Letter from Ron

Baron Funds®

December 31, 2024

Quarterly Report

Baron's 2024 Investment Conference theme was "Building Legacy." More than 5,000 Baron Capital clients and shareholders of Baron Funds attended that meeting. This was the second time I interviewed Gwynne at a Baron Conference on stage at The Met. Our first interview was five years ago on October 25, 2019. The conference theme that fall, a few months before COVID-19 changed all our lives, was shockingly, "What's Next?" Fleetwood Mac performed at day's end under an iconic otherworldly Andy Warhol style banner, "First Person on Mars!" Last year, in November 2024, Michael Bublé, Carrie Underwood, "Wicked" star Cynthia Erivo, the Broadway cast of "Suffs the Musical," Broadway star Kelli O'Hara, and Israeli pop superstar Noa Kirel entertained us during lunch and at the end of the day.

SpaceX COO and "rocket scientist" Gwynne Shotwell being interviewed on The Met stage by Ron and Baron Sr. Analyst and Asst. Manager Ishay Levin. "Laughing...Learning...and Building Legacy..." The 31st Annual Baron Investment Conference. November 15, 2024.

All expenses of the Annual Baron Investment Conferences, including venue, entertainers, three Tesla Model Y "door prizes," Baron "Building Legacy" t-shirts, chocolate chip cookies, miscellaneous swag... like viewing of Optimus robots up close and personal, and six Scream Ice Cream trucks serving incredibly delicious ice cream cones at 4 PM...(I personally own 5% of Internet based Scream ice cream trucks returning to my "roots" one college summer as an ice cream man)...are expenses of Baron Capital. Not of our clients or of Baron mutual fund shareholders. It's our way of saying "Thanks" for believing in and trusting us all these years. One of our investors remarked that it seems "*the only thing Ron is willing to sell is ice cream!*" That individual obviously saw through the glitz.

A Baron shareholder in the 5,000-person audience at The Met in *2019* raised his hand after Gwynne spoke. "Gwynne. Fabulous presentation. No wonder Ron thinks you are amazing! But, SpaceX is a private company. How can I invest in SpaceX?" "Call Ron," Gwynne answered. I suppose if she were asked today, she'd give the same answer.

On November 15, 2024, I began our interview with Gwynne remarking, "I love you, Gwynne." Her response, "I love you, too, Ron."

"Very grateful to work with you. Been a **blast**. *And we are just getting started*." Email to me. Senior Director, Finance, SpaceX. January 27, 2025.

SpaceX's competitive advantage is that it can *refly* rockets over and over like an airplane. Which enables access to space ultimately for the cost of fuel, not of an entire $150+ million rocket that can be used only once and then disintegrates in the atmosphere. Further, SpaceX's unique launch and reuse capabilities have enabled it to create Starlink, a low earth orbital, broadband satellite network. Starlink provides communications through its thousands of low latency satellites just like you were standing on our planet and talking to someone next door! Starlink has the ability to provide communications to virtually every square inch of Planet Earth as well as in the air above our planet, a feat we think will be extremely difficult for others to duplicate. It won't exactly be easy for others to duplicate SpaceX's long-term goal to reach Mars, either.

Canadian crooner, Michael Bublé, had the crowd *feeling good* at Baron Capital's 31st Annual Investment Conference!

Baron Capital has been purchasing shares of privately owned, actively traded... **SpaceX** for our mutual funds...separately managed accounts... institutional clients...foundations... endowments... executives of businesses in which we have invested...and proprietary investment accounts since 2017. *In that year, Baron Partners Fund became the first open end mutual fund in the U.S. to invest in SpaceX*. SpaceX shares have since been and remain the subject of sustained extraordinary demand. The cost of those purchases over the past eight years is approximately $1.1 billion. The current value of those investments is approximately $4.4 billion. The valuation of SpaceX shares has been increasing significantly since well before our initial purchases.

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SpaceX is now Baron Capital's second largest holding. It represents 9.3% of our Firm's AUM. SpaceX represents 15.0% of Baron Partners Fund's total investments, and 11.4% of Baron Focused Growth Fund's net assets.

We expect to continue to increase our investment in SpaceX for clients opportunistically as far as the eye can see. Since demand is so far in excess of supply, that's clearly not going to be easy.

The Senior Director, Finance wrote me recently that when Baron began to invest in SpaceX in 2017, SpaceX growth rate was *linear*. "It's now *exponential*." On January 25, 2025, on the ride to downtown LA from LAX, I "stopped by" SpaceX to chat for 45 minutes with SpaceX's CFO. What's new?

Starlink subscribers more than doubled to 4.6 million in 2024. They could double again in 2025. Planet Earth has more than 8 billion inhabitants. About one third have no broadband internet.

United Airlines, Qatar, Hawaiian Air, Air France, and SAS have all recently installed or are in the process of installing Starlink on their planes. A lot more to come.

Telco direct to cell texts from Starlink satellites will be available in 2025…initially through TMobile and multiple other mobile network operators around the world from Canada and Chile to Australia and Japan. *We think this is a game changer*. For example…more than 50% of truckers are "blind" to their drivers…and more than 30% of trains do not know the location of their cars.

Starshield has a massive opportunity to protect the American homeland.

In March, SpaceX will launch four more astronauts to the International Space Station and return home two that have been on the orbiting lab for eight months since the Boeing flight test last year.

Finally, just like JFK promised in 1961 to land a man on the moon before the end of that decade…SpaceX is preparing for an unmanned Mars mission as soon as 2026 with human footprints to follow in the years after! We'll see. President Trump is supportive.

Since SpaceX is privately owned… for most of us, even though its shares are actively traded, it is very difficult to purchase without unusual costs. Purchases of **Baron Partners Fund** and **Baron Focused Growth Fund**, two open end, no-load mutual funds with significant holdings of SpaceX, are one way to participate at what we believe are attractive annual management fees and no "carry." Those two top performing Baron Funds can be purchased through hundreds of the largest brokerage firms' and banks' mutual fund "platforms." Or, directly through Baron. Baron Partners Fund is one of only two equity mutual funds in the United States…of over 2,600 such funds… to outperform the QQQ ETF for the past 15 years. In fact, Baron Partners Fund was the number one performing fund in that group for this period. According to Morningstar, Baron Partners Fund is the number one performing U.S. equity mutual fund since it converted from a partnership founded in 1992 to a mutual fund in 2003!*

For over a decade, CNBC and hosts Becky Quick and Andrew Ross Sorkin have spent the morning with us at our annual investment conference — bringing sharp questions, quick wit, and an always entertaining exchange between Becky and Ron.

Also speaking at our 2024 annual meeting for the second time was Henry Fernandez. Henry is the Founder and Chairman of **MSCI, Inc.**

Baron has been an important investor in MSCI since that company's initial public offering in November 2007 at $18 per share. That was immediately preceding the GFC, the Great Financial Crisis. In fact, Henry told me that without Baron's interest in 2007, MSCI's public offering could not have taken place. Henry, who is now a very good friend, also told me he often wondered why Baron was interested when so many others were not. "Easy," I responded. "We thought the MSCI business unique…it likely could become important to the financial structure of world economies and markets…and we believed Henry was an incredibly driven talented person….and there could be no question he is 'a survivor.' "

Henry and his family 50 years ago were immigrants forced to flee from Nicaragua following a Communist led military coup in that nation. Although Henry still speaks with a heavy Latin accent, Henry calls it a "southern" accent, that sometimes makes it challenging for me to understand what he is saying, his grasp of math and markets and economies is second to none. As is his dedication to MSCI shareholders.

Henry's first presentation at a Baron Annual Investment Conference was on October 24, 2008…our 17^{th} such meeting. On that day panic and pandemonium reigned! Markets had recently fallen dramatically and were "limit down" that morning. MSCI's share price had fallen from $30 to $18 over the past several months when we were about to appear live on CNBC Squawk Box before his presentation at The Met. "This is an incredible country in which we live," I told Henry. "We need to be bullish!" We were. MSCI shares now trade at ~$600 per share…and, after increasing about 26.9 times in the past 17 years, now represent 2.7% of our Firm's AUM…with a lot more to come, we believe. MSCI is our 6^{th} largest holding.

MSCI is a provider of financial indexes, rules, and analytics critical to the functioning of capital markets worldwide. MSCI provides definitions of what stocks and markets are investable and what are not. These rules underpin global investment portfolios. More than $15 trillion of assets are currently benchmarked to MSCI indexes! In a recent visit to the Middle East, an MSCI client, one of the largest sovereign wealth funds in the world, told Henry he thought MSCI was "the most important investment infrastructure company in the world."

Dinos Iordanu, after great success as a property and casualty insurance executive for Warren Buffett's Berkshire Hathaway and Hank Greenberg's AIG, was a founder of property and casualty insurer **Arch Capital Group Ltd.** After we met this immigrant entrepreneur in 2002, and studying his long-term business model that paid salesmen relative to profits earned on policies written over their terms not on gross commissions earned in a year, we were intrigued. Even more so when he described the less competitive markets his new business intended to address. Finally, when we learned that property and casualty industry reserves had declined sharply over the past several years and rates hadn't yet increased, we determined the timing for fresh capital in this industry was propitious. We began to purchase Arch shares soon after 9/11! We have since become one of Arch's largest shareholders. Arch shares have increased approximately 34 times since our initial purchase in 2002, or 16.8% per year, annualized. Arch is now Baron's 4^{th} largest investment and represents 3.9% of our Firm's AUM. More to come here, too.

So, when Dinos recommended in 2009 that we study **Verisk Analytics, Inc.**, a business in which Arch and Dinos personally had both invested, we paid attention. Verisk is a unique and leading data and analytics provider to the U.S. insurance industry. Verisk was created almost 50 years ago as a co-op for insurance providers. A contributory database, in other words. Property and casualty providers give Verisk their anonymized data for no compensation and pay Verisk to use that data and Verisk analytics. Verisk analytics are based upon algorithms developed by hundreds of scientists, hundreds of mathematicians, and hundreds of technologists. Sharing anonymized proprietary data sets by individual providers allows insurers to better assess and price risk…and identify likely fraud for example. *Verisk's set of data assets are irreplaceable and are used by every property and casualty insurer in the U.S.* Verisk data and language are embedded in all insurance policies. AI will further improve the use of this data. Property and casualty insurance is critical to the functioning of a global economy. Buffett sure proved that. When Lee Shavel, Verisk's CEO, addressed our conference that morning he explained that he had previously been CFO for Verisk and before that of NASDAQ. When he was promoted to CEO, he called Henry Fernandez, whom he described as having built an "extraordinarily successful business" for advice. Henry told him that "if you create value for your clients and employees you will create value for your shareholders." Lee's interest had previously been centered principally on investors! He thought Henry's advice to focus on a broader constituency of stakeholders was clearly helpful. He then called me, also asking for advice. He told the Baron Investment Conference audience that I then spent 45 minutes asking about his ideas for the business before giving him advice consistent with Henry's. "Make every decision as if you owned the entire business." In other words, think long term. Baron invested in Verisk in 2009 and since then, the stock price has increased about 10.5 times, or a 16.7% annualized return over the past 15 years. Verisk now represents 0.7% of our Firm's AUM and is our Firm's 23rd largest investment.

Red Rock Resorts, Inc. is a "family business." Red Rock was founded by Frank and Lorenzo Fertitta's dad 40 years ago, after he had worked at several Las Vegas casinos in various positions from bellman to blackjack dealer to general manager of a downtown casino. That is when he had the idea to start a casino that catered to "locals" who worked in Strip casinos not to the tourists who vacationed annually or less frequently at Strip properties. The Fertittas' vision of "locals" casinos has enabled Red Rock to create the **second largest gaming business in America…after the Las Vegas Strip…bigger than Atlantic City…Chicagoland…and the Mississippi Coast…with virtually no competition!**

Why? What is Red Rock's competitive advantage? In 1997, Las Vegas enacted legislation that restricted development of casinos in communities near schools, shopping centers, and hospitals away from the tourist corridor on the Las Vegas Strip. Exceptions to these restrictions were given to properties that had already been zoned for casinos before residential development. The Fertittas then acquired land, had it zoned for casinos before communities were developed, and "land banked" almost all the properties in the Las Vegas Valley not on the Strip that can now be developed for casinos.

When Frank and Lorenzo spoke about their family's Las Vegas "locals casinos" at the 2024 Baron "Building Legacy" conference, the brothers first mentioned they have "known Ron for more than 31 years!" It took us awhile to leave the glitz of the expensive and not as profitable Las Vegas strip casinos…but we finally began to invest in the Fertitta's unique and competitively advantaged "locals" casinos in 2016. The stock has increased about 3.1 times since our initial investment, a 14.0% annualized rate of return. Red Rock is now our 16th largest investment and represents 1.1% of our Firm's AUM.

Extravagant and glamorous, spare no expense, Las Vegas Strip casinos typically cost several billion dollars each to build. Those properties typically earn high single-digit unlevered returns on capital. Red Rock casinos, built in communities generally a half hour or more from the Strip, where the Strip employees live, are the "Cheers" bars of the casino industry. They cater not only to individuals who work in Strip casinos but increasingly, to the wealthy who have moved to Las Vegas from nearby high tax states. Red Rock's patrons are served by dealers and hostesses who not only know their names but those of their children and grandchildren…and their favorite menu items and drinks. Red Rock's customers visit on average four times a month, not once a year or every other year as is common for "The Strip" casinos' guests. Red Rock's casinos in general cost hundreds of millions to build, not billions, and earn nearly 20% returns on unlevered investment!

One more thing. When COVID-19 hit, and casinos and other hotels and resorts cut expenses and laid off employees, Frank and Lorenzo did the opposite. All their employees were notified that although Red Rock casinos would be closed during COVID, **its employees would continue to be paid their salaries in full until Red Rock reopened their casinos!** That's the sort of thing "family businesses" do. The Fertittas regard their employees as family and along with their physical properties consider them their most important assets. Red Rock is now the preferred place of employment in that city…which means that its customers will likely be treated better by loyal Red Rock's employees than anywhere else.

It is quite unusual for "active" mutual funds…or any investor for that matter…to consistently outperform the passive S&P 500 Index. That is why I recommend to most who ask that they invest in a low-cost passive index fund, unless they invest with Baron, of course, which has consistently outperformed passive indexes over the long term. Although certainly not every year. In fact, just like Berkshire Hathaway, Baron has underperformed markets roughly a third of the calendar years…but substantially outperformed markets by hundreds of basis points annually over the long term. That's because our portfolios of competitively advantaged, unique, faster growing than economy businesses are a lot different than market indexes, just like Buffett's value oriented competitively advantaged larger companies are a lot different than indexes. But, over the long term, both strategies have outperformed indices- by a lot.

