

DEAR BARON GROWTH FUND SHAREHOLDER:

PERFORMANCE

Baron Growth Fund® (the Fund) declined 4.25% (Institutional Shares) for the quarter ended March 31, 2025. This exceeded the return of the Fund’s benchmark, the Russell 2000 Growth Index (the Benchmark), which fell 11.12% for the quarter. The Russell 3000 Index, which measures the performance of the 3,000 largest publicly traded U.S. companies, declined 4.72% for the quarter.

Stocks declined significantly as the Trump administration moved to rapidly implement its agenda. These changes have the potential to upend decades of established trade practices and domestic policies while also reshaping long-standing international relationships. We exclusively invest in businesses with large addressable markets and sustainable competitive advantages run by superior management teams, which helps us to protect capital during periods of elevated uncertainty while also generating compelling growth prospects across cycles.

Table I. Performance

Annualized for periods ended March 31, 2025

	Baron Growth Fund Retail Shares ^{1,2}	Baron Growth Fund Institutional Shares ^{1,2,3}	Russell 2000 Growth Index ¹	Russell 3000 Index ¹
Three Months ⁴	(4.31)%	(4.25)%	(11.12)%	(4.72)%
One Year	(4.94)%	(4.70)%	(4.86)%	7.22%
Three Years	0.90%	1.16%	0.78%	8.22%
Five Years	12.76%	13.04%	10.78%	18.18%
Ten Years	9.02%	9.30%	6.14%	11.80%
Fifteen Years	11.20%	11.48%	9.51%	12.76%
Since Inception (December 31, 1994)	12.18%	12.33%	7.43%	10.54%

Stocks declined meaningfully to begin the year as the new administration proposed or enacted far-reaching changes that threaten to upend the post-war economic order. Tariffs captured most of the headlines, with investors debating their ultimate magnitude and duration and endeavoring



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

to forecast their impact on GDP growth, inflation, and interest rates. Stocks also digested the impact of cost cuts by the Department of Government Efficiency (DOGE), significant changes to healthcare personnel and policy at the FDA and NIH, and new approaches to U.S. foreign policy. Outside of changes emanating from the U.S. Government, January’s unexpected launch of DeepSeek R1 called into question many key assumptions underpinning the AI-trade that propelled so much of 2024’s gains.

We are pleased with the Fund’s strong relative performance to begin 2025, and that the Fund is again outperforming its Benchmark, albeit modestly, on a trailing 12-month basis. We are particularly gratified that our outperformance was primarily driven by favorable stock selection. This is the goal of our fundamentally oriented investment strategy and derives from our close collaboration with our large and growing research team.

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail shares and Institutional shares as of January 28, 2025 was 1.30% and 1.08%, respectively (comprised of operating expenses of 1.03%, respectively, and interest expense of 0.05%, respectively). The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor’s shares, when redeemed, may be worth more or less than their original cost. The Fund’s transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit BaronCapitalGroup.com or call 1-800-99-BARON.

1 The **Russell 2000® Growth Index** measures the performance of small-sized U.S. companies that are classified as growth. The **Russell 3000® Index** measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market, as of the most recent reconstitution. 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 and Russell 3000® Indexes include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts the performance results. The indexes are unmanaged. Index performance is not Fund performance. Investors cannot invest directly in an index.

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 Growth Fund

Several of our biggest winners from 2024 posted attractive gains to begin this year. **Guidewire Software, Inc.**, the leading provider of core systems software to the property and casualty insurance (P&C) industry, gained 11.1% after appreciating 54.6% last year. We estimate that Guidewire has incurred almost \$2 billion of cumulative expenses over the last five years to develop and support its cloud offering, a level that exceeds that of its competitors by an order of magnitude. This investment has created a sustainably differentiated software platform with best-in-class capabilities, a near-perfect implementation track record, and a robust ecosystem of software and implementation partners. We believe that insurers are accelerating their transition to cloud-delivered core systems and that Guidewire is poised to be the digital backbone for the majority of the \$2 trillion global P&C insurance industry.

Similarly, excess and surplus (E&S) insurer **Kinsale Capital Group, Inc.** gained 4.7% in the quarter after appreciating 38.9% in 2024. Kinsale continues to gain market share in a large and growing market and is successfully converting attractive premium growth to industry-leading margins and robust returns on equity. It recently announced the first share repurchase in company history, which we believe adds an additional dimension of capital return to its compelling growth algorithm. We believe that Kinsale's agile underwriting process, best-in-class loss ratios, and disciplined risk-taking will enable it to generate 10% to 20% annual premium growth while generating outstanding returns on capital.

