Letter from Ron

Baron Funds®

Quarterly Report

June 30, 2024

"The Internet's Final Frontier: Remote Amazon Tribes." *The New York Times*. June 2, 2024.

Jack Nicas and Victor Moriyama, two *The New York Times* reporters, "hiked more than 50 miles through the Amazon to reach remote Marubo villages." That was to see what happened to villagers who had just received a Starlink satellite internet antenna...which "connected" the tiny, closed civilization, among the most remote indigenous villages on the planet, to the rest of us...courtesy of Elon Musk's SpaceX. The benefits of "video chats with faraway loved ones and calls for help in emergencies" are obvious. Connecting to the outside world also has drawbacks for villagers who need to plant and harvest and hunt to survive...and whose "young people have gotten lazy…learning the ways of the white people." "But please don't take our Internet away," the female leader of one village plaintively asked the reporters. Gwynne Shotwell, SpaceX's President and Chief Operating Officer, described her recent visit to a school in one of these villages. She was repeatedly "hugged" by young students. She said, "It was one of the best days in my life." I will interview Gwynne at the Annual Baron Investment Conference on November 15. That will be her second appearance at our annual meeting.

"Want to Buy SpaceX stock? You have to know someone." *Wall Street Journal*. May 19, 2024

Sounds almost like "Would you like to buy the Brooklyn Bridge?" doesn't it?

On May 19, 2024, *WSJ* reporter/analyst Micah Maidenberg wrote about extraordinary investor demand to invest in Elon Musk's "privately owned" SpaceX. Since 2017, Baron has consistently purchased SpaceX shares annually on behalf of Baron mutual funds, partnerships, private clients, and proprietary accounts. Baron's approximately $1 billion investments at cost are now valued at $2.68 billion. We think those investments could increase materially in value in the next 10 to 15 years. We expect to continue adding to this investment whenever we have an opportunity to do so.

SpaceX's current two most important businesses are "Starlink" and "Launch." Starlink is a satellite broadband Internet service. Starlink's satellite broadband serves the entire Planet Earth from its 6,500 low earth orbital (LEO), low latency satellites. Starlink's LEO constellation will ultimately consist of more than 15,000 satellites. Starlink's business is enabled by competitively advantaged SpaceX rocket ships that are "reflyable." "Reflyable" means that SpaceX rockets can be used over and over and over again…just like an airplane…and just like Star Trek spaceships. SpaceX reflyable rockets

Building on a legacy of leadership and laughter…Ron proudly steps into the future alongside Baron Capital's Co-Presidents David and Michael Baron.

provide a dramatically "lower cost to space" than governments and commercial interests have previously achieved. We estimate SpaceX cost to orbit will soon be less than 10% the cost of traditional launch businesses!

We think of SpaceX as the "railroad to space" … and analogize SpaceX rockets to America's railroads in the late 1800s. Railroads enabled our nation to settle America's West. Railroads then were a dramatic improvement over wagon trains. Just like reflyable rockets are a dramatic improvement over expensive rockets that can be used only once. No other commercial enterprise or government has been able to refly rockets…which, when you watch SpaceX landings, you too will quickly understand why it is such an awesome feat.

Since the 1960s, the United States has reached orbit with rockets mainly powered by Russian technology. Those rockets can be used only once before burning up in our atmosphere! Each launch could easily cost a lot more than $100 million. One of the unusual coincidences in my life is that from 1966-1969, when I attended George Washington Law School in the evenings, I worked during the days as a patent examiner in the U.S. Patent Office. There, I was assigned an unusual "art"... chemical coatings. In that role, I granted patents on golf ball covers…and *heat resistant coatings shielding nose cones that carry astronauts returning to Earth!!!!*

Approximately 90% of the mass to orbit from Planet Earth is currently launched by SpaceX. Elon estimates that when SpaceX Starship, the 400-foot tall, largest rocket ever launched from our planet, has been "derisked," 99% of all mass to orbit will be flown by SpaceX! Whether for commercial interests or governments.

Micah noted the growth prospects for SpaceX are so favorable that many investors seeking to purchase SpaceX shares willingly pay unusually hefty annual management fees plus "carried interest" in

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BARON CAPITAL
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profits they earn. "Carried interest," most often 20% of profits, are paid to managers who do not risk their own capital but are paid a percentage of your profits. A much different model than for "active" mutual fund managers like Baron, which typically charges annual management fees of 1% or less of net assets…with no carried interest.

I interviewed SpaceX's President and Chief Operating Officer Gwynne Shotwell at the 2019 Annual Baron Investment Conference at New York's Metropolitan Opera House. The theme then, "What's Next?," couldn't have been more appropriate. That is since it was only a few months before the COVID-19 pandemic. After my interview with Gwynne, she was asked by several Baron Funds' shareholders in the audience how they could invest in SpaceX? "Talk to Ron," she answered. Several Baron mutual funds have significant investments in SpaceX.

The largest holdings are Baron Partners Fund (13.2% of total assets) and Baron Focused Growth Fund (10.3% of net assets). Tom Pritzker, Hyatt Hotel's Chairman, and my friend since 1979, wrote me recently. "Just saw Gwynne Shotwell interviewed at Aspen Ideas Festival. OMG!!!! What an awesome endeavor. I'm so glad to be associated. You could see on her face the joy of what she is doing. Thank you for convincing me to invest."

We expect a lot more businesses to be in the path of demand created by SpaceX. Like "Starshield," a satellite network to protect our Homeland…cargo and ordinance transport anywhere on our planet in 32 minutes point-to-point… manufacturing in zero gravity… data centers in space powered by the sun which Elon calls that "giant nuclear reactor in the sky"… cooling for SpaceX's massive orbiting GPU data centers from absolute zero space temperatures…and data for AI "training" transported to and from Earth by Starlink to those data centers… to list just a few of the possibilities…in addition to Starlink's base business of connecting virtually every square inch of our planet...whether on land, including deserts and mountains...on sea...or in the air.

Goldman Sachs and Morgan Stanley estimate very high annual profit margin revenues will be available to Starlink during the 2030s, which they currently approximate at $1.25 trillion...which is growing double digits annually. During the 2030s, Musk expects SpaceX to obtain a substantial percentage of the highly profitable revenues while enabling terrestrial telcos to improve and increase the services they provide to their customers.

"I'm Monroe Freedman. I'm your contracts professor." That is what Professor Freedman, standing in the well of a George Washington University Law School classroom, announced to us. He then held up a thick textbook with a blue hardcover titled, *Cases and Materials on Contracts* by Monroe Freedman." "This is the text we will use for our Contracts case law class. Please read the first three cases. We will discuss those cases Wednesday night. Class dismissed." Professor Monroe Freedman. George Washington University Law School. September 1966.

From 1966 to 1969, I worked as a patent examiner in the United States Patent Office (USPO) by day and attended George Washington University Law School in the evenings. Being a patent examiner required what the U.S. government considered a "critical skill" ... in my case an undergraduate degree with a major in chemistry. My patent examiner position exempted me from the Vietnam War draft. The USPO also granted me a partial scholarship to attend law school in the evenings...which I did...although I left law school in the summer of 1969 after seven semesters… one semester short of graduation…mired in $15,000 debt…which is about $150,000 in present day dollars!!! My parents were not exactly pleased by my decision.

Professor Freedman was my favorite law school professor. After introducing himself to my first evening law school class and giving us that homework assignment, the professor left the classroom. His teaching assistant then instructed the 100 law students in class to "Pick up a *Contracts by Professor Monroe Freedman* textbook from the tables by the classroom door as you are leaving. See you Wednesday."

When we returned to class two evenings later, Professor Freedman asked whether we had read the cases? Everyone raised their hands signaling "yes." "How do you think the first case was decided?" the professor then asked us. "Please explain your answer." Nearly everyone raised their hand and Professor Freedman began to call on students eager to impress him. Our answers were nearly identical. "No, that is not what happened," Professor Freedman responded. "The Plaintiff won because…" The professor then asked how we thought the second case had been decided. Again, hands shot up, although, sensing a trick, this time not so many. Again, all the students gave nearly identical answers. "No, that is not what happened. This is how and why that case was decided, …" Professor Freedman explained... exactly the opposite of what had seemed to us obvious. Finally, Professor Freedman asked us about the third case. This time fewer still raised their hands. Once again Professor Freedman explained why we were all wrong.

That experience shaped my view of the rule of law. My opinion crystallized further when, as law students, we were taught, "When the facts are against you, argue the law. When the law is against you, argue the facts." Which, bottom line, made me believe that the most talented, skillful lawyers will almost always win. Regardless of facts and what seem to be plainly written rules and laws. Nothing has dissuaded me since.

Baron Capital was founded by me and two others in 1982.

We now have 212 employees, including 44 exceptional and mostly long-tenured analysts and managers…and outstanding performance since our inception. In the 42-year history of our business, we have never had a layoff despite periods when our economy and stock market have struggled. This is one reason we have been able to attract…train…and retain outstanding employees…who have achieved great results for our clients and fellow investors. How did we not just survive but prosper while trying to abide by rules subject to varying interpretations? When Supreme Court decisions are often 5-4 or 6-3?

We operate Baron Capital with several overriding principles. "Question Everything"..."Own It"..."Anything is Possible" and "Exceptional Takes Time" are our bedrock principles. Another is "We Invest in People".... exceptional individuals at Baron who study companies and are supported by our talented staff. ...as well as in the exceptional executives whom we trust who manage our portfolio companies. So, assessing character of individuals and, of course, their innate intelligence and life stories…as well as judging growth prospects and competitive advantages of businesses are the basis for our investment decisions.

"Growth + Values" was the theme of the 2018 Annual Baron Investment Conference. I have written before about a rabbi's sermon several years ago during Jewish New Year services that I often think about. "Would your younger self be proud of the life you have lived? Would he like you?" So, with that as a guidepost in a world subject to many interpretations of the same words, we want to trust the people in whom we invest to "do the right thing"... Since it would not be possible to write a rule for every possible circumstance, we need to <u>trust</u> their judgement and ethics... Not that we would necessarily make the same decisions. Just that the executives had carefully considered all the facts and circumstances and met their obligation to keep their word and do what is in the best interests of their employees…community...and owners of that business…even if not necessarily for their personal benefit.

Warren Buffett in his folksy manner recently said, “I try to buy stocks in businesses that are so wonderful that an idiot can run them. Because sooner or later, one will.” When your portfolio is as large as Berkshire’s, of course, you need to place more emphasis on durable competitive advantages than on any one individual manager’s talent. While Baron also focuses on businesses we believe are competitively advantaged...we give unusual weight to manager talent that can have a greater impact on smaller and mid-sized businesses’ growth prospects.

Baron Capital puts its trust in extraordinary individuals who manage the businesses that Baron Capital owns. We invest in those individuals on behalf of our clients and ourselves...our interests are aligned with our clients’ since our personal assets are commingled with yours.

“The Dow should hit 30,000 in 10 years...50 or 60,000 in 20 years.” I made that remark on CNBC’s Squawk Box in 2013. You can look it up on the CNBC website. The Dow Jones Industrial Average was then 14,000. Nouriel Roubini, an economist nicknamed “Dr. Doom” for his pessimistic forecasts, was skeptical during my interview. My response? “I don’t believe in stock market predictions by economists. I believe in fortune cookies. Last night my fortune cookie said, “All the efforts you’re making will pay off.” Ron Baron. CNBC. Squawk Box. February 5, 2013.

In what seems like the blink of an eye, 11 and a half years have since passed… and the Dow Jones Industrial Average, following precedent of the past hundred years, has more than doubled and now exceeds 40,000! David Schneider, our Head Trader, has worked at Baron since 1987. He remembered that 2013 interview when so many were bearish…and my views were controversial…and forwarded the segment from the CNBC website to our fellow Baron employees. David noted that in 2013 while most “investors” were focused on the next quarter’s results, few believed the stock market would double in 10 years…and double again in the following 10 years! David also enjoyed my “fortune cookie” comment, as did the CNBC anchors…although I don’t think Nouriel, who takes his economics seriously, thought it humorous.

My point was simply...that the stock market and our economy are inextricably linked. That nominal historic economic growth in America is approximately 7% annually, 2% real and 4% to 5% from inflation. During my entire lifetime. That means the economy has historically doubled about every 10 years. So has the stock market. Despite world wars, civil wars, recessions, depressions, financial panics, pandemics, high interest rates, low interest rates, high unemployment, low unemployment, civil unrest, and controversial judicial decisions.

We expect inflation to continue averaging 4% to 5% annually over the coming decades…not 2%… and the growth rate of our economy in both real and nominal terms due to advances in technology…especially AI…to accelerate! Also, for quality of life to improve in coming years just like it has over the history of our country. In the early 1900s, for example, the average life expectancy was about 47 years. One third of all children born today will live past 100! Warren Buffett recently commented that quality of life improves about sevenfold every 100 years. My bet is that due to Elon and others…and AI…this assumption may be too conservative. Further, inflation at historic 4% to 5% annual rates means that most things like food …homes…tuition…salaries…clothes…cars…you name it…double in price every 14-15 years. We believe investing in stocks is an attractive way for most of us to protect our savings against inflation…and to participate in the growth of our economy.

Baron will continue to invest for the long term in exceptional executives who lead competitively advantaged growth companies. We believe the purchasing power of your money will continue to fall in half every 14-15 years…and stock prices will double about every 10 years. Our goal is to double the value of our investments every 5 to 6 years by investing in businesses that are doubling in size over that time horizon.

Since their respective inceptions, 16 of 19 Baron mutual funds, representing **96.6%** of Baron Funds’ AUM, have **outperformed** their primary benchmarks and 12 Funds representing **94.1%** of Baron Funds’ AUM, rank in the **top 20%** of their respective Morningstar categories. 10 Funds, representing **70.1%** of Baron Funds’ AUM, rank in the **top 10%** of their categories. 8 Funds, representing **53.0%** of Baron Funds’ AUM, rank in the **top 5%** of their categories. We believe our Funds have outperformed by not being the same as the market.

Baron Partners Fund is the **number one** performing U.S. equity fund (out of 2,059 share classes) since its conversion in 2003 from a partnership to a mutual fund.* According to a third party report commissioned by Baron Funds’ independent trustees, “there were no peers that...were a reasonable style match for that fund.”

As of the date of this letter, Baron Capital has more than **$43 billion in assets under management**. We have earned more than **$44 billion in realized and unrealized profits** since 1992 when we managed $100 million!

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

Respectfully,

Ronald Baron
CEO
July 16, 2024

P.S. The theme of the 2024 Annual Baron Investment Conference is “Building Legacy.” Like Elon, we have a mission. Ours, like his, is to make a difference in people’s lives. We have impacted lives due to the exceptional returns we have earned for investors. This, in our opinion, is due to Baron Capital’s unique investment process…exceptional people…and outstanding performance…our legacy...that we believe will allow our business to last 100 years…at least…and still enhance the lifestyles of the families and institutions that choose to invest with us.

Businesses in which Baron invests for our clients generally invest in *their* businesses to become larger enterprises over the long term….it is not to maximize their current profits. Baron does the same. Baron focuses on what is in the best interests of its clients…not on maximizing my family management company’s current profits. We have never had a layoff in the history of our business. This, we think, is just one of the reasons...there are many...that Baron attracts and retains the most talented and awesome individuals. It’s not just how we treat our fellow employees. It is also about the opportunities we provide to work with the exceptionally talented people we hire… and, due to our reputation as *owners* not *traders*, our analysts are offered chances to study incredibly interesting businesses.

P.P.S., We hope to see you at the 31st Annual Baron Investment Conference on November 15, 2024. It will take place, as it has since 2005, at The Metropolitan Opera House at Lincoln Center in New York City. This fall, we will celebrate our 42nd year in business. These annual conferences are typically attended by more than 5,000 Baron Funds' shareholders and Baron clients. I promise you will learn a lot from the exceptional CEOs who manage the competitively advantaged growth companies in which your savings have been invested.

We're sure you'll have a great time…and learn alot. The entertainment at lunch and in the afternoon will be awesome, as usual. We will also continue with drawings for what have become traditional Tesla door prizes before lunch. Three of them, those amazingly beautiful automobiles…the safest ever made on Planet Earth…are given at our expense…not yours. Just like all the expenses incurred that day. Ours. Not yours. It is our way to "thank you" for trusting us to manage your family's hard-earned savings. We can't promise investment returns…but we can promise we will try as hard as possible to continue to achieve outstanding results. See you November 15. Oh, yeah. You'll have a better chance to win a Tesla than to win the lottery!!! That I can guarantee.

One more thing. Don't forget to get an absolutely delicious ice cream cone on the Lincoln Center Plaza at the end of the day. This year, we will have six Scream Ice Cream trucks waiting for you as you leave the Lincoln Center campus. I have a small personal investment in the Scream Ice Cream business. One college summer, I drove an ice cream truck, and when I had the chance to go back to my "roots" by investing in Scream, I grabbed it. The cones are "on the house." Just tell the ice cream man, "Ron sent me." And don't forget to pick up a "swag" bag as you leave. This year, in addition to our "Building Legacy" Baron conference t-shirts made by FIGS, you'll find a big chocolate chip cookie to sustain you on your trip home. Enjoy!!

Registration for the Conference begins on Monday, August 26. Register early as seating is limited.

* This is a hypothetical ranking created by Baron Capital using Morningstar data and is as of 6/30/2024. There were 2,059 share classes in the nine Morningstar Categories mentioned below for the period from 4/30/2003 to 6/30/2024.

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

As of 6/30/2024, the Morningstar Large Growth Category consisted of 1,162, 1,019, and 794 share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Partners Fund (Institutional Shares) in the 100th, 1st, 6th, and 1st percentiles for the 1-, 5-, 10-year, and since conversion periods, respectively. The Fund converted into a mutual Fund on 4/30/2003, and the category consisted of 728 share classes. On an absolute basis, Morningstar ranked Baron Partners Fund Institutional Share Class as the 1,160th, 2nd, 31st, and 1st best performing share class in its Category, for the 1-, 5-, 10-year, and since conversion periods, respectively.

Baron Funds (Institutional Shares) and Benchmark Performance 6/30/2024

		Average Annualized Returns (%)						
Fund/Benchmark	Inception Date	1 Year	3 Years	5 Years	10 Years	Since Inception	Annual Expense Ratio	Net Assets
Small Cap								
Baron Discovery Fund®†	9/30/2013	2.62	(10.97)	6.97	9.48	11.43	1.06%(6)	$1.39 billion
Russell 2000 Growth Index		9.14	(4.86)	6.17	7.39	7.86		
Baron Growth Fund®	12/31/1994	0.47	(1.56)	8.31	9.80	12.52	1.05%(6)(7)	$7.08 billion
Russell 2000 Growth Index		9.14	(4.86)	6.17	7.39	7.70		
Baron Small Cap Fund®†	9/30/1997	14.18	(0.91)	9.30	9.59	10.16	1.05%(6)	$4.53 billion
Russell 2000 Growth Index		9.14	(4.86)	6.17	7.39	6.18		
Small/Mid Cap								
Baron Focused Growth Fund®[1]	5/31/1996	5.46	2.69	23.24	15.45	13.16	1.06%(8)	$1.41 billion
Russell 2500 Growth Index		9.02	(4.11)	7.58	8.77	8.04		
Mid Cap								
Baron Asset Fund®	6/12/1987	9.94	(2.28)	7.15	10.27	11.28	1.05%(6)	$4.27 billion
Russell Midcap Growth Index[2]		15.05	(0.08)	9.93	10.51	10.23		
Large Cap								
Baron Durable Advantage Fund®	12/29/2017	32.15	13.11	18.22		16.21	1.00%/0.70%(6)(10)	$424.30 million
S&P 500 Index		24.56	10.01	15.05		13.55		
Baron Fifth Avenue Growth Fund®†	4/30/2004	35.14	(2.67)	10.57	12.53	9.90	0.78%/0.76%(6)(11)	$630.41 million
Russell 1000 Growth Index		33.48	11.28	19.34	16.33	12.25		
All Cap								
Baron Opportunity Fund®†	2/29/2000	31.66	1.43	19.07	16.29	9.78	1.06%(6)	$1.33 billion
Russell 3000 Growth Index		32.22	10.33	18.55	15.75	7.41		
Baron Partners Fund®[3,4]	1/31/1992	(7.51)	(1.42)	23.62	16.98	14.62	1.99%(8)(9)	$5.87 billion
Russell Midcap Growth Index		15.05	(0.08)	9.93	10.51	9.95		
Non-U.S./Global								
Baron Emerging Markets Fund®	12/31/2010	8.47	(8.36)	1.96	2.31	3.56	1.11%(8)	$4.05 billion
MSCI Emerging Markets Index		12.55	(5.07)	3.10	2.79	2.04		
MSCI Emerging Markets IMI Growth Index		11.83	(7.59)	4.01	3.59	2.87		
Baron Global Advantage Fund®†	4/30/2012	15.48	(15.75)	4.93	9.12	10.71	0.95%/0.91%(8)(12)	$600.38 million
MSCI ACWI Index		19.38	5.43	10.76	8.43	9.68		
MSCI ACWI Growth Index		24.70	5.50	13.85	11.15	11.76		
Baron International Growth Fund®	12/31/2008	2.88	(7.38)	4.50	4.89	8.82	0.98%/0.95%(8)(13)	$342.45 million
MSCI ACWI ex USA Index		11.62	0.46	5.55	3.84	6.90		
MSCI ACWI ex USA IMI Growth Index		9.73	(2.86)	5.49	4.71	7.65		
Baron New Asia Fund®	7/30/2021	18.72				(2.60)	6.93%/1.20%(8)(14)	$5.95 million
MSCI AC Asia ex Japan Index		12.89				(3.38)		
MSCI AC Asia Index		13.05				(1.16)		
Sector								
Baron FinTech Fund®	12/31/2019	19.87	(4.06)			9.41	1.21%/0.95%(8)(15)	$59.59 million
FactSet Global FinTech Index		5.14	(10.79)			0.80		
Baron Health Care Fund®	4/30/2018	7.38	(1.03)	12.22		12.55	0.88%/0.85%(8)(16)	$232.87 million
Russell 3000 Health Care Index		10.43	3.66	10.22		10.78		
Baron Real Estate Fund®	12/31/2009	6.90	(2.00)	12.93	8.88	13.13	1.06%(8)	$1.75 billion
MSCI USA IMI Extended Real Estate Index		12.31	2.94	8.18	8.48	10.84		
Baron Real Estate Income Fund®	12/29/2017	6.77	(2.36)	8.49		7.63	0.96%/0.80%(8)(17)	$145.81 million
MSCI US REIT Index		6.25	(0.97)	2.68		3.60		
Baron Technology Fund®	12/31/2021	40.45				4.56	5.04%/0.95%(8)(18)	$35.18 million
MSCI ACWI Information Technology Index		37.68				11.04		

Fund/Benchmark	Inception Date	Average Annualized Returns (%) 1 Year	3 Years	5 Years	10 Years	Since Inception	Annual Expense Ratio	Net Assets
EQUITY ALLOCATION								
Baron WealthBuilder Fund®	12/29/2017	8.29	(2.62)	12.29		12.11	1.22%/1.19%(8)(19)(20)	$540.43 million
S&P 500 Index		24.56	10.01	15.05		13.55		
BROAD-BASED BENCHMARKS[5]								
Russell 3000 Index		23.13	8.05	14.14	12.15			
S&P 500 Index		24.56	10.01	15.05	12.86			
MSCI ACWI Index		19.38	5.43	10.76	8.43			
MSCI ACWI ex USA Index		11.62	0.46	5.55	3.84			
MSCI Emerging Markets Index		12.55	(5.07)	3.10	2.79			

(1) Performance 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 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 since inception date for Russell Midcap Growth Index is 6/30/1987.

(3) Performance 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.

(4) While the Fund may invest in securities of any market capitalization, 57.2% of the Fund's long holdings were invested in SMID, Mid and Mid/Large-Cap securities (as defined by Russell, Inc.) as of 6/30/2024 (SMID represents 9.8% of the portfolio and has market capitalizations between $4.8 – $14.3 billion; Mid represents 41.6% and has market capitalizations between $14.3 – $46.8 billion; Mid/Large-Cap represents 5.8% and has market capitalizations between $46.8 – $168.7 billion).

(5) The Broad-Based Benchmark for Baron Discovery Fund, Baron Growth Fund, Baron Small Cap Fund, Baron Focused Growth Fund, Baron Asset Fund, Baron Partners Fund, and Baron Health Care Fund is Russell 3000 Index. The Broad-Based Benchmark for Baron Durable Advantage Fund, Baron Fifth Avenue Growth Fund, Baron Opportunity Fund, Baron FinTech Fund, Baron Real Estate Fund, Baron Real Estate Income Fund, Baron Technology Fund, and Baron WealthBuilder Fund is S&P 500 Index. The Broad- Based Benchmark for Baron Emerging Markets Fund is MSCI Emerging Markets Index. The Broad-Based Benchmark for Baron International Growth Fund is MSCI ACWI ex USA Index. The Broad-Based Benchmark for Baron Global Advantage Fund, Baron FinTech Fund, Baron Technology Fund, and Baron WealthBuilder Fund is MSCI ACWI Index.

(6) As of 9/30/2023.

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

(8) As of 12/31/2023.

(9) Comprised of operating expenses of 1.04% and interest expense of 0.95%.

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

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

(12) Gross annual expense ratio was 0.95%, but the net annual expense ratio was 0.91% (net of Adviser's fee waivers, including interest expense of 0.01%).

(13) Gross annual expense ratio was 0.98%, but the net annual expense ratio was 0.95% (net of Adviser's fee waivers).

(14) Gross annual expense ratio was 6.93%, but the net annual expense ratio was 1.20% (net of Adviser's fee waivers and expense reimbursements).

(15) Gross annual expense ratio was 1.21%, but the net annual expense ratio was 0.95% (net of Adviser's fee waivers).

(16) Gross annual expense ratio was 0.88%, but the net annual expense ratio was 0.85% (net of Adviser's fee waivers).

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

(18) Gross annual expense ratio was 5.04%, but the net annual expense ratio was 0.95% (net of Adviser's fee waivers and expense reimbursements).

(19) Gross annual expense ratio was 1.22%, but the net annual expense ratio was 1.19% (includes acquired fund fees and expenses, net of the expense reimbursements which the Adviser has agreed to pursuant to a contract expiring on August 29, 2034, unless renewed for another).

(20) Includes Acquired Fund Fees and Expenses, which are indirect fees and expenses that the Fund incurs from investing in the securities of a select number of Baron mutual funds.

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

The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser waives and/or reimburses or may waive or reimburse certain Funds expenses pursuant to a contract expiring on August 29, 2034, unless renewed for another 11-year term and the Funds' transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted above. For performance information current to the most recent month end, visit BaronCapitalGroup.com or call 1-800-99-BARON.

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

Risk: All investments are subject to risk and may lose value. Index performance is not Fund performance. Investors cannot invest directly in an index.

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

Ranking information provided is calculated for the **Institutional Share Class** and is as of **6/30/2024.** The number of share classes in each category may vary depending on the date that Baron downloaded information from Morningstar Direct. **Morningstar calculates its category average performance and rankings using its Fractional Weighting methodology. Morningstar rankings are based on total returns and do not include sales charges. Total returns account for management, administrative, and 12b-1 fees and other costs automatically deducted from fund assets.** The **Morningstar Large Growth Category** consisted of 1,162, 1,019, and 600, share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Opportunity Fund in the 44th, 12th, 8th, and 2nd percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 2/29/2000, and the category consisted of 576 share classes. Morningstar ranked Baron Partners Fund in the 100th, 1st, 6th, and 1st percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund converted into a mutual fund 4/30/2003, and the category consisted of 728 share classes. Morningstar ranked Baron Durable Advantage Fund in the 41st, 16th, and 24th percentiles for the 1-, 5-year, and since inception periods, respectively. The Fund launched 12/29/2017, and the category consisted of 1,048 share classes. The **Morningstar Mid Cap Growth Category** consisted of 531, 473, and 380, share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Asset Fund in the 65th, 73rd, 30th, and 12th percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 6/12/1987, and the category consisted of 60 share classes. Morningstar ranked Baron Growth Fund in the 93rd, 56th, 42nd and 2nd percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 12/31/1994, and the category consisted of 150 share classes. Morningstar ranked Baron Focused Growth Fund in the 86th, 1st, 1st, and 3rd percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund converted into a mutual fund 6/30/2008, and the category consisted of 413 share classes. The **Morningstar Small Cap Growth Category** consisted of 578, 519, and 399, share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Small Cap Fund in the 18th, 27th, 24th, and 8th percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 9/30/1997, and the category consisted of 228 share classes. Morningstar ranked Baron Discovery Fund in the 88th, 52nd, 26th, and 10th percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 9/30/2013, and the category consisted of 506 share classes. The **Morningstar Real Estate Category** consisted of 237, 206, and 151, share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Real Estate Fund in the 24th, 1st, 1st, and 1st percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 12/30/2009, and the category consisted of 169 share classes. Morningstar ranked Baron Real Estate Income Fund in the 28th, 67th, and 2nd percentiles for the 1-, 5-year, and since inception periods, respectively. The Fund launched 12/29/2017, and the category consisted of 211 share classes. The **Morningstar Foreign Large Growth Category** consisted of 298, 331, 221, and 239 share classes for the 1-, 5-, 10-year, and since inception (12/31/2008) periods. Morningstar ranked Baron International Growth Fund in the 82nd, 79th, 55th, and 23rd, respectively. The **Morningstar Diversified Emerging Markets Category** consisted of 804, 646, 423, and 368 share classes for the 1-, 5-, 10-year, and since inception (12/31/2010) periods. Morningstar ranked Baron Emerging Markets Fund in the 75th, 76th, 60th, and 15th, respectively. The **Morningstar Health Category** consisted of 176, 139, and 137 share classes for the 1-, 5-year, and since inception (12/31/2018) periods. Morningstar ranked Baron Health Care Fund in the 50th, 2nd, and 1st, respectively. The **Morningstar Aggressive Allocation Category** consisted of 187, 171, and 178 share classes for the 1-, 5-year, and since inception (12/29/2017) periods. Morningstar ranked Baron WealthBuilder Fund in the 98th, 1st, and 1st, respectively.

Portfolio holdings as a percentage of net assets as of June 30, 2024 for securities mentioned are as follows: Space Exploration Technologies Corporation - Baron Asset Fund (2.9%), Baron Fifth Avenue Growth Fund (0.9%), Baron Focused Growth Fund (10.3%), Baron Global Advantage Fund (6.1%), Baron Opportunity Fund (2.8%), Baron Partners Fund (13.2%*); Tesla, Inc. - Baron Fifth Avenue Growth Fund (3.2%), Baron Focused Growth Fund (8.6%), Baron Global Advantage Fund (3.3%), Baron Opportunity Fund (3.5%), Baron Partners Fund (28.9%*), Baron Technology Fund (2.5%); FIGS, Inc. - Baron Focused Growth Fund (2.7%), Baron Growth Fund (0.9%).

*% of Long Positions.

Top 10 Holdings

Baron Partners Fund	6/30/2024
Holding	**% of Long Holdings**
Tesla, Inc.	28.9
Space Exploration Technologies Corp.	13.2
Arch Capital Group Ltd.	9.5
CoStar Group, Inc.	7.9
Hyatt Hotels Corporation	7.3
IDEXX Laboratories, Inc.	5.0
The Charles Schwab Corporation	4.8
Gartner, Inc.	4.5
FactSet Research Systems Inc.	4.3
Vail Resorts, Inc.	3.5
Total	88.8

Top 10 Holdings

Baron Focused Growth Fund	6/30/2024
Holding	**% of Net Assets**
Space Exploration Technologies Corp.	10.3
Tesla, Inc.	8.6
Arch Capital Group Ltd.	6.4
Spotify Technology S.A.	5.8
Hyatt Hotels Corporation	5.4
Guidewire Software, Inc.	5.1
Vail Resorts, Inc.	4.6
On Holding AG	4.2
Interactive Brokers Group, Inc.	4.1
Red Rock Resorts, Inc.	3.9
Total	58.5

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

The **Russell 1000® Growth Index** measures the performance of large-sized U.S. companies that are classified as growth. The **Russell 2000® Growth Index** measures the performance of small-sized U.S. companies that are classified as growth. The **Russell 2500™Growth Index** measures the performance of small to medium- sized companies that are classified as growth. The **Russell 3000® Index** measures the performance of the largest 3,000 US companies representing approximately 96% of the investable US equity market, as of the most recent reconstitution. The **Russell 3000® Growth Index** measures the performance of the broad growth segment of the U.S. equity universe comprised of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market. The **Russell 3000® Health Care Index** is representative of companies involved in medical services or health care in the Russell 3000 Index, which is comprised of the 3,000 largest U.S. companies as determined by total market capitalization. The **Russell Midcap® Growth Index** measures the performance of medium-sized U.S. companies that are classified as growth. 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 **S&P 500 Index** measures the performance of 500 widely held large-cap U.S. companies. The **FactSet Global Fintech Index™** is an unmanaged and equal-weighted index that measures the equity market performance of companies engaged in Financial Technologies, primarily in the areas of software and consulting, data and analytics, digital payment processing, money transfer, and payment transaction-related hardware, across 30 developed and emerging markets. The **MSCI ACWI Index Net (USD)** is designed to measure the equity market performance of large and midcap securities across 23 Developed Markets (DM) and 24 Emerging Markets (EM) countries. The **MSCI ACWI ex USA Index Net (USD)** is designed to measure the equity market performance of large and mid-cap securities across 22 of 23 Developed Markets (DM) countries (excluding the US) and 24 Emerging Markets (EM) countries. The **MSCI 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. The **MSCI ACWI Information Technology Index Net (USD)** is designed to measure 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®). The **MSCI AC Asia ex Japan Index Net (USD)** measures the performance of large and mid-cap equity securities across 2 of 3 Developed Markets countries (excluding Japan) and 8 Emerging Markets countries in Asia. The **MSCI AC Asia Index Net (USD)** captures large and mid-cap representation across Developed Markets countries and Emerging Markets countries in Asia. The **MSCI Emerging Markets Index Net (USD)** is designed to measure equity market performance of large and mid-cap securities across 24 Emerging Markets countries. The **MSCI Emerging Markets IMI Growth Index Net (USD)** is designed to measure equity market performance of large, mid and small-cap securities exhibiting overall growth characteristics across 24 Emerging Markets countries. The **MSCI US REIT Index Net (USD)** is designed to measure 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. The **MSCI USA IMI Extended Real Estate Index Net (USD)** is a custom index calculated by MSCI for, and as requested by, BAMCO, Inc. The index includes real estate and real estate related GICS classification securities. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indices or any securities or financial products. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. The MSCI Indexes and the Funds include reinvestment of dividends, net of foreign withholding taxes, while the Non-MSCI Indexes include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts performance results. The indexes are unmanaged. Index performance is not Fund performance. Investors cannot invest directly in an index.

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

BARON CAPITAL TOP 30 HOLDINGS

As of 6/30/2024

Rank	Ticker	Security Name	Year of First Purchase[1]	Market Value ($ Millions)	Ending Weight (%)[2]	Total Realized and Unrealized Gains ($ Millions)	Cumulative Total Return[3] (%)	Total Return Multiple (X)	Annualized Total Return (%)
1	TSLA	Tesla, Inc.	2014	$3,070	7.2	$4,557	1,564.0	16.6	31.1
2	931JQH909	Space Exploration Technologies Corp.	2017	$2,634	6.2	$1,608	681.0	7.8	35.3
3	ACGL	Arch Capital Group Ltd.	2002	$2,111	5.0	$2,316	3,429.0	35.3	17.4
4	IT	Gartner, Inc.	2007	$1,879	4.4	$2,551	1,663.8	17.6	18.1
5	CSGP	CoStar Group, Inc.	2001	$1,429	3.4	$1,701	4,173.2	42.7	18.0
6	FDS	FactSet Research Systems Inc.	2006	$1,083	2.6	$1,197	867.1	9.7	13.7
7	MSCI	MSCI Inc.	2007	$1,067	2.5	$1,181	2,047.4	21.5	20.3
8	IDXX	IDEXX Laboratories, Inc.	2005	$992	2.3	$2,162	3,285.1	33.9	19.9
9	MTN	Vail Resorts, Inc.	1997	$909	2.1	$1,015	967.0	10.7	9.0
10	GWRE	Guidewire Software, Inc.	2012	$845	2.0	$594	495.9	6.0	15.8
11	H	Hyatt Hotels Corporation	2009	$823	1.9	$633	457.1	5.6	12.4
12	KNSL	Kinsale Capital Group, Inc.	2016	$700	1.7	$701	2,060.8	21.6	47.4
13	RRR	Red Rock Resorts, Inc.	2016	$578	1.4	$327	267.9	3.7	17.3
14	CHH	Choice Hotels International, Inc.	1996	$568	1.3	$757	3,289.2	33.9	13.6
15	TSM	Taiwan Semiconductor Manufacturing Company Limited	2013	$557	1.3	$484	1,146.9	12.5	25.7
16	ANSS	ANSYS, Inc.	2009	$552	1.3	$850	1,137.0	12.4	17.7
17	SCHW	The Charles Schwab Corporation	1992	$543	1.3	$1,504	11,732.6	118.3	16.3
18	PRI	Primerica, Inc.	2010	$436	1.0	$560	1,305.1	14.1	20.4
19	NVDA	NVIDIA Corporation	2018	$414	1.0	$535	1,768.0	18.7	66.2
20	MTD	Mettler-Toledo International Inc.	2008	$412	1.0	$1,004	1,837.3	19.4	21.0
21	MORN	Morningstar, Inc.	2005	$387	0.9	$433	1,540.5	16.4	15.7
22	GLPI	Gaming and Leisure Properties, Inc.	2013	$373	0.9	$375	160.9	2.6	9.4
23	VRSK	Verisk Analytics, Inc.	2009	$348	0.8	$494	926.4	10.3	17.1
24	TECH	Bio-Techne Corporation	2009	$342	0.8	$374	512.5	6.1	12.5
25	VRT	Vertiv Holdings Co	2019	$329	0.8	$533	686.3	7.9	57.3
26	ICLR	ICON Plc	2013	$305	0.7	$264	987.7	10.9	23.1
27	IRDM	Iridium Communications Inc.	2014	$298	0.7	$251	275.2	3.8	13.9
28	SPOT	Spotify Technology S.A.	2020	$278	0.7	-$81	158.4	2.6	25.0
29	MSFT	Microsoft Corporation	2017	$278	0.7	$159	482.4	5.8	30.6
30	WST	West Pharmaceutical Services, Inc.	2013	$251	0.6	$477	936.8	10.4	23.6

* Baron Capital holdings include client managed and Firm accounts.

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

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

3 Reflects security performance from the date of Baron Capital's first purchase until 6/30/2024. Depending on Baron Capital's purchases and sales over the period, this performance may be lower or higher than the performance of the investment.
The performance data quoted represents past performance. Past performance is no guarantee of future results. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

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 BaronCapitalGroup.com. Please read them carefully before investing.

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

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

Portfolio holdings as a percentage of net assets as of June 30, 2024 for securities mentioned are as follows: Tesla, Inc. – Baron Fifth Avenue Growth Fund (3.2%), Baron Focused Growth Fund (8.6%), Baron Global Advantage Fund (3.3%), Baron Opportunity Fund (3.5%), Baron Partners Fund (28.9%*), Baron Technology Fund (2.5%); **Space Exploration Technologies Corporation** – Baron Asset Fund (2.9%), Baron Fifth Avenue Growth Fund (0.9%), Baron Focused Growth Fund (10.3%), Baron Global Advantage Fund (6.1%), Baron Opportunity Fund (2.8%), Baron Partners Fund (13.2%*); **Arch Capital Group Ltd.** – Baron Asset Fund (4.8%), Baron Durable Advantage Fund (2.1%), Baron FinTech Fund (3.0%), Baron Focused Growth Fund (6.4%), Baron Growth Fund (12.7%), Baron International Growth Fund (2.8%), Baron Partners Fund (9.5%*); **Gartner, Inc.** – Baron Asset Fund (9.5%), Baron Growth Fund (9.2%), Baron Opportunity Fund (2.7%), Baron Partners Fund (4.5%*), Baron Small Cap Fund (5.2%), Baron Technology Fund (2.3%); **CoStar Group, Inc.** – Baron Asset Fund (3.9%), Baron Durable Advantage Fund (2.1%), Baron FinTech Fund (1.2%), Baron Focused Growth Fund (3.6%), Baron Growth Fund (5.3%), Baron Opportunity Fund (2.4%), Baron Partners Fund (7.9%*), Baron Real Estate Fund (3.5%), Baron Technology Fund (2.8%); **FactSet Research Systems Inc.** – Baron Asset Fund (2.6%), Baron FinTech Fund (2.4%), Baron Focused Growth Fund (3.6%), Baron Growth Fund (6.8%), Baron Partners Fund (4.3%*); **MSCI Inc.** – Baron Asset Fund (0.5%), Baron Durable Advantage Fund (2.1%), Baron FinTech Fund (2.5%), Baron Focused Growth Fund (3.1%), Baron Growth Fund (9.8%), Baron Partners Fund (1.8%*); **IDEXX Laboratories, Inc.** – Baron Asset Fund (6.1%), Baron Focused Growth Fund (1.2%), Baron Growth Fund (3.1%), Baron Health Care Fund (1.5%), Baron Partners Fund (5.0%*), Baron Small Cap Fund (0.3%); **Vail Resorts, Inc.** – Baron Asset Fund (2.3%), Baron Focused Growth Fund (4.6%), Baron Growth Fund (5.0%), Baron Partners Fund (3.5%*); **Guidewire Software, Inc.** – Baron Asset Fund (4.1%), Baron Discovery Fund (2.3%), Baron FinTech Fund (3.1%), Baron Focused Growth Fund (5.1%), Baron Growth Fund (1.7%), Baron Opportunity Fund (1.8%), Baron Partners Fund (1.8%*), Baron Small Cap Fund (3.7%), Baron Technology Fund (1.1%); **Hyatt Hotels Corporation** – Baron Asset Fund (1.8%), Baron Focused Growth Fund (5.4%), Baron Partners Fund (7.3%*), Baron Real Estate Fund (2.5%); **Kinsale Capital Group, Inc.** – Baron Discovery Fund (2.1%), Baron FinTech Fund (1.0%), Baron Growth Fund (5.1%), Baron Small Cap Fund (4.0%); **Red Rock Resorts, Inc.** – Baron Discovery Fund (1.6%), Baron Focused Growth Fund (3.9%), Baron Growth Fund (1.5%), Baron Partners Fund (1.5%*), Baron Real Estate Fund (1.7%), Baron Small Cap Fund (3.6%); **Choice Hotels International, Inc.** – Baron Asset Fund (1.4%), Baron Focused Growth Fund (3.4%), Baron Growth Fund (5.0%); **Taiwan Semiconductor Manufacturing Company Limited** – Baron Durable Advantage Fund (4.4%), Baron Emerging Markets Fund (9.7%), Baron International Growth Fund (3.2%), Baron New Asia Fund (7.3%), Baron Opportunity Fund (1.5%), Baron Technology Fund (4.6%); **ANSYS, Inc.** – Baron Asset Fund (2.3%), Baron Focused Growth Fund (2.2%), Baron Growth Fund (4.3%); **The Charles Schwab Corporation** – Baron Asset Fund (2.7%), Baron FinTech Fund (1.5%), Baron Partners Fund (4.8%*); **Primerica, Inc.** – Baron Growth Fund (4.8%); **NVIDIA Corporation** – Baron Durable Advantage Fund (4.9%), Baron Fifth Avenue Growth Fund (12.1%), Baron Global Advantage Fund (9.6%), Baron Opportunity Fund (13.4%), Baron Technology Fund (12.1%); **Mettler–Toledo International Inc.** – Baron Asset Fund (5.0%), Baron Durable Advantage Fund (1.4%), Baron Growth Fund (1.2%), Baron Health Care Fund (1.6%), Baron Small Cap Fund (1.0%); **Morningstar, Inc.** – Baron Asset Fund (1.1%), Baron FinTech Fund (2.6%), Baron Growth Fund (3.8%); **Gaming and Leisure Properties, Inc.** – Baron Growth Fund (3.3%), Baron Partners Fund (1.2%*); **Verisk Analytics, Inc.** – Baron Asset Fund (5.5%), Baron FinTech Fund (2.8%), Baron Focused Growth Fund (3.1%); **Bio-Techne Corporation** – Baron Asset Fund (2.3%), Baron Growth Fund (2.5%), Baron Health Care Fund (1.2%); **Vertiv Holdings Co** – Baron Small Cap Fund (7.3%); **ICON Plc** – Baron Asset Fund (1.4%), Baron Health Care Fund (3.2%), Baron Small Cap Fund (4.8%); **Iridium Communications Inc.** – Baron Focused Growth Fund (1.4%), Baron Growth Fund (2.6%), Baron Partners Fund (0.7%*); **Spotify Technology S.A.** – Baron Asset Fund (0.7%), Baron Focused Growth Fund (5.8%), Baron Opportunity Fund (2.1%), Baron Partners Fund (1.1%*), Baron Technology Fund (4.8%); **Microsoft Corporation** – Baron Durable Advantage Fund (9.3%), Baron Fifth Avenue Growth Fund (4.8%), Baron Opportunity Fund (14.4%), Baron Technology Fund (9.8%); **West Pharmaceutical Services, Inc.** – Baron Asset Fund (2.3%), Baron Growth Fund (1.2%), Baron Health Care Fund (1.6%).

*% of Long Positions

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

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Letter from Linda

This is my last Letter from Linda. After more than 40 years at Baron Capital, I decided to leave my role as Baron Capital's President and Chief Operating Officer to spend more time outdoors and with my family.

It has been a great 40+ years. I would like to thank our shareholders, clients, and employees, for making that so. I've been lucky to have worked with an amazing group of smart, dedicated people. I am often asked why I've stayed at Baron Capital for as long as I have. I always answer, it's because of the outstanding people with whom I work.

When I joined in 1983 as general counsel, Baron Capital consisted of Ron, Susan Robbins, and me. We worked out of one room in an office building not that far from where we are today. We had $10 million in assets under management (AUM). When I became president and COO in 2006, we had approximately $17 billion AUM and 60 employees. The Firm has continued to expand. 18 years later, as of June 30, 2024, we had 212 employees and $40.9 billion in AUM. I am proud I was able to play a role in Baron Capital's 40+ years of resilience and growth.

Please join me in extending a warm welcome to Rachel Stern, who has joined us as Baron Capital's new chief operating officer. With Rachel now on our leadership team, I have no doubt that the Firm will continue to build on its legacy of success for many decades into the future.

Previously, Rachel served as FactSet's Executive Vice President, Chief Legal Officer, and Global Head of Strategic Resources. She had been the longest serving member of the executive leadership team, the group that manages the company. Rachel had worked at FactSet for the past 23 years. During various periods, Rachel's responsibilities spanned a broad set of global functions, including Legal and Compliance, Real Estate Strategy and Facilities Management, Investor Relations, Human Resources, Third Party Data Acquisition and Management, Operations Management in India and the Philippines, Enterprise Risk Management, and ESG/Sustainability.

Rachel has been an independent director of Baron Capital Group since 2018.

Michael Baron and David Baron are Baron Capital's new co-presidents. Michael and David are retaining their respective positions as co-portfolio manager of Baron Partners Fund and Baron WealthBuilder Fund (Michael) and Baron Focused Growth Fund (David).

LINDA MARTINSON
CHAIRMAN, PRESIDENT AND COO

I will continue to serve on the board of Baron Funds.

A special shout out and thank you to Delyan Ganev and Claudia Pagazani for their enormous help in writing my letters over the years. I could not have written those letters without them. Also thanks to everyone on the Portfolio & Risk Analytics team for all the data and guidance they provided.

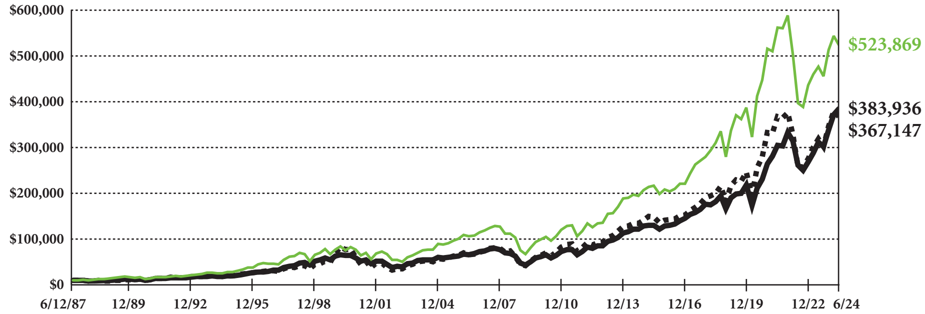
Go Steelers!

Sincerely,

Linda S. Martinson
Chairman, President, and COO

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 Russell 3000 Index

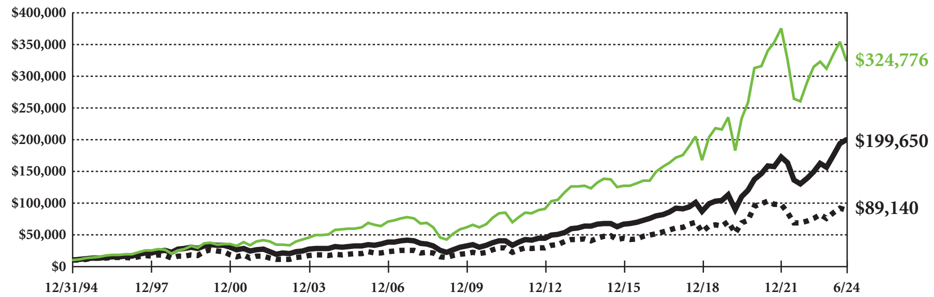


Returns

Not Annualized	Annualized				
3-Month	1-year	3-year	5-year	10-year	Since Inception
(3.51)%	9.94%	(2.28)%	7.15%	10.27%	11.28%

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 Russell 3000 Index

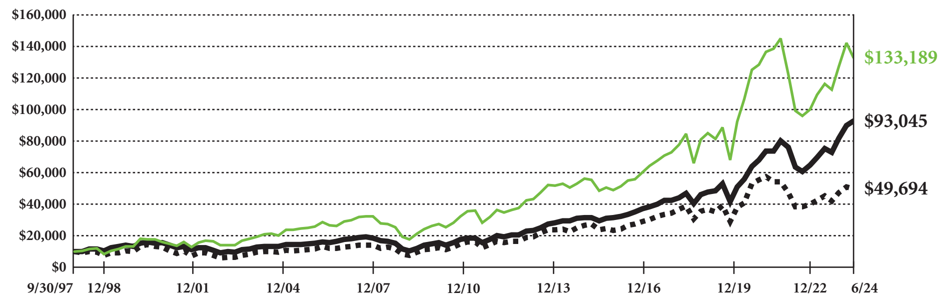


Returns

Not Annualized	Annualized				
3-Month	1-year	3-year	5-year	10-year	Since Inception
(8.23)%	0.47%	(1.56)%	8.31%	9.80%	12.52%

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 Russell 3000 Index



Returns

Not Annualized	Annualized				
3-Month	1-year	3-year	5-year	10-year	Since Inception
(6.43)%	14.18%	(0.91)%	9.30%	9.59%	10.16%

The Funds include reinvestment of dividends, net of foreign withholding taxes, while the Russell Midcap Growth Index, Russell 2000 Growth Index, and Russell 3000 Index include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts performance results. The indexes are unmanaged. The index performance is not fund performance; one cannot invest directly into an index.

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

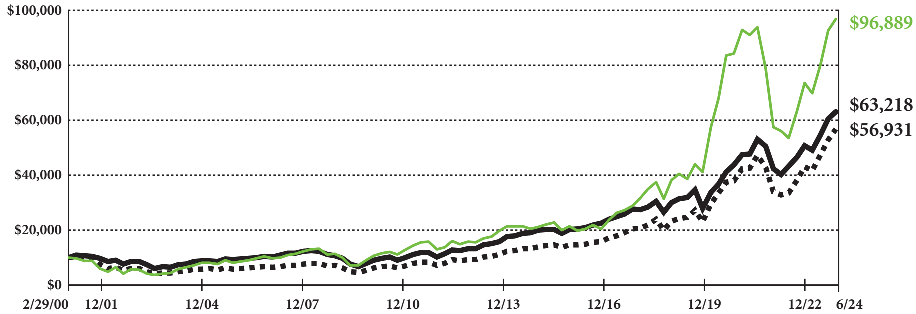
† Baron Small Cap Fund's 3-year historical performance was impacted by gains from IPOs. There is no guarantee that these results can be repeated or that the Funds' level of participation in IPOs will be the same in the future.

See index footnotes on page 7.

Baron Funds Performance

Baron Opportunity Fund

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



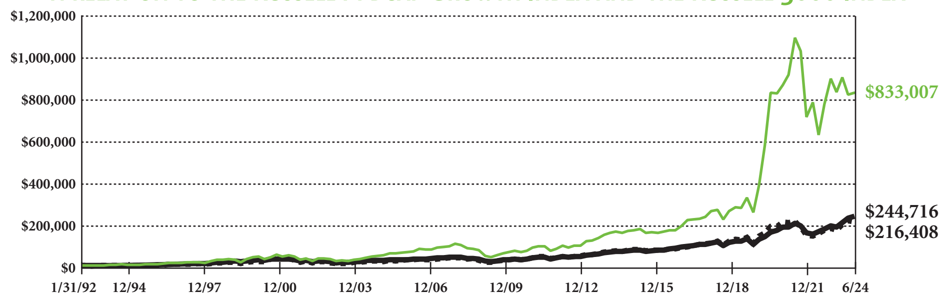
Returns

Not Annualized	Annualized				
3-Month	1-year	3-year	5-year	10-year	Since Inception
4.43%	31.66%	1.43%	19.07%	16.29%	9.78%

Baron Opportunity Fund
Russell 3000 Growth Index[4]
S&P 500 Index[5]

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 Russell 3000 Index



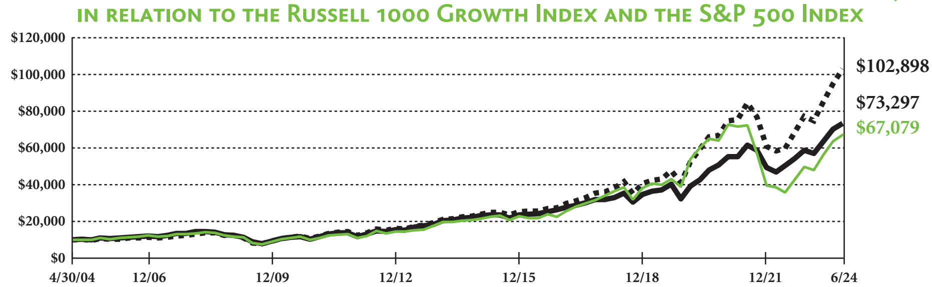
Returns

Not Annualized	Annualized				
3-Month	1-year	3-year	5-year	10-year	Since Inception
1.02%	(7.51)%	(1.42)%	23.62%	16.98%	14.62%

Baron Partners Fund*
Russell Midcap Growth Index[1]
Russell 3000 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
5.71%	35.14%	(2.67)%	10.57%	12.53%	9.90%

Baron Fifth Avenue Growth Fund
Russell 1000 Growth Index[6]
S&P 500 Index[5]

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, Russell 3000 Index, and S&P 500 Index include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts performance results. The indexes are unmanaged. The index performance is not fund performance; one cannot invest directly into an index.

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

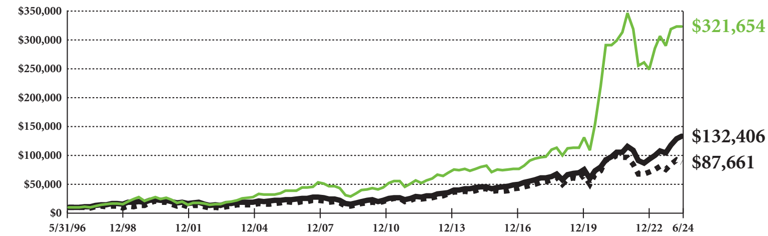
^ Performance for the Institutional Shares prior to May 29, 2009 is based on the performance of the Retail Shares, which have a distribution fee. The Institutional Shares do not have a distribution fee. If the annual returns for the Institutional Shares prior to May 29, 2009 did not reflect this fee,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

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

See index footnotes on page 7.

Baron Focused Growth Fund

Comparison of the change in value of $10,000 investment in Baron Focused Growth Fund (Institutional Shares)^ in relation to the Russell 2500 Growth Index and the Russell 3000 Index



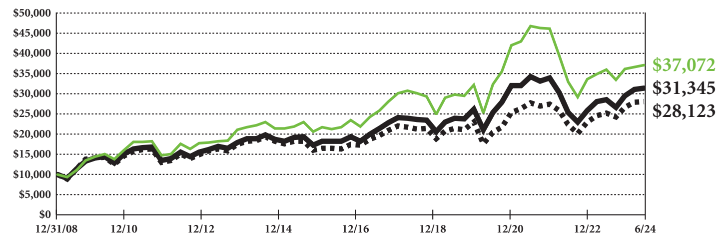
Returns

Not Annualized	Annualized				
3-Month	1-year	3-year	5-year	10-year	Since Inception
(0.21)%	5.46%	2.69%	23.24%	15.45%	13.16%

Baron Focused Growth Fund*
Russell 2500 Growth Index[7]
Russell 3000 Index[2]

Baron International Growth Fund

Comparison of the change in value of $10,000 investment in Baron International Growth Fund (Institutional Shares)^ in relation to the MSCI ACWI ex USA Index and the MSCI ACWI ex USA IMI Growth Index



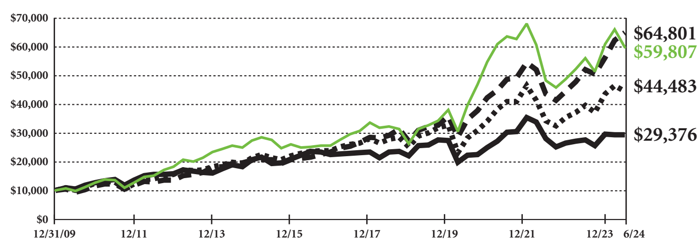
Returns

Not Annualized	Annualized				
3-Month	1-year	3-year	5-year	10-year	Since Inception
1.25%	2.88%	(7.38)%	4.50%	4.89%	8.82%

Baron International Growth Fund
MSCI ACWI ex USA Index[8]
MSCI ACWI ex USA IMI Growth Index[9]

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, the MSCI US REIT Index and the S&P 500 Index



Returns

Not Annualized	Annualized				
3-Month	1-year	3-year	5-year	10-year	Since Inception
(9.20)%	6.90%	(2.00)%	12.93%	8.88%	13.13%

Baron Real Estate Fund
MSCI USA IMI Extended Real Estate Index[10]
MSCI US REIT Index[11]
S&P 500 Index[5]

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, Russell 3000, and S&P 500 Index include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts performance results. The indexes are unmanaged. The index performance is not fund performance; one cannot invest directly into an index.

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

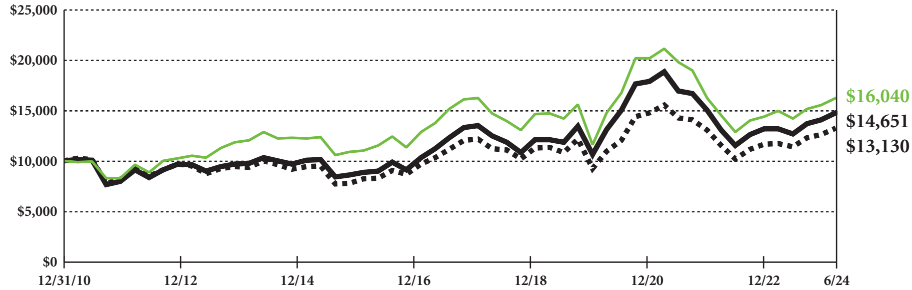
* Reflects the actual fees and expenses that were charged when the Fund was a partnership. The predecessor partnership charged a 15% performance fee through 2003 after reaching a certain performance benchmark. If the annual returns for the Fund did not reflect the performance fees for the years the predecessor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

See index footnotes on page 7.

Baron Funds Performance

Baron Emerging Markets Fund

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



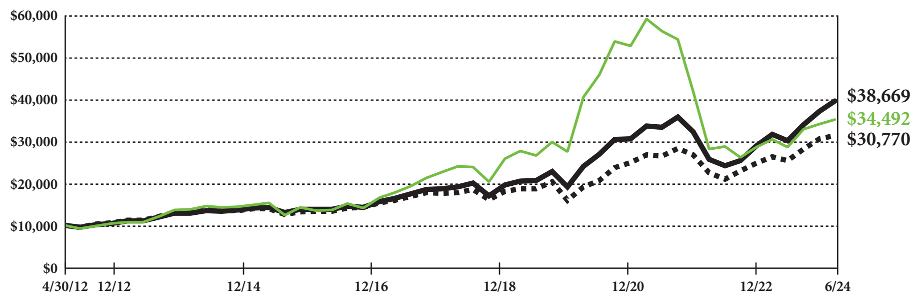
Returns

Not Annualized	Annualized				
3-Month	1-year	3-year	5-year	10-year	Since Inception
4.18%	8.47%	(8.36)%	1.96%	2.31%	3.56%

Baron Emerging Markets Fund
MSCI Emerging Markets Index[12]
MSCI Emerging Markets IMI Growth Index[13]

Baron Global Advantage Fund

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



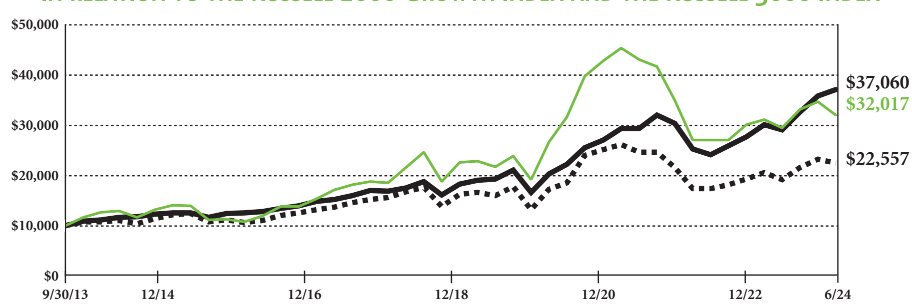
Returns

Not Annualized	Annualized				
3-Month	1-year	3-year	5-year	10-year	Since Inception
3.37%	15.48%	(15.75)%	4.93%	9.12%	10.71%

Baron Global Advantage Fund
MSCI ACWI Index[14]
MSCI ACWI Growth Index[15]

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 Russell 3000 Index



Returns

Not Annualized	Annualized				
3-Month	1-year	3-year	5-year	10 year	Since Inception
(7.78)%	2.62%	(10.97)%	6.97%	9.48%	11.43%

Baron Discovery Fund
Russell 2000 Growth Index[3]
Russell 3000 Index[2]

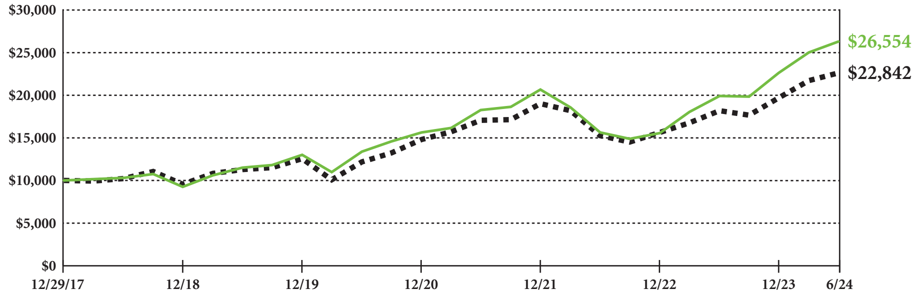
The Funds, MSCI Emerging Markets Index, MSCI Emerging Markets IMI Growth Index, MSCI ACWI Index, and MSCI ACWI Growth Index include reinvestment of dividends, net of foreign withholding taxes, while the Russell 2000 Growth Index, Russell 3000, and S&P 500 Index include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts performance results. The indexes are unmanaged. The index performance is not fund performance; one cannot invest directly into an index.

† Baron Global Advantage Fund's 5- and 10-year historical performance was impacted by gains from IPOs; Baron Discovery Fund's 1-, 5- and 10-year historical performance was impacted by gains from IPOs. There is no guarantee that these results can be repeated or that the Funds' level of participation in IPOs will be the same in the future.

See index footnotes on page 7.

Baron Durable Advantage Fund

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



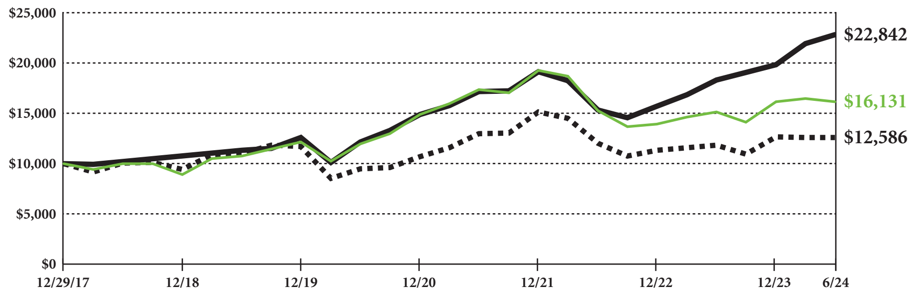
Returns

Not Annualized	Annualized			
3-Month	1-year	3-year	5-year	Since Inception
5.20%	32.15%	13.11%	18.22%	16.21%

Baron Durable Advantage Fund
S&P 500 Index[5]

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 and the S&P 500 Index



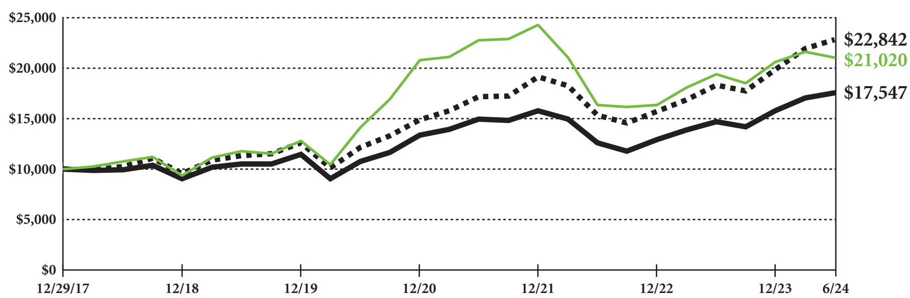
Returns

Not Annualized	Annualized			
3-Month	1-year	3-year	5-year	Since Inception
(1.92)%	6.77%	(2.36)%	8.49%	7.63%

Baron Real Estate Income Fund
MSCI US REIT Index[11]
S&P 500 Index[5]

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
(2.62)%	8.29%	(2.62)%	12.29%	12.11%

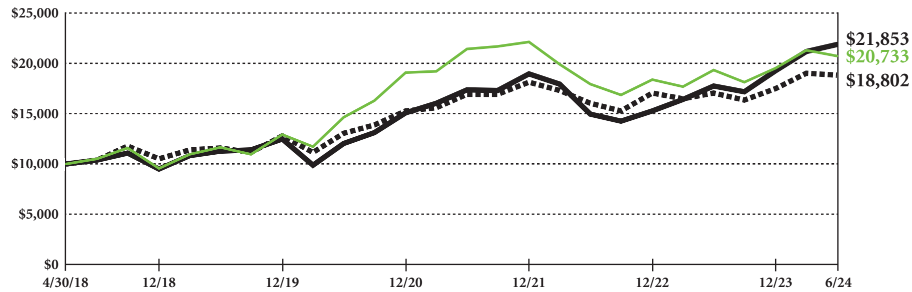
Baron WealthBuilder Fund
S&P 500 Index[5]
MSCI ACWI Index[14]

The Funds, MSCI US REIT Index, and MSCI ACWI Index include reinvestment of dividends, net of foreign withholding taxes, while the S&P 500 Index includes reinvestment of dividends before taxes. Reinvestment of dividends positively impacts performance results. The indexes are unmanaged. The index performance is not fund performance; one cannot invest directly into an index. See index footnotes on page 7.

Baron Funds Performance

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 Russell 3000 Index



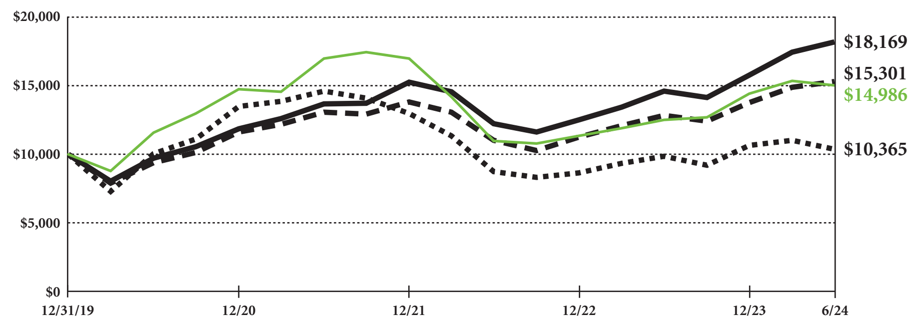
Returns

Not Annualized	Annualized			
3-Month	1-year	3-year	5-year	Since Inception
(2.55)%	7.38%	(1.03)%	12.22%	12.55%

Baron Health Care Fund
Russell 3000 Health Care Index[16]
Russell 3000 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, the S&P 500 Index and the MSCI ACWI Index



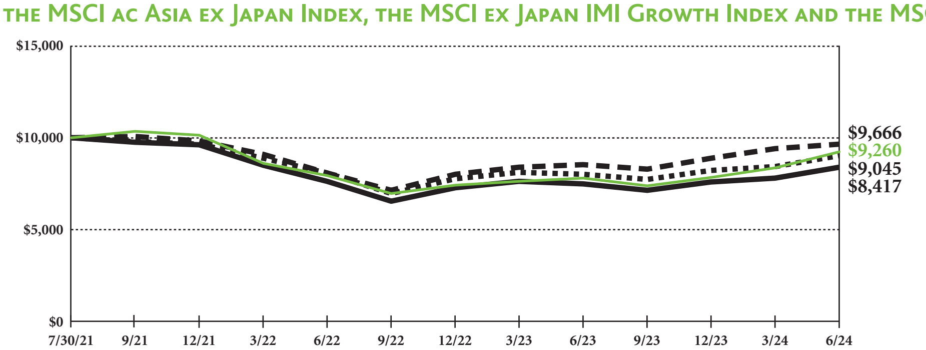
Returns

Not Annualized	Annualized		
3-Month	1-year	3-year	Since Inception
(2.25)%	19.87%	(4.06)%	9.41%

Baron FinTech Fund
FactSet Global FinTech Index[17]
S&P 500 Index[5]
MSCI ACWI Index[14]

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, the MSCI ex Japan IMI Growth Index and the MSCI AC Asia Index



Returns

Not Annualized	Annualized	
3-Month	1-year	Since Inception
10.77%	18.72%	(2.60)%

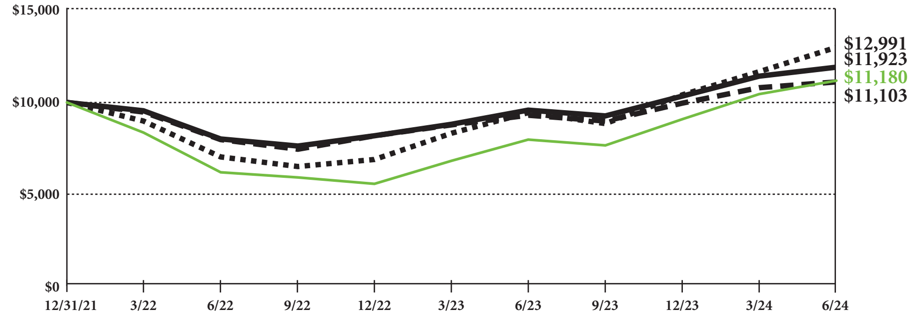
Baron New Asia Fund
MSCI AC Asia ex Japan Index[18]
MSCI AC Asia ex Japan IMI Growth Index[19]
MSCI AC Asia Index[20]

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

See index footnotes on page 7.

Baron Technology Fund

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



Returns

Not Annualized	Annualized	
3-Month	1-year	Since Inception
7.09%	40.45%	4.56%

Baron Technology Fund
MSCI ACWI Information Technology Index[21]
S&P 500 Index[5]
MSCI ACWI Index[14]

The Fund, MSCI ACWI Information Technology Index, and MSCI ACWI Index include reinvestment of dividends, net of foreign withholding taxes, while the S&P 500 Index include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts performance results. The indexes are unmanaged. The index performance is not fund performance; one cannot invest directly into an index.

1 The **Russell Midcap® Growth Index** measures the performance of medium-sized U.S. companies that are classified as growth.
2 The **Russell 3000® Index** measures the performance of the largest 3,000 U.S. companies representing approximately 96% of the investable U.S. equity market, as of the most recent reconstitution.
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.
5 The **S&P 500 Index** measures the performance of 500 widely held large-cap U.S. companies.
6 The **Russell 1000® Growth Index** measures the performance of large-sized U.S. companies that are classified as growth.
7 The **Russell 2500® Growth Index** measures the performance of small to medium-sized U.S. companies that are classified as growth.
8 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 countries (excluding the U.S.) and 24 Emerging Markets countries.
9 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 countries (excluding the US) and 24 Emerging Markets countries.
10 The **MSCI USA IMI Extended Real Estate Index Net (USD)** is a custom index calculated by MSCI for, and as requested by, BAMCO, Inc. The index includes real estate and real estate-related GICS classification securities. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indices or any securities or financial products. This report is not approved, reviewed or produced by MSCI.
11 The **MSCI US REIT Index Net (USD)** is designed to measure 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.
12 The **MSCI Emerging Markets Index Net (USD)** is designed to measure equity market performance of large and mid-cap securities across 24 Emerging Markets countries.
13 The **MSCI Emerging Markets IMI Growth Index Net (USD)** is designed to measure equity market performance of large, mid and small-cap securities exhibiting overall growth characteristics across 24 Emerging Markets countries.
14 The **MSCI ACWI Index Net (USD)** is designed to measure the equity market performance of large and mid-cap securities across 23 Developed Markets and 24 Emerging Markets countries.
15 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 countries and 24 Emerging Markets countries.
16 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.
17 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.
18 The **MSCI AC Asia ex Japan Index Net (USD)** measures the performance of large and mid-cap equity securities across 2 of 3 Developed Markets countries (excluding Japan) and 8 Emerging Markets countries in Asia.
19 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.
20 The **MSCI AC Asia Index Net (USD)** captures large and mid-cap representation across Developed Markets countries and Emerging Markets countries in Asia.
21 The **MSCI ACWI Information Technology Index Net (USD)** is designed to measure large and mid-cap securities across 23 Developed Markets countries and 24 Emerging Markets countries. All securities in the index are classified in the Information Technology sector as per the Global Industry Classification Standard (GICS®).

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

The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser reimburses or may reimburse certain Funds' expenses pursuant to a contract expiring on August 29, 2034, unless renewed for another 11-year term, and the Funds' transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit BaronCapitalGroup.com or call 1-800-99-BARON.

Risks: The Funds invest primarily in equity securities, which are subject to price fluctuations in the stock market. Non-U.S. investments may involve additional risks to those inherent in U.S. investments, including exchange-rate fluctuations, political or economic instability, the imposition of exchange controls, expropriation, limited disclosure and illiquid markets. This may result in greater share price volatility. Investments in developing countries may have increased risks due to a greater possibility of: settlement delays; currency and capital controls; interest rate sensitivity; corruption and crime; exchange rate volatility; and inflation or deflation. Investments in health care companies are subject to a number of risks, including the adverse impact of legislative actions and government regulations. Securities issued by small and medium sized companies may be thinly traded and may be more difficult to sell during market downturns. Companies propelled by innovation, including technology advances and new business models, may present the risk of rapid change and product obsolescence, and their success may be difficult to predict for the long term. In addition to general market conditions, the value of the real estate and real estate related investments will be affected by the strength of the real estate markets as well as by interest rate fluctuations, credit risk, environmental issues and economic conditions. Even though the Funds are diversified, they may establish significant positions where the Adviser has the greatest conviction. This could increase volatility of the Funds' returns.

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

Dear Baron Asset Fund Shareholder:

Performance

Gains in broad market stock indexes during the quarter were driven by the *Magnificent Seven*, a group of mega-cap companies Alphabet, Amazon, Apple, Meta, Microsoft, NVIDIA, and Tesla. These stocks appreciated 17% during the quarter, accounting for all the gains in the NASDAQ Composite and S&P 500 Indexes. The remaining securities in these benchmarks modestly declined in the period, demonstrating these companies' outsized impact on the market.

Sector performance mirrored the lopsided market dynamic brought on by the Magnificent Seven, as Information Technology (IT) and Communication Services were among the few sectors that managed gains in the period. Semiconductors (NVIDIA), technology hardware storage & peripherals (Apple), and interactive media & services (Alphabet) were the leaders in these sectors. Other standouts were Utilities and Consumer Staples, helped by solid gains from electric utilities and tobacco stocks, respectively. Real Estate underperformed, as REITs were pressured by the prospect of interest rates staying higher for longer. Other laggards were cyclical and/or commodity-sensitive sectors, such as Materials, Industrials, Energy, Financials, and Consumer Discretionary, all of which fell in the quarter.

Mid-cap growth stocks declined in the period, trailing large-cap growth stocks (as measured by the Russell 1000 Growth Index) by 11.5%. This was a continuation of mid-caps' historic relative underperformance—during the past three years, mid-caps have underperformed by 11.4% annualized.

Baron Asset Fund's® (the Fund) relative performance has been challenged since the beginning of 2023. After declining 26.72% in 2022, the Russell Midcap Growth Index (the Index) rebounded 25.87% in 2023, while the Fund rose 17.35% (Institutional Shares). The Fund is trailing the Index this year, though by a more modest amount. We believe there are similarities between this period and the last time the Fund meaningfully trailed the Index, which was also in the aftermath of a rapid rebound from a bear market. After the Index declined 44.32% in 2008 (during the Great Financial Crisis), the Index rebounded 46.29% in 2009. The Fund rose 31.85% in 2009, lagging considerably behind the Index return. However, over the subsequent 10 years ended 12/31/2019, the Fund outperformed the Index by 11.65% on a cumulative basis, or 0.35% annualized.

ANDREW PECK

PORTFOLIO MANAGER

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

Table I.
Performance
Annualized for periods ended June 30, 2024

	Baron Asset Fund Retail Shares[1,2]	Baron Asset Fund Institutional Shares[1,2,3]	Russell Midcap Growth Index[1]	Russell 3000 Index[1]
Three Months[5]	(3.57)%	(3.51)%	(3.21)%	3.22%
Six Months[5]	2.15%	2.28%	5.98%	13.56%
One Year	9.66%	9.94%	15.05%	23.13%
Three Years	(2.53)%	(2.28)%	(0.08)%	8.05%
Five Years	6.87%	7.15%	9.93%	14.14%
Ten Years	9.98%	10.27%	10.51%	12.15%
Fifteen Years	12.94%	13.24%	13.95%	14.49%
Since Inception (June 12, 1987)	11.16%	11.28%	10.23%[4]	10.36%

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of September 30, 2023 was 1.30% and 1.05%, respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit BaronCapitalGroup.com or call 1-800-99-BARON.

1 The **Russell Midcap® Growth Index** measures the performance of medium-sized U.S. companies that are classified as growth. The **Russell 3000® Index** measures the performance of the broad segment of the U.S. equity universe comprised of the largest 3,000 U.S. companies representing approximately 96% 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 Midcap® 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 For the period December 31, 1987 to June 30, 2024.

5 Not annualized.

BARON CAPITAL EST 1982

The Fund is a long-term investor in high quality companies with durable competitive advantages and growing, predictable earnings streams. We believe these types of companies have been out of favor relative to the more speculative companies that tend to outperform during sharp market rebounds. The Fund's underexposure to stocks with short-term momentum and idiosyncratic volatility have contributed to its underperformance during this period.

During the second quarter, the Fund declined 3.51%, performing similarly to the Index as moderately positive stock selection was offset by differences in sector weights.

Favorable stock selection in Industrials and Financials together with higher exposure to the better performing Information Technology sector and lack of exposure to the lagging Consumer Staples sector added the most value. Industrials benefitted from data and analytics vendor **Verisk Analytics, Inc.** and private rocket and spacecraft manufacturer **Space Exploration Technologies Corp.** (SpaceX). As discussed below, Verisk gained following strong quarterly earnings and management optimism about the state of its property and casualty (P&C) insurance end-market. SpaceX continued to record substantial growth in users of Starlink, its satellite- based broadband service. SpaceX also continued to make progress on developing Starship, the largest, most powerful rocket ever launched. We believe this next-generation vehicle represents a significant leap forward in rocket reusability and space exploration capabilities. Strength in Financials came from specialty insurer **Arch Capital Group Ltd.**, whose shares increased after the company's financial results exceeded expectations. Operating ROE reached 21% in the first quarter, while book value per share rose 40% due to strong underwriting profitability and higher investment income.

Entirely offsetting the above was disappointing stock selection in Real Estate and Consumer Discretionary combined with adverse impacts from the Fund's active weights in Energy, Health Care, and Communication Services. As discussed below, **CoStar Group, Inc.**, which provides marketing and data analytics services to the real estate industry, was impacted by concerns about near-term subscription trends in its residential brokerage segment.

Weakness in Consumer Discretionary was driven by global ski resort operator **Vail Resorts, Inc.**, whose shares were pressured by slowing season ticket sales and a disappointing ski season in Australia. We retain conviction. Vail has said that it believes skiers are delaying buying season passes given poor snow conditions for the past two seasons, and it still expects to generate almost $950 million in season pass revenue this year, representing close to a third of 2023 revenue. An 8% increase in prices combined with a favorable year-over-year comparison should result in a double-digit increase in EBITDA with strong free cash flow generation. The company is now trading at more than 6% free cash flow yield, all of which is being returned to shareholders through dividends and share buybacks.

Table II.
Top contributors to performance for the quarter ended June 30, 2024

	Year Acquired	Percent Impact
Verisk Analytics, Inc.	2009	0.73%
Guidewire Software, Inc.	2013	0.64
Fair Isaac Corporation	2020	0.61
Arch Capital Group Ltd.	2003	0.41
Space Exploration Technologies Corp.	2020	0.39

Verisk Analytics, Inc. is a leading provider of proprietary data and analytics to the property and casualty (P&C) insurance market. Its shares contributed to performance, as the company reported strong first quarter 2024 earnings, especially relative to investors' muted expectations. The CEO expressed optimism about the state of the P&C insurance end-market and Verisk's ability to continue to increase its pricing and expand its product offerings. We maintain conviction in the company's competitive positioning, as well as its prospects for long-term revenue growth, margin expansion, and capital deployment opportunities.

Guidewire Software, Inc. is a software vendor to the P&C insurance sector, and its shares contributed to quarterly performance. After a multi-year transition period, we believe the company's transition from an on-premise software provider to a cloud-based solution is substantially complete. We believe that cloud will be Guidewire's sole path forward, with annual recurring revenue (ARR) benefiting from new customer wins and migrations of the existing customer base to the company's InsuranceSuite Cloud. We also expect the company to shift R&D resources from infrastructure investment to product development, which will help to drive cross sales into its sticky installed base and potentially accelerate ARR over time. We are also encouraged by Guidewire's subscription gross margin expansion, which improved by more than 1,000 basis points in its most recently reported quarter. We believe that Guidewire will be the critical software vendor for the global P&C insurance industry, eventually capturing 30% to 50% of its $15 billion to $30 billion total addressable market and generating margins above 40%.

Fair Isaac Corporation (FICO) is a data and analytics company focused on predicting consumer behavior. It is probably best known for its FICO score, which is widely used to assess consumers' credit worthiness. Shares increased on reported solid second fiscal quarter 2024 earnings results and increased fiscal year 2024 guidance. The company also hosted its annual user conference in April where CEO Will Lansing expressed confidence that the business can perform well across different macroeconomic backdrops and optimism about the magnitude of the opportunity in its software business. There are some near-term areas of uncertainty, most notably the impact of interest rates on its FICO scores business and a potential Consumer Financial Protection Bureau investigation into Scores pricing. Long term, we believe FICO will be a steady earnings compounder, which should drive solid returns for the stock over a multi-year period.

Table III.
Top detractors from performance for the quarter ended June 30, 2024

	Year Acquired	Percent Impact
CoStar Group, Inc.	2016	–1.15%
IDEXX Laboratories, Inc.	2006	–0.65
Gartner, Inc.	2007	–0.63
Dayforce, Inc.	2018	–0.58
Vail Resorts, Inc.	1997	–0.53

CoStar Group, Inc. provides marketing and data analytics services to the real estate industry. Shares detracted from performance in the quarter, mirroring the broader software sector. We believe CoStar shares were impacted by concerns that the company's second quarter financial results will show a deceleration in net new sales of its residential product following outstanding first quarter performance. We remain encouraged by traction in CoStar's residential offering although recognize that progress may not be linear. CoStar began to monetize its new Homes.com platform in February. We believe early momentum can be amplified by the recent National Association of Realtors' class action settlement, which has the potential to disrupt the residential brokerage industry and enhance the return on investment for brokers advertising on Homes.com.

Shares of veterinary diagnostics leader **IDEXX Laboratories, Inc.** detracted from performance. Foot traffic into U.S. veterinary clinics remained uneven, causing a modest headwind to the company's revenue growth. Despite this headwind, management has continued to deliver robust financial results. We believe IDEXX's competitive position remains outstanding, and we expect new proprietary tests and field sales force expansion to be meaningful contributors to growth in 2024. In addition, we see increasing evidence that long-term secular trends around pet ownership and pet care spending have been structurally accelerated, which should help support IDEXX's long-term growth rate.

Shares of **Gartner, Inc.**, a provider of syndicated research, detracted from performance in the quarter as the company's contract value fell modestly short of investor expectations. Despite this, Gartner's core subscription research businesses continue to compound at attractive rates, and we believe growth is poised to accelerate over the next several quarters. We believe Gartner will emerge as a critical decision support resource for every company evaluating the opportunities and risks of AI on its business. We expect this development to provide a tailwind to Gartner's volume growth and pricing realization over time. We expect Gartner's sustained revenue growth and focus on cost control to drive continued margin expansion and enhanced free cash flow generation. The company's balance sheet remains in excellent shape and can support ongoing share repurchases and bolt-on acquisitions.

Portfolio Structure

At June 30, 2024, Baron Asset Fund held 53 positions. The Fund's 10 largest holdings represented 48.5% of net assets, and the 20 largest represented 71.2%. The Fund's largest weighting was in the IT sector at 30.0% of net assets. This sector includes software companies, IT consulting firms, electronics components companies, and technology distributors. The Fund held 21.5% of its net assets in the Health Care sector, which includes investments in life sciences companies, and health care equipment, supplies, and technology companies. The Fund held 18.1% of its net assets in the Industrials sector, which includes investments in research and consulting companies, environmental firms, and construction & engineering companies. The Fund also had significant weightings in Financials at 13.4% and Consumer Discretionary at 7.5% of net assets.

As the chart below shows, the Fund's largest investments all have been owned for significant periods – 7 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 benefitting from secular growth trends with significant competitive advantages and best-in-class management teams.

Table IV.
Top 10 holdings as of June 30, 2024

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Gartner, Inc.	2007	$2.9	$34.9	$405.2	9.5%
IDEXX Laboratories, Inc.	2006	2.5	40.2	260.5	6.1
Verisk Analytics, Inc.	2009	4.0	38.5	234.8	5.5
Mettler-Toledo International Inc.	2008	2.4	29.8	212.6	5.0
Arch Capital Group Ltd.	2003	0.9	37.9	205.0	4.8
Guidewire Software, Inc.	2013	2.8	11.4	176.6	4.1
CoStar Group, Inc.	2016	$ 5.0	$ 30.3	$166.7	3.9%
Fair Isaac Corporation	2020	12.1	36.8	148.9	3.5
Roper Technologies, Inc.	2011	7.4	60.3	134.3	3.1
Space Exploration Technologies Corp.	2020	47.0	208.2	126.0	3.0

Recent Activity

Table V.
Top net purchases for the quarter ended June 30, 2024

	Quarter End Market Cap (billions)	Net Amount Purchased (millions)
X.AI Corp.	$24.0	$40.0
Vulcan Materials Company	32.9	10.1
Booz Allen Hamilton Holding Corporation	19.9	3.1
Procore Technologies, Inc.	9.7	2.2
Spotify Technology S.A.	62.5	1.4

The Fund participated in the recent multibillion dollar Series B fundraising round for **X.AI Corp.** Founded by Elon Musk, we believe X.AI is a promising investment opportunity in the rapidly evolving landscape of AI companies. X.AI's ambitious goal is to develop AI "to understand the true nature of the universe."

X.AI's growth potential is underpinned by the increasing demand for credible AI solutions and continuous product improvements. The company intends to revolutionize the market for AI models and applications. In the short period since its inception, X.AI launched its first AI model and product, Grok, which has shown impressive results compared with more established AI models. We believe this early demonstration, coupled with the ongoing development of two newer versions, showcases the company's ability to drive rapid innovation cycles. X.AI's new funding is expected to allow the company to purchase significant computational power and attract top engineering talent.

We believe that the company's leadership is a significant asset. Musk's track record in AI development spans many years, including co-founding OpenAI, developing related software and hardware capabilities at Tesla, and deploying AI to improve X.com's (formerly Twitter) functionality. Across his other businesses, Musk has demonstrated abilities as a capable leader who drives tremendous innovation in complex environments. The founding management team includes key figures from OpenAI, Google's DeepMind, Tesla, Microsoft, and Meta, bringing extensive and relevant experience.

We believe that X.AI's competitive position is enhanced by its access to differentiated data, computational power, software and hardware integration, and its distribution opportunities. The company has unique access to the data of X.com, which represents one of the largest and fastest-growing repositories of real time, multimodal, diverse, human to human interaction data sets. Nearly 600 million people use X.com's application each month, and its users spend 362 billion seconds and watch more than 8 billion videos each day on the platform. We believe that X.AI will expand its access to additional unique data assets.

On the computational front, X.AI is making bold moves and advancing rapidly. The company plans to deploy one of the world's largest, densest computing clusters, boasting 100,000 GPUs. These dense computing centers, though complex, can drive significant improvements in compute utilization and cost efficiencies. Musk recently noted that "it will be the most powerful training cluster in the world by a large margin." In just a few months, the company identified a location, secured power allocation, and started to deploy hardware with a goal to start utilizing this data center before the end of 2024. Considering most new data center development cycles take two to three years, we believe this is a tremendous achievement by the company.

By bringing more efficient computing resources online faster than its competitors, we believe X.AI can build and improve its products faster than others. The company's first data center will be followed by additional large data centers with the goal to deploy 300,000 even stronger GPUs by summer of 2025. The founding team's experience in chip development, related software, thermal, and energy management is expected to allow further hardware innovation. We believe that the integration of hardware and software expertise provides a unique advantage in the AI space, where computational efficiency is crucial.

X.AI also has substantial distribution opportunities. The company's collaboration with X.com provides immediate access to hundreds of millions of users, offering a valuable user base early in its development. Additionally, X.AI is well positioned to explore more traditional distribution channels, including business-to-business integrations and dedicated standalone consumer solutions.

Although these remain early days in the development of artificial intelligence, we are confident in the disruptive potential and value creation opportunities that lie ahead. We believe that X.AI's focused strategy, formidable talent, and innovative approach position it to become a significant player in shaping the future of AI.