Since the U.S. stock market and our economy double about every 10 or 11 years, we think investing in passive index funds is a good way to protect your hard-earned savings from the ravages of 4% to 5% annual inflation, based on my long-term experience and practical observations. The Table "Inflation According to Ron" illustrates that the value of your money, i.e., its buying power has fallen in half approximately every 14-15 years during my 81-year lifetime. Since our government spends more than it receives in taxes over the long term, it consistently devalues our currency to pay for wars, pandemics, social services, defense of the homeland…among other priorities that allow our government representatives to remain in power. We obviously don't believe 2% annual inflation is a likely outcome for the United States over the long term.

Since their respective inceptions, 16 of 19 Baron mutual funds, representing 96.4% of Baron Funds' AUM, have outperformed their primary benchmarks and 14 Funds representing 95.9% of Baron Funds' AUM, rank in the top 20% of their respective Morningstar categories. Eight Funds, representing 57.7% of Baron Funds' AUM, rank in the top 5% of their categories. When we founded Baron Capital on March 15, 1982, the Ides of March, short term interest rates on U.S. Treasuries were 12% to 13% and America was mired in a lengthy recession. This was as U.S. Federal Reserve Chairman Volker tried to reduce the persistent inflation of the 1970s with the blunt instrument of extraordinarily high interest rates. Baron was then managing $10 million...and the Dow Jones Industrial Average was 795! It is now approaching 45,000! David, one of my two sons and co-President of Baron with Michael, recently asked me, "Dad, when Michael and I were one and two years old and economic conditions were so uncertain, how did you ever have the courage to start a business?" "The best time to start a business is when times are uncertain. Like now, " I answered. Baron has been relatively successful. Our Firm's AUM has grown from $100 million in 1992 to $45.3 billion at year end 2024. We have earned approximately $49.7 billion in realized and unrealized profits for our clients, shareholders, employees, and proprietary accounts since attempting to achieve our Mission of "Changing Lives." So far so good. But, still a long way to go. Like the Senior Director, Finance of SpaceX believes, "We, too, are just getting started!"

Respectfully,

Ronald Baron
CEO and Portfolio Manager
February 27, 2025

* **This is a hypothetical ranking created by Baron Capital using Morningstar extended performance data and is as of 12/31/2024. There were 2,009 share classes in these nine Morningstar Categories for the period from 4/30/2003 to 12/31/2024.**

As of 12/31/2024, the annualized returns of the Invesco QQQ Trust were 25.61%, 19.93%, and 18.29% for the 1-, 5-, and 10-year periods, respectively.

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.

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.

As of 12/31/2024, the Morningstar Large Growth Category consisted of 1,088, 952, and 748, share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Partners Fund in the 30th, 1st, 1st, 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 678 share classes. On an absolute basis, Morningstar ranked Baron Partners Fund Institutional Share Class as the 321st, 1st, 1st, 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 12/31/2024

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	16.28%	(2.57)%	10.01%	11.26%	12.76%	1.06%[6]	$1.59 billion
Russell 2000 Growth Index		15.15%	0.21%	6.86%	8.09%	8.44%		
Baron Growth Fund®	12/31/1994	5.02%	(2.14)%	8.42%	10.28%	12.61%	1.05%[6][7]	$6.96 billion
Russell 2000 Growth Index		15.15%	0.21%	6.86%	8.09%	7.92%		
Baron Small Cap Fund®†	9/30/1997	13.61%	(0.12)%	10.18%	10.50%	10.30%	1.05%[6]	$4.32 billion
Russell 2000 Growth Index		15.15%	0.21%	6.86%	8.09%	6.44%		
Small/Mid Cap								
Baron Focused Growth Fund® [1]	5/31/1996	29.85%	6.04%	25.91%	18.30%	13.89%	1.06%[8]	$2.11 billion
Russell 2500 Growth Index		13.90%	(0.02)%	8.08%	9.45%	8.24%		
Mid Cap								
Baron Asset Fund®†	6/12/1987	10.77%	(1.23)%	7.97%	10.59%	11.35%	1.05%[6]	$4.21 billion
Russell Midcap Growth Index [2]		22.10%	4.04%	11.47%	11.54%	10.50%		
Large Cap								
Baron Durable Advantage Fund®	12/29/2017	27.14%	11.63%	17.21%		16.40%	1.00%/0.70%[6][10]	$482.62 million
S&P 500 Index		25.02%	8.94%	14.53%		13.83%		
Baron Fifth Avenue Growth Fund®	4/30/2004	37.75%	2.43%	12.51%	13.74%	10.42%	0.78%/0.76%[6][11]	$725.12 million
Russell 1000 Growth Index		33.36%	10.47%	18.96%	16.78%	12.48%		
All Cap								
Baron Opportunity Fund®†	2/29/2000	40.25%	6.34%	20.65%	18.17%	10.25%	1.06%[6]	$1.52 billion
Russell 3000 Growth Index		32.46%	9.93%	18.25%	16.22%	7.69%		
Baron Partners Fund®[3,4]	1/31/1992	33.08%	3.21%	29.26%	21.34%	15.67%	1.99%[8][9]	$8.08 billion
Russell Midcap Growth Index		22.10%	4.04%	11.47%	11.54%	10.26%		
Non-U.S./Global								
Baron Emerging Markets Fund®†	12/31/2010	7.90%	(4.66)%	1.02%	2.88%	3.51%	1.11%[8]	$3.62 billion
MSCI Emerging Markets Index		7.50%	(1.92)%	1.70%	3.64%	1.97%		
MSCI Emerging Markets IMI Growth Index		9.44%	(3.44)%	2.16%	4.39%	2.85%		
Baron Global Advantage Fund®†	4/30/2012	26.42%	(8.40)%	6.84%	11.05%	11.72%	0.95%/0.91%[8][12]	$589.49 million
MSCI ACWI Index		17.49%	5.44%	10.06%	9.23%	9.75%		
MSCI ACWI Growth Index		24.23%	5.72%	13.07%	11.88%	11.85%		
Baron India Fund®	7/30/2021	17.75%	(3.09)%			(2.24)%	6.79%/1.20%[14][15]	$8.83 million
MSCI AC Asia ex Japan/India Linked Index		1.18%	(4.85)%			(5.18)%		
MSCI AC Asia ex Japan Index		11.96%	(1.59)%			(2.33)%		
MSCI India Index		11.22%	7.34%			9.82%		
MSCI Emerging Markets Index		7.50%	(1.92)%			(2.49)%		
Baron International Growth Fund®	12/31/2008	4.35%	(6.54)%	3.26%	5.85%	8.65%	0.98%/0.95%[8][13]	$321.24 million
MSCI ACWI ex USA Index		5.53%	0.82%	4.10%	4.80%	6.67%		
MSCI ACWI ex USA IMI Growth Index		4.81%	(2.93)%	3.47%	5.39%	7.32%		
Sector								
Baron FinTech Fund®†	12/31/2019	23.14%	1.50%	12.17%		12.17%	1.21%/0.95%[8][16]	$69.08 million
FactSet Global FinTech Index		14.17%	(2.24)%	3.93%		3.93%		
Baron Health Care Fund®	4/30/2018	1.55%	(3.52)%	8.95%		10.82%	0.88%/0.85%[8][17]	$193.40 million
Russell 3000 Health Care Index		3.48%	(0.02)%	7.18%		9.32%		
Baron Real Estate Fund®	12/31/2009	12.46%	0.21%	12.54%	9.64%	13.68%	1.06%[8]	$2.16 billion
MSCI USA IMI Extended Real Estate Index		12.70%	1.85%	8.50%	8.61%	11.18%		
Baron Real Estate Income Fund®	12/29/2017	17.36%	(0.56)%	9.28%		9.55%	0.96%/0.80%[8][18]	$183.54 million
MSCI US REIT Index		7.49%	(3.43)%	3.10%		4.54%		
Baron Technology Fund®	12/31/2021	47.80%	10.38%			10.38%	5.04%/0.95%[8][19]	$55.98 million
MSCI ACWI Information Technology Index		31.59%	11.06%			11.06%		
Equity Allocation								
Baron WealthBuilder Fund®	12/29/2017	18.73%	0.21%	13.85%		13.62%	1.22%/1.19%[8][20]	$572.48 million
S&P 500 Index		25.02%	8.94%	14.53%		13.83%		
Broad-Based Benchmarks[5]								
Russell 3000 Index		23.81%	8.01%	13.86%	12.55%			
S&P 500 Index		25.02%	8.94%	14.53%	13.10%			
MSCI ACWI Index		17.49%	5.44%	10.06%	9.23%			
MSCI ACWI ex USA Index		5.53%	0.82%		4.10%	4.80%		
MSCI Emerging Markets Index		7.50%	(1.92)%		1.70%	3.64%		

[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 fee 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 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 impacted 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 after reaching a certain performance benchmark. If the annual returns for the Fund did not reflect the performance fee 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 impacted its performance.

(4) While the Fund may invest in securities of any market capitalization, 42.1% of the Fund's long holdings were invested in SMID, Mid and Mid/Large-Cap securities (as defined by Russell, Inc.) as of 12/31/2024 (SMID represents 12.6% of the portfolio and has market market capitalizations between \$5.2 – \$15.8 billion; Mid represents 24.8% and has market capitalizations between \$15.8 – \$52.6 billion; Mid /Large represents 4.7% and has market capitalizations between \$52.6 – \$180.5 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 9/30/2024.

(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) Based on estimated amounts for the current fiscal year.

(15) Gross annual expense ratio was 6.79%, but the net annual expense ratio was 1.20% (net of Adviser's fee waivers and expense reimbursements).

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

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

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

(19) 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).

(20) Gross annual expense ratio was 1.22%, but the net annual expense ratio was 1.19% (includes acquired fund fees and expenses, net of the expense reimbursements).

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

Investors should consider the investment objectives, risks, and charges and expenses of the investment carefully before investing. The prospectus and summary prospectuses contain this and other information about the Funds. You may obtain them from the Funds' distributor, Baron Capital, Inc., by calling 1-800-99-BARON or visiting 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 may waive or reimburse certain Fund expenses pursuant to a contract expiring on August 29, 2035, 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.

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.

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; one cannot invest directly into an index. BAMCO, Inc. is an investment adviser registered with the U.S. Securities and Exchange Commission (SEC). Baron Capital, Inc. is a broker-dealer registered with the SEC and member of the Financial Industry Regulatory Authority, Inc. (FINRA).

The **Baron Focused Growth Fund** and **Baron Partners Fund**s are non-diversified which means, in addition to increased volatility of the Funds' returns, they will likely have a greater percentage of their assets in a single issuer or a small number of issuers, including in a particular industry than a diversified fund. Single issuer risk is the possibility that factors specific to an issuer to which the Fund is exposed will affect the market prices of the issuer's securities and therefore the net asset value of the Fund. As of the most recent quarter-end about 41% of **Baron Partners Fund'**s long positions are invested in Tesla stock. Therefore, the Funds are exposed to the risk that were Tesla stock to lose significant value, which could happen rapidly, the Funds' performance would be adversely affected. Specific risks associated with investing in small and medium-sized companies include that the securities may be thinly traded and more difficult to sell during market downturns. 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.

For information pertaining to competitor funds, please refer to that firm's website.

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

Ranking information provided is calculated for the **Institutional Share Class** and is as of **12/31/2024**. The number of share classes in each category may vary depending on the date that Baron downloaded information from Morningstar Direct. **Morningstar calculates its category average performance and rankings using its Fractional Weighting methodology. Morningstar rankings are based on total returns and do not include sales charges.** Total returns account for management, administrative, and 12b-1 fees and other costs automatically deducted from fund assets. The **Morningstar Large Growth Category** consisted of 1088, 952, and 748, share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Opportunity Fund in the 6th, 4th, 3rd, 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 547 share classes. Morningstar ranked Baron Partners Fund in the 30th, 1st, 1st, 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 686 share classes. The M**orningstar Mid Cap Growth Category** consisted of 495, 440, and 358, share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Asset Fund in the 71st, 68th, 34th, and 13th percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 6/12/1987, and the category consisted of 57 share classes. Morningstar ranked Baron Growth Fund in the 91st, 61st, 42nd, and 3rd percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 12/31/1994, and the category consisted of 145 share classes. Morningstar ranked Baron Focused Growth Fund in the 9th, 1st, 1st, and 1st 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 382 share classes. The **Morningstar Small Cap Growth Category** consisted of 552, 517, and 395, share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Small Cap Fund in the 52nd, 26th, 22nd, and 9th percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 9/30/1997, and the category consisted of 232 share classes. Morningstar ranked Baron Discovery Fund in the 31st, 28th, and 6th percentiles for the 1-, 5-, and since inception periods, respectively. The Fund launched 9/30/2013, and the category consisted of 490 share classes. The **Morningstar Real Estate Category** consisted of 220, 194, and 146, share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Real Estate Fund in the 9th, 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 157 share classes. Morningstar ranked Baron Real Estate Income Fund in the 1st, 2th, and 2th percentiles for the 1-, 5-, and since inception periods, respectively. The Fund launched 12/29/2017, and the category consisted of 196 share classes. The **Morningstar Foreign Large Growth Category** consisted of 384, 334, 210, and 225 share classes for the 1-, 5-,10-year, and since inception (12/31/2008) periods. Morningstar ranked Baron International Growth Fund in the 54th, 70th, 44th, and 21st, respectively. The **Morningstar Diversified Emerging Markets Category** consisted of 787, 632, 430, and 363 share classes for the 1-, 5-, 10-year, and since inception (12/31/2010) periods. Morningstar ranked Baron Emerging Markets Fund in the 31st, 70th, 68th, and 11th, respectively. The **Morningstar Health Category** consisted of 176, 149, and 135 share classes for the 1-, 5-, and since inception (12/31/2018) periods. Morningstar ranked Baron Health Care Fund in the 54th, 5th, and 1st, respectively. The **Morningstar Global Large Stock Growth Category** consisted of 342, 278, 196, and 207 share classes for the 1-, 5-, 10-year and since inception (4/30/2012) periods. Morningstar ranked Baron Global Advantage Fund in the 14th, 95th, 26th and 19th, respectively. The **Morningstar Technology Category** consisted of 271, and 239 share classes for the 1-year, and since inception (12/31/2021) periods. Morningstar ranked Baron Technology Fund in the 2nd, and 14th, respectively. The **Morningstar Aggressive Allocation Category** consisted of 185, 169, and 176 share classes for the 1-, 5-year, and since inception (12/29/2017) periods. Morningstar ranked Baron WealthBuilder Fund in the 9th, 1st, and 1st, respectively. The Morningstar information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

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Portfolio holdings as a percentage of net assets as of December 31, 2024 for securities mentioned are as follows: Space Exploration Technologies Corp. - Baron Asset Fund (4.9%), Baron Fifth Avenue Growth Fund (1.4%), Baron Focused Growth Fund (11.4%), Baron Global Advantage Fund (10.3%), Baron Opportunity Fund (3.9%), Baron Partners Fund (15.1%*); MSCI Inc. - Baron Asset Fund (0.7%), Baron Durable Advantage Fund (2.3%), Baron FinTech Fund (2.7%), Baron Focused Growth Fund (3.3%), Baron Growth Fund (11.4%), Baron Partners Fund (1.7%*); Arch Capital Group Ltd. - Baron Asset Fund (4.4%), Baron Durable Advantage Fund (1.7%), Baron FinTech Fund (2.4%), Baron Focused Growth Fund (3.9%), Baron Growth Fund (11.4%), Baron International Growth Fund (2.4%), Baron Partners Fund (6.4%*); Verisk Analytics, Inc. - Baron Asset Fund (5.5%), Baron FinTech Fund (2.5%), Baron Focused Growth Fund (2.1%); Red Rock Resorts, Inc. - Baron Discovery Fund (0.9%), Baron Focused Growth Fund (3.5%), Baron Growth Fund (1.5%), Baron Partners Fund (1.0%*), Baron Real Estate Fund (1.0%), Baron Small Cap Fund (3.3%).

