cl A	26,736,598	22,770,004
773,594	Yum China Holdings, Inc.	38,917,217	43,104,658
529,493	Yum China Holdings, Inc. (Hong Kong)	27,996,433	29,634,828
4,926,961	Yunnan Baiyao Group Co. Ltd., Cl A	48,454,349	36,029,516
1,229,615	Zai Lab Limited, ADR[1]	27,342,356	29,891,941
Total China		1,221,741,589	1,259,246,056
France (0.62%)			
168,734	Pernod Ricard SA	35,923,131	28,092,507
Hong Kong (2.02%)			
3,732,736	AIA Group Ltd.	33,423,796	30,187,166
15,907,442	Budweiser Brewing Co. APAC Ltd., 144A	48,932,394	31,261,484
3,119,977	Techtronic Industries Co. Ltd.	12,188,713	30,118,964
Total Hong Kong		94,544,903	91,567,614
India (23.46%)			
3,689,497	Aarti Industries Ltd.	37,045,522	21,782,818
994,638	Aarti Pharmalabs Ltd.[1]	5,806,905	5,533,070
1,249,323	Bajaj Finance Limited	40,085,627	117,184,635
5,948,476	Bharti Airtel Ltd.	43,087,868	66,244,149
852,504	Bharti Airtel Ltd. PP	1,522,900	5,466,006
651,291	Divi's Laboratories Ltd.	6,166,257	29,462,054
22,276,582	Edelweiss Financial Services Ltd.	12,615,422	16,374,044
4,781,793	Godrej Consumer Products Ltd.[1]	58,680,664	57,043,745
2,079,441	Godrej Properties Ltd.[1]	39,957,586	38,803,922
5,183,132	HDFC Bank Ltd.	87,238,489	95,058,114
Common Stocks (continued)			
India (continued)			
2,740,440	Jio Financial Services Ltd.[1]	$ 4,516,327	$ 7,629,819
42,246,000	JM Financial Limited	58,578,992	43,849,941
3,874,571	Jubilant FoodWorks Ltd.	31,860,038	24,801,404
1,343,890	Mahindra & Mahindra Ltd.	25,012,548	25,095,579
4,847,204	Max Financial Services Ltd.[1]	34,698,758	53,009,325
3,027,851	Max Healthcare Institute Ltd.	20,904,275	20,683,270
1,530,484	Muthoot Finance Ltd.	21,908,568	23,041,295
10,080,340	Nippon Life India Asset Management Ltd., 144A	34,283,180	39,755,482
386,540	Nuvama Wealth Management Ltd.[1]	18,961,540	11,219,220
2,740,440	Reliance Industries Limited	46,243,753	77,156,146
3,835,145	SBI Life Insurance Company Limited, 144A	39,934,642	60,158,530
3,641,694	Tata Communications Ltd.	21,423,353	84,619,376
619,295	Tata Consultancy Services Ltd.	26,152,876	26,222,300
3,819,957	Tata Consumer Products Ltd.	21,393,246	40,262,072
1,086,891	Titan Co. Ltd.	18,795,561	41,113,875
1,325,381	Trent Ltd.	26,935,558	33,127,321
Total India		783,810,455	1,064,697,512
Indonesia (1.73%)			
232,097,871	Bank Rakyat Indonesia (Persero) Tbk PT	67,998,122	78,387,058
Japan (0.71%)			
86,618	Keyence Corporation	29,680,710	32,033,552
Korea, Republic of (10.38%)			
3,209,789	Coupang, Inc., Cl A[1]	42,184,463	54,566,413
511,473	HD Hyundai Heavy Industries Co. Ltd.[1]	26,802,079	45,869,775
1,134,482	HD Korea Shipbuilding & Offshore Engineering Co. Ltd.[1]	109,373,825	93,238,984
897,527	Korea Aerospace Industries Ltd.	29,386,138	32,396,045
4,096,647	Samsung Electronics Co., Ltd.	137,420,873	207,102,337
45,695	Samsung SDI Co. Ltd.	26,219,725	17,268,710
245,303	SK Hynix, Inc.	20,635,770	20,768,492
Total Korea, Republic of		392,022,873	471,210,756
Mexico (2.58%)			
10,234,815	Grupo Mexico S.A.B. de C.V., Series B	26,773,229	48,368,347
18,159,246	Wal-Mart de Mexico, S.A.B de C.V.	44,878,922	68,541,971
Total Mexico		71,652,151	116,910,318
Peru (1.01%)			
359,102	Credicorp, Ltd.	44,686,739	45,954,283
Philippines (2.15%)			
60,685,765	Ayala Land, Inc.	44,301,724	31,533,663
26,342,171	BDO Unibank, Inc.	46,211,387	65,931,058
Total Philippines		90,513,111	97,464,721
Poland (1.78%)			
128,783	Dino Polska SA, 144A[1]	11,650,389	10,437,037
6,052,258	InPost SA[1]	88,317,792	70,160,806
Total Poland		99,968,181	80,597,843
Russia (0.01%)			
2,219,985	Fix Price Group PLC, GDR[1,2]	21,632,103	221,999
17,949,100	Sberbank of Russia PJSC[1,2]	64,430,586	10,769
Total Russia		86,062,689	232,768

Baron Emerging Markets Fund — PORTFOLIO OF INVESTMENTS (Continued)

September 30, 2023 (Unaudited)

Shares		Cost	Value
Common Stocks (continued)			
South Africa (1.13%)			
753,214	Gold Fields Ltd.	$ 7,703,121	$ 8,163,932
1,895,601	Gold Fields Ltd., ADR	18,632,453	20,586,227
142,289	Naspers Ltd., Cl N	20,745,264	22,764,660
Total South Africa		47,080,838	51,514,819
Spain (0.13%)			
1,791,760	Codere Online Luxembourg, S.A. Forward Shares[1,2]	17,917,600	4,909,423
358,352	Codere Online Luxembourg, S.A. Founders Share[1,2]	3,116	981,885
26,518	Codere Online Luxembourg, S.A. Private Shares, Cl A[1,2]	265,181	72,659
Total Spain		18,185,897	5,963,967
Taiwan (7.36%)			
6,758,875	Delta Electronics, Inc.	25,402,480	68,074,847
5,560,617	Taiwan Semiconductor Manufacturing Co. Ltd.	96,568,165	90,672,716
2,014,415	Taiwan Semiconductor Manufacturing Co., Ltd., ADR	47,606,379	175,052,663
Total Taiwan		169,577,024	333,800,226
United Arab Emirates (0.28%)			
2,713,426	Network International Holdings plc, 144A[1]	15,171,762	12,918,160
TOTAL COMMON STOCKS		**3,552,654,381**	**4,086,537,788**
Private Common Stocks (1.47%)			
India (1.47%)			
27,027	Pine Labs PTE. Ltd., Series 1[1,2]	10,077,362	16,827,821
6,833	Pine Labs PTE. Ltd., Series A[1,2]	2,547,771	4,254,431
7,600	Pine Labs PTE. Ltd., Series B[1,2]	2,833,757	4,731,988
6,174	Pine Labs PTE. Ltd., Series B2[1,2]	2,302,055	3,844,118
9,573	Pine Labs PTE. Ltd., Series C[1,2]	3,569,416	5,960,437
1,932	Pine Labs PTE. Ltd., Series C1[1,2]	720,371	1,202,921
2,459	Pine Labs PTE. Ltd., Series D[1,2]	916,870	1,531,047
45,680	Pine Labs PTE. Ltd., Series J[1,2]	17,032,398	28,441,738
TOTAL PRIVATE COMMON STOCKS		**40,000,000**	**66,794,501**
Private Convertible Preferred Stocks (2.27%)			
India (2.27%)			
11,578	Bundl Technologies Private Ltd., Series K[1,2]	76,776,872	74,437,574
15,334	Think & Learn Private Limited, Series F[1,2]	49,776,072	28,658,480
TOTAL PRIVATE CONVERTIBLE PREFERRED STOCKS		**126,552,944**	**103,096,054**
Rights (0.00%)			
Brazil (0.00%)			
32,260	Localiza Rent a Car SA, Exp. 11/10/2023[1]	**0**	**102,687**
Warrants (0.00%)			
Spain (0.00%)			
	Casinos & Gaming (0.00%)		
13,259	Codere Online Luxembourg S.A. Private Shares, Exp. 11/30/2026 [1]	**$ 0**	**$ 1,326**
Principal Amount			
Short Term Investments (5.89%)			
$267,083,131	Repurchase Agreement with Fixed Income Clearing Corp., dated 9/29/2023, 4.85% due 10/2/2023; Proceeds at maturity $267,191,077; (Fully Collateralized by $300,251,100 U.S. Treasury Note, 0.75% due 3/31/2026 Market value - $272,424,807)	**267,083,131**	**267,083,131**
TOTAL INVESTMENTS (99.69%)		**$3,986,290,456**	**4,523,615,487**
CASH AND OTHER ASSETS LESS LIABILITIES (0.31%)			**13,980,759**
NET ASSETS			**$4,537,596,246**