We initiated an investment in **Vulcan Materials Company**. Vulcan is the largest producer of construction aggregates in the U.S. and generates approximately 90% of its gross profit from mining, processing, and transporting crushed stone, sand, and gravel (collectively, "aggregates") from its quarries. The balance of its gross profit is derived from strategically located ready-mix concrete and asphalt. Vulcan's products are utilized in infrastructure projects such as roads, highways, and bridges, as well as in residential and non-residential construction.

We believe the aggregates industry contains high barriers to entry and strong pricing power. The approval process for a new quarry typically takes 5 to 10 years. This limits new competition and constrains supply, placing companies with existing quarries in an advantaged position. In addition, a high weight-to-price ratio makes transportation expensive, limiting the distance that aggregates can be shipped economically. As a result, aggregates producers have historically enjoyed pricing power. During the past 30 years, aggregate prices have increased, on average, 4% annually. Pricing power has been exceptionally robust during the past several years in response to inflationary cost pressures, and we expect above-trend price growth to continue.

We believe the multi-year growth prospects for Vulcan are especially attractive. Infrastructure-related spending, which accounts for approximately 40% of Vulcan's aggregate shipments, is accelerating. It should remain elevated as the Infrastructure and Investment Jobs Act allocates significant sums from the federal government towards new and existing infrastructure projects. Outsized state-level infrastructure spending will also drive demand across the company's footprint. Private construction spending (residential and non-residential) may accelerate over the next few years as well. Residential construction may respond to an acute need for more new homes following a 15-year period of underbuilding relative to the demographic needs of our country. Non-residential spending may accelerate to meet the real estate needs in growing areas such as logistics warehouses, data centers, and manufacturing.

Table VI.
Top net sales for the quarter ended June 30, 2024

	Quarter End Market Cap or Market Cap When Sold (billions)	Net Amount Sold (millions)
VeriSign, Inc.	$17.8	$29.5
Fair Isaac Corporation	36.8	28.3
FactSet Research Systems Inc.	15.6	27.9
Repligen Corporation	6.9	22.8
T. Rowe Price Group, Inc.	25.8	17.8

We continued to reduce our position in **VeriSign, Inc.** as the company experienced an ongoing slowdown in new internet domain registrations. We reduced our position in **Fair Isaac Corporation** as its shares reached new all-time highs. We reduced our position in **FactSet Research Systems Inc.** as the sales environment became more challenging among its core financial services customers. We sold **T. Rowe Price Group, Inc.**, an asset management company, on concerns about a slowdown in its ability to attract additional investor assets.

Outlook

As discussed, returns of the broad equity market indexes have been disproportionately driven by a narrow group of mega-cap technology stocks. This has contributed to the unprecedented underperformance of mid-cap growth stocks relative to their large-cap peers. We do not believe that this phenomenon can continue indefinitely, and we believe this presents a compelling long-term opportunity for mid-cap growth stocks.

Since the end of the second quarter, inflation, as measured by the Consumer Price Index, has fallen, and the Federal Reserve appears poised to begin the process of reducing interest rates. This has been an important factor that has caused mid-cap and small-cap stocks to begin outperforming large caps. We are hopeful that this will continue. We believe that lower rates should result in the market ascribing a higher valuation to the future earnings streams of all companies. We believe this development would disproportionately benefit the types of businesses we favor—companies that benefit from long-term secular growth drivers with highly visible and growing earnings streams. In addition, we believe these types of companies have been out of favor relative to more speculative businesses, and we are optimistic that this trend will reverse.

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 BaronCapitalGroup.com. Please read them carefully before investing.

Risks: Securities issued by medium-sized companies may be thinly traded and may be more difficult to sell during market downturns. Even though the Fund is diversified, it may establish significant positions where the Adviser has the greatest conviction. This could increase volatility of the Fund's returns.

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

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

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

The portfolio manager defines "**Best-in-class**" as well-managed, competitively advantaged, faster growing companies with higher margins and returns on invested capital and lower leverage that are leaders in their respective markets. Note that this statement represents the manager's opinion and is not based on a third-party ranking. **Free cash flow (FCF)** represents the cash that a company generates after accounting for cash outflows to support operations and maintain its capital assets.

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

Dear Baron Growth Fund Shareholder:

Performance

Baron Growth Fund® (the Fund) declined 8.23% (Institutional Shares) for the quarter ended June 30, 2024. This trailed the return of the Fund's benchmark, the Russell 2000 Growth Index (the Benchmark), which declined 2.92% for the quarter. The Russell 3000 Index, which measures the performance of the 3,000 largest publicly traded U.S. companies, gained 3.22% for the quarter.

The Fund's underperformance was primarily due to price declines in four of our largest positions. These positions have been significant contributors to our long-term performance, and we believe the declines were caused by short-term factors rather than structural changes to earnings power. We believe all remain compelling investment opportunities and are confident the Fund remains positioned to deliver superior returns over time across market cycles.

Table I.
Performance
Annualized for periods ended June 30, 2024

	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]	(8.29)%	(8.23)%	(2.92)%	3.22%
Six Months[4]	(3.28)%	(3.17)%	4.44%	13.56%
One Year	0.22%	0.47%	9.14%	23.13%
Three Years	(1.81)%	(1.56)%	(4.86)%	8.05%
Five Years	8.03%	8.31%	6.17%	14.14%
Ten Years	9.52%	9.80%	7.39%	12.15%
Fifteen Years	12.77%	13.06%	11.59%	14.49%
Since Inception (December 31, 1994)	12.38%	12.52%	7.70%	10.68%

NEAL ROSENBERG
PORTFOLIO MANAGER

RONALD BARON
CEO AND PORTFOLIO MANAGER

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

Our performance this quarter was adversely impacted by share price declines in 4 of our top 10 positions. Shares of excess and surplus (E&S) insurer **Kinsale Capital Group, Inc.** declined after its written premium growth slowed more than anticipated during the company's fiscal first quarter. While growth of 25% was modestly slower than expected, it was a robust result that is indicative of continued share gains. We believe that Kinsale is uniquely positioned to capture market share in the vast and growing E&S market and are optimistic about its prospects to earn outstanding returns on capital going forward.

Shares of **CoStar Group, Inc.** also declined in the quarter. We attribute a portion of the decline to broad-based multiple compression across software

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail shares and Institutional shares as of September 30, 2023 was 1.30% and 1.05%, respectively (comprised of operating expenses of 1.29% and 1.04%, respectively, and interest expense of 0.01% and 0.01%, respectively). The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit 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 US companies representing approximately 96% of the investable US 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 CAPITAL EST 1982

stocks, and part to short-term fluctuations in sentiment regarding the company's new residential lead generation product. CoStar began to monetize its residential offering in February, and had an excellent start, generating $39 million of net new sales in less than two months. However, the pace of adoption seemed to slow in May and June, leading to share price declines. We believe that few businesses progress linearly and variability in results across quarters is to be expected. We view the residential real estate market as a vast and underpenetrated opportunity. As an asset class, single-family residential properties represent more than $40 trillion of value in the U.S., or around 60% of the total value of U.S. real estate. We estimate that CoStar's residential products will serve a total addressable market (TAM) that exceeds $15 billion of annual recurring revenue, or almost four times larger than the company's flagship Suite offering currently serves. We estimate that offering a residential product in international markets could increase that TAM by a further factor of four.

Shares of **MSCI Inc.** also declined in the quarter as new sales were impacted by tighter budgets at many of its investment management clients. Despite headwinds, MSCI grew its total revenue 10% organically, and its recurring subscription run rate 14%. We have been investing in MSCI since its IPO in 2008 and have observed its performance across multiple business cycles, including the Great Recession and COVID. We believe that the company's competitive positioning remains unrivaled, it continues to benefit from durable secular trends, and its cash flow generation capabilities remain best-in-class. We expect end-market conditions to improve over time, leading to an acceleration in growth and corresponding multiple expansion.

Shares of **Vail Resorts, Inc.** declined as adverse weather conditions reduced financial results. Vail has succeeded in converting a sizeable portion of its customer base to season passes, which dampens but does not eliminate the impact of weather. We believe that Vail boasts an irreplaceable network of ski resorts. We expect the company to grow at attractive rates by adding more customers on season passes, raising prices consistently, and upselling customers to higher priced offerings. We think that growth can be amplified by continued acquisitions, particularly as the company makes headway in the vast European market.

We think that the recent appreciation in shares of **Guidewire Software, Inc.** illustrates the benefits of our long-term approach. Guidewire is a leading provider of core systems software for property and casualty (P&C) insurers. The Fund has been investing in Guidewire since its IPO in 2012 and has earned a 15.5% annualized return on the investment since our first purchase.

Guidewire was founded in 2001 to help modernize the core systems of P&C insurance carriers. Moving to Guidewire's software from legacy technology helped to reduce carriers' operating costs while improving their agility and ability to innovate. The company's best-in-class technology, large SI ecosystem, and perfect track record of go-lives enabled it to capture meaningful market share among carriers. Like almost all technology developed in the early 2000s, Guidewire's software was installed "on-premise," with customers assuming responsibility for operating the software and keeping it updated.

Approximately five years ago Guidewire recognized a looming innovators dilemma as software applications began transitioning from on-premise delivery to software-as-a-service (SaaS). Guidewire took a proactive approach and elected to disrupt its own on-premise business to pursue leadership in SaaS core systems. This approach reduced revenue growth and meaningfully increased expenses during this transition period. The lower profitability and higher uncertainty led to a period of challenging stock performance, as shorter-term oriented investors elected to sell the stock with the hope of buying it back after the transition was complete.

After conducting extensive and holistic due diligence, we elected to maintain our ownership. We believed that while the transition would be difficult and time consuming, Guidewire was uniquely positioned to succeed in becoming the gold standard in SaaS core systems. We also expected that winning that leadership position would ultimately result in 50% market share of an addressable market that would eventually exceed $20 billion of annual recurring revenue. We expected the winner to benefit from near-perfect retention rates and a margin profile that can approach or exceed 40%.

We are pleased by the way that our thesis is developing. Guidewire's SaaS revenue is now approaching $500 million, up from just $65 million when the transition began. We estimate that its win rate for SaaS deals exceeds 80%, ahead of our expectations and higher than its on-premise win rate. Expense growth has flattened, leading to dramatic margin expansion and a clear path towards our long-term profitability targets. The stock has jumped in response, gaining 81% over the last year, dramatically better than the Benchmark, which gained approximately 9%. Despite the excellent recent performance, we see continued attractive returns ahead as the company continues to execute on its expansive product roadmap.

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 June 30, 2024

	% of Total Investments (as of 6/30/2024)	Total Return (%)	Contribution to Return (%)
Disruptive Growth	**8.9**	**–1.37**	**–0.10**
Altair Engineering Inc.	1.0	13.85	0.12
FIGS, Inc.	0.9	6.96	0.06
Iridium Communications Inc.	2.6	2.23	0.06
Farmers Business Network, Inc.	0.0	–	–
ANSYS, Inc.	4.3	–7.38	–0.33
Northvolt AB	0.2	–8.59	–0.01
Russell 2000 Growth Index		**–2.92**	
Financials	**47.2**	**–7.49**	**–3.38**
Arch Capital Group Ltd.	12.7	9.14	1.05
Houlihan Lokey, Inc.	0.8	5.65	0.05
Clearwater Analytics Holdings, Inc.	0.1	4.69	0.00
Moelis & Company	0.3	1.33	0.01
Morningstar, Inc.	3.8	–3.93	–0.14
Cohen & Steers, Inc.	1.7	–4.88	–0.07
Essent Group Ltd.	0.4	–5.11	–0.02
Primerica, Inc.	4.8	–6.16	–0.24
FactSet Research Systems Inc.	6.8	–9.92	–0.68

Table II. (continued)

	% of Total Investments (as of 6/30/2024)	Total Return (%)	Contribution to Return (%)
Financials (continued)			
The Carlyle Group Inc.	0.9	–13.70	–0.14
MSCI Inc.	9.8	–13.76	–1.48
Kinsale Capital Group, Inc.	5.1	–26.65	–1.71
Real/Irreplaceable Assets	**16.6**	**–9.33**	**–1.63**
Gaming and Leisure Properties, Inc.	3.3	–0.17	0.02
Douglas Emmett, Inc.	0.7	–2.65	–0.01
Choice Hotels International, Inc.	5.0	–5.60	–0.24
Red Rock Resorts, Inc.	1.5	–7.74	–0.12
Alexandria Real Estate Equities, Inc.	0.9	–8.24	–0.09
Vail Resorts, Inc.	5.0	–18.16	–1.10
Boyd Gaming Corporation	–	–27.35	–0.09
Core Growth	**27.3**	**–10.02**	**–2.86**
Guidewire Software, Inc.	1.7	18.14	0.27
Mettler-Toledo International Inc.	1.2	4.96	0.07
Bio-Techne Corporation	2.5	1.88	0.10
Neogen Corp.	0.3	–0.95	0.01
Bright Horizons Family Solutions, Inc.	1.2	–2.92	–0.02
Gartner, Inc.	9.2	–5.80	–0.54
IDEXX Laboratories, Inc.	3.1	–9.77	–0.32

Table II. (continued)

	% of Total Investments (as of 6/30/2024)	Total Return (%)	Contribution to Return (%)
Core Growth (continued)			
West Pharmaceutical Services, Inc.	1.2	–16.71	–0.30
CoStar Group, Inc.	5.3	–23.25	–1.52
Trex Company, Inc.	1.0	–25.69	–0.34
Krispy Kreme, Inc.	0.7	–29.19	–0.26
Fees	**–**	**–0.29**	**–0.29**
Total	**100.0***	**–8.25****	**–8.25****

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

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

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

Our investments in **Real/Irreplaceable Assets**, **Core Growth**, and **Financials** represent between 16.6% and 47.2% of the Fund's total investments, and aggregate to 91.1%. Another 8.9% of total investments are invested in businesses that we consider to be **Disruptive Growth** businesses, which we believe offer greater growth potential, albeit with more risk relative to other investments. We believe this balance appropriately reflects our goal to generate superior returns over time with less risk than the Benchmark. As shown in the table above, our Disruptive Growth investments outperformed the Benchmark, while our investments in the other three cohorts trailed the Benchmark in the quarter.

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

	Millennium Internet Bubble to Financial Panic 12/31/1999 to 12/31/2008	Financial Panic to Present 12/31/2008 to 6/30/2024	Millennium Internet Bubble to Present 12/31/1999 to 6/30/2024	Inception 12/31/1994 to 6/30/2024
Alpha (%)	5.05	3.38	5.01	6.51
Beta	0.58	0.81	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 6/30/2024		Millennium Internet Bubble to Present 12/31/1999 to 6/30/2024		Inception 12/31/1994 to 6/30/2024	
	Value $10,000	Annualized	Value $10,000	Annualized	Value $10,000	Annualized	Value $10,000	Annualized
Baron Growth Fund	$12,448	2.46%	$70,530	13.43%	$87,799	9.27%	$324,776	12.52%
Russell 2000 Growth Index	$ 6,476	–4.71%	$57,708	11.97%	$37,370	5.53%	$ 89,140	7.70%
Russell 3000 Index	$ 7,634	–2.95%	$79,339	14.30%	$60,570	7.63%	$199,650	10.68%

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

The Fund has meaningfully outperformed its Benchmark over the long term. The Fund has gained 12.52% on an annualized basis since its inception on December 31, 1994, which exceeds that of the Benchmark by 4.82% and the Russell 3000 Index by 1.84%, 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 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 13.43%, which has exceeded that of its Benchmark by 1.46% 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 $324,776 on June 30, 2024. This is approximately 3.6 times greater than the $89,140 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 June 30, 2024

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
Arch Capital Group Ltd.	2002	$0.4	$37.9	9.14%	1.05%
Guidewire Software, Inc.	2012	1.3	11.4	18.14	0.27
Altair Engineering Inc.	2017	1.1	8.1	13.85	0.12
Bio-Techne Corporation	2009	2.1	11.3	1.88	0.10
Mettler-Toledo International Inc.	2008	2.4	29.8	4.96	0.07

Specialty insurer **Arch Capital Group Ltd.** contributed to performance after reporting positive financial results that exceeded Street expectations. Operating ROE was 21% in the first quarter, and book value per share rose 40% due to strong underwriting profitability and the establishment of a deferred tax asset at the end of 2023. Favorable conditions persist in the P&C insurance market with strong growth and attractive returns despite signs of increasing competition. We continue to own the stock due to Arch's capable management team and our expectation of significant growth in earnings and book value.

Shares of P&C insurance software vendor **Guidewire Software, Inc.** contributed to performance for the quarter. After a multi-year transition period, we believe the company's cloud transition is substantially over. We believe that cloud will be the sole path forward, with annual recurring revenue (ARR) benefiting from new customer wins and migrations of the existing customer base to InsuranceSuite Cloud. We also expect the company to shift R&D resources from infrastructure investment to product development, which will help to drive cross sales into its sticky installed base and potentially accelerate ARR over time. We are also encouraged by Guidewire's subscription gross margin expansion, which improved by more than 1,000 basis points in its most recently reported quarter. We believe that Guidewire will be the critical software vendor for the global P&C insurance industry, capturing 30% to 50% of its $15 billion to $30 billion total addressable market and generating margins above 40%.

The stock of **Altair Engineering Inc.**, a prominent player in the multi-billion-dollar Computer Aided Simulation market, contributed to performance. Better-than-expected quarterly results and an optimistic demand outlook from management drove the stock's upward movement. While macro commentary across software companies was mixed this quarter, Altair's leadership noted improving demand trends. The company is also poised to benefit from go-to-market changes, including increased partner traction, sales force verticalization, pricing adjustments, and enhanced cross-selling efforts across product segments. The potential acquisition of a key competitor, **ANSYS, Inc.,** could position Altair as a standalone simulation software company in the public market, potentially boosting investor interest. We expect Altair will continue to benefit from the ongoing increase in product complexity, requiring customers to adopt more simulation while reducing compute costs, and product innovation should allow it to be adopted by a broader set of users within Altair's customers.

Table VI.

Top detractors from performance for the quarter ended June 30, 2024

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
Kinsale Capital Group, Inc.	2016	$0.6	$ 9.0	–26.65%	–1.71%
CoStar Group, Inc.	2004	0.7	30.3	–23.25	–1.52
MSCI Inc.	2007	1.8	38.2	–13.76	–1.48
Vail Resorts, Inc.	1997	0.2	6.8	–18.16	–1.10
FactSet Research Systems Inc.	2006	2.5	15.6	–9.92	–0.68

Shares of specialty insurer **Kinsale Capital Group, Inc.** gave back some gains from earlier this year after the company reported slower premium growth in the first quarter. Earnings beat Street expectations with 44% EPS growth and 43% growth in book value per share. However, investors focused on the slowdown in gross written premiums to 25% growth from 34% last quarter, reflecting tough comparisons and moderating growth in property insurance. 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.

CoStar Group, Inc. is a provider of marketing and data analytics services to the real estate industry. Shares detracted from performance in the quarter along with the broader software sector. Most software companies experienced a slowdown in new sales activity in early 2024, leading to guidance reductions and multiple compression. We believe CoStar shares were also impacted by concerns that the company's second quarter financial results will show a deceleration in net new sales of its residential product following outstanding first quarter performance. We remain encouraged by traction in CoStar's residential offering although recognize that progress may not be linear. CoStar began to monetize its new Homes.com platform in February. We believe early momentum can be amplified by the recent NAR class action settlement, which has the potential to disrupt the residential brokerage industry and enhance the return on investment for brokers advertising on Homes.com.

Shares of **MSCI Inc.**, a leading provider of investment decision support tools, detracted from performance. The company reported mixed Q1 2024 earnings as its end market remained choppy, leading to elevated client cancelations and a more muted new sales environment. Despite this 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.

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 June 30, 2024, our weighted average holding period was 16.9 years. This is dramatically longer than most other small-cap growth funds, which, according to Morningstar, turn over about 71% of their portfolios annually based on an average for the last three years. The portfolio's 10 largest positions have a weighted average holding period of 18.7 years, ranging from a 7.6-year investment in **Kinsale Capital Group, Inc.** to investments in **Choice Hotels International, Inc.** and **Vail Resorts, Inc.** that now both exceed 27 years. We have held 24 investments, representing 89.0% of the Fund's total investments, for more than 10 years. We have held 11 investments, representing 11.0% of the Fund's total investments, 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
Arch Capital Group Ltd.	2002	3,429%	17.4%
Choice Hotels International, Inc.	1996	3,289	13.6
IDEXX Laboratories, Inc.	2005	3,285	19.9
MSCI Inc.	2007	2,047	20.3
Gartner, Inc.	2007	1,928	19.6
Mettler-Toledo International Inc.	2008	1,837	21.0
CoStar Group, Inc.	2004	1,752	16.0
Morningstar, Inc.	2005	1,541	15.7
Primerica, Inc.	2010	1,305	20.4
Cohen & Steers, Inc.	2004	1,269	14.1
ANSYS, Inc.	2009	1,137	17.7

The cohort of investments that we have held for more than 10 years earned a weighted average annualized rate of return of 16.3% since we first purchased them. This exceeded the performance of the Fund's Benchmark by 7.7% annualized. Six of these investments have achieved annualized returns that exceeded the Benchmark by more than 10% per year.

Table VIII.
Top performing stocks owned less than 10 years

	Year Acquired	Cumulative Total Return Since Date Acquired	Annualized Return Since Date Acquired
Kinsale Capital Group, Inc.	2016	1,353%	42.4%
Altair Engineering Inc.	2017	436	28.7
Moelis & Company	2015	306	16.6
Houlihan Lokey, Inc.	2017	278	22.0
Red Rock Resorts, Inc.	2016	268	17.3
Essent Group Ltd.	2016	162	12.9

The cohort of investments that we have held for fewer than 10 years has returned 23.7% annually on a weighted average basis since our initial purchase, exceeding the Benchmark by 15.1% 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 June 30, 2024, we owned 35 investments. The top 10 holdings represented 68.0% of the Fund's total investments, all of which have been held for a minimum of seven years. All were small-cap businesses at the time of purchase and have become top 10 positions through stock appreciation. Our holdings in these stocks have returned 18.9% annually based on weighted average assets since our initial investment, exceeding the Benchmark by an average of 10.6% 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 June 30, 2024

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Total Investments
Arch Capital Group Ltd.	2002	$0.4	$37.9	$908.0	12.7%
MSCI Inc.	2007	1.8	38.2	698.5	9.8
Gartner, Inc.	2007	2.3	34.9	660.1	9.2
FactSet Research Systems Inc.	2006	2.5	15.6	489.9	6.8
CoStar Group, Inc.	2004	0.7	30.3	379.6	5.3
Kinsale Capital Group, Inc.	2016	0.6	9.0	366.0	5.1
Vail Resorts, Inc.	1997	0.2	6.8	360.3	5.0
Choice Hotels International, Inc.	1996	0.4	5.7	357.0	5.0
Primerica, Inc.	2010	1.0	8.1	343.0	4.8
ANSYS, Inc.	2009	2.3	28.1	308.6	4.3

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

Respectfully,

Ronald Baron
CEO and Portfolio Manager

Neal Rosenberg
Portfolio Manager

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

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) was down 6.43% (Institutional Shares) in the second quarter of 2024, trailing the Russell 2000 Growth Index (the Benchmark), which was down 2.92%, and the broader Russell 3000 Index, which rose 3.22% in the quarter. After a strong first quarter, the Fund's performance is now essentially in line with Benchmark year to date, up 4.62% compared with the Benchmark up 4.44%. The Fund is behind the Russell 3000 Index, which was up 13.56% in the first half of 2024, as large-cap stocks continued to significantly outperform small caps.

As shown in Table I below, the Fund outperformed the Benchmark for all longer-term periods listed. Since inception, the Fund has generated an excess return of nearly 400 basis points, which adds up. If you had hypothetically invested $10,000 at the inception of the Fund, some 26 years ago, the value of your investment would be $133,189, which is 2.7 times the value of a hypothetical investment in a fund that tracked the Benchmark.

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PORTFOLIO MANAGER

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

Table I.
Performance†
Annualized for periods ended June 30, 2024

	Baron Small Cap Fund Retail Shares[1,2]	Baron Small Cap Fund Institutional Shares[1,2,3]	Russell 2000 Growth Index[1]	Russell 3000 Index[1]
Three Months[4]	(6.51)%	(6.43)%	(2.92)%	3.22%
Six Months[4]	4.46%	4.62%	4.44%	13.56%
One Year	13.90%	14.18%	9.14%	23.13%
Three Years	(1.16)%	(0.91)%	(4.86)%	8.05%
Five Years	9.02%	9.30%	6.17%	14.14%
Ten Years	9.31%	9.59%	7.39%	12.15%
Fifteen Years	12.64%	12.93%	11.59%	14.49%
Since Inception (September 30, 1997)	10.00%	10.16%	6.18%	8.70%

The broader indexes and the technology heavy NASDAQ Composite Index reached all-time highs in the second quarter, but the rally was very narrow and concentrated, with the continued strong performance of the mega-cap *Magnificent Seven* responsible for all the gains of the larger-cap indexes. Small-cap stocks declined. The market cheered signs of slowing inflation and continued resilient growth in the economy and earnings. Interest rates after rising at first declined as the quarter progressed, and the odds of rate cuts by the Federal Reserve (the Fed) increased. The "goldilocks" scenario of declining inflation coupled with a solid economic environment had market participants anticipating monetary policy easing and a soft landing (i.e., no recession).

Our Fund's losses this quarter were the result of declines in stocks across multiple sectors. Some of the losses came from company specific concerns about near-term fundamentals and others from macro sector worries or just market sector rotation. Our perceived interest rate sensitive Consumer Discretionary and Industrials holdings (**SiteOne Landscape Supply, 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, 2023 was 1.31% and 1.05%, respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit BaronCapitalGroup.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 **Russell 3000® Index** measures the performance of the broad segment of the U.S. equity universe comprised of the largest 3,000 U.S. companies representing approximately 96% 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 CAPITAL
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Installed Business Products, Inc., **Floor & Decor Holdings, Inc.**, and **Trex Company, Inc.**) all declined when near-term housing industry trends weakened, even with interest rates starting to decline. Our Health Care stocks underperformed primarily because **Inspire Medical Systems, Inc.** missed earnings projections, raising questions about the effect of GLP-1 drugs on its growth prospects. Other large Health Care holdings fell for no particular reason, giving back some of the gains made earlier in the year. Even though operating results have been pretty good, many of our Industrials stocks, including **Chart Industries, Inc.** and **Dayforce, Inc.**, declined on concerns about a softening economy. Our Information Technology (IT) holdings were hurt by an unexpected earnings miss and reset by **Sprout Social, Inc.** and continued lackluster near-term growth by IT consulting holdings, **ASGN Incorporated**, **Endava plc**, and **Grid Dynamics Holdings, Inc.** Our Consumer Discretionary holdings also underperformed because of declines from **European Wax Center, Inc.**, which fell after the company reported soft same store sales, and **DraftKings Inc.**, whose shares declined when one of the states in which they provide online gaming services increased the tax rate it charged to do business. Our Financials holdings were dragged down as sales growth at **Kinsale Capital Group, Inc.** slowed down, taking out the gains from the first quarter's performance, which was well ahead of expectations.

Our winners this quarter were companies who reported strong fundamentals. **Vertiv Holdings Co** posted extraordinarily strong orders. **Guidewire Software, Inc.** reported encouraging progress shifting insurance clients to the cloud. **The Baldwin Insurance Group, Inc.** is showing strong momentum in increasing its operating margins. Other winners had similar positive news or positive vibes. **Planet Fitness, Inc.** is raising membership prices, which is expected to lead to higher earnings.

Table II.
Top contributors to performance for the quarter ended June 30, 2024

	Percent Impact
Vertiv Holdings Co	0.59%
Guidewire Software, Inc.	0.57
The Baldwin Insurance Group, Inc.	0.46
Planet Fitness, Inc.	0.31
The Cheesecake Factory, Inc.	0.17

Vertiv Holdings Co, a leading provider of critical digital infrastructure for data centers, contributed during the quarter. As an industry leader in data center cooling and power management, Vertiv is poised to benefit from AI-driven growth in data center spend. The NVIDIA partner network, strong industry relationships, and broad product portfolio that Vertiv maintains enables its participation in the creation of the technology roadmap for the future of the data center. In addition, Vertiv is investing in its capacity to serve this growing end market more effectively. The company also has an extensive global service network to aid customers as they grow. We believe the company has durable competitive advantages and a flexible balance sheet to benefit from the expected significant capital investment in data centers for years to come. Vertiv reported very strong results for the March quarter, with orders up 60%, which highlighted the strong demand it is seeing for its products. We sold some of our position into strength after the runup from the positive report, but still hold a major position in the Fund as we see considerable upside in the shares over time.

Shares of property and casualty (P&C) insurance software vendor **Guidewire Software, Inc.** contributed to performance for the quarter. After a multi-year transition period, we believe the company's cloud transition is substantially over. We believe that cloud will be the sole path forward, with annual recurring revenue (ARR) benefiting from new customer wins and migrations of the existing customer base to Insurance Suite Cloud. We also expect the company to shift R&D resources from infrastructure investment to product development, which will help to drive cross sales into its sticky installed base and potentially accelerate ARR over time. We are also encouraged by Guidewire's subscription gross margin expansion, which improved by more than 1,000 basis points in its most recently reported quarter. We believe that Guidewire will be the critical software vendor for the global P&C insurance industry, capturing 30% to 50% of its $15 billion to $30 billion total addressable market and generating margins above 40%.

Insurance broker **The Baldwin Insurance Group, Inc.** reported first quarter organic revenue growth of 16%, and EBITDA margins expanded meaningfully year-over-year, leading to EBITDA growth of 29%. Margin improvement is expected to continue as the company leverages recent growth investments and focuses on efficiency after years of acquisitions. Also, during the quarter, the company refinanced a portion of its debt, resulting in lower borrowing costs and extended maturities. After a few years of subpar profit growth and the digestion of significant acquisitions, we believe Baldwin is now poised to show more consistent margin progression and free cash flow generation, and garner a higher multiple on compounding earnings.

Other stocks that rose over 15% in the quarter but contributed less to the overall performance of the Fund were **Loar Holdings Inc.**, **Planet Fitness, Inc.**, and **Exponent, Inc.**

Table III.
Top detractors from performance for the quarter ended June 30, 2024

	Percent Impact
Kinsale Capital Group, Inc.	–1.36%
SiteOne Landscape Supply, Inc.	–1.07
Installed Building Products, Inc.	–0.59
ASGN Incorporated	–0.56
Sprout Social, Inc.	–0.56

Shares of specialty insurer **Kinsale Capital Group, Inc.** gave back some gains from earlier this year after the company reported slower premium growth in the first quarter. Earnings beat Street expectations with 44% EPS growth and 43% growth in book value per share. However, investors focused on the slowdown in gross written premiums to 25% growth from 34% last quarter, reflecting tough comparisons and moderating growth in property insurance. 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. Recall that Kinsale was one of our best performers last quarter, and we believe we can endure some volatility to achieve strong long-term returns.

SiteOne Landscape Supply, Inc. is the largest distributor of wholesale landscape supplies in North America. SiteOne sells irrigation, hardscapes, agronomics, and nursery products to landscapers through its network for residential and commercial maintenance, upgrade/repair, and new construction. Shares fell during the quarter after a negative intra-quarter update, with weaker-than-expected demand in upgrade/repair product categories and stronger-than-expected commodity deflation, which together will likely lead to lower full-year results. We believe SiteOne remains well positioned long term as its investments in operational efficiency, technology, and product category management enable it to continue taking share of the fragmented wholesale landscape supplies distribution industry and improve margins, while expanding its product catalog and geographic footprint through consistent M&A. We visited with the company at their headquarters in Atlanta during the quarter and came away with renewed respect for management and their execution. We believe in their journey to gain significant market share through acquisitions and organic growth and increase margins by about 50% over time, and we believe the stock is now very cheap because of the present softness in their sales.

Installed Building Products, Inc. (IBP) is a leading installer of insulation and complementary building products for U.S. residential homes. Shares fell on investor concerns that U.S. housing construction activity levels would slow due to the diminished ability of consumers to afford down payments and monthly mortgage payments, both of which are significantly higher than they were several years ago. We remain confident in our long-term investment thesis, as the U.S. housing market continues to grow, and IBP continues to execute on its multi-prong organic growth strategy, supplemented by highly accretive acquisitions. IBP has been able to unexpectedly grow its EBITDA very significantly over the last few years when single-family housing has been weak, so its outlook is bright as we expect to transition to a better macro environment. The stock has almost tripled off the bottom in 2022, and we have taken some profits along the way to manage the position size.

Other stocks that declined over 20% in the quarter but had less impact on our results were Sprout Social, Inc., Inspire Medical Systems, Inc., Floor & Decor Holdings, Inc., Trex Company, Inc., **WEX Inc.**, Dayforce, Inc., **Ibotta, Inc.**, European Wax Center, Inc., and Endava plc.

Portfolio Structure & Recent Activity

As of June 30, 2024, the Fund had $4.5 billon in net assets and owned 60 stocks. The top 10 stocks in the Fund made up 40.1% of net assets, which is down a bit from last quarter but still on the high end of our historic concentration. The turnover of the Fund is down to 12.5% measured on a 3-year average basis. We suspect this will increase, as we are seeing an increase in IPOs, and we suspect that M&A activity will increase, as the capital markets return to a more normal state.

Table IV.
Top 10 holdings as of June 30, 2024

	Year Acquired	Quarter End Investment Value (millions)	Percent of Net Assets
Vertiv Holdings Co	2019	$329.0	7.3%
Gartner, Inc.	2007	235.8	5.2
ICON Plc	2013	219.4	4.8
Kinsale Capital Group, Inc.	2019	183.0	4.0
Guidewire Software, Inc.	2012	168.9	3.7
Red Rock Resorts, Inc.	2016	164.8	3.6
ASGN Incorporated	2012	145.5	3.2
TransDigm Group Incorporated	2006	127.8	2.8
Chart Industries, Inc.	2022	126.3	2.8
The Baldwin Insurance Group, Inc.	2019	115.3	2.5

The Fund's investments are concentrated in four sectors, as has been the case for a while now. Industrials is the largest category and make up 27.5% of the Fund's net assets. IT is 22.1%, Consumer Discretionary is 15.8%, and Health Care is 11.4%. Compared to the Benchmark, we are notably overweight in Consumer Discretionary and Industrials, and significantly underweight in Health Care. The Benchmark was recently "rebalanced" and our underweight in Health Care stocks is now even more pronounced since biotechnology stocks, which we don't own, have an increased emphasis. This might lead to some confusing relative performance in future quarters.... just saying...but won't affect how we manage the Fund, nor our aversion to holding biotechnology stocks in the Fund because of their binary and volatile nature.

Our approach is to invest in high quality companies across different industry verticals that have similar characteristics – established/leading companies in their niche, very well managed and have significant growth opportunities on the horizon. We have a deep and talented research team to identify and focus on winning businesses that we can invest in for the long term. This leads to a diversified and balanced portfolio that should prosper in most market environments.... hold up better in bad markets and outperform in good ones. Over the past three years, the Fund's upside capture is 103% with downside capture of 91%.

As we have discussed before (please see last quarter's report for details), the market capitalization of the Fund is high because of the success of our small-cap investments, which have grown much larger over time, and our practice to hold on to our "winners" to participate in their long-term success as businesses and stocks. We seek to tame the market cap by buying only small-cap companies and selling shares in our larger market cap holdings. In the quarter just ended, the weighted average market cap of our new purchases, both new ideas and additions to existing holdings was $2.8 billion. Our sales and trims had a weighted average market cap of $16.3 billion. We own just a small fraction of the peak position in our larger market cap stocks, which continue to perform very well. We have held many of them for 15 years or more and we believe strongly that they are additive to our returns and core to our strategy.

Table V.
Top net purchases for the quarter ended June 30, 2024

	Year Acquired	Quarter End Market Cap (billions)	Net Amount Purchased (millions)
Ibotta, Inc.	2024	$2.3	$33.9
Driven Brands Holdings Inc.	2021	2.1	13.1
ODDITY Tech Ltd.	2023	2.2	6.4
Loar Holdings Inc.	2024	4.8	6.3
Clearwater Analytics Holdings, Inc.	2021	4.6	3.3

We initiated a position in **Ibotta, Inc**. in its April IPO. Ibotta offers cashback rewards on various purchases through its Ibotta Performance Network (IPN) and direct-to-consumer app. Ibotta partners with retailers (e.g., Family Dollar and Kroger) who want to offer loyalty programs, and earns money from brands (e.g., Nestle and Unilever) who want to offer digital cashback rewards on their products. For example, brands find these cashback rewards useful as a measurable way to attract customers away from private label brands and launch new items. Ibotta gets paid on a measurable basis, averaging $0.80 per cashback redemption. In total, Ibotta serves over 2,400 brands, and through its third-party retailer network, reaches over 200 million potential end consumers ("redeemers"). Given the scalability of offering online rewards across its platform, Ibotta has a highly profitable and cash flow generative model, with 70% incremental margins in its third-party business.

Ibotta was founded in 2011 as a direct-to-consumer app in a highly competitive space. In 2021, Ibotta began powering cashback rewards programs with the IPN for large third-party retailers, which is a much faster growing space and is already half of Ibotta's revenue today. To date, Ibotta has credited American consumers with $1.8 billion in cash rewards through its network. With the IPN, Ibotta competes in a very large, digital total addressable market, and we believe that Ibotta, which enables effective return on brand spending, has significant room to grow from a base of $320 million in revenue in 2023.

Competitively, Ibotta is the clear leader in providing consumer rewards/incentives for large retailers, with more meaningful scale, better technology, and sharper focus than legacy competitors. We believe it would be very difficult to replicate Ibotta's relationships with 2,400 brands and 85 retailer point-of-sale integrations offering item-level transaction data. We also believe this is a market where there should be a winner that takes most/all, and we believe Ibotta is on track to be that winner. While this shift will take time, Ibotta's deep partnership with Walmart should be a catalyst. Ibotta has signed an exclusive multi-year deal to power all cashback rewards for Walmart, which we believe will expand its redeemer base substantially and attract other retailers who look to follow Walmart's lead.

At the end of May, Ibotta reported their first quarter as a public company: revenue grew 52% year-over-year to $82 million and adjusted EBITDA 28%. However, Ibotta's second quarter guidance was a bit soft (versus expectations), which we believe is because Walmart and other retailers are still ramping and remain far from maturity. With the stock trading down, we find Ibotta's valuation attractive and added to our initial position.

We initiated a position in **Loar Holdings Inc.** as part of the company's IPO. Founded in 2012, Loar is a niche aerospace parts manufacturer with an 85% proprietary portfolio and over half of revenue focused on the high margin aftermarket channel. Loar's business comprises roughly 15,000 products with around 1,400 employees and 12 manufacturing locations. We believe Loar can grow revenue 10% organically supplemented by a disciplined acquisition strategy that has allowed the integration of 16 acquisitions over the past 12 years. This exceptionally strong M&A franchise has been integral to the 38% sales and 46% EBITDA CAGR since inception. Given secular aerospace tailwinds, strength of the business model, and a management team with over a decade of proven success, we see a long runway of growth ahead for the company to compound EBITDA organically in the mid-teens with a potential double-digit addition from M&A.

We added to our position in **Driven Brands Holdings Inc**. on the belief that the stock price does not reflect the quality of the underlying assets and the ability of management to unlock this value with portfolio restructuring.

Table VI.
Top net sales for the quarter ended June 30, 2024

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap or Market Cap When Sold (billions)	Net Amount Sold (millions)
Vertiv Holdings Co	2019	$1.0	$32.4	$97.3
Installed Building Products, Inc.	2017	2.4	5.9	24.5
Mercury Systems, Inc.	2016	0.8	1.6	18.7
European Wax Center, Inc.	2021	0.7	0.6	14.2
ASGN Incorporated	2012	0.9	4.0	9.9

We decreased our holdings in **Vertiv Holdings Co** to manage the position size after the stock's 83% ascent year-to-date. We have sold about half of our peak position in Vertiv over the last year as the stock has been a tremendous success and we need to manage the Fund's market cap. We trimmed **Installed Building Products, Inc.** into strength, as mentioned before. We sold out of **Mercury Systems, Inc.** after years of disappointing operational issues and unclear timing of improved financial results. We trimmed **European Wax Center, Inc.** this quarter as business has slowed and key performance indicators have deteriorated.

Outlook

The stock market has acted well to begin the third quarter of 2024. There is growing evidence inflation is cooling and the economy is slowing. Interest rates have declined, and there is now more conviction that trends are in place to enable the Fed to begin cutting interest rates this fall. This has been greeted positively by the market participants, as lower rates are a positive catalyst to future economic growth and higher stock multiples.

The somewhat softer economic readings corroborate what we have been hearing from our holdings. Consumer spending is slowing and labor markets, the pace of both hiring and wage increases, are starting to show some cracks. The slowdown feels modest. But as we enter earnings season, our expectations about the near term are moderated. The path of future earnings growth will be a key determinant to how stocks act from here.

There has been a noticeable recent rotation into small-cap stocks, which we find welcome and overdue. The catalyst seems to be the latest benign CPI report, pointing to lower inflation, and the increasing likelihood of a Trump victory in the upcoming election, which is considered better for economic growth because of expectations of lower tax rates and less regulation. The performance of small-cap stocks has significantly lagged larger caps for years, and the trends are even more pronounced recently. Small caps now trade at a valuation discount, which is unusual because they typically grow faster. In the past, small caps have performed well when interest rates are cut, and the economy improves. The key will be if the economy is near its inflection point towards improvement or in a decelerating trend, caused by the extremely tight monetary conditions of the last couple of years.

The bull case from here is that the Fed can commence monetary policy easing while growth holds on at reasonably healthy levels and there is no recession looming. That earnings outlook will improve, especially as rates decline, which would drive improvement in consumer sentiment and unlock growth in the important housing market. And though the market indexes are near highs, most stocks have not participated, which should change to broader participation from index constituents. The bear case is that the economy is just beginning to slow from the weight of the extensive rate hikes, that the U.S. is facing a huge fiscal problem, which will need to be addressed, and that market conditions are stretched with stocks trading at high valuations and sentiment being too bullish. We are cognizant of the debate and are not ashamed to admit we are not sure how this will play out. We would also add that market sentiment is hard to predict, and often overwhelms fundamentals on the short term. Still, we like our holdings and their prospects to compound over time.

Thanks for your interest in the Fund.

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 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 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.

Upside Capture explains how well a fund performs in time periods where the benchmark's returns are greater than zero. **Downside Capture** measures how well a fund performs in time periods where the benchmark's returns are less than zero. **Free cash flow (FCF)** represents the cash that a company generates after accounting for cash outflows to support operations and maintain its capital assets.

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

Dear Baron Opportunity Fund Shareholder:

Performance

During the first quarter, Baron Opportunity Fund® (the Fund) rose 4.43% (Institutional Shares), underperforming the Russell 3000 Growth Index (the Benchmark), which gained 7.80%, and essentially matching the S&P 500 Index, which advanced 4.28%. For the first half of 2024, the Fund posted solid gains, increasing 20.44%, slightly outperforming the Benchmark, which rose 19.90%, and materially beating the S&P 500 Index, which improved 15.29%.

MICHAEL A. LIPPERT

PORTFOLIO MANAGER

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

Table I.
Performance†
Annualized for periods ended June 30, 2024

	Baron Opportunity Fund Retail Shares[1,2]	Baron Opportunity Fund Institutional Shares[1,2,3]	Russell 3000 Growth Index[1]	S&P 500 Index[1]
Three Months[4]	4.35%	4.43%	7.80%	4.28%
Six Months[4]	20.27%	20.44%	19.90%	15.29%
One Year	31.28%	31.66%	32.22%	24.56%
Three Years	1.17%	1.43%	10.33%	10.01%
Five Years	18.77%	19.07%	18.55%	15.05%
Ten Years	15.98%	16.29%	15.75%	12.86%
Fifteen Years	16.83%	17.14%	16.93%	14.82%
Since Inception (February 29, 2000)	9.60%	9.78%	7.41%	7.87%

Review & Outlook

U.S. equities endured a slow start to the quarter before rising steadily in May and June. Early market weakness was attributed to heightened concerns about inflation, the pace of anticipated Federal Reserve rate cuts, and rising geopolitical tensions in the Middle East. The sell-off proved short lived, however, with the NASDAQ Composite and S&P 500 Indexes hitting new all-time highs on several occasions over the remainder of the quarter, supported by better-than-expected corporate earnings and mixed economic data suggesting inflation continues to moderate.

The *Magnificent Seven* and AI remained the dominant drivers of market returns. The Magnificent Seven group, which consists of Alphabet Inc., **Amazon.com, Inc.**, **Apple Inc.**, **Meta Platforms, Inc.**, **Microsoft Corporation**, **NVIDIA Corporation**, and **Tesla, Inc.**, appreciated 16.9% for the quarter, accounting for all the gains in the Benchmark, the NASDAQ Composite, and the S&P 500 Indexes. For the first half of 2024, the group rose 32.3%, and accounted for 72% of the Benchmark's half-year return. We believe the Magnificent Seven's dominance stems from a perfect storm-like combination of factors, particularly: (1) a market environment still wrestling

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of September 30, 2023 was 1.32% and 1.06%, respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original The Adviser may waive or reimburse certain Fund expenses pursuant to a contract expiring on August 29, 2034, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month-end, visit BaronCapitalGroup.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. 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. 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 CAPITAL
EST 1982

with macroeconomic, geopolitical, and political uncertainties, where apprehensive investors buy the perceived obvious winners and safest stocks first; and (2) the recognition that AI is the most powerful technology platform shift and secular growth driver since the advent of the internet itself, and that in this AI, cloud-connected, digital-first world, the strong tend to be best positioned to capitalize on these trends and become even stronger. More on that below.

Fund performance was a mixed bag for the quarter, and we underperformed the Benchmark during the period. Our overweight positions in AI stalwarts **NVIDIA Corporation** and **Taiwan Semiconductor Manufacturing Company Limited** meaningfully contributed to the Fund's relative performance, as their stocks rose 37% and 28%, respectively. Our private investment in **Space Exploration Technologies Corp.** (SpaceX), a high-profile private company founded by Elon Musk, also contributed to relative performance. SpaceX is literally "going where no company has gone before." Its primary focus is on developing and launching advanced rockets, satellites, and spacecrafts, with the ambitious long-term goal of enabling human colonization of Mars. SpaceX is generating significant value with the rapid expansion of its Starlink broadband service. The company is successfully deploying a vast constellation of Starlink satellites in Earth's orbit, reporting substantial growth in active users, and regularly deploying new and more efficient hardware technology. Furthermore, SpaceX has established itself as a leading launch provider by offering highly reliable and cost-effective launches, leveraging the company's reusable launch technology. Moreover, SpaceX is making tremendous progress on its newest rocket, Starship, which is the largest, most powerful rocket ever flown. This next-generation vehicle represents a significant leap forward in reusability and space exploration capabilities. We value SpaceX using a proprietary valuation model and recent financing transactions. Other top relative contributors were **Guidewire Software, Inc.**, the leading provider of software to the property and casualty insurance industry; **Spotify Technology S.A.**, the world's most popular music and audio streaming service; and **CrowdStrike Holdings, Inc.**, a leading cybersecurity vendor protecting endpoints and cloud workloads, identity, and corporate data from its cloud-native platform.

The Fund's chief relative detractor was Apple, even though it was a contributor to absolute performance. We added Apple to the portfolio for the first time in years (see below). We bought Apple well, but in 20/20 hindsight, we didn't buy enough. Because Apple has an oversized weight in the Benchmark (its average weight was 9.8% for the period), when Apple's stock outperforms (it appreciated 23.0%), it has generally been a headwind to relative performance. Our Apple underweight accounted for 35% of our relative underperformance for the period. The Fund's Health Care investments performed poorly during the quarter, accounting for about half of our relative underperformance. Notable detractors were **Viking Therapeutics, Inc.**, which gave up some gains after posting stunning returns in the first quarter (up more than 350%) off its robust clinical data on its GLP-1/GIP combination weight loss medicine, as well as **Exact Sciences Corporation** and **Rocket Pharmaceuticals, Inc.** Despite this poor performance during the second quarter, our Health Care investments have positively contributed to relative performance on a year-to-date basis.

I read a lot and listen to a lot of technology and market-related podcasts, and the two questions I keep confronting are (1) ***Are we in an AI bubble?*** and (2) ***Is software dead?*** We'd like to provide our investors with a summary of our take on these issues.

AI hype

We do not dispute that there is some hype around AI and the perceived AI winners. History teaches that there is always a hype cycle around significant technology disruptions–initial euphoria, a short period of doubts and questions regarding the significance of the new technology, and then the measured reality of the impact the platform shift is having. We have communicated in these letters and Baron Insights publications that we believe AI is the most significant advancement and technological platform shift impacting our now-digital world since the advent of the internet itself in the mid-1990s, some 30 years ago.

We have been experiencing almost a classic hype cycle over the last 18 months following the ChatGPT moment in late November 2022. Most of this time has been a period of euphoria prompted by the initial introduction and adoption of AI consumer and business applications, announcements and public data releases regarding the improvements in large language models (LLMs), as well as the historic inflection in sales of GPUs,[1] otherwise known as accelerated computing chips, as reflected in the financial results of companies like NVIDIA and **Broadcom Inc.** More recently, however, we've entered the period of doubts and questioning, some of which is real and normal in the first stages of a new paradigm, and some of which is prompted by short sellers. Given the explosive returns of NVIDIA and other AI leaders, AI bears and fear mongers have been comparing the current AI market winners with the internet bubble of the late 1990s/early 2000s, and NVIDIA's stock move today with Cisco's back then. First, while many stocks were trading at nosebleed valuations and on made up metrics (such as price per eyeballs) before the bursting of the internet bubble, as we've said many times, the internet proved to transform our world and create the digital age we are now living in. Second, while NVIDIA's stock price inflection has been nothing short of unprecedented for a company of its size, it was fueled almost entirely by explosive growth in revenues, earnings, and cash flows–not multiple expansion. Over the last 12 months, NVIDIA's stock has effectively tripled, but its forward P/E multiple has remained essentially flat, because NVIDIA blew away Wall Street expectations despite being covered by over 60 sell-side analysts, who have increased their forward projections every single quarter. In my career, the only comparative analogue is when Apple first introduced the iPhone and stunned Wall Street with its growth. In contrast, most of Cisco's move in the late 1990s was due to multiple expansion. At its peak, Cisco traded at a P/E ratio over 130 times, more than quadruple its five-year average of 37 times. At the end of the second quarter, NVIDIA traded at a P/E ratio of 40 times, equal to its five-year average, and at a P/E to growth (or PEG) ratio for 2025 of 0.8 times, as consensus expectations are for NVIDIA to grow earnings per share 40% next year.[2]

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1 GPU = graphics processing unit.
2 FactSet estimates.

Moreover, investor concerns have arisen about the financial impact AI is having and whether surging capital expenditures (capex) across the technology landscape, particularly the large cloud players (Microsoft, Google, Amazon, and Meta), known as the hyperscalers, will be justified and earn reasonable returns on invested capital (ROIC). First, the adoption and penetration of new technology typically traces a classic S-curve–or more precisely, in our view, a series of S-curves or phases. For at least the past year and a half, we've been in what might be called the AI infrastructure-build phase – building the AI factories, as NVIDIA CEO Jensen Huang has articulated it,[3] and this phase has been dominated by the infrastructure-layer players – the accelerated computing chips suppliers like NVIDIA and Broadcom, as well as data center, cloud infrastructure and energy companies. The hyperscalers, other enterprises, and sovereign entities investing ahead understand that if you want to be in the AI game, you must invest now – build the infrastructure, build the factories – or else you'll find yourselves disrupted on the sidelines or playing catch up in the biggest game, the most important race in a technology generation. Only those who invest today even have the chance to be the winners of the future.

While AI technology is new, the investment paradigm is not – upfront investments followed by long-term returns. All AI services of the future will require an AI factory, whether you own or rent one. The four hyperscalers mentioned above, among others, are leading the charge to build these AI factories. The four are expected to spend almost $200 billion on capex this year, a 32% increase over the amount the group spent last year. If you exclude Amazon, which doesn't break out its data center capex from its fulfillment capex, the growth rate is 40%.

At Baron, we have experienced and understand that valuing and calculating the expected returns of a growth opportunity, like AI, which requires heavy investment, can only be done by examining and projecting the long-term opportunity. We are in the earliest, almost preliminary stages, of what might be called the AI application phase. This phase – like the early days of the desktop or mobile internet eras – will take years. As in every prior technology generational shift, some early applications will have an immediate measurable impact, while many applications will fail, and others will require iterations and not be ready for prime time until the 2.0 or 3.0 release. Most companies are still in the proof-of-concept stage while very few are ready for production today.

AI is developing rapidly across industries. Near term, there is a lot of excitement around AI for areas such as consumer chatbots, AI-based customer service, AI-based assistants for a variety of business tasks such as coding, marketing, back office, and more. A handful of AI applications and use cases have already yielded measurable impacts and ROIC. For example, in software development, AI services (from companies like Microsoft, Amazon, and GitLab) – such as code writing, revisions, documentation, vulnerability inspection, etc. – have provided meaningful productivity improvements, with reports of 30% to 60% improvements in developer efficiency.[4] In customer service, generative AI chatbots can handle up to 80% of routine customer inquiries, freeing up human agents to focus on more complex issues, and saving companies 15% to 30% on their customer service operating costs.[5] For the consumer internet players (like Meta, Google, TikTok), their AI investments have improved their core content and advertising platforms – algorithm and bid-rank improvements, more accurate targeting models, increased video engagement, dynamic ad insertion, and more – and have generated impressive ROIC.

Looking forward, published general economic studies have shown that up to $2.4 trillion dollars in capitalized AI investments could generate a 25% ROIC with either operating expense reductions amounting to 5% of global skilled payroll or 3% of global total payroll or revenue generation at levels of 3% of global public company revenues or 2% of global GDP. On the operating expense side, for example, eliminating one software developer would provide up to $250,000 of value or cost savings; cutting one knowledge worker out of a team might accrue up to $150,000. From the revenue generation angle, application-specific sell-side reports have demonstrated that, even at today's pricing levels for AI services such as Microsoft Copilot or Azure AI Cloud, the returns on capital deployed and operating assets are material, though perhaps not as high as current generation cloud software or infrastructure services.[6] Moreover, on NVIDIA's May earnings call, CFO Colette Kress boldly claimed that for every $1 spent on NVIDIA systems, a hyperscaler could "generate $7 in revenue over four years."

To repeat, we believe we are in the earliest stages of a multi-decade disruption. Longer-term avenues of development are broad and include drug discovery, in which the opportunity for AI is significant due to the long timelines for drugs to reach approval and the high probability of failure (90% of drugs fail); planning and running factories and supply chains using digital twins and AI simulation; and using AI to build robots across a variety of use cases (from autonomous machines to autonomous driving to humanoid robots). Multi-domain, multi-industry disruption.

When one considers where we are in AI today, and where we might be in a few years, one cannot ignore the pace of improvements we have already witnessed. The Chief Product Officer of one of our software investments, who is leading that company's AI developments, told us on a recent Zoom that it is "incredible how quickly the AI models are improving." I will just highlight a few.

- Accelerated computing chips: At NVIDIA's June COMPUTEX conference appearance, Jensen Huang presented slides showing that AI compute had improved 1,000 times over the last eight years and energy use had

3 At NVIDIA's recent COMPUTEX conference, Jensen declared: during the industrial revolution, raw materials came into the plant and final products came out; in today's generative AI era, data centers will become AI factories with data as a raw material and tokens as the output. Tokens can represent words, images, videos, or controls of a robot. On the May earnings call Jensen explained: "[W]e build AI factories…AI is not a chip problem only…it's a systems problem." See more comprehensive discussion and quotations below.

4 AI code assistants such as Microsoft GitHub Copilot, Amazon CodeWhisperer, and GitLab Duo. See https://www.mckinsey.com/capabilities/mckinsey-digital/our-insights/unleashing-developer-productivity-with-generative-ai; https://github.blog/2022-09-07-research-quantifying-github-copilots-impact-on-developer-productivity-and-happiness/.

5 See https://www.mckinsey.com/capabilities/mckinsey-digital/our-insights/the-economic-potential-of-generative-ai-the-next-productivity-frontier; https://www.cio.com/article/2112589/wheres-the-roi-for-ai-cios-struggle-to-find-it.html.

6 See for example: NewStreet Research, Microsoft: What's the Real Value of AI? Part II: Will AI ever contribute to free cash flow, dated July 11, 2024. The report showed, among other things, that Copilot and Azure AI could earn approximately 100% and 50% EBITDA (earnings before interest, taxes, depreciation and amortization) returns on operating assets versus approximately 175% for Office365 and 80% for Core Azure.

improved 350 times.[7] NVIDIA's recently introduced Blackwell family of chips can produce performance improvements of up to 4 times faster for training and 30 times for inferencing compared to the prior Hopper generation. Blackwell can deliver 25 times lower total cost of ownership and energy consumption than Hopper, as well. The new Blackwell architecture provides the ability to combine a significant number of GPUs into a "single" large GPU (namely thanks to NVIDIA's networking capabilities), and the company's investor relations commentary stated that they expect Blackwell to be "the new unit of compute."

- LLMs: AI LLM's algorithms are rapidly improving as well. For example, the price of OpenAI's GPT-3 (which cost $20 per 1 million tokens in early 2023) declined 95% with the introduction of the more capable GPT-3.5 Turbo, which costs 95% less at $1 per 1 million tokens, despite being a better model. In a recent AI publication,[8] the author presented his views and evidence that "[t]he pace of [LLM] deep learning progress in the last decade has simply been extraordinary." He argued that OpenAI's "GPT-4 was merely the continuation of a decade of breakneck progress in deep learning. A decade earlier, models could barely identify simple images of cats and dogs; four years earlier, GPT-2 could barely string together semi-plausible sentences. Now we are rapidly saturating all the benchmarks we can come up with. And yet this dramatic progress has merely been the result of consistent trends in scaling up deep learning…Another jump like that very well could take us to [artificial general intelligence], to models as smart as PhDs or experts that can work beside us as coworkers." For GPT-4, released in 2023, he described it as a "smart high schooler" and commented: "Wow, it can write pretty sophisticated code and iteratively debug, it can write intelligently and sophisticatedly about complicated subjects, it can reason through difficult high-school competition math, it's beating the vast majority of high schoolers on whatever tests we can give it, etc." He presented this chart comparing GPT-3.5 and GPT-4 (models already two-to-three years old) to human test-takers:

Performance on common exams (percentile compared to human test-takers)

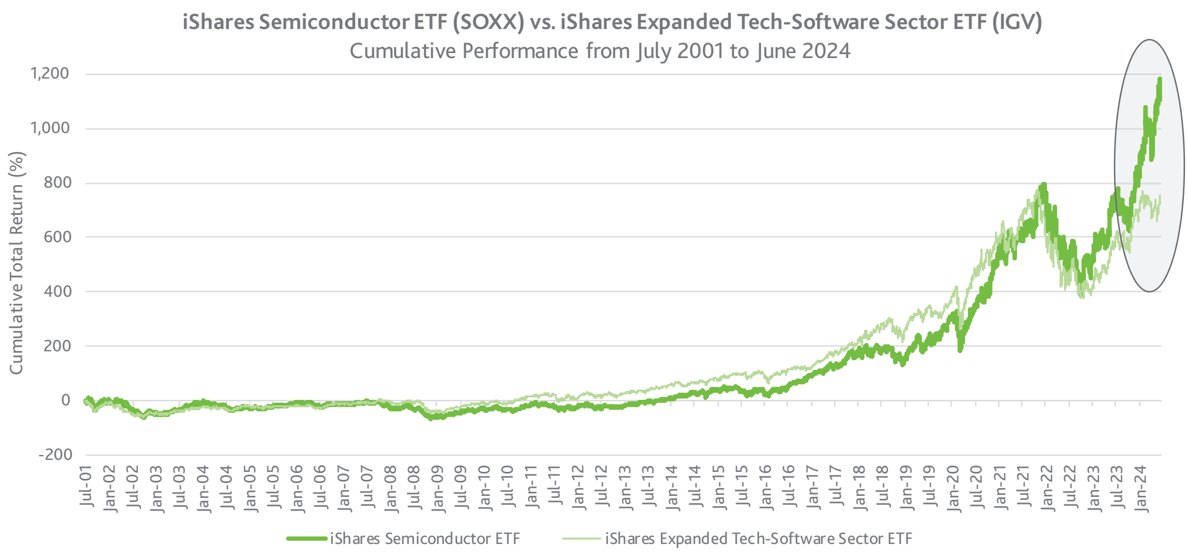
	GPT-4 (2023)	GPT-3.5 (2022)
Uniform Bar Exam	90th	10th
LSAT	88th	40th
SAT	97th	87th
GRE (Verbal)	99th	63rd
GRE (Quantitative)	80th	25th
US Biology Olympiad	99th	32nd
AP Calculus BC	51st	3rd
AP Chemistry	80th	34th
AP Macroeconomics	92nd	40th
AP Statistics	92nd	51st

Source: Situational Awareness – The Decade Ahead, June 6, 2024, Leopold Aschenbrenner

Over time, as models continue to improve, and the cost of running them declines, an increasing number of human tasks could be augmented or replaced entirely by AI. Before long, every digital interaction–whether with business software, consumer apps, robots, cars, etc.–will be AI powered. AI will make humans more productive doing their jobs, developing drugs, designing products, writing software, being creative, and more.

Software

While AI demand and experimentation have clearly benefitted semiconductors stocks (as well as certain energy, industrial, and data center stocks), it has created market uncertainty around the state of software. In fact, year-to-date we have seen the widest discrepancy in semiconductor and software performance in 20 years.



Source: FactSet.

7 In 2016, NVIDIA's Pascal chip performed at 19 trillion floating point operations per second (TFLOPS) vs. 20,000 TFLOPS for NVIDIA's latest-generation Blackwell architecture released in 2024. Over the same period, energy consumption improved from 1,000 GWh for Pascal to 3GWh for Blackwell.

8 See Situational Awareness – The Decade Ahead, June 6, 2024, Leopold Aschenbrenner.

Why has software lagged year to date? First, as we discussed above, the AI application phase – where enterprise software lies – simply comes later on the AI S-curve or series of S curves. In our myopic, short-term focused market, there is simply less investor excitement for software, and most investors are waiting to see the results – in contrast to the results they are seeing for, say, semiconductors – before jumping back into software. As we described earlier, some software applications (we highlighted AI code writing tools) are already having a profound impact, while others are still in the proof-of-concept stage and will require further iteration and 2.0 or subsequent releases before they really impress. Second, during the second quarter several industry bellwethers, including Salesforce.com and Workday, reported soft financial results and issued disappointing guidance. Among the software companies we track, more than half guided their next quarter revenue below Street expectations. These companies cited a series of reasons including longer sales cycles and tighter Information Technology (IT) spend environments. While part of the weakness could be chalked up to IT budget cyclicality, the sudden shift does beg the question: is AI investment "crowding out" software spend? What does that mean for the long-term growth of software businesses? As CIOs and CEOs are under pressure to adopt AI technology and articulate AI strategies, a bearish narrative emerged that some software models are at risk of being displaced or becoming obsolete.

With any technology platform shift – be it on-premise servers to cloud computing, desktop to mobile applications, or automation to intelligence – our job as software investors is to analyze the threat of substitution, the change to competitive dynamics, and the impact on pricing models and unit economics. While AI poses a risk to some software companies, we think the consensus that all software is at risk is incorrect. In our view, the more likely explanation for the longer software sale cycles is that customers are being more thoughtful and strategic in their software vendor selection – they want to find the right longer-term partners whose products support their 3-5-10-year AI initiatives. Thus, we think the software businesses with the right architecture, product roadmaps, and customer value creation track records should see their competitive moats *widen*, not contract, as AI proliferates, and ultimately capture *more* IT budget share over time. To be clear, our investment goal for software, and any other industry vertical, is to own the *winners*, not the group.

In our view, the enterprise software winners will have to be better at delivering AI services and features than build-your-own AI tools, and they will have to use their incumbency or leadership advantages to ward off upstarts. We believe the winners will be the ones that have a well-established product development culture of innovation and iteration; differentiated proprietary, industry, and customer data; distribution advantages with large customer bases, successful go-to-market efforts, and key partners; well-designed workflows where AI improves the user interface, intelligent predictions/recommendations, and automation; and established always-on connectivity and feedback from their customers; among other things.

Here are a few examples of our software investments that we believe are AI winners:

- **Microsoft Corporation**, a leading software vendor, where Azure OpenAI – its suite of AI services that allows customers to apply natural language algorithms on data – is now used by 65% of the Fortune 100, and GitHub Copilot – its AI code writing service – is delivering 40%-plus improvements in developer productivity and now has 1.8 million subscribers.
- **Datadog, Inc.**, a cloud observability platform that the leading LLM providers are using today to monitor their AI apps; these AI customers are already driving nearly $100 million of annual recurring revenue for Datadog already.
- **Samsara Inc.**, a software platform for commercial vehicle fleet and physical operations management that is applying AI to the proprietary data it collects from sensors embedded in over a million vehicles spanning billions of miles driven to prevent hundreds of thousands of accidents a year.

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

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

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

- Consumer Technology: **Apple Inc.**
- Semiconductors: **Broadcom Inc.**
- Software: **Samsara Inc., Cadence Design Systems, Inc.,** and **Datadog, Inc.**
- Biotechnology: **Arcellx, Inc.** and **Legend Biotech Corporation**
- E-commerce: **Shopify Inc.**
- Digital Media: **Spotify Technology S.A.**
- Electric Vehicles: **Tesla, Inc.**

Table II.
Top contributors to performance for the quarter ended June 30, 2024

	Percent Impact
NVIDIA Corporation	4.56%
Microsoft Corporation	0.92
Broadcom Inc.	0.56
Amazon.com, Inc.	0.49
Apple Inc.	0.43

NVIDIA Corporation sells semiconductors, systems, and software for accelerated computing, gaming, and generative AI. NVIDIA's stock continued its run, rising 36.9% in the second quarter and finishing the first half of 2024 up 149.9%. NVIDIA continued to report unprecedented growth at scale, with quarterly revenues of $26 billion growing 262% year-over-year, datacenter segment revenues of $22.6 billion up 427% year-on-year, and operating margins of 69.3%. NVIDIA's growth is even more impressive as it is nearing a new product cycle with Blackwell going into production in the third quarter, which speaks to the urgency of demand for GPUs as customers are not willing to wait for the next generation architecture despite its improved performance-to-cost ratio. The Blackwell architecture, and in particular, the new GB200 NVL72/36 racks, which the company believes would become *"the new unit of compute,"* would in our view: (1) increase the company's content per server (for example an NVL72 rack would have 18 compute trays with 4 Blackwell GPUs and 2 Grace CPU in each, and 9 switch trays with NVIDIA content); and (2) further strengthen its competitive advantages as the demand for datacenter-scale computing grows due to scaling laws (models become more capable with size and as they are trained on more data), new model types (such as Mixture of Experts that increase the demand on sharing of data between GPUs) and model optimization mechanisms (such as tensor parallelism, pipeline parallelism, and expert parallelism – which also increase the demands from the connectivity layer), and increase the relative importance of NVIDIA's networking and full-system capabilities (in particular the capabilities enabled with the latest generation of NVLink–connecting up to 576 GPUs together, up from 8).

While the stock's strong performance has pulled forward some of the longer-term upside (which we manage through position sizing), we remain early in the accelerated computing platform shift and the adoption of AI across industries and therefore remain shareholders. NVIDIA's CEO, Jensen Huang described the opportunity in his June COMPUTEX keynote:

"In the late 1890s, Nikola Tesla invented an AC generator. We invented an AI generator. The AC generator generated electrons. NVIDIA's AI generator generates tokens. Both of these things have large market opportunities. It's completely fungible in almost every industry, and that's why it's a new industrial revolution.

"We have now a new factory producing a new commodity for every industry that is of extraordinary value. And the methodology for doing this is quite scalable, and the methodology of doing this is quite repeatable. Notice how quickly so many different AI models, generative AI models are being invented literally daily. Every single industry is now piling on.

"For the very first time, the IT industry, which is $3 trillion, $3 trillion IT industry is about to create something that can directly serve $100 trillion of industry. No longer just an instrument for information storage or data processing but a factory for generating intelligence for every industry… What started with accelerated computing led to AI, led to generative AI and now an industrial revolution."

Microsoft Corporation is the world's largest software and cloud computing company. Microsoft was traditionally known for its Windows and Office products, but over the last five years it has built a $135 billion run-rate cloud business, including its Azure cloud infrastructure service and its Office 365 and Dynamics 365 cloud-delivered applications. The stock contributed to performance because of continued strong operating results and investor enthusiasm regarding Microsoft's leadership across the secular megatrends of AI and cloud computing. Recent business momentum continued to show evidence of the strength and attractiveness of Microsoft's product portfolio among its customer set: (1) Azure OpenAI – its suite of AI services – is now used by 65% of the Fortune 100 and contributed 7% of Azure revenue (an annualized run rate of $5.2 billion); (2) GitHub Copilot – its AI code writing service – is bending the productivity curve for developers (reports of 40%-plus improvements in developer efficiency) and now has 1.8 million paid subscribers, with growth accelerating to over 35% quarter-over-quarter; and (3) Copilot Studio – its AI application service that makes it easier for anyone to build an application, automate a workflow, or create a Copilot using natural language. 30,000 organizations across every industry have used Copilot Studio to customize Copilot for Microsoft 365 or build their own, up 175% quarter-over- quarter. In the March quarter, Microsoft again reported better-than-expected financial results, highlighted by Microsoft Cloud growing 23% year-over-year, with the fastest commercial bookings in six quarters, and Azure accelerating to 31% constant currency growth, up from 28% in the previous quarter. June quarter guidance came in-line with consensus, but the company provided higher guidance for the most important segment, Intelligent Cloud, on the back of continued strong trends across Azure and Azure OpenAI. We remain confident that Microsoft is one of the best-positioned companies across the overlapping software, cloud computing, and AI landscapes.

Broadcom Inc. is a global technology leader that designs, develops, and supplies a broad range of semiconductor and infrastructure software solutions. The stock rose during the quarter as it reported strong earnings on the back of its two key growth drivers, AI semiconductors and its acquired VMware software business. The company once again increased its outlook for AI-related revenue, now expecting $11 billion or more this year (versus prior guidance for $10 billion), on the back of strength in both hyperscale custom compute and networking chips, where Broadcom maintains dominating share. In networking, Broadcom's solutions are critical to enabling AI training factories to scale towards 100,000 chip clusters in the near term and 1 million chip clusters over the coming years. In AI custom compute, Broadcom designs custom accelerators for large consumer-internet AI companies (such as Google and Meta), who are building increasingly large AI clusters to drive improvements in user engagement and targeted advertising on their consumer media platforms. VMware remains on track to continue rapid sequential growth while simultaneously reducing operating expenses, driving faster-than-expected margin expansion and accretion, as management has simplified the product offering and is converting customers from a license model to subscriptions. We believe VMware will grow beyond the $4 billion near-term quarterly target, well above current analyst expectations. These two factors combined have caused a re-rating to the growth profile for the overall company. To quote CEO Hock Tan, "there is only one Broadcom. Period."

Table III.
Top detractors from performance for the quarter ended June 30, 2024

	Percent Impact
CoStar Group, Inc.	–0.81%
Viking Therapeutics, Inc.	–0.75
Exact Sciences Corporation	–0.54
Advanced Micro Devices, Inc.	–0.34
Dayforce, Inc.	–0.34

Shares of **CoStar Group, Inc.** detracted from performance. We believe that CoStar shares were impacted by concerns that the company's second quarter financial results will show a deceleration in net new sales of its residential product following outstanding first quarter performance. CoStar began to monetize its residential offering in February, and had an excellent start, generating $39 million of net new sales in less than two months. However, the pace of adoption seemed to slow in May and June, leading to share price declines. We believe that few businesses progress linearly and variability in results across quarters is to be expected. We view the residential real estate market as a vast and underpenetrated opportunity. As an asset class, single-family residential properties represent more than $40 trillion of value in the U.S., or around 60% of the total value of U.S. real estate. We estimate that CoStar's residential products will address a total addressable market (TAM) that exceeds $15 billion of annual recurring revenue, or almost four times larger than the company's flagship Suite offering currently serves. We estimate that offering a residential product in international markets could increase that TAM by a further factor of four.

Viking Therapeutics, Inc. develops metabolic disease medicines with a focus on diabetes/obesity and MASH (metabolic steatohepatitis, i.e., fatty liver). Viking's lead asset is VK2735, an injectable and oral version of a GLP-1/GIP combination weight loss medication that directly competes with well-known Eli Lilly & Company products called Mounjaro and Zepbound. Viking's second asset competes with Madrigal Pharmaceutical's just approved MASH asset. Shares exploded in late February when Viking announced positive top-line results from its Phase 2 clinical trial of VK2735. Both of Viking's main assets appear to be more efficacious than their competitors in two exceptionally large revenue end markets. This is the primary basis of our investment thesis, which is only bolstered by what appear to be potentially the largest revenue end markets for the medical industry ever. Shares gave up some of their gains this quarter, however, as biotechnology specialists have leaned into an alternative mechanism for obesity, called amylin inhibition, and have raised doubts that Viking will get acquired (a view we disagree with), as well as a reconstitution of the most well know biotechnology ETF (XBI) that caused forced selling by many long/short strategies to reweight their positions.

We sold our position in **Exact Sciences Corporation** and booked a short-term tax loss after shares dropped precipitously during the second quarter. Exact Sciences is a cancer diagnostics company whose flagship product is Cologuard, a stool-based screening test for colon cancer. The company issued a disappointing first quarter report. On the earnings call, management signaled they would ramp up sales and marketing, raising concerns that they needed to accelerate spending to maintain brand awareness and drive incremental growth. There is also continued concern around emerging competition from liquid biopsies, which are blood-based tests that are more convenient. While we believe there is still a greenfield opportunity among patients not getting any screening done today, the stock is now in the penalty box.

Portfolio Structure

We invest in secular growth and innovative businesses across all market capitalizations, with the bulk of the portfolio landing in the large-cap zone. Morningstar categorizes the Fund as U.S. Large Growth. As of the end of the first quarter, the largest market-cap holding in the Fund was $3.3 trillion and the smallest was $500 million. The median market cap of the Fund was $54.1 billion, and the weighted average market cap was $1.4 trillion.

To end the quarter, the Fund had $1.3 billion of assets under management. We had investments in 42 unique companies. The Fund's top 10 positions accounted for 58.3% of net assets.

Table IV.
Top 10 holdings as of June 30, 2024

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Microsoft Corporation	$3,321.9	$191.5	14.4%
NVIDIA Corporation	3,039.1	178.0	13.4
Amazon.com, Inc.	2,011.1	93.8	7.0
Meta Platforms, Inc.	1,279.1	62.0	4.7
Apple Inc.	3,229.7	57.1	4.3
Tesla, Inc.	631.1	46.5	3.5
Broadcom Inc.	747.4	42.4	3.2
Space Exploration Technologies Corp.	208.2	36.1	2.7
Gartner, Inc.	34.9	35.6	2.7
Advanced Micro Devices, Inc.	262.2	33.6	2.5

Recent Activity

Table V.
Top net purchases for the quarter ended June 30, 2024

	Quarter End Market Cap (billions)	Net Amount Purchased (millions)
Apple Inc.	$3,229.7	$51.8
Broadcom Inc.	747.4	10.3
Samsara Inc.	18.6	9.9
Exact Sciences Corporation	8.7	6.2
Arcellx, Inc.	3.0	4.5

This quarter we re-initiated a position in **Apple Inc.**, a leading technology company known for its innovative consumer electronics products like the iPhone, MacBook, iPad, and Apple Watch. Apple is a leader across its categories and geographies, with a growing installed base that now exceeds 2 billion devices globally. The company's attached services – including the App Store, iCloud, Apple TV+, Apple Music, and Apple Pay – provide a higher margin, recurring revenue stream that both enhances the value proposition for its hardware products and improves the financial profile. Apple now has well over 1 billion subscribers paying for these services, more than double the number it had just 4 years ago. The increasing services mix has led to healthy operating margin improvement, providing more free cash flow for Apple to reinvest in the business and to distribute to shareholders. Throughout its 48-year history, Apple has successfully navigated and capitalized on major technological shifts, from PCs to mobile to cloud computing. We believe the company's leading brand and device ecosystem position it to do equally well in the AI age, and this was the driver of our decision to re-invest. "Apple Intelligence" – the AI strategy unveiled at Apple's recent Worldwide Developer Conference – leverages on-device AI and integrations with tools like ChatGPT to enhance user experiences across its ecosystem. The AI suite enables users to create new images, summarize and generate text, and use Siri to perform actions across their mobile applications, all while maintaining user privacy and security. We think Apple Intelligence can drive accelerated product upgrade cycles and higher demand for Apple services. The combination of growth re-acceleration, increasing services contribution, and thoughtful capital allocation should continue driving long-term shareholder value.

We continued to build our position in **Broadcom Inc.** as we have increased conviction in its AI and VMware growth opportunities. Among companies with similar AI exposure, Broadcom has a reasonable absolute valuation, and its track record of execution and long-term shareholder value creation is remarkable. We remain excited about Broadcom's long-term prospects.

We initiated a position in **Samsara Inc.** during the quarter. Samsara provides a cloud software platform for commercial vehicle telematics, video-based driver safety, driver workflow automation, and industrial equipment monitoring. Its software collects and analyzes data from sensors and cameras installed in its customers' commercial trucks, construction equipment, warehouses, and other assets, helping companies visualize and improve the state of their operations. More than 17,500 customers in the transportation, field services, construction, utilities, and other industries have adopted Samsara, and last year the company became one of the fastest software companies ever to reach $1 billion in annual recurring revenue (ARR). Samsara has been winning share from competitors in the $51 billion connected fleet software market due to its superior cloud native architecture, ability to address multiple use cases in a single platform, and its rapid product release cycle. As Samsara continues to expand its connected asset base, it is building an unmatched data asset that it is using to drive better outcomes for its customers. Capturing more than 9 trillion data points from over 44 billion hours of camera footage across millions of miles driven, Samsara uses AI to help companies optimize their vehicle routes, prevent accidents, improve asset utilization, reduce fuel expenses, and lower insurance premiums. In 2023, across its customer base, the company prevented 200,000 accidents and reduced carbon emissions by 2.3 billion pounds. We see a long runway for growth as Samsara expands in existing accounts and wins new logos. Samsara is less than 50% penetrated in its existing customers' vehicle fleets and has a significant opportunity to cross-sell newer non-vehicle products (which already account for $125 million of ARR) into its base. The company has also increased its customer count by more than 20% year-over-year every quarter and identified hundreds of thousands of potential new accounts to win. As it has scaled, Samsara has delivered healthy operating leverage, and we think free cash flow margins can ultimately expand beyond 20% longer term.

Table VI.
Top net sales for the quarter ended June 30, 2024

	Quarter End Market Cap or Market Cap When Sold (billions)	Net Amount Sold (millions)
NVIDIA Corporation	$3,039.1	$27.1
Shockwave Medical, Inc.	12.3	19.4
Workday, Inc.	58.6	19.2
Take-Two Interactive Software, Inc.	26.5	12.5
Astera Labs, Inc.	10.8	10.7

We slightly trimmed our investment in **NVIDIA Corporation** to manage its position size and take some profits, but it remains a high conviction idea, the second largest investment in the Fund, and our largest overweight position versus the Benchmark.

We sold our successful investment in **Shockwave Medical, Inc.**, after the company announced its acquisition by Johnson & Johnson for $335 per share in cash.

We exited our investment in **Workday, Inc.**, and spread that capital around to several of our other software investments, including new positions in Samsara (discussed above) and Cadence Design, as well as an increase in our Datadog investment.

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 BaronCapitalGroup.com. Please read them carefully before investing.

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

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

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

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

Free cash flow yield is a financial solvency ratio that compares the free cash flow per share a company is expected to earn against its market value per share. **Price/Earnings Ratio or PE (next 12-months)**: is a valuation ratio of a company's current share price compared to its mean forecasted 4 quarter sum earnings per share over the next twelve months. If a company's EPS estimate is negative, it is excluded from the portfolio-level calculation.

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

Dear Baron Partners Fund Shareholder:

Performance

Baron Partners Fund® (the Fund) rose modestly in the second quarter of 2024, but meaningfully exceeded its primary benchmark, the Russell Midcap Growth Index (the Index). The Fund increased 1.02% (Institutional Shares) and the Index declined 3.21%. The large-cap technology dominated Russell 3000 Index was up 3.22% in the period. The Morningstar Large Growth Category Average (the Peer Group) increased 4.94%.*

Table I.
Performance
Annualized for periods ended June 30, 2024

	Baron Partners Fund Retail Shares[1,2,3]	Baron Partners Fund Institutional Shares[1,2,3,4]	Russell Midcap Growth Index[2]	Russell 3000 Index[2]
Three Months[5]	0.97%	1.02%	(3.21)%	3.22%
Six Months[5]	(8.19)%	(8.07)%	5.98%	13.56%
One Year	(7.74)%	(7.51)%	15.05%	23.13%
Three Years	(1.67)%	(1.42)%	(0.08)%	8.05%
Five Years	23.29%	23.62%	9.93%	14.14%
Ten Years	16.67%	16.98%	10.51%	12.15%
Fifteen Years	18.94%	19.25%	13.95%	14.49%
Since Conversion (April 30, 2003)	15.82%	16.03%	10.93%	11.40%
Since Inception (January 31,1992)	14.48%	14.62%	9.95%	10.37%

MICHAEL BARON
CO-PRESIDENT AND
PORTFOLIO MANAGER

RON BARON
CEO AND
PORTFOLIO MANAGER

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

The Fund has made little progress in the past three years. Its results in the first half of 2024 have caused the Fund's three-year return to trail the Index's. Over the past three years, the Fund's annualized return was negative 1.42% compared to the Index's annual deterioration of 0.08%.

Over the longer term, however, the Fund's absolute and relative performance remains strong. The Fund's annualized returns over the past 5, 10, and 15 years are 23.62%, 16.98%, and 19.25%, respectively. These returns compare favorably to the Index's annualized returns of 9.93%, 10.51%, and 13.95%, respectively.

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares as of December 31, 2023 was 2.24% (comprised of operating expenses of 1.30% and interest expense of 0.94%) and Institutional Shares was 1.99% (comprised of operating expenses of 1.04% and interest expense of 0.95%). The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser may waive or reimburse certain Fund expenses pursuant to a contract expiring on August 29, 2034, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit BaronCapitalGroup.com or call 1-800-99-BARON.

* As of 6/30/2024, the annualized returns of the Morningstar Large Growth Category average were 29.15%, 15.08%, and 13.40% for the 1-, 5-, and 10-year periods, respectively.

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

2 The **Russell Midcap® Growth Index** measures the performance of medium-sized U.S. companies that are classified as growth. The **Russell 3000® Index** measures the performance of the largest 3,000 U.S. companies representing approximately 96% 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 Midcap® 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.

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

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

5 Not annualized.

BARON CAPITAL
EST 1982

As we have stated previously, our unique and consistent investment strategy has not changed since the Fund's inception in 1992 as a private partnership and subsequent conversion from a partnership to a mutual fund in 2003. And this investment strategy has remained consistent during the recent turbulent market.** Baron Partners Fund is the **number one** performing U.S equity fund (out of 2,059 share classes) since its conversion to a mutual fund in 2003. Our strategy is straightforward. It is to OWN competitively advantaged, well-managed, principally publicly owned, growth businesses. It is not to trade stocks or to predict macroeconomic events. The Fund's portfolio is concentrated with its top 10 holdings often representing 80% or more of the Fund's total investments. The Fund also uses leverage.

Since the market highs in November 2021, stocks of small and mid-cap growth businesses have been challenged. High inflation, increasing interest rates, and lower consumer and corporate confidence have disproportionately impacted these businesses. Mega-cap growth businesses, with new AI products, have contributed to the vast majority of broader market returns. Despite the Fund's portfolio that favors a currently overlooked segment of the investment universe, the Fund has mostly protected client capital. However, there has been volatility in performance.

The most recent quarter was no different. The modest 1.02% appreciation over the course of the three-month period masks significant intra-quarter volatility. The Fund declined 10.04% from March 31 through April 22 before rebounding 12.30% by the end of June. We believe attempting to time these movements would be futile. Instead, we continue to own a concentrated portfolio diversified by business types. We believe this reduces volatility during difficult periods. Different categories tend not to act similarly. This quarter's results are in accord with that.

Our **Disruptive Growth** segment had the greatest appreciation in the quarter. Contribution to returns were led by **Tesla, Inc.**, **Space Exploration Technologies Corp.**, and **Spotify Technology S.A.** All three companies rose double digits in the period. As discussed in the Fund's prior shareholder letter, the fears about Tesla's products were misplaced. Instead of the company being exclusively dependent on limited vehicle models and software advancement, the company announced it will more rapidly introduce products that appeal to a wider audience. It also demonstrated that its price reductions were the result of efficiencies rather than only to spur demand. Margins exceeded expectations. And the company's integration of its hardware with proprietary AI software should facilitate full self-driving capabilities and subsequent new revenue streams. This integration of hardware with software creates a dynamic growth company as it more fully explores its potential with Optimus, humanoid robotics. The combination of these catalysts resulted in Tesla's stock increasing meaningfully and rapidly in the second half of the quarter. This stock price momentum has continued into the next period.

Companies in the **Financials** category had varied performance, but still exceeded Index returns as a group. Traditional financial companies like **The Charles Schwab Corporation** and **Arch Capital Group Ltd.** benefited from improving macro conditions and strong demand for their financial services. However, the financial technology companies **FactSet Research Systems Inc.** and **MSCI Inc.** had more cautionary corporate customers. Prolonged sales cycles impacted the growth in both companies. We believe this phenomenon is temporary as their products are increasingly critical in enabling clients expanding into new categories.

The weakness mostly stemmed from real estate-related businesses. Including the top 10 holding position **CoStar Group, Inc.**, which produces real estate data and analytics, the extended real estate category was down 14.6%. Higher interest rates and cautionary consumers impacted property valuations and hotel visitations.

We do not believe the last three years' performance results are indicative of the quality composition of this portfolio. Over the prior three years, the portfolio's holdings have had sales growth of 28.6%. That compares to only 19.3% for the Index. Yet, its earnings per share growth is more in line with the Index's. These portfolio companies continue to penalize short-term earnings for longer-term opportunities. Once these investments are realized

** **This is a hypothetical ranking created by Baron Capital using Morningstar data and is as of 6/30/2024. There were 2,059 share classes in the nine Morningstar Categories mentioned below for the period from 4/30/2003 to 3/31/2024.**

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

As of 6/30/2024, the Morningstar Large Growth Category consisted of 1,162, 1,019, and 794 share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Partners Fund (Institutional Shares) in the 100th, 1st, 6th, and 1st percentiles for the 1-, 5-, 10-year, and since conversion periods, respectively. The Fund converted into a mutual Fund on 4/30/2003, and the category consisted of 728 share classes. On an absolute basis,

Morningstar ranked Baron Partners Fund Institutional Share Class as the 1,160th, 2nd, 31st, and 1st best performing share class in its Category, for the1-, 5-, 10-year, and since conversion periods, respectively.

Morningstar calculates the Morningstar Large Growth Category Average performance and rankings using its Fractional Weighting methodology. Morningstar rankings are based on total returns and do not include sales charges. Total returns do account for management, administrative, and 12b-1 fees and other costs automatically deducted from fund assets.

or stock market sentiment changes, we believe the Fund will perform quite well. And we are starting to see beginning signs of this absolute and relative performance. The strong results in the second half of the second quarter have continued into the first few weeks of July.

Table II.

Total returns by category for the three months ended June 30, 2024

	% of Gross Assets (as of 6/30/2024)	Total Return (%)	Contribution to Return (%)
Disruptive Growth	**44.2**	**12.85**	**5.95**
Spotify Technology S.A.	1.1	18.90	0.21
Space Exploration Technologies Corp.	13.2	15.46	2.19
Tesla, Inc.	28.9	12.38	3.51
Iridium Communications Inc.	0.7	2.18	0.04
X Holding Corp.	0.2	–	–
Northvolt AB	0.1	-0.02	-0.00
Financials	**20.3**	**0.71**	**0.25**
Arch Capital Group Ltd.	9.5	9.14	1.00
The Charles Schwab Corporation	4.8	2.20	0.20
FactSet Research Systems Inc.	4.3	-9.92	-0.58
MSCI Inc.	1.8	-13.76	-0.38
Russell Midcap Growth Index		**-3.21**	
Real/Irreplaceable Assets	**13.6**	**-8.45**	**-1.52**
Gaming and Leisure Properties, Inc.	1.2	-0.17	0.00
Hyatt Hotels Corporation	7.3	-4.73	-0.42
Red Rock Resorts, Inc.	1.5	-7.73	-0.14
Vail Resorts, Inc.	3.5	-18.20	-0.96
Core Growth	**21.9**	**-10.80**	**-3.12**
Guidewire Software, Inc.	1.8	18.15	0.37
HEICO Corporation	0.7	16.32	0.13
Birkenstock Holding plc	1.4	15.15	0.26
StubHub Holdings, Inc.	0.7	-0.36	-0.00
Gartner, Inc.	4.5	-5.80	-0.33
IDEXX Laboratories, Inc.	5.0	-9.77	-0.62
CoStar Group, Inc.	7.9	-23.25	-2.93
Fees	**–**	**-0.56**	**-0.56**
Total	**100.0***	**1.00****	**1.00****

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

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

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

Table III.

Top contributors to performance for the quarter ended June 30, 2024

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
Tesla, Inc.	2014	$21.9	$631.1	12.38%	3.51%
Space Exploration Technologies Corp.	2017	21.6	208.2	15.46	2.19
Arch Capital Group Ltd.	2002	0.6	37.9	9.14	1.00
Guidewire Software, Inc.	2017	6.0	11.4	18.15	0.37
Birkenstock Holding plc	2023	7.6	10.2	15.15	0.26

Tesla, Inc. manufactures electric vehicles, related software and components, and solar and energy storage products. The stock contributed as Tesla continued to drive vehicle manufacturing costs lower, accelerate the launch of new models, and invest heavily in its lucrative AI initiatives. Shareholders reaffirmed the CEO's compensation plan, alleviating personnel and legal uncertainties. Despite material operational complexities resulting in significant shutdowns of key manufacturing facilities and lower sales volume, Tesla presented better-than-expected margins in the quarter. It expects to launch a lower cost model as soon as late 2024, which should result in accelerated revenue growth, reduced manufacturing costs, and increased factory utilization. The company continued to advance its autonomous driving capabilities, expanding its already significant data centers and developing its humanoid robot Optimus. These investments increased confidence in the attractive growth opportunities that remain ahead.

Space Exploration Technologies Corp. (SpaceX) is a high-profile private company founded by Elon Musk. Its primary focus is on developing and launching advanced rockets, satellites, and spacecrafts, with the ambitious long-term goal of enabling human colonization of Mars. SpaceX is generating significant value with the rapid expansion of its Starlink broadband service. The company is successfully deploying a vast constellation of Starlink satellites in low Earth orbit, reporting substantial growth in active users, and regularly deploying new and more efficient hardware technology. Furthermore, SpaceX has established itself as a leading launch provider by offering highly reliable and cost-effective launches, leveraging the company's reusable launch technology. SpaceX capabilities extend to strategic services such as crewed space flights. Moreover, SpaceX is making tremendous progress on its newest rocket, Starship, which is the largest, most powerful rocket ever flown. This next-generation vehicle represents a significant leap forward in reusability and space exploration capabilities. We value SpaceX using prices of recent financing transactions.

Specialty insurer **Arch Capital Group Ltd.** contributed to performance after reporting positive financial results that exceeded Street expectations. Operating ROE was 21% in the first quarter, and book value per share rose 40% due to strong underwriting profitability and the establishment of a deferred tax asset at the end of 2023. Favorable conditions persist in the P&C insurance market with strong growth and attractive returns despite signs of increasing competition. We continue to own the stock due to Arch's capable management team and our expectation of significant growth in earnings and book value.