As of December 31, 2024, no Fund held shares of Scream Ice Cream, United Airlines, Hawaiian Air, Air France, SAS, T-Mobile, NASDAQ, or Berkshire Hathaway.

*% of Long Positions.

Top 10 Holdings

Baron Partners Fund 12/31/2024

Holding	% of Long investments
Tesla, Inc.	41.3
Space Exploration Technologies Corp.	15.1
Arch Capital Group Ltd.	6.4
Hyatt Hotels Corporation	5.7
CoStar Group, Inc.	5.6
Gartner, Inc.	3.6
The Charles Schwab Corporation	3.6
FactSet Research Systems Inc.	3.5
Vail Resorts, Inc.	3.0
IDEXX Laboratories, Inc.	2.9
Total	90.7
Long Equity Exposure	112.3
Cash & Equivalents	(12.3)

Top 10 Holdings

Baron Focused Growth Fund 12/31/2024

Holding	% of Net assets
Tesla, Inc.	11.7
Space Exploration Technologies Corp.	11.4
Spotify Technology S.A.	5.5
Vail Resorts, Inc.	4.6
Interactive Brokers Group, Inc.	4.5
Guidewire Software, Inc.	4.2
Hyatt Hotels Corporation	4.1
On Holding AG	4.0
Arch Capital Group Ltd.	3.9
CoStar Group, Inc.	3.5
Total	57.4

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

The **S&P 500 Index** measures the performance of 500 widely held large-cap U.S. companies. The Fund includes reinvestment of dividends, net of withholding taxes, while the S&P 500 Index includes reinvestment of dividends before taxes. Reinvestment of dividends positively impacts the performance results. The index is unmanaged. Index performance is not Fund performance. Investors cannot invest directly in an index.

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).










2024 Baron Investment Conference: (First row, from left to right) Lee Shavel, President and CEO of Verisk Analytics, Inc., discusses innovative software solutions for insurers. Frank J. Fertitta III, Chairman and CEO of Red Rock Resorts, Inc., and his brother Lorenzo J. Fertitta, Vice Chairman of Red Rock Resorts, Inc., offer insights into the Las Vegas gaming market. Henry Fernandez, Chairman and CEO of MSCI Inc., shares his inspiring story of both personal and professional success. (Second row, from left to right) Mike Lippert, Head of Technology Research and Portfolio Manager of Baron Opportunity Fund and Baron Technology Fund, and Ashim Mehra, Portfolio Manager of Baron Technology Fund, discuss the long-term potential of investments in technology and innovation. Michael Baron, Co-President and Portfolio Manager of Baron Partners Fund and Baron WealthBuilder Fund, opens the afternoon portion of the Baron Investment Conference. Our next generation of leadership: Baron Capital COO Rachel Stern and Co-Presidents David Baron, Portfolio Manager of Baron Focused Growth Fund, and Michael Baron, Portfolio Manager of Baron Partners Fund and Baron WealthBuilder Fund. (Third row, from left to right) Baron Capital employees at the home office in New York City. Amy Chasen, Director of Research at Baron Capital, moderates a Q&A session. Andrew Peck, Co-CIO and Portfolio Manager of Baron Asset Fund, Neal Rosenberg, Portfolio Manager of Baron Growth Fund, and Michael Baron, Co-President and Portfolio Manager of Baron Partners Fund and Baron WealthBuilder Fund. (Fourth row, from left to right) At the 31st Annual Baron Investment Conference, we dedicated the day to Building Legacy: one of finding great businesses and investing in them for the long term. Ron from 500 years in the future makes a special appearance, traveling from Planet Musk to discuss the coming age of abundance. A glimpse inside the historic Metropolitan Opera House.

2024 Baron Investment Conference: (First row, from left to right) Country-pop icon Carrie Underwood wows the crowd at David Geffen Hall. Shaina Taub and the cast of the hit Broadway musical Suffs perform at Alice Tully Hall. Broadway star and Oscar-nominated actress Cynthia Erivo takes the stage at David Koch Theater. (Second row, from left to right) Israeli pop sensation Noa Kirel performs Hatikvah. Tony Award winner Kelli O'Hara sings a heartfelt rendition of God Bless America. (Third row, from left to right) Ron Baron poses in a Scream Ice Cream truck, the sweetest ride at the Baron Investment Conference! Attendees enjoyed free ice cream as the final treat of the day. Alex Umansky, Portfolio Manager of Baron Durable Advantage Fund, Baron Fifth Avenue Growth Fund, and Baron Global Advantage Fund, was featured on the NASDAQ Tower billboard. (Fourth row, from left to right) The Baron Investment Conference isn't just for humans… Meet Tesla Optimus, the humanoid robot who joined the action. A Tesla Model X on display at Lincoln Center Plaza turned heads and charged up excitement all day long. Nearly 4,000 Baron Funds' shareholders attended the 31st Annual Baron Investment Conference, marking it another fantastic turnout.

31st Annual Baron Investment Conference
November 15, 2024

The theme of Baron Capital's 31st Annual Conference is **Building Legacy.**

But before we discuss Building Legacy, I would like you to think about what you would like your legacy to be … maybe we will give you some ideas today …

We want to begin by bringing you an important message.

For you, it is the year 2024 on Planet Earth.

This afternoon, in one small step for man … one giant leap for mankind … an esteemed guest will visit us from 500 Earth years in the future!

HOLOGRAM: Future Ron

"Hi. It's me, Ron. I'm back. Remember when I told you I never intended to retire and I believed I would never die? I was right! Today I'm 581 years old and visiting you from Planet Musk … you know it as Mars …

You must be wondering how I got here. After Elon Musk created interplanetary human civilization with SpaceX, he focused on solving the riddle of the space-time continuum – and succeeded! He bought an old watch company and re-engineered the wristwatch so we can travel through time … that company? You guessed it – TimeX!

The future that Elon envisioned came true! The Neuralinking, the Hyperlooping, the Optibots and even the robo-taxis.

Before I return to Planet Musk, here's the thing I've traveled all this way to tell you: you should be so optimistic about the future! In 2024, Baron Capital told you that **Exceptional Takes Time.**

What was true then still is. Think about it. If you invest just $1,000 today in an extraterrestrial ETF, it will be worth $51.5 quadrillion dollars in 500 years, with just a 7% CAGR. You're all going to be quadrillionaires!

Of course, Intergalactic FINRA wants me to remind you that future performance is no guarantee of past results … or something like that."

LIVE: Present Ron

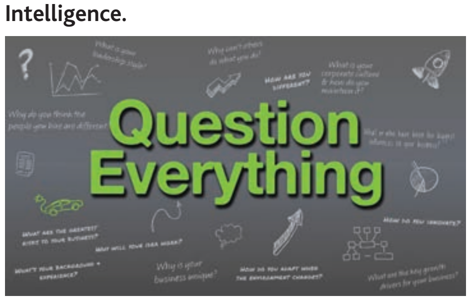
Thanks, Future Ron. You look pretty good for 581 years old.

Legacy is not about what we have accomplished. It is about what we are building for your families and ours.

We are continuing to invest in people … the talented individuals who work at Baron Capital, and the exceptional leaders of growth companies we own.

How do we outperform?

We train analysts to think differently and to continue building Baron's AI: **Analyst Intelligence.**



Question Everything is the culture woven into the fabric of our organization.

Most importantly, why did we found Baron Capital? And why am I still working? Which is what my wife Judy asks me all the time … We are not just selling pencils. We are changing lives.

Our mission is to invest on behalf of middle-class Americans like my parents, not just the wealthy, and to give all hardworking people a chance to achieve financial security.

Baron Capital is 42 years old. We began **Building Legacy** on Day One. Our intent will help you understand why 500 years from now, Baron Capital will still be providing awesome investment performance for its clients throughout the galaxies.

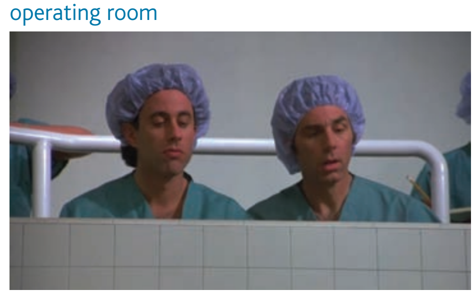
Okay. What do we do?

I. WE INVEST IN AWESOME PEOPLE.

We analogize Baron Capital to a teaching hospital for young doctors, nurses and health care workers.

Teaching hospitals are affiliated with medical schools. They provide exceptional clinical care, intensive training for health care workers and pioneering research.

CLIP: *Seinfeld* – Seinfeld and Kramer in the operating room

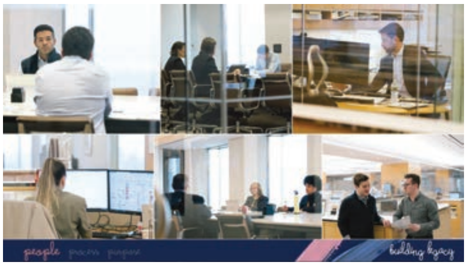


Amazingly, Kramer's Junior Mint actually cured that patient's infection. Kind of like bleach …

Teaching hospitals, aside from that one, have statistically better patient outcomes than those of hospitals not associated with medical schools.

Similarly, Baron Capital's investor outcomes are a lot better than benchmarks' outcomes and those of almost all other mutual funds, because we hire, train and retain awesome analysts, whom we teach to conduct unconventional, first-principles research.

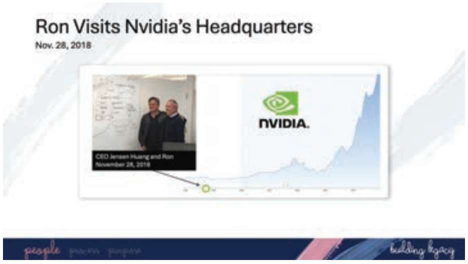
Ron's Conference Speech: Building Legacy



We tear down businesses and reassemble them in our minds to determine whether they are different enough to become successful.

Our curiosity is insatiable. Most investors fixate on quarterly earnings. We evaluate businesses' long-term prospects.

Six years ago, we visited NVIDIA. Jensen Huang then tried to explain to me applications for his GPU super chips.



I thought he was telling me how to mine bitcoins and create pretty girls in video games. There was obviously a much bigger opportunity I missed.

Lucky for you, our talented tech team got it and invested … I'm totally depressed I didn't.

Our family business' no-layoff policy is one reason Baron Capital attracts and retains young people. Another? Employee "tracking" investments that vest over time and let them build wealth.

Analysts are not fired because our business on occasion is not doing well. Analyst tenure is as important to us as a health care researcher's tenure is to a teaching hospital.

Keeping analyst and research teams intact maintains proprietary knowledge – the foundation for our exceptional investment results.

What attributes do we seek in analysts and in the executives of businesses in which we invest?

Intelligence, authenticity and humility are tablestakes.

Integrity.

At the end of the day, reputation is all you've got.

Tom Pritzker, like his dad Jay, is a handshake guy.

Whatever Stewart Bainum says you can take to the bank.

I have never met anyone more focused on what is best for his shareholders than Henry Fernandez.

Character is the defining quality we admire among the individuals we hire and in whom we invest.

Optimism.

Soon after the Panic of 1907, J.P. Morgan was visited by a friend from Chicago. That individual, a pessimist, believed the recent panic vindicated his outlook.

After lunch, the two men walked up Broadway. Morgan's friend, admiring the skyscrapers beginning to define the New York skyline, remarked, "There's nothing like this in Chicago."

"Funny thing about those skyscrapers," noted Morgan. "Not one was built by a bear."

J.P. Morgan's legacy was optimism. So is ours.

We hire analysts for qualities you cannot teach and that a resume does not reveal.

Hunger.

Relentless drive.

We are supportive of spending time with families, but it takes a lot of hours to become an extraordinary investor. Work-life balance is not our top priority.

"Is your office open on weekends?" is a much better question from an analyst candidate than "How many days can I work from home?"

It is not unusual for us to have an entire interview with an analyst candidate without even mentioning stocks!

It is not unusual for us to have a meeting with a business leader where short-term earnings are incidental to the conversation.

II. PROCESS. HOW DO WE OUTPERFORM?

Just like AI "trains" compute on vast amounts of data, we train exceptional analysts – who are our "compute" – on Baron proprietary research.

We call this Baron's AI: **Analyst Intelligence.**

Like Amazon's CEO, Andy Jassy, we believe there is no compression algorithm for experience.

We do the research and train analysts to learn from and continue building this database.

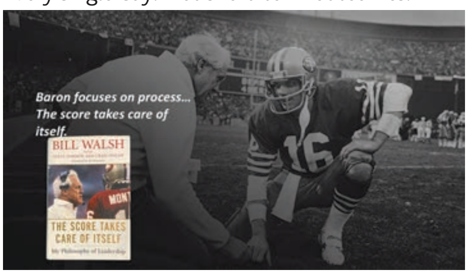
We do not rely on others' research and opinions.

What are the pillars of our process?

How do we train Baron Capital's awesome analysts?

1. In a world focused on quarterly earnings, Baron Capital focuses on process.

Every single day. Not short-term outcomes.



When you focus on fundamentals, the score takes care of itself.

2. We OWN IT!

We do not trade stocks and we do not worry about the macro. We invest.

Our objective is compounding.

Although most believe it is illogical to not sell, we believe being different and investing in growth businesses for the long term is why 97% of our assets have outperformed.

It is easy to buy a stock. It is hard to hold a stock.

CLIP: *Seinfeld* – Seinfeld at car rental

It's all about the holding.

3. Invest in what people cannot see.

Invest in quality not price.

When Judy and I were young and lived in a small New York City rental apartment, her friends lived in exclusive coops.

She told me quality was "in the walls" of their homes.

4. People cannot wrap their heads around what does not exist.

Ford's slogan is "Built to Last." But the company is not building ... it is selling the stuff it has already built.

Ford did not innovate.

Ford could not imagine electric cars ... it could not imagine connected cars ... and it certainly could not imagine self-driving cars.