% Represents percentage of net assets
1 Non-income producing securities.
2 At September 30, 2023, the market value of restricted and fair valued securities amounted to $176,087,290 or 3.88% of net assets. These securities are not deemed liquid.
ADR American Depositary Receipt.
GDR Global Depositary Receipt.
144A Security is exempt from registration pursuant to Rule 144A under the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. At September 30, 2023, the market value of Rule 144A securities amounted to $154,530,693 or 3.41% of net assets.

Summary of Investments by Sector as of September 30, 2023	Percentage of Net Assets
Financials	20.1%
Consumer Discretionary	16.8%
Information Technology	16.5%
Industrials	11.6%
Communication Services	10.3%
Consumer Staples	7.6%
Materials	4.5%
Health Care	3.2%
Energy	1.7%
Real Estate	1.6%
Cash and Cash Equivalents*	6.2%
	100.0%**

* Includes short term investments.
** Individual weights may not sum to 100% due to rounding.

Baron Global Advantage Fund — PORTFOLIO OF INVESTMENTS

September 30, 2023 (Unaudited)

Shares		Cost	Value
Common Stocks (90.93%)			
Argentina (10.95%)			
72,785	Globant S.A.[1]	$ 5,139,458	$ 14,400,512
47,561	MercadoLibre, Inc.[1]	32,748,993	60,301,641
Total Argentina		37,888,451	74,702,153
Brazil (1.65%)			
711,954	Afya Ltd., Cl A[1]	13,603,721	11,248,873
Canada (5.81%)			
726,103	Shopify, Inc., Cl A[1]	27,449,888	39,623,441
China (1.25%)			
589,874	Meituan Inc., Cl B, 144A[1]	6,001,761	8,539,128
India (6.46%)			
374,371	Bajaj Finance Limited	22,573,509	35,115,442
7,379,067	Zomato Ltd.[1]	12,454,605	8,987,703
Total India		35,028,114	44,103,145
Israel (3.24%)			
300,693	Fiverr International Ltd.[1]	6,730,347	7,357,958
160,877	Wix.com Ltd.[1]	13,475,834	14,768,508
Total Israel		20,206,181	22,126,466
Korea, Republic of (4.70%)			
1,888,346	Coupang, Inc., Cl A[1]	38,144,517	32,101,882
Netherlands (8.69%)			
9,791	Adyen N.V., 144A[1]	7,637,695	7,259,378
64,594	argenx SE, ADR[1]	6,161,319	31,756,348
34,499	ASML Holding N.V.	7,276,999	20,311,287
Total Netherlands		21,076,013	59,327,013
Poland (2.06%)			
1,213,982	InPost SA[1]	16,849,432	14,073,088
Spain (0.67%)			
954,019	Codere Online Luxembourg S.A.[1]	8,730,256	2,757,115
550,445	Codere Online Luxembourg, S.A. Forward Shares[1,2]	5,504,450	1,508,219
104,612	Codere Online Luxembourg, S.A. Founders Share[1,2]	910	286,637
Total Spain		14,235,616	4,551,971
United Kingdom (5.53%)			
658,236	Endava plc, ADR[1]	27,092,154	37,749,835
United States (39.92%)			
141,583	Bill.Com Holdings, Inc.[1]	6,149,064	15,371,666
180,421	Block, Inc.[1]	14,648,531	7,985,434
396,597	Cloudflare, Inc., Cl A[1]	10,689,062	25,001,475
95,654	Crowdstrike Holdings, Inc., Cl A[1]	5,351,407	16,010,567
204,792	Datadog, Inc., Cl A[1]	10,220,356	18,654,503
38,928	EPAM Systems, Inc.[1]	4,860,760	9,953,500
61,293	Illumina, Inc.[1]	18,797,527	8,414,303
146,664	NVIDIA Corp.	31,174,401	63,797,373
634,936	Rivian Automotive, Inc., Cl A[1]	13,602,870	15,416,246
282,139	Schrödinger, Inc.[1]	6,601,982	7,976,070
239,827	Snowflake, Inc., Cl A[1]	38,234,408	36,638,371
129,415	Tesla, Inc.[1]	36,323,325	32,382,221
95,502	Zscaler, Inc.[1]	4,917,239	14,859,156
Total United States		201,570,932	272,460,885
TOTAL COMMON STOCKS		**459,146,780**	**620,607,880**

Shares		Cost	Value
Private Common Stocks (3.67%)			
United States (3.67%)			
299,761	Farmers Business Network, Inc.[1,2]	$ 12,250,006	$ 557,555
252,130	Space Exploration Technologies Corp., Cl A[1,2]	11,571,518	18,882,016
75,250	Space Exploration Technologies Corp., Cl C[1,2]	3,428,124	5,635,473
TOTAL PRIVATE COMMON STOCKS		**27,249,648**	**25,075,044**
Private Convertible Preferred Stocks (3.11%)			
India (2.52%)			
9,201	Think & Learn Private Limited, Series F[1,2]	29,867,591	17,196,209
United States (0.59%)			
69,926	Resident Home, Inc., Series B1[1,2]	4,999,968	4,052,212
TOTAL PRIVATE CONVERTIBLE PREFERRED STOCKS		**34,867,559**	**21,248,421**
Private Preferred Stocks (1.54%)			
United States (1.54%)			
461,004	GM Cruise Holdings, Cl G[1,2]	**12,147,455**	**10,478,621**
Warrants (0.02%)			
Israel (0.01%)			
68,986	Innovid Corp., Exp. 12/31/2027[1]	117,942	4,829
228,748	Taboola.com Ltd., Exp. 6/29/2026[1]	417,100	98,339
Total Israel		535,042	103,168
Spain (0.01%)			
502,360	Codere Online Luxembourg S.A. Private Shares, Exp. 11/30/2026[1]	845,632	50,236
TOTAL WARRANTS		**1,380,674**	**153,404**