Table IV.
Top detractors from performance for the quarter ended June 30, 2024

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
CoStar Group, Inc.	2005	$0.7	$30.3	-23.25%	-2.93%
Vail Resorts, Inc.	2008	1.6	6.8	-18.20	-0.96
IDEXX Laboratories, Inc.	2013	4.7	40.2	-9.77	-0.62
FactSet Research Systems Inc.	2007	2.7	15.6	-9.92	-0.58
Hyatt Hotels Corporation	2009	4.2	15.4	-4.73	-0.42

CoStar Group, Inc. is a provider of marketing and data analytics services to the real estate industry. Shares detracted from performance in the quarter along with the broader software sector. Most software companies experienced a slowdown in new sales activity in early 2024, leading to guidance reductions and multiple compression. We believe CoStar shares were also impacted by concerns that the company's second quarter financial results will show a deceleration in net new sales of its residential product following outstanding first quarter performance. We remain encouraged by traction in CoStar's residential offering although recognize that progress may not be linear. CoStar began to monetize its new Homes.com platform in February. We believe early momentum can be amplified by the recent NAR class action settlement, which has the potential to disrupt the residential brokerage industry and enhance the return on investment for brokers advertising on Homes.com.

Shares of global ski resort operator **Vail Resorts, Inc.** declined in the second quarter due to a slowdown in season pass sales and a disappointing ski season in Australia. We retain conviction. Vail has said that it believes skiers are delaying buying season passes given poor snow conditions for the past two seasons, and it still expects to generate almost $950 million in season pass revenue this year, representing close to a third of 2023 revenue. An 8% increase in prices combined with a favorable year-over-year comparison should result in a double-digit increase in EBITDA with strong FCF generation. The company is now trading at more than 6% FCF yield, all of which is being returned to shareholders through dividends and share buybacks.

Shares of veterinary diagnostics leader **IDEXX Laboratories, Inc.** detracted from performance. Foot traffic to veterinary clinics in the U.S. remains uneven, which will modestly hamper aggregate revenue growth. Despite this, IDEXX's excellent execution has enabled the company to continue to deliver robust financial results. We believe IDEXX's competitive trends are outstanding, and we expect new proprietary innovations and field sales force expansion to be meaningful contributors to growth in 2024. We see increasing evidence that long-term secular trends around pet ownership and pet care spending have been structurally accelerated, which should help support IDEXX's long-term growth rate.

Investment Strategy and Portfolio Structure

We seek to invest in businesses we believe can double in value within five or six years. We invest for the long term in a focused portfolio of appropriately capitalized, well-managed growth businesses at attractive prices across market capitalizations. We attempt to create a portfolio of no more than 30 securities diversified by GICS sectors, but with the top 10 positions representing a significant portion of net assets. These businesses are identified by our analysts and portfolio managers using our proprietary research. We think these well-managed businesses have sustainable competitive advantages and strong, long-term growth opportunities. We use leverage to enhance returns, which increases the Fund's volatility.

As of June 30, 2024, we held 21 investments. The median market capitalization of these growth companies was $17.5 billion. The top 10 positions represented 88.8% of total investments. Leverage was 16.8%.

The long-term absolute and relative performance of the Fund has been very good. The Fund has returned 14.62% annualized since inception as a private partnership on January 31, 1992, exceeding the Index by 4.67% per year.

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

The Fund has appreciated considerably in good times…

There have been two distinct periods over the life of the Fund with significant economic growth. The nearly 8-year period from the Fund's inception through the Internet Bubble (1/31/1992 to 12/31/1999) and the more recent 11-year period Post-Great Recession to the start of the COVID Pandemic (12/31/2008 to 12/31/2019). During both periods, the Index had strong returns; however, the Fund's returns were even better. The Fund's annualized return during the most recent robust economic period was 17.44% compared to the Index's 16.84%. The Russell 3000 Index had an annual return of 14.70% during that time.

Table V.
Performance in Good Times: Outpacing the Index

	Fund's Inception to Internet Bubble 1/31/1992 to 12/31/1999		Post-Financial Panic to COVID Pandemic 12/31/2008 to 12/31/2019	
	Annualized Return	Value $10,000	Annualized Return	Value $10,000
Baron Partners Fund (Institutional Shares)	22.45%	$49,685	17.44%	$58,586
Russell Midcap Growth Index	19.26%	$40,316	16.84%	$55,380
Russell 3000 Index	19.29%	$40,402	14.70%	$45,195

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 retained value in challenging times…

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

The COVID-19 (COVID) pandemic and its lingering macroeconomic issues have caused excessive market volatility. Over the course of three years, there were two sizable market corrections during which most major indexes fell in excess of 25%. But the Fund has performed admirably in both, protecting and growing clients' capital. During the COVID pandemic and its aftermath (12/31/2019 to 12/31/2022), the Fund had an annualized return of 23.65%. The Index's annualized return was significantly lower at only 3.85%.

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

	Internet Bubble to Financial Panic 12/31/1999 to 12/31/2008		COVID Pandemic and Macro-Downturn 12/31/2019 to 12/31/2022		Performance in All Times Since Inception (1/31/1992) through 6/30/2024	
	Annualized Return	Value of $10,000	Annualized Return	Value of $10,000	Annualized Return	Value of $10,000
Baron Partners Fund (Institutional Shares)	1.54%	$11,479	23.65%	$18,903	14.62%	$833,007
Russell Midcap Growth Index	(4.69)%	$ 6,488	3.85%	$11,200	9.95%	$216,408
Russell 3000 Index	(2.95)%	$ 7,634	7.07%	$12,273	10.37%	$244,716

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.

Since the conclusion of the COVID-Pandemic and subsequent market downturn, the Fund has performed well on an absolute basis, although it trailed the Index. As discussed in prior sections of this letter, we believe the Fund's holdings are poised to again perform well on both an absolute and relative basis. Since December 31, 2022, the Fund has an annualized return of 20.26% compared to the Index's annualized return of 21.18%.

Over the longer term, positive returns in difficult environments and better-than-market returns in good times have been rewarding for clients. A $10,000 hypothetical investment at the inception of the Fund on January 31, 1992, would have been worth $833,007 on June 30, 2024. That same $10,000 hypothetical investment in a fund designed to track the Index would now be worth $216,408, only approximately 26% of what it would have been worth if invested in the Fund.

Portfolio Holdings

Table VII.

Portfolio Top 10 holdings and Baron Capital* Top Holdings' Performance as of June 30, 2024

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Total Investments	Baron Capital* Year Acquired[1]	Cumulative Total Return[2] Since Date Acquired (%)	Total Return Multiple Since Date Acquired (x)	Annualized Total Return Since Date Acquired (%)
Tesla, Inc.	2014	$21.9	$631.1	$1,978.8	28.9%	2014	1,564%	16.6	31.1%
Space Exploration Technologies Corp.	2017	21.6	208.2	902.4	13.2	2017	681	7.8	35.3
Arch Capital Group Ltd.	2002	0.6	37.9	650.7	9.5	2002	3,429	35.3	17.4
CoStar Group, Inc.	2005	0.7	30.3	542.0	7.9	2001	4,173	42.7	18.0
Hyatt Hotels Corporation	2009	4.2	15.4	502.9	7.3	2009	457	5.6	12.4
IDEXX Laboratories, Inc.	2013	4.7	40.2	341.0	5.0	2005	3,285	33.9	19.9
The Charles Schwab Corporation	1992	1.0	134.7	327.2	4.8	1992	11,733	118.3	16.3
Gartner, Inc.	2013	5.7	34.9	305.4	4.5	2007	1,664	17.6	18.1
FactSet Research Systems Inc.	2007	2.7	15.6	294.0	4.3	2006	867	9.7	13.7
Vail Resorts, Inc.	2008	1.6	6.8	242.9	3.5	1997	967	10.7	9.0

* *Baron Capital holdings include client managed and Firm accounts.*

[1] *First purchase date is based on date first purchased in a mutual fund.*

[2] *Reflects security performance from the date of Baron Capital's first purchase until 6/30/2024. Depending on Baron Capital's purchases and sales over the period, this performance may be lower or higher than the performance of the investment.*

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

Respectfully,

Ronald Baron
CEO and Portfolio Manager

Michael Baron
Co-President and 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: The Fund is non-diversified which means, in addition to increased volatility of the Fund's returns, it will likely have a greater percentage of its assets in a single issuer or a small number of issuers, including in a particular industry than a diversified fund. Single issuer risk is the possibility that factors specific to an issuer to which the Fund is exposed will affect the market prices of the issuer's securities and therefore the net asset value of the Fund. As of the most recent quarter-end, about 29% of the Fund's assets are invested in Tesla stock. Therefore, the Fund is exposed to the risk that were Tesla stock to lose significant value, which could happen rapidly, the Fund's performance would be adversely affected. Specific risks associated with leverage include increased volatility of the Fund's returns and exposure of the Fund to greater risk of loss in any given period.

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

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

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

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

Dear Baron Fifth Avenue Growth Fund Shareholder:

Performance

Baron Fifth Avenue Growth Fund® (the Fund) gained 5.7% (Institutional Shares) during the second quarter, which compares to gains of 8.3% for the Russell 1000 Growth Index (R1KG) and 4.3% for the S&P 500 Index (SPX), the Fund's benchmarks.

Year-to-date, the Fund is up 19.1% compared to gains of 20.7% for the R1KG and 15.3% for the SPX.

Table I.
Performance†
Annualized for periods ended June 30, 2024

	Baron Fifth Avenue Growth Fund Retail Shares[1,2]	Baron Fifth Avenue Growth Fund Institutional Shares[1,2,3]	Russell 1000 Growth Index[1]	S&P 500 Index[1]
Three Months[4]	5.64%	5.71%	8.33%	4.28%
Six Months[4]	18.88%	19.05%	20.70%	15.29%
One Year	34.79%	35.14%	33.48%	24.56%
Three Years	(2.92)%	(2.67)%	11.28%	10.01%
Five Years	10.29%	10.57%	19.34%	15.05%
Ten Years	12.24%	12.53%	16.33%	12.86%
Fifteen Years	14.07%	14.36%	17.29%	14.82%
Since Inception (April 30, 2004)	9.69%	9.90%	12.25%	10.38%

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PORTFOLIO MANAGER

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

U.S large-cap was once again the place to be in the second quarter of 2024. The theory behind last year's ferocious bounce back with the R1KG gaining 42.7% and the SPX rising 26.3% (the Fund gained 57.6%) was the Federal Reserve's gearing up for *significant reductions in interest rates* with the consensus *pricing in seven rate cuts in 2024*, which would ostensibly support the economy and be bullish for growth equities. How many would have expected the R1KG to appreciate an additional 20.7% with *zero rate cuts* in the first six months of the year? We think there are two main reasons for markets decoupling from interest rates and continuing to power higher: 1) the economy is proving to be surprisingly resilient even at much higher rates; and 2) generative AI (GenAI).

Inflation continues to come down to normalized levels with June's 3% CPI reading the slowest since March 2021. While the economy has slowed down, real GDP growth was 1.4% in the first quarter and the early reading for the second quarter is for stronger growth. The current dot plot and consensus expectation is for three rate cuts starting in September. Unemployment remains low at 4.1%, and a "soft landing" or maybe even "no landing" now seem to be the most likely outcome. U.S. large-cap stocks continue to outperform most other asset classes and just like in recent quarters past returns were driven by a narrow group of stocks currently

Performance listed in the table above is net of annual operating expenses. The gross annual expense ratio for the Retail and Institutional Shares as of September 30, 2023 was 1.06% and 0.78%, respectively, but the net annual expense ratio was 1.01% and 0.76% (net of the Adviser's fee waivers, comprised of operating expenses of 1.00% and 0.75%, respectively, and interest expense of 0.01% and 0.01%, respectively), respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser waives and/or reimburses certain Fund expenses pursuant to a contract expiring on August 29, 2034, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit BaronCapitalGroup.com or call 1-800-99-BARON.

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

1 The **Russell 1000® Growth Index** measures the performance of large-sized U.S. companies that are classified as growth. The **S&P 500 Index** measures the performance of 500 widely held large-cap U.S. companies. All rights in the FTSE Russell Index (the "Index") vest in the relevant LSE Group company which owns the Index. Russell® is a 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 1000® Growth Index and S&P 500 Index include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts the performance results. The indexes are unmanaged. Index performance is not Fund performance. Investors cannot invest directly in an index.

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

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

4 Not annualized.

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referred to as the *Magnificent Seven*. For the June quarter, NVIDIA, Amazon, Microsoft, Apple, Alphabet, Tesla, and Meta accounted for 99.7% of the R1KG's gain. No math skills are required to realize that the remaining members of the Index have combined to generate essentially no return at all. What do these Semiconductor, Consumer Discretionary/Retailer, Software, Hardware, Communication Services, Automobile Manufacturer, and Interactive Media companies have in common? A credible GenAI story!

The largest market cap[1] category within the RIKG was up 12.4% in the second quarter, while all other market cap categories in the Index *declined 1.5%* in the quarter. These seven stocks now represent 51.9% of the RIKG (Microsoft, Apple, and NVIDIA represent 32.9%). The Fund was on average 25.9% underweight the largest market cap category and 10.6% underweight the Magnificent Seven. Since they continued to get larger during the quarter, we ended up with an even greater, 12.8% underweight. In that context, we feel reasonably good about the Fund's absolute and relative returns at the mid-point of the year.

From a sector attribution perspective, we did well in Consumer Discretionary and Industrials, and were helped by not having investments in Consumer Staples, Materials, Real Estate, and Energy. After adding the most relative outperformance in the first quarter, Information Technology (IT) was our weakest sector and stock selection in Financials and Communication Services also detracted from relative returns.

From a company specific standpoint, we had 17 contributors against 13 detractors in the quarter. **NVIDIA**, **CrowdStrike**, **Amazon**, **Intuitive Surgical**, **Trade Desk**, **Alphabet**, **Coupang**, **Tesla**, **MercadoLibre**, **Microsoft**, and **Meta** each contributed 25bps or more to absolute gains, while **Shopify**, **Snowflake**, **Cloudflare**, **Block**, **Adyen**, **Veeva**, and **Endava** each detracted 25bps or more. The challenging performance of the Fund's internet and software securities within IT, as well as its Financials stocks was not limited only to the companies listed here. These sectors saw a significant multiple contraction[2] during the quarter, with declines ranging from 4.4% for software to 23.0% for Financials.

We analyzed the Fund's performance by breaking down returns into two key components: changes in valuation multiples[3] and changes in company fundamentals.[4] This quarter, the Fund's weighted average multiple declined 0.8% (excluding NVIDIA, the decline was 2.8%), which means the Fund's quarterly performance was driven in its entirety by the growth in businesses' earnings. For the overall portfolio, during the second quarter, revenue expectations for 2024 increased by 1.3% (or by 0.3% excluding NVIDIA), operating income expectations increased by 1.4% (up 0.2% excluding NVIDIA), and operating margin rose 5bps (down 1bp excluding NVIDIA). These trends were broadly in line with what we have seen in the first quarter and were driven by a slow recovery in business fundamentals compared to low expectations. Many of our companies continue to reinvest heavily, hurting short-term profit margins but expanding long-term opportunities. While short-term focused investors penalize these stocks as can be seen by multiple contraction for the companies that have entered investment cycles (such as Shopify or Snowflake which now trade at low multiples on cyclically depressed earnings), we believe their investments make sense and as long-term investors we are willing to accept some short-term pain for the benefit of long-term gain.

Table II.
Top contributors to performance for the quarter ended June 30, 2024

	Quarter End Market Cap (billions)	Percent Impact
NVIDIA Corporation	$3,039.1	4.94%
CrowdStrike Holdings, Inc.	93.3	0.99
Amazon.com, Inc.	2,011.1	0.62
Intuitive Surgical, Inc.	157.8	0.60
The Trade Desk	47.8	0.48

NVIDIA Corporation sells semiconductors, systems, and software for accelerated computing, gaming, and GenAI. NVIDIA's stock continued its run, rising 36.3% in the second quarter and finishing the first half of 2024 up 149%. NVIDIA continued to report unprecedented growth at scale, with quarterly revenues of $26 billion growing 262% year-over-year, datacenter segment revenues of $22.6 billion up 427% year-over-year, and operating margins of 69.3%. NVIDIA's growth is even more impressive as it is approaching a new product cycle with Blackwell going into production in the third quarter, which speaks to the urgency of demand for GPUs as customers are not waiting for the next generation architecture despite its improved performance to cost ratio. The Blackwell architecture, and in particular, the new GB200 NVL72/36 racks, which the company believes would become *"the new unit of compute"* (and will start shipping in 2025) would in our view: 1) increase the company's content per server (for example an NVL72 rack would have 18 compute trays with 4 Blackwell GPUs and 2 Grace CPUs in each, and 9 networking trays with NVIDIA content); and 2) further strengthen its competitive advantages as the demand for datacenter-scale computing grows due to scaling laws (models become more capable with size and as they are trained on more data), new model types (such as Mixture of Experts that increase the demand on sharing of data between GPUs) and model optimization mechanisms (such as tensor parallelism, pipeline parallelism, and expert parallelism – which also increase the demands from the connectivity layer), and increase the relative importance of NVIDIA's networking and full-system capabilities and in particular the capabilities enabled by the latest generation of NVLink – connecting up to 576 GPUs together, up from 8.

While the stock's strong performance has pulled forward some of the longer-term upside (which we manage through position sizing), we remain early in the accelerated computing platform shift and in the adoption of AI across industries and therefore remain shareholders. NVIDIA's CEO, Jensen Huang described the opportunity in his June COMPUTEX keynote:

"In the late 1890s, Nikola Tesla invented an AC generator. We invented an AI generator. The AC generator generated electrons. NVIDIA's AI generator

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1 Defined based on the Russell breakpoints. As of the end of the second quarter, the large-cap category in the R1KG had market cap above $168.7 billion.

2 We calculate the change in P/E multiple (based on FactSet consensus expectations for EPS for the next 12 months) for each holding between March 31, 2024 and June 30, 2024 as long as the starting P/E is less than 100x. If it is above 100x (or negative), we use an EV/Revenues multiple. We then use the ending weights of each position in the Fund to calculate a weighted average change in multiple for the Fund. We perform similar calculations for each sector and sub-industry.

3 We calculate the change in P/E multiple on consensus EPS as collected by FactSet for the next 12 months for each of our holdings. We then calculate a weighted average based on the weights at the end of the second quarter.

4 We calculate the change in consensus expectations for 2024 between March 31, 2024, and June 30, 2024 for revenues, operating income, and operating margins for each of our stocks and then calculate a weighted average.

generates tokens. Both of these things have large market opportunities. It's completely fungible in almost every industry, and that's why it's a new industrial revolution.

"We have now a new factory producing a new commodity for every industry that is of extraordinary value. And the methodology for doing this is quite scalable, and the methodology of doing this is quite repeatable. Notice how quickly so many different AI models, generative AI models are being invented literally daily. Every single industry is now piling on.

"For the very first time, the IT industry, which is $3 trillion, $3 trillion IT industry is about to create something that can directly serve $100 trillion of industry. No longer just an instrument for information storage or data processing but a factory for generating intelligence for every industry… What started with accelerated computing led to AI, led to generative AI and now an industrial revolution."

CrowdStrike Holdings, Inc. is a cloud-architected SaaS cybersecurity vendor offering endpoint security, threat intelligence, and cyberattack response services. Shares continued their strong performance from the first quarter and were again a top contributor, rising 19.5% in the second quarter on better execution than peers in the broader security space. The company reported strong quarterly results with 33% year-over-year revenue growth, driven by customers consolidating their cybersecurity spend on CrowdStrike with free cash flow margins reaching 35%. With accelerating market share gains in its core endpoint detection and response offering, emerging products including Cloud, Identity, and SIEM reaching material scale, and newer products in data protection and AI ramping quickly, net new annual recurring revenue and total revenue look to sustain a long duration of growth. With its leading competitive positioning in cybersecurity, the growing threat landscape (which is also driven by the advancements in AI, making hackers more dangerous), its unique lightweight, single-agent, architecture, and its platform approach, we retain conviction in CrowdStrike, which is emerging as the security platform to beat in terms of scale, profitability, and free cash flow conversion.

Amazon.com, Inc. is the world's largest retailer and cloud services provider. Shares increased 7.1% on quarterly results that exceeded consensus expectations, with revenue growth of 12.5% year-over-year and operating margins of 10.7% (up from 3.7% in the first quarter of 2023). We believe that Amazon is well positioned in the short to medium term to continue improving its core North American margins, which were 5.8% in the first quarter thanks to its continuous efficiency and cost-to-serve improvements, while AWS margins inflected higher, reaching 37.6% (or 34% excluding an accounting change in the useful life of servers). Additionally, Amazon continues to benefit from its fast-growing, margin-accretive advertising business winning market share in digital advertising thanks to its structural advantages of a closed loop system (which enables a deterministic calculation of Return on Ad Spend). We also believe that AWS is re-accelerating from a period of customer cloud optimization. Longer term, e-commerce has a long duration of growth, still accounting for less than 20% of retail. Similarly, Amazon's cloud service, AWS remains relatively early on its s-curve with cloud representing around 13% of worldwide IT spend[5], with incremental tailwinds across the three layers of the GenAI stack – infrastructure (with NVIDIA's own AI chips – Trainium and Inferentia as well as with its offering of NVIDIA chips), platform (Bedrock) and applications (1st and 3rd party).

Table III.
Top detractors from performance for the quarter ended June 30, 2024

	Quarter End Market Cap (billions)	Percent Impact
Shopify Inc.	$85.2	–0.83%
Snowflake Inc.	45.2	–0.64
Cloudflare, Inc.	28.1	–0.64
Block, Inc.	39.8	–0.57
Adyen N.V.	36.9	–0.51

Shopify Inc. is a cloud-based software provider for multi-channel commerce. Shares declined 14.4% in the second quarter despite reporting solid quarterly results with revenue growth of 23% year-over-year, which implies continued market share gains, after the company announced it is entering an investment cycle. Since the increased investment period comes after over a year of consistent margin expansion, it left short-term-focused investors disappointed. We however believe that this is the right course of action for several reasons. First, the company expects solid returns on the increased marketing spend with 18-month payback periods. Second, the investment should help solidify Shopify's competitive position and drive further market share gains. Finally, the increased spend should contribute to the probability of success in newer areas of opportunity with large addressable markets, including offline commerce, international, and enterprise. Shopify shared several metrics showing early success, with gross merchandise value up 130%, 38%, and 32% year-over-year in B2B, EMEA, and offline, respectively. 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.

Snowflake Inc. is a leading cloud data platform that is predominantly used for data analytics. The stock declined 16.4% as investors evaluated the impact of a recently announced CEO transition, an investment cycle driven by spend on AI, a cybersecurity incident, and a rapidly changing competitive environment. With GenAI capturing a larger portion of the public discourse, Snowflake's positioning in the future data stack is under scrutiny by both investors and customers. We believe Sridhar Ramaswamy, the newly appointed CEO, can help the business more efficiently transition toward an AI-first world. While Databricks and other key competitors are presenting strong results, we believe Snowflake's brand, existing customer base, and accelerating product innovation should allow it to continue to capture share in a relatively large and strategic market. Management continues to describe strong demand trends for its core data analytics, which is also demonstrated by the relatively healthy expansion rates among existing customers while new go-to-market initiatives can help grow the customer base further. Longer term, we remain excited about the Snowflake's strategic opportunity as the data platform for its customers.

Cloudflare, Inc. provides content delivery network services, cloud cybersecurity, denial-of-service mitigation, Domain Name Service, and ICANN-accredited domain registration services. Shares fell 14.4% during the quarter on remarks from the CEO about worsening macro conditions, citing the negative impact of geopolitical uncertainties on customer buying behavior. On the positive side, the company posted strong quarterly results with revenue growth of 30% year-over-year, showing evidence that the changes to the company's go-to-market strategy were resonating with solid growth across its large customer cohorts (revenues from customers

[5] Calculated using Gartner's estimates for 2023 cloud spend and global IT spend.

spending over $100,000 represented 67% of the total, up from 62% in the first quarter of 2023), double-digit improvement in sales productivity, and new pipeline attainment ahead of plan. Cloudflare reiterated revenue guidance for the year on resilience in cybersecurity spend. While we fine-tuned our model on the back of the company's increased macro headwind commentary, pushing out revenue reacceleration estimates from the second quarter of 2024 to the first quarter of 2025, this is still ahead of guidance. We retain conviction in the long-term thesis: a strong founder-led business with a unique global network and significant pricing advantages powering a disruptive multi-product growth story with improving margins. We therefore remain shareholders.

Portfolio Structure

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

As of June 30, 2024, the top 10 holdings represented 62.8% of the Fund's net assets, and the top 20 represented 89.6%. The total number of investments in the portfolio was 31 at the end of the second quarter, up from 30 investments at the end of last quarter.

IT, Consumer Discretionary, Communication Services, Health Care, and Financials made up 98.0% of net assets. The remaining 2% was made up of **SpaceX** and **GM Cruise**, our two private investments classified as Industrials, and cash.

Table IV.
Top 10 holdings as of June 30, 2024

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
NVIDIA Corporation	$3,039.1	$76.2	12.1%
Amazon.com, Inc.	2,011.1	55.6	8.8
Meta Platforms, Inc.	1,279.1	45.8	7.3
ServiceNow, Inc.	161.3	42.8	6.8
CrowdStrike Holdings, Inc.	93.3	33.7	5.3
Intuitive Surgical, Inc.	157.8	33.3	5.3
Shopify Inc.	85.2	31.1	4.9
Microsoft Corporation	3,321.9	30.1	4.8
The Trade Desk	47.8	24.7	3.9
MercadoLibre, Inc.	83.3	22.7	3.6

Recent Activity

During the second quarter, we added to 9 existing positions including: **Microsoft**, **Alphabet**, **Shopify**, **Adyen**, and **Illumina**. We funded those purchases by reducing 3 existing positions: **NVIDIA**, **Mastercard**, and **Veeva**. The number of holdings in the portfolio increased from 30 at the end of the first quarter to 31 due to Illumina's spin-off of **Grail**, a health care company developing a test for multi-cancer detection.

Table V.
Top net purchases for the quarter ended June 30, 2024

	Quarter End Market Cap (billions)	Net Amount Purchased (millions)
Microsoft Corporation	$3,321.9	$6.7
Alphabet Inc.	2,258.7	6.7
Shopify Inc.	85.2	3.9
Adyen N.V.	36.9	1.9
Illumina, Inc.	16.6	1.4

Our largest two additions in the second quarter were **Microsoft Corporation** and **Alphabet Inc.** We continued adding to our position in Microsoft. The company continues to make progress in AI, disclosing that 7% of Azure revenue growth in the quarter was driven by AI, about two-thirds of Fortune 500 companies are now using the Azure OpenAI service, that over half of Azure AI customers now also use Microsoft's data and analytics tools, suggesting a potentially significant pull through from AI to Microsoft's other offerings, and that GitHub co-pilot (a coding assistant) continues growing rapidly, reaching 1.8 million subscribers (up 35% sequentially). The company also continues to report strong overall financial results with revenue growth of 17% year-over-year at massive scale of $62 billion, operating income growth of 23% and EPS growth of 20%. The revenue growth was driven by Microsoft cloud which surpassed $35 billion in revenues, up 23% year-over-year, and Azure which accelerated 3% sequentially and grew 31% year-over-year in constant currency. We continue to believe that Microsoft presents an attractive combination of a limited risk of AI disruption on the one hand with a potentially material AI tailwinds on the other, through its positioning as the enterprise platform and its relationship with OpenAI.

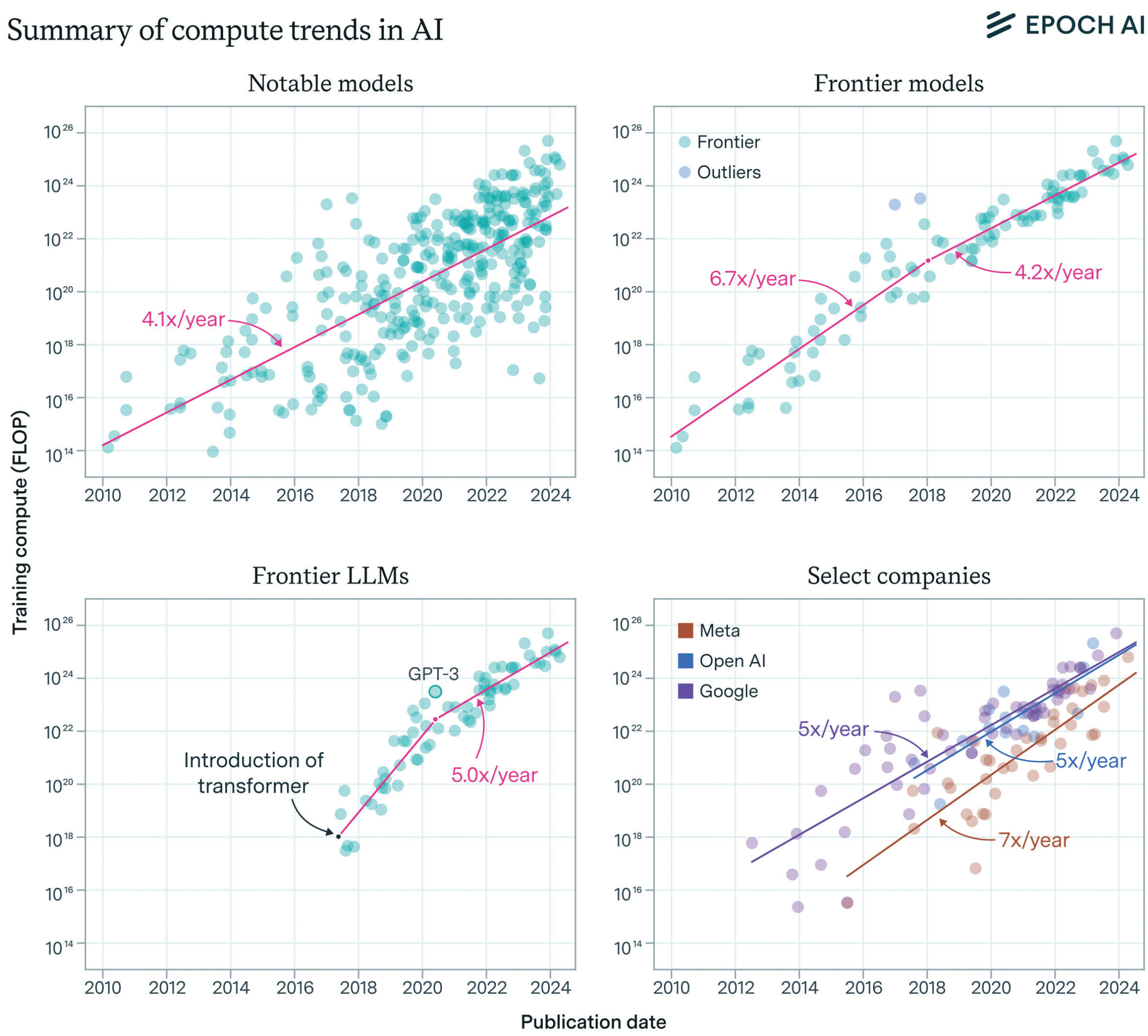
We also added to Alphabet. The company reported solid financial results with first quarter revenue growth of 15% year-over-year, driven by 14% growth in search, 21% growth in YouTube, and 28% growth in cloud (which accelerated from 26% growth in the fourth quarter). The company has also increased its cost discipline efforts, which drove operating margins to 31.6% (compared to 25% in the first quarter of 2023). With regards to GenAI, while we are cognizant of the potential risks to the dominance of search, we believe that on the range of outcomes, Alphabet remains well positioned through its massive user distribution (9 products with over 1 billion users each), long-standing AI research labs (DeepMind and Google Brain), top AI talent, a solid cloud computing division in Google Cloud, and deep pockets for investing in AI. During the quarter, Alphabet also held its annual I/O conference, where it provided an update on its efforts in AI including: Gemini is now used by 1.5 million developers; model quality is expanding rapidly (e.g., context window is now 2 million tokens of length); the new genomics model, Alphafold 3 can predict structures of molecules and potentially accelerate drug discovery; new TPU6 AI chips has shown a 4.7 times improvement in compute performance compared to the prior generation; and Gemini for workspace is showing early data on a 30% increase in user productivity. Alphabet also has real value in assets such as Waymo, which are not factored into valuation today (and are potentially included at a negative valuation as they currently generate losses, hurting EPS). We continue to believe that the current valuation of Alphabet presents an attractive risk/reward for long-term owners of the business and have therefore increased our position.

We took advantage of share price volatility to add to our position in the commerce software platform provider **Shopify Inc.**, the multi-channel payments solution provider **Adyen N.V.**, and the DNA sequencing tool provider **Illumina, Inc.** We believe that the stock sell-offs (these holdings were down 14.4%, 29.6%, and 21.9%, respectively) were driven more by near-term investor concerns rather than fundamental issues. Valuation multiples contracted by 16%, 34%, and 24%, respectively. Shopify is investing more in the near term but we believe the investments will have high ROI (see discussion above); Adyen saw volatility with its take rate which spooked investors, but we believe that this is more due to mix rather than market share losses; and Illumina continues to operate in a more challenging part of the cycle which is impacting its near-term results, but we believe its competitive positioning remains solid and DNA sequencing will become a much larger market over time as genetic advancements continue to progress.

Table VI.
Top net sales for the quarter ended June 30, 2024

	Quarter End Market Cap (billions)	Net Amount Sold (millions)
NVIDIA Corporation	$3,039.1	$41.5
Mastercard Incorporated	410.1	1.9
Veeva Systems Inc.	29.6	0.7

During the quarter, we reduced three existing positions. The largest was **NVIDIA Corporation**. We would note that our conviction level in the company has not changed although the stock's incredible recent performance pulled forward some of its future returns, which by definition, tilts the risk/reward equation, prompting us to reduce our position. Nevertheless, NVIDIA remains our largest position in the Fund as we remain in the early innings of AI adoption across industries from health care to automotive, and as the race for Artificial General Intelligence continues. The demand growth curve for accelerated computing remains exponential as newer frontier models continue to get larger and are trained on more data – see graph below[6]. In addition, as we continue to go down the demand elasticity curve through innovation by NVIDIA and as AI algorithms become more compute-efficient and go up the level of intelligence generated per unit of compute curve, the demand for accelerated computing will continue to grow, benefiting NVIDIA, in our view.



[6] https://epochai.org/blog/training-compute-of-frontier-ai-models-grows-by-4-5x-per-year

We also slightly reduced our positions in **Mastercard Incorporated** and **Veeva Systems Inc.** as the companies continue progressing on their growth s-curves and as we saw a more attractive risk/reward equation elsewhere.

Outlook

As in years past, we have little to offer in the way of a market outlook. Has inflation been tamed? Will the economy continue to slow down? Will we get the three interest rate cuts or none? Trump or Biden or someone else? While these questions are not new, the answers remain elusive, and once they will get answered, other, similar questions will arise. We practice a probabilistic approach to investing and for the time being we expect to continue to operate in an environment where the range of outcomes will remain unusually wide.

Importantly, we do not structure or position the portfolio to benefit from any particular market environment. Instead, we focus on investing in what we believe are high quality business – companies with durable competitive advantages, exceptional management teams with a proven track record of operational excellence and successful capital allocation, and importantly, businesses that we believe have a long runway for growth and an opportunity to become materially larger than they are today.

These companies tend to be leaders in their industries and sell critical products and services to their customers that are hard to replace. That creates stickiness, high switching costs, and pricing power. That enables them to be resilient in the face of macro-economic challenges while continuing to invest in future growth opportunities to take market share and to emerge stronger when the environment inevitably improves.

The rapid advancement of GenAI technology presents both clear risks and compelling opportunities. While the implications of AI on the global economy and on particular industries and businesses are not yet clear, we believe our portfolio includes many companies that are well positioned to benefit from this technological paradigm shift.

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

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

Sincerely,

Alex Umansky
Portfolio Manager

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

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

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

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

Performance

Baron Focused Growth Fund® (the Fund) decreased 0.21% (Institutional Shares) in the second quarter. The Fund outperformed the Russell 2500 Growth Index (the Benchmark), which declined 4.22%. During the quarter, it became evident that the Federal Reserve's (the Fed) restrictive policies over the past year were beginning to have their desired effect of slowing inflation, job growth, and employment. This cooling of economic growth led investors to believe the Fed could start cutting interest rates as soon as this fall. The result was gains in our **Disruptive Growth** investments, the valuations of which had been negatively impacted by higher interest rates and whose growth could accelerate in a lower interest rate and moderate inflationary environment. Included in this category of investments are **Spotify Technology S.A.**, **Tesla, Inc.**, **FIGS, Inc.**, and **Iridium Communications Inc.**

Our **Financials** investments were also strong in the quarter. This is despite the expectation for lower future interest rates. **Interactive Brokers Group, Inc.** (IBKR) benefited from an acceleration in new client growth and trading revenue, while **Arch Capital Group Ltd**. saw continued growth in insurance premiums written and higher pricing due to strong demand for its property and casualty (P&C) insurance.

In the near term, we continue to believe that inflation will remain at or below historic 3% to 4% annualized levels and interest rates will approximate the rate of inflation. This has been the case since World War II. We believe that is a favorable environment for businesses that are growing significantly faster than the rate of inflation and the 7% nominal annualized growth rate of our economy.

The above stock price gains were offset by declines in our more economic-sensitive stocks, including **FactSet Research Systems Inc.**, **MSCI Inc.**, **CoStar Group, Inc.**, **Krispy Kreme, Inc.**, and **Vail Resorts, Inc.** These businesses were hurt by an elongation of the business sales cycle and concerns that their pricing power would be eroded by the decline in inflation. However, we believe as interest rates decline, business activity for these companies should accelerate. We continue to believe these businesses have strong competitive advantages with still underpenetrated growth opportunities ahead of them and robust balance sheets to fund their growth. We believe valuations are attractive at current levels, and we are starting to see an acceleration in insider buying activity, a key pillar that gives us stronger conviction in our investments.

DAVID BARON
CO-PRESIDENT AND
PORTFOLIO MANAGER

RONALD BARON
CEO AND
PORTFOLIO MANAGER

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

The Fund has continued to generate strong returns with less than market risk. Over the trailing 3, 5, and 10 years, the Fund has captured 101%, 132%, and 111%, respectively, of the upside when the market increased. When markets declined, the Fund lost less with 80%, 90%, and 88% downside capture, respectively. The Fund's Sharpe ratio, a measure of risk-adjusted return, was also higher than the Benchmark for each of these periods.

We believe these strong returns with downside protection are due to our research-based investment process. Our research enables us to identify and understand businesses' competitive advantages, differentiation, long-term growth prospects, and exceptional people; and it allows us to invest in these businesses for the long term. As a result, the Fund has outperformed its Benchmark for the 3-, 5-, 10-, and 15-year periods, as well as since its inception on May 31, 1996. **Since its inception as a private partnership 28 years ago, the Fund has increased 13.16% annually. This compares to an 8.04% annualized return for the Benchmark and a 9.64% annualized return for the Russell 3000 Index that measures the performance of the largest 3,000 U.S. companies.**

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Table I.
Performance
Annualized for periods ended June 30, 2024

	Baron Focused Growth Fund Retail Shares[1,2,3]	Baron Focused Growth Fund Institutional Shares[1,2,3,4]	Russell 2500 Growth Index[2]	Russell 3000 Index[2]
Three Months[5]	(0.27)%	(0.21)%	(4.22)%	3.22%
Six Months[5]	1.34%	1.47%	3.93%	13.56%
One Year	5.18%	5.46%	9.02%	23.13%
Three Years	2.42%	2.69%	(4.11)%	8.05%
Five Years	22.93%	23.24%	7.58%	14.14%
Ten Years	15.15%	15.45%	8.77%	12.15%
Fifteen Years	15.81%	16.10%	12.91%	14.49%
Since Conversion (June 30, 2008)	12.67%	12.94%	9.84%	11.36%
Since Inception (May 31,1996)	13.00%	13.16%	8.04%	9.64%

The Fund's outperformance versus the Benchmark in the second quarter was mostly driven by our Disruptive Growth investments. These businesses represented 34.9% of the Fund's net assets and gained 9.1%, helping our returns by 305 bps in the quarter.

Spotify increased 18.9% in the quarter and helped performance by 98 bps. The company continues to improve its platform adding new products and making it more beneficial for the consumer. This has resulted in an increase in subscribers along with significant pricing power. The company has started to institute more regular price increases, which is accelerating its revenue and margin growth. Further, the company has been able to increase prices without increasing its churn rate. We believe the business should be able to improve gross margins from 26% to between 30% and 35% over time while continuing to add subscribers and generate strong top- and bottom-line growth. This should result in an increase in cash flow. Given strong cash flow conversion rates, we believe the company could initiate a return of capital program in the near future. We believe Spotify's valuation remains attractive despite its recent stock price increase. Founder & CEO, Daniel Eck continues to own a 15% stake in this business

Tesla increased 12.6% in the quarter, adding 98 bps to performance. The company designs, manufactures, and sells electric vehicles, related software and components, and solar and energy storage products. The stock increased as the core automotive segment accelerated sequentially. We believe lower interest rates will help sell more cars and halt the company's continuous lowering of prices on its cars. In addition, the company's energy storage business continues to grow sequentially. It almost doubled in the second quarter from first quarter levels. In time, business should add significantly to revenue and gross margins and help offset any margin degradation from its auto business. Tesla continues to generate sufficient gross profit to support a robust product development plan. The refreshed Model 3 and Y are also generating strong demand with improving unit-level economics. Lastly, Tesla should benefit from its eight-year, $10 billion investment in data and compute that will allow AI to "train" cars to drive with autonomous technology. Dojo, an AI "training" compute; autobidder, an automated energy trading platform; the Optimus, a human-like robot; and energy storage, we believe also provide opportunity. We believe Tesla is well positioned for further growth given its strong balance sheet and substantial cash.

The Fund's Financials investments also contributed to performance.

IBKR, a global automated electronic broker, increased 10.0% in the quarter and helped performance by 40 bps. The company continues to take market share due to its strong automation and ability to operate in international markets with little competition. This is allowing the company to grow its new accounts, which have accelerated recently to almost 30% this year. The company has industry-leading margins of over 70% generating robust cash flow. It has significant cash on its balance sheet and is looking to deploy it towards acquisitions and continued growth. We continue to believe the company's focus on the most sophisticated investors who trade a range of assets across different global markets is a key differentiating factor. The vast

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, 2023 was 1.32% and 1.06%, respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser may waive or reimburse certain Fund expenses pursuant to a contract expiring on August 29, 2034, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit BaronCapitalGroup.com or call 1-800-99-BARON.

1 Reflects the actual fees and expenses that were charged when the Fund was a partnership. The predecessor partnership charged a 15% performance fee through 2003 after reaching a certain performance benchmark. If the annual returns for the Fund did not reflect the performance fees for the years the predecessor partnership charged a performance fee, the returns would be higher. The Fund's shareholders will not be charged a performance fee. The performance is only for the periods before the Fund's registration statement was effective, which was December 31, 2008. During those periods, the predecessor partnership was not registered under the Investment Company Act of 1940 and was not subject to its requirements or the requirements of the Internal Revenue Code relating to registered investment companies, which, if it were, might have adversely affected its performance.

2 The **Russell 2500™ Growth Index** measures the performance of small to medium-sized companies that are classified as growth. The **Russell 3000® Index** measures the performance of the largest 3,000 US companies representing approximately 96% of the investable US 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 2500™ 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.

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. 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.

array of markets it serves and strong growth from countries outside the U.S. where low-cost brokerage is not well penetrated are key competitive advantages for the company. This allows the company to offer its clients the lowest cost trading due to its high level of automation, while also offering highly competitive rates on margin loans and paying its customers attractive yields on their uninvested cash balances. More than 80% of IBKR's clients are non-U.S. citizens, and more than 80% of their investments are in U.S. stocks. The company has little direct competition serving this clientele. IBKR continues to hire software and computer engineers with a focus on automating many of the processes that competitors rely on employees to perform. With its low-priced offerings and leading range of capabilities, we believe IBKR is well positioned to continue its rapid pace of account growth from just under three million clients today. The company's focus on automation should enable it to continue to be a low-priced provider while earning best-in-class margins, which we believe should lead to double-digit revenue and earnings growth.

P&C insurance software vendor **Guidewire Software, Inc.** was up 18.1% for the quarter, adding 85 bps to performance. After a multi-year transition period, we believe the company's cloud transition is substantially complete. We believe that cloud will be the sole path forward, with annual recurring revenue (ARR) benefiting from new customer wins and migrations of the existing customer base to InsuranceSuite Cloud. We also expect the company to shift R&D resources to product development from infrastructure investment, which should help drive cross-sales into its sticky installed base and potentially accelerate ARR over time. We are encouraged by Guidewire's subscription gross margin expansion, which improved by approximately 1,050 bps in its most recently reported 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%.

The above gains were partially offset by declines in our **Real/Irreplaceable Assets** investments that are more susceptible to a slowdown in the macroeconomic environment and penalized by high interest rates. These businesses represented 21.6% of the Fund and declined 9.1%, hurting performance by 237 bps. These stocks were dragged down by an expected slowdown in the domestic economy, hurting revenue and cash flow growth. However, we believe these businesses can continue to grow even faster in a declining interest rate environment. This is due to the fact they all have strong recurring revenue, fee-oriented businesses with significant pricing power. Their high client retention rates are helped by consumers' desire to spend more on experiences over goods in the current post-COVID environment.

Shares of global ski resort operator Vail declined 18.2% in the second quarter and hurt performance by 93 bps. This was due to a slowdown in season pass sales and a disappointing ski season in Australia. However, we believe skiers have delayed buying season passes given poor snow conditions for the past two seasons, but still expect Vail to generate almost $950 million in season pass revenue this year. That represents s close to a third of 2023 revenue. An 8% increase in prices combined with a favorable year-over-year comparison should result in a double-digit increase in EBITDA with strong cash flow generation. The company is now trading at more than a 6% free cash flow yield, all of which is being returned to shareholders through dividends and share buybacks. We see valuation as unusually attractive and regard insider purchases by senior executives as reason to be optimistic about this investment.

Shares of **Red Rock Resorts, Inc.**, an owner and operator of casinos in the Las Vegas Locals market, declined 7.7% in the second quarter and hurt performance by 35 bps. This was due to slower-than-expected growth in the Las Vegas Locals market and greater-than-expected cannibalization of its casinos from the opening of its new Durango casino late last year. The Durango casino is generating strong results that should enable Red Rock to meet its projected 20% return on invested capital, pay down debt, and return to its targeted leverage ratio of 3 times by the end of next year. We believe the new casino combined with continued market growth should generate high single-digit growth in EBITDA and double-digit free cash flow growth over the coming years. Red Rock currently has over 300 acres of gaming-entitled land to develop. Its margins remain above pre-pandemic levels, despite increasing wage costs, thanks to strong incremental margins on revenue generated from its new resort.

Global hotelier **Hyatt Hotels Corporation** declined 4.7% in the quarter and hurt performance by 29 bps. The disappointing share price performance was due to a deceleration in growth in revenue per available room as a result of modestly slower leisure bookings. However, the company continues to increase its business transient and group bookings, which are now pacing 7% ahead of 2023 levels. These bookings are half of its business today. Robust mid-single-digit growth in units and modest margin expansion should lead to double-digit growth in EBITDA this year. In addition, Hyatt continues to sell assets in its bid to become a more asset-light business. It also has one of the strongest balance sheets in its industry today. All of the above should generate significant free cash flow that Hyatt can use to accelerate share buybacks. Hyatt has repurchased more than 80 million shares since its IPO in 2009! It now has just 100 million shares outstanding. Yet, despite 85% of Hyatt's cash flow generated by fees, its stock still trades at a discount to peers.

Table II.
Total returns by category for the quarter ended June 30, 2024

	% of Net Assets (as of 6/30/2024)	Total Return (%)	Contribution to Return (%)
Disruptive Growth	**34.9**	**9.10**	**3.05**
Spotify Technology S.A.	5.8	18.90	0.98
Space Exploration Technologies Corp.	10.3	15.46	1.41
Tesla, Inc.	8.6	12.57	0.98
FIGS, Inc.	2.7	7.01	0.19
Iridium Communications Inc.	1.4	2.26	0.06
X.AI Corp.	1.4	–	–
ANSYS, Inc.	2.2	–7.39	–0.19
BioNTech SE	–	–14.14	–0.15
Shopify Inc.	2.5	–14.35	–0.23
Financials	**18.1**	**0.63**	**0.15**
Jefferies Financial Group Inc.	0.9	13.55	0.11
Interactive Brokers Group, Inc.	4.1	9.98	0.40
Arch Capital Group Ltd.	6.4	9.14	0.60
FactSet Research Systems Inc.	3.6	–9.92	–0.42
MSCI Inc.	3.1	–13.76	–0.54

Table II (continued)

	% of Net Assets (as of 6/30/2024)	Total Return (%)	Contribution to Return (%)
Core Growth	**23.9**	**–3.26**	**–0.77**
Guidewire Software, Inc.	5.1	18.15	0.85
Birkenstock Holding plc	2.3	15.19	0.37
Verisk Analytics, Inc.	3.1	14.52	0.42
On Holding AG	4.2	9.72	0.40
IDEXX Laboratories, Inc.	1.2	–9.77	–0.13
Grail, Inc.	–	–15.16	–0.01
Illumina, Inc.	1.9	–21.63	–0.47
CoStar Group, Inc.	3.6	–23.24	–1.14
Krispy Kreme, Inc.	2.6	–29.15	–1.06
Russell 2500 Growth Index		**–4.22**	
Real/Irreplaceable Assets	**21.6**	**–9.09**	**–2.37**
American Homes 4 Rent	0.6	1.78	0.01
Douglas Emmett, Inc.	1.4	–2.65	–0.03
Hyatt Hotels Corporation	5.4	–4.73	–0.29
Choice Hotels International, Inc.	3.4	–5.64	–0.19
Red Rock Resorts, Inc.	3.9	–7.72	–0.35
Alexandria Real Estate Equities, Inc.	1.2	–8.30	–0.13
Las Vegas Sands Corporation	1.1	–13.68	–0.16
MGM Resorts International	–	–15.35	–0.30
Vail Resorts, Inc.	4.6	–18.15	–0.93
Cash	**1.5**	**–**	**0.02**
Fees	**–**	**–0.29**	**–0.29**
Total	**100.0***	**–0.21****	**–0.21****

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

* *Individual weights may not sum to displayed total due to rounding.*
** *Represents the blended return of all share classes of the Fund.*

Table III.
Top contributors to performance for the quarter ended June 30, 2024

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
Space Exploration Technologies Corp.	2017	$21.6	208.2	15.46%	1.41%
Tesla, Inc.	2014	31.2	631.1	12.57	0.98
Spotify Technology S.A.	2020	45.4	62.5	18.90	0.98
Guidewire Software, Inc.	2013	2.7	11.4	18.15	0.85
Arch Capital Group Ltd.	2003	0.9	37.9	9.14	0.60

Space Exploration Technologies Corp. (SpaceX) is a high-profile private company founded by Elon Musk. Its primary focus is on developing and launching advanced rockets, satellites, and spacecrafts, with the ambitious long-term goal of enabling human colonization of Mars. SpaceX is generating significant value with the rapid expansion of its Starlink broadband service. The company is successfully deploying a vast constellation of Starlink satellites in low Earth orbit, reporting substantial growth in active users, and regularly deploying new and more efficient hardware technology. Furthermore, SpaceX has established itself as a leading launch provider by offering highly reliable and cost-effective launches. SpaceX capabilities extend to strategic services such as crewed space flights. Moreover, SpaceX is making tremendous progress on its newest rocket, Starship, which is the largest, most powerful rocket ever flown. This next-generation vehicle represents a significant leap forward in reusability and space exploration capabilities. We value SpaceX using prices of recent financing transactions.

Tesla, Inc. manufactures electric vehicles, related software and components, and solar and energy storage products. The stock contributed as Tesla continued to drive vehicle manufacturing costs lower, accelerate the launch of new models, and invest heavily in its lucrative AI initiatives. Shareholders reaffirmed the CEO's compensation plan, alleviating personnel and legal uncertainties. Despite material operational complexities resulting in significant shutdowns of key manufacturing facilities and lower sales volume, Tesla presented better-than-expected margins in the quarter. It expects to launch a lower cost model as soon as late 2024, which should result in accelerated revenue growth, reduced manufacturing costs, and increased factory utilization. The company continued to advance its autonomous driving capabilities, expanding its already significant data centers and developing its humanoid robot Optimus.

Spotify Technology S.A. is a leading global digital music service, offering on-demand audio streaming through paid premium subscriptions and an ad-supported model. Shares of Spotify were up, largely attributable to impressive beats in gross margin and operating margin as well as the announcement of subscription price hikes. Given the strong value proposition of the product, Spotify is beginning to exercise its pricing power following last year's initial price increases that saw minimal churn. Users continue to grow at a healthy pace despite the pricing impact. Spotify also continues to innovate on the product side, with early trials of generative AI features and the addition of new verticals like audiobooks, which have seen solid early adoption. On the cost side, Spotify is on a path to structurally increase gross margins, aided by its high-margin artist promotions marketplace, increasing contribution by its podcast division, and growth of the margin-accretive advertising business. We still view Spotify as a long-term winner in music streaming with potential to reach more than one billion monthly active users.

Table IV.
Top detractors from performance for the quarter ended June 30, 2024

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
CoStar Group, Inc.	2014	$ 6.2	$30.3	–23.24%	–1.14%
Krispy Kreme, Inc.	2021	2.4	1.8	–29.15	–1.06
Vail Resorts, Inc.	2013	2.3	6.8	–18.15	–0.93
MSCI Inc.	2021	53.9	38.2	–13.76	–0.54
Illumina, Inc.	2023	18.5	16.6	–21.63	–0.47

CoStar Group, Inc. is a provider of marketing and data analytics services to the real estate industry. Shares detracted from performance in the quarter along with the broader software sector. Most software companies experienced a slowdown in new sales activity in early 2024, leading to guidance reductions and multiple compression. We believe CoStar shares were also impacted by concerns that the company's second quarter financial results will show a deceleration in net new sales of its residential product following outstanding first quarter performance. We remain encouraged by traction in CoStar's residential offering although recognize that progress may not be linear. CoStar began to monetize its new Homes.com platform in February. We believe early momentum can be amplified by the recent NAR class action settlement, which has the potential to disrupt the residential brokerage industry and enhance the return on investment for brokers advertising on Homes.com.

Doughnut chain **Krispy Kreme, Inc.** detracted during the quarter alongside the broader peer group, with small cap names being hit harder than their larger counterparts. Other company-specific concerns may also have pressured share prices, including the Federal Reserve's delay in the timing of rate cuts given Krispy Kreme's high leverage, weaker-than-anticipated credit card data, concerns around the strength of consumer sentiment, uncertainty around the company's ability to execute on its partnership with McDonald's, and holding company JAB's announced plans to diversifying outside of consumer. We remain investors. The expected sale of Insomnia cookies should alleviate leverage issues, the credit card data is not an accurate metric as it does not include its growing wholesale sales, and we do not believe JAB intends to sell down its position in the near future. We see a strong growth opportunity and potential for outsized shareholder returns as Krispy Kreme expands its network and prepares for the expanded McDonald's partnership.

Shares of global ski resort operator **Vail Resorts, Inc.** declined in the second quarter due to a slowdown in season pass sales and a disappointing ski season in Australia. We retain conviction. Vail has said that it believes skiers are delaying buying season passes given poor snow conditions for the past two seasons, and it still expects to generate almost $950 million in season pass revenue this year, representing close to a third of 2023 revenue. An 8% increase in prices combined with a favorable year-over-year comparison should result in a double-digit increase in EBITDA with strong FCF generation. The company is now trading at more than 6% FCF yield, all of which is being returned to shareholders through dividends and share buybacks.

Investment Strategy & Portfolio Structure

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

As of June 30, 2024, The Fund owned 29 investments. The Fund's average portfolio turnover for the past three years was 22.5%. This means the Fund has an average holding period for its investments of over four years. This compares to the average mid-cap growth mutual fund that typically turns over its entire portfolio every 17 months. From a quality standpoint, the Fund's investments have stronger sales growth; higher EBITDA, operating, and free-cash-flow margins; and stronger returns on invested capital than the Benchmark. We believe these metrics help limit risk in this focused portfolio and are why the portfolio has generated strong risk-adjusted returns over time.

While focused, the Fund is diversified by sector. The Fund's weightings are significantly different than those of the Benchmark. For example, we are heavily weighted to Consumer Discretionary businesses with 38.7% of net assets in this sector versus 13.5% for the Benchmark. We have no exposure to Energy, Materials, or Utilities. We believe companies in these sectors can be cyclical, linked to commodity prices, and/or have little if any competitive advantage. This compares to the Benchmark that had 9.0% exposure to these sectors. We also have lower exposure to Health Care stocks at 3.1% for the Fund versus 19.7% for the Benchmark. The performance of many stocks in the Health Care sector can change quickly due to exogenous events or binary outcomes (e.g., biotechnology and pharmaceuticals). As a result, we do not invest a large amount in these stocks in this focused portfolio. In Health Care, we invest in competitively advantaged companies that are leaders in their industries such as our positions in **IDEXX Laboratories, Inc.**, the leading provider of diagnostics to the veterinary industry and **Illumina, Inc.**, the leader in DNA sequencing instruments and consumables. The Fund is further diversified by investments in businesses at different stages of growth and development.

Table V.
Disruptive Growth Companies as of June 30, 2024

	Percent of Net Assets	Year Acquired	Cumulative Return Since Date Acquired
Space Exploration Technologies Corp.	10.3%	2017	709.9%
Tesla, Inc.	8.6	2014	1,085.3
Spotify Technology S.A.	5.8	2020	31.1
FIGS, Inc.	2.7	2022	–41.8
Shopify Inc.	2.5	2022	89.7
ANSYS, Inc.	2.2	2022	32.0
Iridium Communications Inc.	1.4	2014	298.8
X.AI Corp.	1.4	2024	0.0

Disruptive Growth firms accounted for 34.9% of the Fund's net assets. On current metrics, these businesses may appear expensive; however, we think they will continue to grow significantly and, if we are correct, they have the potential to generate exceptional returns over time. Examples of these companies include electric vehicle leader **Tesla, Inc.**, commercial satellite and launch company **Space Exploration Technologies Corp.**, and audio streaming service provider **Spotify Technology S.A.** These companies all have large underpenetrated addressable markets, are well-financed with significant equity stakes by these founder-led companies, giving us further conviction in our investment.

Table VI.
Core Growth Investments as of June 30, 2024

	Percent of Net Assets	Year Acquired	Cumulative Return Since Date Acquired
Guidewire Software, Inc.	5.1%	2013	198.3%
On Holding AG	4.2	2023	21.7
CoStar Group, Inc.	3.6	2014	246.4
Verisk Analytics, Inc.	3.1	2022	57.5
Krispy Kreme, Inc.	2.6	2021	–22.0
Birkenstock Holding plc	2.3	2023	35.3
Illumina, Inc.	1.9	2023	–8.1
IDEXX Laboratories, Inc.	1.2	2022	10.4

Core Growth investments, steady growers that continually invest in their businesses for growth and return excess free-cash-flow to shareholders, represented 23.9% of net assets. An example would be **CoStar Group, Inc.**, a marketing and data analytics provider to the real estate industry. The company continues to add new services in commercial and residential real estate, which have grown its addressable market and enhanced services for its clients. This has improved client retention and cash flow. CoStar continues to invest its cash flow in its business to accelerate growth, which we believe should generate strong returns over time.

Table VII.
Investments with Real/Irreplaceable Assets as of June 30, 2024

	Percent of Net Assets	Year Acquired	Cumulative Return Since Date Acquired
Hyatt Hotels Corporation	5.4%	2009	457.1%
Vail Resorts, Inc.	4.6	2013	269.2
Red Rock Resorts, Inc.	3.9	2017	205.0
Choice Hotels International, Inc.	3.4	2010	494.6
Douglas Emmett, Inc.	1.4	2022	–8.3
Alexandria Real Estate Equities, Inc.	1.2	2022	–14.4
Las Vegas Sands Corporation	1.1	2023	–1.6
American Homes 4 Rent	0.6	2018	95.3

Companies that own what we believe are **Real/Irreplaceable Assets** represented 21.6% of net assets. **Vail Resorts, Inc.**, owner of the premier ski resort portfolio in the world, **Hyatt Hotels Corporation**, upscale lodging brand, and **Red Rock Resorts, Inc.**, the largest player in the Las Vegas Locals casino gaming market, are examples of companies we believe possess meaningful brand equity and barriers to entry that equate to significant pricing power over time.

Table VIII.
Financials Investments as of June 30, 2024

	Percent of Net Assets	Year Acquired	Cumulative Return Since Date Acquired
Arch Capital Group Ltd.	6.4%	2003	2,670.9%
Interactive Brokers Group, Inc.	4.1	2023	54.3
FactSet Research Systems Inc.	3.6	2008	845.2
MSCI Inc.	3.1	2021	–24.3
Jefferies Financial Group Inc.	0.9	2023	68.6

Financials investments accounted for 18.1% 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.**

Portfolio Holdings

As of June 30, 2024, the Fund's top 10 holdings represented 58.5% of net assets. Many of these investments have been successful and were purchased when they were much smaller businesses. We believe they continue to offer significant appreciation potential, although we cannot guarantee that will be the case.

The top five positions in the portfolio, **Space Exploration Technologies Corp.**, **Tesla, Inc.**, **Arch Capital Group Ltd.**, **Spotify Technology S.A.**, 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 and have large market opportunities to penetrate further, which enhances their potential for superior earnings growth and returns over time.

Table IX.
Top 10 holdings as of June 30, 2024

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Space Exploration Technologies Corp.	2017	$21.6	$208.2	$145.6	10.3%
Tesla, Inc.	2014	31.2	631.1	121.7	8.6
Arch Capital Group Ltd.	2003	0.9	37.9	90.8	6.4
Spotify Technology S.A.	2020	45.4	62.5	82.2	5.8
Hyatt Hotels Corporation	2009	4.2	15.4	76.0	5.4
Guidewire Software, Inc.	2013	2.7	11.4	72.6	5.1
Vail Resorts, Inc.	2013	2.3	6.8	64.6	4.6
On Holding AG	2023	10.1	12.4	58.6	4.2
Interactive Brokers Group, Inc.	2023	33.8	51.9	58.2	4.1
Red Rock Resorts, Inc.	2017	2.6	5.8	55.0	3.9

Recent Activity

In the second quarter, we increased our positions in **Vail Resorts, Inc.** and **Shopify Inc.**, two companies we believe were trading at attractive valuations and should see accelerated growth in the years ahead. We increased our position in Vail as the stock declined in the quarter due to external factors that were out of the company's control. We believe assuming normal winter weather, the company should grow its earnings at a double-digit rate next year. Its season pass sales should still grow this year and help the company lock in close to a third of its revenue before the season even starts. We still believe the company has significant pricing power given no new ski supply, which enables the company to generate strong free cash flow. The company is trading over a 6% free cash flow yield, a level we deem attractive.

Shopify declined in the quarter due to an increase in product and marketing investments the company is currently making to increase its already strong competitive advantages. While this will hurt current profitability, we believe it is the right decision and should result in strong returns on invested capital, especially as competitors shy away from investments in their own businesses.

Outlook

We believe the shares of many of our portfolio investments already reflect overly pessimistic earnings estimates for this 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 are not as bad as feared, we see significant near-term upside in the portfolio. We continue to believe our stocks are cyclically depressed, not secularly challenged, and see further upside over the next 12 to 18 months. So far, most of our portfolio holdings have not experienced a slowdown in sales or earnings growth, and their outlooks remain strong. In addition, we believe that even if a downturn were to occur, our portfolio companies would still be operating above pre-pandemic levels. These businesses' balance sheets have been strengthened since COVID-19, and we believe they remain well positioned to weather a downturn should one occur. We find the current risk/reward inherent in our portfolio holdings attractive at current levels.

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

Respectfully,

Ronald Baron
CEO and Portfolio Manager

David Baron
Co-President and 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: The Fund is non-diversified which means, in addition to increased volatility of the Fund's returns, it will likely have a greater percentage of its assets in a single issuer or a small number of issuers, including in a particular industry than a diversified fund. Single issuer risk is the possibility that factors specific to an issuer to which the Fund is exposed will affect the market prices of the issuer's securities and therefore the net asset value of the Fund. Specific risks associated with investing in small and medium-sized companies include that the securities may be thinly traded and more difficult to sell during market downturns.

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

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

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

Upside Capture explains how well a fund performs in time periods where the benchmark's returns are greater than zero. **Downside Capture** measures how well a fund performs in time periods where the benchmark's returns are less than zero. **Free cash flow (FCF)** represents the cash that a company generates after accounting for cash outflows to support operations and maintain its capital assets. **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. **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.

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

Dear Baron International Growth Fund Shareholder:

Performance

Baron International Growth Fund® (the Fund) gained 1.25% (Institutional Shares) during the second quarter of 2024, while its primary benchmark index, the MSCI ACWI ex USA Index (the Benchmark), was up 0.96%. The MSCI ACWI ex USA IMI Growth Index (the Proxy Benchmark) gained 0.71% for the quarter. The Fund modestly outperformed the Benchmark and the Proxy Benchmark during a quarter where international equity returns lagged their U.S. and global counterparts.

During the second quarter, inflation readings failed to slow sufficiently to clearly warrant the initiation of a Federal Reserve (the Fed) easing cycle, while global growth and employment conditions offered mixed signals. As a result, equity market breadth and leadership continued to narrow as the uncertain macro environment, contrasted by strong near-term fundamentals for the so-called *Magnificent Seven* and associated AI proxies and beneficiaries worldwide, ensured that such AI proxies drove the lion's share of second quarter returns. Beneath this surface level, we note that in contrast to the first quarter, the momentum of U.S. and global growth and employment conditions seemed to peak early in the quarter and moderate, with consumption clearly weakening late in the quarter. This allowed bond yields, and more importantly real yields, to moderate through the quarter, ending notably below the April highs and well below the recent peak levels of October 2023, which preceded the Fed's most recent pivot. Our current bias is that recent moderating economic trends will trigger a Fed easing cycle sooner rather than later, a development which would likely warrant a mean-reverting inflection point for many market underperformers, including international and emerging markets (EM) equities. Interestingly, we point out that despite the year-to-date rise in bond yields and the U.S. dollar, the MSCI Emerging Markets Index slightly outperformed the S&P 500 Index during the second quarter, while strongly outperforming the Dow Jones Industrial Average, the equal-weighted S&P 500 Index, and the Russell 2000 Index. We find this performance particularly admirable and perhaps a foreshadowing in the face of widespread skepticism and capital outflows. In our view, the MSCI ACWI ex USA Index was dragged down during the quarter by the impact of the surprise outcome of the initial French election results on Eurozone equities, leading to an unusually low correlation between international and EM equities during the quarter. As seasoned international investors, we highlight that abrupt market reactions to political events and/or elections often present attractive opportunity, as political and market "breakers" tend to materially dilute extremist rhetoric, allowing elevated risk-premium to recede and normalize. We anticipate that recent international equity underperformance will be contained and subsequently mean-revert.

MICHAEL KASS

PORTFOLIO MANAGER

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

Table I.
Performance
Annualized for periods ended June 30, 2024

	Baron International Growth Fund Retail Shares[1,2]	Baron International Growth Fund Institutional Shares[1,2,3]	MSCI ACWI ex USA Index[1]	MSCI ACWI ex USA IMI Growth Index[1]
Three Months[4]	1.16%	1.25%	0.96%	0.71%
Six Months[4]	2.48%	2.62%	5.69%	6.10%
One Year	2.61%	2.88%	11.62%	9.73%
Three Years	(7.62)%	(7.38)%	0.46%	(2.86)%
Five Years	4.24%	4.50%	5.55%	5.49%
Ten Years	4.63%	4.89%	3.84%	4.71%
Fifteen Years	8.11%	8.38%	6.21%	6.99%
Since Inception (December 31, 2008)	8.55%	8.82%	6.90%	7.65%

Performance listed in the above table is net of annual operating expenses. The gross annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2023 was 1.26% and 0.98%, but the net annual expense ratio was 1.20% and 0.95% (net of the Adviser's fee waivers), respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser waives and/or reimburses certain Fund expenses pursuant to a contract expiring on August 29, 2034, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit BaronCapitalGroup.com or call 1-800-99-BARON

1 The **MSCI ACWI ex USA Index Net (USD)** is designed to measure the equity market performance of large and mid-cap securities across 22 of 23 Developed Markets countries (excluding the U.S.) and 24 Emerging Markets 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 countries (excluding the U.S) and 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. Investors cannot invest directly in an index.

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

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

4 Not annualized.

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As we referenced in our previous letter, a portion of the surprisingly solid showing in at least EM equities can be attributed to the broadening recognition of AI-related equities within international jurisdictions. Further, as AI enthusiasm has spread from the "GPU/data center arms race" to the notion of "edge AI," or AI on server/PC/handset, many more individual companies can be seen as at least cyclical beneficiaries as edge AI would necessitate a significant and long-deferred replacement cycle for such edge devices. As the second quarter progressed, updates from Apple, Taiwan Semiconductor, Dell, Lenovo and others drove growing interest in the many companies in the hardware/handset ecosystem – a substantial portion of which reside in international/EM jurisdictions, in addition to the well-recognized semiconductor and high-bandwidth memory leaders, and, in our view, this phenomenon helped drive solid relative performance. We remain confident that international equities currently offer an attractive long-term entry point, with valuations and relative earnings expectations at multi-decade lows, high investor skepticism, and fundamental catalysts that we view as underappreciated by investors and allocators. As always, we remain confident that our diversified portfolio of well-positioned and well-managed companies can capitalize on their potential over the coming years regardless of the external environment.

In the second quarter of 2024, we modestly outperformed the Benchmark, as well as our all-cap growth-oriented Proxy Benchmark. By sector or theme, solid stock selection across multiple themes within Industrials and Consumer Discretionary were the largest contributors to relative performance this quarter. Notable outperformers were **HD Korea Shipbuilding & Offshore Engineering Co., Ltd**., as part of our sustainability/ESG theme, **InPost S.A.** and **Coupang, Inc.** within digitization, **Recruit Holdings Co., Ltd.** in Japan staffing, and **Trent Limited** in EM consumer. In addition, solid stock selection in the Communication Services sector, led by **Bharti Airtel Limited**, **Tencent Music Entertainment Group**, and **Indus Towers Limited** in our digitization theme, also bolstered relative results. Broadly offsetting the above was adverse stock selection effect in the Health Care sector, primarily attributable to our biotechnology/diagnostics related holdings (**Stevanato Group S.p.A**, **Eurofins Scientific SE**, and **Genmab A/S**). In addition, negative stock selection in the Materials sector, owing to a couple investments in our sustainability/ESG theme (**AMG Critical Materials N.V.** and **Suzano S.A.**), also weighed on relative results.

From a country perspective, our overweight positioning together with solid stock selection in India was the largest contributor to relative performance this quarter. Favorable stock selection effect in Korea, Canada, and Poland also bolstered relative results. We remain excited about our investments in India and are encouraged by the recent re-election of Prime Minister Modi for a historic third term, which bodes well for policy continuity and a positive economic outlook. Partially offsetting the above was our overweight positioning together with poor stock selection in Brazil, and negative stock selection effect in U.K., Italy, and the Netherlands.

Table II.
Top contributors to performance for the quarter ended June 30, 2024

	Percent Impact
Taiwan Semiconductor Manufacturing Company Limited	0.57%
HD Korea Shipbuilding & Offshore Engineering Co., Ltd.	0.43
Trent Limited	0.41
Bharti Airtel Limited	0.40
AstraZeneca PLC	0.34

Semiconductor giant **Taiwan Semiconductor Manufacturing Company Limited** (TSMC) contributed in the second quarter due to expectations for a continued strong cyclical recovery in semiconductors and significant incremental demand for AI chips. We retain conviction that TSMC's technological leadership, pricing power, and exposure to secular growth markets, including high-performance computing, automotive, 5G, and IoT, will allow the company to sustain strong double-digit earnings growth over the next several years.

HD Korea Shipbuilding & Offshore Engineering Co., Ltd. is the holding company of Hyundai Heavy, the largest global shipbuilder based on orderbook size and the global leader in high-end vessels including liquified natural gas (LNG)-powered ships. Shares contributed on strong quarterly results at subsidiary Hyundai Samho, which delivered better-than-expected margins on higher pricing. In addition, year-to-date newbuild ship order demand and pricing for the group was better than expected. We retain conviction. Korean shipbuilders have an oligopoly in LNG carrier shipbuilding, LNG dual-fueled container ships, and tankers. The tightening regulation on carbon emission, which will be fully adopted by the International Maritime Organization (IMO) by 2030, should drive higher demand for LNG dual-fueled ships as well as carbon-free ammonia-fueled ships. We expect a structural shortage of compliant ships to emerge as the IMO deadline nears, which should benefit HD Korea Shipbuilding given its leading position.

Shares of **Trent Limited** contributed to performance during the quarter. Trent is a leading retailer in India that sells private label apparel direct-to-consumer through its proprietary retail network. Shares were up this quarter on better-than-expected quarterly sales performance as well as continued footprint expansion of its Zudio value fashion franchise. We remain investors, as we believe the company will generate over 25% revenue growth in the near-to-medium term, driven by same-store-sales growth and outlet expansion. In addition, we believe operating leverage and a growing franchisee mix will lead to better profitability and return on capital, driving more than 30% EBITDA CAGR over the next three to five years.

Table III.
Top detractors from performance for the quarter ended June 30, 2024

	Percent Impact
Stevanato Group S.p.A	-0.43%
Eurofins Scientific SE	-0.40
Tokyo Electron Limited	-0.35
AMG Critical Materials N.V.	-0.34
Suzano S.A.	-0.33

Shares of **Stevanato Group S.p.A** detracted from performance. Stevanato sells packaging for injectable drugs. During the pandemic, the significant demand created by COVID vaccines resulted in a global shortage of vials. As a result, lead times were elongated, and customers stocked injectable drug packaging above normal inventory levels. As the supply chain situation normalized and demand for COVID vaccines declined, customers have been working through this excess inventory, leading to lower near-term vial sales and underutilized vial manufacturing capacity. We still think this is an attractive industry long term and remain investors.

Eurofins Scientific SE is a global leader in bioanalytical testing in the food, environment, pharmaceutical, and clinical sectors. Shares fell after a short report from Muddy Waters Research alleged the CEO had a conflict of interest regarding real estate leasing as well as poor accounting standards. We think the allegations echo a short report from 2019 and believe any impact on fundamentals is not significant. Eurofins is still a market leader in higher-growth areas of testing, unlike its peers which operate in more commoditized inspection and certification.

Semiconductor production equipment manufacturer **Tokyo Electron Limited** detracted in the second quarter, driven by investor concerns about a slower-than-expected near-term revenue growth recovery. We remain optimistic about Tokyo Electron's long-term prospects. We expect semiconductor production equipment spend will grow robustly for years to come, as chipmakers expand capacity to meet rising demand, with AI as a key long-term catalyst. We believe the company will remain a critical enabler of major chipmakers' technological advancements.

Portfolio Structure

Table IV.
Top 10 holdings as of June 30, 2024 – Developed Countries

	Percent of Net Assets
Linde plc	2.8%
Arch Capital Group Ltd.	2.8
Constellation Software Inc.	2.7
AstraZeneca PLC	2.4
eDreams ODIGEO SA	2.2
argenx SE	2.1
Symrise AG	2.1
Novo Nordisk A/S	1.9
Experian plc	1.9
DSM-Firmenich AG	1.9

Table V.
Top five holdings as of June 30, 2024 – Emerging Countries

	Percent of Net Assets
Taiwan Semiconductor Manufacturing Company Limited	3.2%
InPost S.A.	2.3
HD Korea Shipbuilding & Offshore Engineering Co., Ltd.	1.9
Tencent Holdings Limited	1.8
Bharti Airtel Limited	1.7

Table VI.
Percentage of securities in Developed Markets as of June 30, 2024

	Percent of Net Assets
Japan	11.7%
United Kingdom	8.4
Netherlands	8.0
France	5.7
United States	4.4
Israel	4.1
Spain	3.9
Canada	3.8
Germany	2.8
Denmark	2.6
Sweden	2.4%
Switzerland	2.0
Ireland	1.4
Hong Kong	0.8
Italy	0.6
Norway	0.1

Table VII.
Percentage of securities in Emerging Markets as of June 30, 2024

	Percent of Net Assets
India	10.4%
China	6.8
Korea	6.2
Taiwan	3.8
Poland	3.6
Brazil	2.7
Peru	0.9
Mexico	0.3

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 second quarter of 2024, the Fund's median market cap was $18.5 billion. We were invested 70.1% in large- and giant-cap companies, 19.8% in mid-cap companies, and 7.3% in small- and micro-cap companies, as defined by Morningstar, with the remainder in cash.

Recent Activity

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

We initiated a position in **Ajinomoto Co., Inc.**, a Japanese multi-national which traces its roots back to 1909 as the inventor of monosodium glutamate (MSG). The company has since become one of the most profitable food companies in the world and has expanded into a wide range of products and services across seasonings, pharmaceutical contract development and manufacturing, and semiconductor functional materials. We expect that Ajinomoto's core food business will maintain steady growth, supported by Southeast Asia's emerging middle class, as rising incomes drive both higher volume and the upgrade to higher-priced premium products. Most notably, we are optimistic about the growth prospects for Ajinomoto Build-up Film (ABF), an insulating material used within the packaging of high-performance semiconductors, including CPUs and GPUs in PCs and servers. Ajinomoto invented ABF in the late 1990s and has since maintained a near monopoly in this material, which plays a critical role in electrical isolation, signal routing, and heat dissipation. We expect Ajinomoto's high-margin ABF revenue to surge over the next five years, driven by strong AI-related demand for high performance chips, increasing ABF content per chip to support ever more complex chip designs, and an uplift in ABF pricing. We forecast that Ajinomoto can more than double its earnings over the next five years, with ABF driving most of the profit growth.

As part of our digitization theme, we initiated positions in **Park Systems Corporation**, **Indus Towers Limited**, **BE Semiconductor Industries N.V.** (Besi), and **eMemory Technology Inc.** Park Systems is a Korean manufacturer of nanoscale metrology systems and the leading global supplier of Atomic Force Microscopes (AFM) for the semiconductor industry. Unlike electron microscopes and optical inspection tools which produce two-dimensional images, AFM uses a cantilever with a very sharp tip to produce a three-dimensional topographic map of a surface with superior, atomic-level resolution. Until recently, AFMs were mainly used in academic research. However, over the last five years, as the dimensions of chip features have become ever smaller and chip design has become increasingly vertical, legacy optical equipment has struggled to meet more stringent inspection demands. Thus, the semiconductor industry has started using AFMs for sub-angstrom measurements and defect analysis to improve manufacturing yields. We believe AFMs are still in the early stage of adoption and will see strong demand over the next five years, ultimately becoming a mainstream tool uniquely suited for the rising complexity and intensity of semiconductor inspections. We are confident that Park Systems will maintain its dominant market share in AFMs thanks to its significant technological advantages and sticky customer relationships. We also expect that Park Systems' unrivaled AFM platform will enable the company to successfully expand into new innovative products, such as a tool to repair photomasks used in EUV lithography, which is already starting to receive meaningful orders. With strong expected growth in leading edge semiconductor manufacturing capacity to meet surging AI demand, increasing penetration of AFMs, and an expanding product line, we believe Park Systems will generate over 20% compounded earnings growth over the next three to five years.

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

Besi is a leading supplier of semiconductor assembly equipment based in the Netherlands. The company is a pioneer in hybrid bonding equipment and will be a key beneficiary of the proliferation of "chiplets" over the next decade. Moore's Law, which observed that the number of transistors on a chip doubles every two years, has underpinned the semiconductor industry's exponential growth over the last six decades. Today, chipmakers squeeze billions of transistors onto an area the size of a fingernail. However, as these transistors are now nearing the size of a single atom, it is becoming extremely costly and complex to make them even smaller. Thus, the industry must innovate in other ways, and is now shifting towards chiplet architecture. Traditionally, multiple computing functions would be integrated on a two-dimensional, "monolithic" chip. Chiplets break apart these functions into individual blocks, such as processing, memory, and input/output communication, which can then be stacked on top of each other, using the third dimension for the first time. A system comprised of chiplets has several advantages, including higher yield, lower cost, and better performance. For example, stacking a memory chiplet directly on top of a processor can significantly improve speed and energy efficiency compared to a monolithic approach, which requires data to move longer distances horizontally around the chip. Hybrid bonding is a new technology used to integrate multiple chiplets and delivers a major bandwidth improvement over conventional chip packaging. Besi enjoys technological and first mover advantages in hybrid bonding, which we believe will enable the company to sustain strong double-digit earnings growth for many years to come.

Taiwan-based eMemory is a world-leading Intellectual Property (IP) provider of embedded non-volatile memory (eNVM) to all major semiconductor chip manufacturers. ENVM is integrated directly into a chip for the purpose of retaining data, such as code and parameter settings, even when power is turned off, and provides higher speed and performance than external memory. The company does not design nor manufacture its own chips, but rather licenses its technology to chipmakers and generates the vast majority of its revenue from royalties. We expect the penetration rate of eMemory's eNVM IP will steadily increase over the next five years, given its strong advantages in memory density, security, and re-programmability compared with the legacy "eFuse" technology. We are also optimistic about the long-term potential for eMemory's Physical Unclonable Function (PUF) IP. PUF is like a chip fingerprint, which is generated by the unique physical properties of every chip. While still at an early stage of adoption, we believe PUF could become a critical solution for multiple chip security issues, such as device authentication and key generation. We expect the company to maintain its dominant position in both eNVM and PUF IP, with deep competitive moats including its highly differentiated technology, decades-long customer relationships, and strong patent portfolio. We forecast that rising eNVM and PUF adoption will sustain over 20% compounded revenue growth over the next three to five years. Moreover, with industry-leading profit margins and high operating leverage thanks to its IP licensing business model, we expect eMemory's profit will grow considerably faster than its revenue.

We increased our exposure to several existing positions during the quarter, including **Epiroc AB**, **Compagnie Financiere Richemont SA**, **Taiwan Semiconductor Manufacturing Company Limited**, **EQT AB**, **Genmab A/S**, **Full Truck Alliance Co. Ltd.**, **Prosus N.V.**, and **Shenzhen Mindray Bio-Medical Electronics Co., Ltd.**

We exited several positions during the quarter consistent with our efforts to seek greater concentration in our higher conviction investments. Disposals included **Watches of Switzerland Group PLC**, **B3 S.A. – Brasil, Bolsa, Balcao**, **Ceres Power Holdings plc**, **Yum China Holdings Inc.**, and **Kingsoft Corporation Ltd.**

Outlook

In many ways, we see the evolution of market behavior in the second quarter 2024 as an extension of the first quarter: inflation readings failed to slow sufficiently to clearly warrant the initiation of a Fed easing cycle, while global growth and employment conditions offered mixed signals, and equity market breadth and leadership continued to narrow into nearly the exclusive confines of the Magnificent Seven and associated AI proxies and beneficiaries worldwide. Under the hood, we observe that the details are more nuanced. First, in contrast to the first quarter, the momentum of U.S. and global growth and employment conditions seemed to peak early in the quarter and moderate, with consumption clearly weakening into late Spring/early Summer. This allowed bond yields, and more importantly real yields, to moderate through the quarter, ending notably below the April highs and well below the recent peak levels of October 2023, which preceded the Fed's pivot. We will be carefully following ongoing employment and consumption indicators, and the related implications for growth and inflation expectations, as our current bias is that recent moderating trends will trigger a Fed easing cycle sooner rather than later. Such a development would likely warrant a mean-reverting inflection point for many market underperformers, including international and small/mid-cap equities – much as we experienced during the final quarter of 2023; though, if viewed as a more lasting economic inflection point, we would expect any associated leadership change to be more durable.

As highlighted in our previous letter, we note a broadening out of the perceived beneficiaries of the AI deployment, which collectively represent an increasing weight within the international indices. More recently, as AI enthusiasm has spread from the "GPU/data center arms race" to the notion of "edge AI," or AI on server/PC/handset, many more individual companies can be seen as at least cyclical beneficiaries, as edge AI would necessitate a significant and long-deferred replacement cycle for such edge devices. As the second quarter progressed, updates from Apple, Taiwan Semiconductor, Dell, Lenovo and others drove growing interest in the many companies in the hardware/handset ecosystem – a substantial portion of which reside in international jurisdictions, in addition to the well-recognized semiconductor and high-bandwidth memory leaders. This nuance, we believe, has potential implications going forward for the traditional AI/Magnificent Seven plays; while the long-term opportunity appears compelling *(and consensus)*, given current valuations, any pause in the momentum of the GPU arms race in the transition from training to inference, or from data center capex to the rollout of software-driven AI applications at scale, would likely spark a major inflection in market leadership away from U.S. equities. In other words, it is possible or even likely that it will take time to utilize the vast expansion in AI processing capacity that is building up at the hyperscale/data center level in the pursuit of the productivity promise of AI, notwithstanding a potentially imminent global handset/server/PC upgrade cycle. In such a scenario, we would expect to see a notable change in Magnificent Seven/U.S. equity dominance with improved relative performance for non-U.S. equities.

A word on recent elections and political catalysts throughout the international markets: during the quarter, we witnessed surprising outcomes in closely watched elections in Europe/France, Mexico, and India, while in Brazil, President Lula offered disturbing rhetoric regarding fiscal balance and BCB independence. We see the recent and final outcome in France in July as tempering fears of extremism, while although closer than anticipated, the election result in India and ensuing government/ministerial makeup is supportive of a healthy and quite positive status quo. Though political developments in various jurisdictions appear more populist and potentially adverse to the interests of capital owners, extreme ideology and political rhetoric is notoriously over-discounted on the surface, while in the intermediate term, political and market "breakers" tend to materially dilute the feared impact, allowing elevated risk-premium to recede. While the process can be frustrating and volatile, we suspect this pattern is likely to prevail, and we believe patience is warranted and likely to be rewarded. 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 BaronCapitalGroup.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.

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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Baron Real Estate Fund

Dear Baron Real Estate Fund Shareholder:

Performance

Following strong absolute and relative performance in the first quarter of 2024, Baron Real Estate Fund's® (the Fund) performance reversed course and had a challenging second quarter.

In the June quarter, the Fund declined 9.20%, underperforming the MSCI US REIT Index (the REIT Index), which fell 0.22%, and the MSCI USA IMI Extended Real Estate Index (the MSCI Real Estate Index), which declined 4.03%. Several of the Fund's best performers from 2023 and the first quarter of 2024 declined in part due to concerns about slowing growth, including the shares of homebuilders, residential building product and services companies, casino and gaming operators, certain REITs, and other real estate-related companies.

At this stage, we believe the Fund is populated with several attractively valued real estate companies and believe the two- to three-year prospects for the Fund are compelling. Further, we have a long track record of bouncing back strongly following periods of weakness and are energized and committed to doing so again.

Despite the challenges from the most recent quarter, the Fund has maintained its industry leading performance as of June 30, 2024. According to Morningstar, the Fund has achieved the following:

- **#1 real estate fund ranking for both its 10-year and 5-year performance periods**
- **#1 real estate fund ranking since the Fund's inception on December 31, 2009**
- **5-Star Overall Morningstar Rating™**

JEFFREY KOLITCH
PORTFOLIO MANAGER

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

We will address the following topics in this letter:

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

As of 6/30/2024, the Morningstar Real Estate Category consisted of 237, 225, 206, 151, and 169 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 24th, 57th, 1st, 1st, and 1st percentiles, respectively. On an absolute basis, Morningstar ranked Baron Real Estate Fund Institutional Share Class as the 51st, 135th, 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 6/30/2024, Morningstar ranked Baron Real Estate Fund R6 Share Class in the 24th, 57th, 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 52nd, 134th, 1st, 1st, and 1st best performing share class in its Category for the 1-, 3-, 5-, 10-year, and since inception periods, respectively.

Morningstar calculates the Morningstar Real Estate Category Average performance and rankings using its Fractional Weighting methodology. Morningstar rankings are based on total returns and do not include sales charges. Total returns do account for management, administrative, and 12b-1 fees and other costs automatically deducted from fund assets. Since inception rankings include all share classes of funds in the Morningstar Real Estate Category. Performance for all share classes date back to the inception date of the oldest share class of each fund based on Morningstar's performance calculation methodology.

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

Baron Real Estate Fund Institutional Share Class was rated 5 stars overall, 3 stars for the trailing 3 years, 5 stars for the trailing 5 years, and 5 stars for the trailing 10 years ended 6/30/2024. There were 225 share classes, 206 share classes, and 151 share classes in the 3-, 5-and 10-year periods. These Morningstar Ratings are for the Institutional share class only; other classes may have different performance characteristics.

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Table I.
Performance
Annualized for periods ended June 30, 2024

	Baron Real Estate Fund Retail Shares[1,2]	Baron Real Estate Fund Institutional Shares[1,2]	MSCI USA IMI Extended Real Estate Index[1]	MSCI US REIT Index[1]	S&P 500 Index[1]
Three Months[3]	(9.26)%	(9.20)%	(4.03)%	(0.22)%	4.28%
Six Months[3]	(1.79)%	(1.68)%	2.29%	(0.84)%	15.29%
One Year	6.66%	6.90%	12.31%	6.25%	24.56%
Three Years	(2.25)%	(2.00)%	2.94%	(0.97)%	10.01%
Five Years	12.64%	12.93%	8.18%	2.68%	15.05%
Ten Years	8.61%	8.88%	8.48%	4.55%	12.86%
Since Inception (December 31, 2009) (Annualized)	12.84%	13.13%	10.84%	7.71%	13.76%
Since Inception (December 31, 2009) (Cumulative)[3]	476.53%	498.07%	344.83%	193.76%	548.01%

Our Current Top-of-mind Thoughts

At the half-way point of 2024, we have several top-of-mind thoughts:

We believe it is an attractive time to increase exposure to public real estate

- Several public real estate companies have underperformed the S&P 500 Index since 2019, in part due to the lingering impacts from COVID-19, the aggressive Federal Reserve (the Fed) interest rate tightening cycle, and more recently, the overhang of the commercial real estate crisis narrative which we continue to believe is unlikely to materialize.
- Much of public real estate has been repriced for a higher cost of capital, and valuations are now attractive *(see below)*.
- We believe Fed interest rate cuts are forthcoming, which historically have been positive for public real estate *(see below)*.
- Our research conclusions for most real estate companies are encouraging:
  - Business conditions, though moderating, are still growing and do not foretell a significant decline in growth.
  - We see attractive demand versus supply prospects. Vacancies are low, rents and home prices continue to increase albeit at a slower rate, and competitive new construction is modest for most commercial and residential sectors and geographic markets over the next several years.
  - Most balance sheets are in strong shape.
  - The banking system is well capitalized, with ample liquidity.
  - We believe future loan defaults will be mostly isolated to class "B" and "C" office buildings.