5. If you want to be the best, you need to care about details.

Elon chooses the mural on a parking garage.

Stuart Bainum picks the wallpaper in his retirement facilities.

I worry about whether the fish in our 48th floor koi pond are getting along!

6. Conflicts.

We want them.

Michael Baron took a course on family businesses at Wharton while studying for his MBA. When two brothers were being questioned by the professor, they said they never disagree. The professor responded, "If that is the case, you only need one of you to do the job."

Conflicts mean better decisions.

Things usually don't go this far.

7. Challenge conventional thinking.

That's Elon's thing – his legacy!

First principles. Doing things better ... simpler ... faster ... that others didn't think possible!

That's where there is unusual growth potential.

CLIP: SpaceX rocket booster caught by Mechazilla arms

Virtually everyone thought it inconceivable to refly rockets. Not Elon.

Obviously, if you can reuse rockets, the only cost to relaunch is fuel.

Against the odds ... he did it.

8. "Show me the incentives and I'll show you the outcomes."

That was Charlie Munger's explanation for executive inertia.

Ron's Conference Speech: Building Legacy

The aerospace industry is cost plus.

A great example of what can go wrong – what can go scary wrong for our country, actually – is really bad incentives.

That's why I prefer aisle seats.

9. Invest in businesses when they are investing in their own businesses and penalizing current profits.

That's what we teach our analysts, and it is one of the most important reasons we outperform!

10. We train analysts to assess risks and product validity, often before products are fully baked.

Without entrepreneurs willing to "ship before ready" and innovate in public, there would be no electric cars …
no Full Self-Driving cars …
no SpaceX reflyable rockets …
no Starlink satellite broadband …
no Fulfilled by Amazon …
no ride sharing …
no mobile phones …
no Cybertrucks …

This is what it looks like to innovate in public.

CLIP: Elon and Tesla designer Franz von Holzhausen throwing steel ball at Cybertruck

Elon: "Well, it didn't go through."

That's the cost of taking risks.

One more thing. A lesson from last month's World Series … talent is not enough.

The Los Angeles Dodgers' scouting report on the New York Yankees read, "Loaded with talent. Lacking in fundamentals. Force them to execute."

At a crucial moment, a Yankees future Hall of Fame pitcher did not cover first base and allowed a run that cost the game.

An unforced error.

CLIP: Gerrit Cole not covering first base

Baron Capital's talented analysts continuously practice fundamentals – the pillars of our process – to avoid unforced errors.

Okay. Rounding third and heading home …

III. PURPOSE. THAT'S THE "WHY?"

We are mission driven. That's the "why?"

People make countless decisions as they choose how to live their lives.

Why have we chosen to build an investment firm? And why a mutual fund business that invests for middle class and working class individuals as well as the wealthy?

I started today by describing Baron Capital's mission to give middle class Americans like my parents an opportunity to invest and create financial security.

I am going to end with my idea that the measure of our legacy is what we are building for you and your families and generations to come, not just what we have already built.

We think about **Building Legacy** every day and the impact we have on others' lives. Our mission to impact lives is the "why" we work so hard.

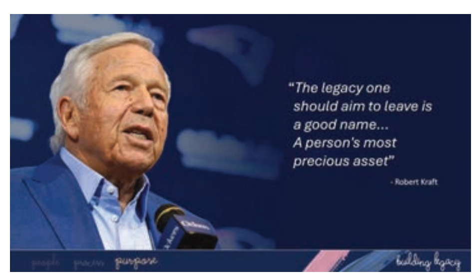
My personal goal, as a corollary to our success in helping individuals and institutions who trust us to invest for them, is to support the most innovative entrepreneurs and business founders in raising capital for businesses that are changing lives like MSCI, Arch Capital, Red Rock Resorts, Verisk Analytics, SpaceX, Tesla and xAI.

This is one of the reasons Baron research analyst jobs are so compelling … and fun!

Like many of your grandparents, mine were immigrants.

My grandparents came to America in the early 1900s to escape religious persecution in Eastern Europe – Ukraine, Poland and the Pale in Russia – to own a home, educate their children and, despite poverty, instill their culture, values and *tzedakah* (charity) in their families.

Their legacy was not passing tangible property to children. They passed values through what my friend New England Patriots' owner Robert Kraft calls an "ethical will."



My immigrant grandparents did not think about legacy the way we do. They were not thinking about retirement portfolios or financial investments – they did not have any.

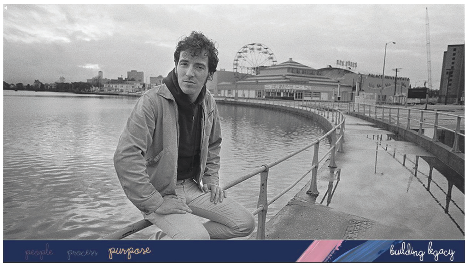
They were thinking about survival, getting through each day, selling more shoes from a pushcart than the week before … or making more candles.

My parent's first house in 1948 cost $5,000. It is now worth $500,000 in present day dollars! 76 years. Seven doubles. 6.5% CAGR. Talk about inflation …

Fast forward several years and my dad – an engineer for the Army at Fort Monmouth – and my mom, a bookkeeper at Camp Evans, were trying to figure out how to afford college for my brother, Collin, and me.

When I was in grammar school, it became obvious to me that many of my friends' families seemed to have it easier than my parents.

They owned things – bumper car rides and games of chance on the boardwalk, car dealerships, grocery stores, motels, real estate brokerages, law firms, stocks. They had bigger houses and nicer cars than ours … and boats … and were solidly middle class.



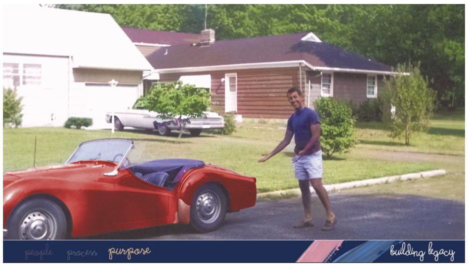
That's the Boss on the boardwalk in my hometown, Asbury Park, singing about the working class aspirations to reach middle class.

"Pop, are we middle class yet?" When I was young, that was a question I asked my dad regularly.

I don't remember exactly when he answered, "Yes, Ronnie."

I do remember how proud he was when he said, "yes." I think it was in 1956, when I was a bar mitzvah.

My dad's salary as an Army engineer had just reached $10,000 and we had moved into a new house he had built for $20,000, which is now worth $1.25 million in present day dollars. 67 years. Six doubles. 6.2 % CAGR.



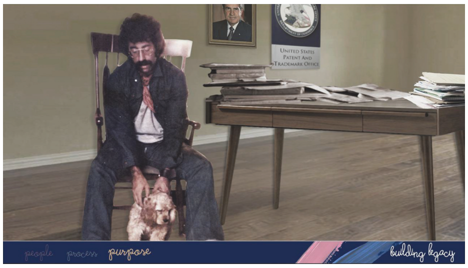
In the summer of 1963, I worked as a lifeguard by day and was injured on the job.

I used my $600 disability payment to buy that used car … looked cool … but blew up on my way to college. Too bad I didn't fix it. That car is now worth $28,000 present day dollars! 61 years. Five and a half doubles. 6.5% CAGR. Inflation is certainly not a four-year phenomenon.

When I learned about mutual funds in the 1960s, I thought, "What if I could invest in growth companies for a mutual fund that offered middle class families like mine a chance to build wealth?"

My parents wanted me to be a doctor and thought being an analyst was a *terrible* idea, but since I did not get into medical school, I won … and so did you.

That is where the idea for Baron Capital and Baron mutual funds came from. My parents had never invested in stocks until they gave me $5,000 to invest for them when I began my analyst career.



My mom called my fraternity brothers in college "animals." She called my motorcycle friends in Washington "hoodlums."

Whenever my father saw me, he said, "Get a haircut."

When I met Judy's father for the first time, he took her aside and said, "Honey … you can do better …"

It is immensely satisfying to me that I have helped create a business offering exceptional actively managed investment funds to individuals like my parents – today and for generations to come.

Ron’s Conference Speech: Building Legacy

When we speak about legacy, we are not just talking about wealth. We are talking about the values we pass down, the opportunities we create, and the ways in which each generation builds on the work of the one before it … *L’dor V’dor,* from “one generation to the next,” as we say in Hebrew.

Several years ago, a rabbi at Central Synagogue gave a sermon that touched me. He described a program in London that had been in progress for 70 years.

Every 10 years from the age of seven, dozens of individuals were interviewed about their lives and aspirations – and filmed.

Many had what we would all consider happy, fulfilling lives. But it was sort of a bell curve. Many did not.

At age 70 they were shown their filmed interviews from throughout the decades and asked, “Do you think your younger self would like you? Would your younger self be proud of the life you’ve lived?”

I think for me the answer would be yes.

But thanks to time travel, I would also be interested to know if my future self would like my younger self.

HOLOGRAM: Future Ron returns

“Yeah. Present Ron’s all right. But you got to wrap it up. I promised Elon I’d get back to planet Musk before Earthdown to race our Cybertrucks. Okay. Beam me up!”

Portfolio holdings as a percentage of net assets as of December 31, 2024 for securities mentioned are as follows: Space Exploration Technologies Corp. – Baron Asset Fund (4.9%), Baron Fifth Avenue Growth Fund (1.4%), Baron Focused Growth Fund (11.4%), Baron Global Advantage Fund (10.3%), Baron Opportunity Fund (3.9%), Baron Partners Fund (15.1%*); **NVIDIA Corporation –** Baron Durable Advantage Fund (5.0%), Baron Fifth Avenue Growth Fund (9.9%), Baron Global Advantage Fund (8.2%), Baron Opportunity Fund (11.3%), Baron Technology Fund (8.3%); **Amazon.com, Inc. –** Baron Durable Advantage Fund (7.4%), Baron Fifth Avenue Growth Fund (8.7%), Baron Opportunity Fund (7.0%), Baron Technology Fund (9.7%); **MSCI Inc. –** Baron Asset Fund (0.7%), Baron Durable Advantage Fund (2.3%), Baron FinTech Fund (2.7%), Baron Focused Growth Fund (3.3%), Baron Growth Fund (11.4%), Baron Partners Fund (1.7%*); **Arch Capital Group Ltd. –** Baron Asset Fund (4.4%), Baron Durable Advantage Fund (1.7%), Baron FinTech Fund (2.4%), Baron Focused Growth Fund (3.9%), Baron Growth Fund (11.4%), Baron International Growth Fund (2.4%), Baron Partners Fund (6.4%*); **Red Rock Resorts, Inc. –** Baron Discovery Fund (0.9%), Baron Focused Growth Fund (3.5%), Baron Growth Fund (1.5%), Baron Partners Fund (1.0%*), Baron Real Estate Fund (1.0%), Baron Small Cap Fund (3.3%); **Verisk Analytics, Inc. –** Baron Asset Fund (5.5%), Baron FinTech Fund (2.5%), Baron Focused Growth Fund (2.1%); **Tesla, Inc. –** Baron Fifth Avenue Growth Fund (4.5%), Baron Focused Growth Fund (11.7%), Baron Global Advantage Fund (1.7%), Baron Opportunity Fund (5.9%), Baron Partners Fund (41.3%*), Baron Technology Fund (3.5%); **X.AI Corp. –** Baron Asset Fund (1.7%), Baron Fifth Avenue Growth Fund (0.5%), Baron Focused Growth Fund (1.7%), Baron Opportunity Fund (0.7%).

* % of Long Positions

As of December 31, 2024 the Funds did not own shares of Mayo Clinic, Cleveland Clinic, New York Presbyterian, John Hopkins University, JPMorgan Chase & Co, Ferrari NV, Hermes International SA, Patek Phillippe SA, or Ford Motor Company.

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

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BARON CAPITAL'S TOP 25 HOLDINGS

As of 12/31/2024

Rank	Ticker	Security Name	Year of First Purchase[1]	Market Value ($ Millions)	Ending Weight[2] (%)	Total Realized and Unrealized Gains ($ Millions)	Cumulative Total Return[3] (%)	Total Return Multiple (X)	Annualized Total Return (%)
1	TSLA	**Tesla, Inc.**	2014	$5,888	12.3	$7,617	3,295.9	34.0	38.2
2	931JQH909	**Space Exploration Technologies Corp.**	2017	$4,434	9.3	$3,358	1,190.1	12.9	42.0
3	IT	**Gartner, Inc.**	2007	$1,897	4.0	$2,703	1,802.9	19.0	18.1
4	ACGL	**Arch Capital Group Ltd.**	2002	$1,890	3.9	$2,245	3,296.8	34.0	16.8
5	CSGP	**CoStar Group, Inc.**	2001	$1,375	2.9	$1,652	4,026.2	41.3	17.4
6	MSCI	**MSCI Inc.**	2007	$1,279	2.7	$1,445	2,589.3	26.9	21.2
7	FDS	**FactSet Research Systems Inc.**	2006	$1,131	2.4	$1,382	1,042.9	11.4	14.4
8	GWRE	**Guidewire Software, Inc.**	2012	$997	2.1	$781	628.5	7.3	17.0
9	MTN	**Vail Resorts, Inc.**	1997	$992	2.1	$1,076	1,037.9	11.4	9.1
10	H	**Hyatt Hotels Corporation**	2009	$871	1.8	$662	476.8	5.8	12.3
11	IDXX	**IDEXX Laboratories, Inc.**	2005	$829	1.7	$2,020	2,772.6	28.7	18.4
12	KNSL	**Kinsale Capital Group, Inc.**	2016	$803	1.7	$844	2,510.2	26.1	47.3
13	CHH	**Choice Hotels International, Inc.**	1996	$665	1.4	$868	3,962.5	40.6	14.1
14	TSM	**Taiwan Semiconductor Manufacturing Company Limited**	2013	$585	1.2	$545	1,324.4	14.2	25.9
15	SCHW	**The Charles Schwab Corporation**	1992	$534	1.1	$1,509	11,871.9	119.7	16.1
16	RRR	**Red Rock Resorts, Inc.**	2016	$525	1.1	$238	212.7	3.1	14.0
17	ANSS	**ANSYS, Inc.**	2009	$478	1.0	$875	1,197.9	13.0	17.4
18	PRI	**Primerica, Inc.**	2010	$449	0.9	$627	1,522.5	16.2	20.8
19	MORN	**Morningstar, Inc.**	2005	$440	0.9	$487	1,772.2	18.7	16.1
20	SPOT	**Spotify Technology S.A.**	2020	$401	0.8	$38	268.4	3.7	31.6
21	NVDA	**NVIDIA Corporation**	2018	$382	0.8	$566	1,930.8	20.3	61.7
22	GLPI	**Gaming and Leisure Properties, Inc.**	2013	$376	0.8	$412	186.3	2.9	9.9
23	VRSK	**Verisk Analytics, Inc.**	2009	$345	0.7	$503	951.7	10.5	16.7
24	MTD	**Mettler-Toledo International Inc.**	2008	$344	0.7	$954	1,596.3	17.0	19.3
25	XAI.B	**X.AI Corp.**	2024	$335	0.7	$105	80.9	1.8	80.9

Baron Capital holdings include client managed and Firm accounts.