Principal Amount			
Short Term Investments (0.79%)			
$5,368,869	Repurchase Agreement with Fixed Income Clearing Corp., dated 9/29/2023, 4.85% due 10/2/2023; Proceeds at maturity $5,371,039; (Fully Collateralized by $5,535,800 U.S. Treasury Note, 3.75% due 4/15/2026 Market value - $5,476,341)	**5,368,869**	**5,368,869**
TOTAL INVESTMENTS (100.06%)		**$540,160,985**	**682,932,239**
LIABILITIES LESS CASH AND OTHER ASSETS (-0.06%)			**(395,412)**
NET ASSETS			**$682,536,827**

% Represents percentage of net assets.
1 Non-income producing securities.
2 At September 30, 2023, the market value of restricted and fair valued securities amounted to $58,596,942 or 8.59% 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 September 30, 2023, the market value of Rule 144A securities amounted to $15,798,506 or 2.31% of net assets.

Baron Global Advantage Fund — PORTFOLIO OF INVESTMENTS (Continued)

September 30, 2023 (Unaudited)

Summary of Investments by Sector as of September 30, 2023	Percentage of Net Assets
Information Technology	47.9%
Consumer Discretionary	28.5%
Industrials	8.3%
Financials	7.4%
Health Care	7.1%
Materials	0.1%
Communication Services	0.0%^
Cash and Cash Equivalents*	0.7%
	100.0%**

* Includes short term investments.
** Individual weights may not sum to 100% due to rounding.
^ Rounds to less than 0.1%.

Baron Discovery Fund — PORTFOLIO OF INVESTMENTS

September 30, 2023

Shares		Cost	Value
Common Stocks (95.52%)			
Communication Services (2.08%)			
	Movies & Entertainment (2.08%)		
185,000	Liberty Media Corporation-Liberty Formula One, Cl A[1]	$ 5,408,362	$ 10,459,900
500,000	Liberty Media Corporation-Liberty Live, Cl C[1]	16,972,337	16,050,000
Total Communication Services		22,380,699	26,509,900
Consumer Discretionary (13.73%)			
	Casinos & Gaming (6.38%)		
585,000	Boyd Gaming Corporation	36,859,868	35,585,550
1,035,000	DraftKings, Inc., Cl A[1]	18,755,879	30,470,400
375,000	Red Rock Resorts, Inc., Cl A	13,003,045	15,375,000
		68,618,792	81,430,950
	Footwear (1.20%)		
550,000	On Holding AG, Cl A[1,2]	13,746,107	15,301,000
	Home Improvement Retail (2.48%)		
350,000	Floor & Decor Holdings, Inc., Cl A[1]	11,703,808	31,675,000
	Homefurnishing Retail (0.78%)		
37,500	RH[1]	9,371,020	9,913,500
	Restaurants (1.69%)		
225,000	Texas Roadhouse, Inc.	19,961,022	21,622,500
	Specialized Consumer Services (1.20%)		
950,000	European Wax Center, Inc., Cl A[1]	17,767,586	15,390,000
Total Consumer Discretionary		141,168,335	175,332,950
Consumer Staples (0.57%)			
	Personal Care Products (0.57%)		
1,200,000	The Beauty Health Co.[1]	12,467,467	7,224,000
Financials (4.86%)			
	Property & Casualty Insurance (4.86%)		
150,000	Kinsale Capital Group, Inc.	6,170,793	62,119,500
Health Care (14.70%)			
	Health Care Equipment (5.59%)		
637,982	Axonics, Inc.[1]	28,878,669	35,803,550
424,823	Inari Medical, Inc.[1]	22,130,442	27,783,424
521,208	Silk Road Medical, Inc.[1]	19,384,763	7,812,908
		70,393,874	71,399,882
	Health Care Supplies (0.97%)		
254,000	Establishment Labs Holdings, Inc.[1,2]	17,425,350	12,463,780
	Health Care Technology (2.48%)		
700,591	Certara, Inc.[1]	14,628,630	10,186,593
2,684,590	Definitive Healthcare Corp.[1]	48,189,355	21,449,874
		62,817,985	31,636,467
	Life Sciences Tools & Services (4.96%)		
140,000	10X Genomics, Inc., Cl A[1]	6,908,279	5,775,000
514,595	Maravai LifeSciences Holdings, Inc., Cl A[1]	7,455,505	5,145,950
165,000	Repligen Corp.[1]	26,821,529	26,236,650
447,750	Stevanato Group SpA[1,2]	12,967,891	13,307,130
573,790	Veracyte, Inc.[1,3]	14,716,344	12,812,731
		68,869,548	63,277,461
	Pharmaceuticals (0.70%)		
775,832	Revance Therapeutics, Inc.[1]	11,448,086	8,898,793
Total Health Care		230,954,843	187,676,383

Shares		Cost	Value
Common Stocks (continued)			
Industrials (22.15%)			
	Aerospace & Defense (6.94%)		
166,095	Axon Enterprise, Inc.[1]	$ 18,709,890	$ 33,051,244
2,052,370	Kratos Defense & Security Solutions, Inc.[1]	29,688,110	30,826,597
665,380	Mercury Systems, Inc.[1]	25,085,739	24,678,944
		73,483,739	88,556,785
	Building Products (1.45%)		
300,000	Trex Co., Inc.[1]	12,520,226	18,489,000
	Diversified Support Services (0.89%)		
750,000	ACV Auctions, Inc., Cl A[1]	17,732,320	11,385,000
	Environmental & Facilities Services (1.77%)		
774,642	Montrose Environmental Group, Inc.[1]	16,672,227	22,666,025
	Human Resource & Employment Services (4.18%)		
326,131	ASGN, Inc.[1]	31,749,731	26,638,380
395,000	Ceridian HCM Holding, Inc.[1]	21,822,194	26,800,750
		53,571,925	53,439,130
	Industrial Machinery & Supplies & Components (4.36%)		
225,000	Chart Industries, Inc.[1]	30,390,512	38,052,000
75,000	RBC Bearings, Inc.[1]	15,747,212	17,559,750
		46,137,724	55,611,750
	Trading Companies & Distributors (2.56%)		
200,000	SiteOne Landscape Supply, Inc.[1]	12,575,112	32,690,000
Total Industrials		232,693,273	282,837,690
Information Technology (34.92%)			
	Application Software (9.48%)		
700,000	Alkami Technology, Inc.[1]	16,087,729	12,754,000
1,300,000	Clearwater Analytics Holdings, Inc., Cl A[1]	23,059,097	25,142,000
777,889	Gitlab, Inc., Cl A[1,3]	30,872,131	35,176,141
235,357	Guidewire Software, Inc.[1]	18,259,547	21,182,130
1,750,000	SmartRent, Inc.[1,3]	4,499,472	4,567,500
550,000	Smartsheet, Inc., Cl A[1]	20,433,218	22,253,000
		113,211,194	121,074,771
	Electronic Equipment & Instruments (6.36%)		
395,321	Advanced Energy Industries, Inc.	27,937,769	40,765,501
54,131	Novanta, Inc.[1,2]	5,885,852	7,764,551
845,671	PAR Technology Corp.[1]	25,578,963	32,592,160
		59,402,584	81,122,212
	IT Consulting & Other Services (1.12%)		
250,000	Endava plc, ADR[1,2]	6,125,604	14,337,500
	Semiconductor Materials & Equipment (2.38%)		
490,800	Ichor Holdings Ltd.[1,2]	11,435,027	15,195,168
135,000	Nova Ltd.[1,2]	3,115,172	15,179,400
		14,550,199	30,374,568
	Semiconductors (5.13%)		
105,000	Allegro MicroSystems, Inc.[1]	1,470,000	3,353,700
3,338,093	indie Semiconductor, Inc., Cl A[1]	30,591,344	21,029,986
2,564,620	Navitas Semiconductor Corp.[1]	22,011,037	17,824,109
204,000	SiTime Corp.[1]	23,354,907	23,307,000
		77,427,288	65,514,795