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

- REITs versus the S&P 500 Index: According to research from Citigroup Inc., since 2007, REIT price to earnings multiples (P/E or FFO) have traded, on average, at a modest 0.7 times premium to the S&P 500 Index P/E multiple. Currently, however, REIT P/E multiples of 16.4 times are at a 4.6 times discount to the S&P 500 Index P/E multiple of 21.0 times. The last time REIT valuations were cheaper versus the S&P P/E multiple was during the Global Financial Crisis in 2009.
- Public real estate valuations versus private real estate valuations: We find it notable that in the last few months private equity firms such as **Blackstone Inc.** have chosen to deploy billions of dollars of real estate capital in the public market rather than the private market due to the relative valuation appeal in public real estate. In April 2024, Blackstone announced the $10 billion acquisition of publicly traded Apartment Income REIT Corp., a multi-family REIT. Blackstone also announced the $3.5 billion acquisition of Tricon Residential Inc., a publicly traded company that provides quality rental homes and apartments, earlier this year. We anticipate additional public market privatizations in the months ahead because there may be additional opportunities for private funds to purchase quality public real estate at valuation discounts to private market values.
- We believe several REIT and non-REIT real estate companies are cheap. Examples include certain real estate casino and gaming companies,

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, 2023 was 1.31% and 1.06%, respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser may waive or reimburse certain Fund expenses pursuant to a contract expiring on August 29, 2034, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit BaronCapitalGroup.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 indices or any securities or financial products. This report is not approved, reviewed or produced by MSCI. The **MSCI US REIT Index Net (USD)** is designed to measure the performance of all equity REITs in the U.S. 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. The **S&P 500 Index** measures the performance of 500 widely held large-cap U.S. companies. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. The MSCI Indexes 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. 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.

non-REIT residential-related homebuilders and building product and services companies, and several additional REIT and non-REIT real estate-related companies.

Fed interest rate cuts should be positive for real estate stocks and our Fund

- The global pivot in monetary policy – from restrictive to accommodative – has historically been bullish for real estate and the Fund. Lower interest rates and tighter credit spreads should support real estate valuations, reduce the weight of debt refinancings, and reignite the transaction market.
- Since the launch of the Fund on December 31, 2009, the Fed has lowered interest rates twice – in 2019 and 2020.
  - 2019: The Fed cut interest rates 75 basis points (25 basis points on three different dates). In 2019, the Fund increased 44.4%, significantly outperforming the REIT Index, which increased 24.3%, and the MSCI Real Estate Index, which increased 30.2%.
  - 2020: The Fed cut interest rates 150 basis points in March 2020 in response to COVID-19. In 2020, the Fund increased 44.3%, significantly outperforming the REIT Index, which decreased 8.7%, and the MSCI Real Estate Index, which increased 4.2%.

The 5-year period from 2019-2023 is an excellent case study that highlights the long-term appeal of the Baron Real Estate Fund

- From 2019 to 2023, real estate was faced with a highly unusual and, at times, challenging investing environment that included:
  - COVID-19 and its positive and negative implications for various real estate categories
  - A decline in the U.S. 10-year treasury rate to the lowest in history (0.52% on March 2020)
  - A sharp reversal in interest rates as the Fed increased interest rates 525 basis points
  - Multi-decade high inflation fueled by trillions of dollars of fiscal and monetary stimulus to combat COVID-19
  - Emerging headwinds for some segments of real estate – notably lower quality office buildings
  - Several other unusual developments including bank failures, supply-chain challenges, and the Russia-Ukraine war
- We believe the developments that occurred in the 5-year period from 2019 to 2023 highlight the long-term benefits of the Fund's broader, more flexible, and more comprehensive approach to investing in real estate.
  - In certain years, the Fund may underperform often due to our decision to limit the Fund's REIT exposure to no more than approximately 30% of the Fund's net assets (2021, for example).
  - Over the long term, however, we believe the Fund's more expansive and balanced approach to real estate research and portfolio construction relative to more typical REIT dominated funds (we research and invest in a broader group of real estate-related companies, not just REITs), and the merits of our actively managed strategy to navigate and capitalize on the ever-changing real estate investment landscape should result in long-term returns at or near the top of the real estate peer group.
  - *For the 5-year period ending December 31, 2023, the Fund:*
    - Significantly outperformed its comparative indices in 2019, 2020, and 2023
    - Underperformed in 2021 largely due to the decision to limit the Fund's REIT allocation to no more than approximately 30% of the Fund's assets – and REITs had one of their best years on record in 2021
    - Modestly underperformed in 2022 when growth-related real estate companies were out of favor
    - **Notably, for the 5-year period from 2019 to 2023:**
      - **The Fund's annualized 5-year performance of 18.32% significantly outperformed the REIT Index's performance of only 6.15% and the MSCI Real Estate Index's performance of 11.68%**

Table II.
Performance from 12/31/2018 to 12/31/2023

Period	Baron Real Estate Fund Institutional Shares	MSCI USA IMI Extended Real Estate Index	MSCI US REIT Index	S&P 500 Index
Calendar Year 2019	44.44%	30.21%	24.33%	31.49%
Calendar Year 2020	44.28%	4.21%	–8.70%	18.40%
Calendar Year 2021	24.36%	36.55%	41.71%	28.71%
Calendar Year 2022	(28.44)%	(23.84)%	(25.37)%	(18.11)%
Calendar Year 2023	25.04%	23.09%	12.27%	26.29%
5-Years Ended 12/31/2023 (Annualized)	18.32%	11.68%	6.15%	15.69%

- **According to Morningstar, the Fund was the #1 ranked real estate fund over this 5-year period**
- **Looking forward, we believe the merits of our more diversified and flexible approach to investing in real estate may shine even brighter in part due to the rapidly changing real estate landscape which we believe will require a more expansive, discerning, and actively managed approach to investing in real estate**

Portfolio Composition and Key Investment Themes

We currently have investments in REITs, plus seven 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 III below).

Table III.
Fund investments in real estate-related categories as of June 30, 2024

	Percent of Net Assets
REITs	30.9%
Non-REITs	63.1
Homebuilders & Land Developers	18.6
Building Products/Services	11.6
Casinos & Gaming Operators	9.6
Real Estate Service Companies	9.1
Real Estate Operating Companies	7.5
Hotels & Leisure	5.5
Data Centers	1.1
Cash and Cash Equivalents	6.0%
Total	100.0%*

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

Investment Themes

We continue to prioritize seven 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
7. Data center operators

Notable changes to the Fund's real estate category exposures since the end of the first quarter:

- We increased the Fund's allocation to REITs from 23.0% to 30.9%. REIT performance lagged in 2023 and in the first quarter of 2024. We identified attractively valued REITs to purchase in the second quarter, including multi-family REITs.
- Following exceptionally strong performance in 2023 and in the first quarter of 2024, we decreased the Fund's allocation to homebuilders from 22.6% to 17.3%.
- Due to moderating growth expectations, we decreased the Fund's allocation to casinos & gaming operators from 15.4% to 9.6%.

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

REITs

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

As of June 30, 2024, we had investments in six REIT categories representing 30.9% of the Fund's net assets. Please see Table IV below.

Table IV.
REITs as of June 30, 2024

	Percent of Net Assets
Data Center REITs	9.0%
Multi-Family REITs	7.2
Wireless Tower REITs	4.8
Health Care REITs	3.6
Industrial REITs	3.6
Single-Family Rental REITs	2.7
Total	30.9%*

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

Residential-related real estate

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

As of June 30, 2024, residential-related real estate companies represented 30.3% of the Fund's net assets. Please see Table V below.

Table V.
Residential-related real estate companies as of June 30, 2024

	Percent of Net Assets
Homebuilders	17.3%
Building Products/Services	11.0
Home Centers	2.0
Total	30.3%[1]*

[1] *Total would be 33.0% if we include residential-related housing REIT Invitation Homes, Inc.*

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

Travel-related real estate

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

As of June 30, 2024, travel-related real estate companies represented 15.1% of the Fund's net assets. Please see Table VI below.

Table VI.
Travel-related real estate as of June 30, 2024

	Percent of Net Assets
Casinos & Gaming Operators	9.6%
Hotels	5.5
Total	15.1%*

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

Real estate-focused alternative asset managers

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

Commercial real estate services companies

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

Property technology companies

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

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

Data center operators

In the most recent quarter, we acquired shares in data center operator, **GDS Holdings Limited**. We believe the shares are attractively valued and offer compelling long-term growth prospects. We will elaborate on our investment thesis for the company in future shareholder letters.

As of June 30, 2024, other real estate-related companies (which includes the four investment themes mentioned directly above) represented 17.7% of the Fund's net assets. Please see Table VII below.

Table VII.
Other real estate-related companies as of June 30, 2024

	Percent of Net Assets
Real Estate-Focused Alternative Asset Managers	7.5%
Commercial Real Estate Services Companies	5.6
Property Technology Companies	3.5
Data Center Operators	1.1
Total	17.7%*

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

Top Contributors and Detractors to Performance

Table VIII.
Top contributors to performance for the quarter ended June 30, 2024

	Quarter End Market Cap (billions)	Percent Impact
Equity Residential	$26.3	0.40%
Welltower Inc.	62.3	0.38
Digital Realty Trust, Inc.	50.3	0.25
AvalonBay Communities, Inc.	29.4	0.20
Jones Lang LaSalle Incorporated	9.8	0.16

In the second quarter, the shares of **Equity Residential**, the largest U.S. multi-family REIT, appreciated due to continued strong operating updates, an improved full-year growth outlook, and faster-than-expected improvement in the company's West Coast markets. Management has assembled an excellent portfolio of Class A apartment buildings located in high barrier-to-entry coastal markets with favorable long-term demographic trends and muted overall supply growth. Please see the "Top net purchases" for further thoughts on the company.

The shares of **Welltower Inc.** continued to perform well in the second quarter. Share price appreciation was driven by continued strong cash flow growth in its senior housing portfolio driven by strong occupancy and rent growth, solid execution on its highly accretive proprietarily sourced capital deployment opportunities, and an improved full-year growth outlook.

Welltower is a REIT that is an operator of senior housing, life science, and medical office real estate properties. We recently met with the entire Welltower senior management team and remain encouraged that the shares can continue to be a strong multi-year contributor for the Fund. We are optimistic about the prospects for both cyclical growth (a recovery from depressed occupancy levels following COVID-19) and secular growth (the senior portion of the population is the fastest growing portion of the population and people are living longer) in senior housing demand against a backdrop of muted supply that will lead to several years of compelling organic growth. Welltower is a "best-in-class" operator with a high-quality curated portfolio that is led by astute capital allocators, thereby allowing it to capture outsized organic and inorganic growth opportunities.

In the most recent quarter, the shares of data center REIT **Digital Realty Trust, Inc.** continued to appreciate due to record quarterly new leasing results, strong pricing power on new and renewal leases, an improved capital structure, and an evolving AI demand growth opportunity for its data center facilities.

Digital Realty is a global provider of data center services to enterprises, cloud service providers, network providers, financial services, media, and other customers. Our team traveled to Digital Realty's headquarters in Texas earlier this year to meet with CEO Andy Power. We remain optimistic about Digital Realty's continued ability to perform well due to improving growth and pricing power, the company's existing and newly developed data center capacity in supply constrained markets, its fully secured future pipeline of power and key infrastructure components, and management's greater focus on delivering bottom-line growth while balancing investing for the future.

Table IX.
Top detractors from performance for the quarter ended June 30, 2024

	Quarter End Market Cap (billions)	Percent Impact
CoStar Group, Inc.	$ 30.3	–1.14%
Prologis, Inc.	104.0	–0.79
D.R. Horton, Inc.	46.4	–0.77
Toll Brothers, Inc.	11.8	–0.76
SiteOne Landscape Supply, Inc.	5.5	–0.75

Following strong first quarter performance, the shares of **CoStar Group, Inc.**, the global leader in digitizing real estate, declined due to concerns that the company's second quarter financial results will show a deceleration in net new sales of its residential product following outstanding first quarter performance. We remain encouraged by traction in CoStar's residential offering, although recognize that progress may not be linear. CoStar began to monetize its new residential Homes.com platform in February. We believe that early momentum can be amplified by the recent National Association of Realtors class action settlement, which has the potential to disrupt the residential brokerage industry and enhance the return on investment for brokers advertising on CoStar's residential Homes.com. We view the residential real estate market as a vast and underpenetrated opportunity for CoStar. Over time, we believe the company's emerging residential business will result in a more than doubling of the company's current revenues and cash flow. Further, expanding the residential offering to international markets would result in another major growth opportunity. Based on CoStar's current valuation and our expectation for future growth, we believe the company's shares have the potential to double in the next three to four years.

The shares of **Prologis, Inc.** underperformed during the second quarter. Prologis is a REIT that is the global leader in logistics real estate with a focus on high-barrier, high-growth markets. The share price began to correct in April when the company reported strong first quarter financial results but slightly lowered its full-year outlook. Rent growth has been moderating in the industrial logistics real estate sector as tenants slow their decision-making amidst an environment of heightened macroeconomic uncertainty, while a wave of recently delivered new development projects provide tenants with more real estate options. We view these headwinds as transitory and remain quite optimistic about Prologis's multi-year growth prospects.

We expect industry fundamentals will firm up in the coming quarters in light of still healthy levels of demand combined with a dearth of expected new development deliveries. Long-term demand is poised to benefit from several ongoing secular tailwinds, including the growth of e-commerce, the build out of "last mile" supply chains, and the desire for more "just-in-case" inventory of goods. Management, who we think is top notch, expects to grow cash flow at close to 10% per year over the next several years as the company resets the portfolio's low in-place rents up to market levels and investments in development, data centers and energy begin to bear fruit.

The shares of **D.R. Horton, Inc.** underperformed during the second quarter. D.R. Horton is the largest homebuilder in the U.S., with operations in 119 markets in 33 states, and a focus on more affordable price points (70% of homes closed are below $400,000).

Share prices of U.S. homebuilders more broadly were pressured over concerns that demand for new single-family homes would slow due to stretched consumer affordability (high prices, down payments and mortgage rates) and a rise in home resale inventory across several markets. D.R. Horton has been able to successfully weather these headwinds and continue to grow owing to its affordable price points, low-cost position, and scale advantages.

We remain enthusiastic about the multi-year prospects for D.R. Horton. Our view remains that the U.S. will need to build new homes at an elevated rate for the foreseeable future in order to replenish a current structural deficit of housing stock while also housing a growing population. We anticipate that D.R. Horton will continue to grow faster than the broader housing industry as the company leverages its scale advantages to gain market share across its footprint. Furthermore, we believe that as the company continues to transition its operations to a more asset-light business model that emphasizes returns and cash flow generation, the company's valuation multiple may expand.

Recent Activity

Table X.

Top net purchases for the quarter ended June 30, 2024

	Quarter End Market Cap (billions)	Net Amount Purchased (millions)
AvalonBay Communities, Inc.	$29.4	$49.3
Equity Residential	26.3	42.5
Martin Marietta Materials, Inc.	33.4	40.6
American Tower Corporation	90.8	33.6
Louisiana-Pacific Corporation	5.9	26.9

In the second quarter, we increased the Fund's REIT exposure to best-in-class multi-family owners/operators **Equity Residential** and **AvalonBay Communities, Inc.** Our meetings with each management team supported our view that both companies are led by astute executives that are highly focused on driving value creation for shareholders.

Equity Residential and AvalonBay each own approximately 80,000 apartment homes primarily in coastal markets. We believe these portfolios offer superior long-term growth prospects due to:

- Favorable long-term demographic trends driven by strong population and job growth in their key geographic markets
- An undersupply of housing in the U.S. with outsized cost of ownership versus renting in their respective markets
- A high-earning, well-employed resident profile with attractive rent-to-income ratios allowing for future pricing power
- Low levered balance sheets which may present attractive opportunities for accretive external growth

In our opinion, the shares of Equity Residential and AvalonBay have been highly discounted relative to private market values and the underlying replacement cost of their portfolios. Our view was further cemented when Blackstone, one of the largest real-estate owners in the world, privatized Apartment Income REIT Corp., a multi-family REIT that owns and operates 27,000 apartments, in April 2024 for $10 billion, or a 25% premium to its public market price. Blackstone's purchase price was at a premium to where the higher quality portfolios of Equity Residential and AvalonBay were trading in the public markets.

Despite strong performance in the second quarter, we continue to believe that shares of Equity Residential and AvalonBay are attractively valued relative to private market values and each company owns and operates excellent and relevant real estate that should perform well over the long term.

In the second quarter, we acquired shares in **Martin Marietta Materials, Inc.**, a leading producer of aggregates (77% of gross profit) and specialty products. The company's products are sold and utilized in infrastructure projects such as highways, as well as residential and non-residential construction. Martin Marietta has local leadership positions across its footprint.

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

- High barriers to entry limit new competition: Permits to open new quarries are difficult to obtain, and the approval process typically takes 5 to 10 years. Martin Marietta has more than 75 years of aggregates reserves at its current extraction rates.
- Consistent pricing power through cycles: Aggregates producers have historically enjoyed great pricing power owing to the difficulty in opening competing new quarries, the limited substitutes for quality aggregates, and a high weight-to-price ratio that makes transportation expensive relative to the cost of the material. In the last 30 years, pricing of aggregates has increased, on average, 4% per year.

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

1. Infrastructure-related spending is accelerating and will be elevated over the next several years. The Infrastructure Investment and Jobs Act allocates significant sums towards new and existing infrastructure spending through 2026. In addition, outsized state-level infrastructure spending will drive demand across the company's footprint.

2. Private construction spending (residential and non-residential) may accelerate over the next several years. Residential construction may remain strong owing to an acute need for more new homes following a 15-year period of underbuilding relative to the demographic needs of our country. Non-residential spending may accelerate to meet the real estate needs in growing areas such as logistics warehouses, data centers, and manufacturing.

3. Pricing power has been exceptionally robust in response to inflationary cost pressures, and we expect price growth to remain strong.

4. Margin expansion opportunity. Management remains focused on improving productivity and maximizing unit-level profitability, with the goal of further expanding margins.

Table XI.
Top net sales for the quarter ended June 30, 2024

	Quarter End Market Cap or Market Cap When Sold (billions)	Net Amount Sold (millions)
Toll Brothers, Inc.	$ 11.8	$84.3
Prologis, Inc.	104.0	31.9
Caesars Entertainment, Inc.	7.8	30.1
Pool Corporation	12.0	29.0
Boyd Gaming Corporation	5.2	28.3

We trimmed our position in **Toll Brothers, Inc.**, America's leading luxury homebuilder, during the second quarter following exceptionally strong share price appreciation over the last year and the Fund's resulting large position size. Toll Brothers remains the largest position in the Fund, and we continue to be enthusiastic about the company's long-term prospects.

Our meetings with CEO Doug Yearley and other key members of the company's management confirm our view that the long-term prospects remain compelling. We believe Toll Brothers has the ability to grow its community count of homes by approximately 10% per year as the company continues to gain market share against its mostly smaller private competitors who lack scale advantages, brand awareness, and access to attractively priced financing. Further, Toll Brothers has a long runway for multi-decade growth as it targets the fastest growing income demographic in the U.S. – 16 million households with annual incomes of at least $200,000. According to the U.S. Census Bureau (September 2023), households with over $200,000 in annual income have grown approximately 10 times faster than all U.S. households in the last 10 years. Currently, Toll Brothers has captured only 0.06% of this important demographic group. For additional reasons we remain optimistic on our investment in Toll Brothers, please see the "Top contributors" section of our first quarter 2024 shareholder letter.

In the second quarter, we trimmed our position in **Prologis, Inc.**, the global leader in logistics real estate with a focus on high-barrier, high-growth markets, due to greater-than-expected near-term industry and business headwinds and less clarity around the timing of a positive inflection in the business. We believe these headwinds are transitory and should abate over the next several quarters, and that the multi-year secular growth prospects remain bright.

Prologis continues to be a core position in the Fund, and we remain optimistic about the long-term growth prospects for the company due to its competitively advantaged global footprint and capabilities, property portfolio with highly visible embedded rent growth potential, and meaningful long-term potential upside from ongoing investments in development, energy storage, and ancillary services. We believe Prologis can continue to compound earnings at approximately 10% per year over the next few years.

In the most recent quarter, we chose to lower the Fund's large exposure to travel-related real estate companies and exited the Fund's position in **Caesars Entertainment, Inc.**, the largest casino-entertainment company in the U.S. and one of the world's most diversified casino-entertainment providers.

We have near-term reservations about a possible moderation in consumer demand for some of Caesars' properties and believe the move higher in interest rates and a largely quiet transaction market also negatively impact certain highly leveraged companies such as Caesars.

We are fans of CEO Tom Reeg and may revisit Caesars for purchase at a later date.

Concluding Thoughts on the Prospects for Real Estate and the Fund

We believe many of the real estate-related challenges of the last few years are subsiding and brighter prospects for real estate are on the horizon. We are optimistic about the prospects for the Fund with a two- to three-year view.

In our opinion, several of the headwinds since 2020 are reversing course and may become tailwinds for real estate. Examples include the lingering headwinds from COVID-19, the most aggressive Fed interest rate tightening campaign in decades, a spike in mortgage rates from 3% to 8%, fears of a commercial real estate crisis, a tightening of credit availability, multi-decade high inflation, and supply-chain challenges.

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

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

Following a sharp correction in the share prices of several real estate companies in the second quarter of 2024, we believe valuations and return prospects are attractive.

We continue to believe the benefits of our flexible approach, which allows us to invest in a broad array of real estate companies including REITs and non-REIT real estate-related companies, will shine even brighter in the years ahead, in part due to the rapidly changing real estate landscape which, in our opinion, requires more discerning analysis.

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

One final thought on return prospects. **History suggests that if investors wait for the "all-clear signal" (e.g., a Fed interest rate cut), they may miss a good portion of the total return prospects for real estate. Markets tend to be anticipatory.**

For example, following Fed Chairman Powell's commentary in the fourth quarter of 2023 which implied that the Fed may no longer increase interest rates due to several months of improving inflationary data and may begin to cut interest rates in 2024, real estate stocks rebounded sharply in the last two months of 2023 – way in advance of a Fed interest rate cut. After bottoming on October 27, 2023, the Fund and the REIT Index increased, in just over two months, 28% and 24% respectively, by the end of 2023.

Table XII.
Top 10 holdings as of June 30, 2024

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Toll Brothers, Inc.	$ 11.8	$117.3	6.7%
Lennar Corporation	40.8	98.8	5.6
D.R. Horton, Inc.	46.4	87.5	5.0
Equinix, Inc.	71.8	87.4	5.0
American Tower Corporation	90.8	84.0	4.8
Equity Residential	26.3	74.5	4.3
Digital Realty Trust, Inc.	50.3	70.3	4.0
Blackstone Inc.	150.2	69.3	4.0
Welltower Inc.	62.3	63.2	3.6
CoStar Group, Inc.	30.3	60.9	3.5

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

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

Sincerely,

Jeffrey Kolitch

Jeffrey Kolitch
Portfolio Manager

Investors should consider the investment objectives, risks, and charges and expenses of the investment carefully before investing. The prospectus and summary prospectus contain this and other information about the Funds. You may obtain them from the Funds' distributor, Baron Capital, Inc., by calling 1-800-99-BARON or visiting Baron CapitalGroup.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 or P/E (next 12-months)**: is a valuation ratio of a company's current share price compared to its mean forecasted 4 quarter sum earnings per share over the next twelve months. If a company's EPS estimate is negative, it is excluded from the portfolio-level calculation.

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

MICHAEL KASS

PORTFOLIO MANAGER

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

Dear Baron Emerging Markets Fund Shareholder:

Performance

Baron Emerging Markets Fund® (the Fund) gained 4.18% (Institutional Shares) during the second quarter of 2024, while its primary benchmark index, the MSCI Emerging Markets Index (the Benchmark), was up 5.00%. The MSCI Emerging Markets IMI Growth Index (the Proxy Benchmark) also gained 5.00% for the quarter. The Fund modestly underperformed both the Benchmark and the Proxy Benchmark during a solid quarter for global equity returns.

Table I.
Performance
Annualized for periods ended June 30, 2024

	Baron Emerging Markets Fund Retail Shares[1,2]	Baron Emerging Markets Fund Institutional Shares[1,2]	MSCI Emerging Markets Index[1]	MSCI Emerging Markets IMI Growth Index[1]
Three Months[3]	4.14%	4.18%	5.00%	5.00%
Six Months[3]	6.60%	6.78%	7.49%	8.12%
One Year	8.15%	8.47%	12.55%	11.83%
Three Years	(8.60)%	(8.36)%	(5.07)%	(7.59)%
Five Years	1.69%	1.96%	3.10%	4.01%
Ten Years	2.04%	2.31%	2.79%	3.59%
Since Inception (December 31, 2010)	3.30%	3.56%	2.04%	2.87%

During the second quarter, inflation readings failed to slow sufficiently to clearly warrant the initiation of a Federal Reserve (the Fed) easing cycle, while global growth and employment conditions offered mixed signals. As a result, equity market breadth and leadership continued to narrow as the uncertain macro environment, contrasted by strong near-term fundamentals for the so-called *Magnificent Seven* and associated AI proxies and beneficiaries worldwide, ensured that such AI proxies drove the lion's share of second quarter returns. Beneath this surface level, we note that in contrast to the first quarter, the momentum of U.S. and global growth and employment conditions seemed to peak early in the quarter and moderate, with consumption clearly weakening late in the quarter. This allowed bond yields, and more importantly real yields, to moderate through the quarter, ending notably below the April highs and well below the recent peak levels of October 2023, which preceded the Fed's subsequent pivot. Our current bias is that recent moderating trends will trigger a Fed easing cycle sooner rather than later, a development which would likely warrant a mean-reverting inflection point for many market underperformers including emerging markets (EM) equities. Interestingly, we point out that despite the year-to-date rise in bond yields and the U.S. dollar, the Benchmark slightly outperformed the S&P 500 Index during the second quarter, while strongly outperforming the Dow Jones Industrial Average, the equal-weighted S&P 500 Index, and the Russell 2000 Index. We find this performance particularly admirable and perhaps a foreshadowing in the face of widespread skepticism and capital outflows.

As we referenced in our previous letter, a portion of this surprisingly solid showing can be attributed to the broadening recognition of AI-related equities in the Benchmark. Further, as AI enthusiasm has spread from the "GPU/data center arms race" to the notion of "edge AI," or AI on server/PC/handset, many more individual companies can be seen as at least cyclical beneficiaries as edge AI would necessitate a significant and long-deferred replacement cycle for such edge devices. As the second quarter progressed, updates from Apple, Taiwan Semiconductor, Dell, Lenovo and others drove growing interest in the many companies in the hardware/handset ecosystem – a

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, 2023 was 1.37% and 1.11%, respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser may waive or reimburse certain Fund expenses pursuant to a contract expiring on August 29, 2034, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit BaronCapitalGroup.com or call 1-800-99-BARON.

1 The **MSCI Emerging Markets Index Net (USD)** is designed to measure equity market performance of large and mid-cap securities across 24 Emerging Markets countries. The **MSCI 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. Investors cannot invest directly in an index.

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

3 Not annualized.

BARON CAPITAL EST 1982

substantial portion of which reside in EM jurisdictions, in addition to the well-recognized semiconductor and high-bandwidth memory leaders, and, in our view, this phenomenon helped drive solid EM relative performance. We remain confident that EM equities currently offer an attractive long-term entry point, with valuations and relative earnings expectations near multi-decade lows, high investor skepticism, and fundamental catalysts that we view as underappreciated by investors and allocators. As always, we remain confident that our diversified portfolio of well-positioned and well-managed companies can capitalize on their potential over the coming years regardless of the external environment.

For the second quarter of 2024, we modestly underperformed the Benchmark as well as our all-cap EM growth Proxy Benchmark. From a sector or theme perspective, poor stock selection effect in the Financials sector, primarily attributable to our investments in **XP Inc.**, **PT Bank Rakyat Indonesia (Persero) Tbk**, and **BDO Unibank, Inc.**, was the largest detractor to relative performance this quarter, in our view, associated with the pushing out of central bank easing expectations and upward pressure on global bond yields. In addition, adverse stock selection in the Materials sector, owing largely to a single investment in **Suzano S.A.**, was also a secondary detractor to relative results. Partially offsetting the above was favorable allocation effect together with solid stock selection in the Communication Services sector, primarily attributable to our India digitization investments (**Indus Towers Limited** and **Bharti Airtel Limited**). Positive stock selection effect in the Health Care (**Max Healthcare Institute Limited**) and Consumer Discretionary (**Trent Limited**, **Mahindra & Mahindra Limited**, and **Coupang, Inc.**) sectors also bolstered relative performance.

From a country perspective, weak stock selection effect in China, largely a result of our consumer and software-related holdings (**Kingdee International Software Group Company Limited**, **Baidu, Inc.**, **Kweichow Moutai Co., Ltd.**, **Yum China Holdings Inc.**, and **China Mengniu Dairy Co. Ltd.**), was the largest detractor to relative performance this quarter. While Chinese equities staged a recovery during the period and outperformed the broader EM universe, private sector, growth-oriented businesses in China continued to lag mega-cap banks and SOEs. While we are disappointed with the pace of consumption growth in China, we are encouraged by early signs of stabilization, driven by recent government stimulus measures along with easing monetary and regulatory policies. While we acknowledge the negative investor sentiment regarding China, we continue to believe that many of our China holdings trade well below fundamental intrinsic value, providing favorable risk reward at current market prices. Our overweight positioning together with adverse stock selection effect in Brazil and the Philippines were also detractors to relative performance this quarter. In our view, this is largely attributed to a delay in central bank easing as well as concerns over Brazil's commitment to fiscal discipline. Partially offsetting the above was solid stock selection in Korea, primarily attributable to select holdings in our sustainability (**HD Korea Shipbuilding & Offshore Engineering Co., Ltd.** and **HD Hyundai Heavy Industries Co., Ltd.**) and digitization (**Coupang, Inc.** and **SK hynix Inc.**) themes. Positive stock selection together with our large overweight in India also bolstered relative results. We remain excited about our investments in India and are encouraged by the recent reelection of Prime Minister Modi to a historic third term, which bodes well for policy continuity and further implementation of productivity enhancing economic reforms. In our view, India has become a standout investment destination within EM and has entered a multi-year virtuous investment cycle.

Table II.
Top contributors to performance for the quarter ended June 30, 2024

	Percent Impact
Taiwan Semiconductor Manufacturing Company Limited	1.95%
Tencent Holdings Limited	0.98
HD Korea Shipbuilding & Offshore Engineering Co., Ltd.	0.56
Trent Limited	0.50
Indus Towers Limited	0.49

Semiconductor giant **Taiwan Semiconductor Manufacturing Company Limited** (TSMC) contributed in the second quarter due to expectations for a continued strong cyclical recovery in semiconductors and significant incremental demand for AI chips. We retain conviction that TSMC's technological leadership, pricing power, and exposure to secular growth markets, including high-performance computing, automotive, 5G, and IoT, will allow the company to sustain strong double-digit earnings growth over the next several years.

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 were up this quarter, given better-than-expected domestic games growth and continued strength in recent game releases. We continue to believe in Tencent's ability to compound earnings, given its growth structure, massive scale, and focus on efficient operations. Although on the earlier side, we also believe Tencent could be the largest generative AI beneficiary in China, given its ability to improve existing products and enter adjacent markets with massive scale and distribution. We continue to monitor the regulatory environment.

HD Korea Shipbuilding & Offshore Engineering Co., Ltd. is the holding company of Hyundai Heavy, the largest global shipbuilder based on orderbook size and the global leader in high-end vessels including liquified natural gas (LNG)-powered ships. Shares contributed on strong quarterly results at subsidiary Hyundai Samho, which delivered better-than-expected margins on higher pricing. In addition, year-to-date newbuild ship order demand and pricing for the group was better than expected. We retain conviction. Korean shipbuilders have an oligopoly in LNG carrier shipbuilding, LNG dual-fueled container ships, and tankers. The tightening regulation on carbon emission, which will be fully adopted by the International Maritime Organization (IMO) by 2030, should drive higher demand for LNG dual-fueled ships as well as carbon-free ammonia-fueled ships. We expect a structural shortage of compliant ships to emerge as the IMO deadline nears, which should benefit HD Korea Shipbuilding given its leading position.

Table III.
Top detractors from performance for the quarter ended June 30, 2024

	Percent Impact
PT Bank Rakyat Indonesia (Persero) Tbk	–0.51%
Suzano S.A.	–0.51
XP Inc.	–0.45
Localiza Rent a Car S.A.	–0.44
BDO Unibank, Inc.	–0.27

PT Bank Rakyat Indonesia (Persero) Tbk is a lender serving Indonesia's micro, consumer, and small-to-medium-enterprise segments. Shares declined after the company reported higher-than-expected credit costs driven by the impact of rising inflation on clients' repayment capacity. Management decided to tighten underwriting standards to prioritize asset quality over loan growth. While this decision is having a negative impact on near-term earnings expectations, it does not alter our thesis of increasing credit penetration within the segments Bank Rakyat serves. We expect Bank Rakyat to deliver above-industry returns in a growing segment for credit in Indonesia.

Suzano S.A. is the world's largest and lowest-cost producer of pulp, which is primarily used in paper, tissue, and packaging. Shares declined after reports that the company was looking to acquire one of the largest integrated paper producers, International Paper, at a premium to market price, and would take on significant debt to finance the transaction. The company later dropped the bid, but some investors still had concerns about its international expansion plans. We continue to like shares of Suzano. The company is expanding into new, higher-margin markets for pulp with fossil-to-fiber substitution for textiles, plastics, fuels, and chemicals. The company's pulp production removes more greenhouse gas emissions from the atmosphere than it emits. Suzano has a goal to remove 40 million tons of CO2 over the next five years, and we see an opportunity 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. Finally, Suzano is starting production at its Cerrado project, which should significantly improve free cash flow generation.

XP Inc. is the leading independent financial investments platform in Brazil. Shares declined during the quarter, reflecting weaker-than-expected top line growth. Investors have been waiting for a monetary easing cycle to drive faster growth assets and a change in client investment mix. However, higher inflation expectations in Brazil have pushed out the timeline for further rate cuts and delayed the positive impact of these changes for XP. We believe XP is uniquely positioned to benefit from the deepening of the capital markets in Brazil and a shift in allocation of household assets away from plain-vanilla savings products into higher-return assets. We retain conviction in XP as a high-quality, long-term investment.

Portfolio Structure

Table IV.
Top 10 holdings as of June 30, 2024

	Percent of Net Assets
Taiwan Semiconductor Manufacturing Company Limited	9.7%
Tencent Holdings Limited	4.7
Samsung Electronics Co., Ltd.	4.5
Bharti Airtel Limited	2.7
Indus Towers Limited	2.6
Bundl Technologies Private Limited	2.6
HD Korea Shipbuilding & Offshore Engineering Co., Ltd.	2.4
Reliance Industries Limited	2.1
InPost S.A.	2.0
Alibaba Group Holding Limited	1.8

Exposure by Country

Table V.
Percentage of securities by country as of June 30, 2024

	Percent of Net Assets
India	31.5%
China	21.3
Korea	13.2
Taiwan	12.7
Brazil	6.0
Poland	2.8
Mexico	2.1
Philippines	1.5
Hong Kong	1.4
South Africa	1.3
Indonesia	1.2
Peru	1.1
Japan	0.5
Spain	0.4
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 second quarter of 2024, the Fund's median market cap was $14.7 billion, and we were invested 51.3% in giant-cap companies, 34.1% in large-cap companies, 11.3% in mid-cap companies, and 0.4% in small- and micro-cap companies, as defined by Morningstar, with the remainder in cash.

Recent Activity

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

We were most active in adding to our global security/supply chain diversification theme by initiating positions in **Power Grid Corporation of India Limited**, **Cummins India Limited**, **SRF Limited**, and **WEG S.A.** Power Grid is a leading power utilities company in India, controlling approximately 85% of the country's inter-state power transmission capacity. Being majority owned by the Government of India, the company is deemed a sovereign entity, which serves as a competitive moat from a cost and access to capital perspective. In our view, given India's robust economic growth and accelerating industrial capacity expansion, significant investment in power generation and transmission infrastructure will be required, creating a multi-year growth opportunity for Power Grid. Additionally, as India targets to achieve 50% of electricity generation capacity through non-fossil fuel sources by 2030, Power Grid will be a key enabler of the country's power transition toward renewable energy. We expect the company to deliver low-teens total shareholder returns over the next three to five years alongside an attractive dividend yield.

Cummins India, a subsidiary of U.S. based Cummins Inc., is a leading power generation engine manufacturer in India. The company is a dominant player in power generators, with over 50% market share in the highly profitable medium and high horsepower ranges. The company also has a distribution and aftermarket vertical along with an export division that caters to regions including North America, Europe, Middle East, and Africa. In our view, the company's key competitive advantages include best-in-class technology and product quality, wide product range across categories, high penetration with channel partners, and leading aftermarket services. We believe Cummins India is well positioned to benefit from the rising demand for backup power supply in India, driven by higher capital expenditure by the government and private sector companies in segments such as infrastructure and manufacturing. In addition, Cummins India's dominance in the high horsepower range positions the company in new growth verticals such as data centers. We expect the company to generate mid-teens EBITDA growth over the next three to five years.

SRF is an Indian multi-national that manufactures specialty chemicals, refrigerant gases, packaging film, and technical textiles. The company serves various end markets, including automotive, agrochemicals, pharmaceuticals, air conditioning (AC) & refrigeration, and fast-moving consumer goods. In our view, SRF's key competitive advantage is its R&D/innovation capabilities. The company invests about 3% of its specialty chemical revenue in R&D, the highest among peers. SRF is also the leader in R-32 manufacturing in India. R-32 is currently the most efficient refrigerant for ACs and has low global warming potential (GWP). We view SRF as a key beneficiary of global customers phasing out of high GWP refrigerants to lower their carbon footprint and greenhouse gas emissions. With planned capex investment over the medium term, we believe SRF is well positioned to scale up its specialty chemicals business and deliver mid-teens earnings growth over the next three to five years.

WEG, a leading Brazilian industrial conglomerate, is one of the world's largest manufacturers of industrial electric motors and related equipment. Compared to most global peers, WEG has a vertically integrated business model with large scale manufacturing facilities. This, in our view, is a key competitive advantage, creating cost efficiency, product customization, and on-time customer deliveries. WEG has a strong track record in generating high teens compounded revenue growth over past decades, while maintaining high double-digit return on invested capital and EBITDA margins. Sales should continue to benefit from significant market share gains globally in electric motors, drives, and gear boxes, in addition to the megatrend of greater energy efficiency. WEG also has a strong presence in the energy generation, transmission, and distribution segment, where it offers solutions from wind turbines, solar, energy storage, to EV charging stations and benefits from rising penetration of renewable energy and e-mobility. Finally, we see an emerging opportunity in the power transformer and substation markets, particularly in North America, where WEG should capitalize on recent investments in production capacity in the U.S. and Mexico.

During the quarter, we also increased exposure to our digitization theme by initiating a position in **ASPEED Technology Inc.**, a Taiwanese semiconductor design company and the dominant global supplier of Baseboard Management Controllers (BMC), a mission-critical chip used to remotely monitor and manage the key components in a server, such as the processor, memory, and power supply. We expect the company to maintain a 70%-plus market share in BMCs, given its superior technology, scale advantage, and strong relationships with key Taiwanese server manufacturers and U.S. hyperscale customers. AI servers have significantly higher BMC content than traditional servers, and we expect surging demand for AI servers to drive a dramatic acceleration in demand for BMCs. ASPEED's growth will be further boosted by the transition to its new-generation BMC, which is priced at a significant premium, reflecting major advancements in performance and functionality. We are also optimistic that the company will leverage its customer relationships and strong design capabilities to successfully expand into new products, including a Platform Firmware Resilience chip which prevents malware attacks. In our view, ASPEED is uniquely positioned as a long-term AI beneficiary, and we expect the company to maintain industry-leading top-line growth and profit margins over the next five years.

We added to several of our existing positions during the quarter, including **Indus Towers Limited**, **PDD Holdings Inc.**, **Dino Polska S.A.**, **eMemory Technology Inc.**, **Kaynes Technology India Limited**, **Banco BTG Pactual S.A.**, and **Kingdee International Software Group Company Limited**.

During the quarter, we also exited our positions in **B3 S.A. – Brasil, Bolsa, Balcao**, **Venustech Group Inc.**, **Max Financial Services Limited**, **Pernod Ricard SA**, **Aarti Pharmalabs Limited**, **Lufax Holding Ltd**, and **Divi's Laboratories Limited**, as we continue our endeavor to allocate capital to our highest convictions ideas.

Outlook

In many ways, we see the evolution of market behavior in the second quarter 2024 as an extension of the first quarter: inflation readings failed to slow sufficiently to clearly warrant the initiation of a Fed easing cycle, while global growth and employment conditions offered mixed signals, and equity market breadth and leadership continued to narrow into nearly the exclusive confines of the Magnificent Seven and associated AI proxies and beneficiaries worldwide. Under the hood, we observe that the details are more nuanced. First, in contrast to Q1, the momentum of U.S. and global growth and employment conditions seemed to peak early in the quarter and moderate, with consumption clearly weakening into late Spring/early Summer. This allowed bond yields, and more importantly real yields, to moderate through the quarter, ending notably below the April highs and well below the recent peak levels of October 2023, which preceded the Fed's pivot. We will be carefully following ongoing employment and consumption indicators, and the related implications for growth and inflation expectations, as our current bias is that recent moderating trends will trigger a Fed easing cycle sooner rather than later. Such a development would likely warrant a mean-reverting inflection point for many market underperformers – much as we experienced during the final quarter of 2023; though, if viewed as a more lasting economic inflection point, we would expect any associated leadership change to be more durable. Interestingly, we point out that despite the year-to-date rise in bond yields and the U.S. dollar, the MSCI Emerging Markets Index slightly outperformed the S&P 500 Index during the second quarter, while strongly outperforming the Dow Jones Industrial Average, the equal-weighted S&P 500 Index, and the Russell 2000 Index, and year-to-date, stands ahead of all of the above, excluding the S&P 500 Index, which is skewed by the dominant performance of NVIDIA and other members of the Magnificent Seven. We find this performance particularly admirable in the face of widespread skepticism and capital outflows.

A portion of this surprisingly solid showing can be attributed to the considerable weighting and number of AI-related equities in the Benchmark, which we highlighted in our previous letter. More recently, as AI enthusiasm has broadened and spread from the "GPU/data center arms race" to the notion of "edge AI," or AI on server/PC/handset, many more individual companies can be seen as at least cyclical beneficiaries as edge AI would necessitate a significant and long-deferred replacement cycle for such edge devices. As the second quarter progressed, updates from Apple, Taiwan Semiconductor, Dell, Lenovo and others drove growing interest in the many companies in the hardware/handset ecosystem – a substantial portion of which reside in EM jurisdictions, in addition to the well-recognized semiconductor and high-bandwidth memory leaders, and, in our view, this phenomenon helped drive solid EM relative performance. This nuance, we believe, has potential implications going forward for the traditional AI/Magnificent Seven plays; while the long-term opportunity appears compelling *(and consensus)*, given current valuations, any pause in the momentum of the GPU arms race in the transition from training to inference, or from data center capex to the rollout of software-driven AI applications at scale, would likely spark a major inflection in market leadership. In other words, it is possible or even likely that it will take time to utilize the vast expansion in AI processing capacity that is building up at the hyperscale/data center level in the pursuit of productivity promise of AI, notwithstanding a potentially imminent global handset/server/PC upgrade cycle. In such a scenario, we would expect to see a notable change in Magnificent Seven/U.S. equity dominance with improved relative performance for non-U.S. and EM equities.

A word on recent elections and political catalysts throughout EM: during the quarter, we witnessed surprising outcomes in closely watched elections in Mexico and India, while in Brazil, President Lula offered disturbing rhetoric regarding fiscal balance and BCB independence. We see the final election result in India, and ensuing government/ministerial makeup, as supportive of a healthy and quite positive status quo, while developments in Latin America appear more populist and potentially adverse to the interests of capital owners. We note that in Latin America, a quite small percentage of EM Benchmark weight even in the aggregate, left-leaning ideology and political rhetoric is notoriously over-discounted on surface, while in the intermediate term, political and market "breakers" tend to materially dilute the feared impact, allowing elevated risk-premium to recede. While the process can be frustrating and volatile, we suspect this pattern is likely to prevail, and while we have modestly reduced exposure in both Brazil and Mexico out of caution, we believe patience is warranted and likely to be rewarded.

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 BaronCapitalGroup.com. Please read them carefully before investing.

Risks: In addition to the general stock market risk that securities may fluctuate in value, investments in developing countries may have increased risks due to a greater possibility of: settlement delays; currency and capital controls; interest rate sensitivity; corruption and crime; exchange rate volatility; and inflation or deflation. The Fund invests in companies of all sizes, including small and medium sized companies whose securities may be thinly traded and more difficult to sell during market downturns.

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

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

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

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

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

ALEX UMANSKY

PORTFOLIO MANAGER

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

Dear Baron Global Advantage Fund Shareholder:

Performance

Baron Global Advantage Fund® (the Fund) gained 3.4% (Institutional Shares) during the second quarter, compared to the 2.9% gain for the MSCI ACWI Index (the Index), and the 6.2% gain for the MSCI ACWI Growth Index, the Fund's benchmarks.

Table I.
Performance†
Annualized for periods ended June 30, 2024

	Baron Global Advantage Fund Retail Shares[1,2]	Baron Global Advantage Fund Institutional Shares[1,2]	MSCI ACWI Index[1]	MSCI ACWI Growth Index[1]
Three Months[3]	3.30%	3.37%	2.87%	6.20%
Six Months[3]	6.94%	7.08%	11.30%	16.30%
One Year	15.19%	15.48%	19.38%	24.70%
Three Years	(15.96)%	(15.75)%	5.43%	5.50%
Five Years	4.67%	4.93%	10.76%	13.85%
Ten Years	8.87%	9.12%	8.43%	11.15%
Since Inception (April 30, 2012)	10.46%	10.71%	9.68%	11.76%

Global equity indexes continued to move higher as the calendar turned to the second quarter of 2024. If this sentence seems familiar… it is because we have used it, or one like it, in the last four shareholder letters. The TL;DR for the second quarter – is really more of the same. The gains were far from uniform and were narrowly concentrated in the *Magnificent Seven*, yet again.

Index returns continue to be driven by the largest market cap stocks, with giant caps[4] **up 7.9%** in the second quarter, while large caps, mid-caps and small caps were **down 0.9%, 2.8%,** and **8.7%**, respectively. For the time being, the center of gravity for returns continues to be the large domestic platforms. ***NVIDIA****, Alphabet, Microsoft,* ***Tesla****, Apple, Amazon, and Meta were responsible for 105% of the Index's return in the second quarter*. We trust the reader can do the math to calculate the combined return of all other stocks in the Index.

Bernstein calculated that while technology stocks outperformed the market by 1,470bps year-to-date (YTD), an equal weighted technology index underperformed the market by 470bps, with the worst breadth of technology outperformance since 2002.[5]

Once again, this quarter was not a favorable investing environment for the Fund, considering it was, on average, 17.9% underweight the U.S. and 15.3% overweight micro-, small-, and mid-caps, not to mention lack of ownership of Apple, Microsoft, Amazon, Alphabet, or Meta. In that context, the Fund's 3.4% gain and 50bps of outperformance compared to the Index in the quarter, once again felt like a small win to us.

Performance listed in the table above is net of annual operating expenses. The gross annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2023 was 1.21% and 0.95%, respectively, but the net annual expense ratio was 1.16% and 0.91% (net of the Adviser's fee waivers, comprised of operating expenses of 1.15% and 0.90%, respectively, and interest expense of 0.01% and 0.01%, respectively), respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser waives and/or reimburses certain Fund expenses pursuant to a contract expiring on August 29, 2034, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit BaronCapitalGroup.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. 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.

4 Defined based on the Morningstar global breakpoints. As of the end of the second quarter, giant-cap stocks in the U.S. had market caps above $327.5 billion.

5 Bernstein defined the universe as the largest 1,500 U.S. stocks.

BARON CAPITAL EST 1982

From a sector attribution perspective, stock selection was strong in Consumer Discretionary and Industrials contributing 471bps to relative returns. Unfortunately, it appears we "lost" our ability to "pick" technology stocks as stock selection in Information Technology (IT) detracted 452bps (and a staggering 638bps YTD). Fortunately, we have remained significantly overweight in IT, by far the best sector during the quarter and YTD, which contributed 214bps for the quarter, and 344bps YTD, respectively, to relative returns.

From a company specific perspective, we had 17 gainers against 18 decliners with a significant dispersion of returns between contributors and detractors. Once again, the Fund's returns were led by **NVIDIA**, which continued its remarkable run, up another 36.8% during the quarter, and 150.7% YTD. NVIDIA, **CrowdStrike**, **Coupang**, **SpaceX**, **MercadoLibre**, and **Wix** contributed over 50bps each to absolute returns while the share prices of **Tesla**, **InPost**, **Codere**, **Rivian**, **Fiverr**, and **Innovid** each posted double-digit gains during the quarter. Of course, Tesla and Rivian were two of our largest detractors just last quarter owing to complex macro environment and challenging near-term business fundamentals.

Tesla's shareholders approved, or rather once again re-approved Elon Musk's compensation plan, which helped assuage concerns of Elon's commitment to the EV leader. The company continues to show progress in its quest for full-self-driving, which could unlock a much larger opportunity in the longer term. There are over 3 trillion miles driven annually in the U.S. alone. Since robo-Teslas won't need a driver, imagine if Tesla started by charging $1 per mile, which is significantly lower than what the ridesharing companies charge today, the opportunity in the U.S alone could be in the hundreds of billions of dollars, at very high incremental margins. It seems that other market participants are starting to underwrite this possibility.

Rivian announced a deal with Volkswagen to license its software-defined electronic architecture, which shores up the company's future capital needs through the R2 model introduction via a $5 billion investment, in several tranches over the next few years. At the same time, the company is significantly expanding its scale, driving better component prices from suppliers, sharing future ongoing R&D costs, and increasing the likelihood of reaching sustainable profitability levels sooner than previously expected. We think the Volkswagen deal serves as validation of the value of Rivian's vertically integrated, software-defined architecture, and opens the opportunity for additional future IP licensing deals.

These strong results and positive outcomes were partially offset by poor stock performance by several of our software and internet holdings – **Shopify**, **Cloudflare** and **Snowflake**, which detracted 293bps combined from the Fund's absolute returns, due to multiple contraction as investors continue to be hyper-focused on short-term profitability and both Shopify and Snowflake announced near-term investment cycles, while Cloudflare's guidance for the year disappointed amid a more uncertain macro environment. Unlike the stocks of Tesla and Rivian which reversed most of last quarter declines, our digital IT consulting companies, **Endava** and **Globant**, continued to struggle, detracting 116bps from the Fund's results, due to the ongoing headwinds to large digitization projects. Discretionary IT budgets are strained by accelerating investments into generative AI (GenAI) which seem to be crowding out everything else. Investors continue to penalize these stocks, which, in our opinion, now trade at trough (mid-teen EPS) multiples on what we believe to be cyclically depressed earnings.

To better understand stock performance, we deconstructed returns into two components – the change in multiples, and the change in fundamentals. We analyzed the change in the weighted average multiple of the Fund and the weighted average change in consensus expectations for 2024, for revenues, operating income, and operating margins. The weighted average multiple for the Fund[6] contracted by 1% during the quarter (or by 2.7% if we exclude NVIDIA). As relates to near-term fundamentals, during the second quarter, revenue expectations for 2024 increased by 1.7% (or by 0.9% excluding NVIDIA), operating income expectations decreased by 2.4% (declined by 3.9% excluding NVIDIA) and operating margin expectations declined by 58bps (down by 70bps excluding NVIDIA). These trends are broadly in line with what we have seen in the first quarter and are driven by a slow recovery in business fundamentals (compared to low expectations) which is being reinvested back by some of our companies, hurting short-term margins but expanding long-term opportunities. While short-term focused investors penalize these stocks as can be seen by multiple contraction for the companies that have entered investment cycles (such as Shopify or Snowflake), we believe their investments make sense, and, as long-term investors, we are willing to accept some short-term pain for the benefit of long-term gain.

Table II.
Top contributors to performance for the quarter ended June 30, 2024

	Quarter End Market Cap (billions)	Percent Impact
NVIDIA Corporation	$3,039.1	3.69%
CrowdStrike Holdings, Inc.	93.3	1.00
Coupang, Inc.	37.5	0.97
Space Exploration Technologies Corp.	208.2	0.86
MercadoLibre, Inc.	83.3	0.85

NVIDIA Corporation sells semiconductors, systems, and software for accelerated computing, gaming, and GenAI. NVIDIA's stock continued its run, rising 36.8% in the second quarter and finishing the first half of 2024 up 150.7%. NVIDIA continued to report unprecedented growth at scale, with quarterly revenues of $26 billion growing 262% year-over-year, datacenter segment revenues of $22.6 billion up 427% year-over-year, and operating margins of 69.3%. NVIDIA's growth is even more impressive as it is approaching a new product cycle with Blackwell going into production in the third quarter and speaks to the urgency of demand for GPUs as customers are not waiting for the next generation architecture despite its improved performance to cost ratio. The Blackwell architecture, and in particular, the new GB200 NVL72/36 racks, which the company believes would become *"the new unit of compute"* (and will start shipping in 2025) would in our view: 1) increase the company's content per server (for example an NVL72 rack would have 18 compute trays with 4 Blackwell GPUs and 2 Grace CPUs in each, and 9 switch trays with NVIDIA content); and 2) further strengthen its competitive advantages as the demand for datacenter-scale computing grows due to scaling laws (models become more capable with size and as they are trained on more data), new model types (such as Mixture of Experts that increase the demand on sharing of

6 We calculate the change in PE multiple (based on FactSet consensus expectations for EPS for the next 12 months) for each holding between March 31, 2024 and June 30, 2024 as long as the starting PE is < 100x. If it is >100x (or negative), we use an EV/Revenues multiple. We then use the ending weights of each position in the Fund to calculate a weighted average change in multiple for the Fund.

data between GPUs) and model optimization mechanisms (such as tensor parallelism, pipeline parallelism, and expert parallelism – which also increase the demands from the connectivity layer), and increase the relative importance of NVIDIA's networking and full-system capabilities and in particular the capabilities enabled by the latest generation of NVLink – connecting up to 576 GPUs together, up from 8.

While the stock's strong performance has pulled forward some of the longer-term upside (which we manage through position sizing), we remain early in the accelerated computing platform shift and in the adoption of AI across industries and therefore remain shareholders. NVIDIA's CEO, Jensen Huang described the opportunity in his June COMPUTEX keynote:

"In the late 1890s, Nikola Tesla invented an AC generator. We invented an AI generator. The AC generator generated electrons. NVIDIA's AI generator generates tokens. Both of these things have large market opportunities. It's completely fungible in almost every industry, and that's why it's a new industrial revolution.

"We have now a new factory producing a new commodity for every industry that is of extraordinary value. And the methodology for doing this is quite scalable, and the methodology of doing this is quite repeatable. Notice how quickly so many different AI models, generative AI models are being invented literally daily. Every single industry is now piling on.

"For the very first time, the IT industry, which is $3 trillion, $3 trillion IT industry is about to create something that can directly serve $100 trillion of industry. No longer just an instrument for information storage or data processing but a factory for generating intelligence for every industry… What started with accelerated computing led to AI, led to generative AI and now an industrial revolution."

CrowdStrike Holdings, Inc. is a cloud-architected SaaS cybersecurity vendor offering endpoint security, threat intelligence, and cyberattack response services. Shares continued their strong performance from the first quarter and were again a top contributor, rising 19.6% in the second quarter on better execution than peers in the broader security space. The company reported strong quarterly results with 33% year-over-year revenue growth, driven by customers standardizing their cyber-security spend on CrowdStrike with free cash flow margins reaching 35%. With accelerating share gains in its core endpoint detection and response market, emerging products including Cloud, Identity, and SIEM reaching material scale, and newer products in Data Protection and AI ramping quickly, net new annual recurring revenue and total revenue look to sustain a long duration of growth. With its leading competitive positioning in cybersecurity, the growing threat landscape (which is also driven by the advancements in AI, making hackers more dangerous), its unique lightweight, single-agent, architecture, and its platform approach, we retain conviction in CrowdStrike, which is emerging as the security platform to beat in terms of scale, profitability, and free cash flow conversion.

Shares of **Coupang, Inc.**, Korea's largest e-commerce marketplace, appreciated 17.8% in the second quarter on strong quarterly results with revenue growth of 33% year-over-year (in constant currency, excluding the impact of an accounting change for fulfillment services and the acquisition of Farfetch), showing continued acceleration from 20% growth in the first quarter of 2023, and 29% growth in the fourth quarter of 2023, driven by market share gains within Korean e-commerce and retail overall. EBITDA margins in its core Product Commerce segment also continued to surprise to the upside, reaching 7.2%, up 210bps year-over-year. We view Coupang as one of the most competitively advantaged e-commerce businesses globally, with significant runway for both revenue and earnings growth as the company continues 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, expanding internationally and continuing to invest in infrastructure density to further capture inefficiencies, enhancing the customer experience and improving profit margins.

Table III.
Top detractors from performance for the quarter ended June 30, 2024

	Quarter End Market Cap (billions)	Percent Impact
Shopify Inc.	$85.2	-1.23%
Cloudflare, Inc.	28.1	-0.91
Endava plc	1.7	-0.87
Adyen N.V.	36.9	-0.80
Snowflake Inc.	45.2	-0.79

Shopify Inc. is a cloud-based software provider for multi-channel commerce. Shares declined 14.4% in the second quarter despite reporting solid quarterly results with revenue growth of 23% year-over-year, which implies continued market share gains, after the company announced it is entering an investment cycle. Since the increased investment period comes after over a year of consistent margin expansion, it left short-term-focused investors disappointed. We, however, believe that this is the right course of action for several reasons. First, the company expects solid returns on the increased marketing spend with 18-month payback periods. Second, the investment should help solidify Shopify's competitive position and drive further market share gains. Finally, the increased spend should contribute to the probability of success in newer areas of opportunity with large addressable markets, including offline commerce, international, and enterprise. Shopify shared several metrics showing early success, with gross merchandise value up 130%, 38%, and 32% year-over-year in B2B, EMEA, and offline, respectively. 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.

Cloudflare, Inc. provides content delivery network services, cloud cybersecurity, denial-of-service mitigation, Domain Name Service, and ICANN-accredited domain registration services. Shares fell 14.5% during the quarter on remarks from the CEO about worsening macro conditions, citing the negative impact of geopolitical uncertainties on customer buying behavior. On the positive side, the company posted strong quarterly results with revenue growth of 30% year-over-year, showing evidence that the changes to the company's go-to-market strategy were resonating with solid growth across its large customer cohorts (revenues from customers spending over $100,000 represented 67% of the total, up from 62% in the first quarter of 2023), double-digit improvement in sales productivity, and new pipeline attainment ahead of plan. Cloudflare reiterated revenue guidance for the year on resilience in cybersecurity spend. While we fine-tuned our model on the back of the company's increased macro headwind commentary, pushing out revenue reacceleration estimates from the second quarter of 2024 to the first quarter of 2025, this is still ahead of guidance. We retain conviction in the long-term thesis: a strong founder-led business with a unique global network and significant pricing advantages powering a disruptive multi-product growth story with improving margins. We therefore remain shareholders.

Shares of IT services provider **Endava plc** fell 23.1% during the second quarter on continued soft demand trends. Revenue declined in the most recent reported quarter as customers pulled back on discretionary IT spending and delayed decisions on new projects to better incorporate recent advancements in GenAI. However, management believes demand is stabilizing as they are seeing a growing pipeline of new projects. While timing the cycle remains a challenge, we remain invested because we expect these near-term headwinds to abate over time, leading to better growth as clients embrace digital transformation, and as the current valuation offers a positively skewed risk/reward equation for long-term investors, in our view.

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 June 30, 2024, the top 10 positions represented 60.1% of the Fund's net assets, and the top 20 represented 88.2%. We ended the second quarter with 36 investments compared to 34 at the end of 2023. Note that our top 25 investments represented over 96% of net assets.

Our investments in the IT, Consumer Discretionary, Industrials, Financials, and Health Care sectors, as classified by GICS, represented 99.9% of the Fund's net assets. Our investments in non-U.S. companies represented 53.4%, and our investments in emerging markets and other non-developed countries (Argentina) totaled 27.6%.

Table IV.
Top 10 holdings as of June 30, 2024

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
NVIDIA Corporation	$3,039.1	$57.5	9.6%
MercadoLibre, Inc.	83.3	54.2	9.0
Shopify Inc.	85.2	42.2	7.0
Coupang, Inc.	37.5	37.2	6.2
Space Exploration Technologies Corp.	208.2	36.7	6.1
CrowdStrike Holdings, Inc.	93.3	32.5	5.4
Cloudflare, Inc.	28.1	29.6	4.9
ASML Holding N.V.	412.6	24.3	4.0
argenx SE	25.6	23.6	3.9
Datadog, Inc.	43.4	23.0	3.8

Table V.
Percentage of securities by country as of June 30, 2024

	Percent of Net Assets
United States	46.6%
Argentina	11.0
Netherlands	9.7
Canada	7.0
India	6.2
Korea	6.2
Israel	4.6
United Kingdom	2.7
Poland	2.4
Brazil	1.8
Spain	1.7

Recent Activity

During the second quarter, we initiated one new investment: a health care diagnostics company, **Tempus AI**, and continued building our position in the automotive focused fabless semiconductor company **indie Semiconductor**.

We reduced 15 existing holdings and exited a small investment in the connectivity-focused fabless semiconductor company **Astera Labs**, as the stock's run up post its IPO led to better opportunities elsewhere.

Table VI.
Top net purchases for the quarter ended June 30, 2024

	Quarter End Market Cap (billions)	Net Amount Purchased (millions)
Tempus AI, Inc.	$5.8	$3.2
indie Semiconductor, Inc.	1.2	1.7

During the quarter, we established a new position in **Tempus AI, Inc.**, an intelligent diagnostics and health care data company. Founder/CEO Eric Lefkofsky says, "*Tempus was designed to bring AI to diagnostics, because diagnostics sit at the epicenter of life and death decisions. Physicians rely on test results at each pivot point. When that data is connected to medical records for the patient for whom it was ordered, we have the necessary ingredients to contextualize the diagnostic and personalize it, resulting in more tailored and optimal therapies.*"[7]

Tempus has two synergistic business units: Genomics and Data & Other. Within the genomics business, Tempus provides diagnostic tests, particularly for cancer treatment selection. The company's labs sequence the tumor's genome and transcriptome (gene expression) and can help oncologists select the best treatment for their patients. Compared with other cancer diagnostics companies, Tempus has industry-leading tests in terms of breadth, accuracy, and turnaround time and it is the only lab that provides data on how other patients with similar clinical profiles have fared on different therapies. We think the cancer treatment selection sequencing market has a long runway for growth and Tempus is well positioned as a leader in the field. There are approximately 700,000 patients in the U.S. diagnosed with metastatic cancer each year and each patient could benefit from several therapy selection tests (solid and liquid biopsy, as well as testing upon recurrence). As access and reimbursement improves, we think cancer therapy selection diagnostics could address a $10 billion total addressable market (TAM) in the U.S. alone. We believe that Tempus's diagnostic business could more than triple in size and exceed $1 billion in revenues by 2030.

The genomics testing data also feeds into Tempus's value as a data company. Tempus has amassed a huge (over 200 petabytes) proprietary multimodal dataset that combines clinical patient data (which includes clinical records and imaging data from two-way collaborations with health systems) with genomic testing data from the Genomics business. Tempus's dataset includes 7.7 million clinical records, over 1 million imaging records, over 910,000 matched clinical and molecular dataset profiles, and over 970,000 samples that were sequenced. In addition to using this data to empower more intelligent diagnostics, Tempus licenses this data to biopharmaceutical companies who use it to design smarter clinical trials and identify potential new drug targets. Tempus works with 19 of the top 20 pharmaceutical companies in this capacity and has disclosed 9-figure deals

7 https://lefkofsky.com/thoughts-on-generative-ai/

with three biopharmaceutical companies. In total, Tempus has $620 million in remaining contract value and an additional $300 million in opt-ins, compared to approximately $169 million in Data revenues in 2023. Based on our discussions with customers, they see immediate value using the data to better define biomarkers and stratify patient populations. We think this proprietary dataset is unique and would prove challenging for competitors to replicate. We also believe that it brings meaningful value to biopharmaceutical R&D and are therefore willing to underwrite a long runway for growth for Tempus as more customers take advantage of its data in their drug development programs.

We also continued adding to our position in **indie Semiconductor, Inc.**, which we initiated last quarter. As a reminder, indie is a fabless designer, developer, and marketer of automotive semiconductors for applications including advanced driver assistance systems, car connectivity, user experience, and electrification. While indie is not immune from the cyclical slowdown that is currently impacting the automotive semiconductor market, we believe the company is well positioned over the long term, whereas the cyclical backdrop creates an opportunity for us to build our position at an attractive valuation.

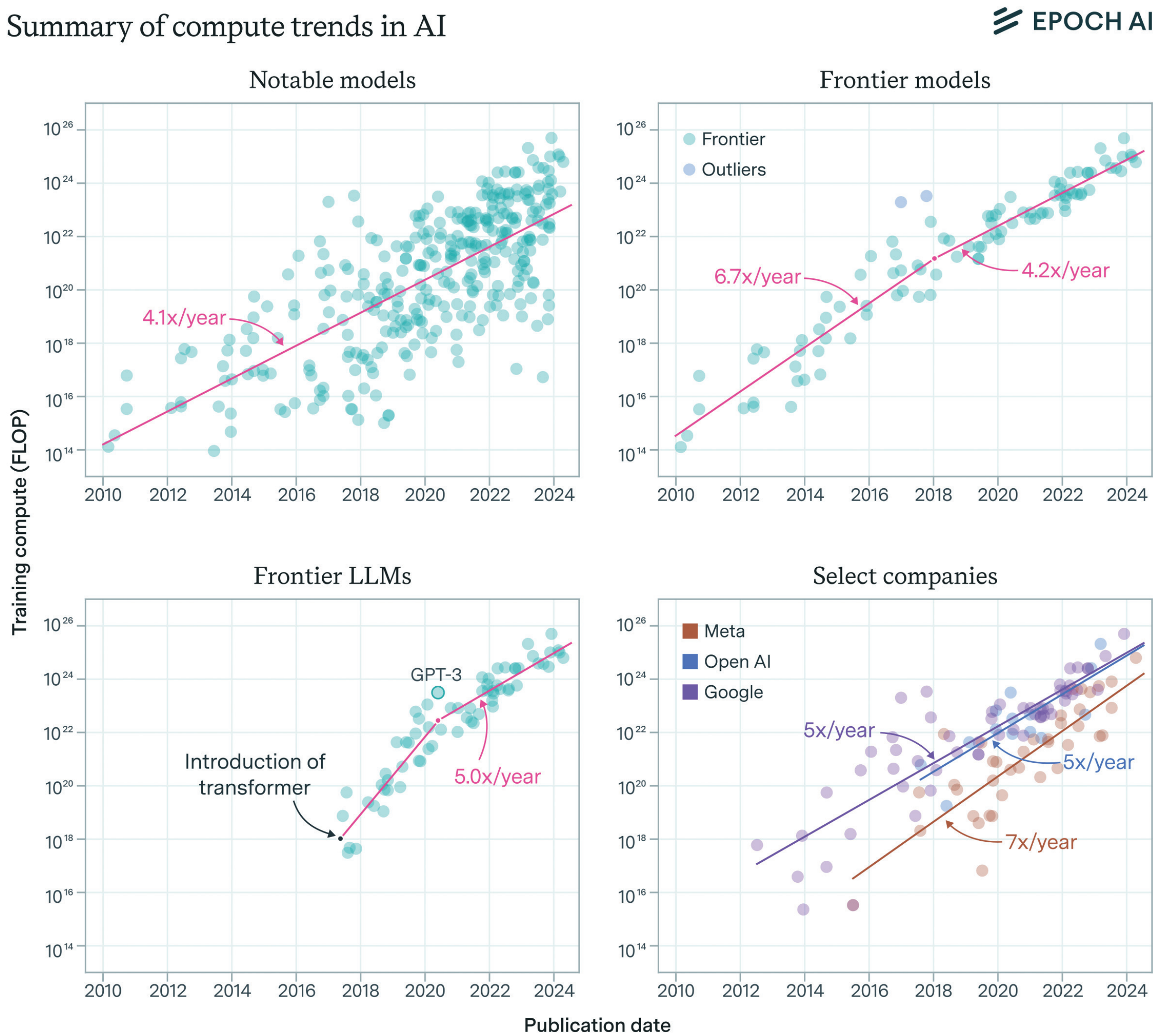
Table VII.
Top net sales for the quarter ended June 30, 2024

	Quarter End Market Cap or Market Cap When Sold (billions)	Net Amount Sold (millions)
NVIDIA Corporation	$3,039.1	$33.6
MercadoLibre, Inc.	83.3	6.6
Astera Labs, Inc.	10.0	4.9
InPost S.A.	8.8	4.6
Wix.com Ltd.	8.9	2.5

During the quarter, we sold our small position in the fabless semiconductor company, **Astera Labs, Inc.**, as the company's stock shot up immediately post-IPO, which didn't enable us to build it into a core position with a favorable enough risk/reward.

Additionally, we reduced 15 of our other existing positions in order to fund investor outflows and reallocate to the names we added. These included a reduction in our **NVIDIA Corporation** position. We would note that our conviction level in the company has not changed although the stock's incredible recent performance pulled forward some of its future returns, which by definition, tilts the risk/reward equation, prompting us to slightly reduce our position. Nevertheless, NVIDIA remains our largest position in the Fund as we remain in the early innings of AI adoption across industries from health care to automotive, and as the race for Artificial General Intelligence continues. The demand growth curve for accelerated computing remains exponential as newer frontier models continue to get larger and are trained on more data.[8] In addition, as we continue to go down the demand elasticity curve through innovation by NVIDIA and as AI algorithms become more compute-efficient and go up the level of intelligence generated per unit of compute curve, the demand for accelerated computing will continue to grow, benefiting NVIDIA, in our view.

8 https://epochai.org/blog/training-compute-of-frontier-ai-models-grows-by-4-5x-per-year



Outlook

As in years past, we have little to offer in the way of a market outlook. Has inflation been tamed? Will the economy continue to slow down? Will we get the three interest rate cuts or none? Trump or Biden or someone else? While these questions are not new, the answers remain elusive, and once they will get answered, other, similar questions will arise. We practice a probabilistic approach to investing and for the time being we expect to continue to operate in an environment where the range of outcomes will remain unusually wide.

Importantly, we do not structure or position the portfolio to benefit from any particular market environment. Instead, we focus on investing in what we believe are high quality businesses – companies with sustainable competitive advantages, exceptional management teams with a proven track record of operational excellence and successful capital allocation, and importantly, businesses that we believe have a long runway for growth and an opportunity to become materially larger than they are today.

The rapid advancement of GenAI technology presents both clear risks and compelling opportunities. While the implications of AI on the global economy and on particular industries and businesses are not yet clear, we believe our portfolio includes many companies that are well positioned to benefit from this technological paradigm shift.

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 BaronCapitalGroup.com. Please read them carefully before investing.

Risks: Growth stocks can react differently to issuer, political, market and economic developments than the market as a whole. Non-U.S. investments may involve additional risks to those inherent in U.S. investments, including exchange-rate fluctuations, political or economic instability, the imposition of exchange controls, expropriation, limited disclosure and illiquid markets, resulting in greater share price volatility. Securities of small and medium-sized companies may be thinly traded and more difficult to sell.

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

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

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

Price/Earnings Ratio or P/E (next 12-months): is a valuation ratio of a company's current share price compared to its mean forecasted 4 quarter sum earnings per share over the next twelve months. If a company's EPS estimate is negative, it is excluded from the portfolio-level calculation. **Free cash flow (FCF)** represents the cash that a company generates after accounting for cash outflows to support operations and maintain its capital assets.

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

Dear Baron Discovery Fund Shareholder:

Performance

"Be fearful when others are greedy and greedy when others are fearful." – Warren Buffett.

"Amid the turmoil and tumult of battle, there may be seeming disorder and yet no real disorder at all; amid confusion and chaos, your array may be without head or tail, yet it will be proof against defeat." —Sun Tzu, *The Art of War*. Common translation: "In the midst of chaos, there is also opportunity."

Table I.
Performance†
Annualized for periods ended June 30, 2024

	Baron Discovery Fund Retail Shares[1,2]	Baron Discovery Fund Institutional Shares[1,2]	Russell 2000 Growth Index[1]	Russell 3000 Index[1]
Three Months[3]	(7.89)%	(7.78)%	(2.92)%	3.22%
Six Months[3]	(3.74)%	(3.57)%	4.44%	13.56%
One Year	2.34%	2.62%	9.14%	23.13%
Three Years	(11.21)%	(10.97)%	(4.86)%	8.05%
Five Years	6.68%	6.97%	6.17%	14.14%
Ten Years	9.20%	9.48%	7.39%	12.15
Since Inception (September 30, 2013) (Annualized)	11.15%	11.43%	7.86%	12.96%
Since Inception (September 30, 2013) (Cumulative)[3]	211.49%	220.17%	125.57%	270.60%

RANDY GWIRTZMAN
PORTFOLIO MANAGER

LAIRD BIEGER
PORTFOLIO MANAGER

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

Baron Discovery Fund® (the Fund) fell 7.78% (Institutional Shares) this quarter, trailing the Russell 2000 Growth Index, which declined 2.92%, by 486 basis points. Our 10 worst performing stocks accounted for 6.52% of negative performance and the lion's share of negative attribution in the quarter. In only one case in this cohort of stocks did we view the negative performance as thesis changing due to fundamental issues. Rather, we believe the downside moves in these names are more technically related to macroeconomic factors and the trading environment and could reverse extremely quickly (in fact, we saw hints of this in the last week of the quarter when a few beaten down technology names rallied back meaningfully). In other words, momentum works both ways, and what goes down due to technical factors also goes up. In the past, we have experienced many instances where individual names have dropped dramatically only to recover (and then some) in later time periods. We give more detail on these situations below. This is an extremely volatile period in the markets, especially for small-cap stocks. Our strategy is to invest for the long term

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of September 30, 2023 was 1.33% and 1.06%, respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser may waive or reimburse certain Fund expenses pursuant to a contract expiring on August 29, 2034, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit BaronCapitalGroup.com or call 1-800-99-BARON.

† The Fund's YTD, 1-year, 5-year, and 10-year historical performance was impacted by gains from IPOs and there is no guarantee that these results can be repeated or that the Fund's level of participation in IPOs will be the same in the future.

1 The **Russell 2000® Growth Index** measures the performance of small-sized U.S. companies that are classified as growth. The **Russell 3000® Index** measures the performance of the broad segment of the U.S. equity universe comprised of the largest 3,000 U.S. companies representing approximately 96% 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 Not annualized.

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and, as a result, we do not trade around short-term volatility. We continue to remain confident in the long-term prospects of our portfolio companies. We both have significant personal investments in the Fund to back that up.

Apart from stock-specific issues, the style biases that hurt relative performance the most were momentum-related factors as well as market beta. Momentum is the tendency of stocks to continue going in their current direction. Market beta measures a combination of stock volatility (variability of price movement) combined with market correlation (how closely an individual stock or portfolio moves in tandem with the overall market). A higher portfolio beta would indicate more portfolio downside than the market in a down market and more upside in an up market. The Fund strives to have a beta of about 1, meaning the Fund's excess returns should come from stock picking, not from market movements. The beta of the Fund's high growth holdings remained elevated which has been hugely influenced by volatility (as opposed to market correlation). Unusually so, particularly regarding "idiosyncratic volatility," or the events affecting individual stocks. In plain language, this means that in the second quarter when individual companies stumbled, stock prices were punished mercilessly, and this was enhanced by an overall declining market for small-cap growth stocks. A lot of this was driven by the activity of short sellers who had a huge second quarter.[1] It is our view that the price action in these stocks represents more of a short-term trading mania than an accurate assessment of stock valuations. Thus, from this chaos we see an enormous amount of opportunity.

The markets are currently in a very particular phase that is driven, on the one hand, by the excitement of some truly life changing technologies such as AI and GLP-1 (glucagon-like peptide 1) weight loss drugs like Mounjaro and Ozempic, and the fear of missing out on the stock upside related thereto, and on the other hand, the simultaneous conceit that a vast swath of other companies will be disintermediated by these new modalities. At the same time, the economy is in a very precarious position, somewhere in the purgatory between recession, stagflation, and "soft landing" perfection. The uncertainty of this economic overlay has served to enhance the allure of "story investing" to the detriment of "stodgy" fundamental analysis. We are the stodgy ones.

We believe that the markets are missing some unbelievable opportunities in small-cap growth stocks due to the relentless and narrow focus on these new technologies and general fears related to the economy. In our last letter we spoke broadly about the fundamental disconnect between small-cap growth and large-cap valuations. This disconnect continues to be at near record differentials with the forward P/E multiple of the S&P 500 Index being at or greater than the Russell 2000 Growth Index for over 2 years! The persistence of this disparity has never occurred in the past 25 years. In this letter, we would like to provide a counterpoint to the prevailing market consensus on individual stocks that we own in the Fund. There are many great small-cap companies trading at historically low absolute valuations. We own a diversified portfolio of them in the Fund and we continue to execute on our fundamental investing process to uncover high quality investment opportunities at what we believe are trading at fire sale prices. Encouragingly, some green shoots are starting to appear. Inflation data seems to be softening, potentially portending a Federal Reserve rate cut which would certainly be a tailwind for smaller cap stocks. Merger and acquisition activity has picked up as well, particularly in small-cap health care (two of our medical device companies have been bought in the last year). Chaos equals opportunity.

AI models are rapidly moving from objects of curiosity to levels of functionality that just a couple of years ago were believed to exist only in the realm of science fiction. We obviously do not invest in large-cap companies that produce AI hardware, which is where significant market attention is focused right now. Yet we continue to look for exciting small-cap ideas in AI hardware. For example, we owned a small-cap AI-oriented semiconductor company in the second quarter called **Astera Labs, Inc**. Astera Labs manufactures analog semiconductors that facilitate improved communications within a motherboard (for example between graphics processing units like what NVIDIA makes and central processing units which are made by companies like Intel), and between servers. We bought shares when the company went public, but due to the incredible hype surrounding hardware-based AI companies, the stock quickly doubled and exceeded what we believed was a reasonable long-term valuation (particularly given new competitive offerings on the horizon). Therefore, we sold our investment but continue to monitor its valuation closely for a potential re-entry point. We own **Nova Ltd.**, a semiconductor capital equipment company that helps to enable the manufacture of high-end AI chips. Over the five-plus years Nova has been held in the Fund, it has been one of the Fund's best investments, with appreciation in excess of 800%.

We are huge believers in the practical uses of AI, and we have several investments in companies that adapt AI models to enhance their products and services. These include companies like **GitLab Inc.**, **SentinelOne, Inc.**, and **Couchbase, Inc.**, which were among our top detractors at one point in the second quarter (GitLab and SentinelOne recovered significantly in the last week of the quarter). As of the second quarter at least, the market has just not been ready to reward AI companies beyond those providing "picks and shovels." This led to all three of these companies trading at or near all-time low valuation levels during the quarter. Nevertheless, we believe that in the coming quarters the market will broaden its level of interest from AI hardware to "adaptive AI" investments like GitLab, SentinelOne, and Couchbase. In that scenario, all three of these stocks have significant upside potential.

GitLab is a subscription software company that enables enterprise software developers to develop new software applications rapidly and securely for their firms. GitLab uses AI to help with code suggestions, to check for holes in security, and to automate collaboration among the many developers within an enterprise. GitLab recently launched a product called Duo that we believe will provide revenue upside for the company and enhance the competitiveness of their product of offerings. SentinelOne is a cybersecurity company that provides endpoint protection (a much more advanced version of legacy "anti-virus" software) both at customers' physical sites and in the cloud. It uses AI to detect anomalous behavior on the network and to automate the remediation of the security flaws that led to the intrusion. Both companies are recurring revenue entities, with high gross margins (78% for SentinelOne and 90% for GitLab) and are growing rapidly (revenue growth of 25% or more). Yet both are trading at or near all-time low valuation levels. SentinelOne slightly beat full-year revenue guidance but guided to an operating loss that was $7.5 million worse than consensus (entirely accounted for by the increased operating expense pulled

1 "Short Sellers Gained $10 Billion in Second Quarter Despite S&P 500 Rally," Bloomberg, by Carmen Reinicke and Magdalena Del Valle, July 9, 2024. The "money" quote in the article came from trader Ihor Dusaniwsky at S3 Partners LLC who noted that "[t]he market velocity is almost more important than the underlying fundamentals of the company . . ."

in from acquisitions – including PingSafe which allows SentinelOne to scan cloud-based workloads without the need to install a software agent). This led to a one-day stock drop of as much as 31% which we attribute purely to market skittishness. By quarter end, SentinelOne's shares had fully recovered. We believe the company can grow revenues by 25% from 2024 through 2028 and that free cash flow will go up over 10-fold in this period. We see the stock at least doubling from its current price. GitLab shares dropped 14.7% in the quarter despite raising full-year revenue and earnings guidance. This was partly due to a health issue with the CEO (cancer recurrence which he believes is very treatable). We see GitLab revenues growing at a compounded rate of 26% through 2028 with free cash flow growing five-fold over current levels. Again, we see the stock doubling over this time.

One of our poorest performers in the quarter was Couchbase, which provides software allowing the creation of unstructured databases. Couchbase is enabling AI applications via new "vector" database modalities. Vector databases help to sort rapidly and efficiently through data. Couchbase raised its full-year revenue guidance and lowered its expected operating loss (we believe the company will be breakeven in 2025), yet shares dropped 30.6% in the quarter. The issue was that net new average recurring revenue was slightly lower than the Street expected. In our opinion, this was due to the timing of contract signings over the course of the year. We believe that full-year guidance is still intact, and the company has already indicated a particularly good start to the second quarter. Revenue growth should compound at 20% from 2024 to 2028, with free cash flow growing meaningfully. The stock could triple over this time as it continues to execute. Chaos equals opportunity.

GLP-1 drugs (originally used to control type 2 diabetes) have become the biggest class of therapeutics in history with expected 2024 sales of close to $50 billion now that they are approved for weight loss. Sales of these drugs could climb to $100 billion in 2029. And it seems that every day studies are uncovering new benefits of the drugs (including reduction of sleep apnea and lowered risk of heart disease).

Fear of displacement by GLP-1's has hurt **Inspire Medical Systems, Inc.**, which treats sleep apnea with its proprietary medical devices. Inspire was a new purchase in the quarter, but our timing was unfortunate. A recent study called SURMOUNT-OSA that read out in June 2024 showed unexpectedly better sleep apnea control for obese patients that have lost weight using GLP-1's. This was slightly better than the preliminary study data released in April, upon which we based our initial investment. We discuss Inspire in more detail below.

We do have investments with positive exposure to GLP-1 trends, but the near-term macro environment has led to setbacks. **Stevanato Group S.p.A** manufacturers specialized glass vials and cartridges used for injectable drugs. The company is a market leader in these high value components. It is building out manufacturing capacity for what we believe will be significant volumes of components for GLP-1 drugs. Unfortunately, while investors wait for that capacity to come online, the company had excess inventory of other products in its distribution channel, leading to a 4.6% reduction in full-year 2024 revenue guidance. This modest reduction in guidance and the return of Franco Stevanato as CEO caused shares to drop 42.8%. Currently, shares trade at close to their lowest Enterprise Value to Sales (EV/Sales) multiple in years (about 4.3 times compared to an average of 5.5 times). Enterprise value combines the market value of the stock with net debt on the balance sheet to give a representation of the cost to fully purchase the company. In addition, the stock trades at only 13 times next year's cash flow (which we believe will double from 2024 to 2028 as new capacity ramps up). The company is most of the way through the capital expenditure needed to ramp up its plant capacity. Therefore, we believe that as inventory issues ease over the next couple of quarters and new products launch, we will see a nice recovery. Chaos equals opportunity.

Repligen Corporation is another company benefitting from the massive growth in approvals of biologic drugs (including GLP-1's). It manufactures equipment that drug companies use to produce these drugs. Like other suppliers to the biologics industry, Repligen has experienced demand headwinds this year from Chinese buyers (now only 5% of sales), the loss of COVID-19 revenue (now insignificant), and a reduction in protein sales due to the loss of a customer and excess channel inventory. These challenges combined for about $75 million in revenues (or about an 11.5% headwind to 2024 sales). Sales were down 20% in 2023 (which we had anticipated when we bought the stock in mid-2023). Unfortunately, shares fell after the company's very well-liked CEO Tony Hunt decided to step down. Fortunately, Mr. Hunt has agreed to stay on as Chairperson for at least another three years. The timing of this decision was not received well by investors given the bumpy macro environment. We still believe in the long-term prospects for Repligen and its newly appointed CEO, Oliver Loeillot. Mr. Loeillot has been the COO of the company for nine months and was hand-picked by Mr. Hunt to succeed him. We spoke to both men after the announcement and are confident that the current strategic plan will continue to be executed by Mr. Loeillot. In the meantime, Repligen trades at its lowest valuation multiple in five years. Chaos equals opportunity.

Beyond the specifics of GLP-1s, the Health Care sector has generally been a minefield in small cap. Valuations for all segments in which we invest have compressed significantly. This can be seen in diagnostics. For example, since 2021 (COVID era) the multiple for **Veracyte, Inc.** (a specialty cancer diagnostic company) has compressed from around 5 to 6 times EV/Sales to around 3.5 to 4 times. Veracyte has met or beat its quarterly financial guidance every quarter since the third quarter of 2020 (the prior two quarters were during peak COVID). And the company has raised full-year guidance in most of those quarters.

We have increased our exposure to diagnostics companies, including existing positions in Veracyte and **CareDx, Inc.** (which rebounded dramatically this quarter as the company re-accelerated its top-line growth). We even added two new investments in the segment. First, we bought shares of **Exact Sciences Corporation** after the stock fell from a recent peak of $100 per share to the low $40's at the end of the second quarter. We have a detailed discussion below of our purchase rationale for Exact Sciences but note that it is trading at about three times forward EV/Sales, its lowest level in five years. We also established a small initial position in **Tempus AI, Inc.**, which came public in June 2024. This is another cancer diagnostics company which also has a unique database of its own, as well as third party cancer testing and patient data surrounding testing results. In the current environment, the IPO did not fare well, and within days shares dropped as much as 38% from the initial offering price of $37 (driven by enormous short-selling activity). We viewed this as an opportunity, so we have been carefully adding small purchases to the initial position at far lower prices. At one point, Tempus traded at four times next year's EV/Sales which values the business more in line with more mundane, slower growing, "testing only" companies, without ascribing any premium to the unique database asset. By the end of the quarter, Tempus had rebounded back to the low $30's and we were in a net profit position on our investment. Chaos equals opportunity.

Table II.
Top contributors to performance for the quarter ended June 30, 2024

	Percent Impact
Silk Road Medical, Inc.	0.73%
CareDx, Inc.	0.58
Nova Ltd.	0.53
Guidewire Software, Inc.	0.37
Montrose Environmental Group, Inc.	0.28

The Health Care sector was not all bad. During the year, we have seen many of our Health Care holdings rebound, showing that long-term fundamentals rather than short-term trading volatility is what truly matters. **Silk Road Medical, Inc.**, a manufacturer of devices to provide minimally invasive treatment of carotid arteries to prevent strokes, agreed in June 2024 to be acquired by Boston Scientific (right on the heels of Boston Scientific's March 2024 acquisition of Axonics, Inc., which we also owned). Last year Silk Road was down over 75%. This year it is up over 120% and was up 47.8% in the second quarter. Similarly, breast implant manufacturer **Establishment Labs Holdings Inc.** is up over 75% this year (we believe it is close to receiving FDA approval so that it can launch implants in the U.S.). Last year Establishment Labs was down over 60%. **CareDx, Inc.**, which is the leading diagnostic testing lab serving the organ transplant industry, is up over 29% this year and 47.2% in the second quarter. This was due to the return of positive testing volume growth after a difficult period in 2023 precipitated by a proposed Medicare billing change. We believe these billing outcomes will be far better for CareDx than does the market, which is why we re-initiated our investment at purchases averaging under $10 per share (shares closed the quarter at $15.53) earlier this year. This was after shares dropped 74% from the beginning of 2022 to the end of 2023. As painful as it would have been for one to own these stocks in 2023, we are glad we stepped back to look at the longer-term picture with these companies. It would have been easy to sell at the bottom. Our process prevented that. Chaos equals opportunity.

Nova Ltd. is a semiconductor capital equipment company focused on the metrology (measurement) market. The stock rose during the quarter on the expectation that robust growth in chips for AI applications will drive accelerating adoption and growth across Nova's product portfolio, including specifically high bandwidth memory, advanced packaging, and leading-edge chip production. Nova is the only supplier of materials metrology tools that are increasingly required for leading edge chips. Its superior capabilities in optical inspection tools are driving share gains, and it is also benefiting from adoption of its chemical metrology portfolio (which categorizes material qualities). We believe Nova is well positioned to continue outgrowing underlying wafer fabrication equipment industry trends.

Shares of property and casualty (P&C) insurance software vendor **Guidewire Software Inc** contributed to performance for the quarter. After a multi-year transition period, we believe the company's cloud transition is substantially complete. We believe that cloud subscriptions will be the sole path forward, with annualized recurring revenue (ARR) benefitting from new customer wins and migrations of the existing customer base to its InsuranceSuit Cloud product. We also expect the company to shift research and development resources to product development from infrastructure investment, which will help to drive cross-sales into its sticky installed base and potentially accelerate ARR over time. We are also encouraged by Guidewire's subscription gross margin expansion, which improved by more than 10% in its most recently reported quarter. We believe that Guidewire will be the critical software vendor for the $2 trillion global P&C insurance industry, capturing 30% to 50% of its $15 to $30 billion total addressable market and generating margins above 40%.

Montrose Environmental Group, Inc. a leading environmental solutions provider (consulting, testing and remediation), outperformed during the quarter. The company reported a solid quarter driven by strong organic growth as the company is benefiting from both secular trends as well as regulatory tailwinds. During the quarter, the EPA finalized the maximum contaminant levels for PFAS (a so-called "forever chemical") in water supplies which is expected to be a catalyst for increased remediation spending. Montrose is likely to benefit as it has proprietary equipment to enable PFAS remediation. Adding to organic growth prospects, Montrose sees a robust market for acquisitions and the company did a small equity raise early in the quarter to execute on opportunities. We believe that Montrose can generate over 20% cash flow growth per year for the next several years.

Table III.
Top detractors from performance for the quarter ended June 30, 2024

	Percent Impact
SiteOne Landscape Supply, Inc.	-0.85%
Stevanato Group S.p.A	-0.82
Kinsale Capital Group, Inc.	-0.80
Couchbase, Inc.	-0.79
Floor & Decor Holdings, Inc.	-0.61

SiteOne Landscape Supply, Inc. is the largest distributor of wholesale landscape supplies in North America. SiteOne sells irrigation, hardscapes, agronomics, and nursery products to professional contractors through its network of branches for residential and commercial maintenance, upgrade/repair, and new construction applications. Shares of SiteOne fell during the quarter as the company provided a negative intra-quarter update, with demand weaker than expected in upgrade/repair product categories and commodity deflation stronger than expected, which combined are likely to lead to lower full-year guidance when the company officially reports its second quarter results. Despite the weaker-than-expected near-term results, we believe SiteOne remains well positioned for the long term. It benefits from its investments in operational efficiency, technology, and product category management allowing it to take share of the fragmented wholesale landscape supplies distribution industry. And it is filling out its product offering and geographic footprint through consistent acquisition activity. We think that SiteOne can drive its EBITDA (adjusted cash flow) margins over time towards its 13% to 15% targeted range.

We discussed the reasons for **Stevanato Group S.p.A**'s underperformance above.