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

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

3 - Reflects security performance from the date of Baron Capital's first purchase until 12/31/2024. Depending on Baron Capital's purchases and sales over the period, this performance may be lower or higher than the performance of the investment.

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 December 31, 2024 for securities mentioned are as follows: Tesla, Inc. - Baron Fifth Avenue Growth Fund (4.5%), Baron Focused Growth Fund (11.7%), Baron Global Advantage Fund (1.7%), Baron Opportunity Fund (5.9%), Baron Partners Fund (41.3%*), Baron Technology Fund (3.5%); **Space Exploration Technologies Corp.** - Baron Asset Fund (4.9%), Baron Fifth Avenue Growth Fund (1.4%), Baron Focused Growth Fund (11.4%), Baron Global Advantage Fund (10.3%), Baron Opportunity Fund (3.9%), Baron Partners Fund (15.1%*); **Gartner, Inc.** - Baron Asset Fund (9.4%), Baron Growth Fund (9.2%), Baron Opportunity Fund (2.1%), Baron Partners Fund (3.6%*), Baron Small Cap Fund (5.6%), Baron Technology Fund (1.4%); **Arch Capital Group Ltd. -** Baron Asset Fund (4.4%), Baron Durable Advantage Fund (1.7%), Baron FinTech Fund (2.4%), Baron Focused Growth Fund (3.9%), Baron Growth Fund (11.4%), Baron International Growth Fund (2.4%), Baron Partners Fund (6.4%*); **CoStar Group, Inc.** - Baron Asset Fund (3.7%), Baron Durable Advantage Fund (1.8%), Baron FinTech Fund (0.9%), Baron Focused Growth Fund (3.5%), Baron Growth Fund (4.9%), Baron Opportunity Fund (2.2%), Baron Partners Fund (5.6%*), Baron Real Estate Fund (2.8%), Baron Technology Fund (1.6%); **MSCI Inc.** - Baron Asset Fund (0.7%), Baron Durable Advantage Fund (2.3%), Baron FinTech Fund (2.7%), Baron Focused Growth Fund (3.3%), Baron Growth Fund (11.4%), Baron Partners Fund (1.7%*); **FactSet Research Systems Inc.** - Baron Asset Fund (2.6%), Baron FinTech Fund (2.1%), Baron Focused Growth Fund (2.8%), Baron Growth Fund (7.1%), Baron Partners Fund (3.5%*); **Guidewire Software, Inc.** - Baron Asset Fund (4.9%), Baron Discovery Fund (2.5%), Baron FinTech Fund (3.3%), Baron Focused Growth Fund (4.2%), Baron Growth Fund (2.0%), Baron Opportunity Fund (1.6%), Baron Partners Fund (1.6%*), Baron Small Cap Fund (4.6%), Baron Technology Fund (0.8%); **Vail Resorts, Inc.** - Baron Asset Fund (2.3%), Baron Focused Growth Fund (4.6%), Baron Growth Fund (5.3%), Baron Partners Fund (3.0%*); **Hyatt Hotels Corporation** - Baron Asset Fund (1.9%), Baron Focused Growth Fund (4.1%), Baron Partners Fund (5.7%*), Baron Real Estate Fund (2.8%); **IDEXX Laboratories, Inc.** - Baron Asset Fund (5.1%), Baron Focused Growth Fund (3.5%), Baron Growth Fund (2.0%), Baron Health Care Fund (1.3%), Baron Partners Fund (2.9%*), Baron Small Cap Fund (0.2%); **Kinsale Capital Group, Inc.** - Baron Discovery Fund (2.2%), Baron FinTech Fund (1.1%), Baron Growth Fund (6.0%), Baron Small Cap Fund (4.8%); **Choice Hotels International, Inc.** - Baron Asset Fund (1.7%), Baron Focused Growth Fund (2.7%), Baron Growth Fund (6.0%); **Taiwan Semiconductor Manufacturing Company Limited** - Baron Durable Advantage Fund (4.7%), Baron Emerging Markets Fund (10.5%), Baron Fifth Avenue Growth Fund (2.7%), Baron Global Advantage Fund (1.1%), Baron International Growth Fund (3.6%), Baron Opportunity Fund (1.6%), Baron Technology Fund (4.1%); **The Charles Schwab Corporation** - Baron Asset Fund (2.6%), Baron FinTech Fund (1.2%), Baron Partners Fund (3.6%*); **Red Rock Resorts, Inc.** - Baron Discovery Fund (0.9%), Baron Focused Growth Fund (3.5%), Baron Growth Fund (1.5%), Baron Partners Fund (1.0%*), Baron Real Estate Fund (1.0%), Baron Small Cap Fund (3.3%); **ANSYS, Inc.** - Baron Asset Fund (1.4%), Baron Focused Growth Fund (1.6%), Baron Growth Fund (4.0%); **Primerica, Inc.** - Baron FinTech Fund (1.1%), Baron Growth Fund (4.9%); **Morningstar, Inc.** - Baron Asset Fund (1.2%), Baron FinTech Fund (2.5%), Baron Growth Fund (4.4%); **Spotify Technology S.A.** - Baron Asset Fund (1.1%), Baron Focused Growth Fund (5.5%), Baron Opportunity Fund (3.2%), Baron Partners Fund (1.1%*), Baron Technology Fund (5.5%); **NVIDIA Corporation** - Baron Durable Advantage Fund (5.0%), Baron Fifth Avenue Growth Fund (9.9%), Baron Global Advantage Fund (8.2%), Baron Opportunity Fund (11.3%), Baron Technology Fund (8.3%); **Gaming and Leisure Properties, Inc.** - Baron Growth Fund (3.5%), Baron Partners Fund (1.0%*); **Verisk Analytics, Inc.** - Baron Asset Fund (5.5%), Baron FinTech Fund (2.5%), Baron Focused Growth Fund (2.1%); **Mettler-Toledo International Inc.** - Baron Asset Fund (4.3%), Baron Durable Advantage Fund (1.3%), Baron Growth Fund (1.0%), Baron Health Care Fund (1.5%), Baron Small Cap Fund (0.7%); **X.AI Corp.** - Baron Asset Fund (1.7%), Baron Fifth Avenue Growth Fund (0.5%), Baron Focused Growth Fund (1.7%), Baron Opportunity Fund (0.7%).

* % of Long Positions

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

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INFLATION ACCORDING TO RON BARON

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

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

As of 12/31/2024	Year	Cost	December 2024	Multiple	CAGR
Ron's Home 1948-1955 1122 Grassmere Avenue, Wanamassa, NJ (Asbury Park, NJ "suburb")	1948	$5,000	$568,700[1]	113.7x	6.4%
Ron's Home 1955-1975 542 Deal Parkway, West Allenhurst, NJ (Asbury Park, NJ "suburb")	1955	$20,000	$1,209,000[1]	60.5x	6.1%
Minimum Wage (New York)	1957	$1 hour	$15[2] hour	15.0x	4.1%
Golf Caddy Fees	1957	$4 18 holes	$160 18 holes	40.0x	5.7%
Gallon of Gasoline	1960	$0.31 gallon	$3.01[3] gallon	9.7x	3.6%
Ron's Annual Tuition at Bucknell University	1965	$3,500	$67,446[4]	19.3x	5.1%
Ron's U.S. Patent Examiner Annual Salary	1966	$7,729	$138,728[5]	17.9x	5.1%
Ford Mustang (starting price)	1966	$2,500	$31,920[6]	12.8x	4.5%
Sirloin Steak	1966	$0.67 pound	$11.67[7] pound	17.4x	5.0%
NYC Top Law Firm – First Year Associate Annual Salary	1970	$15,000	$225,000[8]	15.0x	5.1%
Gold	1974	$188[9] ounce	$2,639[10] ounce	14.0x	5.4%
Dow Jones Industrial Average	1982	795	$42,544[10]	53.5x*	9.7%*
S&P 500 Index	1982	107	$5,881[10]	54.8x*	9.8%*
Gross Domestic Product (GDP)**	1968	$968 billion	$29,375 billion[11]	30.3x	6.3%

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

** Gross Domestic Product (GDP) data as of September 30, 2024.

Sources:

1 - www.zillow.com
2 - https://dol.ny.gov/minimum-wage-0
3 - fred.stlouisfed.org/series/GASREGW
4 - www.bucknell.edu/admissions-aid/tuition-fees-financial-aid/information-about-tuition-fees
5 - www.federalpay.org/employees/occupations/patent-examining
6 - www.ford.com/cars/mustang/
7 - fred.stlouisfed.org/series/APU0000703613
8 - https://www.reuters.com/legal/legalindustry/cravath-announces-raises-upping-pay-ante-large-law-firms-2023-11-28/
9 - https://www.macrotrends.net/1333/historical-gold-prices-100-year-chart
10 - FactSet
11 - https://fred.stlouisfed.org/series/GDP

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

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

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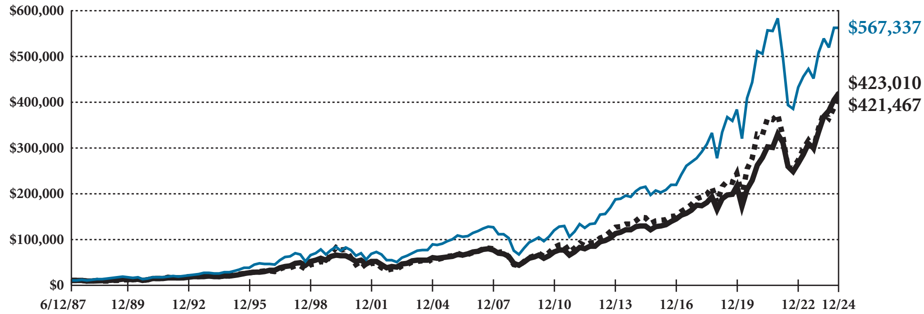
Baron Asset Fund

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



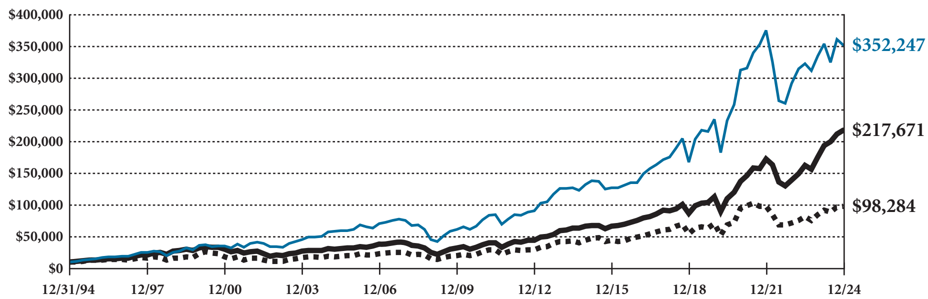
Returns

Not Annualized	Annualized				
3-Month	1-year	3-year	5-year	10-year	Since Inception
(0.04)%	10.77%	(1.23)%	7.97%	10.59%	11.35%

Baron Asset Fund
Russell Midcap Growth Index[1]
Russell 3000 Index[2]

Baron Growth Fund

Comparison of the change in value of $10,000 investment in Baron Growth Fund (Institutional Shares)^ in relation to the Russell 2000 Growth Index and the Russell 3000 Index



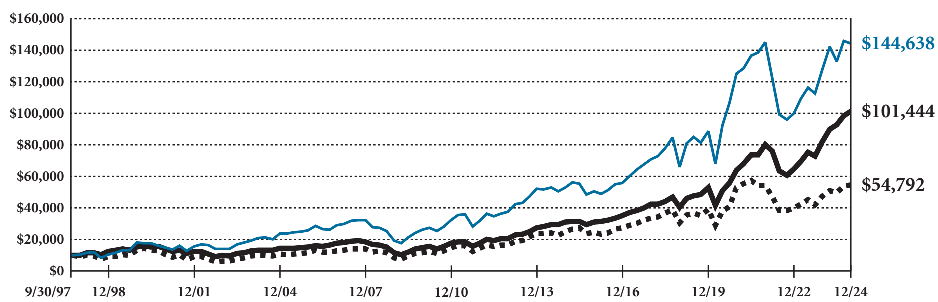
Returns

Not Annualized	Annualized				
3-Month	1-year	3-year	5-year	10-year	Since Inception
(2.42)%	5.02%	(2.14)%	8.42%	10.28%	12.61%

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

Baron Small Cap Fund

Comparison of the change in value of $10,000 investment in Baron Small Cap Fund (Institutional Shares)^ in relation to the Russell 2000 Growth Index and the Russell 3000 Index



Returns

Not Annualized	Annualized				
3-Month	1-year	3-year	5-year	10-year	Since Inception
(0.99)%	13.61%	(0.12)%	10.18%	10.50%	10.30%

Baron Small Cap Fund
Russell 2000 Growth Index[3]
Russell 3000 Index[2]

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. Index performance is not Fund performance. Investors cannot invest directly into an index.

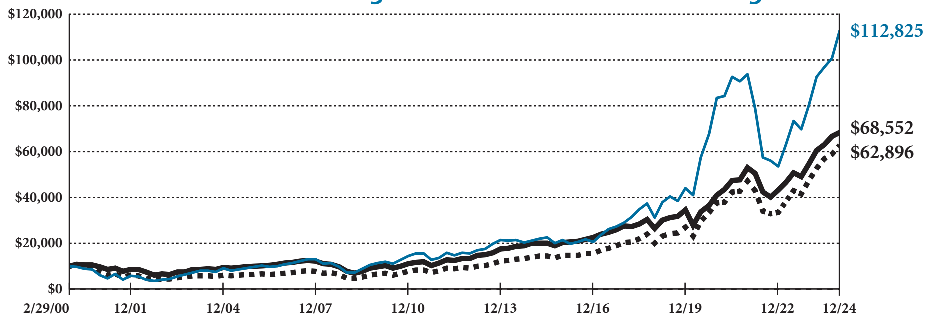
^ Performance for the Institutional Shares prior to May 29, 2009 is based on the performance of the Retail Shares, which have a distribution fee. The Institutional Shares do not have a distribution fee. If the annual returns for the Institutional Shares prior to May 29, 2009 did not reflect this fee,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

See index footnotes on page 17.