Baron Discovery Fund — PORTFOLIO OF INVESTMENTS (Continued)

September 30, 2023

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (continued)			
	Systems Software (10.45%)		
1,594,900	Couchbase, Inc.[1,3]	$ 35,483,397	$ 27,368,484
190,200	CyberArk Software Ltd.[1,2]	24,587,554	31,149,054
430,775	Dynatrace, Inc.[1,3]	10,425,483	20,130,116
60,100	Qualys, Inc.[1]	1,588,807	9,168,255
1,325,000	SentinelOne, Inc., Cl A[1]	20,904,430	22,339,500
761,000	Varonis Systems, Inc.[1]	19,904,795	23,240,940
		112,894,466	133,396,349
Total Information Technology		383,611,335	445,820,195
Real Estate (2.51%)			
	Industrial REITs (2.51%)		
650,000	Rexford Industrial Realty, Inc.	31,657,136	32,077,500
TOTAL COMMON STOCKS		**1,061,103,881**	**1,219,598,118**

Principal Amount		Cost	Value
Short Term Investments (4.13%)			
$52,673,288	Repurchase Agreement with Fixed Income Clearing Corp., dated 9/29/2023, 4.85% due 10/2/2023; Proceeds at maturity $52,694,576; (Fully Collateralized by $59,214,600 U.S. Treasury Note, 0.75% due 3/31/2026 Market value - $53,726,784)	**52,673,288**	**52,673,288**
TOTAL INVESTMENTS (99.65%)		**$1,113,777,169**	**1,272,271,406**
CASH AND OTHER ASSETS LESS LIABILITIES (0.35%)			**4,438,792**
NET ASSETS			**$1,276,710,198**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI.
ADR American Depositary Receipt.

Baron Durable Advantage Fund — PORTFOLIO OF INVESTMENTS

September 30, 2023

Shares		Cost	Value
Common Stocks (97.39%)			
Communication Services (12.06%)			
	Interactive Media & Services (12.06%)		
36,592	Alphabet, Inc., Cl C[1]	$ 3,758,424	$ 4,824,655
24,184	Meta Platforms, Inc., Cl A[1]	3,626,430	7,260,279
Total Communication Services		7,384,854	12,084,934
Consumer Discretionary (7.05%)			
	Broadline Retail (7.05%)		
55,614	Amazon.com, Inc.[1]	6,404,816	7,069,652
Consumer Staples (2.58%)			
	Consumer Staples Merchandise Retail (2.25%)		
3,990	Costco Wholesale Corp.	1,710,092	2,254,190
	Personal Care Products (0.33%)		
2,280	The Estée Lauder Companies, Inc., Cl A	570,117	329,574
Total Consumer Staples		2,280,209	2,583,764
Financials (30.26%)			
	Asset Management & Custody Banks (4.69%)		
19,487	Blackstone, Inc.	1,840,760	2,087,837
83,562	Brookfield Corp.[2]	3,038,838	2,612,984
		4,879,598	4,700,821
	Financial Exchanges & Data (11.61%)		
11,194	CME Group, Inc.	2,107,095	2,241,263
7,843	Moody's Corp.	2,230,080	2,479,722
5,815	MSCI, Inc.	2,773,579	2,983,560
10,737	S&P Global, Inc.	3,543,550	3,923,407
		10,654,304	11,627,952
	Investment Banking & Brokerage (2.13%)		
8,985	LPL Financial Holdings, Inc.	1,874,973	2,135,285
	Property & Casualty Insurance (4.83%)		
60,751	Arch Capital Group Ltd.[1,2]	3,196,898	4,842,462
	Transaction & Payment Processing Services (7.00%)		
7,556	MasterCard, Incorporated, Cl A	2,524,343	2,991,496
17,498	Visa, Inc., Cl A	3,904,739	4,024,715
		6,429,082	7,016,211
Total Financials		27,034,855	30,322,731
Health Care (11.69%)			
	Life Sciences Tools & Services (7.43%)		
9,793	Agilent Technologies, Inc.	1,152,084	1,095,053
9,943	Danaher Corp.	2,229,008	2,466,858
1,033	Mettler-Toledo International, Inc.[1]	1,206,399	1,144,637
5,411	Thermo Fisher Scientific, Inc.	2,642,742	2,738,886
		7,230,233	7,445,434
	Managed Health Care (4.26%)		
8,470	UnitedHealth Group, Incorporated	3,660,463	4,270,489
Total Health Care		10,890,696	11,715,923

Shares		Cost	Value
Common Stocks (continued)			
Industrials (2.48%)			
	Aerospace & Defense (2.48%)		
19,233	HEICO Corp., Cl A	$ 2,329,442	$ 2,485,288
Information Technology (31.27%)			
	Application Software (6.71%)		
6,342	Adobe, Inc.[1]	2,595,751	3,233,786
6,827	Intuit, Inc.	3,040,418	3,488,187
		5,636,169	6,721,973
	Electronic Manufacturing Services (0.82%)		
6,675	TE Connectivity Ltd.[2]	831,183	824,563
	IT Consulting & Other Services (3.33%)		
10,860	Accenture plc, Cl A[2]	3,065,901	3,335,215
	Semiconductors (11.24%)		
7,089	Monolithic Power Systems, Inc.	2,945,293	3,275,118
9,698	NVIDIA Corp.	1,777,569	4,218,533
26,267	Taiwan Semiconductor Manufacturing Co., Ltd., ADR[2]	2,422,095	2,282,602
9,365	Texas Instruments, Inc.	1,596,501	1,489,129
		8,741,458	11,265,382
	Systems Software (9.17%)		
29,086	Microsoft Corporation	7,541,089	9,183,904
Total Information Technology		25,815,800	31,331,037
TOTAL COMMON STOCKS		**82,140,672**	**97,593,329**

Principal Amount		Cost	Value
Short Term Investments (5.46%)			
$5,472,874	Repurchase Agreement with Fixed Income Clearing Corp., dated 9/29/2023, 4.85% due 10/2/2023; Proceeds at maturity $5,475,086; (Fully Collateralized by $5,643,000 U.S. Treasury Note, 3.75% due 4/15/2026 Market value - $5,582,389)	**5,472,874**	**5,472,874**
TOTAL INVESTMENTS (102.85%)		**$87,613,546**	**103,066,203**
LIABILITIES LESS CASH AND OTHER ASSETS (-2.85%)			**(2,856,650)**
NET ASSETS			**$100,209,553**

% 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

September 30, 2023 (Unaudited)