Following strong performance in the first quarter, specialty insurance company **Kinsale Capital Group, Inc.** gave back some of its gains in the June quarter. The company reported mixed first quarter earnings with earnings per share that was ahead of consensus estimates but with premium growth that missed Street estimates. Gross premium growth slowed to 25%, due to slower growth in property premiums (we estimate about 25% growth, down from 54% last quarter) while casualty premium growth likely remained steady at about 26%. We lowered our premium growth expectations for the full year and, combined with a more conservative loss ratio estimate, also lowered our earnings expectations. Nevertheless, the company's return on equity remains best in class at 29%. At current levels, the valuation is also undemanding at about 21 times our 2025 earnings estimate. While we acknowledge the excess and surplus lines market (where Kinsale focuses) is slowing as compared to the fast growth we saw during and immediately after the COVID pandemic, we still believe Kinsale can grow premiums in the low teens for the foreseeable future. It should grow earnings faster than that.

Floor & Decor Holdings, Inc. is a specialty retailer of hard-surface flooring and accessories in the U.S. While the company continues to open new stores and consolidate the hard surface flooring market through its large format stores with everyday low prices, the decline in housing turnover has put pressure on shorter-term sales trends. We maintain our long-term conviction. We view Floor & Decor as a differentiated, high-growth retailer offering a broader assortment of low-cost products than competitors. The company holds an 8% market share in the highly fragmented $21 billion U.S. hard-surface flooring market where we believe it will continue to gain share. We think the replacement of carpet with hard-surface flooring, which we see as a secular shift in the flooring industry, will aid growth. We believe Floor & Decor can continue to grow its store count in the 15% to 20% range annually.

Portfolio Structure

Table IV.
Top 10 holdings as of June 30, 2024

	Year Acquired	Quarter End Investment Value (millions)	Percent of Net Assets
DraftKings Inc.	2023	$47.1	3.4%
CyberArk Software Ltd.	2022	43.8	3.1
Advanced Energy Industries, Inc.	2019	43.0	3.1
Axon Enterprise, Inc.	2022	42.4	3.0
Kratos Defense & Security Solutions, Inc.	2020	38.9	2.8
Montrose Environmental Group, Inc.	2020	38.7	2.8
Chart Industries, Inc.	2022	36.1	2.6
PAR Technology Corporation	2018	35.3	2.5
Texas Roadhouse, Inc.	2022	34.3	2.5
GitLab Inc.	2022	33.7	2.4

Our top 10 holdings comprised about 28% of the Fund's net assets, consistent with long-term levels. Our cash position as of June 30, 2024 was 2.8%, also in line with historical levels. The Fund has significant capital loss carryforwards from prior years to offset current year capital gains.

Recent Activity

Table V.
Top net purchases for the quarter ended June 30, 2024

	Year Acquired	Quarter End Market Cap (billions)	Net Amount Purchased (millions)
Inspire Medical Systems, Inc.	2024	$4.0	$22.3
Procore Technologies, Inc.	2024	9.7	21.2
Exact Sciences Corporation	2024	7.8	20.9
Tempus AI, Inc.	2024	5.8	19.2
Integer Holdings Corporation	2024	3.9	18.4

We bought shares of **Inspire Medical Systems, Inc.**, a medical device company which offers a treatment for moderate to severe obstructive sleep apnea called hypoglossal nerve stimulation. Obstructive sleep apnea (OSA) is a common sleep disorder caused by relaxation of the airway muscles and obstruction of the airway, which interrupts normal breathing during sleep. First line therapy for OSA is continuous positive airway pressure (CPAP), which requires the patient to wear a mask and an air flow generator delivers air pressure to the patient's throat to keep the airway open. Compliance rates with CPAP are low because many patients find the mask cumbersome or cannot tolerate the pressure. Inspire offers a small surgically implantable device that delivers mild stimulation to the patient's hypoglossal nerve which causes the patient's tongue to move forward, opening the airway. Since receiving FDA approval in 2014, Inspire's device has gained rapid adoption, growing from $8 million in sales in 2015 to an estimated $783 to $793 million in 2024. For context of the market opportunity for Inspire, there are 8 million CPAP users in the U.S., and only 24,000 Inspire procedures were done in 2023 (with 60,000 done since the product launched).

During the quarter, the stock came under pressure due to final data published in June from Eli Lilly and Company's SURMOUNT-OSA trial. The trial showed that Lilly's GLP-1 drug (tirzepatide) reduced OSA in adults with obesity by up to 62.8%, and up to 51.5% of participants met the criteria for disease resolution. In our view, Lilly's tirzepatide and other GLP-1 medicines will have an impact on the OSA treatment paradigm. However, we think that even if some patients fall out of Inspire's sales funnel after taking a GLP-1, many new patients will enter the funnel. This is because patients who have an extremely high body mass index (BMI) are not currently considered candidates for Inspire therapy, and if those patients lose enough weight with a GLP-1, they can become candidates for Inspire. We also think the total addressable market (TAM) opportunity for Inspire is large and underpenetrated. One of the principal investigators in the SURMOUNT-OSA study estimated that 1 billion people around the world have OSA. Inspire management has estimated its TAM to be at least 500,000 patients in the U.S. alone, and the company's penetration rate is less than 10%. Finally, we also note that not everyone can tolerate a GLP-1 medicine (particularly the high doses used in the study), and to maintain the effect on OSA patients would need to stay on the drug forever. Given their high costs, insurance companies could place limits on their use. Inspire trades at a compelling valuation (under four times 2025 EV/Sales). Axonics and Silk Road were acquired for far higher multiples. This is too cheap for a company growing revenues rapidly (over 20%) in a hugely underpenetrated market with high (84%) gross margins. Given all these factors, we think Inspire offers a terrific investment opportunity.

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

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

We see a long runway for growth through new customer additions and expansion in existing accounts. The company has maintained low to mid-double-digit revenue expansion rates for existing customers by managing more project volume and by cross-selling additional product modules. Recent product innovations like Procore Pay (managing payments for the various vendors and subcontractors on a given project) and geospatial mapping (for larger civil engineering projects) should improve the company's wallet share over time. Procore is cash flow positive today and has been increasing its margins meaningfully over the past two years. We think the business can continue to grow at a healthy rate while further expanding free cash flow margins to north of 20% as it benefits from market share capture, higher take rates, and operating leverage. This should lead to good earnings growth and bode well for the stock long term.

Exact Sciences Corporation has the best-in-class non-invasive colorectal cancer (CRC) diagnostic test. It is a stool-based test called Cologuard which produces $2 billion in revenue (over 70% of the company's 2024 revenue). Cologuard is second in accuracy only to having a colonoscopy, which is the gold standard in diagnostics. However, many people dislike the uncomfortable colonoscopy prep (if you have done it, you know) and the invasive nature of the procedure. Exact Sciences is also the market leader in breast cancer recurrence testing with its Oncotype DX genetic test (used by 90% of U.S. oncologists due to its robust clinical evidence). We initiated an investment in the stock in the low $40's during the second quarter (shares peaked at $158 in 2021 and traded as high as $100 in July 2023).

Exact Sciences' stock price has fallen for multiple reasons including: (1) a surprise FDA advisory committee panel recommendation of approval of competitor Guardant Health's blood based CRC test in June 2024 (label yet to be disclosed); and (2) the company's increase in marketing expense beyond expected levels (which people fear will compress profit margins). It is not guaranteed that the Guardant test will receive FDA approval (the panel decision is a non-binding recommendation), and we do not yet know what the label for the test will be (how will it be allowed to be marketed for use for clinical diagnosis). We believe the threat of blood-based tests is overblown given they are far less accurate than stool tests (stage 1 cancer sensitivity for blood tests in the mid-50%'s versus Cologuard at about 90% for stage 1 (92% for all stages), and AA sensitivity in the low teens versus Cologuard at 42%). Should Guardant's test gain full FDA approval, we suspect its label will warn that it is inferior on early-stage CRC detection to stool tests and colonoscopy. Moreover, the blood-based tests are far more expensive to run using NGS (next generation sequencers) versus Cologuard, which uses a cheaper technology called PCR. If the blood tests only gain reimbursement at the same level as Cologuard (for a three-year interval test), they might not be very profitable to run. The tests might be entirely unprofitable if they are needed every year (due to the lower accuracy) but reimbursed at only one-third of the level of Cologuard (to keep the overall costs at parity). We also believe that it is prudent for the company to increase its marketing spend to compete with blood tests and to capture as much of the greenfield CRC opportunity as it can. The additional benefit to Exact Sciences will be a robust nationwide salesforce to market additional tests in its pipeline including Cologuard Plus, Oncodetect (which is a cancer recurrence test that uses a new technology called MRD (minimal residual disease)), and potentially Exact Sciences' own blood based CRC test (data is to be presented this year).

The market for CRC testing is huge, with about 110 million people in the U.S. eligible for CRC screening. Approximately 35 million eligible people get no testing at all (equivalent to 12 million Cologuard tests at a three-year frequency). About 5 to 6 million people do a colonoscopy (which equates to about 50 to 60 million of the eligible individuals since colonoscopy frequency is every 10 years). The rest get stool tests (including Cologuard which is 4 million tests per year – equivalent to 12 million eligibles because the test is done on a three-year frequency) and an older technology called FIT (about 8 to 10 million tests done every year so covering 8 to 10 million eligible individuals). FIT is a similar test to Cologuard in terms of the sample collection, but it is far less accurate (74% CRC sensitivity and only 24% AA sensitivity, versus 92% and 42% for Cologuard). FIT's only advantage is it is a cheaper test (which we believe is negated by its lower accuracy). So Cologuard's greenfield opportunity is 15 million tests (12 million tests for people not getting any CRC screening, plus another 3 million tests that could be taken from FIT at a 3-year frequency). This opportunity is worth $7.5 billion in annualized revenues at $500 per test on top of the $2 billion Exact Sciences does now (so $9.5 billion total potential). An updated version of Exact Sciences' test called Cologuard Plus is expected to launch in 2025 (that reduces "false positives" in the test by 30%, so is much more accurate). The test will cost less to process than the original test (in other words it will be higher margin to Exact Sciences) and is likely to be reimbursed at a higher rate (some analysts believe 30% more, or about $650 per test). This would equate to $600 million in incremental high margin revenue on the existing 4 million test base at Exact Sciences and $2.25 billion more on the greenfield new tests that the company could obtain, bringing the total potential revenue on all of these tests to over $12 billion (over six times Exact Sciences' current revenue level for CRC testing).

At our investment basis, we believe that we are buying the company at only three times its EV/Sales multiple in 2025 (very cheap historically for a diagnostic company with mid-teens top-line growth and low 30% cash flow growth). We believe we will realize at least a double on our investment over the next five years.

We established a position in **Tempus AI, Inc.**, which is an intelligent diagnostics and health care data company. Tempus has two synergistic business units: Genomics and Data & Other. Within the Genomics business, Tempus provides diagnostic tests, particularly for cancer treatment selection. The company's labs sequence the tumor's genome (the DNA "encyclopedia" of the tumor) and transcriptome (which measures what parts of that DNA is expressed by sequencing the messenger RNA that will be translated to protein expression). This can help oncologists select the best treatment for each individual patient. We think the cancer treatment selection sequencing market is underpenetrated and poised to continue to grow rapidly, and Tempus is well positioned as one of the leaders in this field. The genomics testing data also feeds into Tempus' value as a data company. Tempus has amassed a large (over 200 petabytes) proprietary multimodal dataset that combines clinical patient data (which includes clinical records, imaging data and other information, mostly from two-way collaborations with health systems) with genomic testing data from Tempus' Genomics business as well as testing data from other test providers. In total, the company's dataset includes about 7.7 million clinical records, over 1 million imaging records, about 900,000 matched clinical and molecular dataset profiles, and nearly 1 million sequenced samples. In addition to using this data to empower more intelligent diagnostics, Tempus also licenses this data to biopharmaceutical companies that use it to design smarter clinical trials and identify potential new drug targets. Tempus works with 19 of the top 20 pharmaceutical companies in this capacity and has disclosed nine-figure deals with three biopharmaceutical companies. We think this proprietary dataset is unique with meaningful barriers to entry and brings meaningful value to biopharmaceutical research and development.

We initiated a position in **Integer Holdings Corporation**, the largest medical device outsourcer (MDO) manufacturer. Integer helps design and manufacture components, sub-assemblies, and full devices for a range of companies, including the five largest med-tech companies. We think this is an attractive business with high barriers to entry and high switching costs. It takes a lot of time and money to design, qualify, and study new med-tech devices and components, and Integer is often specced into their customers' devices. Compared with other MDOs, Integer has a number of differentiated capabilities (particularly in battery related technologies), the most comprehensive offering in their space, and strong relationships with its large customers. Customers prioritize speed-to-market, ability-to-scale, and reliability/quality of manufacturing. Integer performs extremely well on all these metrics. Larger customers are also trying to consolidate vendors and Integer has the most comprehensive offering available. Integer is exposed to several of the most interesting ongoing med-tech launches (including neurostimulation, pulsed field ablation, and structural heart), and we think that the company is poised to grow faster than the market given its focus on collaborating with med-tech on innovative devices. On top of its organic revenue growth, Integer continues to invest inorganically via acquisitions to augment its technological capabilities and manufacturing scale. All of this should lead to top-line growth of about 10% per year.

Table VI.
Top net sales for the quarter ended June 30, 2024

	Year Acquired	Market Cap When Acquired (billions)	Market Cap When Sold (billions)	Net Amount Sold (millions)
Axonics, Inc.	2020	$1.1	$ 3.4	$37.7
Boyd Gaming Corporation	2021	7.3	4.8	28.6
Smartsheet Inc.	2022	4.5	5.2	22.5
Allegro MicroSystems, Inc.	2020	0.4	5.3	15.9
Astera Labs, Inc.	2024	9.3	10.8	12.3

We sold our position in **Axonics, Inc.** after it agreed to be acquired by Boston Scientific. We sold our investment in **Allegro MicroSystems, Inc**. based on what we view as a high valuation and ongoing difficulties for the automotive industry. We have automotive semiconductor exposure via our holding in **indie Semiconductor, Inc**., which is growing far faster than Allegro, is trading at a lower valuation, and has visibility to a huge multi-billion-dollar pipeline supporting our estimates for years to come. We exited our position in **Boyd Gaming Corporation** as we believe the company will experience challenging macro conditions for an extended period (this was our only top 10 detractor that we believe missed our thesis expectations). We sold our position in **Smartsheet Inc.** during the quarter to allocate the capital to higher conviction ideas.

Outlook

The second quarter was certainly challenging for us. We hope that the details we have provided in this letter offer a meaningful substantive update of some of the major crosscurrents in the market. We are in a period of rapid technological change in nearly every industry. The Fund is embracing this change and is finding investments that we believe will benefit from it over the next few years. Until the economy fully recovers (and it will), volatility will continue to be a standard feature of the investment landscape, particularly in small cap. When investors do finally sense recovery is near, we believe the market (and our investments) will rebound rapidly (following the historical context of small-cap performance). We own significant holdings in the Fund because we are confident this will occur and that we will reap the rewards. We thank you for investing along with us and we are glad you have chosen Baron Discovery Fund as an investment.

Randy Gwirtzman
Portfolio Manager

Laird Bieger
Portfolio Manager

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

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.

Enterprise value (EV) is a measure of a company's total value, often used as a more comprehensive alternative to equity market capitalization. EV includes in its calculation the market capitalization of a company but also short-term and long-term debt as well as any cash on the company's balance sheet. **Free cash flow (FCF)** represents the cash that a company generates after accounting for cash outflows to support operations and maintain its capital assets.

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

Baron Durable Advantage Fund

Dear Baron Durable Advantage Fund Shareholder:

Performance

We had another good quarter.

Baron Durable Advantage Fund® (the Fund) gained 5.2% (Institutional Shares) during the second quarter which compared favorably with the 4.3% gain for the S&P 500 Index (the Index), the Fund's benchmark.

Year to date, the Fund is up 16.6% compared to a 15.3% gain for the Index.

Table I.
Performance
Annualized for periods ended June 30, 2024

	Baron Durable Advantage Fund Retail Shares[1,2]	Baron Durable Advantage Fund Institutional Shares[1,2]	S&P 500 Index[1]
Three Months[3]	5.15%	5.20%	4.28%
Six Months[3]	16.53%	16.62%	15.29%
One Year	31.81%	32.15%	24.56%
Three Years	12.83%	13.11%	10.01%
Five Years	17.94%	18.22%	15.05%
Since Inception (December 29, 2017)	15.94%	16.21%	13.55%

ALEX UMANSKY
PORTFOLIO MANAGER
Retail Shares: BDAFX
Institutional Shares: BDAIX
R6 Shares: BDAUX

U.S large-cap was once again the place to be in the second quarter of 2024. After a modest 4.0% pullback in the month of April, the Fund gained 4.2% in May, and an additional 5.2% in June. The theory behind last year's 26.3% gain for the Index (and 45.5% gain for the Fund) was the Federal Reserve's gearing up for *significant reductions in interest rates* with the consensus *pricing in seven rate cuts in 2024*. How many would have expected the Index to appreciate an additional 15.3% with *zero rate cuts* in the first six months of the year? We think there are two main reasons for markets decoupling from interest rates and continuing to power higher: 1) the economy is proving to be surprisingly resilient even at much higher rates; and 2) generative AI (GenAI).

Inflation continues to come down to normalized levels with June's 3% CPI reading the slowest since March 2021. While the economy has slowed down, real GDP growth was 1.4% in the first quarter and the early reading for the second quarter is for stronger growth. The current dot plot and consensus expectation is for three rate cuts starting in September. Unemployment remains low at 4%, and a "soft landing" or maybe even "no landing" now seem to be the most likely outcome. U.S. large-cap stocks continue to outperform most other asset classes, and just like in recent quarters, past returns were driven by a narrow group of stocks currently referred to as the *Magnificent Seven*. For the June quarter, NVIDIA, Amazon, Microsoft, Apple, Alphabet, Tesla, and Meta accounted for 115.7% of the Index's 4.3% gain. No math skills are required to realize that the remaining members of the Index combined to generate a negative return. What do these Semiconductor, Consumer Discretionary/Retailer, Software, Hardware, Communication Services, Automobile Manufacturer, and Interactive Media companies have in common? A credible GenAI story!

Not owning Apple and Tesla cost us 116bps in relative returns and not owning enough **NVIDIA** (compared to its rapidly ballooning weight in the Index) cost us another 35bps. In that context, outperforming the Index by 92bps seems like a good outcome, indeed.

From a performance attribution perspective, stock selection contributed 101bps while sector allocation detracted 10bps. Our best three sectors were Industrials (thanks to our aerospace and defense holding, **HEICO**), Consumer Discretionary (thanks to **Amazon**), and Consumer Staples (**Costco**), which

Performance listed in the table above is net of annual operating expenses. The gross annual expense ratio for the Retail and Institutional Shares as of September 30, 2023 was 1.40% and 1.00%, respectively, but the net annual expense ratio was 0.95% and 0.70% (net of the Adviser's fee waivers), respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser waives and/or reimburses certain Fund expenses pursuant to a contract expiring on August 29, 2034, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit BaronCapitalGroup.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. 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.

together contributed 182bps to the Fund's relative results. We also benefited from not holding any Energy or Materials stocks, as those sectors declined in the quarter, and from our overweight to Communication Services, which was the second-best sector in the Index. These positive results were partially offset by our holdings in Financials, where our significant overweight detracted 117bps, even though we owned the better stocks, which added 44bps from stock selection.

From a company specific perspective, we had 22 gainers and 10 decliners. The stock prices of NVIDIA, **Taiwan Semiconductor**, **Broadcom**, **Monolithic Power Systems**, **Alphabet**, Costco, HEICO, and **Texas Instruments** all posted double-digit quarterly gains, while **NVIDIA**, **Alphabet**, **Broadcom**, **Taiwan Semiconductor**, **Microsoft**, **Amazon**, HEICO, **Monolithic**, **Adobe**, and **Costco** contributed 25bps or more each, to absolute returns. Of course, NVIDIA and the Magnificent Seven are not the only beneficiaries of GenAI. Broadcom recently guided to $11 billion of AI revenues in 2024 (around 20% of total revenues), while Taiwan Semiconductor expects GenAI to drive long-term industry revenue growth double digits underpinned by a 50% growth rate for datacenter AI chips.

On the other side of the ledger, **CoStar Group**, **MSCI**, **Accenture**, and **Agilent Technologies** posted double-digit quarterly declines, while **CoStar**, **MSCI**, **Accenture**, and **Mastercard** each cost the Fund 25bps or more and accounted for a loss of 150bps combined.

We analyzed the Fund's performance by breaking down returns into two key components: changes in valuation multiples[1] and changes in company fundamentals[2]. This quarter, the Fund's weighted average multiple declined 0.1%, which means the Fund's quarterly performance was driven in its entirety by the growth in businesses' earnings. For the overall portfolio, during the second quarter, revenue expectations for 2024 increased by 0.9%, operating income expectations increased by 2.5%, and operating margin rose 24bps. These trends broadly resemble the ones we observed during the first quarter. Moreover, this solid fundamental performance was broad-based with revenue expectations up across all of our sectors, and operating income expectations up in all sectors except Financials and Health Care. Not surprisingly, we saw particular strength in the fundamentals of semiconductors and semiconductor materials & equipment companies, which saw revenue expectations for 2024 rise by 5.6% and operating income expectations rise by 6.3%, largely due to the strong demand for GenAI. Also, for the Communication Services businesses – revenue expectations for 2024 increased by 2.9% and operating income expectations increased by 7.1%. This was driven by the continued strength in **Meta** and Alphabet that are benefiting from the recovery in ad spend, the adoption of AI, and better expense control, which is a tailwind to margins.

We think that rolling monthly returns can be a useful way to measure whether we are achieving our goals. Over the very short term, our strategy has outperformed in just over half of the observations. But as the time period lengthens, our win percentage improves markedly. On a rolling monthly basis, we have outperformed the Index 60% of the time over 1-year, 67% of the time over 3-years, and 95% of the time over 5-years. The numbers are even more impressive when compared to our universe of peers. We continue to believe that we have put together the right collection of competitively advantaged companies with durable growth characteristics and great management teams. We have a lot of confidence in our process. If we continue to execute well, we should be able to outperform the Index over the long term, while minimizing the risk of permanent loss of capital.

Table II.
Percentage of time Fund outperformed over different time periods from inception through June 30, 2024

Rolling Return Period	1 Month	3 Months	1 Year	3 Years	5 Years
Outperformance vs. S&P 500 Index	56%	61%	60%	67%	95%
Outperformance vs. Morningstar Large Growth Category Average	51%	58%	70%	81%	100%

Sources: BaronCapital, S&P Global Inc., and Morningstar Direct

Table III.
Top contributors to performance for the quarter ended June 30, 2024

	Quarter End Market Cap (billions)	Percent Impact
NVIDIA Corporation	$3,039.1	1.48%
Alphabet Inc.	2,258.7	0.95
Broadcom Inc.	747.4	0.74
Taiwan Semiconductor Manufacturing Company Limited	901.6	0.74
Microsoft Corporation	3,321.9	0.55

NVIDIA Corporation sells semiconductors, systems, and software for accelerated computing, gaming, and GenAI. NVIDIA's stock continued its run, rising 37.0% in the second quarter and finishing the first half of 2024 up 150.5%. NVIDIA continued to report unprecedented growth at scale, with quarterly revenues of $26 billion *growing 262%* year-over-year, datacenter segment revenues of $22.6 billion *up 427%* year-over-year, and *operating margins of 69.3%*. NVIDIA's growth is even more impressive as it is approaching a new product cycle with Blackwell architecture going into production in the second half of the year. Blackwell will offer 4 times better performance in training and… 30 times better performance in inferencing. This underscores the urgency of demand for GPUs as customers are not waiting for the next generation architecture despite a significant improvement in performance to cost ratio. The Blackwell architecture, and in particular, the new GB200 NVL72/36 racks, which the company believes would become *"the new unit of compute"* (and will start shipping in 2025) would in our view: 1) increase the company's content per server (for example an NVL72 rack would have 18 compute trays with 4 Blackwell GPUs and 2 Grace CPUs in each, and 9 networking trays with NVIDIA content); and 2) further strengthen its competitive advantages as the demand for datacenter-scale computing grows due to scaling laws (models become more capable with size and as they are trained on more data), new model types (such as Mixture of Experts that increase the demand on sharing of data between GPUs) and model optimization mechanisms (such

1 We calculate the change in P/E multiple on consensus EPS as collected by FactSet for the next 12 months for each of our holdings. We then calculate a weighted average based on the weights at the end of the second quarter. We use a price/FRE (fee-related earnings) multiple for Apollo and Blackstone. We excluded Brookfield as this stock trades on a SOTP (sum of the parts) basis.

2 We calculate the change in consensus expectations for 2024 between March 31, 2024 and June 30, 2024 for revenues, operating income, and operating margins for each of our stocks and then calculate a weighted average. We use fee-related earnings (FRE) for Apollo and Blackstone, and we excluded Brookfield as this stock trades on a SOTP (sum of the parts) basis.

as tensor parallelism, pipeline parallelism, and expert parallelism – which also increase the demands from the connectivity layer), and increase the relative importance of NVIDIA's networking and full-system capabilities and in particular the capabilities enabled by the latest generation of NVLink – connecting up to 576 GPUs together, up from 8.

While the stock's strong performance has pulled forward some of the longer-term upside (which we manage through position sizing), we remain early in the accelerated computing platform shift and in the adoption of AI across industries and therefore remain shareholders. NVIDIA's CEO, Jensen Huang described the opportunity in his June COMPUTEX keynote:

"In the late 1890s, Nikola Tesla invented an AC generator. We invented an AI generator. The AC generator generated electrons. NVIDIA's AI generator generates tokens. Both of these things have large market opportunities. It's completely fungible in almost every industry, and that's why it's a new industrial revolution.

"We have now a new factory producing a new commodity for every industry that is of extraordinary value. And the methodology for doing this is quite scalable, and the methodology of doing this is quite repeatable. Notice how quickly so many different AI models, generative AI models are being invented literally daily. Every single industry is now piling on.

"For the very first time, the IT industry, which is $3 trillion, $3 trillion IT industry is about to create something that can directly serve $100 trillion of industry. No longer just an instrument for information storage or data processing but a factory for generating intelligence for every industry… What started with accelerated computing led to AI, led to generative AI and now an industrial revolution."

Alphabet Inc. is the parent company of Google, the world's largest search and online advertising company. Shares of Alphabet were up 20.6% this quarter, reflecting solid financial results as well as continued product innovation in GenAI. The company reported first quarter revenue growth of 15% year-over-year, driven by 14% growth in search, 21% growth in YouTube, and 28% growth in cloud (which accelerated from 26% growth in the fourth quarter). The company has also increased its cost discipline efforts, which drove operating margins to 31.6% (compared to 25% in the first quarter of 2023). With regards to GenAI, while we are cognizant of the potential risks to the dominance of search, we believe that on the range of possible outcomes, Alphabet remains well positioned through its massive user distribution (9 products with over 1 billion users each), long-standing AI research labs (Google DeepMind), top AI talent, a solid cloud computing division in Google Cloud, and deep pockets for investing in AI. During the quarter, Alphabet also held its annual I/O conference, where it provided an update on its efforts in AI including: Gemini is now used by 1.5 million developers; model quality is expanding rapidly (e.g., context window is now 2 million tokens of length); the new genomics model, Alphafold 3 can predict structures of molecules and potentially accelerate drug discovery; the new TPU6 AI chips have shown a 4.7 times improvement in compute performance compared to the prior generation; and early data on Gemini for workspace is showing a 30% increase in user productivity. Alphabet also has real value in assets such as Waymo, which are not factored into valuation today (and are potentially included at a negative valuation as they currently generate losses, hurting EPS). We continue to believe that the current valuation of Alphabet presents an attractive risk/reward equation for long-term owners of the business.

Broadcom Inc. is a global technology leader with a broad range of semiconductor and infrastructure software solutions. Its semiconductor solutions focus on digital, mixed signal, and analog products across a variety of end markets, while its software products help customers plan, develop, automate, manage, and secure applications. The stock rose 21.5% on strong quarterly results on the back of two key growth drivers – AI semiconductors and good early results from integrating VMWare. The company once again increased its outlook for AI-related revenue, now expecting $11 billion or more this year, up from a prior estimated $10 billion. VMWare remains on track for rapid sequential growth while reducing operating expenses, driving faster-than-expected margin expansion and accretion. We believe Broadcom is a key beneficiary of AI infrastructure investment, with its industry-leading switching silicon and other networking chips and its custom silicon business supporting hyperscale customers with their own custom accelerators.

Table IV.
Top detractors from performance for the quarter ended June 30, 2024

	Quarter End Market Cap (billions)	Percent Impact
CoStar Group, Inc.	$ 30.3	–0.55%
MSCI Inc.	38.2	–0.33
Accenture plc	191.0	–0.33
Mastercard Incorporated	410.1	–0.28
Visa Inc.	538.9	–0.24

CoStar Group, Inc. is a provider of marketing and data analytics services to the real estate industry. Shares declined 23.1% in the quarter driven by weakness in the broader software sector with many companies experiencing a slowdown in new sales activity in early 2024, leading to guidance reductions and multiple compression. We believe CoStar shares were also impacted by concerns that the company's second quarter financial results will show a deceleration in net new sales of its residential product following outstanding first quarter performance. We remain encouraged by traction in CoStar's residential offering although recognize that progress may not be linear. CoStar began to monetize its new Homes.com platform in February. We believe early momentum can be amplified by the recent NAR class action settlement, which has the potential to disrupt the residential brokerage industry and enhance the return on investment for brokers advertising on Homes.com. Apart from the optionality embedded with CoStar's entry into the residential market, we believe that the company's core non-residential business continues to be highly attractive, generating $2 billion of recurring revenues with over 40% EBITDA margins and believe it can continue compounding at double-digit rates.

Shares of **MSCI Inc.**, a leading provider of investment decision support tools, declined 13.9% during the quarter with more than 100% of the decline driven by multiple contraction. The company reported mixed first quarter 2024 earnings as its end market remained choppy, leading to elevated client cancelations and a more muted new sales environment. Despite this near-term macro uncertainty, first quarter revenues grew 15% year-over-year (10% organic), adjusted EBITDA grew 11%, and adjusted EPS grew 12%, and the company reiterated its 2024 guidance. 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.

[3] Accenture's P/E multiple as measured by FactSet on the consensus estimate for next-12-months EPS.

Accenture plc provides consulting and technology services to corporate clients around the world. Shares fell 12.1% together with the broader weakness in IT consulting and software names. Performance was driven entirely by multiple contraction, which declined 12.5% during the quarter[3]. While the company continues seeing underwhelming client demand trends given macroeconomic uncertainty, moderation in IT spending following a pandemic-related surge, and budget reallocations toward cloud and AI infrastructure away from services and software, it also saw some early positive green shoots with $900 million GenAI bookings and a book-to-bill ratio of 1.3 times. We expect the cyclical headwinds to abate over time, leading to faster growth in a large global market for IT services with the company benefiting from its strong competitive positioning as a leading partner helping companies with their digitization efforts.

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 June 30, 2024, our top 10 positions represented 52.0% of the Fund, the top 20 represented 79.4%, and we exited the quarter with 32 investments, unchanged from the end of the first quarter.

IT and Financials represented 63.3% of the Fund, while Communication Services, Health Care, and Consumer Discretionary represented another 29.1%, while the remaining 7.7% was invested in Industrials, Real Estate, and Consumer Staples as well as in cash.

Table V.
Top 10 holdings as of June 30, 2024

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Microsoft Corporation	$3,321.9	$39.3	9.3%
Amazon.com, Inc.	2,011.1	29.4	6.9
Meta Platforms, Inc.	1,279.1	28.8	6.8
NVIDIA Corporation	3,039.1	20.8	4.9
Alphabet Inc.	2,258.7	20.3	4.8
Taiwan Semiconductor Manufacturing Company Limited	901.6	18.6	4.4
Broadcom Inc.	747.4	17.3	4.1
S&P Global Inc.	142.8	16.7	3.9
Visa Inc.	538.9	15.5	3.6
Adobe Inc.	246.3	13.8	3.2

Recent Activity

The Fund continues to benefit from significant inflows. During the quarter, we added to 25 out of the 32 existing holdings. We have increased the size of our positions in the semiconductor and infrastructure software provider, Broadcom, the leading manufacturer of integrated circuits and wafer semiconductor devices, **Taiwan Semiconductor**, and the real estate data company, **CoStar**.

Table VI.
Top net purchases for the quarter ended June 30, 2024

	Quarter End Market Cap (billions)	Net Amount Purchased (millions)
Broadcom Inc.	$ 747.4	$10.3
Taiwan Semiconductor Manufacturing Company Limited	901.6	8.9
Microsoft Corporation	3,321.9	6.6
CoStar Group, Inc.	30.3	6.5
Texas Instruments Incorporated	177.1	3.5

Broadcom Inc. is a global technology leader that designs, develops and supplies a broad range of semiconductor and infrastructure software solutions. The company reported strong quarterly results and increased its outlook for the full year on strength from its AI-related semiconductor products for networking and Custom Compute. In networking, Broadcom remains the market leader and expects all hyperscale customers to use its Ethernet solutions in the coming years as they grow AI training clusters from 100,000 accelerators today to over 1 million in the future. In Custom Compute, Broadcom remains well positioned with three key consumer internet hyperscale customers and believes it has a more than $100 billion cumulative opportunity in the coming years compared to the $11 billion guided revenue for this fiscal year. The VMWare acquisition is performing better than expected, with rapid sequential growth expected to continue as the company simplifies the product offerings and converts customers from a perpetual license/maintenance model to a true SaaS model. We believe that the combination of Broadcom's strong competitive positioning, AI-related growth, VMWare accretion, and reasonable valuation set up a favorable mid- and long-term outlook for the stock and have therefore increased our position during the quarter.

Taiwan Semiconductor Manufacturing Company Limited (TSMC) is the world's leading semiconductor foundry. The company reported solid quarterly results, driven by continued strong data center AI accelerator demand, optimism on a potential edge AI replacement cycle for smartphones and PCs, and expectations for price hikes next year ("*selling our value*", in the words of C.C. Wei, TSMC's CEO). In contrast with the sluggish broader semiconductor foundry market, TSMC is enjoying a record-breaking year, with management guiding for revenue to grow in the low to mid-20% range year-over-year in 2024, thanks to the company's near-monopoly in manufacturing the world's most advanced chips. According to C.C. Wei, "*almost all the AI innovators are working with TSMC to address the insatiable AI-related demand for energy-efficient computing.*" This strong AI demand, coupled with TSMC's unrivaled competitive position, is driving "*a high level of customer interest and engagement at N2*" (TSMC new process node which will start production in 2H 2025), with N2 revenue expected to "*certainly be larger*" and with a "*better margin profile*" than N3 (TSMC's most advanced node today). We believe TSMC will sustain strong double-digit earnings growth for years to come, driven by rapidly growing demand for advanced chips and continued market share gains enabled by its superior technology, reliability, and customer service.

We also continued adding to our position in **Microsoft Corporation** to prevent dilution as the company continues to report strong financial results, while making progress in AI: 7% of Azure's revenue growth (cloud computing) was driven by AI, about two-thirds of Fortune 500 companies are now using the Azure OpenAI service, over half of Azure AI customers now also use Microsoft's data and analytics tools, suggesting a potentially significant pull through from AI to Microsoft's other offerings, and GitHub co-pilot (a coding assistant) continues growing rapidly, reaching 1.8 million subscribers (up 35% sequentially). The company also continues to report strong overall financial results with revenue growth of 17% year-over-year at massive scale of $62 billion, operating income growth of 23% and EPS growth of 20%. The revenue growth was driven by Microsoft cloud which surpassed $35 billion in revenues, up 23% year-over-year, and Azure which accelerated 3% sequentially and grew 31% year-over-year in constant currency. We continue to believe that Microsoft presents an attractive combination of a limited risk of AI disruption on the one hand with a potentially material AI tailwinds on the other, through its positioning as the enterprise software platform and its relationship with OpenAI.

We took advantage of the sell-off in the shares of **CoStar Group, Inc.** as a result of the broader sell-off in software and due to rumors over a potential slowdown in the company's newly introduced residential offering (Homes.com). Being a new entrant to a consolidated market, we don't expect the progress in residential to be up and to the right without hiccups and believe CoStar's management team will adjust their offering and go-to-market strategy based on the results they see. Moreover, even excluding any value from the residential offering, we believe that the risk-reward equation for CoStar remains positively skewed over the long term and have therefore decided to further add to our position.

Lastly, we increased our position in the leading analog and embedded semiconductor company, **Texas Instruments Incorporated** (TI). While TI continues to operate in a cyclical downturn, with revenues down 16% and adjusted EPS down 36% year-on-year, the company is seeing early signs of improvement especially in end markets where inventory corrections started earlier, such as personal electronics and some pockets of industrial. Near-term cash flow is also negatively impacted by TI's heavy investments through 2026 in domestic, 300 million production fab. While the range of outcomes over the business' near-term dynamics remains wide, we believe the company is making the right decisions for long-term owners of the business – the added fabrication capacity would prove valuable when the industry recovers from its cyclical downturn, enabling TI to gain market share at high incremental margins, with high ROI on the invested capex thanks to TI's participation in the CHIPS act and its diverse and long-lived products, which would enable it to generate a return from the incremental capacity for decades into the future. Longer term, TI also remains well positioned to benefit from increasing semiconductor content in key industrial and automotive end markets and its U.S.-based capacity has increasing strategic importance given global geopolitical tensions.

Table VII.
Top net sales for the quarter ended June 30, 2024

	Quarter End Market Cap (billions)	Net Amount Sold (millions)
None		

Outlook

As in years past, we have little to offer in the way of a market outlook. Has inflation been tamed? Will the economy continue to slow down? Will we get the three interest rate cuts or none? Trump or Biden or someone else? While these questions are not new, the answers remain elusive, and once they will get answered, other, similar questions will arise. We practice a probabilistic approach to investing and for the time being we expect to continue to operate in an environment where the range of outcomes will remain unusually wide.

Importantly, we do not structure or position the portfolio to benefit from any particular market environment. Instead, we focus on investing in what we believe are high quality businesses – companies with durable competitive advantages, strong balance sheets, and exceptional management teams with a proven track record of operational excellence and successful capital allocation. These companies tend to be leaders in their industries and sell critical products and services to their customers that are hard to replace. That creates stickiness, high switching costs, and pricing power. That enables them to be resilient in the face of macroeconomic challenges while continuing to invest in future growth opportunities to take market share and to emerge stronger when the environment inevitably improves.

The rapid advancement of GenAI technology presents both clear risks and compelling opportunities. While the implications of AI on the global economy and on particular industries and businesses are not yet clear, we believe our portfolio includes many companies that are well positioned to benefit from this technological paradigm shift, without taking any significant risk of permanent loss of capital.

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

Our goal is to invest in large-cap companies with, in our view, strong and durable competitive advantages, proven track records of successful capital allocation, high returns on invested capital, and high free-cash-flow generation, a significant portion of which is regularly returned to shareholders in the form of dividends or share repurchases. It is our belief that investing in great businesses at attractive valuations will enable us to earn excess risk-adjusted returns for our shareholders over the long term. We are optimistic about the prospects of the companies in which we are invested and continue to search for new ideas and investment opportunities.

Sincerely,

Alex Umansky
Portfolio Manager

Investors should consider the investment objectives, risks, and charges and expenses of the investment carefully before investing. The prospectus and summary prospectus contain this and other information about the Funds. You may obtain them from the Funds' distributor, Baron Capital, Inc., by calling 1-800-99-BARON or visiting BaronCapitalGroup.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 Durable Advantage Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

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

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 Real Estate Income Fund

Dear Baron Real Estate Income Fund Shareholder:

Performance

Following solid performance in the first quarter of 2024, Baron Real Estate Income Fund's® (the Fund) performance reversed course in the second quarter and declined 1.92% (Institutional Shares), underperforming the MSCI US REIT Index (the REIT Index), which fell 0.22%, and the S&P 500 Index, which increased 4.28%.

In the first six months of 2024, the Fund's performance is flat at 0.01%, modestly outperforming the REIT Index, which declined 0.84%.

Since inception on December 29, 2017 through June 30, 2024, the Fund's cumulative return of 61.31% was more than double that of the REIT Index, which increased 25.86%.

As of June 30, 2024, the Fund has maintained high rankings from Morningstar for its performance:

- **#4 ranked real estate fund for its 5-year performance period**
- **#4 ranked real estate fund since the Fund's inception on December 29, 2017**

Notably, the only real estate fund that is ranked higher than Baron Real Estate Income Fund for the trailing 5-year period and since the Fund's inception on December 29, 2017, is the other real estate fund that we manage, Baron Real Estate Fund, which has three share classes.

We believe the Fund is populated with several attractively valued REITs and real estate-related companies and believe the two- to three-year prospects for the Fund are compelling.

We will address the following topics in this letter:

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

JEFFREY KOLITCH

PORTFOLIO MANAGER

Retail Shares: BRIFX
Institutional Shares: BRIIX
R6 Shares: BRIUX

Table I.
Performance
Annualized for periods ended June 30, 2024

	Baron Real Estate Income Fund Retail Shares[1,2]	Baron Real Estate Income Fund Institutional Shares[1,2]	MSCI US REIT Index[1]	S&P 500 Index[1]
Three Months[3]	(1.93)%	(1.92)%	(0.22)%	4.28%
Six Months[3]	(0.05)%	0.01%	(0.84)%	15.29%
One Year	6.59%	6.77%	6.25%	24.56%
Three Years	(2.60)%	(2.36)%	(0.97)%	10.01%
Five Years	8.27%	8.49%	2.68%	15.05%
Since Inception (December 29, 2017)	7.40%	7.63%	3.60%	13.55%
Since Inception (December 29, 2017) (Cumulative)[3]	59.10%	61.31%	25.86%	128.42%

As of 6/30/2024, the Morningstar Real Estate Category consisted of 237, 225, 206, and 211 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 28th, 67th, 2nd, and 2nd percentiles for the 1-, 3-, 5-year, and since inception periods, respectively. On an absolute basis, Morningstar ranked Baron Real Estate Income Fund Institutional Share Class as the 63rd, 155th, 4th, and 4th best performing share class in its Category, for the 1-, 3-, 5-year, and since inception periods, respectively.

Morningstar calculates the Morningstar Real Estate Category Average performance and rankings using its Fractional Weighting methodology. Morningstar rankings are based on total returns and do not include sales charges. Total returns do account for management, administrative, and 12b-1 fees and other costs automatically deducted from fund assets. Since inception rankings include all share classes of funds in the Morningstar Real Estate Category. Performance for all share classes date back to the inception date of the oldest share class of each fund based on Morningstar's performance calculation methodology.

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OUR CURRENT TOP-OF-MIND THOUGHTS

At the half-way point of 2024, we have several top-of-mind thoughts:

We believe it is an attractive time to increase exposure to public real estate

- Several public REITs and non-REIT real estate-related companies have underperformed the S&P 500 Index since 2019, in part due to the lingering impacts from COVID-19, the aggressive Federal Reserve (the Fed) interest rate tightening cycle, and more recently, the overhang of the commercial real estate crisis narrative which we continue to believe is unlikely to materialize.
- Much of public real estate has been repriced for a higher cost of capital, and valuations are now attractive *(see below)*.
- We believe Fed interest rate cuts are forthcoming, which historically have been positive for public real estate *(see below)*.
- Our research conclusions for most real estate companies are encouraging:
  - Business conditions, though moderating, are still growing and do not foretell a significant decline in growth.
  - We see attractive demand versus supply prospects. Vacancies are low, rents and home prices continue to increase albeit at a slower rate, and competitive new construction is modest for most commercial and residential sectors and geographic markets over the next several years.
  - Most balance sheets are in strong shape.
  - The banking system is well capitalized, with ample liquidity.
  - We believe future loan defaults will be mostly isolated to class "B" and "C" office buildings.

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

- REITs versus the S&P 500 Index: According to research from Citigroup Inc., since 2007, REIT price to earnings multiples (P/E or FFO) have traded, on average, at a modest 0.7 times premium to the S&P 500 Index P/E multiple. Currently, however, REIT P/E multiples of 16.4 times are at a 4.6 times discount to the S&P 500 Index multiple of 21.0 times. The last time REIT valuations were cheaper versus the S&P P/E multiple was during the Global Financial Crisis in 2009.
- Public real estate valuations versus private real estate valuations: We find it notable that in the last few months private equity firms such as **Blackstone Inc.** have chosen to deploy billions of dollars of real estate capital in the public market rather than the private market due to the relative valuation appeal in public real estate. In April, Blackstone announced the $10 billion acquisition of publicly traded Apartment Income REIT Corp., a multi-family REIT. Blackstone also announced the $3.5 billion acquisition of Tricon Residential Inc., a publicly traded company that provides quality rental homes and apartments, earlier this year. We anticipate additional public market privatizations in the months ahead because there may be additional opportunities for private funds to purchase quality public real estate at valuation discounts to private market values.
- We believe several REIT and non-REIT real estate companies are cheap. Among REITs, we are identifying attractively valued REITs across all REIT categories, and we believe several non-REIT real estate categories are also attractively valued.

Fed interest rate cuts should be positive for real estate stocks and our Fund

- The global pivot in monetary policy – from restrictive to accommodative – has historically been bullish for real estate and the Fund. Lower interest rates and tighter credit spreads should support real estate valuations, reduce the weight of debt refinancings, and reignite the transaction market.
- Since the launch of the Fund on December 29, 2017, the Fed has lowered interest rates twice – in 2019 and 2020.
  - 2019: The Fed cut interest rates 75 basis points (25 basis points on three different dates). In 2019, the Fund increased 36.5%, significantly outperforming the REIT Index, which increased 24.3%.
  - 2020: The Fed cut interest rates 150 basis points in March 2020 in response to COVID-19. In 2020, the Fund increased 22.3%, significantly outperforming the REIT Index, which decreased 8.7%.

The 5-year period from 2019-2023 is an excellent case study that highlights the long-term appeal of the Fund

- From 2019 to 2023, real estate was faced with a highly unusual and, at times, challenging investing environment that included:
  - COVID-19 and its positive and negative implications for various real estate categories
  - A decline in the U.S. 10-year treasury rate to the lowest in history (0.52% on March 2020)
  - A sharp reversal in interest rates as the Fed increased interest rates 525 basis points
  - Multi-decade high inflation fueled by trillions of dollars of fiscal and monetary stimulus to combat COVID-19

Performance listed in the above table is net of annual operating expenses. The gross annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2023 was 1.32% and 0.96%, respectively, but the net annual expense ratio was 1.05% and 0.80% (net of the Adviser's fee waivers), respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost The Adviser waives and/or reimburses certain Fund expenses pursuant to a contract expiring on August 29, 2034, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit BaronCapitalGroup.com or call 1-800-99-BARON.

1 The **MSCI US REIT Index Net (USD)** is designed to measure the performance of all equity REITs in the U.S. 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. The **S&P 500 Index** measures the performance of 500 widely held large-cap U.S. companies. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. The MSCI US REIT Index 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. 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.

    - Emerging headwinds for some segments of real estate – notably lower quality office buildings
    - Several other unusual developments including bank failures, supply-chain challenges, and the Russia-Ukraine war
- We believe the developments that occurred in the 5-year period from 2019 to 2023 highlight the long-term benefits of the Fund's broader, more flexible, and more comprehensive approach to investing in REITs and non-REIT real estate-related companies.
    - In certain years, the Fund may underperform – perhaps due to underperformance of non-REIT investments (2021, for example).
    - Over the long term, however, we believe the Fund's more expansive approach to real estate research and portfolio construction relative to more typical REIT dominated funds (we may invest up to approximately 25% of the Fund's net assets in non-REIT real estate-related companies), and the merits of our actively managed strategy to navigate and capitalize on the ever-changing real estate investment landscape should result in long-term returns at or near the top of the real estate peer group.
    - *For the 5-year period ending December 31, 2023, the Fund:*
        - Significantly outperformed its benchmark index in 2019 and 2020
        - Underperformed in 2021 largely due to the Fund's non-REIT real estate investments which lagged following strong performance in 2019 and 2020 – and REITs had one of their best years on record in 2021
        - Modestly underperformed in 2022 when growth-related real estate companies underperformed
        - Outperformed in 2023
        - **Notably, for the 5-year period from 2019 to 2023:**
            - **The Fund's annualized 5-year performance of 12.64% more than doubled the REIT Index's performance of only 6.15%**
            - **According to Morningstar, the Fund was the #5 ranked real estate fund over this 5-year period**

Table II.
Performance from 12/31/2018 to 12/31/2023

Period	Baron Real Estate Income Fund Institutional Shares	MSCI US REIT Index	S&P 500 Index
Calendar Year 2019	36.54%	24.33%	31.49%
Calendar Year 2020	22.30%	–8.70%	18.40%
Calendar Year 2021	29.58%	41.71%	28.71%
Calendar Year 2022	(27.47)%	(25.37)%	(18.11)%
Calendar Year 2023	15.51%	12.27%	26.29%
5-Years Ended 12/31/2023 (Annualized)	12.64%	6.15%	15.69%

- **Looking forward, we believe the merits of our more diversified and flexible approach to investing in real estate may shine even brighter in part due to the rapidly changing real estate landscape which we believe will require a more expansive, discerning, and actively managed approach to investing in real estate.**

Portfolio Composition and Key Investment Themes

As of June 30, 2024, we invested the Fund's net assets as follows: REITs (82.6%), non-REIT real estate companies (14.7%), and cash (2.7%). We currently have investments in 11 REIT categories. Our exposure to REIT and non-REIT real estate categories is based on our research and assessment of opportunities in each category on a bottom-up basis (See Table III below).

Table III.
Fund investments in REIT categories as of June 30, 2024

		Percent of Net Assets
REITs		82.6%
Multi-Family REITs	20.5	
Health Care REITs	13.7	
Data Center REITs	11.9	
Single-Family Rental REITs	9.8	
Wireless Tower REITs	8.7	
Industrial REITs	6.1	
Mall REITs	4.2	
Hotel REITs	4.0	
Manufactured Housing REITs	1.8	
Shopping Center REITs	1.0	
Self-Storage REITs	0.7	
Non-REIT Real Estate Companies		14.7
Cash and Cash Equivalents		2.7
Total		100.0%*

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

REITs

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

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

Notable changes to the Fund's REIT exposures since the end of the first quarter include:

- We increased the Fund's allocation to REITs from 75.3% to 82.6% as REIT performance lagged in 2023 and in the first quarter of 2024.
- Notable increases to the Fund's REIT allocations include multi-family, health care, and wireless tower REITs.
- Notable decreases to the Fund's REIT allocations include industrial and mall REITs.

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 data center, wireless tower, and industrial REITs. As of June 30, 2024, secular growth REITs represented 26.7% 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 on a regular basis to combat inflation's impact on their businesses. Examples include our investments in multi-family, single-family rental, manufactured housing REITs, and self-storage REITs. As of June 30, 2024, short-lease duration real estate companies represented 36.8% of the Fund's net assets.

Secular growth REITs (26.8% of the Fund's net assets)

Data Center REITs (11.9%): 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 outsourcing of information technology, increased cloud computing adoption, ongoing growth in mobile data and internet traffic, and artificial intelligence as a new wave of data center demand.

Wireless Tower REITs (8.7%): We are optimistic about the long-term growth prospects for wireless tower REIT **American Tower Corporation**, given strong secular growth expectations for mobile data usage, 5G spectrum deployment and network investment, edge computing (possible requirement of mini data centers next to a tower presents an additional revenue opportunity), and *connected homes and cars*, which will require increased wireless bandwidth and increased spending by the mobile carriers. In the most recent quarter, we acquired additional shares of American Tower because we believe growth is likely to accelerate in 2025 and the shares are attractively valued.

Industrial REITs (6.1%): In the second quarter, we lowered the Fund's exposure to industrial REITs due to expectations that demand will continue to normalize to pre-pandemic levels (elongated corporate decision making), elevated supply deliveries in the first half of 2024, and expectations of moderating rent growth in certain geographic markets.

We remain optimistic about the long-term prospects for industrial REITs. With industrial vacancies at approximately 5%; moderating new supply in the second half of 2024; rents on in-place leases significantly below market rents; and multi-faceted secular demand drivers including the ongoing growth in e-commerce, companies seeking to improve inventory supply-chain resiliency by carrying more inventory (shift from *just in time* to *just in case* inventory), and *on-shoring*, we believe our investments in industrial warehouse REITs **Prologis, Inc.**, **Rexford Industrial Realty, Inc.**, and **First Industrial Realty Trust, Inc.** have compelling multi-year cash-flow growth runways.

Short-lease duration REITs (36.8% of the Fund's net assets)

Multi-Family REITs (20.5%): In the second quarter, we significantly increased the Fund's allocation to multi-family REITs from 8.8% at March 31, 2024 to 20.5% at June 30, 2024. Rental apartments are benefiting from the current homeownership affordability challenges. Multi-family REITs provide partial inflation protection to offset rising costs due to leases that can be reset at higher rents, in some cases, annually. We believe the supply outlook is likely to be attractive over the next few years. Balance sheets are well capitalized with low leverage thereby positioning certain multi-family REITs to take advantage of M&A opportunities should they arise. In summary, we are long-term bullish on multi-family REITs. For additional thoughts on multi-family REITs **Equity Residential** and **AvalonBay Communities, Inc.**, please see the "Top net purchases" section later in this letter.

Single-Family Rental REITs (9.8%): Demand conditions for single-family rental home REITs, **Invitation Homes, Inc.** and **American Homes 4 Rent**, are attractive due to the sharp decline in home purchase affordability; the propensity to rent in order to avoid mortgage down payments, avoid higher monthly mortgage costs, and maintain flexibility; and the stronger demand for home rentals in the suburbs rather than apartment rentals in cities. Rising construction costs are limiting the supply of single-family rental homes in the U.S. housing market. This limited inventory combined with strong demand is leading to robust rent growth.

Both Invitation Homes and American Homes 4 Rent have an opportunity to partially offset the impact of inflation given that their in-place annual leases are significantly below market rents. Valuations are compelling at mid-5% capitalization rates, and we believe the shares are currently valued at a discount to our assessment of net asset value.

We remain mindful that expense headwinds and slower top-line growth could weigh on growth in 2024. We continue to closely monitor business developments and will adjust our exposures accordingly.

Hotel REITs (4.0%): We remain long-term bullish about the prospects for hotel REITs and other travel-related real estate companies. Several factors are likely to contribute to multi-year tailwinds including a favorable shift in consumer preferences, a growing middle class, and other encouraging demographic trends. Even though travel-related business conditions may moderate in the year ahead, which would negatively impact leisure spending and business travel, we maintain an allocation to select travel-related real estate because we believe the long-term investment case for travel is compelling and valuations are compelling.

Manufactured Housing REITs (1.8%): In the most recent quarter, we visited the management team of **Sun Communities, Inc.** at the company's corporate headquarters in Michigan and toured one of their properties. We have maintained our position in Sun Communities because demand for the company's core business (manufactured housing, RVs, and marinas) remains strong, we believe the shares are attractively valued, and we have a favorable view of CEO Gary Shiffman, whose interests are aligned given his significant investment in the company.

Manufactured housing REITs such as Sun Communities represent a niche real estate category that we expect to benefit from favorable long-term demand/supply dynamics. They are beneficiaries of strong demand from budget-conscious home buyers such as retirees and millennials, and negligible new inventory due to high development barriers. Manufactured housing REITs Sun Communities and Equity Lifestyle Properties have solid long-term cash-flow growth prospects and lower capital expenditure requirements than a number of other REIT categories.

Self-Storage REITs (0.7%): The Fund has modest exposure to self-storage REITs and will discuss our latest thoughts in our third quarter letter.

Other REIT and non-REIT real estate investments (33.8% of the Fund's net assets)

Health Care REITs (13.7%): In the second quarter, we significantly increased the Fund's allocation to health care REITs from 7.5% at March 31, 2024 to 13.7% at June 30, 2024. We are optimistic about our health care REIT investments in **Welltower Inc.**, **Ventas, Inc.**, and **Healthpeak Properties, Inc**.

Our bullish outlook for Welltower and Ventas is largely due to our favorable view of the multi-year prospects for senior housing. We believe senior housing real estate is likely to benefit from favorable cyclical and secular growth opportunities in the next few years. Fundamentals are improving (rent increases and occupancy gains) against a backdrop of muted supply growth due to increasing financing and construction costs and supply-chain challenges. The long-term demand outlook is favorable, driven in part by an aging population (baby boomers and the growth of the 80-plus population), which is expected to accelerate in the years ahead. Expense pressures (labor shortages/other costs) are abating, and we believe highly accretive acquisition opportunities may surface, particularly for Welltower given its cost of capital advantage.

In the most recent quarter, we initiated a position in Healthpeak Properties. Please see the "Top net purchases" section of this letter for our more complete thoughts on the company.

Mall REITs (4.2%): We remain optimistic about the prospects for the Fund's investments in mall REITs **Simon Property Group, Inc.** and **The Macerich Company**. We believe both companies are attractively valued and their real estate portfolios are benefiting from strong tenant demand for space, positive rent growth, and limited store closures and bankruptcies.

In the most recent quarter, we met with Jackson Hsieh, the newly appointed CEO of Macerich. We came away impressed and believe he will implement a strategy to improve the quality of Macerich's real estate portfolio and enhance the company's valuation by selling non-core real estate properties and repaying debt.

Shopping Center REITs (1.0%): We recently established a modest position in **Federal Realty Investment Trust**, a recognized leader in the ownership, operation, and redevelopment of high-quality, shopping center-focused retail properties located primarily in major coastal markets from Washington, D.C. to Boston as well as San Francisco and Los Angeles.

Non-REIT Real Estate Companies (14.7%): We emphasize REITs but have the flexibility to invest in non-REIT real estate companies. We tend to limit these to no more than approximately 25% of the Fund's net assets. At times, some of our non-REIT real estate holdings may present superior growth, dividend, valuation, and share price appreciation potential than some REITs.

Following strong share price performance for several of the Fund's non-REIT real estate holdings in 2023 and in the first quarter of 2024 and our expectation that growth may slow for some of the companies, we lowered exposure to non-REIT real estate investments from 22.1% at March 30, 2024 to 14.7% at June 30, 2024. Current non-REIT holdings include **GDS Holdings Limited**, **Toll Brothers, Inc.**, **Wynn Resorts, Limited**, **Lennar Corporation**, **Hilton Worldwide Holdings Inc.**, **Brookfield Asset Management Ltd.**, **Blackstone Inc.**, **Lowe's Companies, Inc.**, **Brookfield Renewable Corporation**, **Brookfield Corporation**, and **Tri Pointe Homes, Inc.**

Top Contributors and Detractors to Performance

Table IV.
Top contributors to performance for the quarter ended June 30, 2024

	Quarter End Market Cap (billions)	Percent Impact
Welltower Inc.	$62.3	1.06%
Equity Residential	26.3	0.94
AvalonBay Communities, Inc.	29.4	0.92
GDS Holdings Limited	1.8	0.59
Digital Realty Trust, Inc.	50.3	0.37

The shares of **Welltower Inc.** continued to perform well in the second quarter. Share price appreciation was driven by continued strong cash flow growth in its senior housing portfolio driven by strong occupancy and rent growth, strong execution on its highly accretive proprietarily sourced capital deployment opportunities, and an improved full-year growth outlook.

Welltower is a REIT that is an operator of senior housing, life science, and medical office real estate properties. We recently met with the entire Welltower senior management team and remain encouraged that the shares can continue to be a strong multi-year contributor for the Fund. We are optimistic about the prospects for both cyclical growth (a recovery from depressed occupancy levels following COVID-19) and secular growth (the senior portion of the population is the fastest growing portion of the population and people are living longer) in senior housing demand against a backdrop of muted supply that will lead to several years of compelling organic growth. Welltower is a "best-in-class" operator with a high-quality curated portfolio that is led by astute capital allocators, thereby allowing it to capture outsized organic and inorganic growth opportunities.

In the second quarter, the shares of **Equity Residential** and **AvalonBay Communities, Inc.**, two large U.S. multi-family REITs, appreciated due to continued strong operating updates, improved full-year growth outlooks, and faster-than expected improvements in each company's West Coast markets. Both management teams have assembled excellent portfolios of Class A apartment buildings located in high barrier-to-entry coastal markets with favorable long-term demographic trends and muted overall supply growth. Please see our section on "Top net purchases" for further thoughts on both companies.

Table V.
Top detractors from performance for the quarter ended June 30, 2024

	Quarter End Market Cap (billions)	Percent Impact
Prologis, Inc.	$104.0	–1.69%
Equinix, Inc.	71.8	–0.75
Wynn Resorts, Limited	10.0	–0.46
Toll Brothers, Inc.	11.8	–0.39
Park Hotels & Resorts Inc.	3.2	–0.36

The shares of **Prologis, Inc.** underperformed during the second quarter. Prologis is a REIT that is the global leader in logistics real estate with a focus on high-barrier, high-growth markets. The share price began to correct in April when the company reported strong first quarter financial results but slightly lowered its full-year outlook. Rent growth has been moderating in the industrial logistics real estate sector as tenants slow their decision-making amidst an environment of heightened macroeconomic uncertainty, while a wave of recently delivered new development projects provide tenants with more real estate options. We view these near-term headwinds as transitory and remain quite optimistic about Prologis's multi-year growth prospects.

We expect industry fundamentals will firm up in the coming quarters in light of still healthy levels of demand combined with a dearth of expected new development deliveries. Long-term demand is poised to benefit from several ongoing secular tailwinds, including the growth of e-commerce, the build out of "last mile" supply chains, and the desire for more "just-in-case" inventory of goods. Management, who we think is top notch, expects to grow cash flow at close to 10% per year over the next several years as the company resets the portfolio's low in-place rents up to market levels and investments in development, data centers and energy begin to bear fruit.

In the second quarter, the shares of **Equinix, Inc.**, a leading global data center REIT, lagged following a hedge fund report in late March questioning the company's accounting practices. Equinix's Board subsequently launched an independent investigation. Over the course of nearly two months, a highly respected U.S. forensic accounting firm completed an in-depth outside review and concluded that there were no issues with either the GAAP or non-GAAP financial metrics that the company presented to investors. Equinix filed its quarterly financials and reported results that were above expectations.

We recently met with long-time CFO Keith Taylor, who we have known for 20 years, in our offices and continue to be optimistic about the long-term growth prospects for the company due to its interconnection focus among a highly curated customer ecosystem, irreplaceable global footprint, strong demand and pricing power, favorable supply backdrop, and evolving incremental demand vectors such as AI. Equinix continues to be a core position in the Fund – the company has multiple levers to drive outsized bottom-line growth with operating leverage. Equinix should compound its earnings per share at approximately 10% over the next few years and we believe the prospects for outsized shareholder returns remain compelling from here given the superior secular growth prospects combined with a discounted valuation.

Following strong share price performance in the first quarter, the shares of **Wynn Resorts, Limited**, an owner and operator of hotels and casino resorts, declined in the second quarter despite strong quarterly results.

We remain optimistic about the multi-year prospects for Wynn. We believe the ongoing re-emergence of business activity in Macau will drive additional shareholder value. If cash flow returns to the level achieved in 2019 prior to COVID-19, we believe Wynn's shares will increase 30% to 50% from where they have recently traded.

We believe additional drivers for future value creation beyond a re-emergence in Macau business activity include: (i) our expectation for long-term growth opportunities in the company's U.S.-centric markets of Las Vegas and Boston, including an expansion of Wynn's Encore Boston Harbor resort; (ii) Wynn's plans to develop an integrated resort in the United Arab Emirates with 1,500 hotel rooms and a casino that is similar in size to that of Encore Boston Harbor; (iii) opportunities to improve cash-flow margins by rightsizing labor and achieving lower staff costs in Macau; (iv) the possibility that Wynn is granted a New York casino license; and (v) an expansion in the company's valuation multiple to levels achieved prior to the pandemic.

Recent Activity

Table VI.
Top net purchases for the quarter ended June 30, 2024

	Quarter End Market Cap (billions)	Net Amount Purchased (millions)
Equity Residential	$26.3	$5.8
AvalonBay Communities, Inc.	29.4	4.6
Healthpeak Properties, Inc.	13.8	4.0
American Tower Corporation	90.8	3.9
Independence Realty Trust, Inc.	4.2	3.5

In the second quarter, we increased the Fund's REIT exposure to best-in-class multi-family owners/operators **Equity Residential** and **AvalonBay Communities, Inc.** Our meetings with each management team supported our view that both companies are led by astute executives who are highly focused on driving value creation for shareholders.

Equity Residential and AvalonBay each own approximately 80,000 apartment homes primarily in coastal markets. We believe these portfolios offer superior long-term growth prospects due to:

- Favorable long-term demographic trends driven by strong population and job growth in their key geographic markets
- An undersupply of housing in the U.S. with outsized cost of ownership versus renting in their respective markets
- A high-earning, well-employed resident profile with attractive rent-to-income ratios allowing for future pricing power
- Low levered balance sheets which may present attractive opportunities for accretive external growth

In our opinion, the shares of Equity Residential and AvalonBay have been highly discounted relative to private market values and the underlying replacement cost of their portfolios. Our view was further cemented when Blackstone, one of the largest real-estate owners in the world, privatized Apartment Income REIT Corp., a multi-family REIT that owns and operates 27,000 apartments, in April 2024 for $10 billion or a 25% premium to its public market price. Blackstone's purchase price was at a premium to where the higher quality portfolios of Equity Residential and AvalonBay were trading in the public markets.

Despite strong performance in the second quarter, we continue to believe that Equity Residential's and AvalonBay's shares are attractively valued relative to private market values and each company owns and operates excellent and relevant real estate that should perform well over the long term.

In the most recent quarter, we initiated a position in **Healthpeak Properties, Inc.** following our meeting with CEO Scott Brinker and CFO Peter Scott. Healthpeak is one of the largest health care REITs and owns a diversified portfolio of lab, outpatient medical, and continuing care retirement community (CCRC) properties.

We are excited about the long-term prospects for health care real estate, driven by an aging senior population and accelerating scientific discovery and drug approvals. We believe the multi-year growth prospects for Healthpeak are especially attractive for four reasons:

1) **The leasing demand environment for Healthpeak's lab portfolio (approximately 45% of the total portfolio) continues to improve.** Demand improvement follows a period of softer industry fundamentals and declining rent growth. The capital markets environment for biotechnology in particular has since improved dramatically, and management is optimistic that lab market rent growth may soon reaccelerate across the portfolio.

2) **Healthpeak's outpatient medical and CCRC portfolios continue to perform well (approximately 44% and 10%, respectively, of the total portfolio).** The outpatient medical portfolio has performed resiliently even as several competitor properties have underperformed owing to their inferior locations and tenant credit profiles. The CCRC portfolio continues to grow at a rapid clip.

3) **Several development and redevelopment projects offer significant growth potential over the next several years.** The company has several development and redevelopment projects in California that are actively leasing and are expected to drive outsized growth over the next several years. Based on our recent discussions with management, we believe tenant demand for each project remains strong.

4) **The company's recently completed merger with Physicians Realty Trust is highly synergistic.** In March 2024, Healthpeak closed on its previously announced all-stock acquisition of Physicians Realty Trust for $4.6 billion. The combination formed a leading platform of outpatient medical real estate and is expected to realize meaningful synergies in 2024 and 2025, resulting in compelling long-term upside.

We believe the company can grow cash flow at a mid-high single-digit rate in the next few years. We view the current valuation as depressed relative to historical levels, publicly traded peers and the private market, and we expect the valuation multiple to expand in time. In the meantime, we earn a 6.2% dividend yield that is well covered, while management continues to look for opportunities to sell non-core properties at high multiples and recycle proceeds into share repurchases at low multiples.

Table VII.
Top net sales for the quarter ended June 30, 2024

	Quarter End Market Cap or Market Cap When Sold (billions)	Net Amount Sold (millions)
Prologis, Inc.	$104.0	$6.5
Toll Brothers, Inc.	11.8	3.3
Wynn Resorts, Limited	10.0	3.1
DiamondRock Hospitality Company	1.8	2.3
EastGroup Properties, Inc.	7.6	1.9

In the most recent quarter, we trimmed the Fund's position in **Prologis, Inc.**, the global leader in logistics real estate with a focus on high-barrier, high-growth markets, due to greater-than-expected near-term industry and business headwinds and less clarity around the timing of a positive inflection in the business. We believe these headwinds are transitory and should abate over the next several quarters, and that the multi-year secular growth prospects remain bright. Prologis continues to be a core position in the Fund, and we remain optimistic about the long-term growth prospects for the company due to its competitively advantaged global footprint and capabilities, property portfolio with highly visible embedded rent growth potential, and meaningful long-term potential upside from ongoing investments in development, energy storage, and ancillary services. We believe Prologis can continue to compound earnings at approximately 10% over the next few years.

In the second quarter, we trimmed our position in **Toll Brothers, Inc.** following exceptionally strong share price appreciation over the last year. Toll Brothers remains a position in the Fund, and we remain enthusiastic about the company's prospects over the next few years. We believe that Toll Brothers has the ability to grow its community count of homes by approximately 10% per year as the company continues to gain market share against its smaller competitors who lack scale advantages, brand awareness, and access to attractively priced financing. For additional reasons we remain optimistic on our investment in Toll Brothers, please see the "Top contributors" section of our first quarter 2024 shareholder letter.

Following strong share price performance in the first quarter, we trimmed the Fund's large position in **Wynn Resorts, Limited**, an owner and operator of hotels and casino resorts. We have maintained a position in the company and remain optimistic about the multi-year prospects for Wynn.

Concluding Thoughts on the Prospects for Real Estate and the Fund

We believe many of the real estate-related challenges of the last few years are subsiding and brighter prospects for real estate are on the horizon. We are optimistic about the prospects for the Fund with a two- to three-year view.

In our opinion, several of the headwinds since 2020 are reversing course and may become tailwinds for real estate. Examples include the lingering headwinds from COVID-19, the most aggressive Fed interest rate tightening campaign in decades, a spike in mortgage rates from 3% to 8%, fears of a commercial real estate crisis, a tightening of credit availability, multi-decade high inflation, and supply-chain challenges.

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

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

We believe valuations and return prospects are attractive.

We continue to believe our approach to investing in REITs and non-REIT real estate companies will shine even brighter in the years ahead, in part due to the rapidly changing real estate landscape which, in our opinion, requires more discerning analysis.

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

One final thought on return prospects. **History suggests that if investors wait for the "all-clear signal" (e.g., a Fed interest rate cut), they may miss a good portion of the total return prospects for real estate. Markets tend to be anticipatory.**

For example, following Fed Chairman Powell's commentary in the fourth quarter of 2023 which implied that the Fed may no longer increase interest rates due to several months of improving inflationary data and may begin to cut interest rates in 2024, real estate stocks rebounded sharply in the last two months of 2023 – way in advance of a Fed interest rate cut. After bottoming on October 27, 2023, the Fund and the REIT Index both increased, in just over two months, by 22% and 24%, respectively, by the end of 2023.

Table VIII.
Top 10 holdings as of June 30, 2024

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Equity Residential	$ 26.3	$14.3	9.8%
Welltower Inc.	62.3	12.8	8.8
American Tower Corporation	90.8	12.7	8.7
AvalonBay Communities, Inc.	29.4	11.8	8.1
Equinix, Inc.	71.8	8.9	6.1
Digital Realty Trust, Inc.	50.3	8.5	5.9
Invitation Homes, Inc.	22.0	7.2	4.9
American Homes 4 Rent	13.6	7.1	4.8
Prologis, Inc.	104.0	5.8	4.0
Healthpeak Properties, Inc.	13.8	4.2	2.9

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

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

Sincerely,

Jeffrey Kolitch
Portfolio Manager

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

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

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

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

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

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

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

Dear Baron WealthBuilder Fund Shareholder:

Performance

Baron WealthBuilder Fund® (the Fund) declined 2.62% (Institutional Shares) in the second quarter of 2024, trailing its benchmarks, the S&P 500 Index (the Index), which rose 4.28%, and the MSCI ACWI Index (the Global Index), which appreciated 2.87% during the period. The Morningstar Aggressive Allocation Category Average increased 0.95%.*

Table I.
Performance
Annualized for periods ended June 30, 2024

	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]	(2.71)%	(2.62)%	(2.62)%	4.28%	2.87%
Six Months[3]	1.99%	2.13%	2.13%	15.29%	11.30%
One Year	8.00%	8.29%	8.29%	24.56%	19.38%
Three Years	(2.87)%	(2.62)%	(2.64)%	10.01%	5.43%
Five Years	12.00%	12.29%	12.28%	15.05%	10.76%
Since Inception (December 29, 2017)	11.84%	12.11%	12.10%	13.55%	9.04%

The Fund has made little progress in the past three years, with an annualized return of (2.62)% compared to the Index's annualized gain of 10.01%.

RONALD BARON
CEO AND PORTFOLIO MANAGER

MICHAEL BARON
CO-PRESIDENT AND PORTFOLIO MANAGER

Retail Shares: BWBFX
Institutional Shares: BWBIX
TA Shares: BWBTX

Following prior periods when Baron has underperformed, like 2014 to 2016, we have significantly outperformed soon afterwards. We hope this will again be the case although we cannot assure you that will be so.

As of 6/30/2024 the Morningstar Aggressive Allocation Category consisted of 187, 181, 171, and 178 share classes for the 1-, 3-, 5-year, and since inception (12/29/2017) time periods. Morningstar ranked Baron WealthBuilder Fund in the 98th, 97th, 1st, and 1st percentiles, respectively.

Morningstar calculates the Morningstar Aggressive Allocation Category Average performance and rankings using its Fractional Weighting methodology. Morningstar rankings are based on total returns and do not include sales charges. Total returns do account for management, administrative, and 12b-1 fees and other costs automatically deducted from fund assets.

Performance listed in the above table is net of annual operating expenses. The gross annual expense ratio for the Retail Shares, Institutional Shares, and TA Shares as of December 31, 2023 was 1.47%, 1.22%, and 1.22%, respectively, but the net annual expense ratio was 1.44%, 1.19%, and 1.19% (includes acquired fund fees of 1.14%, net of expense reimbursements), respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. BAMCO, Inc. ('BAMCO" or the "Adviser") has agreed that, pursuant to a contract expiring on August 29, 2034, unless renewed for another 11-year term, it will waive and/or reimburse certain expenses of the Fund, limiting net annual operating expenses (portfolio transaction costs, interest and dividend expense, acquired fund fees and expenses, fees and expenses related to filing foreign tax reclaims, and extraordinary expenses are not subject to the operating expense limitation) to 0.30% of average daily nest assets of Retail Shares, 0.05% of average daily net assets of Institutional Shares and 0.05% of average daily net assets of TA Shares, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit BaronCapitalGroup.com or call 1-800-99-BARON.

* As of 6/30/2024, the annualized returns of the Morningstar Aggressive Allocation Category Average were 15.54%, 2.86%, 8.65%, and 7.02% 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 designed to measure the equity market performance of large and midcap securities across 23 Developed Markets and 24 Emerging Markets countries. 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. Investors cannot invest directly in an index.

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

3 Not annualized.

BARON CAPITAL
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Over the longer term, the Fund's annualized return since its inception over six years ago is 12.11%. This return modestly trails the Index's annualized gain of 13.55% and exceeds the Global Index's annualized gain of 9.04%.

As we have stated previously, our consistent investment strategy has not changed since the Fund's inception. And this investment strategy has remained consistent during the recent turbulent market. We believe Baron Funds has the best long-term track record of major mutual fund families. Since their respective inceptions, 16 of 19 Baron mutual funds, representing 96.6% of Baron Funds' AUM, have outperformed their primary benchmarks and 12 Funds representing 94.1% of Baron Funds' AUM, rank in the top 20% of their respective Morningstar categories. 10 Funds, representing 70.1% of Baron Funds' AUM, rank in the top 10% of their categories. 8 Funds, representing 53.0% of Baron Funds' AUM, rank in the top 5% of their categories, including the Fund, which is the top fund in its Morningstar category since its inception.

These impressive long-term stats beg the question: "How can the top-performing fund in its category still underperform its benchmark?" In our opinion, the Index has transformed from a diversified composition of companies across segments of the economy into a concentrated bet on a few highly correlated mega-cap technology growth businesses. The *Magnificent Seven* (**Alphabet Inc.**, **Amazon.com, Inc.**, **Apple Inc.**, **Meta Platforms, Inc.**, **Microsoft Corporation**, **NVIDIA Corporation**, and **Tesla, Inc.**) accounted for 30.4% of the Index during the second quarter, contributing 4.96% out of the 4.28% returns. In other words, the remaining positions in the S&P 500 Index detracted 0.67%. Our diversified Fund is underweight six out of seven of these positions. The impact of the Magnificent Seven was even more pronounced in some other commonly cited market indices, like the Russell 3000 Growth and NASDAQ Composite Indexes.

Since the markets peaked in November 2021, stocks of small and mid-cap growth businesses have been challenged. High inflation, increasing interest rates, and lower consumer and corporate confidence have disproportionately impacted these businesses.

Our higher growth and larger-cap portfolios had the greatest appreciation in the quarter. They include Baron Opportunity, Global Advantage, Partners, Fifth Avenue Growth, and Durable Advantage Funds. Returns were led by NVIDIA, Tesla, and **Space Exploration Technologies Corp.** (SpaceX). All three companies rose double digits in the period. As discussed in the Fund's prior shareholder letter, the fears about Tesla's products were misplaced. Instead of the company being exclusively dependent on limited vehicle models and software advancement, the company announced it will more rapidly introduce products that appeal to a wider audience. It also demonstrated that its price reductions were the result of efficiencies not to spur demand. Margins exceeded expectations. And the company's integration of its hardware with proprietary AI software should facilitate full self-driving capabilities and subsequent new revenue streams. This integration of hardware with software creates a dynamic growth company as it more fully explores its potential with Optimus, humanoid robotics. The combination of these catalysts resulted in Tesla's stock increasing meaningfully and rapidly in the second half of the quarter. This stock price momentum has continued into the third quarter.

Our small- and mid-cap portfolios had weaker performance in the period. They include Baron Discovery, Small Cap, Growth, and Asset Funds. The companies are being penalized by a perceived challenging macroeconomic backdrop. Higher interest rates and cautious consumers impacted property valuations and travel at many of our real estate-related holdings, like **CoStar Group, Inc.** and **Vail Resorts, Inc.** Attractive valuations for financial buyers as well as limited new supply of competing properties gives us confidence in a recovery for this group. Corporate customers of financial technology companies, like **FactSet Research Systems Inc.** and **MSCI Inc.**, remained cautious. Prolonged sales cycles impacted growth for both companies. We believe this phenomenon is temporary as their products are increasingly critical in enabling clients expanding into new categories. Small-cap businesses like **SentinelOne, Inc.** and **Couchbase, Inc.** had shortfalls in earnings that disproportionately impacted their stocks. Higher acquisition integration expenses and lower new client sales were extrapolated. We believe these are temporary issues and the competitive advantages of these smaller businesses remain robust.

We do not believe the last three years' performance results are indicative of the quality composition of this portfolio. Over the prior three years, the portfolio's holdings have had sales growth of 18.5%. That compares to only 15.4% for the S&P 500 Index. The gap is even greater over the past year where the Fund's sales growth has been 13.9% compared to the Index's 6.8%. Yet, its earnings per share growth is more in line with the Index's for the period. These portfolio companies continue to penalize short-term earnings for longer-term opportunities. Once these investments are realized or stock market sentiment changes, we believe the Fund will perform quite well, as we are starting to see "green shoots" signs of this absolute and relative performance. The strong results in the second half of the second quarter have continued into the first few weeks of July.

We encourage you to read the various Baron Funds' quarterly letters to gain a deeper understanding of the underlying holdings and strategies that constitute the Fund.

Table II.
Baron Funds Performance
as of June 30, 2024

Institutional Share Class Data

% of Net Assets of Fund			Second Quarter of 2024*	Annualized 12/29/2017 to 6/30/2024	Primary Benchmark	Second Quarter of 2024*	Annualized 12/29/2017 to 6/30/2024
31.5%		**Small Cap**					
	4.4%	Baron Discovery Fund	(7.78)%	8.56%	Russell 2000 Growth Index	(2.92)%	6.13%
	13.7%	Baron Growth Fund	(8.23)%	10.28%			
	13.4%	Baron Small Cap Fund	(6.43)%	10.13%			
6.2%		**Small/Mid Cap**					
	6.2%	Baron Focused Growth Fund	(0.21)%	20.47%	Russell 2500 Growth Index	(4.22)%	8.03%
13.0%		**Mid Cap**					
	13.0%	Baron Asset Fund	(3.51)%	10.13%	Russell Midcap Growth Index	(3.21)%	10.63%
8.6%		**Large Cap**					
	3.3%	Baron Durable Advantage Fund	5.20%	15.64%†	S&P 500 Index	4.28%	13.33%†
	5.3%	Baron Fifth Avenue Growth Fund	5.71%	12.26%	Russell 1000 Growth Index	8.33%	17.78%
17.9%		**All Cap**					
	5.3%	Baron Opportunity Fund	4.43%	20.41%	Russell 3000 Growth Index	7.80%	17.05%
	12.6%	Baron Partners Fund	1.02%	21.58%	Russell Midcap Growh Index	(3.21)%	10.63%
9.4%		**Non-U.S./Global**					
	2.8%	Baron Emerging Markets Fund	4.18%	0.13%	MSCI Emerging Markets Index	5.00%	1.48%
	3.7%	Baron Global Advantage Fund	3.37%	7.30%†	MSCI ACWI Index	2.87%	8.58%†
	2.9%	Baron International Growth Fund	1.25%	3.23%	MSCI ACWI ex USA Index	0.96%	3.83%
13.5%		**Sector**					
	2.7%	Baron FinTech Fund	(2.25)%	9.57%†	FactSet Global FinTech Index	(5.78)%	2.11%†
	2.9%	Baron Health Care Fund	(2.55)%	12.26%†	Russell 3000 Health Care Index	(1.02)%	9.31%†
	5.8%	Baron Real Estate Fund	(9.20)%	9.25%	MSCI USA IMI Extended Real Estate Index	(4.03)%	7.36%
	2.1%	Baron Real Estate Income Fund	(1.92)%	(0.93)%†	MSCI US REIT Index	(0.22)%	0.72%†

* 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 65.4% of the Fund (compared to only 18.7% for the Index). While our small- and mid-cap growth investments have been successful over our Firm's 42-year history, these styles are occasionally out of favor. Today's environment is one of those times. Large-cap growth companies have outperformed small-cap growth companies this year and in many instances over the last decade. Since the Fund's inception over 6 years ago, the 1-year rolling monthly returns of the Russell 1000 Growth Index have outperformed the Russell 2000 Growth Index 77% of the time including 5 out of the past 6 calendar years.

Rather than only examining the Fund's performance over a quarter or a year, we believe it is equally important to understand how the Fund has performed over the course of an economic cycle. The COVID-19 Pandemic (COVID) 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. Over the three years of COVID ended 12/31/2022, the Russell 2000

Growth Index, a small-cap growth index, gained only 1.96% on a cumulative basis. The Russell Midcap Growth Index fared better with a cumulative 3-year return of 12.00%. With that backdrop, the Fund performed better and appreciated 28.11%. We believe protecting and growing clients' assets during this challenging period positions long-term investors well for meaningful appreciation once the macro landscape changes. Table III provides a more complete look at how the Fund and various indexes performed during COVID and its aftermath.

Volatility has remained high, but we are hopeful that interest rate increases, policy factors, and COVID-19 hangovers are ending. Global conflict has increased and geopolitics remain uncertain, but growth companies have begun to outperform value. Perceived safer large caps have continued to perform better than smaller companies. So far, we are optimistic that companies will again be valued on their fundamentals rather than on macroeconomic concerns. We have started to see the performance of some individual securities diverge, and we believe this divergence should favor growth investors. Given our weightings, the Fund's performance has trailed the large-cap Benchmark since the start of this cycle. However, the Fund's return has continued to meaningfully exceed small-cap growth indexes.

Table III.
Cumulative performance throughout the pandemic and its aftermath

	Pre-COVID	COVID Pandemic Cycle	Conclusion of COVID Pandemic Cycle to Present
	12/31/2019 to 2/19/2020	12/31/2019 to 12/31/2022	12/31/2022 to 6/30/2024
Baron WealthBuilder Fund (Institutional Shares)	13.84%	28.11%	28.40%
S&P 500 Index	5.08%	24.79%	45.60%
MSCI ACWI Index	2.74%	12.50%	36.01%
Russell 2000 Growth Index	5.09%	1.96%	23.93%
Russell Midcap Growth Index	6.97%	12.00%	33.39%

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

Table IV.
Performance based characteristics since inception through June 30, 2024

	Baron WealthBuilder Fund (Institutional Shares)	S&P 500 Index	Morningstar Aggressive Allocation Category
Alpha (%) – Annualized	–2.89	0.00	–4.90
Beta	1.19	1.00	0.92
Sharpe Ratio	0.44	0.64	0.29
Standard Deviation (%) – Annualized	22.80	17.65	16.67
Upside Capture (%)	105.67	100.00	80.35
Downside Capture (%)	115.26	100.00	98.44

Source: FactSet SPAR. Except for Standard Deviation and Sharpe Ratio, the performance based characteristics above were calculated relative to the S&P 500 Index.

Table V.
Sector exposures as of June 30, 2024

	Percent of Net Assets	S&P 500 Index	MSCI ACWI Index
Information Technology	22.6%	32.4%	25.9%
Consumer Discretionary	20.2	10.0	10.4
Financials	18.6	12.4	15.6
Health Care	11.8	11.7	10.9
Industrials	11.7	8.1	10.3
Real Estate	8.5	2.2	2.0
Communication Services	4.6	9.3	7.9
Materials	1.1	2.2	4.0
Consumer Staples	0.7	5.8	6.2
Energy	0.1	3.6	4.4
Utilities	0.1	2.3	2.5

Table VI.
Fund of fund holdings as of June 30, 2024

	Percent of Net Assets
Baron Growth Fund	13.7%
Baron Small Cap Fund	13.4
Baron Asset Fund	13.0
Baron Partners Fund	12.6
Baron Focused Growth Fund	6.2
Baron Real Estate Fund	5.8
Baron Fifth Avenue Growth Fund	5.3
Baron Opportunity Fund	5.3
Baron Discovery Fund	4.4
Baron Global Advantage Fund	3.7
Baron Durable Advantage Fund	3.3
Baron International Growth Fund	2.9
Baron Health Care Fund	2.9
Baron Emerging Markets Fund	2.8
Baron FinTech Fund	2.7
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
Co-President and 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: 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.

Ranking information provided is calculated for the **Institutional Share Class** and is as of **6/30/2024.** The number of share classes in each category may vary depending on the date that Baron downloaded information from Morningstar Direct. **Morningstar calculates its category average performance and rankings using its Fractional Weighting methodology. Morningstar rankings are based on total returns and do not include sales charges. Total returns account for management, administrative, and 12b-1 fees and other costs automatically deducted from fund assets.** The **Morningstar Large Growth Category** consisted of 1,162, 1,019, and 600, share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Opportunity Fund in the 44th, 12th, 8th, and 2nd percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 2/29/2000, and the category consisted of 576 share classes. Morningstar ranked Baron Partners Fund in the 100th, 1st, 6th, and 1st percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund converted into a mutual fund 4/30/2003, and the category consisted of 728 share classes. Morningstar ranked Baron Durable Advantage Fund in the 41st, 16th, and 24th percentiles for the 1-, 5-year, and since inception periods, respectively. The Fund launched 12/29/2017, and the category consisted of 1,048 share classes. The **Morningstar Mid Cap Growth Category** consisted of 531, 473, and 380, share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Asset Fund in the 65th, 73rd, 30th, and 12th percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 6/12/1987, and the category consisted of 60 share classes. Morningstar ranked Baron Growth Fund in the 93rd, 56th, 42nd and 2nd percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 12/31/1994, and the category consisted of 150 share classes. Morningstar ranked Baron Focused Growth Fund in the 86th, 1st, 1st, and 3rd percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund converted into a mutual fund 6/30/2008, and the category consisted of 413 share classes. The **Morningstar Small Cap Growth Category** consisted of 578, 519, and 399, share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Small Cap Fund in the 18th, 27th, 24th, and 8th percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 9/30/1997, and the category consisted of 228 share classes. Morningstar ranked Baron Discovery Fund in the 88th, 52nd, 26th, and 10th percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 9/30/2013, and the category consisted of 506 share classes. The **Morningstar Real Estate Category** consisted of 237, 206, and 151, share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Real Estate Fund in the 24th, 1st, 1st, and 1st percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 12/30/2009, and the category consisted of 169 share classes. Morningstar ranked Baron Real Estate Income Fund in the 28th, 67th, and 2nd percentiles for the 1-, 5-year, and since inception periods, respectively. The Fund launched 12/29/2017, and the category consisted of 211 share classes. The **Morningstar Foreign Large Growth Category** consisted of 298, 331, 221, and 239 share classes for the 1-, 5-, 10-year, and since inception (12/31/2008) periods. Morningstar ranked Baron International Growth Fund in the 82nd, 79th, 55th, and 23rd, respectively. The **Morningstar Diversified Emerging Markets Category** consisted of 804, 646, 423, and 368 share classes for the 1-, 5-, 10-year, and since inception (12/31/2010) periods. Morningstar ranked Baron Emerging Markets Fund in the 75th, 76th, 60th, and 15th, respectively. The **Morningstar Health Category** consisted of 176, 139, and 137 share classes for the 1-, 5-year, and since inception (12/31/2018) periods. Morningstar ranked Baron Health Care Fund in the 50th, 2nd, and 1st, respectively. The **Morningstar Aggressive Allocation Category** consisted of 187, 171, and 178 share classes for the 1-, 5-year, and since inception (12/29/2017) periods. Morningstar ranked Baron WealthBuilder Fund in the 98th, 1st, and 1st, respectively.

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.