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



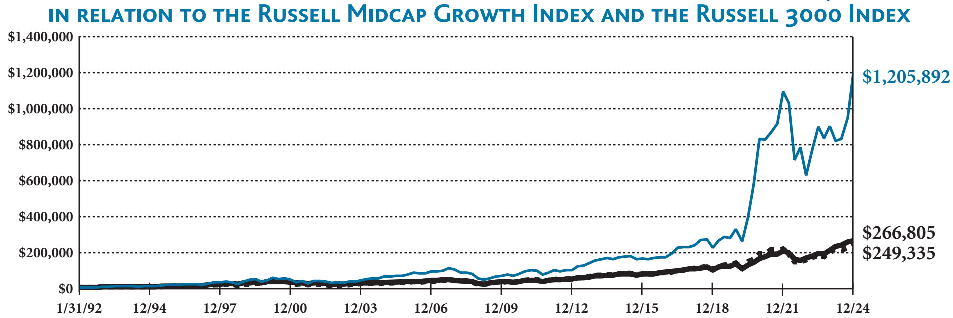
Returns

Not Annualized	Annualized				
3-Month	1-year	3-year	5-year	10-year	Since Inception
11.92%	40.25%	6.34%	20.65%	18.17%	10.25%

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



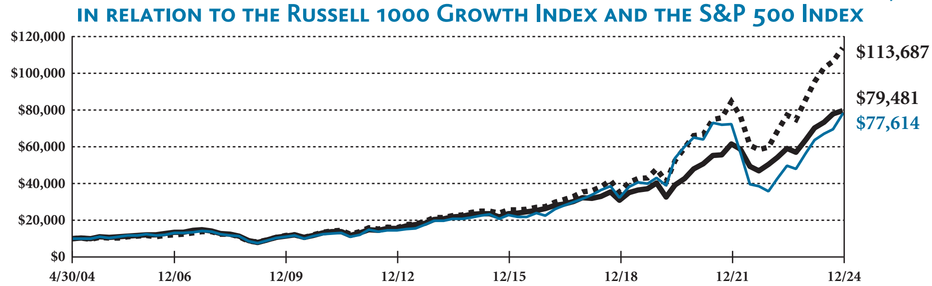
Returns

Not Annualized	Annualized				
3-Month	1-year	3-year	5-year	10-year	Since Inception
27.05%	33.08%	3.21%	29.26%	21.34%	15.67%

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
11.72%	37.75%	2.43%	12.51%	13.74%	10.42%

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. Index performance is not Fund performance. Investors cannot invest directly into an index.

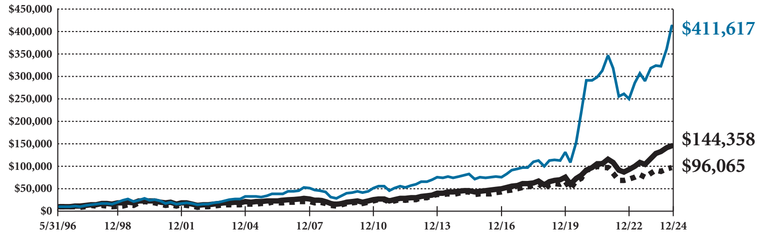
^ Performance for the Institutional Shares prior to May 29, 2009 is based on the performance of the Retail Shares, which have a distribution fee. The Institutional Shares do not have a distribution fee. If the annual returns for the Institutional Shares prior to May 29, 2009 did not reflect this fee, 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 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 17.

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



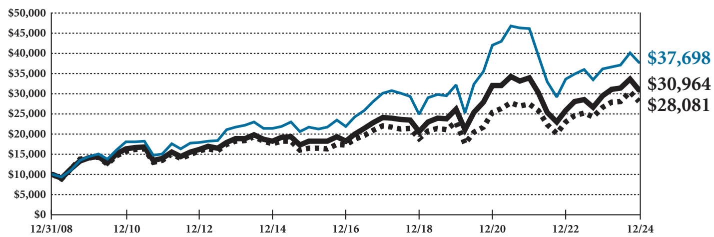
Returns

Not Annualized	Annualized				
3-Month	1-year	3-year	5-year	10-year	Since Inception
14.49%	29.85%	6.04%	25.91%	18.30%	13.89%

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



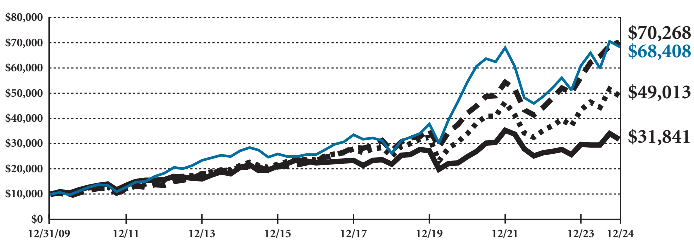
Returns

Not Annualized	Annualized				
3-Month	1-year	3-year	5-year	10-year	Since Inception
(5.90)%	4.35%	(6.54)%	3.26%	5.85%	8.65%

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
(2.98)%	12.46%	0.21%	12.54%	9.64%	13.68%

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. Index performance is not Fund performance. Investors 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.

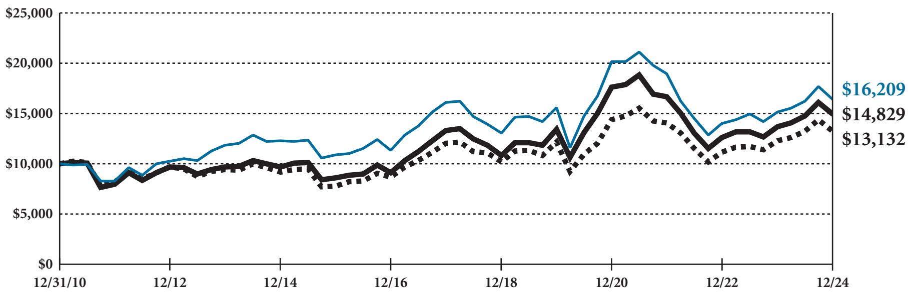
* Reflects the actual fees and expenses that were charged when the Fund was a partnership. The predecessor partnership charged a 15% performance fee through 2003 after reaching a certain performance benchmark. If the annual returns for the Fund did not reflect the performance fees for the years the predecessor 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 17.

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



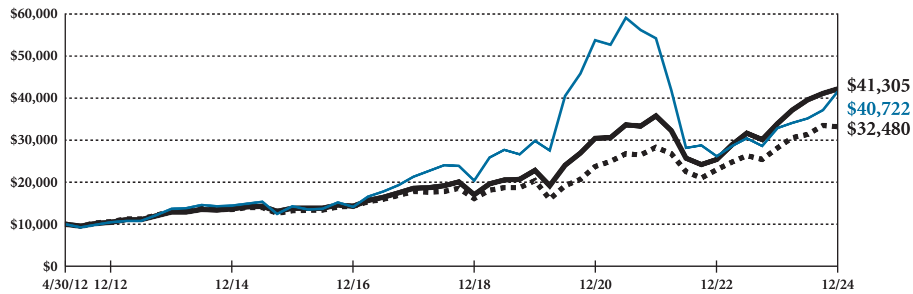
Returns

Not Annualized	Annualized				
3-Month	1-year	3-year	5-year	10-year	Since Inception
(7.35)%	7.90%	(4.66)%	1.02%	2.88%	3.51%

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



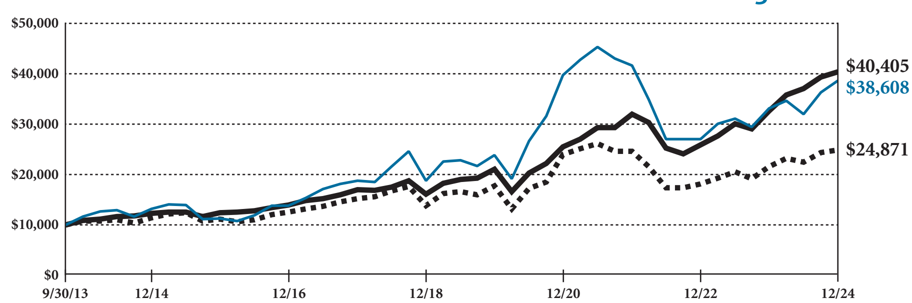
Returns

Not Annualized	Annualized				
3-Month	1-year	3-year	5-year	10-year	Since Inception
11.86%	26.42%	(8.40)%	6.84%	11.05%	11.72%

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

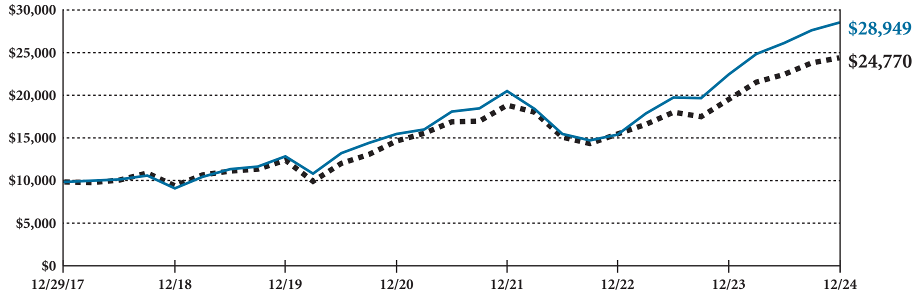
Not Annualized	Annualized				
3-Month	1-year	3-year	5-year	10 year	Since Inception
6.20%	16.28%	(2.57)%	10.01%	11.26%	12.76%

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, and Russell 3000, 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 into an index.
See index footnotes on page 17.

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



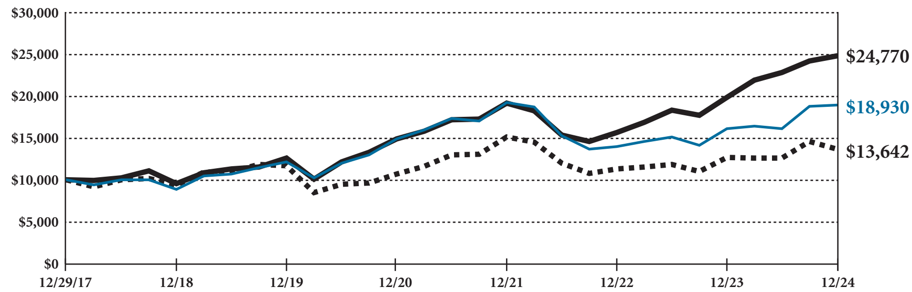
Returns

Not Annualized	Annualized			
3-Month	1-year	3-year	5-year	Since Inception
3.14%	27.14%	11.63%	17.21%	16.40%

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



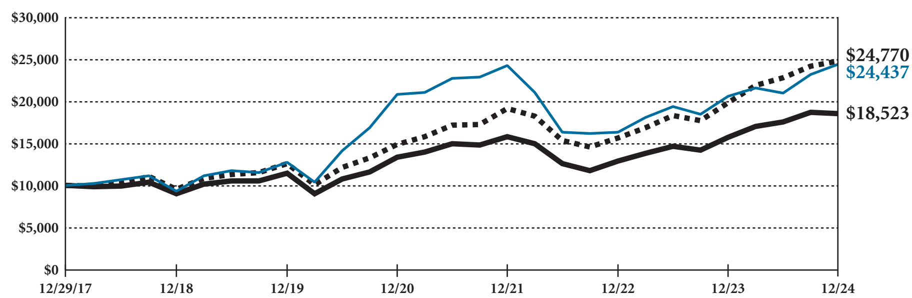
Returns

Not Annualized	Annualized			
3-Month	1-year	3-year	5-year	Since Inception
0.95%	17.36%	(0.56)%	9.28%	9.55%

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
5.53%	18.73%	0.21%	13.85%	13.62%

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

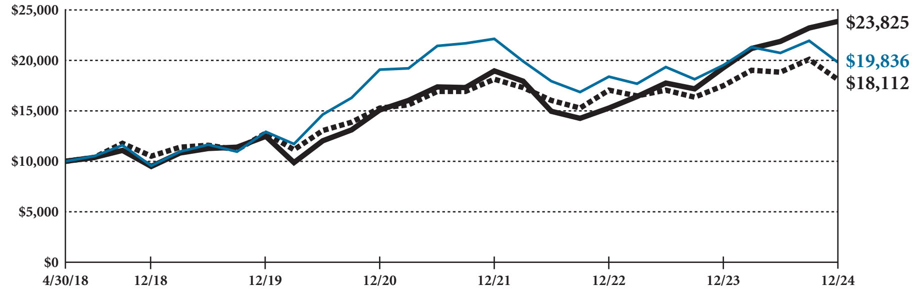
The Funds, MSCI US REIT Index, and MSCI ACWI Index include reinvestment of dividends, net of foreign withholding taxes, while the S&P 500 Index includes reinvestment of dividends before taxes. Reinvestment of dividends positively impacts performance results. The indexes are unmanaged. Index performance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

See index footnotes on page 17.

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

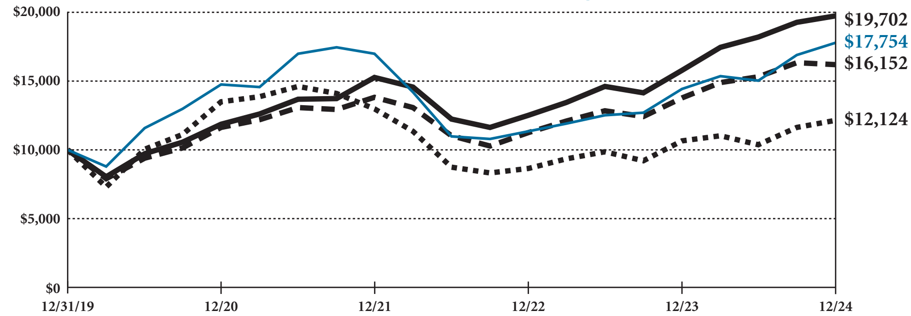


Returns

Not Annualized	Annualized			
3-Month	1-year	3-year	5-year	Since Inception
(9.58)%	1.55%	(3.52)%	8.95%	10.82%

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

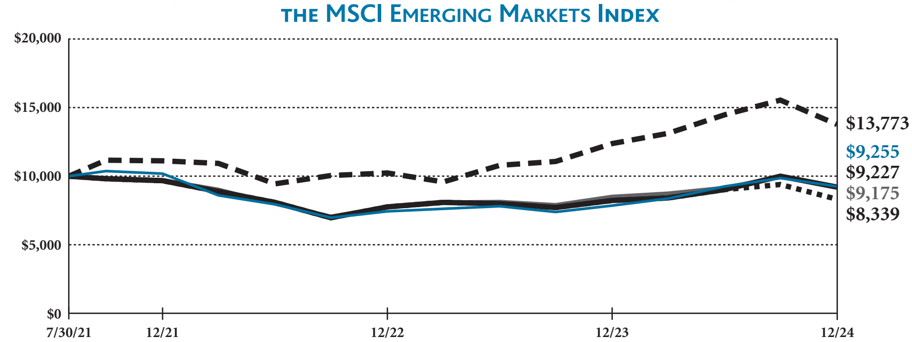


Returns

Not Annualized	Annualized		
3-Month	1-year	3-year	5-year and Since Inception
5.29%	23.14%	1.50%	12.17%

Baron India Fund†

Comparison of the change in value of $10,000 investment in Baron India Fund (Institutional Shares) in relation to the MSCI AC Asia ex Japan/India Linked Index and the MSCI AC Asia ex Japan Index, the MSCI India Index and the MSCI Emerging Markets Index



Returns

Not Annualized	Annualized		
3-Month	1-year	3-year	Since Inception
(6.01)%	17.75%	(3.09)%	(2.24)%

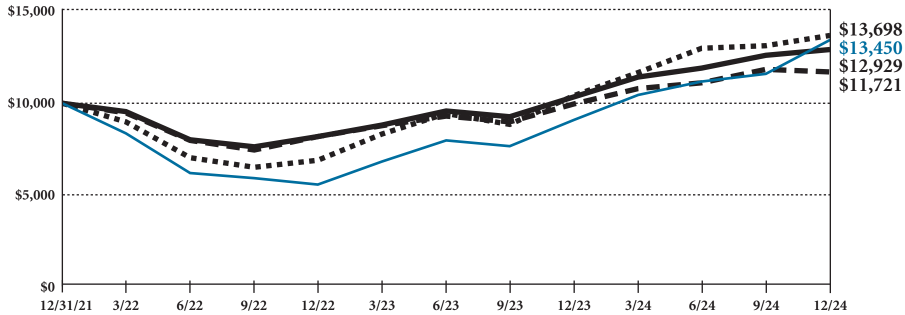
The Funds, MSCI India Index, MSCI Emerging Markets Index, MSCI AC Asia ex Japan/India Linked Index, MSCI AC Asia ex Japan Index, and MSCI ACWI Index include reinvestment of dividends, net of foreign withholding taxes, while the Russell 3000 Health Care Index, Russell 3000 Index, FactSet Global FinTech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

† As stated within the Supplement to the Prospectus and Statement of Additional Information dated April 26, 2024, effective September 1, 2024, Baron New Asia Fund® has changed its name to Baron India Fund®. For additional information please refer to the Supplement.