Shares		Cost	Value
Common Stocks (93.45%)			
Consumer Discretionary (8.46%)			
	Casinos & Gaming (3.12%)		
43,978	Wynn Resorts Ltd.	$ 4,617,465	$ 4,064,007
	Home Improvement Retail (1.02%)		
6,363	Lowe's Companies, Inc.	1,431,434	1,322,486
	Homebuilding (3.31%)		
58,165	Toll Brothers, Inc.	3,681,211	4,301,884
	Hotels, Resorts & Cruise Lines (1.01%)		
35,777	Travel & Leisure Co.	1,384,157	1,314,089
Total Consumer Discretionary		11,114,267	11,002,466
Financials (3.73%)			
	Asset Management & Custody Banks (3.73%)		
105,925	Brookfield Corp.	3,375,334	3,312,275
46,081	Brookfield Asset Management Ltd., Cl A	1,428,368	1,536,340
Total Financials		4,803,702	4,848,615
Real Estate (80.93%)			
	Data Center REITs (19.19%)		
102,460	Digital Realty Trust, Inc.	11,445,347	12,399,709
17,296	Equinix, Inc.	12,128,156	12,561,393
		23,573,503	24,961,102
	Health Care REITs (10.00%)		
74,205	Ventas, Inc.	3,384,379	3,126,257
120,572	Welltower, Inc.	9,119,754	9,877,258
		12,504,133	13,003,515
	Hotel & Resort REITs (1.91%)		
308,524	DiamondRock Hospitality Co.	2,504,608	2,477,448
	Industrial REITs (20.96%)		
106,235	Americold Realty Trust	3,349,811	3,230,606
16,806	EastGroup Properties, Inc.	2,465,890	2,798,703
84,413	First Industrial Realty Trust, Inc.	4,405,983	4,017,215
111,620	Prologis, Inc.	12,588,056	12,524,880
75,273	Rexford Industrial Realty, Inc.	3,974,076	3,714,723
17,085	Terreno Realty Corp.	956,831	970,428
		27,740,647	27,256,555
	Multi-Family Residential REITs (7.89%)		
34,675	AvalonBay Communities, Inc.	6,329,285	5,955,085
73,300	Equity Residential	4,697,713	4,303,443
		11,026,998	10,258,528
	Office REITs (2.07%)		
26,843	Alexandria Real Estate Equities, Inc.	3,046,639	2,686,984

Shares		Cost	Value
Common Stocks (continued)			
Real Estate (continued)			
	Other Specialized REITs (0.88%)		
39,429	VICI Properties, Inc.	$ 1,263,097	$ 1,147,384
	Retail REITs (1.54%)		
88,725	Tanger Factory Outlet Centers, Inc.	1,852,390	2,005,185
	Self Storage REITs (5.92%)		
58,253	CubeSmart	2,441,809	2,221,187
27,816	Extra Space Storage, Inc.	3,974,948	3,381,869
7,941	Public Storage	2,034,155	2,092,612
		8,450,912	7,695,668
	Single-Family Residential REITs (10.57%)		
191,351	American Homes 4 Rent, Cl A	6,478,264	6,446,615
230,319	Invitation Homes, Inc.	7,513,388	7,298,809
		13,991,652	13,745,424
Total Real Estate		105,954,579	105,237,793
Utilities (0.33%)			
	Multi-Utilities (0.33%)		
12,016	Brookfield Infrastructure Corp., Cl A[2]	457,283	424,646
TOTAL COMMON STOCKS		**122,329,831**	**121,513,520**

Principal Amount		Cost	Value
Short Term Investments (5.29%)			
$6,883,155	Repurchase Agreement with Fixed Income Clearing Corp., dated 9/29/2023, 4.85% due 10/2/2023; Proceeds at maturity $6,885,937; (Fully Collateralized by $7,738,000 U.S. Treasury Note, 0.75% due 3/31/2026 Market value - $7,020,867)	**6,883,155**	**6,883,155**
TOTAL INVESTMENTS (98.74%)		**$129,212,986**	**128,396,675**
CASH AND OTHER ASSETS LESS LIABILITIES (1.26%)			**1,642,905**
NET ASSETS			**$130,039,580**

% Represents percentage of net assets.
1 Foreign corporation.
2 The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI (unaudited).

Baron WealthBuilder Fund — PORTFOLIO OF INVESTMENTS

September 30, 2023 (Unaudited)

Shares		Cost	Value
Affiliated Mutual Funds (100.01%)			
Small Cap Funds (32.50%)			
920,264	Baron Discovery Fund - Institutional Shares	$ 23,535,878	$ 22,923,780
773,197	Baron Growth Fund - Institutional Shares	74,018,099	73,855,749
2,136,904	Baron Small Cap Fund - Institutional Shares	71,782,894	63,893,419
Total Small Cap Funds		169,336,871	160,672,948
Small to Mid Cap Funds (6.39%)			
909,363	Baron Focused Growth Fund - Institutional Shares	30,120,252	31,564,003
Mid Cap Funds (12.73%)			
657,900	Baron Asset Fund - Institutional Shares	63,956,783	62,947,890
Large Cap Funds (7.15%)			
709,982	Baron Durable Advantage Fund - Institutional Shares	11,204,126	14,071,844
577,657	Baron Fifth Avenue Growth Fund - Institutional Shares	20,824,732	21,292,421
Total Large Cap Funds		32,028,858	35,364,265
All Cap Funds (18.75%)			
649,785	Baron Opportunity Fund - Institutional Shares	16,536,974	21,208,995
466,174	Baron Partners Fund - Institutional Shares	42,796,962	71,483,077
Total All Cap Funds		59,333,936	92,692,072
International Funds (9.27%)			
1,050,408	Baron Emerging Markets Fund - Institutional Shares	15,256,302	13,886,391
618,006	Baron Global Advantage Fund - Institutional Shares	16,656,484	16,951,912
619,000	Baron International Growth Fund - Institutional Shares	16,935,923	15,010,761
Total International Funds		48,848,709	45,849,064
Sector Funds (13.22%)			
1,010,139	Baron FinTech Fund - Institutional Shares	14,061,955	12,616,639
798,761	Baron Health Care Fund - Institutional Shares	14,181,228	14,130,076
930,898	Baron Real Estate Fund - Institutional Shares	31,561,704	28,187,579
817,791	Baron Real Estate Income Fund - Institutional Shares	12,993,193	10,443,196
Total Sector Funds		72,798,080	65,377,490
TOTAL AFFILIATED INVESTMENTS (100.01%)		$476,423,489	494,467,732
LIABILITIES LESS CASH AND OTHER ASSETS (-0.01%)			(54,359)
NET ASSETS			$494,413,373

% Represents percentage of net assets.