Additionally, some businesses that incurred elevated growth investments or experienced short-term end-market cyclicality reported improved results to begin this year. **CoStar Group, Inc.**, a leader in real estate information, analytics, and marketplaces, gained 10.7% in the quarter after declining 18.1% last year. CoStar has spent three years building its Homes.com residential real estate marketplace, which we estimate will serve a total addressable market that exceeds \$15 billion in the U.S. CoStar is investing heavily to pursue this opportunity, spending almost \$1 billion in 2024 and anticipating a similar level of spend for 2025. The significant upfront investment is consistent with the scale of the opportunity but has weighed on the stock given that costs are incurred before the company can begin to generate revenue. The company took an "all hands" approach to selling Homes.com in 2024, which generated some revenue but came at the expense of lower non-residential sales. We believe that management has now struck a more appropriate balance. Non-residential salespeople have re-focused on their traditional end markets and are being supplemented by a new 300-person strong residential sales force. We have observed a recovery in gross sales and are optimistic that this will result in faster aggregate revenue growth.

Our performance also benefited from our philosophy of exclusively investing in competitively advantaged businesses and holding them for the long term. Our portfolio has become relatively more concentrated over the past several years. We believe this has helped to increase its profitability, cash generation, and returns on capital compared to its historical composition and our Benchmark, while maintaining the same aggregate growth profile. For example, the operating margin of the portfolio has improved to 28.5%, which is 550 basis points above our historical average and 19.8% above our Benchmark. We do not presently own any businesses that are unprofitable. Similarly, the free cash flow margin of the portfolio has expanded to 32.3%, which is 11% above our historical average and 22.5% above the Benchmark. Finally, the return on invested capital (ROIC) of the portfolio has risen to 18.1%, which is 470 basis points above our historical average. The weighted average ROIC of our Benchmark is an anemic 1.3%. We believe that the high quality of the individual stocks in which we have invested, coupled with

our long holding period, helps to reduce the aggregate risk of the portfolio while generating attractive levels of compound growth.

Our improved results are consistent with our historical experience, where periods of meaningful outperformance frequently follow periods of relative underperformance. Over the last 10 years, the Fund has experienced four periods of underperformance. On average, these periods of underperformance lasted for just over a year, with the average shortfall being 8.5% cumulatively or 7.3% annualized. The Fund followed these periods of underperformance with much longer and more robust periods of outperformance. On average, the periods of outperformance lasted for almost two years, and on average the Fund outperformed by 27.2% cumulatively or 14.4% annualized. This has aggregated into excellent absolute and relative results for the Fund over time, with our performance exceeding that of the Benchmark over the trailing 1-, 3-, 5-, 10-year, and since-inception periods.

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

Table II.
Total returns by category for the three months ended March 31, 2025

	Percent of Net Assets (%)	Total Return (%)	Contribution to Return (%)
Financials	53.8	-1.95	-0.78
Primerica, Inc.	5.7	5.22	0.27
Kinsale Capital Group, Inc.	7.2	4.69	0.35
Arch Capital Group Ltd.	13.3	4.14	0.59
Clearwater Analytics Holdings, Inc.	0.1	-2.62	-0.01
FactSet Research Systems Inc.	7.2	-5.14	-0.36
MSCI Inc.	11.4	-5.48	-0.58
Houlihan Lokey, Inc.	1.2	-6.70	-0.08
Morningstar, Inc.	4.5	-10.84	-0.48
Cohen & Steers, Inc.	2.1	-12.51	-0.29
The Carlyle Group Inc.	0.9	-13.30	-0.13
Moelis & Company	0.3	-20.33	-0.08
Core Growth	23.4	-5.70	-1.40
Bright Horizons Family Solutions, Inc.	0.6	14.25	0.10
Guidewire Software, Inc.	2.6	11.14	0.20
CoStar Group, Inc.	6.0	10.66	0.53
Trex Company, Inc.	0.0	3.19	0.01
IDEXX Laboratories, Inc.	2.4	1.57	0.01
Mettler-Toledo International Inc.	1.1	-3.50	-0.05
Gartner, Inc.	8.8	-13.39	-1.42
Bio-Techne Corporation	1.5	-18.22	-0.32
Neogen Corp.	0.2	-28.58	-0.07
Krispy Kreme, Inc.	0.2	-51.55	-0.39
Real/Irreplaceable Assets	17.4	-5.99	-1.13
Gaming and Leisure Properties, Inc.	4.1	7.36	0.26
Alexandria Real Estate Equities, Inc.	0.0	6.51	0.01