See index footnotes on page 17.

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	3-year and Since Inception
15.85%	47.80%	10.38%

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. Index performance is not Fund performance. Investors 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 98% 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/India Linked Index Net (USD)** was created by the Adviser and links the performance of the MSCI AC Asia ex Japan Index for all periods prior to September 1, 2024 and the MSCI India Index for all periods thereafter.
19 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.
20 The **MSCI India Index Net (USD)** is a broad based securities index that is designed to measure the performance of the large and mid-cap segments of the Indian market.
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®).

If a Fund's 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.

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, 2035, 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).

Baron Asset Fund

Dear Baron Asset Fund Shareholder:

Performance

U.S. equities rose during the fourth quarter, with most of the market's strength coming after Donald Trump was elected President alongside a Republican majority in both chambers of Congress. Investors were enthusiastic about the prospect of the Trump administration lowering taxes, reducing regulation, increasing domestic oil production, and enabling more merger and acquisition activity. Investor euphoria was partially offset by concerns that Trump policies would lead to reaccelerating inflation and rising interest rates – the benchmark 10-year U.S. Treasury yield increased from 3.8% to 4.6% during the quarter.

Following solid outperformance in the prior quarter, Baron Asset Fund® (the Fund) had a difficult fourth quarter, trailing the Russell Midcap Growth Index (the Benchmark) by 818 basis points (Institutional Shares). The relative shortfall was driven by several factors that we believe will prove transitory.

Table I.
Performance†
Annualized for periods ended December 31, 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]	(0.11)%	(0.04)%	8.14%	2.63%
One Year	10.48%	10.77%	22.10%	23.81%
Three Years	(1.49)%	(1.23)%	4.04%	8.01%
Five Years	7.69%	7.97%	11.47%	13.86%
Ten Years	10.30%	10.59%	11.54%	12.55%
Fifteen Years	12.04%	12.34%	13.31%	13.56%
Since Inception (June 12, 1987)	11.23%	11.35%	10.50%[4]	10.48%

ANDREW PECK

PORTFOLIO MANAGER

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

Two software stocks that the Fund did not own, Palantir Technologies Inc. and AppLovin Corporation, each gained more than 100% and accounted for 52% of the Benchmark's gain during the quarter. At year end 2024, Palantir was valued at approximately 200 times its expected 2024 earnings, while AppLovin was valued at 80 times. The market cap of each exceeded $100 billion, and the two stocks represented nearly 8% of the Index. Neither company met our criteria for investment. The total impact on relative performance from Palantir and AppLovin was about 7 times higher than we have seen historically for two securities that are unique to the Benchmark, showing just how unparalleled the event was and something that we believe is unlikely to be repeated.

The Fund's investment style was out of favor. The Fund owns high-quality, competitively advantaged businesses with highly visible long-term revenue and earnings streams. This approach has resulted in a portfolio that is generally less volatile than the Benchmark and that often lags in rapidly rising market environments. During the quarter, the best-performing stocks were those with high Beta and high Residual Volatility, and the Fund remained meaningfully underexposed to stocks with these characteristics.

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.

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

1 The **Russell Midcap® Growth Index** measures the performance of medium-sized U.S. companies that are classified as growth. The **Russell 3000® Index** measures the performance of the broad segment of the U.S. equity universe comprised of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market. 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 December 31, 2024.

5 Not annualized.

BARON FUNDS 1987

The Fund remained overweight in Health Care, and this sector continued to be out of favor. The Fund has long identified attractive Health Care investments in areas including life sciences tools, veterinary services, contract research organizations, and medical devices. The Health Care sector trailed the broader Benchmark by nearly 1,000 basis points in the fourth quarter (and by approximately 2,400 basis points for calendar year 2024). We believe these stocks suffered from near-term cyclical headwinds that we expect to abate.

These factors were reflected in the Fund's disappointing stock selection during the quarter, particularly in Information Technology (IT). Stock selection in IT accounted for nearly three-quarters of the Fund's overall underperformance, with a portion of the shortfall being driven by modest declines from top positions **Gartner, Inc.** and **Guidewire Software, Inc.** Syndicated research provider Gartner was a top detractor as its core subscription growth remained stable rather than inflecting higher. We believe its sales trends are poised to accelerate over the next several quarters as comparisons ease and business conditions improve. Following a run up during the prior 12 months, shares of Guidewire, a leading software provider to the insurance industry, gave back some gains, possibly because of profit taking.

Weakness in Health Care was driven by double-digit declines from the Fund's sizeable positions in precision instruments provider **Mettler-Toledo International Inc.** and veterinary diagnostics leader **IDEXX Laboratories, Inc.** Mettler reported a solid quarter but its full-year guidance fell short of investor expectations, pressuring the stock. IDEXX was hurt by weak visitation to veterinary clinics, which continued to hamper aggregate revenue growth. We discuss both companies in greater detail below.

The relative deficit in the Financials sector was attributable to poor performance from specialty insurer **Arch Capital Group Ltd.** and a lack of exposure to cryptocurrency exchange Coinbase Global, Inc. (Bitcoin increased 47% during the quarter). Arch was a top detractor given concerns about a cyclical slowdown following several years of favorable insurance market conditions. Wall Street forecast a decline in property catastrophe reinsurance pricing during the January 1, 2025 renewal period, defying earlier hopes for stable pricing.

Somewhat offsetting the above was solid stock selection in Industrials and Consumer Discretionary, where private rocket and spacecraft manufacturer **Space Exploration Technologies Corp.** (SpaceX) and global ski resort operator **Vail Resorts, Inc.** were the top contributors. SpaceX was the largest contributor after the company's shares were revalued sharply higher in the period, as discussed below. Vail's shares were lifted by a 1% increase in season ski pass units and a 7% increase in revenue. The current ski season launched with more favorable mountain snow conditions, leading to visitor bookings in line with last year's levels. We expect that robust earnings growth for 2025 and mid-single-digit free cash flow growth should yield attractive returns for investors. Vail has a healthy balance sheet, pays a generous dividend, and trades at a discount to its long-term average multiple.

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

	Year Acquired	Contribution to Return (%)
Space Exploration Technologies Corp.	2020	1.77
X.AI Corp.	2024	0.74
Dayforce, Inc.	2018	0.39
The Charles Schwab Corporation	1992	0.32
Axon Enterprise, Inc.	2023	0.24

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 through the rapid expansion of its Starlink broadband Internet service. The company is successfully deploying a vast constellation of Starlink satellites in Earth's orbit, reporting substantial growth in active Starlink customers, 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 rocket launches, leveraging the company's reusable launch technology. SpaceX capabilities also 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 space vehicle represents a significant leap forward in reusability and space exploration capabilities. We value SpaceX using prices of the company's recent financing transactions.

X.AI Corp. is a private company founded by Elon Musk in October 2023 with the goal of developing an AI foundation model and applications aimed at "understanding the true nature of the universe." Grok, its AI model and product, has achieved impressive results compared to more established AI models. X.AI has also begun operations at its Colossus data center, which now houses over 100,000 Graphical Processing Units, making it the largest coherent training center in the world. These early successes showcase X.AI's capacity for rapid innovation and competitive effectiveness. With the upcoming release of Grok 3 – trained on more than 10 times the computational power used for the development of Grok 2 – we expect significant improvement in the capabilities of X.AI's model. We also anticipate the company will substantially expand its monetization strategies after Grok 3 is released. The increase in the stock's value was primarily attributed to a significant transaction that positively impacted valuation.

Shares of **Dayforce, Inc.**, a leader in global payroll and human capital management (HCM) software, contributed positively to performance for the quarter. Dayforce is benefiting from powerful secular trends around the modernization of HCM software and growing adoption of the software-as-a-service business model. We believe that Dayforce can sustain recurring revenue growth around 20%, helped by market share gains, a move "up-market" to larger size customers, compelling new products, and growing success in cross-selling additional functionality to its existing customers. After a multi-year investment cycle, the company is now experiencing significant margin expansion and rapid growth in free cash flow, which management has begun to return to investors.

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

	Year Acquired	Contribution to Return (%)
IDEXX Laboratories, Inc.	2006	–1.10
Mettler-Toledo International Inc.	2008	–0.91
Arch Capital Group Ltd.	2003	–0.66
Gartner, Inc.	2007	–0.40
CDW Corporation	2017	–0.39

Shares of veterinary diagnostics leader **IDEXX Laboratories, Inc.** detracted as patient visits to veterinary clinics remained weak, after surging during the pandemic. Nevertheless, IDEXX's excellent execution enabled the company to deliver robust financial results during the most recent quarter. We believe the company's competitive position has never been stronger, and we expect its new proprietary in-clinic instruments and ongoing favorable price realization to meaningfully drive growth in 2025. Furthermore, we believe that veterinary visits will inevitably increase, as secular trends around pet ownership and pet care spending have been structurally accelerated. Many of the puppies and kittens acquired during the pandemic will soon be reaching ages when veterinary visits become more frequent. In addition, we expect constraints that have hampered the supply of new veterinarians and veterinary technicians to abate. We expect these improving trends in both demand and supply to allow IDEXX's revenue and earnings growth to return to historic levels.

Mettler-Toledo International Inc. is a leading provider of precision weighing instruments and services for customers in the life sciences, food, and chemical industries. Shares fell after Mettler reported a good quarter but guided to earnings slightly below investor expectations for the fourth quarter and 2025, which it ascribed to continued soft conditions among some healthcare and industrial customers, as well as headwinds from temporary shipment delays. We believe that Mettler's macroeconomic headwinds will prove temporary, and its competitive position remains dominant. We expect the company will soon return to its long-term target of generating mid-teens compounded annual earnings growth.

Shares of specialty insurer **Arch Capital Group Ltd.** fell over concerns about a looming cyclical slowdown following several years of favorable market conditions. The Street has forecast a decline in property catastrophe reinsurance pricing during the January 2025 renewal period, defying investors' previous hopes for stable pricing. Despite solid third quarter earnings, underwriting margins contracted due to a recent acquisition, business mix shifts, and normal quarterly volatility. Additionally, shares were pressured by an unexpected CEO transition. We continue to be optimistic about the stock's prospects, given Arch's strong management team, and a business model that we expect to deliver ongoing long term growth in earnings and book value per share.

Portfolio Structure

At December 31, 2024, the Fund held 50 positions. The Fund's 10 largest holdings represented 48.8% of net assets, and the 20 largest represented 71.0%. The Fund's largest weighting was in the IT sector at 29.5% of net assets. This sector includes software companies, IT consulting firms, and electronic components companies. The Fund held 21.6% of its net assets in the Industrials sector, which includes investments in research and consulting companies, aerospace and defense firms, and human resources companies. The Fund held 16.8% 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 also had significant weightings in Financials at 13.1% and Consumer Discretionary at 8.6%.

As the chart below shows, the Fund's largest investments have mostly 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 benefiting from secular growth trends with significant competitive advantages and best-in-class management teams.

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

	Year Acquired	Market Cap When Acquired ($ billions)	Quarter End Market Cap ($ billions)	Quarter End Investment Value ($ millions)	Percent of Net Assets (%)
Gartner, Inc.	2007	2.9	37.4	397.4	9.4
Verisk Analytics, Inc.	2009	4.0	38.9	231.1	5.5
IDEXX Laboratories, Inc.	2006	2.5	33.9	214.0	5.1
Space Exploration Technologies Corp.	2020	47.0	349.1	208.2	4.9
Guidewire Software, Inc.	2013	2.8	14.1	205.1	4.9
Arch Capital Group Ltd.	2003	0.9	34.7	185.8	4.4
Mettler-Toledo International Inc.	2008	2.4	25.8	180.0	4.3
Fair Isaac Corporation	2020	12.1	48.5	161.3	3.8
CoStar Group, Inc.	2016	5.0	29.3	156.2	3.7
Roper Technologies, Inc.	2011	7.4	55.7	118.6	2.8

Recent Activity

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

	Quarter End Market Cap ($ billions)	Net Amount Purchased ($ millions)
ServiceTitan, Inc.	9.1	20.4
Procore Technologies, Inc.	11.1	1.7
Welltower Inc.	78.5	1.3

ServiceTitan, Inc. is the leading business management software platform for various "trades" that support the repair, maintenance, and installation of systems within residential and commercial buildings. Key end markets include plumbing, electrical, and landscaping. The platform serves as a system of record offering clients nearly everything necessary to run their business, including customer relationship management (sales enablement, marketing automation, and customer service), field service management (scheduling/dispatching), enterprise resource planning (inventory), human capital management (compensation and payroll), and fintech (payments and consumer financing).

ServiceTitan operates in a large market. In just the U.S. and Canada, the trades are a roughly $1.5 trillion annual industry, and ServiceTitan's current product offerings serve about $650 billion of this spend. We believe this equates to a $30 billion addressable market for the company's software, of which around $13 billion is serviceable today. We believe this industry is resilient, given that over 75% of the jobs being addressed by U.S. residential trades are non-discretionary in nature.