Baron Health Care Fund — PORTFOLIO OF INVESTMENTS

September 30, 2023 (Unaudited)

Shares		Cost	Value
Common Stocks (93.59%)			
Health Care (93.59%)			
	Biotechnology (17.10%)		
50,000	Arcellx, Inc. [1]	$ 1,843,632	$ 1,794,000
18,455	argenx SE, ADR [1,2]	5,943,301	9,073,032
25,000	Cytokinetics, Incorporated [1]	918,318	736,500
10,000	Genmab A/S, ADR [1,2]	340,316	352,700
79,700	Legend Biotech Corp., ADR [1,2]	4,716,644	5,353,449
261,254	Rocket Pharmaceuticals, Inc. [1]	4,842,850	5,353,094
23,000	Vertex Pharmaceuticals, Incorporated [1]	5,946,486	7,998,020
100,100	Xenon Pharmaceuticals, Inc. [1,2]	3,651,406	3,419,416
		28,202,953	34,080,211
	Health Care Distributors (2.36%)		
10,800	McKesson Corp.	2,651,423	4,696,380
	Health Care Equipment (16.92%)		
112,300	Boston Scientific Corp. [1]	5,922,813	5,929,440
67,924	DexCom, Inc. [1]	7,119,638	6,337,309
6,995	IDEXX Laboratories, Inc. [1]	2,933,296	3,058,704
19,736	Inspire Medical Systems, Inc. [1]	3,262,019	3,916,412
9,565	Insulet Corp. [1]	2,270,025	1,525,522
30,233	Intuitive Surgical, Inc. [1]	7,267,519	8,836,803
1,387,480	Opsens, Inc. (Canada)[1,2]	2,019,084	1,808,091
11,600	Shockwave Medical, Inc. [1]	2,127,522	2,309,560
		32,921,916	33,721,841
	Health Care Facilities (2.26%)		
18,300	HCA Healthcare, Inc.	4,144,545	4,501,434
	Health Care Supplies (3.72%)		
128,000	Neogen Corp. [1]	2,420,635	2,373,120
15,850	The Cooper Companies, Inc.	5,478,798	5,040,458
		7,899,433	7,413,578
	Health Care Technology (1.97%)		
15,000	Schrödinger, Inc. [1]	312,233	424,050
17,250	Veeva Systems, Inc., Cl A[1]	3,331,767	3,509,512
		3,644,000	3,933,562
	Life Sciences Tools & Services (17.40%)		
49,000	Bio-Techne Corporation	3,919,444	3,335,430
11,800	Danaher Corp.	3,135,819	2,927,580
40,000	Exact Sciences Corp. [1,3]	2,735,175	2,728,800
18,200	ICON plc [1,2]	3,689,560	4,481,750
3,610	Mettler-Toledo International, Inc. [1]	4,090,788	4,000,133
9,000	Repligen Corp. [1]	1,491,499	1,431,090
81,631	Stevanato Group SpA [1,2]	1,923,580	2,426,073
17,749	Thermo Fisher Scientific, Inc.	8,573,805	8,984,011
11,650	West Pharmaceutical Services, Inc.	3,438,733	4,371,197
		32,998,403	34,686,064
	Managed Health Care (12.54%)		
6,700	Elevance Health, Inc.	2,975,916	2,917,314
6,425	Humana, Inc.	2,788,059	3,125,891
37,572	UnitedHealth Group, Incorporated	13,933,454	18,943,427
		19,697,429	24,986,632
	Pharmaceuticals (19.32%)		
80,000	AstraZeneca PLC, ADR [2]	4,902,730	5,417,600
34,592	Eli Lilly & Co.	8,224,141	18,580,401
87,400	Merck & Co., Inc.	8,188,605	8,997,830
31,700	Zoetis, Inc.	4,884,224	5,515,166
		26,199,700	38,510,997
TOTAL COMMON STOCKS		**158,359,802**	**186,530,699**

Principal Amount		Cost	Value
Short Term Investments (6.41%)			
$12,767,305	Repurchase Agreement with Fixed Income Clearing Corp., dated 9/29/2023, 4.85% due 10/2/2023; Proceeds at maturity $12,772,465; (Fully Collateralized by $14,352,900 U.S. Treasury Note, 0.75% due 3/31/2026 Market value - $13,022,720)	**$ 12,767,305**	**$ 12,767,305**
TOTAL INVESTMENTS (100.00%)		**$171,127,107**	**199,298,004**
CASH AND OTHER ASSETS LESS LIABILITIES (0.00%)			**4,930**
NET ASSETS			**$199,302,934**

% 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

September 30, 2023 (Unaudited)

Shares		Cost	Value
Common Stocks (98.57%)			
Consumer Discretionary (3.38%)			
	Broadline Retail (3.38%)		
1,400	MercadoLibre, Inc. [1]	$ 2,084,586	$ 1,775,032
Financials (66.32%)			
	Asset Management & Custody Banks (2.71%)		
2,200	BlackRock, Inc.	1,792,940	1,422,278
	Diversified Banks (1.38%)		
100,000	NU Holdings Ltd., Cl A [1,2]	777,244	725,000
	Diversified Financial Services (3.94%)		
23,000	Apollo Global Management, Inc.	1,683,361	2,064,480
	Financial Exchanges & Data (20.74%)		
5,600	CME Group, Inc.	1,170,111	1,121,232
3,700	FactSet Research Systems, Inc.	1,549,393	1,617,862
4,300	Moody's Corp.	1,526,122	1,359,531
5,100	Morningstar, Inc.	1,114,127	1,194,624
3,300	MSCI, Inc.	1,460,004	1,693,164
6,500	S&P Global, Inc.	2,561,753	2,375,165
19,000	Tradeweb Markets, Inc., Cl A	1,567,302	1,523,800
		10,948,812	10,885,378
	Insurance Brokers (0.44%)		
10,000	BRP Group, Inc., Cl A [1]	286,809	232,300
	Investment Banking & Brokerage (8.91%)		
11,000	Houlihan Lokey, Inc.	843,251	1,178,320
10,200	Interactive Brokers Group, Inc., Cl A	815,412	882,912
8,000	LPL Financial Holdings, Inc.	1,383,440	1,901,200
13,000	The Charles Schwab Corp.	972,539	713,700
		4,014,642	4,676,132
	Property & Casualty Insurance (7.10%)		
10,500	Arch Capital Group Ltd. [1,2]	855,068	836,955
2,600	Kinsale Capital Group, Inc.	458,703	1,076,738
13,000	The Progressive Corp.	1,581,601	1,810,900
		2,895,372	3,724,593
	Transaction & Payment Processing Services (21.10%)		
14,000	Block, Inc. [1]	2,535,138	619,640
13,000	Fiserv, Inc. [1]	1,385,192	1,468,480
9,000	Global Payments, Inc.	1,133,471	1,038,510
5,700	Jack Henry & Associates, Inc.	948,461	861,498
6,700	MasterCard, Incorporated, Cl A	2,318,807	2,652,597
6,500	Paymentus Holdings, Inc., Cl A [1]	140,111	107,900
14,000	Repay Holdings Corporation [1]	275,620	106,260
11,200	Visa, Inc., Cl A	2,382,161	2,576,112
3,200	WEX, Inc. [1]	636,784	601,888
125,000	Wise PLC, Cl A (United Kingdom) [1,2]	1,445,918	1,042,420
		13,201,663	11,075,305
Total Financials		35,600,843	34,805,466
Industrials (5.39%)			
	Research & Consulting Services (5.39%)		
2,300	Equifax, Inc.	491,672	421,314
12,500	TransUnion	1,202,735	897,375
6,400	Verisk Analytics, Inc.	1,229,237	1,511,936
Total Industrials		2,923,644	2,830,625
Common Stocks (continued)			
Information Technology (22.02%)			
	Application Software (13.29%)		
12,000	Alkami Technology, Inc. [1]	$ 304,549	$ 218,640
4,400	Bill.Com Holdings, Inc. [1]	529,611	477,708
20,000	Clearwater Analytics Holdings, Inc., Cl A [1]	484,321	386,800
2,300	Fair Isaac Corp. [1]	1,088,254	1,997,619
12,500	Guidewire Software, Inc. [1]	1,403,950	1,125,000
5,200	Intuit, Inc.	2,005,625	2,656,888
3,500	nCino, Inc. [1]	246,975	111,300
		6,063,285	6,973,955
	Internet Services & Infrastructure (1.25%)		
12,000	Shopify, Inc., Cl A [1,2]	1,697,734	654,840
	IT Consulting & Other Services (7.48%)		
4,500	Accenture plc, Cl A [2]	1,229,138	1,381,995
35,000	CI&T, Inc., Cl A [1,2]	517,710	227,500
19,000	Endava plc, ADR [1,2]	1,366,854	1,089,650
6,200	Globant S.A. [1,2]	1,545,350	1,226,670
		4,659,052	3,925,815
Total Information Technology		12,420,071	11,554,610
Real Estate (1.46%)			
	Real Estate Services (1.46%)		
10,000	CoStar Group, Inc. [1]	863,804	768,900
TOTAL COMMON STOCKS		**53,892,948**	**51,734,633**