Table II. (continued)

	Percent of Net Assets (%)	Total Return (%)	Contribution to Return (%)
Real/Irreplaceable Assets (continued)			
Red Rock Resorts, Inc.	1.6	-5.70	-0.11
Choice Hotels International, Inc.	6.4	-6.29	-0.49
Vail Resorts, Inc.	5.2	-13.46	-0.67
Douglas Emmett, Inc.	0.0	-13.85	-0.14
Disruptive Growth	6.2	-8.85	-0.65
Altair Engineering Inc.	0.0	1.24	0.00
Farmers Business Network, Inc.	0.0	0.00	0.00
Northvolt AB	0.0	0.00	0.00
Iridium Communications Inc.	2.6	-5.39	-0.19
ANSYS, Inc.	2.6	-6.40	-0.18
FIGS, Inc.	0.9	-25.85	-0.28
Russell 2000 Growth Index		-11.12	
Cash and Cash Equivalents	-0.7	-	-
Fees	-	-0.30	-0.30
Total	100.0*	-4.26**	-4.26**

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

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

** Represents the blended return of all share classes of the Fund.

Table III.
Performance Characteristics
Millennium Internet Bubble to Post-COVID-19

	Millennium Internet Bubble to Financial Panic 12/31/1999 to 12/31/2008	Financial Panic to Present 12/31/2008 to 3/31/2025	Millennium Internet Bubble to Present 12/31/1999 to 3/31/2025	Inception 12/31/1994 to 3/31/2025
Alpha (%)	5.05	3.70	5.08	6.54
Beta	0.58	0.80	0.70	0.72

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

	Millennium Internet Bubble to Financial Panic 12/31/1999 to 12/31/2008		Financial Panic to Present 12/31/2008 to 3/31/2025		Millennium Internet Bubble to Present 12/31/1999 to 3/31/2025		Inception 12/31/1994 to 3/31/2025	
	Value \$10,000	Annualized Return (%)	Value \$10,000	Annualized Return (%)	Value \$10,000	Annualized Return (%)	Value \$10,000	Annualized Return (%)
Baron Growth Fund	12,448	2.46	73,246	13.04	91,180	9.15	337,282	12.33
Russell 2000 Growth Index	6,476	-4.71	56,555	11.25	36,623	5.28	87,359	7.43
Russell 3000 Index	7,634	-2.95	82,416	13.86	62,919	7.56	207,393	10.54

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

The Fund has meaningfully outperformed its Benchmark over the long term. The Fund has gained 12.33% on an annualized basis since its inception on December 31, 1994, which exceeds that of the Benchmark by 4.90% and the Russell 3000 Index by 1.79%, 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, as well as robust absolute and relative performance versus the Benchmark during the most recent five-year period.

Our investments in **Real/Irreplaceable Assets**, **Core Growth**, and **Financials** represent between 17.4% and 53.8% of the Fund's net assets, and aggregate to 94.6%. Another 6.2% of net assets are invested in businesses that we consider to be **Disruptive Growth** businesses, which we believe offer greater growth potential, albeit with more risk relative to other investments. We believe this balance appropriately reflects our goal to generate superior returns over time with less risk than the Benchmark. As shown in the table above, all four categories outperformed the Benchmark in the quarter due to their higher quality and lower perceived risk.

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 Russell 3000 Index would have declined 2.95% annualized. (Please see Table IV—Millennium Internet Bubble to Financial Panic). From the Financial Panic to present, the Fund generated an annualized return of 13.04%, which has exceeded that of its Benchmark by 1.79% annualized.

Baron Growth Fund

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 \$337,282 on March 31, 2025. This is approximately 3.9 times greater than the \$87,359 the same hypothetical investment made in a fund designed to track the Benchmark would be worth, and over 60% more than a hypothetical investment in the Russell 3000 Index. Hypothetically, our returns were achieved with approximately 28% less volatility than the Benchmark, as represented by its beta. (Please see Tables III and IV.) Importantly, we believe that the returns in the portfolio have come primarily through the compounded growth in the revenue and cash flow of the businesses in which we have invested rather than increases in valuation multiples. We are pleased that our long-term investments in what we believe are competitively advantaged companies with attractive growth prospects and exceptional management teams have generated attractive returns in good markets and have helped to protect capital during more challenging ones.