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. **Historical Sales Growth** is calculated as the compound annual growth rates of sales **Historical EPS Growth** is calculated as the compound annual growth rates of Earnings Per Share **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 Funds (Institutional Shares) and Benchmark Performance 6/30/2024

Fund/Benchmark	Inception Date	Average Annualized Returns (%) 1 Year	3 Years	5 Years	10 Years	Since Inception	Annual Expense Ratio	Net Assets
Small Cap								
Baron Discovery Fund®†	9/30/2013	2.62	(10.97)	6.97	9.48	11.43	1.06%[6]	$1.39 billion
Russell 2000 Growth Index		9.14	(4.86)	6.17	7.39	7.86		
Baron Growth Fund®	12/31/1994	0.47	(1.56)	8.31	9.80	12.52	1.05%[6][7]	$7.08 billion
Russell 2000 Growth Index		9.14	(4.86)	6.17	7.39	7.70		
Baron Small Cap Fund®†	9/30/1997	14.18	(0.91)	9.30	9.59	10.16	1.05%[6]	$4.53 billion
Russell 2000 Growth Index		9.14	(4.86)	6.17	7.39	6.18		
Small/Mid Cap								
Baron Focused Growth Fund®[1]	5/31/1996	5.46	2.69	23.24	15.45	13.16	1.06%[8]	$1.41 billion
Russell 2500 Growth Index		9.02	(4.11)	7.58	8.77	8.04		
Mid Cap								
Baron Asset Fund®	6/12/1987	9.94	(2.28)	7.15	10.27	11.28	1.05%[6]	$4.27 billion
Russell Midcap Growth Index[2]		15.05	(0.08)	9.93	10.51	10.23		
Large Cap								
Baron Durable Advantage Fund®	12/29/2017	32.15	13.11	18.22		16.21	1.00%/0.70%[6][10]	$424.30 million
S&P 500 Index		24.56	10.01	15.05		13.55		
Baron Fifth Avenue Growth Fund®†	4/30/2004	35.14	(2.67)	10.57	12.53	9.90	0.78%/0.76%[6][11]	$630.41 million
Russell 1000 Growth Index		33.48	11.28	19.34	16.33	12.25		
All Cap								
Baron Opportunity Fund®†	2/29/2000	31.66	1.43	19.07	16.29	9.78	1.06%[6]	$1.33 billion
Russell 3000 Growth Index		32.22	10.33	18.55	15.75	7.41		
Baron Partners Fund®[3,4]	1/31/1992	(7.51)	(1.42)	23.62	16.98	14.62	1.99%[8][9]	$5.87 billion
Russell Midcap Growth Index		15.05	(0.08)	9.93	10.51	9.95		
Non-U.S./Global								
Baron Emerging Markets Fund®	12/31/2010	8.47	(8.36)	1.96	2.31	3.56	1.11%[8]	$4.05 billion
MSCI Emerging Markets Index		12.55	(5.07)	3.10	2.79	2.04		
MSCI Emerging Markets IMI Growth Index		11.83	(7.59)	4.01	3.59	2.87		
Baron Global Advantage Fund®†	4/30/2012	15.48	(15.75)	4.93	9.12	10.71	0.95%/0.91%[8][12]	$600.38 million
MSCI ACWI Index		19.38	5.43	10.76	8.43	9.68		
MSCI ACWI Growth Index		24.70	5.50	13.85	11.15	11.76		
Baron International Growth Fund®	12/31/2008	2.88	(7.38)	4.50	4.89	8.82	0.98%/0.95%[8][13]	$342.45 million
MSCI ACWI ex USA Index		11.62	0.46	5.55	3.84	6.90		
MSCI ACWI ex USA IMI Growth Index		9.73	(2.86)	5.49	4.71	7.65		
Baron New Asia Fund®	7/30/2021	18.72				(2.60)	6.93%/1.20%[8][14]	$5.95 million
MSCI AC Asia ex Japan Index		12.89				(3.38)		
MSCI AC Asia Index		13.05				(1.16)		
Sector								
Baron FinTech Fund®	12/31/2019	19.87	(4.06)			9.41	1.21%/0.95%[8][15]	$59.59 million
FactSet Global FinTech Index		5.14	(10.79)			0.80		
Baron Health Care Fund®	4/30/2018	7.38	(1.03)	12.22		12.55	0.88%/0.85%[8][16]	$232.87 million
Russell 3000 Health Care Index		10.43	3.66	10.22		10.78		
Baron Real Estate Fund®	12/31/2009	6.90	(2.00)	12.93	8.88	13.13	1.06%[8]	$1.75 billion
MSCI USA IMI Extended Real Estate Index		12.31	2.94	8.18	8.48	10.84		
Baron Real Estate Income Fund®	12/29/2017	6.77	(2.36)	8.49		7.63	0.96%/0.80%[8][17]	$145.81 million
MSCI US REIT Index		6.25	(0.97)	2.68		3.60		
Baron Technology Fund®	12/31/2021	40.45				4.56	5.04%/0.95%[8][18]	$35.18 million
MSCI ACWI Information Technology Index		37.68				11.04		

Baron WealthBuilder Fund

Fund/Benchmark	Inception Date	1 Year	3 Years	5 Years	10 Years	Since Inception	Annual Expense Ratio	Net Assets
		Average Annualized Returns (%)						
EQUITY ALLOCATION								
Baron WealthBuilder Fund®	12/29/2017	8.29	(2.62)	12.29		12.11	1.22%/1.19%[(8)(19)(20)]	$540.43 million
S&P 500 Index		24.56	10.01	15.05		13.55		
BROAD-BASED BENCHMARKS[5]								
Russell 3000 Index		23.13	8.05	14.14	12.15			
S&P 500 Index		24.56	10.01	15.05	12.86			
MSCI ACWI Index		19.38	5.43	10.76	8.43			
MSCI ACWI ex USA Index		11.62	0.46	5.55	3.84			
MSCI Emerging Markets Index		12.55	(5.07)	3.10	2.79			

(1) Performance 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 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 since inception date for Russell Midcap Growth Index is 6/30/1987.

(3) Performance 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.

(4) While the Fund may invest in securities of any market capitalization, 57.2% of the Fund's long holdings were invested in SMID, Mid and Mid/Large-Cap securities (as defined by Russell, Inc.) as of 6/30/2024 (SMID represents 9.8% of the portfolio and has market capitalizations between $4.8 – $14.3 billion; Mid represents 41.6% and has market capitalizations between $14.3 – $46.8 billion; Mid/Large-Cap represents 5.8% and has market capitalizations between $46.8 – $168.7 billion).

(5) The Broad-Based Benchmark for Baron Discovery Fund, Baron Growth Fund, Baron Small Cap Fund, Baron Focused Growth Fund, Baron Asset Fund, Baron Partners Fund, and Baron Health Care Fund is Russell 3000 Index. The Broad-Based Benchmark for Baron Durable Advantage Fund, Baron Fifth Avenue Growth Fund, Baron Opportunity Fund, Baron FinTech Fund, Baron Real Estate Fund, Baron Real Estate Income Fund, Baron Technology Fund, and Baron WealthBuilder Fund is S&P 500 Index. The Broad-Based Benchmark for Baron Emerging Markets Fund is MSCI Emerging Markets Index. The Broad-Based Benchmark for Baron International Growth Fund is MSCI ACWI ex USA Index. The Broad-Based Benchmark for Baron Global Advantage Fund, Baron FinTech Fund, Baron Technology Fund, and Baron WealthBuilder Fund is MSCI ACWI Index.

(6) As of 9/30/2023.

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

(8) As of 12/31/2023.

(9) Comprised of operating expenses of 1.04% and interest expense of 0.95%.

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

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

(12) Gross annual expense ratio was 0.95%, but the net annual expense ratio was 0.91% (net of Adviser's fee waivers, including interest expense of 0.01%).

(13) Gross annual expense ratio was 0.98%, but the net annual expense ratio was 0.95% (net of Adviser's fee waivers).

(14) Gross annual expense ratio was 6.93%, but the net annual expense ratio was 1.20% (net of Adviser's fee waivers and expense reimbursements).

(15) Gross annual expense ratio was 1.21%, but the net annual expense ratio was 0.95% (net of Adviser's fee waivers).

(16) Gross annual expense ratio was 0.88%, but the net annual expense ratio was 0.85% (net of Adviser's fee waivers).

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

(18) Gross annual expense ratio was 5.04%, but the net annual expense ratio was 0.95% (net of Adviser's fee waivers and expense reimbursements).

(19) Gross annual expense ratio was 1.22%, but the net annual expense ratio was 1.19% (includes acquired fund fees and expenses, net of the expense reimbursements which the Adviser has agreed to pursuant to a contract expiring on August 29, 2034, unless renewed for another).

(20) Includes Acquired Fund Fees and Expenses, which are indirect fees and expenses that the Fund incurs from investing in the securities of a select number of Baron mutual funds.

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

The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser waives and/or reimburses or may waive or reimburse certain Funds expenses pursuant to a contract expiring on August 29, 2034, unless renewed for another 11-year term and the Funds' transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted above. For performance information current to the most recent month end, visit BaronCapitalGroup.com or call 1-800-99-BARON.

Dear Baron Health Care Fund Shareholder:

Performance

In the quarter ended June 30, 2024, Baron Health Care Fund® (the Fund) declined 2.55% (Institutional Shares), compared with the 1.02% decline for the Russell 3000 Health Care Index (the Benchmark) and the 3.22% gain for the Russell 3000 Index (the Index). Since inception (April 30, 2018), the Fund increased 12.55% on an annualized basis compared with the 10.78% gain for the Benchmark and the 13.52% gain for the Index.

NEAL KAUFMAN
PORTFOLIO MANAGER

Retail Shares: BHCFX
Institutional Shares: BHCHX
R6 Shares: BHCUX

Table I.
Performance
Annualized for periods ended June 30, 2024

	Baron Health Care Fund Retail Shares[1,2]	Baron Health Care Fund Institutional Shares[1,2]	Russell 3000 Health Care Index[1]	Russell 3000 Index[1]
Three Months[3]	(2.59)%	(2.55)%	(1.02)%	3.22%
Six Months[3]	6.02%	6.14%	7.42%	13.56%
One Year	7.10%	7.38%	10.43%	23.13%
Three Years	(1.27)%	(1.03)%	3.66%	8.05%
Five Years	11.94%	12.22%	10.22%	14.14%
Since Inception (April 30, 2018)	12.27%	12.55%	10.78%	13.52%

The Fund trailed the Benchmark by 153 basis points during the June quarter primarily due to active sub-industry/market cap weights. The Fund's meaningfully lower exposure to strong performing large-cap stocks, specifically pharmaceutical giant **Eli Lilly and Company**, was a material headwind to performance as this group managed gains during the quarter. In contrast, small- and mid-cap stocks, where the Fund is significantly overweight, declined between 3% and 8% in the period, accounting for the remainder of the relative shortfall.

From a sub-industry perspective, most of the underperformance was attributable to adverse stock selection in biotechnology together with higher exposure to the lagging life sciences tools & services sub-industry, which was down nearly 8% in the Benchmark. Stock selection in biotechnology was a 200 basis point drag on performance, driven by sharp declines from small caps **Rocket Pharmaceuticals, Inc.** and **Arcellx, Inc.** Rocket specializes in the development of gene therapies for rare genetic diseases outside of oncology. Currently these include Danon disease, Fanconi's anemia, LAD-I, and Pyruvate kinase disorder. The first three drug treatments should all commercially launch by 2025, generating substantial potential revenue for the company. In the near term, Rocket's shares continue to be pressured by a three-month FDA delay to their initial commercial asset in LAD-1 and the added overhang of slow gene therapy launches from bluebird bio in sickle cell disease and BioMarin in hemophilia B. Given the life-saving nature of Rocket's therapies and the high unmet need for treatments and cures for each of these diseases, we retain conviction in our investment. Arcellx develops cellular therapies for multiple myeloma and is in the midst

Performance listed in the above table is net of annual operating expenses. The gross annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2023 was 1.20% and 0.88%, respectively, but the net annual expense ratio was 1.10% and 0.85% (net of the Adviser's fee waivers), respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser waives and/or reimburses certain Fund expenses pursuant to a contract expiring on August 29, 2034, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit BaronCapitalGroup.com or call 1-800-99-BARON.

1 The **Russell 3000® Health Care Index** is an unmanaged index representative of companies involved in medical services or health care in the Russell 3000 Index, which is comprised of the 3,000 largest U.S. companies as determined by total market capitalization. The **Russell 3000® Index** measures the performance of the broad segment of the U.S. equity universe comprised of the largest 3000 U.S. companies representing approximately 96% 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 3000® Health Care 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 redemptions of Fund shares.

3 Not annualized.

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of pivotal clinical trials for its BCMA cell therapy, approval of which is expected by 2025. There have been no recent developments aside from the well-telegraphed dynamics around competitor programs scaling the complex manufacturing involved in cell therapy. The next significant event will occur later in 2024 when Arcellx is expected to release updates from the pivotal Phase 3 trial with partner Kite of its iMMagine-3 treatment for multiple myeloma. This trial is widely expected to succeed and is the penultimate event required before filing for FDA approval to begin commercial efforts within the next year.

Another source of weakness in the sub-industry was **Viking Therapeutics, Inc.**, whose shares pulled back after increasing nearly 300% in the prior quarter. Viking develops metabolic disease medicines with focus on diabetes/obesity and MASH (metabolic steatohepatitis, i.e., fatty liver). The company's lead asset is VK2735, an injectable and oral version of a GLP-1/GIP combination weight loss medication that directly competes with Lilly's Mounjaro/Zepbound. Both of Viking's main assets appear to be more efficacious than their competitors' in two exceptionally large revenue end markets. Viking's stock detracted as biotechnology specialists have leaned into an alternative mechanism for obesity called amylin inhibition and don't view the company as an attractive acquisition target (an opinion we disagree with). The recent rebalance of the well-known SPDR S&P Biotech ETF (XBI) also pressured Viking's share price due to forced selling by many long/short strategies to reweight their positions.

Somewhat offsetting the above was solid stock selection in health care equipment, pharmaceuticals, and health care distributors, though these positive effects were somewhat offset by the Fund's active weights in these sub-industries. Strength in health care equipment was driven by continued strong performance from global medical device manufacturer **Boston Scientific Corporation** and robotic surgical system leader **Intuitive Surgical, Inc.** Boston Scientific's shares continued to benefit from increasing excitement around the emerging field of pulsed field ablation (PFA), where the company is well positioned. Traditionally, physicians have used temperature-based methods (either hot or cold) to disable heart tissue responsible for irregular heartbeats. Temperature-based methods may damage surrounding tissue, however. PFA, in comparison, relies on electricity to damage aberrant tissue, and because different types of tissue have different electrical thresholds, the surrounding tissue can be selectively spared. We remain positive about Boston Scientific because of the company's differentiated products in electrophysiology and structural heart, double-digit EPS growth profile, proven track record of cost discipline, and consistent annual operating margin expansion. Intuitive's stock performed well due to excitement about the company's new robotic surgical system, the da Vinci 5, which offers enhanced imaging, forced feedback, and other improvements.

Performance in pharmaceuticals and health care distributors was bolstered by solid gains from **AstraZeneca PLC** and **McKesson Corporation**, respectively. AstraZeneca is a global biopharmaceutical company with a focus on three main therapy areas based on its core competencies: oncology, cardiovascular and metabolic diseases, and respiratory illnesses. AstraZeneca's shares increased given incremental positive news flow (LAURA, ADRIATIC, and DESTINY-Breast06 clinical trials) surrounding the oncology franchise. The company also published long-term guidance for the first time, projecting $80 billion in revenue by 2030, or 75% higher than 2023's $45.8 billion. This projection implies an annual growth rate of 8% over seven years, compared with the 5% to 7% targets set by GSK and Johnson & Johnson and the 5% target set by Novartis. 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 reacted positively to the company's fiscal year 2025 earnings guidance, which came in ahead of investor expectations. We continue to think McKesson can generate mid-teens earnings per share growth annually through organic growth, operating leverage, and share repurchases.

Our strategy is to identify competitively advantaged growth companies that we can own for years. Similar to the other Baron Funds, we remain focused on finding businesses that we believe have secular growth opportunities, durable competitive advantages, and strong management teams. We conduct independent research and take a long-term perspective. We are particularly focused on businesses that solve problems in health care, whether by reducing costs, enhancing efficiency, and/or improving patient outcomes.

We continue to think the Health Care sector will offer attractive investment opportunities over the next decade and beyond. Health Care is one of the largest and most complex sectors in the U.S. economy, accounting for an estimated 17.3% of GDP in 2022 and encompassing a diverse array of sub-industries. Health Care is also a dynamic sector undergoing changes driven by legislation, regulation, and advances in science and technology. We think navigating these changes requires investment experience and sector expertise, which makes the Health Care sector particularly well suited for active management.

Table II.
Top contributors to performance for the quarter ended June 30, 2024

	Percent Impact
Eli Lilly and Company	1.29%
Intuitive Surgical, Inc.	0.59
Boston Scientific Corporation	0.58
Vertex Pharmaceuticals Incorporated	0.51
argenx SE	0.36

Shares of global pharmaceutical company **Eli Lilly and Company** increased on continued investor enthusiasm around GLP-1 drugs for diabetes and obesity. We remain shareholders. Lilly's Mounjaro/Zepbound not only offers superb blood sugar control for diabetics but can drive 20%-plus weight loss and likely improve cardiovascular outcomes in both diabetic and non-diabetic obese patients. Lilly is developing next generation drugs, including retatrutide, which drives approximately 25% weight loss, and orforglipron, a daily pill that produces approximately 15% weight loss. In the U.S. alone, there are 32 million Type 2 diabetics and an additional 105 million obese patients who we estimate would qualify for GLP-1 drugs. Although supply and access are limited near term, we think GLP-1 drugs will become standard of care for both diabetes and obesity and will become a $150 billion-plus category. We see Lilly setting a high efficacy bar and capturing significant long-term market share. We think the adoption of GLP-1s will drive Lilly to triple total revenue by 2030.

Intuitive Surgical, Inc. manufactures the da Vinci Surgical System, a robotic surgical system used for minimally invasive procedures. The stock performed well due to excitement about the company's new robotic surgical system, the da Vinci 5, which offers enhanced imaging, force feedback, and other improvements. We continue to believe Intuitive has durable competitive advantages and will remain the market leader in robotic surgery. We think the company has a long runway for growth as more procedures are performed with the company's equipment.

Boston Scientific Corporation is a global manufacturer of medical devices used in a broad range of interventional medical specialties. Shares increased during the quarter. We believe Boston Scientific can grow sustainably in the high single digits, driven by differentiated products in electrophysiology and structural heart devices. In particular, there has been increasing excitement around the emerging field of PFA, where the company is well positioned. Traditionally, physicians have used temperature-based methods to disable heart tissue responsible for irregular heartbeats. Temperature-based methods may damage surrounding tissue, while PFA relies on electricity to damage aberrant tissue, and because different types of tissue have different electrical thresholds, the surrounding tissue can be selectively spared. Coupled with cost discipline and more than 50 basis points of annual operating margin expansion, we believe Boston Scientific's double-digit EPS growth profile makes it a compelling name within the medical device universe.

Table III.
Top detractors from performance for the quarter ended June 30, 2024

	Percent Impact
Rocket Pharmaceuticals, Inc.	–0.61%
Arcellx, Inc.	–0.61
DexCom, Inc.	–0.46
Repligen Corporation	–0.46
Viking Therapeutics, Inc.	–0.43

Rocket Pharmaceuticals, Inc. specializes in the development of gene therapies for rare genetic diseases outside of oncology. Currently these include Danon disease, Fanconi anemia, lysosomal acid lipase deficiency, and pyruvate kinase deficiency. The first three drug treatments are slated for commercial launch by 2025, which should generate substantial revenue. Shares detracted from performance after the FDA extended the priority review period by three months for the Kresladi gene therapy for leukocyte adhesion deficiency, potentially influenced by sluggish competitive gene therapy launches from bluebird bio in sickle cell disease and BioMarin in hemophilia B. Given the lifesaving nature of Rocket's therapies and the high unmet need for each of these life ending diseases, we retain conviction in our investment.

Arcellx, Inc. is a biotechnology company dedicated to the manufacturing of cell therapies for multiple myeloma. Shares fell on a lack of news in the quarter. There have been no fundamental new issues in the space over the past few quarters beyond the well-telegraphed dynamics around competitor programs scaling the complex manufacturing involved in cell therapy. The next significant news flow will occur later in 2024 when Arcellx releases updates with partner Kite from the pivotal Phase 3 trial of its iMMagine-3 treatment for multiple myeloma. This trial is widely expected to work and will be the penultimate event required before filing for FDA approval.

DexCom, Inc. sells a continuous glucose monitoring device to help diabetics monitor their blood glucose levels. Investors reacted negatively to DexCom's first quarter earnings report, which missed revenue estimates. In addition, year-over-year comparisons will be even tougher to beat in the yet-to-be-reported second quarter, and some investors appeared to interpret management commentary as trying to manage expectations due to the tougher comparisons and potential disruption from an increase in the sales force and reconfiguration of sales territories. We think these concerns are shortsighted and believe DexCom has a long runway for growth driven by increased adoption of its continuous glucose monitoring sensors. We are also optimistic about the launch of Stelo, an over-the-counter glucose sensor for Type 2 diabetics who are not on insulin.

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 June 30, 2024, we held 40 stocks. This compares with 510 stocks in the Benchmark. International stocks represented 9.9% of the Fund's net assets. The Fund's 10 largest holdings represented 52.3% of net assets. Compared with the Benchmark, the Fund was overweight in life sciences tools & services, health care equipment, health care facilities, and health care distributors, and underweight in pharmaceuticals, health care services, and managed health care. The market cap range of the investments in the Fund was $342 million to $860 billion with a weighted average market cap of $194.8 billion. This compared with the Benchmark's weighted average market cap of $257.3 billion.

We continue to invest in multiple secular growth themes in Health Care, such as genomics/genetic testing/genetic medicine, innovative medical devices that improve outcomes and/or lower costs, minimally invasive surgery, diabetes devices and therapeutics, anti-obesity medications, *picks and shovels* life sciences tools providers, the shift to lower cost sites of care, and animal health, among others. To be clear, this list is not exhaustive: we own stocks in the portfolio that do not fit neatly into these themes and there are other themes not mentioned here that are in the portfolio. We evaluate each stock on its own merits.

Table IV.
Top 10 holdings as of June 30, 2024

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Eli Lilly and Company	2021	$187.4	$860.5	$21.7	9.3%
UnitedHealth Group Incorporated	2018	227.2	468.7	17.1	7.3
Intuitive Surgical, Inc.	2018	49.9	157.8	13.4	5.8
Boston Scientific Corporation	2023	73.4	113.2	12.2	5.3
Merck & Co., Inc.	2022	205.6	313.6	11.1	4.8
Thermo Fisher Scientific Inc.	2019	117.4	211.1	11.0	4.7
Vertex Pharmaceuticals Incorporated	2022	61.4	121.0	10.8	4.6
argenx SE	2018	2.8	25.6	9.5	4.1
ICON Plc	2018	8.0	25.9	7.5	3.2
Stryker Corporation	2023	98.8	129.6	7.5	3.2

Table V.
Fund investments in GICS sub-industries as of June 30, 2024

	Percent of Net Assets
Health Care Equipment	22.7%
Biotechnology	18.6
Life Sciences Tools & Services	17.3
Pharmaceuticals	16.9
Managed Health Care	10.0
Health Care Facilities	4.1
Health Care Distributors	2.7
Health Care Supplies	2.6
Health Care Services	0.9
Cash and Cash Equivalents	4.2
Total	100.0%*

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

Recent Activity

During the first quarter, we added six new positions and exited seven positions. Below we discuss some of our top net purchases and sales.

Table VI.
Top net purchases for the quarter ended June 30, 2024

	Quarter End Market Cap (billions)	Net Amount Purchased (millions)
Edwards Lifesciences Corporation	$ 55.5	$3.6
Tempus AI, Inc.	5.8	2.0
Glaukos Corporation	6.0	1.9
Tenet Healthcare Corporation	13.0	1.6
Elevance Health, Inc.	125.9	1.4

We initiated a small position in **Tempus AI, Inc.**, an intelligent diagnostics and health care data company. Tempus has two synergistic business units: Genomics and Data & Other. Within the Genomics business, Tempus provides diagnostic tests, particularly for cancer treatment selection. Tempus' labs sequence the tumor's genome and transcriptome (gene expression) and can help oncologists select the best treatment for their patient. We think the cancer treatment selection sequencing market is underpenetrated and poised to continue to grow rapidly, and Tempus is well positioned as one of the leaders in this field. The genomics testing data also feeds into Tempus' value as a data company. Tempus has amassed a huge (over 200 petabytes) proprietary multimodal dataset that combines clinical patient data (which includes clinical records, imaging data, etc., mostly from two-way collaborations with health systems) with genomic testing data from the Genomics business. In total, the company's dataset includes approximately 7.7 million clinical records, over 1 million imaging records, over 910,000 matched clinical and molecular dataset profiles, and over 970,000 samples sequenced. In addition to using this data to empower more intelligent diagnostics, Tempus also licenses this data to biopharmaceutical companies who use it to design smarter clinical trials and identify potential new drug targets. Tempus works with 19 of the top 20 pharmaceutical companies in this capacity and has disclosed 9-figure deals with 3 biopharmaceutical companies. We think this proprietary dataset is unique with meaningful barriers to entry, and brings meaningful value to biopharmaceutical R&D.

Another new addition was **Glaukos Corporation**, which develops and sells interventional glaucoma treatments. Glaukos is launching iDose, a new minimally invasive drug-delivery device that treats glaucoma. Glaucoma is when a patient has high pressure inside the eye, which damages the optic nerve and can lead to blindness. Most patients with glaucoma are treated with daily prostaglandin eye drops, but: 1) patients are notoriously noncompliant leading to lower efficacy (more than 90% of patients are noncompliant and around 50% discontinue their medication within six months); and 2) prostaglandin eye drops cause bothersome side effects including dry eye, red eyes, and periorbital fat loss "raccoon eyes." An iDose is implanted as a five minute procedure and delivers a highly concentrated prostaglandin formulation inside the eye that is effective for up to three-plus years. Compared to prostaglandin eye drops, iDose ensures patient compliance and the intraocular dosing significantly reduces side effects. We think glaucoma is a large market (there are approximately 3 million patients in the U.S. with glaucoma and up to an additional 6 million patients with ocular hypertension that are eligible for iDose) and is ripe for new standalone interventions. We think that iDose can be a $1 billion product over time and are bullish on Glaukos shares.

We established a small position in **Tenet Healthcare Corporation**, a leading provider of health care services. Tenet's care delivery network includes United Surgical Partners International (USPI), which operates over 600 ambulatory surgical centers (ASCs), surgical hospitals, and other outpatient facilities. Tenet also operates over 50 acute care and specialty hospitals, as well as Conifer, a leading provider of revenue cycle management services. The combination of ASCs and hospital assets in local markets gives USPI a negotiating advantage with payors and vendors, supporting industry leading ASC operating margins. Tenet management has been divesting its less competitively positioned acute care hospitals and other non-core assets to focus on its ASC business. The $90 billion outpatient surgical market is enjoying strong secular tailwinds driven by aging U.S. demographics and the shift of procedures to lower cost outpatient settings. Outpatient procedures cost roughly 50% less than those done in hospitals and are preferred by both patients and physicians. Estimates are that an incremental $60 billion worth of cases are appropriate to be done outpatient, which should drive multi-year mid-single-digit same store growth for USPI – a combination of both higher acuity and volumes – enhanced by de novo projects and M&A in a highly fragmented space. Tenet's hospital sales have been executed at attractive multiples with the proceeds used to pay down debt. As Tenet's faster growing ASC business increases as a percentage of the company's overall cash flows, we believe the company's valuation multiple has room to expand.

We added to the position in **Elevance Health, Inc.**, a leading managed care company. We think Elevance Health is well positioned to grow earnings double digits driven in part by its growing health care services business.

Table VII.
Top net sales for the quarter ended June 30, 2024

	Net Amount Sold (millions)
Shockwave Medical, Inc.	$4.0
Veeva Systems Inc.	2.0
Zoetis Inc.	1.7
Repligen Corporation	1.7
UnitedHealth Group Incorporated	1.6

We sold **Shockwave Medical, Inc.**, which was acquired by Johonson and Johnson. We sold **Veeva Systems Inc.** due to concerns about slowing growth. We reduced **Zoetis Inc.** due to safety concerns regarding Librela, a key product used to help control pain in dogs with osteoarthritis. We took a tax loss in **Repligen Corporation**. We trimmed **UnitedHealth Group Incorporated** but we maintain a positive long-term view.

Outlook

Health Care underperformed the broader market again in the second quarter as a small group of mega-cap technology companies drove all the gains in S&P 500 and NASDAQ Composite Indexes. In addition, certain Health Care sub-industries continued to face headwinds.

Managed health care stocks continued to be weighed down by Medicare Advantage utilization and reimbursement concerns. Lack of near-term visibility on utilization trends was exacerbated by the Change Healthcare cyberattack, which disrupted payors' normal utilization review and claims adjudication processes while new CMS rules are restricting the number of lower cost hospital observation stays in favor of full inpatient admissions. We believe our managed care holdings are likely to perform better in the second half of the year as investors look to 2025. **UnitedHealth Group Incorporated** should see healthy MA enrollment growth as plans that bid aggressively to gain members in 2024 will be forced to cut benefits and/or raise prices to restore margins. **Elevance Health, Inc.**, with its more balanced member mix, has its own unique and unappreciated growth drivers which include the ongoing scaling of its PBM and Specialty Pharmacy and the continued growth of its Carelon Services. We note a Republican win in the upcoming election could result in a more favorable environment for Medicare Advantage companies after two years of adverse Medicare Advantage rate updates under the Biden administration.

Life sciences tools & services stocks continued to be negatively impacted by customer inventory destocking, cautious biopharmaceutical spending, and weakness in China. Although we don't know exactly when life sciences tools trends will turn positive, we note that biotechnology funding is up year-over-year, destocking headwinds are temporary, and sales in China have already experienced significant declines. We remain invested in life sciences tools & services companies that we believe have good long-term growth prospects.

On the health care provider side, volumes remain healthy and labor costs have moderated. We continue to like **HCA Healthcare, Inc.**, the best-in-class hospital operator with an attractive set of increasingly diversified assets in strong urban markets, where it is typically the #1 or #2 provider. Its strong operating cash flow and under-levered balance sheet provide flexibility to make growth investments and return capital to shareholders.

In medical devices, business trends remain solid, and we remain investors in competitively advantaged growth companies with exciting new product cycles such as **Intuitive Surgical, Inc.** with its da Vinci 5 robotic surgical system, **Boston Scientific Corporation** with its Farapulse PFA system for treatment of atrial fibrillation, and **Glaukos Corporation** with its iDose for treatment of open-angle glaucoma.

In biopharmaceuticals, we remain bullish on the market opportunity for new diabetes and obesity medicines. In June at a medical meeting, the principal investigators of the SURMOUNT-OSA trial presented the full data which demonstrated that **Eli Lilly and Company**'s Tirzepatide reduced obstructive sleep apnea in adults with obesity by up to 62.8%, and up to 51.5% of participants met the criteria for disease resolution. This impressive data set paves the way for Tirzepatide to be used as a treatment for obstructive sleep apnea in overweight and obese individuals.

At the end of June, the U.S. Supreme Court overturned the Chevron doctrine of judicial deference to an administrative agency's interpretation of ambiguous legislation. The ruling could impact regulatory actions taken by CMS and the FDA. It is too early to know what the ramifications of the Supreme Court's recent decision will be, but we expect to see a rise in legal challenges to CMS and FDA rules, which could result in a more favorable regulatory environment for the health care industry.

Overall, our long-term outlook for Health Care remains bullish. Innovation in the sector and the themes in which we have been investing are very much intact. We believe the Fund holds competitively advantaged growth companies with strong management teams.

As always, I would like to thank my colleague Josh Riegelhaupt, Assistant Portfolio Manager of the Fund, for his invaluable contributions.

Thank you for investing in the Fund. I remain an investor in the Fund, alongside you.

Sincerely,

Neal Kaufman
Portfolio Manager

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

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 FinTech Fund Shareholder:

Performance

In the quarter ended June 30, 2024, Baron FinTech Fund® (the Fund) fell 2.25% (Institutional Shares) compared with a 5.78% decline for the FactSet Global FinTech Index (the Benchmark). Since inception, the Fund has risen at a 9.41% annualized rate compared with 0.80% for the Benchmark.

JOSH SALTMAN

PORTFOLIO MANAGER

Retail Shares: BFINX
Institutional Shares: BFIIX
R6 Shares: BFIUX

Table I.
Performance
Annualized for periods ended June 30, 2024

	Baron FinTech Fund Retail Shares[1,2]	Baron FinTech Fund Institutional Shares[1,2]	FactSet Global FinTech Index[1]	S&P 500 Index[1]	MSCI ACWI Index[1]
Three Months[3]	(2.34)%	(2.25)%	(5.78)%	4.28%	2.87%
Six Months[3]	3.84	3.94	(2.39)	15.29%	11.30%
One Year	19.54%	19.87%	5.14%	24.56%	19.38%
Three Years	(4.29)%	(4.06)%	(10.79)%	10.01%	5.43%
Since Inception (December 31, 2019)	9.14%	9.41%	0.80%	14.19%	9.91%

U.S. equities rose in the second quarter with major market indices hitting new highs. Corporate earnings were better than expected and mixed economic data suggests that inflation continues to moderate. However, the equity rally was driven by a narrow segment of the market, mostly in the mega-cap technology sector. The so-called *Magnificent Seven* (Alphabet, Amazon, Apple, Meta, Microsoft, NVIDIA, and Tesla) appreciated 17.0% during the quarter, accounting for all the gains in the S&P 500 and NASDAQ Composite Indexes. The remaining securities in these benchmarks collectively declined during the period with the equal-weighted S&P 500 Index down about 3%, demonstrating the outsized impact of the Magnificent Seven. Outside of the U.S., emerging market equities outperformed due to a rebound in China and strength in India following election results. Small- and mid-cap stocks declined in the period, trailing large caps by almost 7%. Growth outperformed value across most size segments, with the differential being most prominent in large cap where the Magnificent Seven comprise more than half of the Russell 1000 Growth Index's assets.

During the second quarter, the Fund outperformed the Benchmark but trailed the broader market given the Fund's smaller market cap profile and lack of exposure to the Magnificent Seven. The general underperformance of Financials stocks, where the Fund has heavy exposure, was also a headwind to relative performance versus the broader market. Leaders outperformed Challengers (down 1.3% versus down 4.7%, respectively). Stock selection in five of our seven themes contributed to relative performance (Capital Markets, Information Services, Tech-Enabled Financials, E-Commerce, and Enterprise Software). Despite equity market performance being driven by large-cap stocks, the Fund's smaller cap holdings outperformed our mid- and large-cap holdings during the quarter.

Favorable stock selection in the Capital Markets theme contributed the most to relative performance. Shares of global electronic broker **Interactive Brokers Group, Inc.** (IBKR) outperformed due to solid execution with 25% growth in client accounts and 20% growth in revenue. IBKR also benefited from persistently high interest rates as the company earns interest income on customer cash balances. Global investment bank **Houlihan Lokey, Inc.** performed well on expectations for M&A activity to improve from cyclically depressed levels due to stabilizing interest rates, firming corporate valuations, and significant dry powder across private equity funds that will eventually be deployed into new investments. Shares of electronic fixed income marketplace **Tradeweb Markets Inc.** rose due to strong volume trends driven by favorable market conditions and share gains in key products.

Performance listed in the above table is net of annual operating expenses. The gross annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2023 was 1.66% and 1.21%, respectively, but the net annual expense ratio was 1.20% and 0.95% (net of the Adviser's fee waivers), respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser waives and/or reimburses certain Fund expenses pursuant to a contract expiring on August 29, 2034, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit BaronCapitalGroup.com or call 1-800-99-BARON.

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 transaction-related hardware, across 30 Developed and Emerging markets. The **S&P 500 Index** measures the performance of 500 widely held large-cap U.S. companies. The **MSCI ACWI Index Net (USD)** is designed to measure the equity market performance of large and midcap securities across 23 Developed Markets and 24 Emerging Markets countries. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. The MSCI ACWI Index and the Fund include 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. 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 redemptions of Fund shares.

3 Not annualized.

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The Information Services theme also contributed to performance thanks to double-digit gains from data and analytics companies **Fair Isaac Corporation** (FICO) and **Verisk Analytics, Inc.** FICO was the largest contributor due to a beat-and-raise quarter and optimism about the large potential earnings benefit from a drop in interest rates leading to greater consumer lending activity. Verisk performed well due to better-than-expected quarterly results and favorable trends in the company's insurance end market. Stabilizing interest rates and favorable debt capital markets activity drove outperformance at rating agencies **S&P Global Inc.** and **Moody's Corporation**. Non-financial corporate debt issuance was up by double digits, most notably in high yield bonds, leveraged loans, and structured finance where rating agencies earn higher fees.

Strength in Tech-Enabled Financials was broad based, led by gains from alternative asset manager **Apollo Global Management, Inc.** and specialty insurer **Arch Capital Group Ltd.** Apollo continues to benefit from disruptive trends in financial services, most notably the shift of retirement assets into higher-yielding private credit given the company's dual role as an asset manager and an annuity provider. Arch outperformed after reporting strong quarterly results with a 21% operating ROE and 40% growth in book value per share due to strong underwriting profitability and the establishment of a deferred tax asset at the end of 2023. Favorable conditions persist in the property and casualty (P&C) insurance market with rapid premium growth and attractive margins after several years of significant price increases.

Partially offsetting the above were adverse impacts associated with the Fund's meaningfully lower exposure to the better performing Enterprise Software theme and unique exposure to Digital IT Services, where **Endava plc** and **Accenture plc** were detractors. Shares of these companies underperformed due to weak revenue growth as business customers pulled back on discretionary IT spending and delayed decisions on new projects to better incorporate recent advancements in generative AI (GenAI). Our Digital IT Services holdings have been a persistent drag on performance due to less durable demand trends than we expected. We believe a revenue growth recovery is a question of when, not if, so we continue to own these stocks at what we believe to be attractive valuations, but they collectively represent a small 3.0% portion of Fund net assets.

Table II.
Top contributors to performance for the quarter ended June 30, 2024

	Percent Impact
Fair Isaac Corporation	0.82%
Guidewire Software, Inc.	0.50
Verisk Analytics, Inc.	0.38
MercadoLibre, Inc.	0.31
Arch Capital Group Ltd.	0.27

Fair Isaac Corporation (FICO) is a data and analytics company focused on predicting consumer behavior and is best known for its ubiquitous FICO scores. Shares increased after the company reported solid quarterly results and raised annual guidance. During the quarter, we attended the company's annual user conference where CEO Will Lansing expressed confidence about the business's performance under varying macroeconomic conditions and was optimistic about the growth potential for the software business. The market brushed off areas of near-term uncertainty, such as the impact of consumer lending activity on Scores volumes and a potential regulatory investigation into Scores pricing, and instead focused on the likely benefits of Federal Reserve rate cuts. Mortgage originations are running 50% below the long-term historical average, so we estimate that a return to normal activity would increase FICO's earnings by half. We continue to own the stock because of FICO's significant competitive advantages and expect that consistent earnings growth will drive attractive returns for the stock over the long term.

Shares of P&C insurance software vendor **Guidewire Software, Inc.** outperformed after the company reported strong quarterly results that exceeded consensus expectations and raised full-year guidance. Annual recurring revenue (ARR) growth accelerated to 15%, subscription revenue grew 35%, and subscription gross margins expanded by over 10 percentage points during the recent quarter. We believe the company's multi-year cloud transition is nearly complete. ARR should benefit from new customer wins and migrations of existing on-premise software customers to InsuranceSuite Cloud. We also expect the company to shift R&D resources from infrastructure investment to product development, which will help drive cross-sales into the large installed base and potentially accelerate ARR over time. We believe that Guidewire will be the critical software vendor for the global P&C insurance industry, capturing 30% to 50% of its $15 billion to $30 billion total addressable market and generating margins above 40%.

Shares of **Verisk Analytics, Inc.**, a leading data and analytics vendor for the insurance industry, contributed to performance. The company reported strong quarterly earnings, especially relative to muted expectations, with accelerating revenue growth and significant margin expansion. Management expressed optimism regarding the state of the P&C insurance end-market with strong premium growth and improving profitability leading to better growth prospects for Verisk. We maintain conviction in the competitive positioning, long-term growth, margin expansion, and capital deployment potential for the business.

Table III.
Top detractors from performance for the quarter ended June 30, 2024

	Percent Impact
Wise Plc	-0.68%
Global Payments Inc.	-0.55
Block, Inc.	-0.48
Mastercard Incorporated	-0.43
MSCI Inc.	-0.41

Wise Plc is a UK-based provider of money transfer services for individuals and businesses across the world. Despite reporting solid operational trends and a large earnings beat in its half-year results, Wise shares declined as commission price cuts led to weaker-than-expected fiscal year 2025 earnings guidance. Medium-term guidance of 15% to 20% underlying income growth was also below consensus expectations. We believe the guidance is conservative and aligned with the company's strategy to reduce fees and reinvest in the business. Wise captures less than 5% of the $2.6 trillion that individuals transfer across borders each year and less than 1% of the $11.6 trillion that businesses move internationally. We remain bullish on Wise as we believe its platform, licenses, and global connections are competitive advantages that enable the company to deliver a better value proposition to customers and gain share in a large global market.

Shares of payment processor **Global Payments Inc.** fell due to concerns about margins in its merchant acquiring segment as well as weak performance of payments stocks overall during the quarter. Nevertheless, the company reported solid quarterly results with revenue growth of 7% and earnings per share (EPS) growth of 8% or mid-teens excluding a business divestiture. Management reaffirmed annual guidance, calling for 6% to 7% revenue growth and 11% to 12% EPS growth on an adjusted basis. We view the shares as significantly undervalued at less than nine times earnings given our expectations for continued double-digit EPS growth.

Block, Inc. provides point-of-sale technology to small businesses and operates the Cash App ecosystem of financial services for individuals. Shares gave back gains from earlier this year despite reporting strong quarterly results and raising full-year guidance. In the first quarter, gross profit grew 22% and EBITDA grew 91%, both exceeding Street expectations. Given the strong start to the year, second-quarter guidance of 16% to 17% gross profit growth may have disappointed some investors. Management remains committed to a "Rule of 40" investment framework in 2026 with at least mid-teens gross profit growth and a mid-20% operating margin. We continue to own the stock due to Block's long runway for growth, durable competitive advantages, and innovative product offering.

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 June 30, 2024, we held 45 positions (or 35 excluding positions smaller than 1%). The Fund's 10 largest holdings represented 42.5% of net assets, and the 20 largest holdings represented 70.4% of net assets. International stocks represented 12.0% of net assets. The market capitalization range of the investments in the Fund was $699 million to $539 billion with a median of $30.3 billion and a weighted average of $99.9 billion. The Fund's active share versus the Benchmark was 86.8%.

We segment the Fund's holdings into seven investment themes. As of June 30, 2024, Tech-Enabled Financials represented 25.9% of net assets, Information Services represented 23.8%, Payments represented 17.1%, Enterprise Software represented 14.1%, Capital Markets represented 9.5%, E-Commerce represented 5.1%, and Digital IT Services represented 3.0%. Relative to the Benchmark, the Fund remains underweight in Enterprise Software and Payments, and has overweight positions in Tech-Enabled Financials, Information Services, Capital Markets, Digital IT Services, and E-Commerce.

We also segment the Fund's holdings between Leaders and Challengers. Leaders are generally larger, more established companies with stable growth rates, higher margins, and moderate valuation multiples. Challengers are generally smaller, earlier-stage companies with higher growth rates, lower margins, and higher valuation multiples. As of June 30, 2024, Leaders represented 77.6% of net assets and Challengers represented 20.9%, with the remainder in cash.

Table IV.
Top 10 holdings as of June 30, 2024

	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	$183.7	$2.9	4.9%
S&P Global Inc.	2020	67.9	142.8	2.9	4.8
Fair Isaac Corporation	2020	11.1	36.8	2.8	4.7
Mastercard Incorporated	2020	306.1	410.1	2.8	4.7
Visa Inc.	2020	376.2	538.9	2.7	4.6
Apollo Global Management, Inc.	2023	40.4	67.2	2.7	4.5
The Progressive Corporation	2022	65.4	121.7	2.4	4.0
MercadoLibre, Inc.	2020	53.7	83.3	2.2	3.7
Fiserv, Inc.	2022	67.7	87.2	2.0	3.3
Tradeweb Markets Inc.	2020	11.1	23.1	1.9	3.3

Table V.
Fund investments in GICS sub-industries as of June 30, 2024

	Percent of Net Assets
Financial Exchanges & Data	20.2%
Transaction & Payment Processing Services	20.1
Application Software	15.1
Investment Banking & Brokerage	9.1
Property & Casualty Insurance	8.1
Research & Consulting Services	5.1
Diversified Financial Services	4.5
Broadline Retail	3.7
Asset Management & Custody Banks	3.3
Diversified Banks	3.0
IT Consulting & Other Services	3.0
Internet Services & Infrastructure	1.3
Real Estate Services	1.2
Insurance Brokers	0.6
Cash and Cash Equivalents	1.5
Total	100.0%*

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

Recent Activity

During the quarter, we initiated one new position. Below we discuss some of our top net purchases and sales.

Table VI.
Top net purchases for the quarter ended June 30, 2024

	Quarter End Market Cap (billions)	Net Amount Purchased (thousands)
KKR & Co. Inc.	$93.4	$757.7
Equifax Inc.	30.0	27.9
Fiserv, Inc.	87.2	13.0
Moody's Corporation	76.9	11.4
Nu Holdings Ltd.	61.6	2.8

We initiated a position in **KKR & Co. Inc.**, one of the largest alternative asset managers in the world with $578 billion of assets under management (AUM). We believe alternative asset management is one of the best secular growth areas of financial services, and KKR should be a prime beneficiary. Global alternatives AUM totaled $16.3 trillion at the end of 2023 and grew at an 11% CAGR since 2010, according to Preqin. Annual industry growth is expected to exceed 8% over the next five years with private equity (PE), venture capital, and private credit expected to grow at double-digit annual rates.

Founded in 1976 as one of the earliest leveraged buyout firms, KKR was led for decades by co-founders Henry Kravis and George Roberts. Since going public in 2010 as a pure-play PE firm, KKR has successfully diversified into other private asset classes, including private credit, real estate, and infrastructure investing. AUM has risen nearly 10-fold since 2010 (an 18% CAGR), and PE's share of firm AUM has shrunk to less than one-third. These non-PE asset classes are less penetrated than PE and provide a substantial runway for KKR to continue growing its funds, fees, and earnings. KKR also has significant growth opportunities in Asia. The firm entered the Asian market in 2005 and has a scaled presence with 570 employees in a region where alternative asset management is far less penetrated compared to Western countries. In 2021, KKR successfully transitioned leadership from Kravis and Roberts to co-CEOs Scott Nuttall and Joe Bae, longtime KKR employees responsible for many of the growth initiatives that are driving KKR's success today.

In addition to its globally diversified asset management business, KKR has significant exposure to the growth of private credit through its ownership of Global Atlantic, an insurance company with $177 billion of AUM. Like Athene (an insurer owned by **Apollo Global Management, Inc.**, another holding of the Fund), Global Atlantic is a beneficiary of the shift of illiquid credit assets into the private markets where they are better matched from a funding duration perspective and can deliver higher yields than publicly traded fixed income securities with the same credit ratings. KKR also has a strategic holdings segment that includes co-investments in a portfolio of high-quality businesses managed by KKR's PE funds. These balance sheet investments should generate a durable stream of earnings and dividends for KKR that will be reinvested back into the business or returned to shareholders.

As KKR enters a new fundraising cycle, management expects to raise over $300 billion of capital over the next three years. When we attended the company's investor day in April, management guided to 20% annualized growth in fee-related earnings and 30% annualized growth in earnings per share, reaching $7 to $8 by 2026. We believe our initial purchase of the stock around $100 per share represents an attractive valuation of 12.5 times earnings (using the top end of the 2026 guidance range) for a durable growth business. Furthermore, KKR management expects earnings to more than quadruple to over $15 per share within ten years, representing a 16% CAGR. We think KKR's diversified platform of leading businesses gives the company multiple ways to grow earnings as they execute into the expanding market for alternative assets, which should bode well for the stock over the long run.

Table VII.
Top net sales for the quarter ended June 30, 2024

	Net Amount Sold (thousands)
Accenture plc	$777.9
Globant S.A.	427.4
Fair Isaac Corporation	257.7
The Progressive Corporation	167.0
BlackRock Inc.	156.2

We trimmed **Accenture plc** and **Globant S.A.** due to continued weak demand for IT services. Business customers are spending on cost-optimization projects, while discretionary spending on revenue-generating projects remains under pressure. We had expected GenAI excitement to be a more meaningful contributor to demand by now, but GenAI-related projects represent a small portion of revenue, AI infrastructure spending is crowding out software spending, and uncertainty about the impact of GenAI is likely causing delays in client decision-making. We believe most of these issues are temporary and expect growth to eventually improve, but we redeployed the proceeds from these sales into higher conviction ideas. We also made small trims of **Fair Isaac Corporation** and **The Progressive Corporation** on strength to manage position sizes and fund purchases elsewhere in the portfolio.

Outlook

Fintech sector returns in the first half of 2024 haven't matched the strong returns in the broader equity market over the same period or the 23% return that the fintech Benchmark produced last year. The year-to-date return for the Fund is nearly 4% and the fintech sector is down more than 2% (as measured by the Benchmark), both of which are well below the 15% return for the S&P 500 Index. As mentioned earlier, U.S. equity market indices have been driven by a small number of very large technology companies, most of which are direct beneficiaries of the massive infrastructure spending on GenAI (e.g., NVIDIA chips) or are spending massively on GenAI with the potential for a future payoff (e.g., Alphabet, Amazon, Meta, Microsoft). Meanwhile, returns for most stocks have been relatively muted, with the equal-weighted S&P 500 Index up 5% year-to-date, only somewhat better than the Fund's performance.

GenAI has captured the market's imagination, but it's still very early in the user adoption of this new technology, and the financial payoff from investments into GenAI models and infrastructure is still unknown. We are focused on investing in strong businesses that will be improved by AI, even if this improvement takes time to materialize. For example, **FactSet Research Systems Inc.** recently launched new products that use GenAI to extract insights from earnings call transcripts and to draft portfolio commentary at the click of button, reducing the time and effort needed to write quarterly letters like this. **Intuit Inc.** has been rolling out Intuit Assist, a GenAI-powered digital assistant, across its product lines to help Credit Karma users select new credit cards, QuickBooks customers forecast cash flow, Mailchimp customers create targeted email marketing campaigns, and TurboTax customers understand changes in their tax returns from the prior year. Klarna, the privately held consumer lending and payments company, is cutting costs by using GenAI assistants to handle two-thirds of customer service chats and reduce its dependency on external marketing agencies. We consider these GenAI advancements to be evolutionary rather than revolutionary, but we continue to closely monitor the impact of new technologies on the fintech industry.

Despite share price performance in the fintech sector lagging broad market indices, fintech sector fundamentals remain strong with mid-teens earnings growth across the Fund. We continue to invest behind secular themes where the intersection of financial services and technology should drive innovation and growth for years to come.

One of these themes is the growth of private markets, which are the fastest growing segment of asset management with alternative assets expected to reach nearly $40 trillion by 2030. **BlackRock Inc.** is acquiring Global Infrastructure Partners, a leading independent infrastructure fund manager with over $100 billion in AUM, to capitalize on the growing need to modernize digital infrastructure, upgrade supply chains and logistics infrastructure, and invest in renewable energy. BlackRock also announced the acquisition of Preqin, a leading private markets data vendor, to provide standardized information, benchmarks, and analytics in an $8 billion data market expected to grow 12% annually through the end of the decade. This $3.2 billion acquisition of Preqin should underscore the significant value of **Morningstar, Inc.**'s private market data provider, Pitchbook, which generates more than twice as much revenue as Preqin and is growing at a double-digit rate.

Another theme we're investing in is the growth of private credit in life insurance investment portfolios. In contrast to commercial banks which fund long-duration loans with short-duration deposits that can be unexpectedly withdrawn or repriced at any time, life insurance companies create more stable funding by selling multi-year fixed annuities to investors. These annuities have fixed terms and are usually protected from early surrender, which allows the proceeds to be invested in highly rated private credit with higher yields but less liquidity than publicly traded fixed income securities with the same credit risk. This illiquidity premium is highly valuable in an industry with narrow spreads, providing a competitive edge to well-managed annuity providers that invest in private credit. In addition, higher interest rates combined with a growing population of retirees are spurring greater demand for guaranteed income products. Fixed annuity sales grew 37% in 2023 and have more than doubled since 2021, providing a greater supply of capital that can be invested in highly rated private credit. **Apollo Global Management, Inc.** and **KKR & Co. Inc.** are capitalizing on this trend through their ownership of life insurers Athene and Global Atlantic, which are also driving growth in those firms' private credit asset management businesses.

While the Magnificent Seven and GenAI enthusiasm have been the primary drivers of equity market performance in the first half of the year, we sense that momentum may shift over the rest of the year. In the first three weeks of July, small caps outperformed large caps with returns for the equal-weighted S&P 500 Index exceeding the market cap-weighted version. While this recent trend could reverse, a broadening of market performance beyond mega-cap technology stocks could shift attention back to the fast-growing, competitively advantaged, and well-managed fintech companies in which we invest.

Thank you for investing in the Fund. We remain significant shareholders alongside you.

Sincerely,

Josh Saltman
Portfolio Manager

Investors should consider the investment objectives, risks, and charges and expenses of the investment carefully before investing. The prospectus and summary prospectus contains this and other information about the Funds. You may obtain them from the Funds' distributor, Baron Capital, Inc., by calling 1-800-99-BARON or visiting BaronCapitalGroup.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 invests in companies of all sizes, including small and medium sized companies whose securities may be thinly traded and more difficult to sell during market downturns.

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

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

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

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

Dear Baron New Asia Fund Shareholder:

Performance

Baron New Asia Fund® (the Fund) gained 10.77% (Institutional Shares) during the second quarter of 2024, while its primary benchmark, the MSCI AC Asia ex Japan Index (the Benchmark), was up 7.20%. The MSCI AC Asia ex Japan IMI Growth Index (the Proxy Benchmark) gained 7.58% for the quarter. The Fund outperformed both the Benchmark and the Proxy Benchmark during a solid quarter for global equity returns.

During the second quarter, inflation readings failed to slow sufficiently to clearly warrant the initiation of a Federal Reserve (the Fed) easing cycle, while global growth and employment conditions offered mixed signals. As a result, global equity market breadth and leadership continued to narrow as the uncertain macro environment, contrasted by strong near-term fundamentals for the so-called *Magnificent Seven* and associated AI proxies and beneficiaries worldwide, ensured that such AI proxies drove the lion's share of second quarter returns. Beneath this surface level, we note that in contrast to the first quarter, the momentum of U.S. and global growth and employment conditions seemed to peak early in the quarter and moderate, with consumption clearly weakening late in the quarter. This allowed bond yields, and more importantly real yields, to moderate through the quarter, ending notably below the April highs and well below the recent peak levels of October 2023, which preceded the Fed's subsequent pivot. Our current bias is that recent moderating trends will trigger a Fed easing cycle sooner rather than later, a development which would likely warrant a mean-reverting inflection point for many market underperformers including developing Asia equities. Interestingly, we point out that despite the year-to-date rise in bond yields and the U.S. dollar, the MSCI AC Asia ex Japan Index outperformed the S&P 500 Index during the second quarter, while strongly outperforming the Dow Jones Industrial Average, the equal-weighted S&P 500 Index, and the Russell 2000 Index. We find this performance particularly admirable and perhaps a foreshadowing in the face of widespread skepticism towards developing world equities.

As we referenced in our previous letter, a portion of this surprisingly solid showing can be attributed to the broadening recognition of AI-related equities in the Benchmark. Further, as AI enthusiasm has spread from the "GPU/data center arms race" to the notion of "edge AI," or AI on server/PC/handset, many more individual companies can be seen as at least cyclical beneficiaries as edge AI would necessitate a significant and long-deferred replacement cycle for such edge devices. As the second quarter progressed, updates from Apple, Taiwan Semiconductor, Dell, Lenovo and others drove growing interest in the many companies in the hardware/handset ecosystem – a substantial portion of which reside in developing Asia jurisdictions, in addition to the well-recognized semiconductor and high-bandwidth memory leaders, and, in our view, this phenomenon helped drive solid relative performance. We remain confident that emerging markets (EM)/Asia equities currently offer an attractive long-term entry point, and as always, we remain confident that our diversified portfolio of well-positioned and well-managed companies can capitalize on their potential over the coming years regardless of the external environment.

MICHAEL KASS PORTFOLIO MANAGER

ANUJ AGGARWAL PORTFOLIO MANAGER

Retail Shares: BNAFX
Institutional Shares: BNAIX
R6 Shares: BNAUX

Table I.
Performance
Annualized for periods ended June 30, 2024

	Baron New Asia Fund Retail Shares[1,2]	Baron New Asia Fund Institutional Shares[1,2]	MSCI AC Asia ex Japan Index[1]	MSCI AC Asia ex Japan IMI Growth Index[1]	MSCI AC Asia Index[1]
Three Months[3]	10.71%	10.77%	7.20%	7.58%	2.72%
Six Months[3]	17.80%	17.81%	9.75%	10.54%	8.48%
One Year	18.40%	18.72%	12.89%	12.19%	13.05%
Since Inception (July 30, 2021)	(2.82)%	(2.60)%	(3.38)%	(5.74)%	(1.16)%

Performance listed in the above table is net of annual operating expenses. The gross annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2023 was 7.37% and 6.93%, respectively, but the net annual expense ratio was 1.45% and 1.20% (net of the Adviser's fee waivers and expense reimbursements), respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser waives and/or reimburses certain Fund expenses pursuant to a contract expiring on August 29, 2034, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit BaronCapitalGroup.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 Markets countries in Asia. The **MSCI AC Asia Index Net (USD)** captures large and mid cap representation across Developed Markets countries and Emerging Markets 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. Investors cannot invest directly in an index.

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

3 Not annualized.

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For the second quarter of 2024, we comfortably outperformed our Benchmark, as well as our all-cap growth Proxy Benchmark. From a sector or theme perspective, strong stock selection in the Consumer Discretionary sector, owing to select Indian investments in our Asia consumer theme (**Trent Limited** and **Mahindra & Mahindra Limited**) and global security/supply chain diversification theme (**Dixon Technologies Ltd.**), contributed the most to relative performance this quarter. In addition, our overweight positioning and solid stock selection in the Communication Services sector, primarily attributable to our digitization-related investments in India (**Bharti Airtel Limited** and **Indus Towers Limited**), also bolstered relative results. Lastly, favorable stock selection effect in the Industrials sector, largely driven by our power/infrastructure related investments in India, as part of the global security/supply chain diversification theme (**Kirloskar Oil Engines Limited** and **GMR Power and Urban Infra Limited**), also stood out as a contributor. Partially offsetting the above was adverse stock selection in the Financials sector, primarily attributable to our exposure to South East Asian bank (**PT Bank Rakyat Indonesia (Persero) Tbk**) along with a few holdings in our India wealth management/consumer finance theme (**Jio Financial Services Limited**, **Bajaj Finance Limited**, **SBI Life Insurance Company Limited**, and **Nuvama Wealth Management Limited**). Adverse allocation effect together with weak stock selection in the Information Technology sector also modestly detracted from relative results.

From a country perspective, strong stock selection combined with our large overweight positioning in India drove the vast majority of outperformance this quarter. In addition, positive allocation effect together with solid stock selection in Korea also bolstered relative results. Lastly, our lack of exposure to Thailand and the Philippines also contributed. Mildly offsetting the above was our active exposure to Japan through investments in our digitization theme (**Tokyo Electron Limited** and **Hoya Corporation**) and automation/robotics/AI theme (**Keyence Corporation**), along with adverse stock selection effect in China.

We are delighted with our year-to-date solid performance in India and remain excited about our investments in the country. The recent re-election of Prime Minister Modi for a historic third term bodes well for policy continuity and further implementation of productivity enhancing economic reforms. In our view, India has become a standout investment destination within Asia/EM and has entered a multi-year virtuous investment cycle that is positioning the country as the fastest growing large economy in the world this decade. We remain busy identifying and populating the portfolio with new investments that, in our view, should meaningfully benefit from rising infrastructure spend and supply-chain diversification opportunities.

Table II.
Top contributors to performance for the quarter ended June 30, 2024

	Percent Impact
Taiwan Semiconductor Manufacturing Company Limited	1.70%
Bharti Airtel Limited	1.64
Trent Limited	1.55
Tencent Holdings Limited	1.03
Indus Towers Limited	0.95

Semiconductor giant **Taiwan Semiconductor Manufacturing Company Limited** (TSMC) contributed in the second quarter due to expectations for a continued strong cyclical recovery in semiconductors and significant incremental demand for AI chips. We retain conviction that TSMC's technological leadership, pricing power, and exposure to secular growth markets, including high-performance computing, automotive, 5G, and IoT, will allow the company to sustain strong double-digit earnings growth over the next several years.

Bharti Airtel Limited contributed during the quarter, driven by steady earnings performance and visibility into strong future free cash flow generation as the company is likely at its peak capex intensity. As India's dominant mobile operator, the company is benefiting from ongoing industry consolidation. In particular, Vodafone Idea, a key player and competitor, is on the verge of bankruptcy amid severe pricing pressure and an unsustainable balance sheet. We retain conviction as Bharti transforms into a digital services company and benefits from rising mobile tariffs.

Shares of **Trent Limited** contributed to performance during the quarter. Trent is a leading retailer in India that sells private label apparel direct-to-consumer through its proprietary retail network. Shares were up this quarter on better-than-expected quarterly sales performance as well as continued footprint expansion of its Zudio value fashion franchise. We remain investors, as we believe the company will generate over 25% revenue growth in the near-to-medium term, driven by same-store-sales growth and outlet expansion. In addition, we believe operating leverage and a growing franchisee mix will lead to better profitability and return on capital, driving more than 30% EBITDA CAGR over the next three to five years.

Table III.
Top detractors from performance for the quarter ended June 30, 2024

	Percent Impact
PT Bank Rakyat Indonesia (Persero) Tbk	–0.51%
Tokyo Electron Limited	–0.23
Titan Company Limited	–0.20
Yum China Holdings Inc.	–0.16
Samsung Electronics Co., Ltd.	–0.14

PT Bank Rakyat Indonesia (Persero) Tbk is a lender serving Indonesia's micro, consumer, and small-to-medium-enterprise segments. Shares declined after the company reported higher-than-expected credit costs driven by the impact of rising inflation on clients' repayment capacity. Management decided to tighten underwriting standards to prioritize asset quality over loan growth. While this decision is having a negative impact on near-term earnings expectations, it does not alter our thesis of increasing credit penetration within the segments Bank Rakyat serves. We expect Bank Rakyat to deliver above-industry returns in a growing segment for credit in Indonesia.

Semiconductor production equipment manufacturer **Tokyo Electron Limited** detracted in the second quarter, driven by investor concerns about a slower-than-expected near-term revenue growth recovery. We remain optimistic about Tokyo Electron's long-term prospects. We expect semiconductor production equipment spend will grow robustly for years to come, as chipmakers expand capacity to meet rising demand, with AI as a key long-term catalyst. We believe the company will remain a critical enabler of major chipmakers' technological advancements.

Shares of **Titan Company Limited**, India's largest organized jewelry retailer, detracted from performance due to a weak margin outlook amid rising competitive pressure. We retain conviction in Titan, as we believe the company will benefit from the continued formalization of the jewelry retail market in India and will gain market share from unorganized players. In addition, we think Titan is uniquely positioned with best-in-class brand equity and access to financing enabled by its Tata Group parentage. We continue to believe Titan can sustain 15% to 20% earnings growth in the next three to five years.

Portfolio Structure

Table IV.
Top 10 holdings as of June 30, 2024

	Percent of Net Assets
Bharti Airtel Limited	7.3%
Taiwan Semiconductor Manufacturing Company Limited	7.3
Trent Limited	6.2
Indus Towers Limited	5.3
Reliance Industries Limited	4.0
Tencent Holdings Limited	3.8
Samsung Electronics Co., Ltd.	3.4
Zomato Limited	3.2
Jio Financial Services Limited	3.0
Kaynes Technology India Limited	2.6

Table V.
Percentage of securities by country as of June 30, 2024

	Percent of Net Assets
India	62.6%
China	13.4
Taiwan	9.4
Korea	8.0
Japan	2.1
Indonesia	1.0

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 second quarter of 2024, the Fund's median market cap was $14.7 billion, and we were invested 55.0% in giant-cap companies, 29.6% in large-cap companies, 8.4% in mid-cap companies, and 3.4% in small-cap companies, as defined by Morningstar, with the remainder in cash.

Recent Activity

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

We were most active in adding to our global security/supply chain diversification theme by initiating positions in **GMR Power and Urban Infra Limited** (GPUIL), **Bharat Electronics Limited** (BEL), and **Precision Wires India Limited**. GPUIL, based in India, specializes in power generation, railway and road construction, and urban development. The company operates power generation plants across India with a total installed capacity of 3 GW, utilizing a mix of coal, gas, hydro, and renewable energy sources. We believe GPUIL is well positioned to participate in India's power upcycle, as the government is committed to expanding overall power generation capacity by approximately 10% annually from 2024 to 2030, while renewable energy capacity is expected to grow at a 15% to 20% compounded rate. The company has also won a smart electricity meter contract in the state of Uttar Pradesh through competitive bidding, which involves installing 7.6 million smart meters over a period of 10 years. In addition to participating in growth in the power sector, we also expect the company to strengthen its balance sheet by monetizing stranded power and land assets, recovering receivables from state-owned power distribution companies, and continually reducing corporate debt. We expect GPUIL to deliver low double-digit EBITDA growth over the next three to five years, with further upside from improving balance sheet health.

BEL is a leading defense electronics manufacturer in India with approximately 60% market share. It is also the second largest Defense Public Sector Unit under India's Ministry of Defense. The company develops a wide range of equipment and systems in fields such as defense communication, radars, tank electronics, electro optics, arms and ammunition, and unmanned systems. Most of its revenue comes from the Indian government and government-related entities, with customers including India's Army, Navy, Air Force, and state governments. As India implements policy initiatives to encourage indigenous design, development, and manufacturing of defense equipment, we believe BEL will be a key beneficiary of such reforms. Other growth drivers for the company include India's rising defense budget and growing export and non-defense businesses. We expect BEL to deliver mid-teens compounded earnings growth in the next three to five years.

Precision Wires is the largest manufacturer of enameled copper winding wire in India with over 50% market share. Winding wire is a key component in power transformers, generators, automotive motors, and industrial motors. The company sells its products to OEMs across various industries, including automotive, aerospace and defense, power, electronics, home appliances, and infrastructure. Its competitive advantages include long-term relationships with OEM customers, scale of operations, and R&D capabilities. We believe Precision Wires is well positioned to benefit from structural growth opportunities in the power sector as well as the rising penetration of EVs and hybrid vehicles in India. As per company management, winding wire content in EVs/hybrids is 7x/2.5x, respectively, as compared to a traditional ICE vehicle. This creates significant opportunities for Precision Wires over the next 5 to 10 years as EV penetration in India is currently under 2%. We expect the company to generate mid-teens earnings growth over the next 3 to 5 years, with further long-term revenue upside from new business wins in EVs/hybrids.

During the quarter, we also increased exposure to our digitization theme by building positions in **Tips Industries Limited** and **ASPEED Technology Inc.** Tips is a leading music production company in India with approximately 10% market share. The company owns a repertoire of over 32,000 songs across various genres and languages. Tips monetizes its content library by collecting a share of advertising and subscription fees from digital streaming platforms, including YouTube, Spotify, and JioSaavn. The company is a key beneficiary of India's fast growing digital ecosystem, with over 700 million Indians now having access to a smartphone, consuming various digital services online. Tips has maintained an EBITDA margin above 60% and is committed to returning excess capital to shareholders via dividends and share repurchases. In our view, Tips will generate about 25% to 30% compounded revenue and earnings growth over the next three to five years. Over the longer term, we expect further earnings upside as digital platforms begin to more effectively monetize their subscriber base through monthly streaming plans, which should significantly improve the payout potential for Tips.

ASPEED is a Taiwanese semiconductor design company and the dominant global supplier of Baseboard Management Controllers (BMC), a mission-critical chip used to remotely monitor and manage the key components in a server, such as the processor, memory, and power supply. We expect the company to maintain 70%-plus market share in BMCs, given its superior technology, scale advantages, and strong relationships with all the major Taiwanese server manufacturers and U.S. hyperscale customers. AI servers have significantly higher BMC content than traditional servers, and we expect surging demand for AI servers to drive a dramatic acceleration in demand for BMCs. ASPEED's growth will be further boosted by the transition to its new-generation BMC, which is priced at a significant premium, reflecting major advancements in performance and functionality. We are also optimistic that the company will leverage its customer relationships and strong design capabilities to successfully expand into new products, including a Platform Firmware Resilience chip which prevents malware attacks. In our view, ASPEED is uniquely positioned as a long-term AI beneficiary, and we expect it to maintain industry-leading top-line growth and profit margins over the next five years.

We also added to several of our existing positions during the quarter, including **Indus Towers Limited**, **Trent Limited**, **Power Grid Corporation of India Limited**, **Reliance Industries Limited**, **Kaynes Technology India Limited**, **Thermax Limited**, and **Aster DM Healthcare Limited**.

During the quarter, we also exited our positions in **Techtronic Industries Co. Ltd.**, **Aarti Pharmalabs Limited**, **Budweiser Brewing Company APAC Limited**, **China Mengniu Dairy Co. Ltd.**, **AIA Group Limited**, **Hong Kong Exchanges and Clearing Limited**, **Venustech Group Inc.**, **Lufax Holding Ltd**, and **Divi's Laboratories Limited**, as we continue our endeavor to allocate capital to our highest convictions ideas.

Outlook

In many ways, we see the evolution of market behavior in the second quarter 2024 as an extension of the first quarter: inflation readings failed to slow sufficiently to clearly warrant the initiation of a Fed easing cycle, while global growth and employment conditions offered mixed signals, and global equity market breadth and leadership continued to narrow into nearly the exclusive confines of the Magnificent Seven and associated AI proxies and beneficiaries worldwide. Under the hood, we observe that the details are more nuanced. First, in contrast to Q1, the momentum of U.S. and global growth and employment conditions seemed to peak early in the quarter and moderate, with consumption clearly weakening into late Spring/early Summer. This allowed bond yields, and more importantly real yields, to moderate through the quarter, ending notably below the April highs and well below the recent peak levels of October 2023, which preceded the Fed's pivot. We will be carefully following ongoing employment and consumption indicators, and the related implications for growth and inflation expectations, as our current bias is that recent moderating trends will trigger a Fed easing cycle sooner rather than later. Such a development would likely warrant a mean-reverting inflection point for many market underperformers, including EM equities – much as we experienced during the final quarter of 2023; though, if viewed as a more lasting economic inflection point, we would expect any associated leadership change to be more durable. Interestingly, we point out that despite the year-to-date rise in bond yields and the U.S. dollar, the MSCI AC Asia ex Japan Index outperformed the S&P 500 Index during the second quarter, while strongly outperforming the Dow Jones Industrial Average, the equal-weighted S&P 500 Index, and the Russell 2000 Index, and year-to-date, stands ahead of all of the above, excluding the S&P 500 Index, which is skewed by the dominant performance of NVIDIA and other members of the Magnificent Seven. We find this performance particularly admirable in the face of widespread skepticism towards developing world equities.

A portion of this surprisingly solid showing can be attributed to the considerable weighting and number of AI-related equities in the Benchmark, which we highlighted in our previous letter. More recently, as AI enthusiasm has broadened and spread from the "GPU/data center arms race" to the notion of "edge AI," or AI on server/PC/handset, many more individual companies can be seen as at least cyclical beneficiaries as edge AI would necessitate a significant and long-deferred replacement cycle for such edge devices. As the second quarter progressed, updates from Apple, Taiwan Semiconductor, Dell, Lenovo and others drove growing interest in the many companies in the hardware/handset ecosystem, a substantial portion of which reside in developing Asia jurisdictions, in addition to the well-recognized semiconductor and high-bandwidth memory leaders, and in our view this phenomenon helped drive solid relative performance. This nuance we believe has potential implications going forward for the traditional AI/Magnificent Seven plays; while the long-term opportunity appears compelling *(and consensus)*, given current valuations, any pause in the momentum of the GPU arms race in the transition from training to inference, or from data center capex to the rollout of software-driven AI applications at scale, would likely spark a major inflection in market leadership. In other words, it is possible or even likely that it will take time to utilize the vast expansion in AI processing capacity that is building up at the hyperscale/data center level in the pursuit of productivity promise of AI, notwithstanding a potentially imminent global handset/server/PC upgrade cycle. In such a scenario, we would expect to see a notable change in Magnificent Seven/U.S. equity dominance with improved relative performance for non-U.S. and EM/Asia equities.

Thank you for investing in the Baron New Asia Fund.

Sincerely,

Michael Kass
Portfolio Manager

Anuj Aggarwal
Portfolio Manager

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

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Dear Baron Technology Fund Shareholder:

Performance

During the second quarter, Baron Technology Fund® (the Fund) rose 7.09% (Institutional Shares), underperforming the MSCI ACWI Information Technology Index (the Benchmark), which increased 11.38%. The Fund outperformed the broader S&P 500 Index, which rose 4.28%. For the first half of 2024, the Fund posted solid gains, increasing 22.86%, slightly underperforming the Benchmark, which rose 24.80%, but materially beating the S&P 500 Index, which appreciated 15.29%.

MICHAEL A. LIPPERT
PORTFOLIO MANAGER

ASHIM MEHRA
PORTFOLIO MANAGER

Retail Shares: BTEEX
Institutional Shares: BTECX
R6 Shares: BTEUX

Table I.
Performance
Annualized for periods ended June 30, 2024

	Baron Technology Fund Retail Shares[1,2]	Baron Technology Fund Institutional Shares[1,2]	MSCI ACWI Information Technology Index[1]	S&P 500 Index[1]
Three Months[3]	6.94%	7.09%	11.38%	4.28%
Six Months[3]	22.81%	22.86%	24.80	15.29%
One Year	40.03%	40.45%	37.68%	24.56%
Since Inception (December 31, 2021)	4.23%	4.56%	11.04%	7.29%

Review & Outlook

U.S. equities endured a slow start to the quarter before rising steadily in May and June. Early market weakness was attributed to heightened concerns about inflation, the pace of anticipated Federal Reserve rate cuts, and rising geopolitical tensions in the Middle East. The sell-off proved short lived, however, with the NASDAQ Composite and S&P 500 Indexes hitting new all-time highs on several occasions over the remainder of the quarter, supported by better-than-expected corporate earnings and mixed economic data suggesting inflation continues to moderate.

The *Magnificent Seven* and AI remained the dominant drivers of market returns. The Magnificent Seven group, which consists of Alphabet Inc., **Amazon.com, Inc.**, **Apple Inc.**, **Meta Platforms, Inc.**, **Microsoft Corporation**, **NVIDIA Corporation**, and **Tesla, Inc.**, appreciated 16.9% for the quarter, accounting for all the gains in the NASDAQ Composite and the S&P 500 Indexes. For the first half of 2024, the group rose 32.3%. We believe the Magnificent Seven's dominance stems from a perfect storm-like combination of factors, particularly: (1) a market environment still wrestling with macroeconomic, geopolitical, and political uncertainties, where apprehensive investors buy the perceived obvious winners and safest stocks first; and (2) the recognition that AI is the most powerful technology platform shift and secular growth driver since the advent of the internet itself, and that in this AI, cloud-connected, digital-first world, the strong tend to be best positioned to capitalize on these trends and become even stronger. More on that below.

Fund performance was a mixed bag for the quarter, and we underperformed the Benchmark during the period. Our overweight positions in AI stalwarts **Broadcom Inc.** and **Taiwan Semiconductor Manufacturing Company Limited** contributed to the Fund's relative performance, as their stocks rose 22% and 28%, respectively. Our overweight position in **Spotify Technology S.A.**, the world's most popular music and audio streaming service, was another contributor to relative performance, as its stock rose 19%.

Performance listed in the above table is net of annual operating expenses. The gross annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2023 was 4.58% and 5.04%, respectively, but the net annual expense ratio was 1.20% and 0.95% (net of the Adviser's fee waivers and expense reimbursements), respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original. The Adviser waives and/or reimburses certain Fund expenses pursuant to a contract expiring on August 29, 2034, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month-end, visit BaronCapitalGroup.com or call 1-800-99-BARON.

1 The **MSCI ACWI Information Technology Index Net (USD)** is designed to measure 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®). The **S&P 500 Index** measures the performance of 500 widely held large-cap U.S. companies. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. 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 Indexes 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 the performance results. The indexes are unmanaged. Index performance is not Fund performance. Investors cannot invest directly in an index.

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

3 Not annualized.

BARON CAPITAL EST 1982

The Fund's chief relative detractor was **Apple Inc.**, even though it was a meaningful contributor to absolute performance, as we added to our Apple position significantly during the period. We bought Apple well, but in 20/20 hindsight we didn't buy enough. Because Apple has an oversized weight in the Benchmark (its average weight was 15.7% for the period), when Apple's stock outperforms (it appreciated 23.0%), it has generally been a headwind to relative performance. Our Apple underweight accounted for 33% of our relative underperformance for the period. The Fund's investment in **CoStar Group, Inc.**, a leader in real estate information and marketing services, performed poorly during the quarter (down 23.4%), and our overweight position in CoStar accounted for another 31% of our relative underperformance.

We read a lot and listen to a lot of technology and market-related podcasts, and the two questions we keep confronting are (1) ***Are we in an AI bubble?*** and (2) ***Is software dead?*** We'd like to provide our investors with a summary of our take on these issues.

AI hype

We do not dispute that there is some hype around AI and the perceived AI winners. History teaches that there is always a hype cycle around significant technology disruptions–initial euphoria, a short period of doubts and questions regarding the significance of the new technology, and then the measured reality of the impact the platform shift is having. We have communicated in these letters and Baron Insights publications that we believe AI is the most significant advancement and technological platform shift impacting our now-digital world since the advent of the internet itself in the mid-1990s, some 30 years ago.

We have been experiencing almost a classic hype cycle over the last 18 months following the ChatGPT moment in late November 2022. Most of this time has been a period of euphoria prompted by the initial introduction and adoption of AI consumer and business applications, announcements and public data releases regarding the improvements in large language models (LLMs), as well as the historic inflection in sales of GPUs,[1] otherwise known as accelerated computing chips, as reflected in the financial results of companies like NVIDIA and Broadcom Inc. More recently, however, we've entered the period of doubts and questioning, some of which is real and normal in the first stages of a new paradigm, and some of which is prompted by short sellers. Given the explosive returns of NVIDIA and other AI leaders, AI bears and fear mongers have been comparing the current AI market winners with the internet bubble of the late 1990s/early 2000s, and NVIDIA's stock move today with Cisco's back then. First, while many stocks were trading at nosebleed valuations and on made up metrics (such as price per eyeballs) before the bursting of the internet bubble, as we've said many times, the internet proved to transform our world and create the digital age we are now living in. Second, while NVIDIA's stock price inflection has been nothing short of unprecedented for a company of its size, it was fueled almost entirely by explosive growth in revenues, earnings, and cash flows–not multiple expansion. Over the last 12 months, NVIDIA's stock has effectively tripled, but its forward P/E multiple has remained essentially flat, because NVIDIA blew away Wall Street expectations despite being covered by over 60 sell-side analysts, who have increased their forward projections every single quarter. In my career, the only comparative analogue is when Apple first introduced the iPhone and stunned Wall Street with its growth. In contrast, most of Cisco's move in the late 1990s was due to multiple expansion. At its peak, Cisco traded at a P/E ratio over 130 times, more than quadruple its five-year average of 37 times. At the end of the second quarter, NVIDIA traded at a P/E ratio of 40 times, equal to its five-year average, and at a P/E to growth (or PEG) ratio for 2025 of 0.8 times, as consensus expectations are for NVIDIA to grow earnings per share 40% next year.[2]

Moreover, investor concerns have arisen about the financial impact AI is having and whether surging capital expenditures (capex) across the technology landscape, particularly the large cloud players (Microsoft, Google, Amazon, and Meta), known as the hyperscalers, will be justified and earn reasonable returns on invested capital (ROIC). First, the adoption and penetration of new technology typically traces a classic S-curve–or more precisely, in our view, a series of S-curves or phases. For at least the past year and a half, we've been in what might be called the AI infrastructure-build phase – building the AI factories, as NVIDIA CEO Jensen Huang has articulated it,[3] and this phase has been dominated by the infrastructure-layer players – the accelerated computing chips suppliers like NVIDIA and Broadcom, as well as data center, cloud infrastructure and energy companies. The hyperscalers, other enterprises, and sovereign entities investing ahead understand that if you want to be in the AI game, you must invest now – build the infrastructure, build the factories – or else you'll find yourselves disrupted on the sidelines or playing catch up in the biggest game, the most important race in a technology generation. Only those who invest today even have the chance to be the winners of the future.

While AI technology is new, the investment paradigm is not – upfront investments followed by long-term returns. All AI services of the future will require an AI factory, whether you own or rent one. The four hyperscalers mentioned above, among others, are leading the charge to build these AI factories The four are expected to spend almost $200 billion on capex this year, a 32% increase over the amount the group spent last year. If you exclude Amazon, which doesn't break out its data center capex from its fulfillment capex, the growth rate is 40%.

At Baron, we have experienced and understand that valuing and calculating the expected returns of a growth opportunity, like AI, which requires heavy investment, can only be done by examining and projecting the long-term opportunity. We are in the earliest, almost preliminary stages, of what might be called the AI application phase. This phase – like the early days of the desktop or mobile internet eras – will take years. As in every prior technology generational shift, some early applications will have an immediate measurable impact, while many applications will fail, and others will require iterations and not be ready for prime time until the 2.0 or 3.0 release. Most companies are still in the proof-of-concept stage while very few are ready for production today.

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1 GPU = graphics processing unit.

2 FactSet estimates.

3 At NVIDIA's recent COMPUTEX conference, Jensen declared: during the industrial revolution, raw materials came into the plant and final products came out; in today's generative AI era, data centers will become AI factories with data as a raw material and tokens as the output. Tokens can represent words, images, videos, or controls of a robot. On the May earnings call Jensen explained: "[W]e build AI factories…AI is not a chip problem only…it's a systems problem." See more comprehensive discussion and quotations below.

AI is developing rapidly across industries. Near term, there is a lot of excitement around AI for areas such as consumer chatbots, AI-based customer service, AI-based assistants for a variety of business tasks such as coding, marketing, back office, and more. A handful of AI applications and use cases have already yielded measurable impacts and ROIC. For example, in software development, AI services (from companies like Microsoft, Amazon, and GitLab) – such as code writing, revisions, documentation, vulnerability inspection, etc. – have provided meaningful productivity improvements, with reports of 30% to 60% improvements in developer efficiency.[4] In customer service, generative AI chatbots can handle up to 80% of routine customer inquiries, freeing up human agents to focus on more complex issues, and saving companies 15% to 30% on their customer service operating costs.[5] For the consumer internet players (like Meta, Google, TikTok), their AI investments have improved their core content and advertising platforms – algorithm and bid-rank improvements, more accurate targeting models, increased video engagement, dynamic ad insertion, and more – and have generated impressive ROIC.

Looking forward, published general economic studies have shown that up to $2.4 trillion dollars in capitalized AI investments could generate a 25% ROIC with either operating expense reductions amounting to 5% of global skilled payroll or 3% of global total payroll or revenue generation at levels of 3% of global public company revenues or 2% of global GDP. On the operating expense side, for example, eliminating one software developer would provide up to $250,000 of value or cost savings; cutting one knowledge worker out of a team might accrue up to $150,000. From the revenue generation angle, application-specific sell-side reports have demonstrated that, even at today's pricing levels for AI services such as Microsoft Copilot or Azure AI Cloud, the returns on capital deployed and operating assets are material, though perhaps not as high as current generation cloud software or infrastructure services.[6] Moreover, on NVIDIA's May earnings call, CFO Colette Kress boldly claimed that for every $1 spent on NVIDIA systems, a hyperscaler could "generate $7 in revenue over four years."

To repeat, we believe we are in the earliest stages of a multi-decade disruption. Longer-term avenues of development are broad and include drug discovery, in which the opportunity for AI is significant due to the long timelines for drugs to reach approval and the high probability of failure (90% of drugs fail); planning and running factories and supply chains using digital twins and AI simulation; and using AI to build robots across a variety of use cases (from autonomous machines to autonomous driving to humanoid robots). Multi-domain, multi-industry disruption.

When one considers where we are in AI today, and where we might be in a few years, one cannot ignore the pace of improvements we have already witnessed. The Chief Product Officer of one of our software investments, who is leading that company's AI developments, told us on a recent Zoom that it is "incredible how quickly the AI models are improving." I will just highlight a few.

- Accelerated computing chips: At NVIDIA's June COMPUTEX conference appearance, Jensen Huang presented slides showing that AI compute had improved 1,000 times over the last eight years and energy use had improved 350 times.[7] NVIDIA's recently introduced Blackwell family of chips can produce performance improvements of up to 4 times faster for training and 30 times for inferencing compared to the prior Hopper generation. Blackwell can deliver 25 times lower total cost of ownership and energy consumption than Hopper, as well. The new Blackwell architecture provides the ability to combine a significant number of GPUs into a "single" large GPU (namely thanks to NVIDIA's networking capabilities), and the company's investor relations commentary stated that they expect Blackwell to be "the new unit of compute."
- LLMs: AI LLM's algorithms are rapidly improving as well. For example, the price of OpenAI's GPT-3 (which cost $20 per 1 million tokens in early 2023) declined 95% with the introduction of the more capable GPT-3.5 Turbo, which costs 95% less at $1 per 1 million tokens, despite being a better model. In a recent AI publication,[8] the author presented his views and evidence that "[t]he pace of [LLM] deep learning progress in the last decade has simply been extraordinary." He argued that OpenAI's "GPT-4 was merely the continuation of a decade of breakneck progress in deep learning. A decade earlier, models could barely identify simple images of cats and dogs; four years earlier, GPT-2 could barely string together semi-plausible sentences. Now we are rapidly saturating all the benchmarks we can come up with. And yet this dramatic progress has merely been the result of consistent trends in scaling up deep learning…Another jump like that very well could take us to [artificial general intelligence], to models as smart as PhDs or experts that can work beside us as coworkers." For GPT-4, released in 2023, he described it as a "smart high schooler" and commented: "Wow, it can write pretty sophisticated code and iteratively debug, it can write intelligently and sophisticatedly about complicated subjects, it can reason through difficult high-school competition math, it's beating the vast majority of high schoolers on whatever tests we can give it, etc."

4 AI code assistants such as Microsoft GitHub Copilot, Amazon CodeWhisperer, and GitLab Duo. See https://www.mckinsey.com/capabilities/mckinsey-digital/our-insights/unleashing-developer-productivity-with-generative-ai; https://github.blog/2022-09-07-research-quantifying-github-copilots-impact-on-developer-productivity-and-happiness/.

5 See https://www.mckinsey.com/capabilities/mckinsey-digital/our-insights/the-economic-potential-of-generative-ai-the-next-productivity-frontier; https://www.cio.com/article/2112589/wheres-the-roi-for-ai-cios-struggle-to-find-it.html.

6 See for example: NewStreet Research, Microsoft: What's the Real Value of AI? Part II: Will AI ever contribute to free cash flow, dated July 11, 2024. The report showed, among other things, that Copilot and Azure AI could earn approximately 100% and 50% EBITDA (earnings before interest, taxes, depreciation and amortization) returns on operating assets versus approximately 175% for Office365 and 80% for Core Azure.

7 In 2016, NVIDIA's Pascal chip performed at 19 trillion floating point operations per second (TFLOPS) vs. 20,000 TFLOPS for NVIDIA's latest-generation Blackwell architecture released in 2024. Over the same period, energy consumption improved from 1,000 GWh for Pascal to 3GWh for Blackwell.

8 See Situational Awareness – The Decade Ahead, June 6, 2024, Leopold Aschenbrenner.

He presented this chart comparing GPT-3.5 and GPT 4 (models already two-to-three years old) to human test-takers:

Performance on common exams (percentile compared to human test-takers)

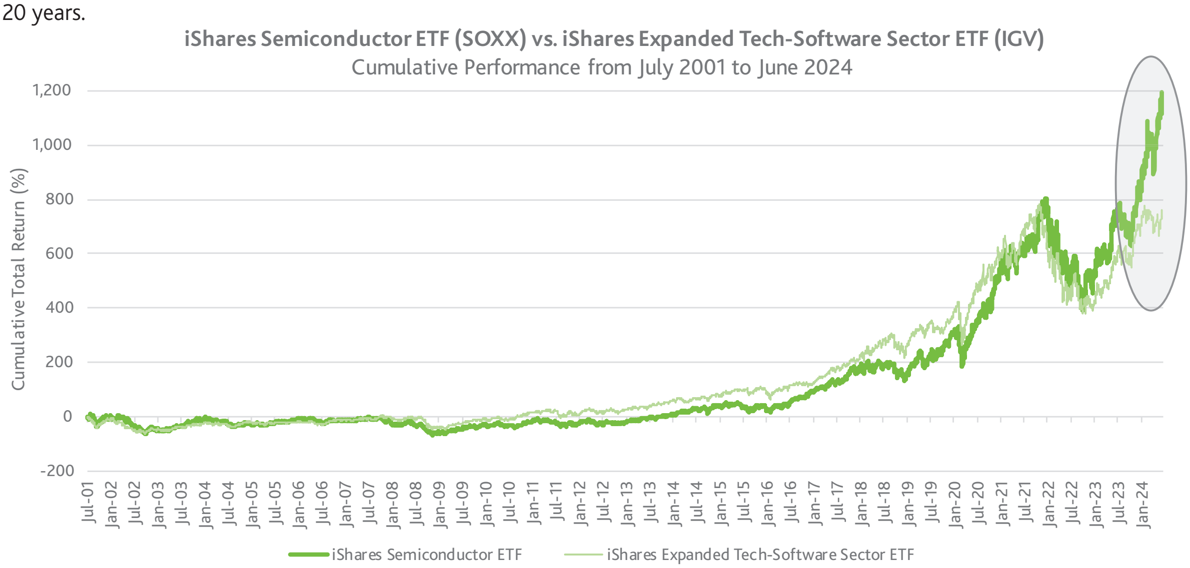
	GPT-4 (2023)	GPT-3.5 (2022)
Uniform Bar Exam	90th	10th
LSAT	88th	40th
SAT	97th	87th
GRE (Verbal)	99th	63rd
GRE (Quantitative)	80th	25th
US Biology Olympiad	99th	32nd
AP Calculus BC	51st	3rd
AP Chemistry	80th	34th
AP Macroeconomics	92nd	40th
AP Statistics	92nd	51st

Source: Situational Awareness – The Decade Ahead, June 6, 2024, Leopold Aschenbrenner

Over time, as models continue to improve, and the cost of running them declines, an increasing number of human tasks could be augmented or replaced entirely by AI. Before long, every digital interaction–whether with business software, consumer apps, robots, cars, etc. – will be AI powered. AI will make humans more productive doing their jobs, developing drugs, designing products, writing software, being creative, and more.

Software

While AI demand and experimentation have clearly benefitted semiconductors stocks (as well as certain energy, industrial, and data center stocks), it has created market uncertainty around the state of software. In fact, year-to-date we have seen the widest discrepancy in semiconductor and software performance in 20 years.



Source: FactSet.

Why has software lagged year to date? First, as we discussed above, the AI application phase – where enterprise software lies – simply comes later on the AI S-curve or series of S curves. In our myopic, short-term focused market, there is simply less investor excitement for software, and most investors are waiting to see the results – in contrast to the results they are seeing for, say, semiconductors – before jumping back into software. As we described earlier, some software applications (we highlighted AI code writing tools) are already having a profound impact, while others are still in the proof-of-concept stage and will require further iteration and 2.0 or subsequent releases before they really impress. Second, during the second quarter several industry bellwethers, including Salesforce.com and Workday, reported soft financial results and issued disappointing guidance. Among the software companies we track, more than half guided their next quarter revenue below Street expectations. These companies cited a series of reasons including longer sales cycles and tighter Information Technology (IT) spend environments. While part of the weakness could be chalked up to IT budget cyclicality, the sudden shift does beg the question: is AI investment "crowding out" software spend? What does that mean for the long-term growth of software businesses? As CIOs and CEOs are under pressure to adopt AI technology and articulate AI strategies, a bearish narrative emerged that some software models are at risk of being displaced or becoming obsolete.

With any technology platform shift – be it on-premise servers to cloud computing, desktop to mobile applications, or automation to intelligence – our job as software investors is to analyze the threat of substitution, the change to competitive dynamics, and the impact on pricing models and unit economics. While AI poses a risk to some software companies, we think the consensus that all software is at risk is incorrect. In our view, the more likely explanation for the longer software sale cycles is that customers are being more thoughtful and strategic in their software vendor selection – they want to find the right longer-term partners whose products support their 3-5-10-year AI initiatives. Thus, we think the software businesses with the right architecture, product roadmaps, and customer value creation track records should see their competitive moats *widen*, not contract, as AI proliferates, and ultimately capture *more* IT budget share over time. To be clear, our investment goal for software, and any other industry vertical, is to own the *winners*, not the group.

In our view, the enterprise software winners will have to be better at delivering AI services and features than build-your-own AI tools, and they will have to use their incumbency or leadership advantages to ward off upstarts. We believe the winners will be the ones that have a well-established product development culture of innovation and iteration; differentiated proprietary, industry, and customer data; distribution advantages with large customer bases, successful go-to-market efforts, and key partners; well-designed workflows where AI improves the user interface, intelligent predictions/recommendations, and automation; and established always-on connectivity and feedback from their customers; among other things.