Principal Amount		Cost	Value
Short Term Investments (1.07%)			
$561,736	Repurchase Agreement with Fixed Income Clearing Corp., dated 9/29/2023, 4.85% due 10/2/2023; Proceeds at maturity $561,963; (Fully Collateralized by $579,200 U.S. Treasury Note, 3.75% due 4/15/2026 Market value - $572,979)	**561,736**	**561,736**
TOTAL INVESTMENTS (99.64%)		**$54,454,684**	**52,296,369**
CASH AND OTHER ASSETS LESS LIABILITIEs (0.36%)			**188,576**
NET ASSETS			**$52,484,945**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
ADR American Depositary Receipt.

Baron New Asia Fund — PORTFOLIO OF INVESTMENTS

September 30, 2023 (Unaudited)

Shares		Cost	Value
Common Stocks (91.61%)			
China (29.32%)			
2,039	Alibaba Group Holding Limited, ADR[1]	$ 224,450	$ 176,863
349	Baidu, Inc., ADR[1]	52,572	46,888
838	Baidu, Inc., Cl A[1]	13,648	14,104
15,075	China Mengniu Dairy Co. Ltd.	59,004	50,283
11,028	Estun Automation Co. Ltd., Cl A	41,227	33,384
7,916	Full Truck Alliance Co. Ltd., ADR[1]	56,352	55,729
7,911	Galaxy Entertainment Group Ltd.[1]	51,669	47,336
1,000	Glodon Co. Ltd., Cl A	4,370	3,203
5,902	Glodon Co. Ltd., Cl A (Hong Kong)	30,513	18,905
465	JD.com, Inc., ADR	17,712	13,545
6,889	Jiangsu Hengli Hydraulic Co. Ltd., Cl A	60,531	60,418
2,308	Kanzhun Ltd., ADR[1]	40,059	35,012
36,038	Kingdee International Software Group Co. Ltd.[1]	67,027	44,106
12,357	Kingsoft Corp. Ltd.	53,908	44,526
171	Kweichow Moutai Co. Ltd., Cl A	44,790	42,410
15,182	Lufax Holding Ltd., ADR	46,566	16,093
7,028	Midea Group Co., Ltd., Cl A	71,046	53,613
14,677	NARI Technology Co. Ltd., Cl A	52,708	44,656
566	Shenzhen Mindray Bio-Medical Electronics Co. Ltd., Cl A	28,379	21,032
3,239	Shenzhou International Group Holdings Ltd.	33,699	30,802
4,648	Tencent Holdings Limited, ADR	241,224	179,738
8,487	Venustech Group, Inc., Cl A	35,262	32,804
1,160	Wuliangye Yibin Co. Ltd., Cl A	30,272	24,997
1,512	Yum China Holdings, Inc.	88,213	84,624
4,753	Yunnan Baiyao Group Co. Ltd., Cl A	46,195	34,757
1,180	Zai Lab Limited, ADR[1]	77,414	28,686
Total China		1,568,810	1,238,514
France (0.60%)			
153	Pernod Ricard SA	34,222	25,473
Hong Kong (3.01%)			
6,102	AIA Group Ltd.	66,495	49,348
14,963	Budweiser Brewing Co. APAC Ltd., 144A	40,631	29,405
592	Hong Kong Exchanges & Clearing Ltd.	33,138	21,971
2,755	Techtronic Industries Co. Ltd.	44,656	26,596
Total Hong Kong		184,920	127,320
India (35.50%)			
3,704	360 ONE WAM Ltd.	20,342	22,344
4,904	Aarti Pharmalabs Ltd.[1]	19,122	27,280
1,120	Amber Enterprises India Ltd.[1]	34,412	40,149
402	Apollo Hospitals Enterprise Ltd.	26,281	24,823
1,634	Bajaj Finance Limited	141,438	153,267
7,639	Bharti Airtel Ltd.	72,046	85,070
2,074	Cholamandalam Investment & Finance Co. Ltd.	28,983	30,337
621	Divi's Laboratories Ltd.	42,040	28,092

Shares		Cost	Value
Common Stocks (continued)			
India (continued)			
552	Dixon Technologies India Ltd.	$ 33,083	$ 35,065
7,042	Godrej Consumer Products Ltd.[1]	87,152	84,007
2,914	Godrej Properties Ltd.[1]	59,319	54,377
3,873	HDFC Bank Ltd.	75,535	71,030
8,450	Jio Financial Services Ltd.[1]	23,216	23,526
24,738	JM Financial Limited	21,648	25,677
5,194	Jubilant FoodWorks Ltd.	47,457	33,247
1,210	Mahindra & Mahindra Ltd.	22,395	22,595
2,538	Max Financial Services Ltd.[1]	37,467	27,756
4,964	Max Healthcare Institute Ltd.	34,901	33,909
2,249	Neogen Chemicals Ltd.	34,982	47,554
308	PI Industries Ltd.	13,053	12,793
3,394	Reliance Industries Limited	96,525	95,557
4,488	SBI Life Insurance Company Limited, 144A	72,504	70,399
3,765	Tata Communications Ltd.	66,975	87,485
554	Tata Consultancy Services Ltd.	23,385	23,458
4,298	Tata Consumer Products Ltd.	43,687	45,301
1,851	Titan Co. Ltd.	56,095	70,018
3,604	Trent Ltd.	72,481	90,080
715	Tube Investments of India Ltd.	25,719	25,659
89,363	Zomato Ltd.[1]	98,581	108,844
Total India		1,430,824	1,499,699
Indonesia (1.82%)			
226,900	Bank Rakyat Indonesia (Persero) Tbk PT	66,793	76,631
Japan (2.72%)			
440	Hoya Corp.	61,199	45,064
97	Keyence Corporation	52,421	35,873
249	Tokyo Electron Limited	36,123	34,011
Total Japan		149,743	114,948
Korea, Republic of (10.95%)			
3,374	Coupang, Inc., Cl A[1]	47,753	57,358
477	HD Hyundai Heavy Industries Co. Ltd.[1]	38,751	42,778
991	HD Korea Shipbuilding & Offshore Engineering Co. Ltd.[1]	78,153	81,447
872	Korea Aerospace Industries Ltd.	29,593	31,475
4,062	Samsung Electronics Co., Ltd.	225,446	205,351
50	Samsung SDI Co. Ltd.	28,476	18,895
299	SK Hynix, Inc.	25,470	25,315
Total Korea, Republic of		473,642	462,619
Taiwan (7.69%)			
5,878	Delta Electronics, Inc.	49,656	59,203
5,121	Taiwan Semiconductor Manufacturing Co. Ltd.	88,911	83,504
2,097	Taiwan Semiconductor Manufacturing Co., Ltd., ADR	199,789	182,229
Total Taiwan		338,356	324,936
TOTAL COMMON STOCKS		**4,247,310**	**3,870,140**