Table V.
Top contributors to performance for the quarter ended March 31, 2025

	Year Acquired	Market Cap When Acquired (\$ billions)	Quarter End Market Cap (\$ billions)	Total Return (%)	Contribution to Return (%)
Arch Capital Group Ltd.	2002	0.4	36.1	4.14	0.59
CoStar Group, Inc.	2004	0.7	33.4	10.66	0.53
Kinsale Capital Group, Inc.	2016	0.6	11.3	4.68	0.35
Primerica, Inc.	2010	1.0	9.5	5.22	0.27
Gaming and Leisure Properties, Inc.	2013	4.2	14.0	7.33	0.26

Shares of specialty insurer **Arch Capital Group Ltd.** rebounded from weakness in the prior quarter due to favorable operating trends and the relative stability of insurance stocks in a risk-off market. In the most recent quarter, the company reported better-than-expected earnings, and returns on equity remained strong in the high teens despite elevated catastrophe losses from Hurricane Milton. Management targets a 15% return on equity over a full cycle and expects to exceed the target in 2025 given firm market conditions. We continue to own the stock due to Arch's strong management team and our expectation of significant growth in earnings and book value.

CoStar Group, Inc. is the leading provider of information and marketing services to the commercial and residential real estate industry. Shares rose on an increase in the productivity of CoStar's sales force and signs of a start to the recovery in the commercial real estate market. We remain encouraged by growth in traffic and brand awareness for CoStar's Homes.com marketplace and are optimistic that the buildout of a dedicated sales team and changes in Multiple Listing Service rules will improve residential sales momentum. We also believe growth in CoStar's non-residential business is poised to accelerate. Sales productivity has begun to improve as salespeople return to exclusively selling their core product, and we expect this to be amplified as the sales force expands by 20% or more in 2025. We believe the value of CoStar's core non-residential business exceeds the share price, implying that investors ascribe negative value to the residential opportunity.

Specialty insurer **Kinsale Capital Group, Inc.** contributed to performance due to continued growth in the company's end market and the relative stability of insurance stocks in a risk-off market. The company reported better-than-expected earnings in the most recent quarter despite slowing premium growth. Earnings per share grew 19% and return on equity remained elevated at 30% due to strong underwriting margins and higher investment income. E&S insurance market conditions remain favorable with recent state data indicating continued double-digit growth due to share gains from the standard market. 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.

Table VI.
Top detractors from performance for the quarter ended March 31, 2025

	Year Acquired	Market Cap When Acquired (\$ billions)	Quarter End Market Cap (\$ billions)	Total Return (%)	Contribution to Return (%)
Gartner, Inc.	2007	2.3	32.2	-13.37	-1.42
Vail Resorts, Inc.	1997	0.2	6.0	-13.46	-0.67
MSCI Inc.	2007	1.8	43.9	-5.47	-0.58
Choice Hotels International, Inc.	1996	0.4	6.2	-6.29	-0.49
Morningstar, Inc.	2005	0.8	12.8	-10.84	-0.48

Shares of **Gartner, Inc.**, a provider of syndicated research, fell on uncertainty regarding the impact of government spending reductions on its business. We estimate U.S. federal exposure is about 5% of Gartner's total research contract value, with about half from the Department of Defense and Intelligence organizations and half from civilian agencies. While DOGE-driven cost scrutiny is high, we believe Gartner's services deliver significant value to users, including the potential for hard dollar savings. Gartner's revenue from private sector customers appears better positioned for growth, and management is adept at exercising cost controls to sustain or enhance margins and free cash flow. The company's balance sheet is in excellent shape, and we expect management to take advantage of this drawdown with aggressive share repurchases.

Global ski resort company **Vail Resorts, Inc.** detracted on investor concerns that a potential recession would result in a slowdown in visitation and spend. While we are closely monitoring economic conditions, Vail has not yet experienced significant declines in visitation or spend levels at its resorts. Favorable late-season ski conditions produced an uptick in destination skiers, who tend to stay longer and spend more. A base of recurring revenue from season pass sales provides visibility into earnings and cash flow. We expect to see EBITDA growth in 2025 with enough free cash flow to fund Vail's well-covered 6% dividend. A strong balance sheet and high-end customer base should provide resiliency in the event of a slowdown.

Shares of **MSCI Inc.**, a leading provider of investment decision support tools, detracted from performance. The company reported solid quarterly earnings and gave preliminary 2025 guidance largely in line with expectations. End-market pressures persisted, but management sounded more upbeat regarding 2025 when discussing both the new sales pipeline and a normalization in cancellations after an elevated 2024. While near-term macro uncertainty remains, 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.