Here are a few examples of our software investments that we believe are AI winners:

- **Microsoft Corporation**, a leading software vendor, where Azure OpenAI – its suite of AI services that allows customers to apply natural language algorithms on data – is now used by 65% of the Fortune 100, and GitHub Copilot – its AI code writing service – is delivering 40%-plus improvements in developer productivity and now has 1.8 million subscribers.
- **Datadog, Inc.,** a cloud observability platform that the leading LLM providers are using today to monitor their AI apps; these AI customers are already driving nearly $100 million of annual recurring revenue for Datadog already.
- **Intuit Inc.**, a software platform that specializes in developing and selling accounting and tax preparation software, is applying AI: (1) to provide personalized tax advice and optimize tax returns; and (2) to automate bookkeeping, provide predictive analytics to forecast and analyze financial trends and cash flow, and smart invoicing (recommending the best times to send invoices for the highest likelihood of timely payments).

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

- Consumer Technology Hardware: **Apple Inc.**
- Software: **Cadence Design Systems, Inc., Datadog, Inc.,** and **Intuit Inc.**
- Semiconductors: **NVIDIA Corporation, Taiwan Semiconductor Manufacturing Company Limited, eMemory Technology Inc., Park Systems Corporation,** and **Broadcom Inc.**
- Electronic weapons and personal defense technology: **Axon Enterprise, Inc.**
- E-commerce: **Shopify Inc.**
- Electric Vehicles: **Tesla, Inc.**
- Digital media: **Spotify Technology S.A.**

We remain steadfast in our belief that exposure to the broader IT sector should be a material part of an investor's portfolio for the long term. Technology has the power to reshape industries, disrupt business models, and create opportunities for substantial wealth creation.

Table II.
Top contributors to performance for the quarter ended June 30, 2024

	Percent Impact
NVIDIA Corporation	3.89%
Broadcom Inc.	1.18
Taiwan Semiconductor Manufacturing Company Limited	1.08
Spotify Technology S.A.	0.89
Apple Inc.	0.86

NVIDIA Corporation sells semiconductors, systems, and software for accelerated computing, gaming, and generative AI. NVIDIA's stock continued its run, rising 36.6% in the second quarter and finishing the first half of 2024 up 148.7%. NVIDIA continued to report unprecedented growth at scale, with quarterly revenues of $26 billion growing 262% year-over-year, datacenter segment revenues of $22.6 billion up 427% year-on-year, and operating margins of 69.3%. NVIDIA's growth is even more impressive as it is nearing a new product cycle with Blackwell going into production in the third quarter, which speaks to the urgency of demand for GPUs as customers are not willing to wait for the next generation architecture despite its improved performance-to-cost ratio. The Blackwell architecture, and in particular, the new GB200 NVL72/36 racks, which the company believes would become *"the new unit of compute,"* would in our view: (1) increase the company's content per server (for example an NVL72 rack would have 18 compute trays with 4 Blackwell GPUs and 2 Grace CPUs in each, and 9 switch trays with NVIDIA content); and (2) further strengthen its competitive advantages as the demand for datacenter-scale computing grows due to scaling laws (models become more capable with size and as they are trained on more data), new model types (such as Mixture of Experts that increase the demand on sharing of data between GPUs) and model optimization mechanisms (such as tensor parallelism, pipeline parallelism, and expert parallelism – which also increase the demands from the connectivity layer), and increase the relative importance of NVIDIA's networking and full-system capabilities (in particular the capabilities enabled with the latest generation of NVLink–connecting up to 576 GPUs together, up from 8).

While the stock's strong performance has pulled forward some of the longer-term upside (which we manage through position sizing), we remain early in the accelerated computing platform shift and the adoption of AI across industries and therefore remain shareholders. NVIDIA's CEO, Jensen Huang described the opportunity in his June COMPUTEX keynote:

"In the late 1890s, Nikola Tesla invented an AC generator. We invented an AI generator. The AC generator generated electrons. NVIDIA's AI generator generates tokens. Both of these things have large market opportunities. It's completely fungible in almost every industry, and that's why it's a new industrial revolution.

"We have now a new factory producing a new commodity for every industry that is of extraordinary value. And the methodology for doing this is quite scalable, and the methodology of doing this is quite repeatable. Notice how quickly so many different AI models, generative AI models are being invented literally daily. Every single industry is now piling on.

"For the very first time, the IT industry, which is $3 trillion, $3 trillion IT industry is about to create something that can directly serve $100 trillion of industry. No longer just an instrument for information storage or data processing but a factory for generating intelligence for every industry… What started with accelerated computing led to AI, led to generative AI and now an industrial revolution."

Broadcom Inc. is a global technology leader that designs, develops and supplies a broad range of semiconductor and infrastructure software solutions. The stock rose during the quarter as it reported strong earnings on the back of its two key growth drivers, AI semiconductors and its acquired VMware software business. The company once again increased its outlook for AI-related revenue, now expecting $11 billion or more this year (versus prior guidance for $10 billion), on the back of strength in both hyperscale custom compute and networking chips, where Broadcom maintains dominating share. In networking, Broadcom's solutions are critical to enabling AI training factories to scale towards 100,000 chip clusters in the near-term and 1 million chip clusters over the coming years. In AI custom compute, Broadcom designs custom accelerators for large consumer-internet AI companies (such as Google and Meta), who are building increasingly large AI clusters to drive improvements in user engagement and targeted advertising on their consumer media platforms. VMware remains on track to continue rapid sequential growth while simultaneously reducing operating expenses, driving faster-than-expected margin expansion and accretion, as management has simplified the product offering and is converting customers from a license model to subscriptions. We believe VMware will grow beyond the $4 billion near-term quarterly target, well above current analyst expectations. These two factors combined have caused a re-rating to the growth profile for the overall company. To quote CEO Hock Tan, "there is only one Broadcom. Period."

Taiwan Semiconductor Manufacturing Company Limited (TSMC), the world's leading semiconductor foundry, contributed to performance in the second quarter, driven by continued strong data center AI accelerator demand, optimism on a potential edge AI replacement cycle for smartphones and PCs, and expectations for price hikes next year ("selling our value," in the words of C.C. Wei, TSMC's CEO). In contrast with the sluggish broader semiconductor foundry market, TSMC is enjoying a record-breaking year, with management guiding for revenue to grow in the low to mid-20% range year-over-year in 2024, thanks to the company's near-monopoly in manufacturing the world's most advanced chips. According to C.C. Wei, "almost all the AI innovators are working with TSMC to address the insatiable AI-related demand for energy-efficient computing." This strong AI demand, coupled with TSMC's unrivaled competitive position, is driving "a high level of customer interest and engagement at N2" (TSMC new process node which will start production in 2H25), with N2 revenue expected to "certainly be larger" and with a "better margin profile" than N3 (TSMC's most advanced node today). We believe TSMC will sustain strong double-digit earnings growth for years to come, driven by rapidly growing demand for advanced chips and continued market share gains enabled by its superior technology, reliability, and customer service.

Table III.
Top detractors from performance for the quarter ended June 30, 2024

	Percent Impact
CoStar Group, Inc.	–0.95%
Advanced Micro Devices, Inc.	–0.48
Workday, Inc.	–0.33
Shopify Inc.	–0.23
Ibotta, Inc.	–0.23

Shares of **CoStar Group, Inc.** detracted from performance. We believe that CoStar shares were impacted by concerns that the company's second quarter financial results will show a deceleration in net new sales of its residential product following outstanding first quarter performance. CoStar began to monetize its residential offering in February, and had an excellent start, generating $39 million of net new sales in less than two months. However, the pace of adoption seemed to slow in May and June, leading to share price declines. We believe that few businesses progress linearly and variability in results across quarters is to be expected. We view the residential real estate market as a vast and underpenetrated opportunity. As an asset class, single-family residential properties represent more than $40 trillion of value in the U.S., or around 60% of the total value of U.S. real estate. We estimate that CoStar's residential products will address a total addressable market (TAM) that exceeds $15 billion of annual recurring revenue, or almost four times larger than the company's flagship Suite offering currently serves. We estimate that offering a residential product in international markets could increase that TAM by a further factor of four.

Advanced Micro Devices, Inc. (AMD) is a global fabless semiconductor company focusing on high performance computing technology, software, and products including CPUs,[9] GPUs, FPGAs,[10] and others. Shares of AMD remain volatile, and after a strong run earlier in the year, the stock fell during the quarter as investors continue to wrestle with AMD's competitive positioning in the AI compute market relative to NVIDIA, who continues to strengthen its full-system solution offerings at a rapid pace. AMD also updated its MI300 GPU chip revenue expectations for the full year to "greater than $4 billion" vs. prior $3.5 billion, which disappointed the market a bit relative to high expectations. Over the long-term, we believe AMD, with its unique chiplet-based architecture and open-source software ecosystem, will play a meaningful role in the rapidly growing AI compute market, where customers don't want to be locked into a single vendor and AMD offers a compelling total-cost-of-ownership proposition, especially in inferencing workloads. Simultaneously, we believe AMD will continue to take share from Intel within traditional data center CPUs, which, while now a slower growth market, is likely to see a near-term refresh as data centers look for ways to improve energy efficiency and optimize existing footprints.

Workday, Inc. is a leading cloud human capital and financial management software vendor. The stock detracted from performance after it reported an "in-line" subscription revenue quarter, which marked the second quarter in a row of weaker-than-expected bookings growth (quarter-over-quarter change in 12-month current revenue performance obligations + subscription revenues), with bookings decelerating to 13% the fourth quarter of fiscal year 2024 and 12% in the first quarter of fiscal year 2025. Management noted it saw extended deal cycles and customers committing to lower

9 CPU = central processing unit.
10 FPGA = field programmable gate arrays.

headcount on renewals. In our view, Workday either needs to be able to reaccelerate growth or show greater margin expansion (it is tracking about 500 basis points below its closest peers, which are delivering close to 30% adjusted operating margins vs. about 25% for Workday). Given the current headwinds around IT budgets – namely, the ability for back office digital transformation projects to sustain priority amidst AI projects that tend to focus on the front office – and the company's tardy margin expansion, we decided to exit the remainder of the position (we had trimmed it after our visit to Workday's headquarters in the March quarter). We will revisit the name if we gain greater conviction in either faster growth or an updated target model that incorporates more operating leverage.

Portfolio Structure

We invest in companies of any market capitalization that we believe will deliver durable growth from the development, advancement, and/or use of technology. We invest principally in U.S. securities but may invest up to 35% in non-U.S. securities.

At the end of the second quarter, the largest market cap holding in the Fund was $3.3 trillion and the smallest was $888 million. The median market cap of the Fund was $45.6 billion and the weighted average market cap was $1.3 trillion.

We had investments in 36 unique companies. Our top 10 positions accounted for 64.3% of net assets.

To end the quarter, the Fund had $35.2 million in net assets. Fund flows were solid during the quarter.

Table IV.
Top 10 holdings as of June 30, 2024

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
NVIDIA Corporation	$3,039.1	$4.3	12.1%
Amazon.com, Inc.	2,011.1	3.6	10.2
Microsoft Corporation	3,321.9	3.4	9.8
Apple Inc.	3,229.7	2.8	7.9
Broadcom Inc.	747.4	1.8	5.2
Spotify Technology S.A.	62.5	1.7	4.8
Taiwan Semiconductor Manufacturing Company Limited	901.6	1.6	4.5
Meta Platforms, Inc.	1,279.1	1.3	3.7
Advanced Micro Devices, Inc.	262.2	1.2	3.3
CoStar Group, Inc.	30.3	1.0	2.8

Table V.
Fund investments in GICS industries as of June 30, 2024

	Percent of Net Assets
Semiconductors & Semiconductor Equipment	34.6%
Software	21.6
Broadline Retail	10.2
Technology Hardware Storage & Peripherals	7.9
Entertainment	4.8
Interactive Media & Services	4.0
IT Services	4.0
Electronic Equipment Instruments & Components	2.9
Real Estate Management & Development	2.8
Automobiles	2.5
Media	2.2
Hotels Restaurants & Leisure	1.0
Aerospace & Defense	1.0
Cash and Cash Equivalents	0.5
Total	100.0%*

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

Recent Activity

Table VI.
Top net purchases for the quarter ended June 30, 2024

	Quarter End Market Cap (billions)	Net Amount Purchased (thousands)
Apple Inc.	$3,229.7	$2,181.7
Amazon.com, Inc.	2,011.1	897.1
Microsoft Corporation	3,321.9	779.5
NVIDIA Corporation	3,039.1	646.2
Cadence Design Systems, Inc.	84.3	516.8

This quarter we increased the size of our position in **Apple Inc.**, a leading technology company known for its innovative consumer electronics products like the iPhone, MacBook, iPad, and Apple Watch. Apple is a leader across its categories and geographies, with a growing installed base that now exceeds 2 billion devices globally. The company's attached services – including the App Store, iCloud, Apple TV+, Apple Music, and Apple Pay – provide a higher margin, recurring revenue stream that both enhances the value proposition for its hardware products and improves the financial profile. Apple now has well over 1 billion subscribers paying for these services, more than double the number it had just 4 years ago. The increasing services mix has led to healthy operating margin improvement, providing more free cash flow for Apple to reinvest in the business and to distribute to shareholders. Throughout its 48-year history, Apple has successfully navigated and capitalized on major technological shifts, from PCs to mobile to cloud computing. We believe the company's leading brand and device ecosystem position it to do equally well in the AI age, and this was the driver of our decision to re-invest. "Apple Intelligence" – the AI strategy unveiled at Apple's recent Worldwide Developer Conference – leverages on-device AI and integrations with tools like ChatGPT to enhance user experiences across its ecosystem. The AI suite enables users to create new images, summarize and generate text, and use Siri to perform actions across their mobile applications, all while maintaining user privacy and security. We think Apple Intelligence can drive accelerated product upgrade cycles and higher demand for Apple services. The combination of growth re-acceleration, increasing services contribution, and thoughtful capital allocation should continue driving long-term shareholder value.

For **Amazon.com, Inc.**, **Microsoft Corporation**, and **NVIDIA Corporation**, as the Fund experienced steady inflows, we purchased shares to maintain the portfolio weights of these investments close to the 10% level.

Table VII.
Top net sales for the quarter ended June 30, 2024

	Market Cap When Sold (billions)	Net Amount Sold (thousands)
Workday, Inc.	$58.6	$412.9
Snowflake Inc.	51.7	312.8
Dayforce, Inc.	9.5	249.4
Marvell Technology, Inc.	57.7	245.2
Take-Two Interactive Software, Inc.	26.1	216.8

We exited our software investments in **Workday, Inc.**, **Snowflake Inc.**, and **Dayforce, Inc.**, as well as video game provider **Take-Two Interactive Software, Inc.**, and spread that capital around to several of our other software investments, including increases in our Cadence Design, Shopify, and Datadog positions, as well as to help fund our Apple, Axon Enterprises, Spotify, and Tesla purchases.

We exited our investment in **Marvell Technology, Inc.**, and spread that capital around to our other semiconductor investments (see companies listed in Review and Outlook above).

To conclude, we remain confident in and committed to the strategy of the Fund: durable growth based on powerful, long-term, innovation-driven secular growth trends across the broader technology space.

Sincerely,

Michael A. Lippert
Portfolio Manager

Ashim Mehra
Portfolio Manager

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

Price/Earnings Ratio or P/E (next 12-months): is a valuation ratio of a company's current share price compared to its mean forecasted 4 quarter sum earnings per share over the next twelve months. If a company's EPS estimate is negative, it is excluded from the portfolio-level calculation. **Free cash flow (FCF)** represents the cash that a company generates after accounting for cash outflows to support operations and maintain its capital assets. **Return on invested capital (ROIC)** is a calculation used to determine how well a company allocates its capital to profitable projects or investments.

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

Portfolio Market Capitalization

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
Space Exploration Technologies Corp.	$208,179^	3.0%
The Charles Schwab Corporation	134,718	2.7
Amphenol Corporation	80,925	2.6
Equinix, Inc.	71,806	0.9
Spotify Technology S.A.	62,461	0.7
Roper Technologies, Inc.	60,337	3.1
Hilton Worldwide Holdings Inc.	54,560	0.2
The Trade Desk	47,773	1.2
DexCom, Inc.	45,089	0.9
IDEXX Laboratories, Inc.	40,237	6.1
Verisk Analytics, Inc.	38,458	5.5
MSCI Inc.	38,166	0.5
Arch Capital Group Ltd.	37,884	4.8
Quanta Services, Inc.	37,196	1.7
Fair Isaac Corporation	36,786	3.5
Gartner, Inc.	34,861	9.5
Vulcan Materials Company	32,889	0.2
CoStar Group, Inc.	30,275	3.9
CDW Corporation	30,084	1.9
Mettler-Toledo International Inc.	29,849	5.0
Veeva Systems Inc.	29,584	1.5
ANSYS, Inc.	28,067	2.3
CBRE Group, Inc.	27,341	1.1
Willis Towers Watson Public Limited Company	26,800	0.5
ICON Plc	25,919	1.4
argenx SE	25,558	0.4
X.AI Corp.	24,994^	0.9
West Pharmaceutical Services, Inc.	23,994	2.3
Rollins, Inc.	$23,626	1.7%
Tradeweb Markets Inc.	23,127	0.8
Axon Enterprise, Inc.	22,206	0.4
SBA Communications Corp.	21,091	0.2
LPL Financial Holdings Inc.	20,866	0.4
Booz Allen Hamilton Holding Corporation	19,923	0.7
VeriSign, Inc.	17,805	0.7
The Cooper Companies, Inc.	17,383	1.6
FactSet Research Systems Inc.	15,562	2.6
StubHub Holdings, Inc.	17,509^	1.1
SS&C Technologies Holdings, Inc.	15,500	0.7
Hyatt Hotels Corporation	15,372	1.8
IDEX Corporation	15,230	1.3
TransUnion	14,402	1.4
Morningstar, Inc.	12,646	1.1
Aspen Technology, Inc.	12,579	0.7
On Holding AG	12,368	0.9
Guidewire Software, Inc.	11,398	4.1
Bio-Techne Corporation	11,291	2.3
Floor & Decor Holdings, Inc.	10,638	0.5
Birkenstock Holding plc	10,220	0.4
Procore Technologies, Inc.	9,703	0.6
Dayforce, Inc.	7,716	1.7
Vail Resorts, Inc.	6,777	2.3
Choice Hotels International, Inc.	5,731	1.4
		99.9%*

* Individual weights may not sum to displayed total due to rounding.
^ Estimate based upon available information.

Portfolio Market Capitalization

Baron Growth Fund

Baron Growth Fund invests in small-sized growth companies with market capitalizations up to the largest market cap stock in the Russell 2000 Growth Index at reconstitution, or companies with market capitalizations up to $2.5 billion, whichever is larger.

Company	Equity Market Cap (in millions)	% of Total Investments
IDEXX Laboratories, Inc.	$40,237	3.1%
MSCI Inc.	38,166	9.8
Arch Capital Group Ltd.	37,884	12.7
Gartner, Inc.	34,861	9.2
CoStar Group, Inc.	30,275	5.3
Mettler-Toledo International Inc.	29,849	1.2
ANSYS, Inc.	28,067	4.3
West Pharmaceutical Services, Inc.	23,994	1.2
Alexandria Real Estate Equities, Inc.	20,456	0.9
FactSet Research Systems Inc.	15,562	6.8
The Carlyle Group Inc.	14,449	0.9
Morningstar, Inc.	12,646	3.8
Gaming and Leisure Properties, Inc.	12,275	3.3
Guidewire Software, Inc.	11,398	1.7
Bio-Techne Corporation	11,291	2.5
Houlihan Lokey, Inc.	9,249	0.8
Kinsale Capital Group, Inc.	8,968	5.1
Altair Engineering Inc.	8,144	1.0
Primerica, Inc.	8,141	4.8
Trex Company, Inc.	$8,056	1.0%
Northvolt AB	7,179^	0.2
Vail Resorts, Inc.	6,777	5.0
Bright Horizons Family Solutions, Inc.	6,385	1.2
Essent Group Ltd.	5,994	0.4
Red Rock Resorts, Inc.	5,800	1.5
Choice Hotels International, Inc.	5,731	5.0
Clearwater Analytics Holdings, Inc.	4,551	0.1
Moelis & Company	4,256	0.3
Cohen & Steers, Inc.	3,667	1.7
Neogen Corp.	3,386	0.3
Iridium Communications Inc.	3,232	2.6
Douglas Emmett, Inc.	2,228	0.7
Krispy Kreme, Inc.	1,815	0.7
FIGS, Inc.	907	0.9
Farmers Business Network, Inc.	500^	0.0
		100.0%*

* Individual weights may not sum to displayed total due to rounding.
^ Estimate based upon available information.

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	$71,493	2.8%
The Trade Desk	47,773	1.6
Waste Connections, Inc.	45,247	1.4
DexCom, Inc.	45,089	1.4
IDEXX Laboratories, Inc.	40,237	0.3
Gartner, Inc.	34,861	5.2
Vertiv Holdings Co	32,407	7.3
Mettler-Toledo International Inc.	29,849	1.0
ICON Plc	25,919	4.8
SBA Communications Corp.	21,091	0.3
DraftKings Inc.	18,464	0.7
Liberty Media Corporation-Liberty Formula One	16,683	1.9
Aspen Technology, Inc.	12,579	1.5
Guidewire Software, Inc.	11,398	3.7
Floor & Decor Holdings, Inc.	10,638	1.9
Houlihan Lokey, Inc.	9,249	1.9
Kinsale Capital Group, Inc.	8,968	4.0
Altair Engineering Inc.	8,144	1.1
Trex Company, Inc.	8,056	1.0
Cognex Corporation	8,027	1.5
RBC Bearings Incorporated	7,881	1.6
Dayforce, Inc.	7,716	1.0
HealthEquity, Inc.	7,500	1.5
WEX Inc.	7,422	1.0
Americold Realty Trust	7,254	0.5
Planet Fitness, Inc.	6,489	2.2
Bright Horizons Family Solutions, Inc.	6,385	1.5
Chart Industries, Inc.	6,178	2.8
Installed Building Products, Inc.	5,851	2.4
Red Rock Resorts, Inc.	5,800	3.6
SiteOne Landscape Supply, Inc.	$5,489	2.5%
Exponent, Inc.	4,820	0.6
Loar Holdings Inc.	4,791	0.3
Clearwater Analytics Holdings, Inc.	4,551	1.0
Madison Square Garden Sports Corp.	4,505	0.9
The Baldwin Insurance Group, Inc.	4,169	2.5
ASGN Incorporated	4,047	3.2
Avient Corporation	3,980	1.6
Inspire Medical Systems, Inc.	3,976	0.6
nCino Inc.	3,619	0.7
Liberty Media Corporation-Liberty Live	3,479	0.2
Neogen Corp.	3,386	1.7
John Bean Technologies Corporation	3,023	1.4
Kratos Defense & Security Solutions, Inc.	3,004	1.0
Intapp, Inc.	2,693	1.5
UTZ Brands, Inc.	2,343	1.2
First Advantage Corporation	2,333	1.3
Ibotta, Inc.	2,289	0.6
ODDITY Tech Ltd.	2,230	1.0
Driven Brands Holdings Inc.	2,089	0.8
Fox Factory Holding Corp.	2,024	0.7
Sprout Social, Inc.	2,017	0.6
The Cheesecake Factory, Inc.	2,002	1.9
Janus International Group, Inc.	1,844	1.7
Endava plc	1,689	0.5
indie Semiconductor, Inc.	1,152	0.7
Repay Holdings Corporation	1,073	0.9
Grid Dynamics Holdings, Inc.	804	0.7
European Wax Center, Inc.	604	0.4
Holley Inc.	427	0.4
		96.9%*

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

Baron Opportunity Fund

Baron Opportunity Fund invests in high growth businesses of any market capitalization selected for their capital appreciation potential.

Company	Equity Market Cap (in millions)	% of Net Assets
Microsoft Corporation	$3,321,869	14.4%
Apple Inc.	3,229,664	4.3
NVIDIA Corporation	3,039,084	13.4
Amazon.com, Inc.	2,011,081	7.0
Meta Platforms, Inc.	1,279,125	4.7
Taiwan Semiconductor Manufacturing Company Limited	901,554	1.5
Broadcom Inc.	747,356	3.2
Tesla, Inc.	631,078	3.5
Visa Inc.	538,857	2.4
ASML Holding N.V.	412,615	1.6
Mastercard Incorporated	410,119	2.1
Advanced Micro Devices, Inc.	262,182	2.5
Space Exploration Technologies Corp.	208,179^	2.7
ServiceNow, Inc.	161,267	2.0
Intuitive Surgical, Inc.	157,791	1.6
Lam Research Corporation	139,214	0.8
CrowdStrike Holdings, Inc.	93,253	1.7
Shopify Inc.	85,206	1.4
Cadence Design Systems, Inc.	84,285	0.3
Spotify Technology S.A.	62,461	2.1
Marvell Technology, Inc.	60,505	0.9
The Trade Desk	47,773	2.0
Datadog, Inc.	43,381	1.5
Monolithic Power Systems, Inc.	$39,993	1.2%
Gartner, Inc.	34,861	2.7
CoStar Group, Inc.	30,275	2.4
HubSpot, Inc.	30,057	0.9
Cloudflare, Inc.	28,145	0.7
argenx SE	25,558	2.1
Mobileye Global Inc.	22,648	0.9
Samsara Inc.	18,562	0.8
Guidewire Software, Inc.	11,398	1.8
X Holding Corp.	8,502^	0.1
Legend Biotech Corporation	8,057	0.8
GitLab Inc.	7,901	0.8
Dayforce, Inc.	7,716	0.8
GM Cruise Holdings LLC	7,602^	0.1
Viking Therapeutics, Inc.	5,845	1.3
Farmers Business Network, Inc.	3,356^	0.2
Arcellx, Inc.	2,953	0.9
Rocket Pharmaceuticals, Inc.	1,955	1.1
indie Semiconductor, Inc.	1,152	1.5
Farmers Business Network, Inc.	500^	0.1
		98.6%*

* Individual weights may not sum to displayed total due to rounding.
^ Estimate based upon available information.

Baron Partners Fund

Baron Partners Fund is a non-diversified fund that invests primarily in U.S. companies of any size with significant growth potential.

Company	Equity Market Cap (in millions)	% of Total Investments
Tesla, Inc.	$631,078	28.9%
Space Exploration Technologies Corp.	208,179^	13.2
The Charles Schwab Corporation	134,718	4.8
Spotify Technology S.A.	62,461	1.1
IDEXX Laboratories, Inc.	40,237	5.0
MSCI Inc.	38,166	1.8
Arch Capital Group Ltd.	37,884	9.5
Gartner, Inc.	34,861	4.5
CoStar Group, Inc.	30,275	7.9
HEICO Corporation	27,113	0.7
StubHub Holdings, Inc.	17,509^	0.7
FactSet Research Systems Inc.	15,562	4.3
Hyatt Hotels Corporation	$15,372	7.3%
Gaming and Leisure Properties, Inc.	12,275	1.2
Guidewire Software, Inc.	11,398	1.8
Birkenstock Holding plc	10,220	1.4
X Holding Corp.	8,502^	0.2
Northvolt AB	7,179^	0.1
Vail Resorts, Inc.	6,777	3.5
Red Rock Resorts, Inc.	5,800	1.5
Iridium Communications Inc.	3,232	0.7
		100.0%*

* Individual weights may not sum to displayed total due to rounding.
^ Estimate based upon available information.

Baron Fifth Avenue Growth Fund

Baron Fifth Avenue Growth Fund invests in large-sized growth companies with market capitalizations no smaller than the top 85th percentile by total market capitalization of the Russell 1000 Growth Index at June 30, or companies with market capitalizations above $10 billion, whichever is smaller.

Company	Equity Market Cap (in millions)	% of Net Assets
Microsoft Corporation	$3,321,869	4.8%
NVIDIA Corporation	3,039,084	12.1
Alphabet Inc.	2,258,694	3.0
Amazon.com, Inc.	2,011,081	8.8
Meta Platforms, Inc.	1,279,125	7.3
Tesla, Inc.	631,078	3.2
ASML Holding N.V.	412,615	3.2
Mastercard Incorporated	410,119	2.2
Space Exploration Technologies Corp.	208,179^	1.0
ServiceNow, Inc.	161,267	6.8
Intuitive Surgical, Inc.	157,791	5.3
CrowdStrike Holdings, Inc.	93,253	5.3
Shopify Inc.	85,206	4.9
MercadoLibre, Inc.	83,316	3.6
The Trade Desk	47,773	3.9
Atlassian Corporation Plc	46,042	1.0
Snowflake Inc.	45,228	2.9
Datadog, Inc.	$43,381	3.1%
Block, Inc.	39,793	1.6
Coupang, Inc.	37,458	2.3
Adyen N.V.	36,852	1.3
Veeva Systems Inc.	29,584	1.2
Cloudflare, Inc.	28,145	3.2
argenx SE	25,558	2.2
Mobileye Global Inc.	22,648	1.1
Illumina, Inc.	16,628	0.9
Rivian Automotive, Inc.	13,357	1.0
GitLab Inc.	7,901	0.9
GM Cruise Holdings LLC	7,602^	0.1
Endava plc	1,689	0.9
Grail, Inc.	477	0.0
		99.1%*

* Individual weights may not sum to displayed total due to rounding.
^ Estimate based upon available information.

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.	$631,078	8.6%
Space Exploration Technologies Corp.	208,179^	10.3
Shopify Inc.	85,206	2.5
Spotify Technology S.A.	62,461	5.8
Interactive Brokers Group, Inc.	51,948	4.1
IDEXX Laboratories, Inc.	40,237	1.2
Verisk Analytics, Inc.	38,458	3.1
MSCI Inc.	38,166	3.1
Arch Capital Group Ltd.	37,884	6.4
Las Vegas Sands Corporation	32,968	1.1
CoStar Group, Inc.	30,275	3.6
ANSYS, Inc.	28,067	2.2
X.AI Corp.	24,994^	1.4
Alexandria Real Estate Equities, Inc.	20,456	1.2
Illumina, Inc.	16,628	1.9
FactSet Research Systems Inc.	15,562	3.6
Hyatt Hotels Corporation	$15,372	5.4%
American Homes 4 Rent	13,561	0.6
On Holding AG	12,368	4.2
Guidewire Software, Inc.	11,398	5.1
Jefferies Financial Group Inc.	10,551	0.9
Birkenstock Holding plc	10,220	2.3
Vail Resorts, Inc.	6,777	4.6
Red Rock Resorts, Inc.	5,800	3.9
Choice Hotels International, Inc.	5,731	3.4
Iridium Communications Inc.	3,232	1.4
Douglas Emmett, Inc.	2,228	1.4
Krispy Kreme, Inc.	1,815	2.6
FIGS, Inc.	907	2.7
		98.5%*

* Individual weights may not sum to displayed total due to rounding.
^ Estimate based upon available information.

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	$901,554	3.2%
Novo Nordisk A/S	637,334	1.9
Tencent Holdings Limited	443,406	1.8
LVMH Moet Hennessy Louis Vuitton SE	382,223	1.0
Samsung Electronics Co., Ltd.	353,460	1.3
Nestle S.A.	267,468	1.0
Reliance Industries Limited	254,039	1.7
AstraZeneca PLC	241,809	2.4
Linde plc	211,266	2.8
PDD Holdings Inc.	184,637	0.6
Alibaba Group Holding Limited	174,109	0.5
Industria de Diseno Textil, S.A.	154,740	1.8
Mitsubishi UFJ Financial Group, Inc.	133,247	1.1
SK hynix Inc.	125,080	0.5
Keyence Corporation	106,646	1.3
Bharti Airtel Limited	105,851	1.7
Tokyo Electron Limited	103,288	1.8
Compagnie Financiere Richemont SA	92,310	1.0
Prosus N.V.	91,853	0.8
Recruit Holdings Co., Ltd.	88,260	1.4
Sumitomo Mitsui Financial Group, Inc.	87,818	1.7
Sberbank of Russia PJSC	78,921	0.0
BNP Paribas S.A.	72,093	1.7
Nu Holdings Ltd.	61,628	0.6
Constellation Software Inc.	61,061	2.7
Universal Music Group N.V.	54,422	1.7
Shenzhen Mindray Bio-Medical Electronics Co., Ltd.	48,542	0.5
Experian plc	42,818	1.9
Grupo Mexico, S.A.B. de C.V.	41,876	0.3
Arch Capital Group Ltd.	37,884	2.8
Agilent Technologies, Inc.	37,821	1.6
Coupang, Inc.	37,458	1.0
EQT AB	36,701	0.7
Pernod Ricard SA	34,374	0.5
Agnico Eagle Mines Limited	32,722	1.1
Baidu, Inc.	30,324	0.2
DSM-Firmenich AG	30,046	1.9
Jio Financial Services Limited	27,287	0.6
argenx SE	25,558	2.1
Tencent Music Entertainment Group	24,111	0.5
Epiroc AB	23,569	1.7
Trent Limited	23,361	1.5
Techtronic Industries Co. Ltd.	20,939	0.8
InterGlobe Aviation Limited	19,572	0.6
LY Corporation	18,461	0.7
Ajinomoto Co., Inc.	18,082	1.2
Symrise AG	$17,080	2.1%
Godrej Consumer Products Limited	16,876	0.8
Fuyao Glass Industry Group Co., Ltd.	16,729	0.6
Genmab A/S	16,620	0.6
BE Semiconductor Industries N.V.	13,596	0.6
Suzano S.A.	13,300	0.6
Credicorp Ltd.	12,832	0.9
Japan Exchange Group, Inc.	12,180	1.2
Indus Towers Limited	12,129	0.7
CyberArk Software Ltd.	11,569	1.2
Max Healthcare Institute Limited	10,964	0.5
Godrej Properties Limited	10,697	0.6
Bank of Ireland Group plc	10,680	1.4
HD Hyundai Heavy Industries Co., Ltd.	10,041	0.7
Dino Polska S.A.	9,893	1.3
XP Inc.	9,666	0.3
Eurofins Scientific SE	9,621	1.2
Wix.com Ltd.	8,852	1.4
InPost S.A.	8,814	2.3
Full Truck Alliance Co. Ltd.	8,408	1.1
HD Korea Shipbuilding & Offshore Engineering Co., Ltd.	8,165	1.9
Localiza Rent a Car S.A.	8,053	0.5
Tata Communications Limited	6,338	0.2
eMemory Technology Inc.	5,914	0.5
B&M European Value Retail S.A.	5,542	0.8
Stevanato Group S.p.A	5,537	0.6
Nippon Life India Asset Management Limited	4,880	0.7
Kingdee International Software Group Company Limited	3,369	0.5
Japan Airport Terminal Co., Ltd.	3,177	0.5
Kaynes Technology India Limited	2,954	0.6
ODDITY Tech Ltd.	2,230	1.3
Zai Lab Limited	1,726	0.5
Endava plc	1,689	0.4
Afya Limited	1,619	0.7
Befesa S.A.	1,323	0.8
Taboola.com Ltd.	1,156	0.3
SMS Co., Ltd.	1,111	0.8
JM Financial Limited	1,003	0.3
Park Systems Corporation	948	0.8
eDreams ODIGEO SA	888	2.2
AMG Critical Materials N.V.	537	1.0
Waga Energy SA	420	1.4
Aker Carbon Capture ASA	377	0.1
		97.2%*

* 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.	$150,248	4.0%
Lowe's Companies, Inc.	125,626	2.0
Prologis, Inc.	103,982	2.6
American Tower Corporation	90,771	4.8
Equinix, Inc.	71,806	5.0
Brookfield Corporation	68,374	2.0
Welltower Inc.	62,333	3.6
Hilton Worldwide Holdings Inc.	54,560	3.0
Digital Realty Trust, Inc.	50,342	4.0
D.R. Horton, Inc.	46,410	5.0
Lennar Corporation	40,811	5.6
Martin Marietta Materials, Inc.	33,397	2.1
Las Vegas Sands Corporation	32,968	2.1
Vulcan Materials Company	32,889	3.1
CoStar Group, Inc.	30,275	3.5
AvalonBay Communities, Inc.	29,417	3.0
CBRE Group, Inc.	27,341	2.8
Equity Residential	26,276	4.3
Invitation Homes, Inc.	$21,984	2.7%
Brookfield Asset Management Ltd.	16,885	1.6
Hyatt Hotels Corporation	15,372	2.5
MGM Resorts International	13,940	2.8
Toll Brothers, Inc.	11,823	6.7
Floor & Decor Holdings, Inc.	10,638	0.8
Wynn Resorts, Limited	10,030	3.0
Jones Lang LaSalle Incorporated	9,763	2.8
Rexford Industrial Realty, Inc.	9,713	0.9
Fortune Brands Innovations, Inc.	8,123	0.4
Louisiana-Pacific Corporation	5,901	1.4
Installed Building Products, Inc.	5,851	1.3
Red Rock Resorts, Inc.	5,800	1.7
SiteOne Landscape Supply, Inc.	5,489	1.6
Janus International Group, Inc.	1,844	0.2
GDS Holdings Limited	1,806	1.1
		94.0%*

* 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	$901,554	9.7%
Tencent Holdings Limited	443,406	4.7
Samsung Electronics Co., Ltd.	353,460	4.5
Reliance Industries Limited	254,039	2.1
Kweichow Moutai Co., Ltd.	253,691	0.8
PDD Holdings Inc.	184,637	1.8
Alibaba Group Holding Limited	174,109	1.8
Tata Consultancy Services Limited	169,397	0.2
HDFC Bank Limited	153,627	0.7
SK hynix Inc.	125,080	1.5
Keyence Corporation	106,646	0.5
Bharti Airtel Limited	105,851	2.7
Sberbank of Russia PJSC	78,921	0.0
Midea Group Co., Ltd.	61,962	0.4
Nu Holdings Ltd.	61,628	1.3
Wal-Mart de Mexico, S.A.B. de C.V.	59,372	1.0
Bajaj Finance Limited	52,820	1.2
Shenzhen Mindray Bio-Medical Electronics Co., Ltd.	48,542	0.8
Mahindra & Mahindra Limited	42,749	1.2
PT Bank Rakyat Indonesia (Persero) Tbk	42,575	1.2
Grupo Mexico, S.A.B. de C.V.	41,876	1.0
Coupang, Inc.	37,458	1.7
Power Grid Corporation of India Limited	36,912	1.3
Titan Company Limited	36,243	0.7
Naspers Limited	35,650	0.5
WEG S.A.	31,678	0.4
Delta Electronics, Inc.	31,027	1.6
Baidu, Inc.	30,324	0.7
NARI Technology Co. Ltd.	27,594	1.0
Jio Financial Services Limited	27,287	1.0
Tencent Music Entertainment Group	24,111	0.7
Think & Learn Private Limited	23,543^	0.0
Trent Limited	23,361	1.8
KB Financial Group Inc.	23,012	0.9
Banco BTG Pactual S.A.	21,207	0.4
Techtronic Industries Co. Ltd.	20,939	0.9
Galaxy Entertainment Group Limited	20,386	0.5
InterGlobe Aviation Limited	19,572	0.9
SBI Life Insurance Company Limited	17,920	1.2
Samsung SDI Co., Ltd.	17,684	0.4
Godrej Consumer Products Limited	16,876	1.4
Fuyao Glass Industry Group Co., Ltd.	16,729	0.8
Budweiser Brewing Company APAC Limited	15,602	0.5
Bundl Technologies Private Limited	14,746^	2.6
Shenzhou International Group Holdings Ltd.	14,716	1.1

Company	Equity Market Cap (in millions)	% of Net Assets
Cholamandalam Investment and Finance Company Limited	$14,343	0.2%
Gold Fields Limited	13,336	0.8
Suzano S.A.	13,300	1.3
Cummins India Limited	13,187	0.5
Credicorp Ltd.	12,832	1.1
Tata Consumer Products Limited	12,540	0.9
Indus Towers Limited	12,129	2.6
Yum China Holdings Inc.	11,978	0.6
BDO Unibank, Inc.	11,525	0.9
Max Healthcare Institute Limited	10,964	0.7
Godrej Properties Limited	10,697	1.2
HD Hyundai Heavy Industries Co., Ltd.	10,041	1.0
Dino Polska S.A.	9,893	0.8
XP Inc.	9,666	0.7
InPost S.A.	8,814	2.0
SRF Limited	8,660	0.4
Jiangsu Hengli Hydraulic Co., Ltd.	8,596	0.5
Kanzhun Limited	8,466	0.7
Full Truck Alliance Co. Ltd.	8,408	1.5
HD Korea Shipbuilding & Offshore Engineering Co., Ltd.	8,165	2.4
Localiza Rent a Car S.A.	8,053	0.9
Ayala Land, Inc.	7,191	0.6
China Mengniu Dairy Co. Ltd.	7,055	0.7
Tata Communications Limited	6,338	1.2
eMemory Technology Inc.	5,914	0.6
ASPEED Technology Inc.	5,643	0.8
Nippon Life India Asset Management Limited	4,880	1.2
Kingsoft Corporation Ltd.	3,867	0.4
Korea Aerospace Industries, Ltd.	3,753	0.6
Pine Labs Pte. Ltd.	3,545^	1.0
Kingdee International Software Group Company Limited	3,369	0.9
Aarti Industries Limited	2,983	0.6
Kaynes Technology India Limited	2,954	0.7
Inter & Co Inc.	2,678	0.4
Nuvama Wealth Management Limited	2,103	0.5
Zai Lab Limited	1,726	0.6
Estun Automation Co., Ltd.	1,702	0.3
Afya Limited	1,619	0.6
JM Financial Limited	1,003	0.7
Park Systems Corporation	948	0.2
Edelweiss Financial Services Limited	738	0.1
Codere Online Luxembourg, S.A.	369	0.4
		97.0%*

* Individual weights may not sum to displayed total due to rounding.
^ Estimate based upon available information.

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	$3,039,084	9.6%
Tesla, Inc.	631,078	3.3
ASML Holding N.V.	412,615	4.0
Space Exploration Technologies Corp.	208,179^	6.1
CrowdStrike Holdings, Inc.	93,253	5.4
Shopify Inc.	85,206	7.0
MercadoLibre, Inc.	83,316	9.0
Bajaj Finance Limited	52,820	3.6
Snowflake Inc.	45,228	3.7
Datadog, Inc.	43,381	3.8
Block, Inc.	39,793	1.9
Coupang, Inc.	37,458	6.2
Adyen N.V.	36,852	1.8
Zscaler, Inc.	29,049	2.5
Cloudflare, Inc.	28,145	4.9
argenx SE	25,558	3.9
Think & Learn Private Limited	23,543^	0.0
Zomato Limited	21,230	2.6
Illumina, Inc.	16,628	0.0
Rivian Automotive, Inc.	13,357	1.4
Wix.com Ltd.	$8,852	3.3%
InPost S.A.	8,814	2.4
Globant S.A.	7,718	2.0
GM Cruise Holdings LLC	7,602^	0.5
Viking Therapeutics, Inc.	5,845	0.8
Tempus AI, Inc.	5,779	0.5
BILL Holdings, Inc.	5,585	1.2
Farmers Business Network, Inc.	3,356^	0.1
Endava plc	1,689	2.7
Afya Limited	1,619	1.8
Taboola.com Ltd.	1,156	0.0
indie Semiconductor, Inc.	1,152	0.7
Fiverr International Ltd.	907	1.3
Grail, Inc.	477	0.0
Codere Online Luxembourg, S.A.	369	1.7
Innovid Corp.	267	0.0
		100.0%*

* Individual weights may not sum to displayed total due to rounding.
^ Estimate based upon available information.

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.	$22,206	3.0%
DraftKings Inc.	18,464	3.4
Liberty Media Corporation-Liberty Formula One	16,683	0.9
Dynatrace, Inc.	13,303	1.4
On Holding AG	12,368	1.1
CyberArk Software Ltd.	11,569	3.1
Texas Roadhouse, Inc.	11,469	2.5
Guidewire Software, Inc.	11,398	2.3
Floor & Decor Holdings, Inc.	10,638	2.1
Reddit, Inc.	10,447	0.6
Rexford Industrial Realty, Inc.	9,713	2.1
Procore Technologies, Inc.	9,703	1.5
Kinsale Capital Group, Inc.	8,968	2.1
Trex Company, Inc.	8,056	1.1
GitLab Inc.	7,901	2.4
RBC Bearings Incorporated	7,881	1.1
Exact Sciences Corporation	7,796	1.5
Dayforce, Inc.	7,716	2.0
AAON, Inc.	7,172	1.3
Repligen Corporation	7,044	1.1
Nova Ltd.	6,812	2.3
Masimo Corporation	6,698	2.4
Hamilton Lane Incorporated	6,697	0.2
SentinelOne, Inc.	6,586	2.4
Chart Industries, Inc.	6,178	2.6
Novanta Inc.	5,855	0.9
Red Rock Resorts, Inc.	5,800	1.6
Tempus AI, Inc.	5,779	1.4
Stevanato Group S.p.A	5,537	1.6
SiteOne Landscape Supply, Inc.	5,489	2.0
Varonis Systems, Inc.	5,349	2.1

Company	Equity Market Cap (in millions)	% of Net Assets
Loar Holdings Inc.	$4,791	0.3%
Clearwater Analytics Holdings, Inc.	4,551	2.0
RH	4,509	0.5
Advanced Energy Industries, Inc.	4,072	3.1
ASGN Incorporated	4,047	2.1
Inspire Medical Systems, Inc.	3,976	1.0
Integer Holdings Corporation	3,879	1.3
Liberty Media Corporation-Liberty Live	3,479	1.5
ACV Auctions Inc.	3,013	0.2
Kratos Defense & Security Solutions, Inc.	3,004	2.8
SiTime Corporation	2,845	0.9
Inari Medical, Inc.	2,799	2.1
Alkami Technology Inc.	2,777	1.2
Intapp, Inc.	2,693	1.6
10x Genomics, Inc.	2,328	0.3
Ibotta, Inc.	2,289	0.8
Enerpac Tool Group Corp.	2,073	1.0
Maravai LifeSciences Holdings, Inc.	1,804	0.8
Veracyte, Inc.	1,657	1.4
Mercury Systems, Inc.	1,602	1.8
PAR Technology Corporation	1,601	2.5
Montrose Environmental Group, Inc.	1,519	2.8
Establishment Labs Holdings Inc.	1,250	1.1
indie Semiconductor, Inc.	1,152	1.8
Silk Road Medical, Inc.	1,067	1.9
Couchbase, Inc.	919	1.9
Definitive Healthcare Corp.	858	1.1
CareDx, Inc.	809	1.6
Revance Therapeutics, Inc.	268	0.1
		97.3%*

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

Baron Durable Advantage Fund

Baron Durable Advantage Fund invests primarily in large-sized companies with market capitalizations no smaller than the top 90th percentile by market capitalization of the S&P 500 Index at June 30, or companies with market capitalizations above $10 billion, whichever is smaller.

Company	Equity Market Cap (in millions)	% of Net Assets
Microsoft Corporation	$3,321,869	9.3%
NVIDIA Corporation	3,039,084	4.9
Alphabet Inc.	2,258,694	4.8
Amazon.com, Inc.	2,011,081	6.9
Meta Platforms, Inc.	1,279,125	6.8
Taiwan Semiconductor Manufacturing Company Limited	901,554	4.4
Broadcom Inc.	747,356	4.1
Visa Inc.	538,857	3.6
UnitedHealth Group Incorporated	468,715	2.7
Mastercard Incorporated	410,119	2.5
Costco Wholesale Corporation	376,830	1.5
Adobe Inc.	246,326	3.2
Thermo Fisher Scientific Inc.	211,089	2.8
Accenture plc	190,975	1.7
Danaher Corporation	185,061	2.5
Intuit Inc.	183,721	2.9
Texas Instruments Incorporated	$177,116	1.5%
Blackstone Inc.	150,248	2.8
S&P Global Inc.	142,835	3.9
Moody's Corporation	76,862	3.2
CME Group, Inc.	70,789	1.5
Brookfield Corporation	68,374	2.4
Apollo Global Management, Inc.	67,182	3.1
TE Connectivity Ltd.	46,066	0.2
Monolithic Power Systems, Inc.	39,993	1.6
MSCI Inc.	38,166	2.1
Arch Capital Group Ltd.	37,884	2.1
Agilent Technologies, Inc.	37,821	1.2
CoStar Group, Inc.	30,275	2.1
Mettler-Toledo International Inc.	29,849	1.4
HEICO Corporation	27,113	2.6
LPL Financial Holdings Inc.	20,866	2.1
		98.6%*

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

Baron Real Estate Income Fund

Baron Real Estate Income Fund is a non-diversified fund that under normal circumstances, invests at least 80% of its net assets in real estate income-producing securities and other real estate securities of any market capitalization, including common stocks and equity securities, debt and preferred securities, non-U.S. real estate income-producing securities, and any other real estate-related yield securities.

Company	Equity Market Cap (in millions)	% of Net Assets
Blackstone Inc.	$150,248	1.3%
Lowe's Companies, Inc.	125,626	0.9
Prologis, Inc.	103,982	4.0
American Tower Corporation	90,771	8.7
Equinix, Inc.	71,806	6.1
Brookfield Corporation	68,374	0.8
Welltower Inc.	62,333	8.8
Hilton Worldwide Holdings Inc.	54,560	1.4
Public Storage Incorporated	50,577	0.7
Digital Realty Trust, Inc.	50,342	5.9
Simon Property Group, Inc.	49,452	2.9
Lennar Corporation	40,811	1.4
AvalonBay Communities, Inc.	29,417	8.1
Equity Residential	26,276	9.8
Invitation Homes, Inc.	21,984	4.9
Ventas, Inc.	20,749	2.1
Brookfield Asset Management Ltd.	$16,885	1.3%
Sun Communities, Inc.	14,999	1.8
Healthpeak Properties, Inc.	13,794	2.9
American Homes 4 Rent	13,561	4.8
Toll Brothers, Inc.	11,823	2.1
Brookfield Renewable Corporation	10,600	0.8
Wynn Resorts, Limited	10,030	2.0
Rexford Industrial Realty, Inc.	9,713	1.2
Federal Realty Investment Trust	8,358	1.0
First Industrial Realty Trust, Inc.	6,288	1.0
Ryman Hospitality Properties, Inc.	5,981	1.7
Independence Realty Trust, Inc.	4,218	2.6
Tri Pointe Homes, Inc.	3,534	0.6
The Macerich Company	3,331	1.4
Park Hotels & Resorts Inc.	3,155	2.3
GDS Holdings Limited	1,806	2.2
		97.3%*

* 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	$860,478	9.3%
UnitedHealth Group Incorporated	468,715	7.3
Merck & Co., Inc.	313,561	4.8
AstraZeneca PLC	241,809	1.5
Thermo Fisher Scientific Inc.	211,089	4.7
Danaher Corporation	185,061	1.9
Intuitive Surgical, Inc.	157,791	5.8
Stryker Corporation	129,618	3.2
Elevance Health, Inc.	125,938	2.7
Vertex Pharmaceuticals Incorporated	120,955	4.6
Boston Scientific Corporation	113,219	5.3
HCA Healthcare, Inc.	84,148	2.5
Zoetis Inc.	79,103	1.3
McKesson Corporation	75,756	2.7
Edwards Lifesciences Corporation	55,542	1.6
DexCom, Inc.	45,089	1.7
IDEXX Laboratories, Inc.	40,237	1.5
Mettler-Toledo International Inc.	29,849	1.6
ICON Plc	25,919	3.2
argenx SE	25,558	4.1
West Pharmaceutical Services, Inc.	23,994	1.6
The Cooper Companies, Inc.	$17,383	2.6%
Natera, Inc.	13,298	1.9
Tenet Healthcare Corporation	12,995	0.7
Bio-Techne Corporation	11,291	1.2
Legend Biotech Corporation	8,057	1.1
Repligen Corporation	7,044	0.3
Glaukos Corporation	5,961	1.0
Viking Therapeutics, Inc.	5,845	0.8
Tempus AI, Inc.	5,779	0.8
RadNet, Inc.	4,353	0.9
Inspire Medical Systems, Inc.	3,976	0.6
Immunovant, Inc.	3,859	0.6
iRhythm Technologies, Inc.	3,348	2.1
Biohaven Ltd.	3,065	0.5
Surgery Partners, Inc.	3,024	0.9
Arcellx, Inc.	2,953	2.6
Xenon Pharmaceuticals Inc.	2,943	1.7
Rocket Pharmaceuticals, Inc.	1,955	2.3
Jasper Therapeutics, Inc.	342	0.2
		95.8%*

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

Baron FinTech Fund

Baron FinTech Fund is a non-diversified fund that, under normal circumstances, invests at least 80% of its net assets in securities of companies that develop, use, or rely on innovative technologies or services, in a significant way, for banking, lending, capital markets, financial data analytics, insurance, payments, asset management, or wealth management. The Fund may purchase securities of companies of any market capitalization and may invest in foreign stocks, including emerging market securities.

Company	Equity Market Cap (in millions)	% of Net Assets
Visa Inc.	$538,857	4.6%
Mastercard Incorporated	410,119	4.7
Accenture plc	190,975	0.8
Intuit Inc.	183,721	4.9
S&P Global Inc.	142,835	4.8
The Charles Schwab Corporation	134,718	1.5
The Progressive Corporation	121,655	4.0
BlackRock Inc.	117,757	2.0
KKR & Co. Inc.	93,390	1.3
Fiserv, Inc.	87,204	3.3
Shopify Inc.	85,206	1.3
MercadoLibre, Inc.	83,316	3.7
Moody's Corporation	76,862	2.8
CME Group, Inc.	70,789	1.8
Apollo Global Management, Inc.	67,182	4.5
Nu Holdings Ltd.	61,628	3.0
Interactive Brokers Group, Inc.	51,948	2.0
Block, Inc.	39,793	1.5
Verisk Analytics, Inc.	38,458	2.8
MSCI Inc.	38,166	2.5
Arch Capital Group Ltd.	37,884	3.0
Fair Isaac Corporation	36,786	4.7
CoStar Group, Inc.	30,275	1.2
Equifax Inc.	$29,971	1.1%
Global Payments Inc.	24,683	1.4
Tradeweb Markets Inc.	23,127	3.3
LPL Financial Holdings Inc.	20,866	3.2
FactSet Research Systems Inc.	15,562	2.4
TransUnion	14,402	1.2
Morningstar, Inc.	12,646	2.6
Jack Henry & Associates, Inc.	12,103	1.7
Guidewire Software, Inc.	11,398	3.1
Houlihan Lokey, Inc.	9,249	2.4
Kinsale Capital Group, Inc.	8,968	1.0
Wise Plc	8,828	1.8
Globant S.A.	7,718	1.0
WEX Inc.	7,422	1.1
BILL Holdings, Inc.	5,585	0.4
Clearwater Analytics Holdings, Inc.	4,551	0.6
The Baldwin Insurance Group, Inc.	4,169	0.6
Alkami Technology Inc.	2,777	0.6
Intapp, Inc.	2,693	0.9
Endava plc	1,689	0.9
Repay Holdings Corporation	1,073	0.2
CI&T, Inc.	699	0.2
		98.5%*

* 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	$901,554	7.3%
Tencent Holdings Limited	443,406	3.8
Samsung Electronics Co., Ltd.	353,460	3.4
Reliance Industries Limited	254,039	4.0
Kweichow Moutai Co., Ltd.	253,691	0.7
PDD Holdings Inc.	184,637	1.2
Alibaba Group Holding Limited	174,109	1.2
Tata Consultancy Services Limited	169,397	0.7
HDFC Bank Limited	153,627	1.2
SK hynix Inc.	125,080	1.2
Keyence Corporation	106,646	0.5
Bharti Airtel Limited	105,851	7.3
Tokyo Electron Limited	103,288	0.8
Midea Group Co., Ltd.	61,962	0.3
Bajaj Finance Limited	52,820	1.5
Shenzhen Mindray Bio-Medical Electronics Co., Ltd.	48,542	0.4
Mahindra & Mahindra Limited	42,749	1.2
PT Bank Rakyat Indonesia (Persero) Tbk	42,575	1.0
Hoya Corporation	41,080	0.8
Coupang, Inc.	37,458	1.2
Power Grid Corporation of India Limited	36,912	2.2
Titan Company Limited	36,243	1.0
Delta Electronics, Inc.	31,027	1.0
Baidu, Inc.	30,324	0.1
NARI Technology Co. Ltd.	27,594	0.8
Jio Financial Services Limited	27,287	3.0
Bharat Electronics Limited	26,815	0.7
Tencent Music Entertainment Group	24,111	0.5
Trent Limited	23,361	6.2
Zomato Limited	21,230	3.2
Galaxy Entertainment Group Limited	20,386	0.3
InterGlobe Aviation Limited	19,572	1.2
SBI Life Insurance Company Limited	17,920	1.2
Samsung SDI Co., Ltd.	17,684	0.2
Godrej Consumer Products Limited	16,876	2.4
REC Limited	16,591	0.6
Shenzhou International Group Holdings Ltd.	14,716	0.6
Cholamandalam Investment and Finance Company Limited	$14,343	1.0%
Cummins India Limited	13,187	0.5
Tata Consumer Products Limited	12,540	1.0
Indus Towers Limited	12,129	5.3
Yum China Holdings Inc.	11,978	0.4
Max Healthcare Institute Limited	10,964	1.1
Godrej Properties Limited	10,697	1.2
HD Hyundai Heavy Industries Co., Ltd.	10,041	0.7
Tube Investments of India Limited	9,879	0.7
SRF Limited	8,660	0.6
Jiangsu Hengli Hydraulic Co., Ltd.	8,596	0.3
Dixon Technologies Ltd.	8,590	0.7
Kanzhun Limited	8,466	0.5
Full Truck Alliance Co. Ltd.	8,408	1.0
HD Korea Shipbuilding & Offshore Engineering Co., Ltd.	8,165	0.6
Thermax Limited	7,646	1.2
Tata Communications Limited	6,338	0.7
eMemory Technology Inc.	5,914	0.4
ASPEED Technology Inc.	5,643	0.7
360 ONE WAM Limited	4,265	1.2
Kingsoft Corporation Ltd.	3,867	0.3
Korea Aerospace Industries, Ltd.	3,753	0.5
Kingdee International Software Group Company Limited	3,369	0.6
Kaynes Technology India Limited	2,954	2.6
Kirloskar Oil Engines Limited	2,424	1.4
Nuvama Wealth Management Limited	2,103	0.4
Aster DM Healthcare Limited	2,077	0.7
Amber Enterprises India Limited	1,827	0.6
Zai Lab Limited	1,726	0.3
Estun Automation Co., Ltd.	1,702	0.2
JM Financial Limited	1,003	0.4
Park Systems Corporation	948	0.3
Tips Industries Limited	626	0.7
GMR Power and Urban Infra Limited	607	1.4
Neogen Chemicals Limited	503	0.6
Precision Wires India Limited	346	0.6
		96.5%*

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

Baron Technology Fund

Baron Technology Fund is a non-diversified fund that, under normal market conditions, invests at least 80% of its net assets in equity securities in the form of common stock of U.S. and non-U.S. technology companies of any market capitalization, selected for their durable growth potential from the development, advancement and use of technology.

Company	Equity Market Cap (in millions)	% of Net Assets
Microsoft Corporation	$3,321,869	9.8%
Apple Inc.	3,229,664	7.9
NVIDIA Corporation	3,039,084	12.1
Amazon.com, Inc.	2,011,081	10.2
Meta Platforms, Inc.	1,279,125	3.7
Taiwan Semiconductor Manufacturing Company Limited	901,554	4.5
Broadcom Inc.	747,356	5.2
Tesla, Inc.	631,078	2.5
ASML Holding N.V.	412,615	1.9
Advanced Micro Devices, Inc.	262,182	3.3
Intuit Inc.	183,721	2.1
ServiceNow, Inc.	161,267	1.4
Micron Technology, Inc.	145,846	1.3
Lam Research Corporation	139,214	2.4
Shopify Inc.	85,206	1.7
Cadence Design Systems, Inc.	84,285	1.5
Spotify Technology S.A.	62,461	4.8
The Trade Desk	47,773	1.5
Datadog, Inc.	43,381	2.2
Monolithic Power Systems, Inc.	$39,993	0.5%
Gartner, Inc.	34,861	2.3
CoStar Group, Inc.	30,275	2.8
Cloudflare, Inc.	28,145	0.8
Axon Enterprise, Inc.	22,206	1.0
BE Semiconductor Industries N.V.	13,596	0.7
Dynatrace, Inc.	13,303	1.0
Guidewire Software, Inc.	11,398	1.1
Reddit, Inc.	10,447	0.4
GitLab Inc.	7,901	0.8
eMemory Technology Inc.	5,914	1.0
Intapp, Inc.	2,693	0.9
Ibotta, Inc.	2,289	0.7
PAR Technology Corporation	1,601	2.0
indie Semiconductor, Inc.	1,152	1.7
Park Systems Corporation	948	0.9
eDreams ODIGEO SA	888	1.0
		99.6%*

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

Baron Asset Fund — PORTFOLIO OF INVESTMENTS

June 30, 2024

Shares		Cost	Value
Common Stocks (94.94%)			
Communication Services (1.94%)			
	Advertising (1.20%)		
524,000	The Trade Desk, Inc., Cl A[1]	$ 10,100,894	$ 51,179,080
	Movies & Entertainment (0.74%)		
100,000	Spotify Technology SA[1,2]	24,563,323	31,379,000
Total Communication Services		34,664,217	82,558,080
Consumer Discretionary (7.53%)			
	Footwear (1.39%)		
351,069	Birkenstock Holding PLC[1,2]	16,149,174	19,101,664
1,037,000	On Holding AG, Cl A[1,2]	30,424,600	40,235,600
		46,573,774	59,337,264
	Home Improvement Retail (0.49%)		
211,000	Floor & Decor Holdings, Inc., Cl A[1]	18,452,772	20,975,510
	Hotels, Resorts & Cruise Lines (3.35%)		
503,442	Choice Hotels International, Inc.	2,156,126	59,909,598
31,000	Hilton Worldwide Holdings, Inc.	6,489,341	6,764,200
500,233	Hyatt Hotels Corp., Cl A	13,700,166	75,995,398
		22,345,633	142,669,196
	Leisure Facilities (2.30%)		
545,538	Vail Resorts, Inc.	10,547,752	98,267,760
Total Consumer Discretionary		97,919,931	321,249,730
Financials (13.43%)			
	Financial Exchanges & Data (5.03%)		
274,725	FactSet Research Systems, Inc.	14,622,164	112,161,976
156,000	Morningstar, Inc.	32,512,227	46,152,600
47,000	MSCI, Inc.	15,780,557	22,642,250
316,189	Tradeweb Markets, Inc., Cl A	12,240,920	33,516,034
		75,155,868	214,472,860
	Insurance Brokers (0.52%)		
84,421	Willis Towers Watson PLC[2]	10,305,610	22,130,121
	Investment Banking & Brokerage (3.08%)		
1,578,936	The Charles Schwab Corp.	1,389,671	116,351,794
54,000	LPL Financial Holdings, Inc.	12,105,109	15,082,200
		13,494,780	131,433,994
	Property & Casualty Insurance (4.80%)		
2,031,444	Arch Capital Group Ltd.[1,2]	7,307,977	204,952,385
Total Financials		106,264,235	572,989,360
Health Care (21.50%)			
	Biotechnology (0.39%)		
38,366	argenx SE, ADR[1,2]	12,332,714	16,498,915
	Health Care Equipment (7.02%)		
343,000	DexCom, Inc.[1]	21,683,691	38,889,340
534,630	IDEXX Laboratories, Inc.[1]	9,471,856	260,471,736
		31,155,547	299,361,076
	Health Care Supplies (1.58%)		
773,672	The Cooper Companies, Inc.	30,234,022	67,541,565
	Health Care Technology (1.49%)		
347,386	Veeva Systems, Inc., Cl A[1]	19,262,150	63,575,112

Shares		Cost	Value
Common Stocks (continued)			
Health Care (continued)			
	Life Sciences Tools & Services (11.02%)		
1,394,944	Bio-Techne Corporation	$ 33,521,319	$ 99,947,738
184,000	ICON plc[1,2]	39,500,431	57,678,480
152,117	Mettler-Toledo International, Inc.[1]	8,858,446	212,597,198
302,404	West Pharmaceutical Services, Inc.	13,012,900	99,608,853
		94,893,096	469,832,269
Total Health Care		187,877,529	916,808,937
Industrials (15.14%)			
	Aerospace & Defense (0.39%)		
57,000	Axon Enterprise, Inc.[1]	11,338,430	16,771,680
	Construction & Engineering (1.70%)		
285,000	Quanta Services, Inc.	47,697,751	72,415,650
	Data Processing & Outsourced Services (0.67%)		
455,076	SS&C Technologies Holdings, Inc.	12,215,821	28,519,613
	Environmental & Facilities Services (1.73%)		
1,514,418	Rollins, Inc.	21,152,732	73,888,454
	Human Resource & Employment Services (1.69%)		
1,458,093	Dayforce, Inc.[1]	54,559,959	72,321,413
	Industrial Machinery & Supplies & Components (1.29%)		
272,760	IDEX Corp.	19,464,652	54,879,312
	Research & Consulting Services (7.67%)		
200,000	Booz Allen Hamilton Holding Corp.	22,670,902	30,780,000
827,500	TransUnion	34,946,379	61,367,400
871,206	Verisk Analytics, Inc.	21,340,017	234,833,577
		78,957,298	326,980,977
Total Industrials		245,386,643	645,777,099
Information Technology (29.07%)			
	Application Software (14.35%)		
301,250	ANSYS, Inc.[1]	7,995,893	96,851,875
146,026	Aspen Technology, Inc.[1]	26,598,636	29,005,144
100,000	Fair Isaac Corp.[1]	39,372,024	148,866,000
1,280,809	Guidewire Software, Inc.[1]	64,100,097	176,610,753
400,000	Procore Technologies, Inc.[1]	29,185,970	26,524,000
238,192	Roper Technologies, Inc.	19,882,431	134,259,303
		187,135,051	612,117,075
	Electronic Components (2.62%)		
1,658,000	Amphenol Corp., Cl A	39,080,301	111,699,460
	Internet Services & Infrastructure (0.73%)		
176,173	Verisign, Inc.[1]	7,916,941	31,323,560
	IT Consulting & Other Services (9.50%)		
902,323	Gartner, Inc.[1]	18,428,905	405,197,166
	Technology Distributors (1.87%)		
355,363	CDW Corp.	22,129,556	79,544,454
Total Information Technology		274,690,754	1,239,881,715

Baron Asset Fund — PORTFOLIO OF INVESTMENTS (Continued)

June 30, 2024

Shares		Cost	Value
Common Stocks (continued)			
Materials (0.23%)			
	Construction Materials (0.23%)		
40,000	Vulcan Materials Co.	$ 10,064,071	$ 9,947,200
Real Estate (6.10%)			
	Data Center REITs (0.86%)		
48,416	Equinix, Inc.	3,085,999	36,631,545
	Real Estate Services (4.99%)		
516,323	CBRE Group, Inc., Cl A[1]	5,774,214	46,009,543
2,248,930	CoStar Group, Inc.[1]	47,365,826	166,735,670
		53,140,040	212,745,213
	Telecom Tower REITs (0.25%)		
53,856	SBA Communications Corp.	1,210,360	10,571,933
Total Real Estate		57,436,399	259,948,691
TOTAL COMMON STOCKS		**1,014,303,779**	**4,049,160,812**
Private Common Stocks (1.53%)			
Communication Services (1.10%)			
	Movies & Entertainment (1.10%)		
197,613	StubHub Holdings, Inc., Cl A[1,3,4]	50,000,041	47,162,319
Industrials (0.43%)			
	Aerospace & Defense (0.43%)		
92,406	Space Exploration Technologies Corp., Cl A[1,3,4]	7,115,262	10,349,472
69,932	Space Exploration Technologies Corp., Cl C[1,3,4]	5,384,764	7,832,384
Total Industrials		12,500,026	18,181,856
TOTAL PRIVATE COMMON STOCKS		**62,500,067**	**65,344,175**
Private Preferred Stocks (3.47%)			
Industrials (2.53%)			
	Aerospace & Defense (2.53%)		
96,298	Space Exploration Technologies Corp., Series N[1,3,4]	26,000,461	107,853,760
Information Technology (0.94%)			
	Application Software (0.94%)		
3,341,687	X.AI Corp.[1,3,4]	39,999,993	39,999,993
TOTAL PRIVATE PREFERRED STOCKS		**66,000,454**	**147,853,753**

Principal Amount		Cost	Value
Short-Term Investments (0.20%)			
$8,605,817	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/28/2024, 4.85% due 7/1/2024; Proceeds at maturity $8,609,296; (Fully Collateralized by $8,700,900 U.S. Treasury Floating Rate Note, 5.385% due 4/30/2026 Market value - $8,778,099)	**$ 8,605,817**	**$ 8,605,817**
TOTAL INVESTMENTS (100.14%)		**$1,151,410,117**	**4,270,964,557**
LIABILITIES LESS CASH AND OTHER ASSETS (-0.14%)			**(5,949,917)**
NET ASSETS			**$4,265,014,640**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
[3] At June 30, 2024, the market value of restricted securities amounted to $213,197,928 or 5.00% of net assets.
[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.
[ADR] American Depositary Receipt.

Baron Growth Fund — PORTFOLIO OF INVESTMENTS

June 30, 2024

Shares		Cost	Value
Common Stocks (100.96%)			
Communication Services (2.63%)			
	Alternative Carriers (2.63%)		
7,000,000	Iridium Communications, Inc.[4]	$ 42,700,005	$ 186,340,000
Consumer Discretionary (14.43%)			
	Apparel, Accessories & Luxury Goods (0.89%)		
11,750,000	Figs, Inc., Cl A[1]	83,703,524	62,627,500
	Casinos & Gaming (1.55%)		
1,998,635	Red Rock Resorts, Inc., Cl A	45,018,173	109,785,021
	Education Services (1.17%)		
750,000	Bright Horizons Family Solutions, Inc.[1]	23,769,054	82,560,000
	Hotels, Resorts & Cruise Lines (5.04%)		
3,000,000	Choice Hotels International, Inc.[4]	75,582,685	357,000,000
	Leisure Facilities (5.09%)		
2,000,000	Vail Resorts, Inc.[4]	56,102,210	360,260,000
	Restaurants (0.69%)		
4,540,000	Krispy Kreme, Inc.	65,918,556	48,850,400
Total Consumer Discretionary		350,094,202	1,021,082,921
Financials (47.65%)			
	Asset Management & Custody Banks (2.62%)		
1,600,000	The Carlyle Group, Inc.	32,614,747	64,240,000
1,675,000	Cohen & Steers, Inc.	34,663,648	121,538,000
		67,278,395	185,778,000
	Commercial & Residential Mortgage Finance (0.40%)		
500,000	Essent Group Ltd.[2]	13,485,138	28,095,000
	Financial Exchanges & Data (20.65%)		
1,200,000	FactSet Research Systems, Inc.	59,954,575	489,924,000
925,000	Morningstar, Inc.	18,840,637	273,661,250
1,450,000	MSCI, Inc.	26,549,735	698,537,500
		105,344,947	1,462,122,750
	Investment Banking & Brokerage (1.14%)		
450,000	Houlihan Lokey, Inc.	19,625,873	60,687,000
350,000	Moelis & Co., Cl A	4,682,331	19,901,000
		24,308,204	80,588,000
	Life & Health Insurance (4.84%)		
1,450,000	Primerica, Inc.	30,040,595	343,041,000
	Property & Casualty Insurance (18.00%)		
9,000,000	Arch Capital Group Ltd.[1,2]	28,031,463	908,010,000
950,000	Kinsale Capital Group, Inc.	31,558,873	366,016,000
		59,590,336	1,274,026,000
Total Financials		300,047,615	3,373,650,750

Shares		Cost	Value
Common Stocks (continued)			
Health Care (8.27%)			
	Health Care Equipment (3.10%)		
450,000	IDEXX Laboratories, Inc.[1]	$ 6,274,381	$ 219,240,000
	Health Care Supplies (0.29%)		
1,342,434	Neogen Corp.[1]	17,026,471	20,982,243
	Life Sciences Tools & Services (4.88%)		
2,500,000	Bio-Techne Corporation	32,579,028	179,125,000
60,000	Mettler-Toledo International, Inc.[1]	2,742,937	83,855,400
250,000	West Pharmaceutical Services, Inc.	8,406,196	82,347,500
		43,728,161	345,327,900
Total Health Care		67,029,013	585,550,143
Industrials (1.05%)			
	Building Products (1.05%)		
1,000,000	Trex Co., Inc.[1]	8,972,042	74,120,000
Information Technology (16.48%)			
	Application Software (7.16%)		
725,000	Altair Engineering, Inc., Cl A[1]	11,330,019	71,108,000
960,000	ANSYS, Inc.[1]	21,829,895	308,640,000
305,000	Clearwater Analytics Holdings, Inc., Cl A[1]	4,682,009	5,648,600
880,000	Guidewire Software, Inc.[1]	26,354,105	121,343,200
		64,196,028	506,739,800
	IT Consulting & Other Services (9.32%)		
1,470,000	Gartner, Inc.[1]	20,307,641	660,118,200
Total Information Technology		84,503,669	1,166,858,000
Real Estate (10.45%)			
	Health Care REITs (0.95%)		
575,000	Alexandria Real Estate Equities, Inc.	19,560,096	67,257,750
	Office REITs (0.75%)		
4,000,000	Douglas Emmett, Inc.	35,524,931	53,240,000
	Other Specialized REITs (3.39%)		
5,300,000	Gaming and Leisure Properties, Inc.	110,905,425	239,613,000
	Real Estate Services (5.36%)		
5,120,000	CoStar Group, Inc.[1]	21,375,117	379,596,800
Total Real Estate		187,365,569	739,707,550
TOTAL COMMON STOCKS		**1,040,712,115**	**7,147,309,364**
Private Common Stocks (0.01%)			
Materials (0.01%)			
	Fertilizers & Agricultural Chemicals (0.01%)		
422,278	Farmers Business Network, Inc.[1,2,3,5]	**16,300,002**	**785,437**

Baron Growth Fund — PORTFOLIO OF INVESTMENTS (Continued)

June 30, 2024

Shares		Cost	Value
Private Convertible Preferred Stocks (0.15%)			
Industrials (0.15%)			
	Electrical Components & Equipment (0.15%)		
59,407,006	Northvolt AB, Series E1 (Sweden)[1,2,3,5]	$ 9,374,989	$ 10,963,385
TOTAL INVESTMENTS (101.12%)		$1,066,387,106	7,159,058,186
LIABILITIES LESS CASH AND OTHER ASSETS (-1.12%)			(79,395,327)
NET ASSETS			$7,079,662,859

% Represents percentage of net assets.

1 Non-income producing securities.

2 Foreign corporation.

3 At June 30, 2024, the market value of restricted securities amounted to $11,748,822 or 0.17% of net assets.

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.

Baron Small Cap Fund — PORTFOLIO OF INVESTMENTS

June 30, 2024

Shares		Cost	Value
Common Stocks (96.88%)			
Communication Services (5.21%)			
	Advertising (2.20%)		
350,000	Ibotta, Inc., Cl A[1]	$ 33,918,217	$ 26,306,000
750,000	The Trade Desk, Inc., Cl A[1]	2,662,500	73,252,500
		36,580,717	99,558,500
	Movies & Entertainment (3.01%)		
1,200,000	Liberty Media Corp.-Liberty Formula One, Cl C[1]	20,511,579	86,208,000
207,610	Liberty Media Corporation-Liberty Live, Cl C[1]	680,178	7,945,234
225,000	Madison Square Garden Sports Corp.[1]	8,416,557	42,329,250
		29,608,314	136,482,484
Total Communication Services		66,189,031	236,040,984
Consumer Discretionary (15.77%)			
	Automotive Parts & Equipment (1.11%)		
675,000	Fox Factory Holding Corp.[1]	40,490,751	32,528,250
5,000,000	Holley, Inc.[1]	40,431,893	17,900,000
		80,922,644	50,428,250
	Casinos & Gaming (4.38%)		
875,000	DraftKings, Inc., Cl A[1]	11,187,787	33,398,750
3,000,000	Red Rock Resorts, Inc., Cl A	86,392,310	164,790,000
		97,580,097	198,188,750
	Education Services (1.52%)		
625,000	Bright Horizons Family Solutions, Inc.[1]	19,174,147	68,800,000
	Home Improvement Retail (1.87%)		
850,000	Floor & Decor Holdings, Inc., Cl A[1]	30,054,925	84,498,500
	Homebuilding (2.39%)		
525,000	Installed Building Products, Inc.	22,611,370	107,982,000
	Leisure Facilities (2.15%)		
1,325,000	Planet Fitness, Inc., Cl A[1]	58,847,373	97,506,750
	Restaurants (1.91%)		
2,200,000	The Cheesecake Factory, Inc.	60,116,924	86,438,000
	Specialized Consumer Services (0.44%)		
2,000,000	European Wax Center, Inc., Cl A[1]	32,154,375	19,860,000
Total Consumer Discretionary		401,461,855	713,702,250
Consumer Staples (2.17%)			
	Packaged Foods & Meats (1.19%)		
3,250,000	UTZ Brands, Inc.[1]	51,593,467	54,080,000
	Personal Care Products (0.98%)		
1,125,000	Oddity Tech Ltd., Cl A[1,2]	41,428,946	44,167,500
Total Consumer Staples		93,022,413	98,247,500
Financials (10.34%)			
	Insurance Brokers (2.55%)		
3,250,000	Baldwin Insurance Group, Inc. Cl A (formerly, BRP Group, Inc.)[1]	54,388,028	115,277,500

Shares		Cost	Value
Common Stocks (continued)			
Financials (continued)			
	Investment Banking & Brokerage (1.86%)		
625,000	Houlihan Lokey, Inc.	$ 28,909,333	$ 84,287,500
	Property & Casualty Insurance (4.04%)		
475,000	Kinsale Capital Group, Inc.	69,271,272	183,008,000
	Transaction & Payment Processing Services (1.89%)		
3,900,000	Repay Holdings Corporation[1]	33,541,410	41,184,000
250,000	WEX, Inc.[1]	10,329,020	44,285,000
		43,870,430	85,469,000
Total Financials		196,439,063	468,042,000
Health Care (11.39%)			
	Health Care Equipment (2.29%)		
550,000	DexCom, Inc.[1]	1,823,402	62,359,000
30,000	IDEXX Laboratories, Inc.[1]	414,061	14,616,000
200,000	Inspire Medical Systems, Inc.[1]	10,019,389	26,766,000
		12,256,852	103,741,000
	Health Care Supplies (1.73%)		
5,000,000	Neogen Corp.[1]	90,021,499	78,150,000
	Life Sciences Tools & Services (5.85%)		
700,000	ICON plc[1,2]	38,492,341	219,429,000
32,500	Mettler-Toledo International, Inc.[1]	1,571,421	45,421,675
		40,063,762	264,850,675
	Managed Health Care (1.52%)		
800,000	HealthEquity, Inc.[1]	13,208,486	68,960,000
Total Health Care		155,550,599	515,701,675
Industrials (27.46%)			
	Aerospace & Defense (4.08%)		
2,250,000	Kratos Defense & Security Solutions, Inc.[1]	34,436,698	45,022,500
224,198	Loar Holdings, Inc.[1]	6,277,544	11,974,415
100,000	TransDigm Group, Inc.[1]	0	127,761,000
		40,714,242	184,757,915
	Building Products (2.66%)		
6,000,000	Janus International Group, Inc.[1]	59,406,533	75,780,000
600,000	Trex Co., Inc.[1]	21,427,914	44,472,000
		80,834,447	120,252,000
	Diversified Support Services (0.84%)		
3,000,000	Driven Brands Holdings, Inc.[1]	58,809,753	38,190,000
	Electrical Components & Equipment (7.27%)		
3,800,000	Vertiv Holdings Co., Cl A	38,486,646	328,966,000
	Environmental & Facilities Services (1.36%)		
350,000	Waste Connections, Inc.[2]	15,283,333	61,376,000
	Human Resource & Employment Services (2.37%)		
950,000	Dayforce, Inc.[1]	29,430,555	47,120,000
3,750,000	First Advantage Corp.[1]	60,629,977	60,262,500
		90,060,532	107,382,500

Baron Small Cap Fund — PORTFOLIO OF INVESTMENTS (Continued)

June 30, 2024

Shares		Cost	Value
Common Stocks (continued)			
Industrials (continued)			
	Industrial Machinery & Supplies & Components (5.84%)		
875,000	Chart Industries, Inc.[1]	$ 134,646,826	$ 126,297,500
675,000	John Bean Technologies Corp.	60,915,177	64,104,750
275,000	RBC Bearings, Incorporated[1]	32,617,037	74,189,500
		228,179,040	264,591,750
	Research & Consulting Services (0.56%)		
265,000	Exponent, Inc.	20,189,458	25,206,800
	Trading Companies & Distributors (2.48%)		
925,000	SiteOne Landscape Supply, Inc.[1]	40,106,104	112,304,250
Total Industrials		612,663,555	1,243,027,215
Information Technology (22.07%)			
	Application Software (10.20%)		
500,000	Altair Engineering, Inc., Cl A[1]	7,667,854	49,040,000
350,000	Aspen Technology, Inc.[1]	32,534,028	69,520,500
2,500,000	Clearwater Analytics Holdings, Inc., Cl A[1]	44,280,887	46,300,000
1,225,000	Guidewire Software, Inc.[1]	31,269,359	168,915,250
1,900,000	Intapp, Inc.[1]	75,158,999	69,673,000
1,000,000	nCino, Inc.[1]	32,908,778	31,450,000
750,000	Sprout Social, Inc., Cl A[1]	41,544,916	26,760,000
		265,364,821	461,658,750
	Electronic Equipment & Instruments (1.55%)		
1,500,000	Cognex Corp.	25,832,809	70,140,000
	IT Consulting & Other Services (9.64%)		
1,650,000	ASGN, Inc.[1]	43,789,175	145,480,500
800,000	Endava plc, ADR[1,2]	27,430,574	23,392,000
525,000	Gartner, Inc.[1]	6,820,144	235,756,500
3,000,000	Grid Dynamics Holdings, Inc.[1]	36,322,597	31,530,000
		114,362,490	436,159,000
	Semiconductors (0.68%)		
5,000,000	indie Semiconductor, Inc., Cl A[1]	35,279,146	30,850,000
Total Information Technology		440,839,266	998,807,750

Shares		Cost	Value
Common Stocks (continued)			
Materials (1.64%)			
	Specialty Chemicals (1.64%)		
1,700,000	Avient Corp.	$ 53,733,696	$ 74,205,000
Real Estate (0.83%)			
	Industrial REITs (0.48%)		
850,000	Americold Realty Trust, Inc.	12,961,598	21,709,000
	Telecom Tower REITs (0.35%)		
80,000	SBA Communications Corp.	322,222	15,704,000
Total Real Estate		13,283,820	37,413,000
TOTAL COMMON STOCKS		**2,033,183,298**	**4,385,187,374**

Principal Amount		Cost	Value
Short-Term Investments (3.19%)			
$144,351,861	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/28/2024, 4.85% due 7/1/2024; Proceeds at maturity $144,410,203; (Fully Collateralized by $145,945,400 U.S. Treasury Floating Rate Note, 5.385% due 4/30/2026 Market value - $147,238,936)	**144,351,861**	**144,351,861**
TOTAL INVESTMENTS (100.07%)		**$2,177,535,159**	**4,529,539,235**
LIABILITIES LESS CASH AND OTHER ASSETS (-0.07%)			**(3,247,369)**
NET ASSETS			**$4,526,291,866**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
ADR American Depositary Receipt.

Baron Opportunity Fund — PORTFOLIO OF INVESTMENTS

June 30, 2024

Shares		Cost	Value
Common Stocks (95.46%)			
Communication Services (8.70%)			
	Advertising (1.95%)		
266,510	The Trade Desk, Inc., Cl A[1]	$ 7,966,213	$ 26,030,032
	Interactive Media & Services (4.66%)		
123,000	Meta Platforms, Inc., Cl A	24,382,735	62,019,060
	Movies & Entertainment (2.09%)		
88,700	Spotify Technology SA[1,2]	21,873,061	27,833,173
Total Communication Services		54,222,009	115,882,265
Consumer Discretionary (11.39%)			
	Automobile Manufacturers (3.49%)		
235,200	Tesla, Inc.[1]	13,081,836	46,541,376
	Automotive Parts & Equipment (0.86%)		
405,200	Mobileye Global, Inc., Cl A[1]	12,581,122	11,380,042
	Broadline Retail (7.04%)		
485,500	Amazon.com, Inc.[1]	29,742,116	93,822,875
Total Consumer Discretionary		55,405,074	151,744,293
Financials (4.42%)			
	Transaction & Payment Processing Services (4.42%)		
62,300	MasterCard, Incorporated, Cl A	13,361,059	27,484,268
119,900	Visa, Inc., Cl A	18,936,666	31,470,153
Total Financials		32,297,725	58,954,421
Health Care (7.75%)			
	Biotechnology (6.16%)		
220,000	Arcellx, Inc.[1]	14,378,346	12,141,800
64,739	argenx SE, ADR[1,2]	9,490,491	27,840,360
235,500	Legend Biotech Corp., ADR[1,2]	13,246,784	10,430,295
690,270	Rocket Pharmaceuticals, Inc.[1]	12,666,542	14,861,513
316,600	Viking Therapeutics, Inc.[1]	4,645,174	16,782,966
		54,427,337	82,056,934
	Health Care Equipment (1.59%)		
47,705	Intuitive Surgical, Inc.[1]	6,193,832	21,221,569
Total Health Care		60,621,169	103,278,503
Industrials (0.83%)			
	Human Resource & Employment Services (0.83%)		
223,570	Dayforce, Inc.[1]	10,877,867	11,089,072
Information Technology (59.94%)			
	Application Software (6.72%)		
14,500	Cadence Design Systems, Inc.[1]	4,022,831	4,462,375
226,500	Gitlab, Inc., Cl A[1,4]	9,190,621	11,261,580
175,100	Guidewire Software, Inc.[1]	5,058,280	24,144,539
20,600	HubSpot, Inc.[1]	6,992,891	12,149,674
329,900	Samsara, Inc., Cl A[1]	9,861,435	11,117,630
33,500	ServiceNow, Inc.[1,4]	6,318,061	26,353,445
		41,444,119	89,489,243
	Internet Services & Infrastructure (1.38%)		
279,000	Shopify, Inc., Cl A[1,2]	11,961,246	18,427,950
	IT Consulting & Other Services (2.67%)		
79,187	Gartner, Inc.[1]	2,029,908	35,559,714

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (continued)			
	Semiconductor Materials & Equipment (2.47%)		
21,300	ASML Holding N.V.[2]	$ 10,043,235	$ 21,784,149
10,400	Lam Research Corp.	7,886,287	11,074,440
		17,929,522	32,858,589
	Semiconductors (24.22%)		
207,400	Advanced Micro Devices, Inc.[1]	16,528,436	33,642,354
26,400	Broadcom, Inc.	35,240,647	42,385,992
3,242,600	indie Semiconductor, Inc., Cl A[1]	21,817,224	20,006,842
181,000	Marvell Technology, Inc.	7,267,339	12,651,900
19,500	Monolithic Power Systems, Inc.	7,321,998	16,022,760
1,440,500	NVIDIA Corp.	9,765,898	177,959,370
115,000	Taiwan Semiconductor Manufacturing Co., Ltd., ADR[2]	13,356,263	19,988,150
		111,297,805	322,657,368
	Systems Software (18.20%)		
110,800	Cloudflare, Inc., Cl A[1,4]	4,372,897	9,177,564
57,423	Crowdstrike Holdings, Inc., Cl A[1]	3,453,213	22,003,919
152,500	Datadog, Inc., Cl A[1,4]	13,554,114	19,777,725
428,400	Microsoft Corporation	63,017,175	191,473,380
		84,397,399	242,432,588
	Technology Hardware, Storage & Peripherals (4.28%)		
271,000	Apple, Inc.	51,792,161	57,078,020
Total Information Technology		320,852,160	798,503,472
Real Estate (2.43%)			
	Real Estate Services (2.43%)		
436,130	CoStar Group, Inc.[1]	21,363,737	32,334,678
TOTAL COMMON STOCKS		**555,639,741**	**1,271,786,704**
Private Common Stocks (1.28%)			
Communication Services (0.10%)			
	Interactive Media & Services (0.10%)		
50,000	X Holdings I, Inc., Cl A[1,3,4]	5,000,000	1,366,000
Industrials (1.15%)			
	Aerospace & Defense (1.15%)		
105,020	Space Exploration Technologies Corp., Cl A[1,3,4]	4,607,169	11,762,240
31,890	Space Exploration Technologies Corp., Cl C[1,3,4]	1,392,972	3,571,680
		6,000,141	15,333,920
	Passenger Ground Transportation (0.00%)^		
3,571	GM Cruise Holdings LLC, Cl B[1,3,4]	103,563	21,676
Total Industrials		6,103,704	15,355,596
Materials (0.03%)			
	Fertilizers & Agricultural Chemicals (0.03%)		
182,067	Farmers Business Network, Inc.[1,3,4]	2,394,652	338,645
TOTAL PRIVATE COMMON STOCKS		**13,498,356**	**17,060,241**

Baron Opportunity Fund — PORTFOLIO OF INVESTMENTS (Continued)

June 30, 2024

Shares		Cost	Value
Private Convertible Preferred Stocks (0.21%)			
Materials (0.21%)			
	Fertilizers & Agricultural Chemicals (0.21%)		
37,254	Farmers Business Network, Inc. Series F[1,3,4]	$ 4,855,355	$ 684,729
615,761	Farmers Business Network, Inc., Units[1,3,4]	615,761	2,081,272
TOTAL PRIVATE CONVERTIBLE PREFERRED STOCKS		**5,471,116**	**2,766,001**
Private Preferred Stocks (1.68%)			
Industrials (1.68%)			
	Aerospace & Defense (1.56%)		
18,519	Space Exploration Technologies Corp., Series N[1,3,4]	5,000,130	20,741,280
	Passenger Ground Transportation (0.12%)		
266,956	GM Cruise Holdings LLC, Cl G[1,3,4]	7,034,290	1,620,423
TOTAL PRIVATE PREFERRED STOCKS		**12,034,420**	**22,361,703**

Principal Amount			
Short-Term Investments (1.43%)			
$18,989,064	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/28/2024, 4.85% due 7/1/2024; Proceeds at maturity $18,996,738; (Fully Collateralized by $19,198,700 U.S. Treasury Floating Rate Note, 5.385% due 4/30/2026 Market value - $19,368,872)	**18,989,064**	**18,989,064**
TOTAL INVESTMENTS (100.06%)		**$605,632,697**	**1,332,963,713**
LIABILITIES LESS CASH AND OTHER ASSETS (-0.06%)			**(737,356)**
NET ASSETS			**$1,332,226,357**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 At June 30, 2024, the market value of restricted securities amounted to $42,187,945 or 3.17% of net assets.
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.
^ Rounds to less than 0.01%.
ADR American Depositary Receipt.