Baron New Asia Fund — PORTFOLIO OF INVESTMENTS (Continued)

September 30, 2023 (Unaudited)

Principal Amount		Cost	Value
Short Term Investments (10.08%)			
$426,026	Repurchase Agreement with Fixed Income Clearing Corp., dated 9/29/2023, 4.85% due 10/2/2023; Proceeds at maturity $426,198; (Fully Collateralized by $479,000 U.S. Treasury Note, 0.75% due 3/31/2026 Market value - $434,608)	$ 426,026	$ 426,026
TOTAL INVESTMENTS (101.69%)		$4,673,336	4,296,166
LIABILITIES LESS CASH ANd OTHER ASSETS (-1.69%)			(71,598)
NET ASSETS			$4,224,568

% 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 September 30, 2023, the market value of Rule 144A securities amounted to $99,804 or 2.36% of net assets.

Summary of Investments by Sector as of September 30, 2023	Percentage of Net Assets
Consumer Discretionary	21.1%
Information Technology	18.1%
Financials	13.9%
Communication Services	11.7%
Industrials	8.9%
Consumer Staples	7.1%
Health Care	5.8%
Energy	2.3%
Materials	1.4%
Real Estate	1.3%
Cash and Cash Equivalents*	8.4%
	100.0%**

* Includes short term investments.
** Individual weights may not sum to 100% due to rounding.

Baron Technology Fund — PORTFOLIO OF INVESTMENTS

September 30, 2023 (Unaudited)

Shares		Cost	Value
Common Stocks (96.93%)			
Communication Services (8.23%)			
	Advertising (1.01%)		
907	The Trade Desk, Inc., Cl A[1]	$ 71,064	$ 70,882
	Interactive Home Entertainment (0.99%)		
496	Take-Two Interactive Software, Inc.[1]	72,912	69,633
	Interactive Media & Services (6.23%)		
531	Alphabet, Inc., Cl C[1]	69,508	70,012
813	Meta Platforms, Inc., Cl A[1]	134,126	244,071
1,624	Tencent Holdings Ltd. (Hong Kong)[2]	75,415	62,953
3,780	ZoomInfo Technologies, Inc.[1]	130,528	61,992
		409,577	439,028
Total Communication Services		553,553	579,543
Consumer Discretionary (17.66%)			
	Automobile Manufacturers (7.64%)		
4,000	Rivian Automotive, Inc., Cl A[1]	59,041	97,120
1,763	Tesla, Inc.[1]	446,657	441,138
		505,698	538,258
	Automotive Parts & Equipment (1.01%)		
1,709	Mobileye Global, Inc., Cl A[1]	67,616	71,009
	Broadline Retail (8.07%)		
4,468	Amazon.com, Inc.[1]	634,904	567,972
	Hotels, Resorts & Cruise Lines (0.94%)		
9,750	eDreams ODIGEO SA (Spain)[1,2]	85,429	66,580
Total Consumer Discretionary		1,293,647	1,243,819
Financials (2.50%)			
	Transaction & Payment Processing Services (2.50%)		
229	MasterCard, Incorporated, Cl A	84,993	90,663
371	Visa, Inc., Cl A	82,135	85,334
Total Financials		167,128	175,997
Industrials (2.88%)			
	Human Resource & Employment Services (2.88%)		
2,985	Ceridian HCM Holding, Inc.[1]	238,270	202,532
Information Technology (63.77%)			
	Application Software (11.02%)		
207	Atlassian Corp. Ltd., Cl A[1,2]	62,227	41,713
1,551	Gitlab, Inc., Cl A[1,3]	64,404	70,136
199	HubSpot, Inc.[1]	106,284	98,008
376	Intuit, Inc.	201,447	192,113
324	ServiceNow, Inc.[1,3]	178,280	181,103
897	Workday, Inc., Cl A[1]	201,628	192,720
		814,270	775,793
	Electronic Equipment & Instruments (1.40%)		
2,551	PAR Technology Corp.[1]	111,309	98,315
	Internet Services & Infrastructure (1.28%)		
1,652	Shopify, Inc., Cl A[1,2]	139,918	90,150
	IT Consulting & Other Services (2.09%)		
429	Gartner, Inc. [1]	142,622	147,409

Shares		Cost	Value
Common Stocks (96.93%)			
Information Technology (continued)			
	Semiconductor Materials & Equipment (4.48%)		
204	ASML Holding N.V.[2]	$ 134,265	$ 120,087
674	BE Semiconductor Industries NV (Netherlands)[2]	78,394	65,921
206	Lam Research Corp.	127,773	129,115
		340,432	315,123
	Semiconductors (23.53%)		
2,317	Advanced Micro Devices, Inc.[1]	253,113	238,234
700	ARM Holdings PLC, ADR[1,2]	35,700	37,464
173	Broadcom, Inc.	121,688	143,690
17,726	indie Semiconductor, Inc., Cl A[1]	138,400	111,674
3,293	Marvell Technology, Inc.	171,841	178,250
130	Monolithic Power Systems, Inc.	54,045	60,060
1,613	NVIDIA Corp.	519,476	701,639
5,666	Taiwan Semiconductor Manufacturing Co. Ltd. (Taiwan)[2]	118,454	92,391
1,072	Taiwan Semiconductor Manufacturing Co., Ltd., ADR[2]	97,751	93,157
		1,510,468	1,656,559
	Systems Software (15.07%)		
1,101	Cloudflare, Inc., Cl A[1,3]	51,390	69,407
919	Crowdstrike Holdings, Inc., Cl A[1]	151,298	153,822
719	Datadog, Inc., Cl A[1,3]	57,721	65,494
1,509	Dynatrace, Inc.[1,3]	72,400	70,515
2,224	Microsoft Corporation	724,288	702,228
		1,057,097	1,061,466
	Technology Hardware, Storage & Peripherals (4.90%)		
2,017	Apple, Inc.	357,759	345,331
Total Information Technology		4,473,875	4,490,146
Real Estate (1.89%)			
	Real Estate Services (1.89%)		
1,732	CoStar Group, Inc.[1]	136,974	133,174
TOTAL COMMON STOCKS		**6,863,447**	**6,825,211**

Principal Amount		Cost	Value
Short Term Investments (4.19%)			
$294,952	Repurchase Agreement with Fixed Income Clearing Corp., dated 9/29/2023, 4.85% due 10/2/2023; Proceeds at maturity $295,071; (Fully Collateralized by $304,200 U.S. Treasury Note, 3.75% due 4/15/2026 Market value - $300,933)	**294,952**	**294,952**
TOTAL INVESTMENTS (101.12%)		$7,158,399	7,120,163
LIABILITIES LESS CASH AND OTHER ASSETS (-1.12%)			(79,019)
NET ASSETS			$7,041,144

% 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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