PORTFOLIO STRUCTURE AND INVESTMENT STRATEGY

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

We hold investments for the long term. As of March 31, 2025, our weighted average holding period was 18 years. This is dramatically longer than most other small-cap growth funds, which, according to Morningstar, turn over about 67% 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 19.5 years, ranging from an 8.3-year investment in **Kinsale Capital Group, Inc.** to investments in **Choice Hotels International, Inc.** and **Vail Resorts, Inc.** of 28 years. We have held 20 investments, representing 89.2% of the Fund’s net assets, for more than 10 years. We have held 9 investments, representing 11.6% of the Fund’s net assets, for fewer than 10 years. We believe that Table VII and Table VIII quantify the merits of our long-term holding philosophy.

Table VII.
Top performing stocks owned more than 10 years

	Year Acquired	Cumulative Total Return Since Date Acquired (%)	Annualized Return Since Date Acquired (%)
Choice Hotels International, Inc.	1996	3,707.0	13.7
Arch Capital Group Ltd.	2002	3,437.7	16.8
IDEXX Laboratories, Inc.	2005	2,817.8	18.2
MSCI Inc.	2007	2,442.6	20.5
CoStar Group, Inc.	2004	1,878.8	15.8
Gartner, Inc.	2007	1,795.8	18.2
Primerica, Inc.	2010	1,607.4	20.8
Morningstar, Inc.	2005	1,569.4	15.2
Mettler-Toledo International Inc.	2008	1,537.0	18.7
Cohen & Steers, Inc.	2004	1,444.5	14.2
ANSYS, Inc.	2009	1,118.0	16.7

The cohort of investments that we have held for more than 10 years earned a weighted average annualized rate of return of 16.0% since we first purchased them. This exceeded the performance of the Fund’s Benchmark

by 8.1% annualized. Four of these investments have achieved annualized returns that exceeded the Benchmark by more than 10% per year.

Table VIII.
Top performing stocks owned less than 10 years

	Year Acquired	Cumulative Total Return Since Date Acquired (%)	Annualized Return Since Date Acquired (%)
Kinsale Capital Group, Inc.	2016	1,737.6	41.8
Houlihan Lokey, Inc.	2017	357.1	22.6
Moelis & Company	2015	328.4	15.9
Red Rock Resorts, Inc.	2016	194.9	12.9
Clearwater Analytics Holdings, Inc.	2023	80.1	33.0

The cohort of investments that we have held for fewer than 10 years has returned 28.1% annually on a weighted average basis since our initial purchase, exceeding the Benchmark by 21.1% annualized. Three of these investments have achieved annualized returns that exceeded the Benchmark by more than 10% per year, including two that have achieved annualized returns that exceeded the Benchmark by more than 20% per year.

PORTFOLIO HOLDINGS

As of March 31, 2025, we owned 29 investments. The top 10 holdings represented 75.6% of the Fund’s net assets, all of which have been held for a minimum of eight years. All were small-cap businesses at the time of purchase and have become top 10 positions through stock appreciation. Our holdings in these stocks have returned 18.9% annually based on weighted average assets since our initial investment, exceeding the Benchmark by an average of 11.3% annually. We attribute much of this relative outperformance to the superior growth rates and quality exhibited by these businesses relative to the Benchmark average. We believe all our positions offer significant further appreciation potential individually, and that the Fund’s diversification offers potentially better-than-market returns with less risk than the market as measured by beta. Note that diversification cannot guarantee a profit or protect against loss.

Table IX.
Top 10 holdings as of March 31, 2025

	Year Acquired	Market Cap When Acquired (\$ billions)	Quarter End Market Cap (\$ billions)	Quarter End Investment Value (\$ millions)	Percent of Net Assets (%)
Arch Capital Group Ltd.	2002	0.4	36.1	822.3	13.3
MSCI Inc.	2007	1.8	43.9	706.9	11.4
Gartner, Inc.	2007	2.3	32.2	545.7	8.8
Kinsale Capital Group, Inc.	2016	0.6	11.3	445.3	7.2
FactSet Research Systems Inc.	2006	2.5	17.3	443.3	7.2
Choice Hotels International, Inc.	1996	0.4	6.2	398.3	6.4
CoStar Group, Inc.	2004	0.7	33.4	370.4	6.0
Primerica, Inc.	2010	1.0	9.5	352.8	5.7
Vail Resorts, Inc.	1997	0.2	6.0	320.0	5.2
Morningstar, Inc.	2005	0.8	12.8	275.9	4.5

Baron Growth Fund

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 BaronCapitalGroup.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 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 (FCF)** represents the cash that a company generates after accounting for cash outflows to support operations and maintain its capital assets. **Return on Invested Capital (ROIC)** is a calculation used to determine how well a company allocates its capital to profitable projects or investments.

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