Baron Partners Fund — PORTFOLIO OF INVESTMENTS

June 30, 2024

Shares		Cost	Value
Common Stocks (100.19%)			
Communication Services (2.07%)			
	Alternative Carriers (0.84%)		
1,850,000	Iridium Communications, Inc.[6]	$ 45,348,699	$ 49,247,000
	Movies & Entertainment (1.23%)		
230,000	Spotify Technology SA[1,2,6]	37,473,451	72,171,700
Total Communication Services		82,822,150	121,418,700
Consumer Discretionary (49.82%)			
	Automobile Manufacturers (33.73%)		
10,000,000	Tesla, Inc.[1,5]	146,471,967	1,978,800,000
	Casinos & Gaming (1.78%)		
1,904,558	Red Rock Resorts, Inc., Cl A[6]	68,465,660	104,617,371
	Footwear (1.60%)		
1,725,000	Birkenstock Holding PLC[1,2]	78,199,680	93,857,250
	Hotels, Resorts & Cruise Lines (8.57%)		
3,310,000	Hyatt Hotels Corp., Cl A[6]	114,517,357	502,855,200
	Leisure Facilities (4.14%)		
1,348,209	Vail Resorts, Inc.[6]	125,288,572	242,852,887
Total Consumer Discretionary		532,943,236	2,922,982,708
Financials (23.73%)			
	Financial Exchanges & Data (7.06%)		
720,000	FactSet Research Systems, Inc.[6]	54,960,987	293,954,400
250,000	MSCI, Inc.[6]	88,967,758	120,437,500
		143,928,745	414,391,900
	Investment Banking & Brokerage (5.58%)		
4,440,000	The Charles Schwab Corp.	115,944,118	327,183,600
	Property & Casualty Insurance (11.09%)		
6,450,000	Arch Capital Group Ltd.[1,2,6]	29,408,775	650,740,500
Total Financials		289,281,638	1,392,316,000
Health Care (5.81%)			
	Health Care Equipment (5.81%)		
700,000	IDEXX Laboratories, Inc.[1,6]	30,611,907	341,040,000
Industrials (0.83%)			
	Aerospace & Defense (0.83%)		
125,625	HEICO Corp.[6]	9,632,520	28,091,006
116,875	HEICO Corp., Cl A[6]	7,586,429	20,747,650
Total Industrials		17,218,949	48,838,656
Information Technology (7.31%)			
	Application Software (2.10%)		
895,000	Guidewire Software, Inc.[1,6]	72,387,812	123,411,550
	IT Consulting & Other Services (5.21%)		
680,000	Gartner, Inc.[1,6]	81,488,474	305,360,800
Total Information Technology		153,876,286	428,772,350

Shares		Cost	Value
Common Stocks (continued)			
Real Estate (10.62%)			
	Other Specialized REITs (1.39%)		
1,800,000	Gaming and Leisure Properties, Inc.[6]	$ 56,364,979	$ 81,378,000
	Real Estate Services (9.23%)		
7,310,000	CoStar Group, Inc.[1,6]	98,320,389	541,963,400
Total Real Estate		154,685,368	623,341,400
TOTAL COMMON STOCKS		**1,261,439,534**	**5,878,709,814**
Private Common Stocks (5.89%)			
Communication Services (1.08%)			
	Interactive Media & Services (0.28%)		
600,000	X Holdings I, Inc., Cl A[1,3,4]	60,000,000	16,392,000
	Movies & Entertainment (0.80%)		
197,613	StubHub Holdings, Inc., Cl A[1,3,4]	50,000,041	47,162,319
Total Communication Services		110,000,041	63,554,319
Industrials (4.81%)			
	Aerospace & Defense (4.81%)		
2,216,310	Space Exploration Technologies Corp., Cl A[1,3,4]	29,920,185	248,226,720
302,210	Space Exploration Technologies Corp., Cl C[1,3,4]	4,079,835	33,847,520
Total Industrials		34,000,020	282,074,240
TOTAL PRIVATE COMMON STOCKS		**144,000,061**	**345,628,559**
Private Convertible Preferred Stocks (0.12%)			
Industrials (0.12%)			
	Electrical Components & Equipment (0.12%)		
21,213,656	Northvolt AB, Series E2 (Sweden)[1,2,3,4]	**7,843,621**	**6,923,310**
Private Preferred Stocks (10.57%)			
Industrials (10.57%)			
	Aerospace & Defense (10.57%)		
311,111	Space Exploration Technologies Corp., Cl H[1,3,4]	41,999,985	348,444,320
131,657	Space Exploration Technologies Corp., Cl I[1,3,4]	22,250,032	147,455,840
111,111	Space Exploration Technologies Corp., Series N[1,3,4]	29,999,970	124,444,320
TOTAL PRIVATE PREFERRED STOCKS		**94,249,987**	**620,344,480**

Baron Partners Fund — PORTFOLIO OF INVESTMENTS (Continued)

June 30, 2024

Principal Amount		Cost	Value
Short-Term Investments (0.01%)			
$465,324	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/28/2024, 4.85% due 7/1/2024; Proceeds at maturity $465,512; (Fully Collateralized by $470,500 U.S. Treasury Floating Rate Note, 5.385% due 4/30/2026 Market value - $474,710)	**$ 465,324**	**$ 465,324**
TOTAL INVESTMENTS (116.78%)		**$1,507,998,527**	**6,852,071,487**
LIABILITIES LESS CASH AND OTHER ASSETS (-16.78%)			**(984,576,160)**
NET ASSETS			**$5,867,495,327**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
[3] At June 30, 2024, the market value of restricted securities amounted to $972,896,349 or 16.58% of net assets.
[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.
[5] Investors in the Fund may view Tesla, Inc.'s financial statements on the EDGAR website of the U.S. Securities and Exchange Commission by going to https://www.sec.gov/cgi-bin/browse-edgar?CIK=1318605&owner=exclude. Please note that the Fund is not responsible for Tesla's financial statements and can provide no assurances as to their accuracy or completeness.
[6] All or a portion of this security is pledged with the custodian in connection with the Fund's loans payable outstanding. At June 30, 2024, the total market value of pledged securities amounted to $1,978,168,380 or 33.71% of net assets.

Baron Fifth Avenue Growth Fund — PORTFOLIO OF INVESTMENTS

June 30, 2024

Shares		Cost	Value
Common Stocks (97.97%)			
Communication Services (14.15%)			
	Advertising (3.92%)		
252,622	The Trade Desk, Inc., Cl A[1]	$ 14,551,081	$ 24,673,591
	Interactive Media & Services (10.23%)		
102,421	Alphabet, Inc., Cl A	15,129,363	18,655,985
90,909	Meta Platforms Inc., Cl A	6,630,519	45,838,136
		21,759,882	64,494,121
Total Communication Services		36,310,963	89,167,712
Consumer Discretionary (19.95%)			
	Automobile Manufacturers (4.17%)		
471,580	Rivian Automotive, Inc., Cl A[1]	12,257,318	6,328,604
100,800	Tesla, Inc.[1]	25,608,908	19,946,304
		37,866,226	26,274,908
	Automotive Parts & Equipment (1.10%)		
247,230	Mobileye Global, Inc., Cl A[1]	6,228,941	6,943,454
	Broadline Retail (14.68%)		
287,686	Amazon.com, Inc.[1]	2,726,880	55,595,319
680,704	Coupang, Inc., Cl A[1]	12,159,012	14,260,749
13,817	MercadoLibre, Inc.[1]	9,299,061	22,706,858
		24,184,953	92,562,926
Total Consumer Discretionary		68,280,120	125,781,288
Financials (5.20%)			
	Transaction & Payment Processing Services (5.20%)		
7,058	Adyen N.V., 144A (Netherlands)[1,2]	6,021,276	8,382,614
158,925	Block, Inc.[1]	9,529,261	10,249,073
32,067	MasterCard Incorporated, Cl A	1,161,898	14,146,678
Total Financials		16,712,435	32,778,365
Health Care (9.65%)			
	Biotechnology (2.24%)		
32,834	argenx SE, ADR[1,2]	10,908,180	14,119,933
	Health Care Equipment (5.28%)		
74,792	Intuitive Surgical, Inc.[1]	8,845,700	33,271,221
	Health Care Technology (1.17%)		
40,309	Veeva Systems, Inc., Cl A[1]	2,538,180	7,376,950
	Life Sciences Tools & Services (0.96%)		
9,484	GRAIL, Inc.[1]	181,014	145,769
56,909	Illumina, Inc.[1]	6,192,532	5,940,162
		6,373,546	6,085,931
Total Health Care		28,665,606	60,854,035
Information Technology (49.02%)			
	Application Software (8.62%)		
34,349	Atlassian Corp., Cl A[1]	8,918,541	6,075,651
108,633	Gitlab, Inc., Cl A[1,4]	6,989,883	5,401,233
54,458	ServiceNow, Inc.[1,4]	20,815,805	42,840,475
		36,724,229	54,317,359
	Internet Services & Infrastructure (4.94%)		
471,283	Shopify, Inc., Cl A[1,2]	19,346,878	31,128,242
	IT Consulting & Other Services (0.93%)		
201,215	Endava plc, ADR[1,2]	18,269,297	5,883,527
	Semiconductor Materials & Equipment (3.17%)		
19,541	ASML Holding N.V.[2]	1,203,894	19,985,167

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (continued)			
	Semiconductors (12.08%)		
616,431	NVIDIA Corp.	$ 8,133,633	$ 76,153,886
	Systems Software (19.28%)		
240,341	Cloudflare, Inc., Cl A[1,4]	18,218,660	19,907,445
87,980	Crowdstrike Holdings, Inc., Cl A[1]	4,891,583	33,713,056
151,618	Datadog, Inc., Cl A[1,4]	9,184,124	19,663,338
67,243	Microsoft Corporation	26,470,987	30,054,259
134,832	Snowflake, Inc., Cl A[1,4]	23,497,594	18,214,455
		82,262,948	121,552,553
Total Information Technology		165,940,879	309,020,734
TOTAL COMMON STOCKS		**315,910,003**	**617,602,134**
Private Common Stocks (0.95%)			
Industrials (0.95%)			
	Aerospace & Defense (0.95%)		
41,330	Space Exploration Technologies Corp., Cl A[1,3,4]	1,932,253	4,628,960
12,240	Space Exploration Technologies Corp., Cl C[1,3,4]	567,691	1,370,880
TOTAL PRIVATE COMMON STOCKS		**2,499,944**	**5,999,840**
Private Preferred Stocks (0.13%)			
Industrials (0.13%)			
	Passenger Ground Transportation (0.13%)		
133,288	GM Cruise Holdings LLC, Cl G[1,3,4]	**3,512,139**	**809,058**

Principal Amount		Cost	Value
Short-Term Investments (0.91%)			
$5,751,733	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/28/2024, 4.85% due 7/1/2024; Proceeds at maturity $5,754,058; (Fully Collateralized by $5,815,300 U.S. Treasury Floating Rate Note, 5.385% due 4/30/2026 Market value - $5,866,915)	**5,751,733**	**5,751,733**
TOTAL INVESTMENTS (99.96%)		**$327,673,819**	**630,162,765**
CASH AND OTHER ASSETS LESS LIABILITIES (0.04%)			**245,508**
NET ASSETS			**$630,408,273**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 At June 30, 2024, the market value of restricted securities amounted to $6,808,898 or 1.08% of net assets.
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.
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 June 30, 2024, the market value of Rule 144A securities amounted to $8,382,614 or 1.33% of net assets.

Baron Focused Growth Fund — PORTFOLIO OF INVESTMENTS

June 30, 2024

Shares		Cost	Value
Common Stocks (86.75%)			
Communication Services (7.25%)			
	Alternative Carriers (1.43%)		
755,000	Iridium Communications, Inc.	$ 17,168,416	$ 20,098,100
	Movies & Entertainment (5.82%)		
262,000	Spotify Technology SA[1,2]	35,016,218	82,212,980
Total Communication Services		52,184,634	102,311,080
Consumer Discretionary (38.71%)			
	Apparel, Accessories & Luxury Goods (2.68%)		
7,100,000	Figs, Inc., Cl A[1]	57,581,867	37,843,000
	Automobile Manufacturers (8.62%)		
615,000	Tesla, Inc.[1]	8,168,271	121,696,200
	Casinos & Gaming (5.04%)		
365,000	Las Vegas Sands Corp.	16,080,177	16,151,250
1,002,100	Red Rock Resorts, Inc., Cl A	35,155,656	55,045,353
		51,235,833	71,196,603
	Footwear (6.45%)		
595,000	Birkenstock Holding PLC[1,2]	27,132,959	32,373,950
1,510,000	On Holding AG, Cl A[1,2]	42,609,637	58,588,000
		69,742,596	90,961,950
	Hotels, Resorts & Cruise Lines (8.75%)		
400,000	Choice Hotels International, Inc.	33,100,258	47,600,000
500,000	Hyatt Hotels Corp., Cl A	24,424,809	75,960,000
		57,525,067	123,560,000
	Leisure Facilities (4.58%)		
358,842	Vail Resorts, Inc.	62,569,515	64,638,210
	Restaurants (2.59%)		
3,400,000	Krispy Kreme, Inc.	47,017,602	36,584,000
Total Consumer Discretionary		353,840,751	546,479,963
Financials (18.12%)			
	Financial Exchanges & Data (6.68%)		
125,000	FactSet Research Systems, Inc.	25,848,439	51,033,750
90,000	MSCI, Inc.	43,089,524	43,357,500
		68,937,963	94,391,250
	Investment Banking & Brokerage (5.01%)		
475,000	Interactive Brokers Group, Inc., Cl A	39,320,199	58,235,000
250,000	Jefferies Financial Group, Inc.	7,732,070	12,440,000
		47,052,269	70,675,000
	Property & Casualty Insurance (6.43%)		
900,000	Arch Capital Group Ltd.[1,2]	25,104,585	90,801,000
Total Financials		141,094,817	255,867,250
Health Care (3.07%)			
	Health Care Equipment (1.17%)		
34,000	IDEXX Laboratories, Inc.[1]	15,205,826	16,564,800
	Life Sciences Tools & Services (1.90%)		
256,200	Illumina, Inc.[1]	27,908,681	26,742,156
Total Health Care		43,114,507	43,306,956

Shares		Cost	Value
Common Stocks (continued)			
Industrials (3.06%)			
	Research & Consulting Services (3.06%)		
160,000	Verisk Analytics, Inc.	$ 28,339,398	$ 43,128,000
Information Technology (9.76%)			
	Application Software (7.30%)		
95,000	ANSYS, Inc.[1]	24,133,643	30,542,500
526,300	Guidewire Software, Inc.[1]	48,175,978	72,571,507
		72,309,621	103,114,007
	Internet Services & Infrastructure (2.46%)		
525,000	Shopify, Inc., Cl A[1,2]	26,207,834	34,676,250
Total Information Technology		98,517,455	137,790,257
Real Estate (6.78%)			
	Health Care REITs (1.20%)		
145,000	Alexandria Real Estate Equities, Inc.	19,951,450	16,960,649
	Office REITs (1.36%)		
1,450,000	Douglas Emmett, Inc.	20,931,980	19,299,500
	Real Estate Services (3.60%)		
685,000	CoStar Group, Inc.[1]	18,896,854	50,785,900
	Single-Family Residential REITs (0.62%)		
235,000	American Homes 4 Rent, Cl A	5,062,679	8,732,600
Total Real Estate		64,842,963	95,778,649
TOTAL COMMON STOCKS		**781,934,525**	**1,224,662,155**
Private Common Stocks (6.13%)			
Industrials (6.13%)			
	Aerospace & Defense (6.13%)		
629,570	Space Exploration Technologies Corp., Cl A[1,3,4]	26,390,845	70,511,840
143,170	Space Exploration Technologies Corp., Cl C[1,3,4]	6,808,820	16,035,040
TOTAL PRIVATE COMMON STOCKS		**33,199,665**	**86,546,880**
Private Preferred Stocks (5.60%)			
Industrials (4.18%)			
	Aerospace & Defense (4.18%)		
29,630	Space Exploration Technologies Corp., Cl H[1,3,4]	4,000,050	33,185,600
1,479	Space Exploration Technologies Corp., Cl I[1,3,4]	249,951	1,656,480
12,346	Space Exploration Technologies Corp., Series K[1,3,4]	10,000,260	13,827,520
9,259	Space Exploration Technologies Corp., Series N[1,3,4]	2,499,930	10,370,080
Total Industrials		16,750,191	59,039,680
Information Technology (1.42%)			
	Application Software (1.42%)		
1,670,843	X.AI Corp.[1,3,4]	19,999,991	19,999,991
TOTAL PRIVATE PREFERRED STOCKS		**36,750,182**	**79,039,671**

Baron Focused Growth Fund — PORTFOLIO OF INVESTMENTS (Continued)

June 30, 2024

Principal Amount		Cost	Value
Short-Term Investments (1.15%)			
$16,270,861	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/28/2024, 4.85% due 7/1/2024; Proceeds at maturity $16,277,437; (Fully Collateralized by $16,450,500 U.S. Treasury Floating Rate Note, 5.385% due 4/30/2026 Market value - $16,596,324)	$ 16,270,861	$ 16,270,861
TOTAL INVESTMENTS (99.63%)		$868,155,233	1,406,519,567
CASH AND OTHER ASSETS LESS LIABILITIES (0.37%)			5,207,596
NET ASSETS			$1,411,727,163

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
[3] At June 30, 2024, the market value of restricted securities amounted to $165,586,551 or 11.73% of net assets.
[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.

Baron International Growth Fund — PORTFOLIO OF INVESTMENTS

June 30, 2024

Shares		Cost	Value
Common Stocks (97.22%)			
Brazil (2.65%)			
137,035	Afya Ltd., Cl A[1]	$ 1,922,076	$ 2,418,668
209,633	Localiza Rent a Car SA	2,538,422	1,575,032
146,823	NU Holdings Ltd., Cl A[1]	1,202,583	1,892,548
215,870	Suzano SA	1,846,869	2,201,526
56,942	XP, Inc., Cl A	683,462	1,001,610
Total Brazil		8,193,412	9,089,384
Canada (3.81%)			
58,170	Agnico Eagle Mines Ltd.	2,787,340	3,804,318
3,203	Constellation Software, Inc.	73,710	9,229,079
Total Canada		2,861,050	13,033,397
China (6.81%)			
25,250	Alibaba Group Holding Limited, ADR	2,139,087	1,818,000
7,533	Baidu, Inc., ADR[1]	742,329	651,454
477,710	Full Truck Alliance Co. Ltd., ADR	3,318,476	3,840,788
313,398	Fuyao Glass Industry Group Co. Ltd., Cl A	1,902,355	2,066,015
1,804,325	Kingdee International Software Group Co. Ltd.[1]	1,497,464	1,687,222
16,369	PDD Holdings, Inc., ADR[1]	2,065,227	2,176,259
43,915	Shenzhen Mindray Bio-Medical Electronics Co. Ltd., Cl A	1,826,222	1,756,964
69,942	Tencent Holdings Limited	1,787,760	3,318,071
57,907	Tencent Holdings Limited, ADR	2,462,553	2,742,476
122,600	Tencent Music Entertainment Group, ADR	1,104,332	1,722,530
89,389	Zai Lab Limited, ADR[1]	2,007,360	1,549,111
Total China		20,853,165	23,328,890
Denmark (2.56%)			
87,153	Genmab A/S, ADR[1]	3,191,956	2,190,155
45,982	Novo Nordisk AS, ADR	4,532,650	6,563,471
Total Denmark		7,724,606	8,753,626
France (5.70%)			
91,784	BNP Paribas S.A.	3,336,423	5,869,778
79,606	Eurofins Scientific SE	1,366,113	3,985,789
4,255	LVMH Moët Hennessy Louis Vuitton SE	951,397	3,266,950
12,598	Pernod Ricard SA	2,375,233	1,718,867
272,881	Waga Energy SA[1]	7,210,843	4,675,035
Total France		15,240,009	19,516,419
Germany (2.83%)			
80,912	Befesa SA, 144A	3,266,746	2,677,057
57,389	Symrise AG	4,599,683	7,021,953
Total Germany		7,866,429	9,699,010
Hong Kong (0.80%)			
240,981	Techtronic Industries Co. Ltd.	1,892,741	2,747,157
India (10.38%)			
468,420	Bharti Airtel Ltd. PP	2,474,376	5,848,158
159,625	Godrej Consumer Products Ltd.	1,979,040	2,629,178
54,869	Godrej Properties Ltd.[1]	608,954	2,105,784
514,636	Indus Towers Ltd.[1]	1,914,299	2,313,756
38,903	InterGlobe Aviation Ltd., 144A[1]	1,538,521	1,971,469
467,276	Jio Financial Services Ltd.[1]	1,108,121	2,001,515
960,476	JM Financial Limited	912,870	1,004,523
44,968	Kaynes Technology India Ltd.[1]	1,491,066	2,076,173
165,157	Max Healthcare Institute Ltd.	1,106,306	1,860,054
293,765	Nippon Life India Asset Management Ltd., 144A	940,944	2,267,663
154,644	Reliance Industries Limited	2,690,287	5,797,082

Shares		Cost	Value
Common Stocks (continued)			
India (continued)			
24,108	Tata Communications Ltd.	$ 457,709	$ 535,348
78,284	Trent Ltd.	1,809,463	5,136,955
Total India		19,031,956	35,547,658
Ireland (1.42%)			
464,079	Bank of Ireland Group PLC	3,490,150	4,847,983
Israel (4.11%)			
14,733	CyberArk Software Ltd.[1]	2,665,597	4,028,297
111,381	Oddity Tech Ltd., Cl A[1]	3,652,012	4,372,818
290,599	Taboola.com Ltd.[1]	1,605,286	999,660
29,369	Wix.com Ltd.[1]	2,121,011	4,671,727
Total Israel		10,043,906	14,072,502
Italy (0.56%)			
104,115	Stevanato Group SpA	2,173,137	1,909,469
Japan (11.71%)			
117,500	Ajinomoto Co., Inc.	4,320,040	4,135,439
51,844	Japan Airport Terminal Co. Ltd.	2,139,332	1,772,583
170,533	Japan Exchange Group, Inc.	3,160,597	3,999,570
10,118	Keyence Corporation	2,600,374	4,428,425
1,006,662	LY Corp.	3,063,855	2,430,757
343,750	Mitsubishi UFJ Financial Group, Inc., ADR	2,474,102	3,712,500
86,900	Recruit Holdings Co, Ltd.	1,453,680	4,675,841
227,200	SMS Co. Ltd.	6,237,826	2,885,916
88,031	Sumitomo Mitsui Financial Group, Inc.	3,741,032	5,909,070
28,084	Tokyo Electron Limited	2,530,193	6,147,598
Total Japan		31,721,031	40,097,699
Korea, Republic of (6.18%)			
160,369	Coupang, Inc., Cl A[1]	2,058,471	3,359,730
21,392	HD Hyundai Heavy Industries Co. Ltd.[1]	1,971,006	2,413,039
56,864	HD Korea Shipbuilding & Offshore Engineering Co. Ltd.[1]	4,217,591	6,545,785
19,960	Park Systems Corp.	2,635,287	2,693,768
77,353	Samsung Electronics Co., Ltd.	4,205,051	4,552,516
9,346	SK Hynix, Inc.	1,189,368	1,586,096
Total Korea, Republic of		16,276,774	21,150,934
Mexico (0.32%)			
206,616	Grupo Mexico S.A.B. de C.V., Series B	520,023	1,114,789
Netherlands (7.99%)			
198,344	AMG Critical Materials NV	5,399,502	3,289,676
16,519	argenx SE, ADR[1]	463,028	7,103,831
13,058	BE Semiconductor Industries NV	1,744,262	2,181,356
56,551	DSM-Firmenich AG	7,177,151	6,367,935
74,220	Prosus NV	2,610,613	2,639,150
194,063	Universal Music Group NV	3,416,566	5,773,038
Total Netherlands		20,811,122	27,354,986
Norway (0.10%)			
571,106	Aker Carbon Capture ASA[1]	673,640	356,711
Peru (0.85%)			
18,162	Credicorp, Ltd.	2,564,129	2,930,076
Poland (3.59%)			
44,365	Dino Polska SA, 144A[1]	3,187,171	4,470,673
444,491	InPost SA[1]	4,086,825	7,821,064
Total Poland		7,273,996	12,291,737

Baron International Growth Fund — PORTFOLIO OF INVESTMENTS (Continued)

June 30, 2024

Shares		Cost	Value
Common Stocks (continued)			
Russia (0.00%)^			
487,800	Sberbank of Russia PJSC[1,2]	$ 1,650,983	$ 329
Spain (3.95%)			
1,072,756	eDreams ODIGEO SA[1]	7,517,700	7,467,646
122,025	Industria de Diseno Textil, S.A.	3,552,715	6,055,295
Total Spain		11,070,415	13,522,941
Sweden (2.37%)			
293,721	Epiroc AB, Cl A	4,979,357	5,885,389
76,067	EQT AB	2,448,139	2,230,084
Total Sweden		7,427,496	8,115,473
Switzerland (2.02%)			
21,417	Compagnie Financiere Richemont SA, Cl A	2,854,354	3,347,112
34,933	Nestle S.A.	3,220,720	3,565,760
Total Switzerland		6,075,074	6,912,872
Taiwan (3.79%)			
23,821	eMemory Technology, Inc.	1,849,001	1,871,193
316,093	Taiwan Semiconductor Manufacturing Co., Ltd.	6,418,552	9,365,081
9,957	Taiwan Semiconductor Manufacturing Co., Ltd., ADR	957,612	1,730,626
Total Taiwan		9,225,165	12,966,900
United Kingdom (8.36%)			
105,451	AstraZeneca PLC, ADR	4,148,285	8,224,123
527,544	B&M European Value Retail S.A.	2,038,589	2,906,229
44,887	Endava plc, ADR[1]	1,470,154	1,312,496
140,802	Experian plc	2,722,320	6,541,202
22,038	Linde Public Limited Company	3,213,542	9,659,143
Total United Kingdom		13,592,890	28,643,193
United States (4.36%)			
42,137	Agilent Technologies, Inc.	1,642,511	5,462,219
93,702	Arch Capital Group Ltd.[1]	1,530,349	9,453,595
Total United States		3,172,860	14,915,814
TOTAL COMMON STOCKS		**231,426,159**	**332,919,949**
Rights (0.00%)^			
Brazil (0.00%)^			
2,118	Localiza Rent a Car SA exercise price BRL 33.48[1]	**0**	**3,410**
Warrants (0.01%)			
Canada (0.00%)			
5,029	Constellation Software, Inc. Exp. 3/31/2040[1,2]	0	0
Israel (0.01%)			
56,745	Taboola.com Ltd. Exp. 6/29/2026 exercise price USD 11.50[1]	104,540	9,079
TOTAL WARRANTS		**104,540**	**9,079**

Principal Amount		Cost	Value
Short-Term Investments (3.50%)			
$11,998,666	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/28/2024, 4.85% due 7/1/2024; Proceeds at maturity $12,003,516; (Fully Collateralized by $12,131,200 U.S. Treasury Floating Rate Note, 5.385% due 4/30/2026 Market value - $12,238,799)	**$ 11,998,666**	**$ 11,998,666**
TOTAL INVESTMENTS (100.73%)		**$243,529,365**	**344,931,104**
LIABILITIES LESS CASH AND OTHER ASSETS (-0.73%)			**(2,484,584)**
NET ASSETS			**$342,446,520**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] At June 30, 2024, the market value of restricted securities amounted to $329 or less than 0.01% of net assets.
^ Rounds to less than 0.01%.
ADR American Depositary Receipt.
144A Security is exempt from registration pursuant to Rule 144A under the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. At June 30, 2024, the market value of Rule 144A securities amounted to $11,386,862 or 3.33% of net assets.

Summary of Investments by Sector as of June 30, 2024	Percentage of Net Assets
Information Technology	16.8%
Industrials	15.1%
Financials	13.8%
Consumer Discretionary	12.5%
Health Care	11.9%
Materials	9.8%
Communication Services	7.7%
Consumer Staples	6.1%
Energy	3.1%
Real Estate	0.6%
Cash and Cash Equivalents*	2.8%
	100.0%**

* Includes short-term investments, other assets and liabilities-net.
** Individual weights may not sum to 100% due to rounding.

Baron Real Estate Fund — PORTFOLIO OF INVESTMENTS

June 30, 2024

Shares		Cost	Value
Common Stocks (94.00%)			
Consumer Discretionary (36.52%)			
	Casinos & Gaming (9.63%)		
843,950	Las Vegas Sands Corp.	$ 37,959,677	$ 37,344,787
1,091,505	MGM Resorts International[1]	40,017,710	48,506,482
546,549	Red Rock Resorts, Inc., Cl A	7,683,956	30,021,937
591,600	Wynn Resorts Ltd.	55,478,834	52,948,200
		141,140,177	168,821,406
	Home Improvement Retail (2.82%)		
148,950	Floor & Decor Holdings, Inc., Cl A[1]	10,677,267	14,807,120
157,150	Lowe's Companies, Inc.	30,087,167	34,645,289
		40,764,434	49,452,409
	Homebuilding (18.62%)		
620,550	D.R. Horton, Inc.	52,365,407	87,454,111
110,900	Installed Building Products, Inc.	12,378,584	22,809,912
659,449	Lennar Corp., Cl A	56,855,447	98,831,622
1,018,550	Toll Brothers, Inc.	47,695,938	117,316,589
		169,295,376	326,412,234
	Hotels, Resorts & Cruise Lines (5.45%)		
238,500	Hilton Worldwide Holdings, Inc.	38,093,580	52,040,700
286,900	Hyatt Hotels Corp., Cl A	34,652,407	43,585,848
		72,745,987	95,626,548
Total Consumer Discretionary		423,945,974	640,312,597
Financials (7.54%)			
	Asset Management & Custody Banks (7.54%)		
559,450	Blackstone, Inc.	51,449,803	69,259,910
730,406	Brookfield Asset Management Ltd., Cl A[2]	24,501,060	27,791,948
844,425	Brookfield Corp., Cl A[2]	25,342,127	35,077,415
Total Financials		101,292,990	132,129,273
Industrials (2.22%)			
	Building Products (0.64%)		
104,586	Fortune Brands Innovations, Inc.	5,348,225	6,791,815
341,848	Janus International Group, Inc.[1]	3,919,627	4,317,540
		9,267,852	11,109,355
	Trading Companies & Distributors (1.58%)		
228,585	SiteOne Landscape Supply, Inc.[1]	26,725,148	27,752,505
Total Industrials		35,993,000	38,861,860
Information Technology (1.10%)			
	Internet Services & Infrastructure (1.10%)		
2,073,006	GDS Holdings Ltd., ADR[1,2]	17,427,297	19,258,226
Materials (6.60%)			
	Construction Materials (5.16%)		
67,901	Martin Marietta Materials, Inc.	40,551,188	36,788,762
216,345	Vulcan Materials Co.	47,723,371	53,800,674
		88,274,559	90,589,436
	Forest Products (1.44%)		
306,302	Louisiana-Pacific Corp.	26,888,185	25,217,844
Total Materials		115,162,744	115,807,280

Shares		Cost	Value
Common Stocks (continued)			
Real Estate (40.02%)			
	Data Center REITs (8.99%)		
462,254	Digital Realty Trust, Inc.	$ 55,122,179	$ 70,285,721
115,535	Equinix, Inc.	69,706,817	87,413,781
		124,828,996	157,699,502
	Health Care REITs (3.61%)		
606,600	Welltower, Inc.	48,560,605	63,238,050
	Industrial REITs (3.57%)		
409,500	Prologis, Inc.	36,004,363	45,990,945
371,909	Rexford Industrial Realty, Inc.	16,654,826	16,583,422
		52,659,189	62,574,367
	Multi-Family Residential REITs (7.24%)		
253,115	AvalonBay Communities, Inc.	49,346,843	52,366,962
1,074,717	Equity Residential	66,257,858	74,520,877
		115,604,701	126,887,839
	Real Estate Services (9.09%)		
550,650	CBRE Group, Inc., Cl A[1]	39,942,281	49,068,421
821,313	CoStar Group, Inc.[1]	44,411,937	60,892,146
241,092	Jones Lang LaSalle, Inc.[1]	35,516,583	49,491,366
		119,870,801	159,451,933
	Single-Family Residential REITs (2.73%)		
1,334,043	Invitation Homes, Inc.	41,532,463	47,878,803
	Telecom Tower REITs (4.79%)		
432,151	American Tower Corp.	73,290,286	84,001,512
Total Real Estate		576,347,041	701,732,006
TOTAL COMMON STOCKS		**1,270,169,046**	**1,648,101,242**

Principal Amount		Cost	Value
Short-Term Investments (5.77%)			
$101,095,122	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/28/2024, 4.85% due 7/1/2024; Proceeds at maturity $101,135,982; (Fully Collateralized by $102,211,200 U.S. Treasury Floating Rate Note, 5.385% due 4/30/2026 Market value - $103,117,175)	**101,095,122**	**101,095,122**
TOTAL INVESTMENTS (99.77%)		**$1,371,264,168**	**1,749,196,364**
CASH AND OTHER ASSETS LESS LIABILITIES (0.23%)			**4,017,637**
NET ASSETS			**$1,753,214,001**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
[ADR] American Depositary Receipt.

Baron Emerging Markets Fund — PORTFOLIO OF INVESTMENTS

June 30, 2024

Shares		Cost	Value
Common Stocks (93.48%)			
Brazil (6.00%)			
1,372,134	Afya Ltd., Cl A[1]	$ 30,227,140	$ 24,218,165
3,038,889	Banco BTG Pactual SA	21,902,963	16,803,288
2,803,487	Inter & Co., Inc. BDR	12,547,581	17,101,466
5,005,405	Localiza Rent a Car SA	36,709,479	37,607,021
3,927,130	NU Holdings Ltd., Cl A[1]	30,813,723	50,620,706
5,282,356	Suzano SA	45,073,550	53,871,508
2,107,872	WEG SA	16,294,878	15,908,682
1,506,809	XP, Inc., Cl A	21,125,715	26,504,770
Total Brazil		214,695,029	242,635,606
China (21.29%)			
1,034,018	Alibaba Group Holding Limited, ADR	85,732,783	74,449,296
304,229	Baidu, Inc., ADR[1]	33,308,544	26,309,724
15,703,709	China Mengniu Dairy Co. Ltd.	30,434,518	28,103,591
5,776,793	Estun Automation Co. Ltd., Cl A	16,687,494	11,271,153
7,673,442	Full Truck Alliance Co. Ltd., ADR	56,493,339	61,694,474
4,781,584	Fuyao Glass Industry Group Co. Ltd., Cl A	28,589,700	31,521,648
4,549,280	Galaxy Entertainment Group Ltd.[1]	28,705,269	21,172,013
2,982,175	Jiangsu Hengli Hydraulic Co. Ltd., Cl A	23,454,566	19,106,262
1,543,239	Kanzhun Ltd., ADR[1]	25,557,307	29,028,326
37,998,706	Kingdee International Software Group Co. Ltd.[1]	29,730,382	35,532,548
5,782,016	Kingsoft Corp. Ltd.	19,314,261	16,654,341
158,010	Kweichow Moutai Co. Ltd., Cl A	38,900,140	31,836,172
1,824,353	Midea Group Co., Ltd., Cl A	9,545,120	16,174,259
12,227,746	NARI Technology Co. Ltd., Cl A	38,335,679	41,914,762
538,453	PDD Holdings, Inc., ADR[1]	61,620,211	71,587,326
781,835	Shenzhen Mindray Bio-Medical Electronics Co. Ltd., Cl A	24,826,406	31,279,887
4,726,108	Shenzhou International Group Holdings Ltd.	25,469,110	46,166,444
3,364,917	Tencent Holdings Limited	79,451,156	159,632,766
673,790	Tencent Holdings Limited, ADR	29,233,737	31,910,694
2,137,552	Tencent Music Entertainment Group, ADR	19,763,576	30,032,606
371,953	Yum China Holdings, Inc.	17,680,409	11,471,031
372,554	Yum China Holdings, Inc., (Hong Kong)	19,472,042	11,513,286
1,331,073	Zai Lab Limited, ADR[1]	27,092,949	23,067,495
Total China		769,398,698	861,430,104
Hong Kong (1.37%)			
16,745,799	Budweiser Brewing Co. APAC Ltd., 144A[3]	44,846,962	19,709,467
3,133,152	Techtronic Industries Co. Ltd.	13,307,733	35,717,589
Total Hong Kong		58,154,695	55,427,056
India (27.96%)			
2,945,042	Aarti Industries Ltd.	29,560,301	24,199,706
590,222	Bajaj Finance Limited	17,093,819	50,300,502
4,949,284	Bharti Airtel Ltd.	35,436,168	85,629,686
1,775,711	Bharti Airtel Ltd. PP	7,858,257	22,169,502
456,062	Cholamandalam Investment & Finance Co. Ltd.	6,884,936	7,771,470
388,513	Cummins India Ltd.	17,535,321	18,448,367
6,897,973	Edelweiss Financial Services Ltd.	2,890,958	5,378,318
3,375,496	Godrej Consumer Products Ltd.	39,206,879	55,597,674
1,215,325	Godrej Properties Ltd.[1]	22,669,006	46,642,217
1,387,564	HDFC Bank Ltd.	19,632,124	28,020,733
23,106,306	Indus Towers Ltd.[1]	74,938,116	103,883,834
718,490	InterGlobe Aviation Ltd., 144A[1]	27,764,110	36,410,580
9,721,619	Jio Financial Services Ltd.[1]	23,812,120	41,641,279

Shares		Cost	Value
Common Stocks (continued)			
India (continued)			
28,296,628	JM Financial Limited	$ 33,035,571	$ 29,594,294
651,181	Kaynes Technology India Ltd.[1]	21,960,299	30,065,030
1,416,777	Mahindra & Mahindra Ltd.	26,476,681	48,634,516
2,679,882	Max Healthcare Institute Ltd.	19,684,624	30,181,742
6,176,665	Nippon Life India Asset Management Ltd., 144A	19,784,174	47,679,599
329,243	Nuvama Wealth Management Ltd.[1]	13,608,791	19,498,852
13,360,216	Power Grid Corp. of India Ltd.	51,285,598	52,910,506
2,300,764	Reliance Industries Limited	38,488,294	86,247,878
2,822,131	SBI Life Insurance Company Limited, 144A	29,078,705	50,451,465
613,520	SRF Ltd.	19,300,379	17,896,304
2,095,149	Tata Communications Ltd.	11,404,086	46,525,410
132,111	Tata Consultancy Services Ltd.	5,529,596	6,171,331
2,909,204	Tata Consumer Products Ltd.	12,616,226	38,218,513
728,086	Titan Co. Ltd.	10,074,586	29,671,298
1,085,812	Trent Ltd.	24,688,771	71,250,413
Total India		662,298,496	1,131,091,019
Indonesia (1.20%)			
172,559,871	Bank Rakyat Indonesia (Persero) Tbk PT	50,375,373	48,385,156
Japan (0.48%)			
44,667	Keyence Corporation	15,054,968	19,549,760
Korea, Republic of (13.16%)			
3,234,423	Coupang, Inc., Cl A[1]	42,334,156	67,761,162
365,012	HD Hyundai Heavy Industries Co. Ltd.[1]	19,127,266	41,173,720
831,450	HD Korea Shipbuilding & Offshore Engineering Co. Ltd.[1]	75,937,198	95,710,690
638,586	KB Financial Group, Inc.	31,316,152	36,322,859
679,078	Korea Aerospace Industries Ltd.	21,987,367	26,066,183
51,001	Park Systems Corp.	6,765,928	6,883,008
3,074,881	Samsung Electronics Co., Ltd.	90,346,577	180,968,357
67,594	Samsung SDI Co. Ltd.	27,302,113	17,260,170
355,039	SK Hynix, Inc.	31,152,694	60,253,155
Total Korea, Republic of		346,269,451	532,399,304
Mexico (2.05%)			
7,824,674	Grupo Mexico S.A.B. de C.V., Series B	19,241,215	42,217,741
11,928,728	Wal-Mart de Mexico, S.A.B de C.V.	26,967,988	40,744,805
Total Mexico		46,209,203	82,962,546
Peru (1.14%)			
285,156	Credicorp, Ltd.	34,909,454	46,004,217
Philippines (1.53%)			
50,914,865	Ayala Land, Inc.	35,220,934	24,715,986
16,998,871	BDO Unibank, Inc.	28,718,088	37,182,946
Total Philippines		63,939,022	61,898,932
Poland (2.78%)			
301,284	Dino Polska SA, 144A[1]	27,289,075	30,360,471
4,677,590	InPost SA[1]	59,125,487	82,304,769
Total Poland		86,414,562	112,665,240
Russia (0.00%)^			
17,949,100	Sberbank of Russia PJSC[1,2]	64,430,586	12,120

Baron Emerging Markets Fund — PORTFOLIO OF INVESTMENTS (Continued)

June 30, 2024

Shares		Cost	Value
Common Stocks (continued)			
South Africa (1.34%)			
687,962	Gold Fields Ltd.	$ 7,491,069	$ 10,279,873
1,506,276	Gold Fields Ltd., ADR	14,509,219	22,443,512
109,437	Naspers Ltd., Cl N	15,541,356	21,457,141
Total South Africa		37,541,644	54,180,526
Spain (0.44%)			
1,791,760	Codere Online Luxembourg, S.A. Forward Shares[1]	17,917,600	14,602,844
358,352	Codere Online Luxembourg, S.A. Founders Shares[1]	3,116	2,920,569
26,518	Codere Online Luxembourg, S.A. Private Shares, Cl A[1]	265,181	216,122
Total Spain		18,185,897	17,739,535
Taiwan (12.74%)			
214,913	ASPEED Technology, Inc.	24,895,118	31,891,104
5,337,586	Delta Electronics, Inc.	20,273,848	63,664,038
331,621	eMemory Technology, Inc.	27,655,178	26,049,576
10,304,528	Taiwan Semiconductor Manufacturing Co., Ltd.	189,936,875	305,298,567
508,781	Taiwan Semiconductor Manufacturing Co., Ltd., ADR	12,809,121	88,431,225
Total Taiwan		275,570,140	515,334,510
TOTAL COMMON STOCKS		**2,743,447,218**	**3,781,715,631**
Private Common Stocks (1.00%)			
India (1.00%)			
27,027	Pine Labs PTE. Ltd., Series 1[1,2]	10,077,362	10,160,801
6,833	Pine Labs PTE. Ltd., Series A[1,2]	2,547,771	2,568,866
7,600	Pine Labs PTE. Ltd., Series B[1,2]	2,833,757	2,857,220
6,174	Pine Labs PTE. Ltd., Series B2[1,2]	2,302,055	2,321,115
9,573	Pine Labs PTE. Ltd., Series C[1,2]	3,569,416	3,598,969
1,932	Pine Labs PTE. Ltd., Series C1[1,2]	720,371	726,336
2,459	Pine Labs PTE. Ltd., Series D[1,2]	916,870	924,461
45,680	Pine Labs PTE. Ltd., Series J[1,2]	17,032,398	17,173,396
TOTAL PRIVATE COMMON STOCKS		**40,000,000**	**40,331,164**
Private Convertible Preferred Stocks (2.55%)			
India (2.55%)			
11,578	Bundl Technologies Private Ltd., Series K[1,2]	76,776,872	103,193,835
15,334	Think & Learn Private Limited, Series F[1,2]	49,776,072	75,499
TOTAL PRIVATE CONVERTIBLE PREFERRED STOCKS		**126,552,944**	**103,269,334**
Rights (0.00%)^			
Brazil (0.00%)^			
50,575	Localiza Rent a Car SA exercise price BRL 33.48[1]	**0**	**81,425**

Shares		Cost	Value
Warrants (0.00%)^			
Spain (0.00%)^			
13,259	Codere Online Luxembourg S.A. Private Shares, Exp. 11/30/2026 exercise price USD 11.50[1]	**$ 0**	**$ 13,657**

Principal Amount		Cost	Value
Short-Term Investments (4.12%)			
$166,846,413	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/28/2024, 4.85% due 7/1/2024; Proceeds at maturity $166,913,847; (Fully Collateralized by $168,688,300 U.S. Treasury Floating Rate Note, 5.385% due 4/30/2026 Market value - $170,183,435)	**166,846,413**	**166,846,413**
TOTAL INVESTMENTS (101.15%)		**$3,076,846,575**	**4,092,257,624**
LIABILITIES LESS CASH AND OTHER ASSETS (-1.15%)			**(46,538,366)**
NET ASSETS			**$4,045,719,258**

% Represents percentage of net assets.
1 Non-income producing securities.
2 At June 30, 2024, the market value of restricted securities amounted to $143,612,618 or 3.55% of net assets.
^ Rounds to less than 0.01%.
ADR American Depositary Receipt.
144A Security is exempt from registration pursuant to Rule 144A under the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. At June 30, 2024, the market value of Rule 144A securities amounted to $184,611,582 or 4.56% of net assets.

Summary of Investments by Sector as of June 30, 2024	Percentage of Net Assets
Information Technology	21.6%
Consumer Discretionary	16.5%
Financials	14.8%
Communication Services	13.6%
Industrials	12.9%
Consumer Staples	6.0%
Materials	4.2%
Energy	2.1%
Health Care	2.1%
Real Estate	1.8%
Utilities	1.3%
Cash and Cash Equivalents*	3.0%
	100.0%**

* Includes short-term investments, other assets and liabilities-net.
** Individual weights may not sum to 100% due to rounding.

Baron Global Advantage Fund — PORTFOLIO OF INVESTMENTS

June 30, 2024

Shares		Cost	Value
Common Stocks (93.21%)			
Argentina (10.99%)			
66,177	Globant S.A.[1]	$ 4,447,351	$ 11,796,712
32,985	MercadoLibre, Inc.[1]	17,817,450	54,207,549
Total Argentina		22,264,801	66,004,261
Brazil (1.76%)			
598,218	Afya Ltd., Cl A[1]	11,070,880	10,558,548
Canada (7.03%)			
639,201	Shopify, Inc., Cl A[1]	23,857,688	42,219,226
India (6.22%)			
252,006	Bajaj Finance Limited	14,454,904	21,476,712
6,607,712	Zomato Ltd.[1]	10,977,766	15,856,983
Total India		25,432,670	37,333,695
Israel (4.57%)			
331,500	Fiverr International Ltd.[1]	7,554,652	7,767,045
123,787	Wix.com Ltd.[1]	10,402,730	19,690,798
Total Israel		17,957,382	27,457,843
Korea, Republic of (6.20%)			
1,777,248	Coupang, Inc., Cl A[1]	34,853,426	37,233,346
Netherlands (9.74%)			
8,934	Adyen N.V., 144A[1]	6,863,044	10,610,694
54,933	argenx SE, ADR[1]	3,628,348	23,623,387
23,795	ASML Holding N.V.	4,438,507	24,251,052
Total Netherlands		14,929,899	58,485,133
Poland (2.37%)			
809,144	InPost SA[1]	9,080,670	14,237,334
Spain (1.64%)			
827,902	Codere Online Luxembourg S.A.[1]	7,576,156	6,747,401
271,380	Codere Online Luxembourg, S.A. Forward Shares[1]	2,713,800	2,211,747
104,612	Codere Online Luxembourg, S.A. Founders Shares[1]	910	852,588
Total Spain		10,290,866	9,811,736
United Kingdom (2.74%)			
562,450	Endava plc, ADR[1]	22,183,544	16,446,038
United States (39.95%)			
139,157	Bill.Com Holdings, Inc.[1]	5,551,115	7,322,441
180,421	Block, Inc.[1]	14,648,530	11,635,350
356,991	Cloudflare, Inc., Cl A[1]	8,167,699	29,569,565
84,873	Crowdstrike Holdings, Inc., Cl A[1]	4,718,385	32,522,485
177,426	Datadog, Inc., Cl A[1]	8,157,291	23,010,378
154	GRAIL, Inc.[1]	7,341	2,367
928	Illumina, Inc.[1]	252,159	96,865
716,102	indie Semiconductor, Inc., Cl A[1]	4,606,701	4,418,349
465,089	NVIDIA Corp.	8,841,626	57,457,095
634,936	Rivian Automotive, Inc., Cl A[1]	13,602,870	8,520,841
166,462	Snowflake, Inc., Cl A[1]	21,519,122	22,487,352
85,442	Tempus AI, Inc.[1]	3,161,354	2,990,470
101,367	Tesla, Inc.[1]	27,919,942	20,058,502
91,425	Viking Therapeutics, Inc.[1]	7,113,884	4,846,439
77,494	Zscaler, Inc.[1]	3,707,666	14,893,571
Total United States		131,975,685	239,832,070
TOTAL COMMON STOCKS		**323,897,511**	**559,619,230**

Shares		Cost	Value
Private Common Stocks (6.20%)			
United States (6.20%)			
299,761	Farmers Business Network, Inc.[1,2]	$ 12,250,006	$ 557,556
252,130	Space Exploration Technologies Corp., Cl A[1,2]	11,571,518	28,238,560
75,250	Space Exploration Technologies Corp., Cl C[1,2]	3,428,124	8,428,000
TOTAL PRIVATE COMMON STOCKS		**27,249,648**	**37,224,116**
Private Convertible Preferred Stocks (0.01%)			
India (0.01%)			
9,201	Think & Learn Private Limited, Series F[1,2]	**29,867,591**	**45,302**
Private Preferred Stocks (0.47%)			
United States (0.47%)			
461,004	GM Cruise Holdings LLC, Cl G[1,2]	**12,147,455**	**2,798,294**
Warrants (0.09%)			
Israel (0.01%)			
68,986	Innovid Corp., Exp. 12/31/2027 exercise price USD 11.50[1]	117,942	4,484
228,748	Taboola.com Ltd., Exp. 6/29/2026 exercise price USD 11.50[1]	417,100	36,600
Total Israel		535,042	41,084
Spain (0.08%)			
502,360	Codere Online Luxembourg S.A. Private Shares, Exp. 11/30/2026 exercise price USD 11.50[1]	845,632	517,431
TOTAL WARRANTS		**1,380,674**	**558,515**

Principal Amount		Cost	Value
Short-Term Investments (0.11%)			
$684,891	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/28/2024, 4.85% due 7/1/2024; Proceeds at maturity $685,168; (Fully Collateralized by $692,500 U.S. Treasury Floating Rate Note, 5.385% due 4/30/2026 Market value - $698,686)	**684,891**	**684,891**
TOTAL INVESTMENTS (100.09%)		**$395,227,770**	**600,930,348**
LIABILITIES LESS CASH AND OTHER ASSETS (-0.09%)			**(554,792)**
Net Assets			**$600,375,556**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] At June 30, 2024, the market value of restricted securities amounted to $40,067,712 or 6.67% of net assets.
[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 June 30, 2024, the market value of Rule 144A securities amounted to $10,610,694 or 1.77% of net assets.

Baron Global Advantage Fund — PORTFOLIO OF INVESTMENTS (Continued)

June 30, 2024

Summary of Investments by Sector as of June 30, 2024	Percentage of Net Assets
Information Technology	51.0%
Consumer Discretionary	26.1%
Industrials	10.2%
Financials	7.3%
Health Care	5.3%
Materials	0.1%
Communication Services	0.0%^
Cash and Cash Equivalents*	0.0%^
	100.0%**

^ Rounds to less than 0.1%.
* Includes short-term investments, other assets and liabilities-net.
** Individual weights may not sum to 100% due to rounding.

Baron Discovery Fund — PORTFOLIO OF INVESTMENTS

June 30, 2024

Shares		Cost	Value
	Common Stocks (97.25%)		
	Communication Services (3.80%)		
	Advertising (0.81%)		
150,000	Ibotta, Inc., Cl A[1]	$ 14,649,029	$ 11,274,000
	Interactive Media & Services (0.63%)		
138,143	Reddit, Inc., Cl A[1]	4,696,862	8,825,956
	Movies & Entertainment (2.36%)		
185,000	Liberty Media Corporation-Liberty Formula One, Cl A[1]	5,408,362	11,882,550
550,000	Liberty Media Corporation-Liberty Live, Cl C[1]	18,822,683	21,048,500
		24,231,045	32,931,050
	Total Communication Services	43,576,936	53,031,006
	Consumer Discretionary (11.18%)		
	Casinos & Gaming (4.94%)		
1,235,000	DraftKings, Inc., Cl A[1]	23,984,451	47,139,950
395,000	Red Rock Resorts, Inc., Cl A	14,152,337	21,697,350
		38,136,788	68,837,300
	Footwear (1.11%)		
400,000	On Holding AG, Cl A[1,2]	9,327,516	15,520,000
	Home Improvement Retail (2.14%)		
300,000	Floor & Decor Holdings, Inc., Cl A[1]	9,074,455	29,823,000
	Homefurnishing Retail (0.53%)		
30,000	RH[1]	7,459,296	7,333,200
	Restaurants (2.46%)		
200,000	Texas Roadhouse, Inc.	17,901,519	34,342,000
	Total Consumer Discretionary	81,899,574	155,855,500
	Financials (2.29%)		
	Asset Management & Custody Banks (0.22%)		
25,000	Hamilton Lane, Inc., Cl A	2,946,204	3,089,500
	Property & Casualty Insurance (2.07%)		
75,000	Kinsale Capital Group, Inc.	3,355,498	28,896,000
	Total Financials	6,301,702	31,985,500
	Health Care (20.56%)		
	Health Care Equipment (8.65%)		
596,078	Inari Medical, Inc.[1]	30,435,721	28,701,156
104,000	Inspire Medical Systems, Inc.[1]	22,298,541	13,918,320
158,000	Integer Holdings Corp.[1]	18,388,085	18,294,820
265,000	Masimo Corp.[1]	35,939,618	33,374,100
973,406	Silk Road Medical, Inc.[1]	18,405,410	26,320,898
		125,467,375	120,609,294
	Health Care Supplies (1.07%)		
329,000	Establishment Labs Holdings, Inc.[1,2]	20,105,992	14,949,760
	Health Care Technology (1.05%)		
2,684,590	Definitive Healthcare Corp.[1]	48,189,355	14,657,861
	Life Sciences Tools & Services (9.64%)		
240,000	10X Genomics, Inc., Cl A[1]	10,693,795	4,668,000
1,433,622	CareDx, Inc.[1,3]	14,322,669	22,264,150
480,000	Exact Sciences Corp.[1,3]	20,906,055	20,280,000
1,629,676	Maravai LifeSciences Holdings, Inc., Cl A[1]	15,496,854	11,668,480
122,500	Repligen Corp.[1]	19,531,284	15,442,350
1,181,429	Stevanato Group SpA[2]	30,544,201	21,667,408
560,775	Tempus AI, Inc. Cl A[1]	19,197,220	19,627,125
868,790	Veracyte, Inc.[1,3]	22,690,855	18,826,679
		153,382,933	134,444,192

Shares		Cost	Value
	Common Stocks (continued)		
	Health Care (continued)		
	Pharmaceuticals (0.15%)		
775,832	Revance Therapeutics, Inc.[1]	$ 11,448,086	$ 1,993,888
	Total Health Care	358,593,741	286,654,995
	Industrials (21.75%)		
	Aerospace & Defense (7.87%)		
144,095	Axon Enterprise, Inc.[1]	15,830,703	42,398,513
1,942,158	Kratos Defense & Security Solutions, Inc.[1]	26,482,410	38,862,582
69,330	Loar Holdings, Inc.[1]	1,941,240	3,702,915
920,380	Mercury Systems, Inc.[1]	33,144,240	24,841,056
		77,398,593	109,805,066
	Building Products (2.31%)		
200,000	AAON, Inc.	14,505,982	17,448,000
200,000	Trex Co., Inc.[1]	7,842,211	14,824,000
		22,348,193	32,272,000
	Diversified Support Services (0.19%)		
146,576	ACV Auctions, Inc., Cl A[1]	2,937,630	2,675,012
	Environmental & Facilities Services (2.78%)		
869,583	Montrose Environmental Group, Inc.[1]	19,287,297	38,748,618
	Human Resource & Employment Services (1.96%)		
550,000	Dayforce, Inc.[1]	29,611,829	27,280,000
	Industrial Machinery & Supplies & Components (4.68%)		
250,000	Chart Industries, Inc.[1]	34,324,239	36,085,000
375,000	Enerpac Tool Group Corp., Cl A	14,358,665	14,317,500
55,000	RBC Bearings, Inc.[1]	11,183,890	14,837,900
		59,866,794	65,240,400
	Trading Companies & Distributors (1.96%)		
225,000	SiteOne Landscape Supply, Inc.[1]	16,625,881	27,317,250
	Total Industrials	228,076,217	303,338,346
	Information Technology (35.59%)		
	Application Software (11.15%)		
600,000	Alkami Technology, Inc.[1]	13,160,839	17,088,000
1,500,000	Clearwater Analytics Holdings, Inc., Cl A[1]	25,944,978	27,780,000
677,889	Gitlab, Inc., Cl A[1,3]	25,647,628	33,704,641
235,357	Guidewire Software, Inc.[1]	18,259,547	32,453,377
625,000	Intapp, Inc.[1]	22,553,288	22,918,750
325,000	Procore Technologies, Inc.[1]	21,170,513	21,550,750
		126,736,793	155,495,518
	Electronic Equipment & Instruments (6.49%)		
395,321	Advanced Energy Industries, Inc.	27,937,769	42,995,112
74,131	Novanta, Inc.[1,2]	8,196,882	12,091,507
750,000	PAR Technology Corp.[1]	25,153,503	35,317,500
		61,288,154	90,404,119
	IT Consulting & Other Services (2.06%)		
326,131	ASGN, Inc.[1]	31,749,731	28,754,970
	Semiconductor Materials & Equipment (2.27%)		
135,000	Nova Ltd.[1,2]	3,115,172	31,661,550

Baron Discovery Fund — PORTFOLIO OF INVESTMENTS (Continued)

June 30, 2024

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (continued)			
	Semiconductors (2.72%)		
4,057,493	indie Semiconductor, Inc., Cl A[1]	$ 34,900,206	$ 25,034,732
104,000	SiTime Corp.[1]	10,725,454	12,935,520
		45,625,660	37,970,252
	Systems Software (10.90%)		
1,444,900	Couchbase, Inc.[1,3]	31,053,248	26,383,874
160,200	CyberArk Software Ltd.[1,2]	20,574,697	43,801,884
430,775	Dynatrace, Inc.[1,3]	10,425,484	19,272,874
1,575,000	SentinelOne, Inc., Cl A[1]	24,893,625	33,153,750
611,000	Varonis Systems, Inc.[1]	13,653,727	29,309,670
		100,600,781	151,922,052
Total Information Technology		369,116,291	496,208,461
Real Estate (2.08%)			
	Industrial REITs (2.08%)		
650,000	Rexford Industrial Realty, Inc.	31,657,135	28,983,500
TOTAL COMMON STOCKS		**1,119,221,596**	**1,356,057,308**

Principal Amount			
Short-Term Investments (2.36%)			
$32,958,379	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/28/2024, 4.85% due 7/1/2024; Proceeds at maturity $32,971,699; (Fully Collateralized by $33,322,300 U.S. Treasury Floating Rate Note, 5.385% due 4/30/2026 Market value - $33,617,726)	**32,958,379**	**32,958,379**
TOTAL INVESTMENTS (99.61%)		**$1,152,179,975**	**1,389,015,687**
CASH AND OTHER ASSETS LESS LIABILITIES (0.39%)			**5,416,084**
NET ASSETS			**$1,394,431,771**

% 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.

Baron Durable Advantage Fund — PORTFOLIO OF INVESTMENTS

June 30, 2024

Shares		Cost	Value
Common Stocks (98.62%)			
Communication Services (11.57%)			
	Interactive Media & Services (11.57%)		
110,791	Alphabet, Inc., Cl C	$ 14,618,145	$ 20,321,285
57,053	Meta Platforms, Inc., Cl A	17,492,254	28,767,264
Total Communication Services		32,110,399	49,088,549
Consumer Discretionary (6.94%)			
	Broadline Retail (6.94%)		
152,252	Amazon.com, Inc.[1]	21,633,953	29,422,699
Consumer Staples (1.55%)			
	Consumer Staples Merchandise Retail (1.55%)		
7,715	Costco Wholesale Corp.	4,325,406	6,557,673
Financials (29.34%)			
	Asset Management & Custody Banks (5.23%)		
97,516	Blackstone, Inc.	11,176,824	12,072,481
243,973	Brookfield Corp., Cl A[2]	9,333,394	10,134,638
		20,510,218	22,207,119
	Diversified Financial Services (3.09%)		
111,016	Apollo Global Management, Inc.	11,564,568	13,107,659
	Financial Exchanges & Data (10.74%)		
31,966	CME Group, Inc.	6,454,069	6,284,516
32,164	Moody's Corp.	11,452,985	13,538,792
18,665	MSCI, Inc.	9,425,530	8,991,864
37,554	S&P Global, Inc.	14,972,478	16,749,084
		42,305,062	45,564,256
	Investment Banking & Brokerage (2.09%)		
31,747	LPL Financial Holdings, Inc.	7,499,126	8,866,937
	Property & Casualty Insurance (2.10%)		
88,182	Arch Capital Group Ltd.[1,2]	5,523,458	8,896,682
	Transaction & Payment Processing Services (6.09%)		
23,590	MasterCard, Incorporated, Cl A	9,517,135	10,406,965
58,875	Visa, Inc., Cl A	14,889,289	15,452,921
		24,406,424	25,859,886
Total Financials		111,808,856	124,502,539
Health Care (10.57%)			
	Life Sciences Tools & Services (7.89%)		
40,224	Agilent Technologies, Inc.	5,219,982	5,214,237
42,419	Danaher Corp.	9,735,317	10,598,387
4,230	Mettler-Toledo International, Inc.[1]	5,197,489	5,911,806
21,288	Thermo Fisher Scientific, Inc.	11,256,524	11,772,264
		31,409,312	33,496,694
	Managed Health Care (2.68%)		
22,301	UnitedHealth Group, Incorporated	10,663,848	11,357,007
Total Health Care		42,073,160	44,853,701

Shares		Cost	Value
Common Stocks (continued)			
Industrials (2.60%)			
	Aerospace & Defense (2.60%)		
62,126	HEICO Corp., Cl A	$ 8,755,019	$ 11,028,608
Information Technology (33.92%)			
	Application Software (6.17%)		
24,802	Adobe, Inc.[1]	12,959,856	13,778,503
18,890	Intuit, Inc.	10,232,021	12,414,697
		23,191,877	26,193,200
	Electronic Manufacturing Services (0.24%)		
6,675	TE Connectivity Ltd.[2]	831,183	1,004,120
	IT Consulting & Other Services (1.74%)		
24,323	Accenture plc, Cl A[2]	7,822,054	7,379,841
	Semiconductors (16.51%)		
10,762	Broadcom, Inc.	14,476,414	17,278,714
8,503	Monolithic Power Systems, Inc.	3,697,232	6,986,745
168,290	NVIDIA Corp.	6,045,484	20,790,547
107,193	Taiwan Semiconductor Manufacturing Co., Ltd., ADR[2]	14,037,032	18,631,215
32,673	Texas Instruments, Inc.	5,738,398	6,355,879
		43,994,560	70,043,100
	Systems Software (9.26%)		
87,961	Microsoft Corporation	30,893,594	39,314,169
Total Information Technology		106,733,268	143,934,430
Real Estate (2.13%)			
	Real Estate Services (2.13%)		
121,795	CoStar Group, Inc.[1]	10,673,237	9,029,881
TOTAL COMMON STOCKS		**338,113,298**	**418,418,080**

Principal Amount		Cost	Value
Short-Term Investments (3.16%)			
$13,413,149	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/28/2024, 4.85% due 7/1/2024; Proceeds at maturity $13,418,571; (Fully Collateralized by $13,561,300 U.S. Treasury Floating Rate Note, 5.385% due 4/30/2026 Market value - $13,681,576)	**13,413,149**	**13,413,149**
TOTAL INVESTMENTS (101.78%)		**$351,526,447**	**431,831,229**
LIABILITIES LESS CASH AND OTHER ASSETS (-1.78%)			**(7,535,729)**
NET ASSETS			**$424,295,500**

% 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

June 30, 2024

Shares		Cost	Value
Common Stocks (97.34%)			
Consumer Discretionary (8.37%)			
	Casinos and Gaming (1.98%)		
32,270	Wynn Resorts Ltd.	$ 2,933,543	$ 2,888,165
	Home Improvement Retail (0.88%)		
5,820	Lowe's Companies, Inc.	1,304,813	1,283,077
	Homebuilding (4.08%)		
14,025	Lennar Corp., Cl A	2,080,438	2,101,927
26,395	Toll Brothers, Inc.	1,690,914	3,040,176
21,570	Tri Pointe Homes, Inc.[1]	751,077	803,482
		4,522,429	5,945,585
	Hotels, Resorts & Cruise Lines (1.43%)		
9,538	Hilton Worldwide Holdings, Inc.	1,858,821	2,081,192
Total Consumer Discretionary		10,619,606	12,198,019
Financials (3.37%)			
	Asset Management & Custody Banks (3.37%)		
15,085	Blackstone, Inc.	1,864,586	1,867,523
26,661	Brookfield Corp., Cl A[2]	826,572	1,107,498
51,061	Brookfield Asset Management Ltd., Cl A[2]	1,653,067	1,942,871
		4,344,225	4,917,892
Total Financials		4,344,225	4,917,892
Information Technology (2.16%)			
	Internet Services & Infrastructure (2.16%)		
339,205	GDS Holdings Ltd., ADR[1,2]	2,377,738	3,151,215
Real Estate (82.60%)			
	Data Center REITs (11.94%)		
56,213	Digital Realty Trust, Inc.	6,312,080	8,547,186
11,713	Equinix, Inc.	8,272,523	8,862,056
		14,584,603	17,409,242
	Health Care REITs (13.75%)		
216,085	Healthpeak Properties, Inc.	3,973,286	4,235,266
58,600	Ventas, Inc.	2,749,730	3,003,836
122,840	Welltower, Inc.	9,371,138	12,806,070
		16,094,154	20,045,172
	Hotel & Resort REITs (4.01%)		
228,707	Park Hotels & Resorts, Inc.	3,775,342	3,426,031
24,273	Ryman Hospitality Properties, Inc.	2,608,263	2,423,902
		6,383,605	5,849,933
	Industrial REITs (6.11%)		
29,813	First Industrial Realty Trust, Inc.	1,494,224	1,416,415
51,358	Prologis, Inc.	5,300,948	5,768,017
38,503	Rexford Industrial Realty, Inc.	1,860,403	1,716,849
		8,655,575	8,901,281

Shares		Cost	Value
Common Stocks (continued)			
Real Estate (continued)			
	Multi-Family Residential REITs (20.53%)		
57,102	AvalonBay Communities, Inc.	$ 10,410,254	$ 11,813,833
205,796	Equity Residential	12,726,000	14,269,894
205,727	Independence Realty Trust, Inc.	3,478,657	3,855,324
		26,614,911	29,939,051
	Retail REITs (5.26%)		
15,150	Federal Realty Investment Trust	1,590,940	1,529,696
127,850	Macerich Co.	1,901,455	1,974,004
27,435	Simon Property Group, Inc.	3,600,976	4,164,633
		7,093,371	7,668,333
	Self Storage REITs (0.73%)		
3,685	Public Storage	1,076,696	1,059,990
	Single-Family Residential REITs (11.55%)		
190,286	American Homes 4 Rent, Cl A	6,574,823	7,071,028
199,670	Invitation Homes, Inc.	6,684,949	7,166,156
21,613	Sun Communities, Inc.	2,293,993	2,600,909
		15,553,765	16,838,093
	Telecom Tower REITs (8.72%)		
65,445	American Tower Corp.	11,586,417	12,721,199
Total Real Estate		107,643,097	120,432,294
Utilities (0.84%)			
	Renewable Electricity (0.84%)		
43,416	Brookfield Renewable Corp., Cl A[2]	1,346,061	1,232,146
TOTAL COMMON STOCKS		**126,330,727**	**141,931,566**

Principal Amount			
Short-Term Investments (2.28%)			
$3,320,521	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/28/2024, 4.85% due 7/1/2024; Proceeds at maturity $3,321,863; (Fully Collateralized by $3,357,200 U.S. Treasury Floating Rate Note, 5.385% due 4/30/2026 Market value - $3,386,978)	**3,320,521**	**3,320,521**
TOTAL INVESTMENTS (99.62%)		**$129,651,248**	**145,252,087**
CASH AND OTHER ASSETS LESS LIABILITIES (0.38%)			**555,171**
NET ASSETS			**$145,807,258**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
[ADR] American Depositary Receipt.

Baron WealthBuilder Fund — PORTFOLIO OF INVESTMENTS

June 30, 2024

Shares		Cost	Value
Affiliated Mutual Funds (100.01%)			
Small Cap Funds (31.52%)			
882,083	Baron Discovery Fund - Institutional Shares	$ 22,071,279	$ 23,825,065
756,180	Baron Growth Fund - Institutional Shares	71,215,950	74,014,867
2,119,054	Baron Small Cap Fund - Institutional Shares	69,623,719	72,471,635
Total Small Cap Funds		162,910,948	170,311,567
Small to Mid Cap Funds (6.21%)			
868,462	Baron Focused Growth Fund - Institutional Shares	27,882,774	33,566,062
Mid Cap Funds (12.97%)			
659,197	Baron Asset Fund - Institutional Shares	63,211,347	70,112,194
Large Cap Funds (8.61%)			
674,754	Baron Durable Advantage Fund - Institutional Shares	10,513,571	17,752,784
557,577	Baron Fifth Avenue Growth Fund - Institutional Shares	19,653,040	28,776,532
Total Large Cap Funds		30,166,611	46,529,316
All Cap Funds (17.80%)			
627,095	Baron Opportunity Fund - Institutional Shares	15,631,443	28,376,069
444,008	Baron Partners Fund - Institutional Shares	38,701,588	67,840,056
Total All Cap Funds		54,333,031	96,216,125
Non-U.S./Global Funds (9.45%)			
1,015,912	Baron Emerging Markets Fund - Institutional Shares	14,416,858	15,208,197
590,127	Baron Global Advantage Fund - Institutional Shares	15,706,644	19,899,081
597,518	Baron International Growth Fund - Institutional Shares	15,904,982	15,929,841
Total Non-U.S./Global Funds		46,028,484	51,037,119
Sector Funds (13.45%)			
971,932	Baron FinTech Fund - Institutional Shares	13,311,079	14,365,158
765,654	Baron Health Care Fund - Institutional Shares	13,419,349	15,481,528
896,226	Baron Real Estate Fund - Institutional Shares	29,796,424	31,502,346
789,185	Baron Real Estate Income Fund - Institutional Shares	12,347,531	11,356,373
Total Sector Funds		68,874,383	72,705,405
TOTAL AFFILIATED MUTUAL FUNDS (100.01%)		$453,407,578	540,477,788
LIABILITIES LESS CASH AND OTHER ASSETS (-0.01%)			(48,535)
NET ASSETS			$540,429,253

% Represents percentage of net assets.

Baron Health Care Fund — PORTFOLIO OF INVESTMENTS

June 30, 2024

Shares		Cost	Value
Common Stocks (95.82%)			
Health Care (95.82%)			
	Biotechnology (18.57%)		
110,000	Arcellx, Inc.[1]	$ 5,504,329	$ 6,070,900
22,055	argenx SE, ADR[1,2]	7,449,896	9,484,532
35,000	Biohaven Ltd.[1,2]	1,225,216	1,214,850
55,000	Immunovant, Inc.[1]	1,938,084	1,452,000
20,000	Jasper Therapeutics, Inc.[1]	483,549	454,000
60,000	Legend Biotech Corp., ADR[1,2]	3,351,367	2,657,400
250,000	Rocket Pharmaceuticals, Inc.[1]	4,591,165	5,382,500
23,000	Vertex Pharmaceuticals, Incorporated[1]	5,946,486	10,780,560
35,000	Viking Therapeutics, Inc.[1]	1,080,070	1,855,350
100,100	Xenon Pharmaceuticals, Inc.[1,2]	3,651,406	3,902,899
		35,221,568	43,254,991
	Health Care Distributors (2.71%)		
10,800	McKesson Corp.	2,651,423	6,307,632
	Health Care Equipment (22.74%)		
159,000	Boston Scientific Corp.[1]	8,552,673	12,244,590
35,000	DexCom, Inc.[1]	3,975,410	3,968,300
40,000	Edwards Lifesciences Corp.[1]	3,555,611	3,694,800
20,000	Glaukos Corp.[1]	1,931,207	2,367,000
6,995	IDEXX Laboratories, Inc.[1]	2,933,296	3,407,964
10,000	Inspire Medical Systems, Inc.[1]	1,273,951	1,338,300
30,233	Intuitive Surgical, Inc.[1]	7,267,519	13,449,150
46,500	iRhythm Technologies, Inc.[1]	5,186,209	5,005,260
22,000	Stryker Corp.	6,547,461	7,485,500
		41,223,337	52,960,864
	Health Care Facilities (4.11%)		
18,300	HCA Healthcare, Inc.	4,144,546	5,879,424
85,000	Surgery Partners, Inc.[1]	2,666,783	2,022,150
12,500	Tenet Healthcare Corp.[1]	1,616,370	1,662,875
		8,427,699	9,564,449
	Health Care Services (0.89%)		
35,000	RadNet, Inc.[1]	1,643,218	2,062,200
	Health Care Supplies (2.62%)		
70,000	The Cooper Companies, Inc.	6,104,272	6,111,000
	Life Sciences Tools & Services (17.26%)		
40,000	Bio-Techne Corporation	3,091,287	2,866,000
17,500	Danaher Corp.	4,027,743	4,372,375
24,000	ICON plc[1,2]	5,295,120	7,523,280
2,650	Mettler-Toledo International, Inc.[1]	2,726,860	3,703,614
41,000	Natera, Inc.[1,3]	2,772,310	4,439,890
5,000	Repligen Corp.[1]	802,260	630,300
52,500	Tempus AI, Inc.[1]	1,981,663	1,837,500
19,849	Thermo Fisher Scientific, Inc.	9,773,188	10,976,497
11,650	West Pharmaceutical Services, Inc.	3,438,733	3,837,393
		33,909,164	40,186,849

Shares		Cost	Value
Common Stocks (continued)			
Health Care (continued)			
	Managed Health Care (10.03%)		
11,600	Elevance Health, Inc.	$ 5,523,931	$ 6,285,576
33,500	UnitedHealth Group, Incorporated	12,190,803	17,060,210
		17,714,734	23,345,786
	Pharmaceuticals (16.89%)		
45,000	AstraZeneca PLC, ADR[2]	2,626,938	3,509,550
24,000	Eli Lilly & Co.	5,250,618	21,729,120
90,000	Merck & Co., Inc.	8,514,795	11,142,000
17,000	Zoetis, Inc.	2,512,788	2,947,120
		18,905,139	39,327,790
TOTAL COMMON STOCKS		**165,800,554**	**223,121,561**

Principal Amount			
Short-Term Investments (4.06%)			
$9,462,323	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/28/2024, 4.85% due 7/1/2024; Proceeds at maturity $9,466,147; (Fully Collateralized by $9,566,800 U.S. Treasury Floating Rate Note, 5.385% due 4/30/2026 Market value - $9,651,612)	**9,462,323**	**9,462,323**
TOTAL INVESTMENTS (99.88%)		**$175,262,877**	**232,583,884**
CASH AND OTHER ASSETS LESS LIABILITIES (0.12%)			**284,395**
NET ASSETS			**$232,868,279**

% 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 FinTech Fund — PORTFOLIO OF INVESTMENTS

June 30, 2024

Shares		Cost	Value
Common Stocks (98.49%)			
Consumer Discretionary (3.73%)			
	Broadline Retail (3.73%)		
1,352	MercadoLibre, Inc.[1]	$ 1,992,630	$ 2,221,877
Financials (68.97%)			
	Asset Management & Custody Banks (3.29%)		
1,500	BlackRock, Inc.	1,159,547	1,180,980
7,400	KKR & Co., Inc.	757,673	778,776
		1,917,220	1,959,756
	Diversified Banks (3.01%)		
139,300	NU Holdings Ltd., Cl A[1,2]	1,136,780	1,795,577
	Diversified Financial Services (4.48%)		
22,600	Apollo Global Management, Inc.	1,654,296	2,668,382
	Financial Exchanges & Data (20.22%)		
5,464	CME Group, Inc.	1,136,935	1,074,222
3,550	FactSet Research Systems, Inc.	1,481,589	1,449,359
4,000	Moody's Corp.	1,417,488	1,683,720
5,166	Morningstar, Inc.	1,133,088	1,528,361
3,080	MSCI, Inc.	1,320,776	1,483,790
6,457	S&P Global, Inc.	2,537,796	2,879,822
18,379	Tradeweb Markets, Inc., Cl A	1,504,323	1,948,174
		10,531,995	12,047,448
	Insurance Brokers (0.59%)		
10,000	Baldwin Insurance Group, Inc. Cl A (formerly BRP Group, Inc.)[1]	287,121	354,700
	Investment Banking & Brokerage (9.12%)		
10,500	Houlihan Lokey, Inc.	792,917	1,416,030
9,934	Interactive Brokers Group, Inc., Cl A	791,486	1,217,909
6,854	LPL Financial Holdings, Inc.	1,155,054	1,914,322
12,020	The Charles Schwab Corp.	892,280	885,754
		3,631,737	5,434,015
	Property & Casualty Insurance (8.11%)		
17,900	Arch Capital Group Ltd.[1,2]	1,467,472	1,805,931
1,600	Kinsale Capital Group, Inc.	270,056	616,448
11,600	The Progressive Corp.	1,397,264	2,409,436
		3,134,792	4,831,815
	Transaction & Payment Processing Services (20.15%)		
13,908	Block, Inc.[1]	2,510,341	896,927
13,300	Fiserv, Inc.[1]	1,426,580	1,982,232
8,400	Global Payments, Inc.	1,036,440	812,280
5,960	Jack Henry & Associates, Inc.	993,006	989,479
6,300	MasterCard, Incorporated, Cl A	2,171,411	2,779,308
12,915	Repay Holdings Corporation[1]	258,465	136,382
10,400	Visa, Inc., Cl A	2,194,913	2,729,688
3,576	WEX, Inc.[1]	730,811	633,453
122,000	Wise PLC, Cl A (United Kingdom)[1,2]	1,404,362	1,046,350
		12,726,329	12,006,099
Total Financials		35,020,270	41,097,792
Industrials (5.14%)			
	Research & Consulting Services (5.14%)		
2,700	Equifax, Inc.	573,159	654,642
9,934	TransUnion	960,745	736,705
6,200	Verisk Analytics, Inc.	1,183,525	1,671,210
Total Industrials		2,717,429	3,062,557
Common Stocks (continued)			
Information Technology (19.41%)			
	Application Software (15.14%)		
11,921	Alkami Technology, Inc.[1]	$ 302,180	$ 339,510
4,470	Bill.Com Holdings, Inc.[1]	530,116	235,212
19,869	Clearwater Analytics Holdings, Inc., Cl A[1]	480,932	367,974
1,900	Fair Isaac Corp.[1]	885,253	2,828,454
13,412	Guidewire Software, Inc.[1]	1,501,822	1,849,381
13,908	Intapp, Inc.[1]	610,006	510,006
4,400	Intuit, Inc.	1,634,342	2,891,724
		5,944,651	9,022,261
	Internet Services & Infrastructure (1.32%)		
11,921	Shopify, Inc., Cl A[1,2]	1,685,376	787,382
	IT Consulting & Other Services (2.95%)		
1,600	Accenture plc, Cl A[2]	383,949	485,456
25,830	CI&T, Inc., Cl A[1,2]	377,142	134,316
18,875	Endava plc, ADR[1,2]	1,351,424	551,905
3,300	Globant S.A.[1,2]	764,106	588,258
		2,876,621	1,759,935
Total Information Technology		10,506,648	11,569,578
Real Estate (1.24%)			
	Real Estate Services (1.24%)		
10,000	CoStar Group, Inc.[1]	863,826	741,400
TOTAL COMMON STOCKS		**51,100,803**	**58,693,204**

Principal Amount		Cost	Value
Short-Term Investments (1.41%)			
$837,303	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/28/2024, 4.85% due 7/1/2024; Proceeds at maturity $837,642; (Fully Collateralized by $846,600 U.S. Treasury Floating Rate Note, 5.385% due 4/30/2026 Market value - $854,157)	**837,303**	**837,303**
TOTAL INVESTMENTS (99.90%)		**$51,938,106**	**59,530,507**
CASH AND OTHER ASSETS LESS LIABILITIES (0.10%)			**56,926**
NET ASSETS			**$59,587,433**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
[ADR] American Depositary Receipt.

Baron New Asia Fund — PORTFOLIO OF INVESTMENTS

June 30, 2024

Shares		Cost	Value
Common Stocks (96.45%)			
China (13.36%)			
993	Alibaba Group Holding Limited, ADR	$ 90,146	$ 71,496
738	Baidu, Inc., Cl A[1]	12,030	7,990
5,154	Estun Automation Co. Ltd., Cl A	17,510	10,056
7,196	Full Truck Alliance Co. Ltd., ADR	50,328	57,856
4,157	Galaxy Entertainment Group Ltd.[1]	26,387	19,346
2,997	Jiangsu Hengli Hydraulic Co. Ltd., Cl A	24,307	19,201
1,514	Kanzhun Ltd., ADR[1]	24,483	28,478
37,351	Kingdee International Software Group Co. Ltd.[1]	55,295	34,927
5,544	Kingsoft Corp. Ltd.	22,268	15,969
198	Kweichow Moutai Co. Ltd., Cl A	50,306	39,893
2,245	Midea Group Co., Ltd., Cl A	17,424	19,904
13,320	NARI Technology Co. Ltd., Cl A	44,296	45,659
523	PDD Holdings, Inc., ADR[1]	58,598	69,533
576	Shenzhen Mindray Bio-Medical Electronics Co. Ltd., Cl A	27,317	23,045
3,423	Shenzhou International Group Holdings Ltd.	34,500	33,437
4,764	Tencent Holdings Limited, ADR	226,482	225,623
2,102	Tencent Music Entertainment Group, ADR	19,762	29,533
719	Yum China Holdings, Inc., (Hong Kong)	39,700	22,220
1,170	Zai Lab Limited, ADR[1]	54,149	20,276
Total China		895,288	794,442
India (62.59%)			
5,874	360 ONE WAM Ltd.	41,020	68,959
644	Amber Enterprises India Ltd.[1]	16,170	34,797
10,396	Aster DM Healthcare Ltd., 144A	52,200	43,107
1,021	Bajaj Finance Limited	83,317	87,013
10,848	Bharat Electronics Ltd.	40,840	39,700
7,714	Bharti Airtel Ltd.	74,934	133,463
24,266	Bharti Airtel Ltd. PP	197,475	302,957
3,389	Cholamandalam Investment & Finance Co. Ltd.	49,078	57,750
589	Cummins India Ltd.	26,691	27,968
310	Dixon Technologies India Ltd.	16,193	44,460
85,199	GMR Power & Urban Infra Ltd.[1]	70,422	84,984
8,733	Godrej Consumer Products Ltd.	111,288	143,841
1,818	Godrej Properties Ltd.[1]	32,291	69,772
3,475	HDFC Bank Ltd.	67,136	70,175
69,520	Indus Towers Ltd.[1]	248,053	312,555
1,443	InterGlobe Aviation Ltd., 144A[1]	57,429	73,126
42,258	Jio Financial Services Ltd.[1]	118,812	181,006
25,240	JM Financial Limited	23,121	26,397
3,392	Kaynes Technology India Ltd.[1]	123,723	156,609
5,158	Kirloskar Oil Engines Ltd.	46,109	85,970
2,109	Mahindra & Mahindra Ltd.	46,104	72,397
5,809	Max Healthcare Institute Ltd.	45,377	65,423
1,960	Neogen Chemicals Ltd.	28,169	37,274
447	Nuvama Wealth Management Ltd.[1]	28,047	26,473
32,795	Power Grid Corp. of India Ltd.	123,052	129,878
17,430	Precision Wires India Ltd.	28,783	33,659
5,507	REC Ltd.	34,410	34,639
6,370	Reliance Industries Limited	208,937	238,790
4,158	SBI Life Insurance Company Limited, 144A	67,241	74,333
1,197	SRF Ltd.	37,952	34,916
1,956	Tata Communications Ltd.	31,550	43,435
904	Tata Consultancy Services Ltd.	40,180	42,229
4,634	Tata Consumer Products Ltd.	48,166	60,877
1,139	Thermax Ltd.	63,523	73,062
9,028	Tips Industries Ltd.	46,568	44,205
1,442	Titan Co. Ltd.	42,144	58,765
5,654	Trent Ltd.	190,588	371,012
860	Tube Investments of India Ltd.	32,059	43,881
80,518	Zomato Ltd.[1]	85,809	193,225
Total India		2,724,961	3,723,082

Shares		Cost	Value
Common Stocks (continued)			
Indonesia (1.00%)			
213,200	Bank Rakyat Indonesia (Persero) Tbk PT	$ 62,520	$ 59,780
Japan (2.10%)			
388	Hoya Corp.	53,040	45,373
71	Keyence Corporation	37,597	31,075
221	Tokyo Electron Limited	30,683	48,377
Total Japan		121,320	124,825
Korea, Republic of (8.04%)			
3,347	Coupang, Inc., Cl A[1]	47,134	70,120
377	HD Hyundai Heavy Industries Co. Ltd.[1]	29,272	42,526
313	HD Korea Shipbuilding & Offshore Engineering Co. Ltd.[1]	20,402	36,030
769	Korea Aerospace Industries Ltd.	25,969	29,518
130	Park Systems Corp.	17,125	17,544
3,405	Samsung Electronics Co., Ltd.	185,236	200,397
52	Samsung SDI Co. Ltd.	22,523	13,278
406	SK Hynix, Inc.	35,899	68,902
Total Korea, Republic of		383,560	478,315
Taiwan (9.36%)			
292	ASPEED Technology, Inc.	34,970	43,330
4,810	Delta Electronics, Inc.	39,963	57,371
304	eMemory Technology, Inc.	24,114	23,880
11,015	Taiwan Semiconductor Manufacturing Co., Ltd.	206,047	326,348
608	Taiwan Semiconductor Manufacturing Co., Ltd., ADR	43,816	105,677
Total Taiwan		348,910	556,606
TOTAL COMMON STOCKS		**4,536,559**	**5,737,050**

Principal Amount			
Short-Term Investments (5.52%)			
$328,356	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/28/2024, 4.85% due 7/1/2024; Proceeds at maturity $328,489; (Fully Collateralized by $331,000 U.S. Treasury Note, 4.50% due 5/31/2029 Market value - $335,045)	**328,356**	**328,356**
TOTAL INVESTMENTS (101.97%)		**$4,864,915**	**6,065,406**
LIABILITIES LESS CASH AND OTHER ASSETS (-1.97%)			**(117,231)**
NET ASSETS			**$5,948,175**

% 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 June 30, 2024, the market value of Rule 144A securities amounted to $190,566 or 3.20% of net assets.

Baron New Asia Fund — PORTFOLIO OF INVESTMENTS (Continued)

June 30, 2024

Summary of Investments by Sector as of June 30, 2024	Percentage of Net Assets
Information Technology	19.7%
Communication Services	19.2%
Consumer Discretionary	18.9%
Financials	11.5%
Industrials	11.1%
Consumer Staples	4.1%
Energy	4.0%
Health Care	3.3%
Utilities	2.2%
Materials	1.2%
Real Estate	1.2%
Cash and Cash Equivalents*	3.5%
	100.0%**

* Includes short-term investments, other assets and liabilities - net.

** Individual weights may not sum to 100% due to rounding.

Baron Technology Fund — PORTFOLIO OF INVESTMENTS

June 30, 2024

Shares		Cost	Value
Common Stocks (99.55%)			
Communication Services (11.04%)			
	Advertising (2.19%)		
3,233	Ibotta, Inc., Cl A[1]	$ 313,841	$ 242,992
5,420	The Trade Desk, Inc., Cl A[1]	381,129	529,372
		694,970	772,364
	Interactive Media & Services (4.04%)		
2,547	Meta Platforms, Inc., Cl A	961,713	1,284,248
2,130	Reddit, Inc., Cl A[1]	72,420	136,086
		1,034,133	1,420,334
	Movies & Entertainment (4.81%)		
5,392	Spotify Technology SA[1,2]	1,419,288	1,691,955
Total Communication Services		3,148,391	3,884,653
Consumer Discretionary (13.77%)			
	Automobile Manufacturers (2.52%)		
4,479	Tesla, Inc.[1]	844,652	886,305
	Broadline Retail (10.24%)		
18,638	Amazon.com, Inc.[1]	3,093,658	3,601,793
	Hotels, Resorts & Cruise Lines (1.01%)		
50,878	eDreams ODIGEO SA (Spain)[1,2]	386,021	354,171
Total Consumer Discretionary		4,324,331	4,842,269
Industrials (0.96%)			
	Aerospace & Defense (0.96%)		
1,149	Axon Enterprise, Inc.[1]	359,287	338,082
Information Technology (71.02%)			
	Application Software (7.88%)		
1,770	Cadence Design Systems, Inc.[1]	516,791	544,717
5,748	Gitlab, Inc., Cl A[1,3]	304,596	285,791
2,812	Guidewire Software, Inc.[1]	317,767	387,747
8,591	Intapp, Inc.[1]	349,849	315,032
1,136	Intuit, Inc.	681,123	746,590
625	ServiceNow, Inc.[1,3]	420,701	491,669
		2,590,827	2,771,546
	Electronic Equipment & Instruments (2.89%)		
14,780	PAR Technology Corp.[1]	656,857	695,990
2,373	Park Systems Corp. (Korea, Republic of)[2]	313,095	320,256
		969,952	1,016,246
	Internet Services & Infrastructure (1.70%)		
9,035	Shopify, Inc., Cl A[1,2]	670,001	596,762
	IT Consulting & Other Services (2.32%)		
1,815	Gartner, Inc.[1]	772,653	815,044
	Semiconductor Materials & Equipment (5.01%)		
649	ASML Holding N.V.[2]	547,380	663,752
1,505	BE Semiconductor Industries NV (Netherlands)[2]	209,794	251,412
797	Lam Research Corp.	638,879	848,685
		1,396,053	1,763,849

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (continued)			
	Semiconductors (29.58%)		
7,177	Advanced Micro Devices, Inc.[1]	$ 1,021,008	$ 1,164,181
1,140	Broadcom, Inc.	1,346,054	1,830,304
4,318	eMemory Technology, Inc. (Taiwan)[2]	334,663	339,189
95,336	indie Semiconductor, Inc., Cl A[1]	638,678	588,223
3,371	Micron Technology, Inc.	290,683	443,388
228	Monolithic Power Systems, Inc.	116,873	187,343
34,510	NVIDIA Corp.	1,958,202	4,263,365
7,884	Taiwan Semiconductor Manufacturing Co., Ltd. (Taiwan)[2]	161,540	233,584
7,802	Taiwan Semiconductor Manufacturing Co., Ltd., ADR[2]	1,013,096	1,356,066
		6,880,797	10,405,643
	Systems Software (13.72%)		
3,333	Cloudflare, Inc., Cl A[1,3]	266,297	276,072
5,945	Datadog, Inc., Cl A[1,3]	703,253	771,007
7,777	Dynatrace, Inc.[1,3]	379,206	347,943
7,680	Microsoft Corporation	2,949,247	3,432,576
		4,298,003	4,827,598
	Technology Hardware, Storage & Peripherals (7.92%)		
13,229	Apple, Inc.	2,539,452	2,786,292
Total Information Technology		20,117,738	24,982,980
Real Estate (2.76%)			
	Real Estate Services (2.76%)		
13,114	CoStar Group, Inc.[1]	1,128,138	972,272
TOTAL COMMON STOCKS		**29,077,885**	**35,020,256**

Principal Amount			
Short-Term Investments (0.56%)			
$197,486	Repurchase Agreement with Fixed Income Clearing Corp., dated 6/28/2024, 4.85% due 7/1/2024; Proceeds at maturity $197,566; (Fully Collateralized by $217,200 U.S. Treasury Note, 0.75% due 5/31/2026 Market value - $201,550)	**197,486**	**197,486**
TOTAL INVESTMENTS (100.11%)		**$29,275,371**	**35,217,742**
LIABILITIES LESS CASH AND OTHER ASSETS (-0.11%)			**(38,843)**
NET ASSETS			**$35,178,899**

% 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.

Notes

Notes

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