Relative to its competition, ServiceTitan has several notable advantages, including: 1) its market position as the leading end-to-end software platform built specifically for the trades, offering a one-stop-shop for all of a trade's business technology needs; 2) it provides a strong ROI to clients, which is confirmed by its over 95% gross revenue retention; 3) the company's scale provides a big data advantage, enabling ServiceTitan to use its industry-leading data to make continuous improvements to its product offerings and connect previously disparate processes for customers.

We believe ServiceTitan is well positioned to drive at least high teens to 20%-plus organic revenue growth for many years driven by a combination of natural growth by its existing client base, driving increased adoption of add-on products for these existing customers, ongoing new product rollouts (today the company captures about 1% of customer transaction volume with the opportunity to reach approximately 2% if a customer adopts the full suite of solutions), new customer acquisition in existing trades (the platform is currently less than 10% penetrated), and expanding into new trades.

The company has started to increase its margin profile, but we see a long runway left for additional margin expansion from roughly breakeven levels today up to 25%-plus operating margins over time. As the margin ramps, we expect strong free cash flow conversion, bolstering the company's balance sheet and providing flexibility around capital allocation. We believe that ServiceTitan is a high-quality business that should solidly compound its earnings, leading to attractive stock price returns over a multi-year period.

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

	Quarter End Market Cap or Market Cap When Sold ($ billions)	Net Amount Sold ($ millions)
ANSYS, Inc.	29.5	42.7
ICON Plc	16.9	39.1
Aspen Technology, Inc.	15.7	26.2
CDW Corporation	23.2	20.7
Gartner, Inc.	37.4	15.4

We reduced our position in simulation software company **ANSYS, Inc.** as it neared an expected acquisition by Synopsys, Inc., a large-cap leader in electronic design automation and semiconductor intellectual property. We exited our position in **ICON Plc**, a contract research organization, as its growth rate slowed. We sold our investment in **Aspen Technology, Inc.**, as Emerson Electric proposed to purchase the rest of Aspen shares that it did not currently own at an approximate $15 billion valuation. We reduced our position in **CDW Corporation**, a leading distributor of IT hardware, as demand in its end market remained weak. We managed down our position in **Gartner, Inc.**, our largest holding.

Outlook

The recent performance of equity markets has been unusual in several respects. The S&P 500 Index (the Index) just posted annual returns greater than 20% for two consecutive calendar years. This had not occurred since the last 1990s, and it places the Index's two-year performance in the 90th percentile over equivalent periods in the past century. Further, this exceptional performance for the broad market Index was driven by a narrow group of large-cap IT stocks. In 2024, 46% of the Index's return was generated by just five companies with exposure to the "AI theme" (NVIDIA, Apple, Amazon, Alphabet, and Broadcom). As mentioned earlier, the breadth of other indexes, including the Russell Midcap Growth Index, also has been quite narrow and driven by IT stocks. In addition, the Russell Midcap Growth Index has trailed the primary large-cap growth index by 749 basis points compounded annually during the past five years.

The past quarter was also characterized by the continuation of a "risk on" market rally. As discussed, certain perceived AI beneficiaries and cryptocurrencies generated outsized gains. In addition, the two top performing factors for equities (as measured by the MSCI Barra U.S. Total Market Factor Model) were Beta and Residual Volatility. The performance of both factors was greater than one standard deviation above their individual 3-month factor performance movements dating back to 1998.

We believe the prevailing market environment will inevitably shift away from the types of stocks that have outperformed so meaningfully during these past two years. The Fund's portfolio is weighted heavily toward what we believe are low-risk, high-quality companies. We expect these characteristics will benefit the Fund's performance in future market environments. During the last few weeks of the fourth quarter, the overall market dropped and the Beta and Residual Volatility factors both declined from their highs. As we would have expected, the Fund outperformed during this period.

We continue to believe that the types of businesses we favor – high-quality companies that benefit from long-term secular growth drivers with highly visible and growing earnings streams – will once again be favored by investors at the expense of more speculative businesses.

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. **Beta** explains common variation in stock returns due to different stock sensitivities to market or systematic risk that cannot be explained by the US Country factor. Positive exposure indicates high beta stock. Negative exposure indicates low beta stock. **Free Cash Flow (FCF)** represents the cash that a company generates after accounting for cash outflows to support operations and maintain its capital assets. The **Residual Volatility** factor captures the volatility of the stock specific return component of a security. The stock specific return component tries to describe the idiosyncratic behavior of a company's stock price movements that is not attributable to other factors in the Barra risk model. Positive exposure to this factor indicates high stock specific volatility, while negative exposure indicates low stock specific volatility.

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) gained 5.02% (Institutional Shares) for the year ended December 31, 2024. This trailed the return of the Fund's benchmark, the Russell 2000 Growth Index (the Benchmark), which gained 15.15% for the year. The Russell 3000 Index, which measures the performance of the 3,000 largest publicly traded U.S. companies, gained 23.81% for the year.

We attribute approximately 25% of our underperformance to short-term cyclical headwinds or temporary growth investments that negatively impacted the performance of several high-conviction positions. We attribute the remainder of our underperformance to our focus on high-quality compounding growth businesses, which were out of favor during the year. We believe that all our holdings offer compelling and durable growth opportunities, which positions the Fund to deliver superior returns over time across market cycles.

NEAL ROSENBERG
PORTFOLIO MANAGER

RONALD BARON
CEO AND
PORTFOLIO MANAGER

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

Table I.
Performance
Annualized for periods ended December 31, 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]	(2.48)%	(2.42)%	1.70%	2.63%
One Year	4.76%	5.02%	15.15%	23.81%
Three Years	(2.39)%	(2.14)%	0.21%	8.01%
Five Years	8.14%	8.42%	6.86%	13.86%
Ten Years	10.00%	10.28%	8.09%	12.55%
Fifteen Years	12.00%	12.29%	10.92%	13.56%
Since Inception (December 31, 1994)	12.46%	12.61%	7.92%	10.81%

While the Fund generated reasonable absolute returns for the year, it failed to keep pace with the performance of the Benchmark. We attribute approximately 50% of our relative underperformance to our exclusive focus on high-quality durable growth assets, which were out of favor during the year. Instead, investors bid up stocks that are relatively lower-quality, more volatile, and riskier. Frequently, they sold shares of relatively higher quality businesses to fund these investments.

We attribute approximately 25% of our relative underperformance to the disproportionate impact of Super Micro Computer, Inc. (Supermicro) and MicroStrategy Incorporated on the Benchmark. These stocks gained 188% and 118%, respectively, during the first half of the year, after which they were removed from the Benchmark. We believe that shares of Supermicro

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 U.S. companies representing approximately 98% of the investable U.S. equity market, as of the most recent reconstitution. All rights in the FTSE Russell Index (the "Index") vest in the relevant LSE Group company which owns the Index. Russell® is a trademark of the relevant LSE Group company and is used by any other LSE Group company under license. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. The Fund includes reinvestment of dividends, net of withholding taxes, while the Russell 2000® Growth and Russell 3000® Indexes include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts the performance results. The indexes are unmanaged. Index performance is not Fund performance. Investors cannot invest directly in an index.

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

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

4 Not annualized.

were driven by a blind frenzy for AI-related investments, while shares of MicroStrategy were a levered play on the price of Bitcoin. Given their unusually large weighting and exceptional (but for Supermicro, short-lived) performance, they contributed almost 19% of the Benchmark's full year return. We estimate that the impact of these two stocks was over 2.5 times greater than the average largest detrimental effect measured over the last 25 years, which is a remarkable three-plus standard deviations away from the norm.

Finally, we attribute approximately 25% of our underperformance to several high conviction positions that were temporarily impacted by short-term cyclical headwinds or elevated growth investments. We believe that the long-term earnings power of these companies remains intact and expect each to generate compelling compound returns for the portfolio going forward.

IDEXX Laboratories, Inc., the global leader in veterinary diagnostics, has seen modest declines in pet owner visits to U.S. veterinary clinics temper its short-term growth rate. We attribute foot traffic headwinds to a temporary mix shift in pet age following the "pandemic puppy" boom, a modest reduction in service hours at U.S. veterinarians, and some macroeconomic headwinds in discrete markets. We believe IDEXX is entering a compelling new product cycle, underpinned by two new in clinic instruments and a breakthrough cancer screening panel, which should drive annual earnings growth of 20% over the long term. We expect foot traffic headwinds to ultimately revert to tailwinds, helping to accelerate growth and catalyze multiple expansion.

CoStar Group, Inc., a leader in real estate information, analytics, and marketplaces, also detracted from the Fund's results. CoStar has spent three years building its Homes.com residential real estate marketplace. We estimate that CoStar's residential products will serve a total addressable market (TAM) that exceeds $15 billion, with international markets increasing that TAM by a factor of four. CoStar is investing heavily to pursue this opportunity, spending almost $1 billion in 2024 and signaling a similar level of spend for 2025. The significant upfront investment is consistent with the scale of the opportunity, but weighed on the stock given that costs are incurred before the company can begin to generate revenue. We are excited by metrics such as growing site traffic, improving unaided brand awareness, and favorable sales activity from early cohorts of salespeople. We are also encouraged by ongoing regulatory developments, which have the potential to reshape the residential purchase process to the benefit of consumers and CoStar. We believe that residential presents a transformative growth opportunity for the company and see attractive future returns in the stock as the Homes.com investment cycle abates and the segment begins to contribute revenue with high incremental margins.

Shares of **Vail Resorts, Inc.** detracted from performance 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 are also excited by the launch of Vail's innovative My Epic Gear membership program, which offers visitors a technology-driven gear rental experience with attractive economics. Finally, we believe that growth can be amplified by acquisitions, particularly as the company makes headway in the vast European market.

Despite these performance headwinds, we have not changed our process or strategy, nor compromised on our criteria, to pursue trends that we think are short term or speculative. Instead, we exclusively seek to invest in businesses with sustainable competitive advantages, that sell highly differentiated products or services, have sticky customer bases, and are run by management teams that optimize for long-term growth. We seek to invest in those businesses at attractive prices, and endeavor to hold our investments for the long term.

Adherence to this investment strategy has delivered strong annualized returns during the Fund's 30-year life. We note that our periods of best performance frequently follow periods of relative underperformance. Over the last 10 years, the Fund has experienced four such periods of underperformance. On average, these periods of underperformance lasted for about year, with the average shortfall being 11.5% cumulatively or 10.1% annualized. The Fund followed these periods of underperformance with much longer and more robust periods of outperformance. On average, the periods of outperformance lasted for approximately two years, and on average the Fund outperformed by 27.2% cumulatively or 14.4% annualized during these periods.

Encouragingly, some of our best performance occurred during the first Trump administration. From Inauguration Day in January 2017 through the beginning of the pandemic, which we date to 2/19/2020, the Fund returned 91.6%, or 23.4% annualized. This exceeded our Benchmark's return by 9.5% annually, or a remarkable 41.8% cumulatively. This outstanding performance followed a period of relative underperformance for the Fund, akin to our experience in 2024. This comparison, coupled with attractive fundamental outlooks and reasonable valuations for the businesses with which we have invested make us optimistic about the Fund's future performance.

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 quarter ended December 31, 2024

	% of Total Investments (%)	Total Return (%)	Contribution to Return (%)
Real-Irreplaceable Assets	**17.8**	**2.94**	**0.46**
Vail Resorts, Inc.	5.3	10.22	0.46
Choice Hotels International, Inc.	6.0	9.20	0.46
Douglas Emmett, Inc.	1.0	6.73	0.05
Gaming and Leisure Properties, Inc.	3.5	–4.98	–0.18
Red Rock Resorts, Inc.	1.5	–14.63	–0.22
Alexandria Real Estate Equities, Inc.	0.5	–16.55	–0.12
Russell 2000 Growth Index		**1.70**	
Disruptive Growth	**8.3**	**0.80**	**0.06**
Altair Engineering Inc.	0.5	14.57	0.11
ANSYS, Inc.	4.0	5.89	0.22
Farmers Business Network, Inc.	0.0	0.00	0.00

Table II. (continued)

	% of Total Investments (%)	Total Return (%)	Contribution to Return (%)
Disruptive Growth (continued)			
Iridium Communications Inc.	2.8	–4.26	–0.13
FIGS, Inc.	1.1	–9.58	–0.10
Northvolt AB	0.0	–100.00	–0.05
Financials	**50.0**	**–1.02**	**–0.58**
The Carlyle Group Inc.	1.1	18.07	0.16
Houlihan Lokey, Inc.	1.1	10.23	0.10
Clearwater Analytics Holdings, Inc.	0.1	8.99	0.01
Moelis & Company	0.4	8.81	0.03
Morningstar, Inc.	4.4	5.66	0.20
FactSet Research Systems Inc.	7.1	4.65	0.31
MSCI Inc.	11.4	3.18	0.28
Primerica, Inc.	4.9	2.65	0.14
Kinsale Capital Group, Inc.	6.0	–0.06	–0.05
Cohen & Steers, Inc.	2.2	–3.19	–0.08
Arch Capital Group Ltd.	11.4	–13.20	–1.67
Core Growth	**23.9**	**–8.39**	**–2.08**
Trex Company, Inc.	0.6	3.73	0.03
Gartner, Inc.	9.2	–4.41	–0.40
CoStar Group, Inc.	4.9	–5.09	–0.24
Krispy Kreme, Inc.	0.8	–7.39	–0.06
Guidewire Software, Inc.	2.0	–7.85	–0.15
Bio-Techne Corporation	2.2	–9.77	–0.23

Table II. (continued)

	% of Total Investments (%)	Total Return (%)	Contribution to Return (%)
Core Growth (continued)			
IDEXX Laboratories, Inc.	2.0	–18.26	–0.49
Mettler-Toledo International Inc.	1.0	–18.41	–0.21
Bright Horizons Family Solutions, Inc.	0.9	–20.93	–0.25
Neogen Corp.	0.2	–27.78	–0.08
Fees		**–0.29**	**–0.29**
Total	**100.0***	**–2.43****	**–2.43****

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

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

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

Our investments in **Real/Irreplaceable Assets**, **Core Growth**, and **Financials** represent between 17.8% and 50.0% of the Fund's total investments, and aggregate to 91.7%. Another 8.3% 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 investments in Real/Irreplaceable Assets outperformed the Benchmark, while our investments in Disruptive Growth, Financials, and Core Growth trailed the Benchmark in the quarter.

Table III.
Performance Characteristics
Millennium Internet Bubble to Present

	Millennium Internet Bubble to Financial Panic 12/31/1999 to 12/31/2008	Financial Panic to Present 12/31/2008 to 12/31/2024	Millennium Internet Bubble to Present 12/31/1999 to 12/31/2024	Inception 12/31/1994 to 12/31/2024
Alpha (%)	5.05	3.37	4.97	6.44
Beta	0.58	0.81	0.70	0.72

Table IV.
Performance
Millennium Internet Bubble to Present. 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 12/31/2024		Millennium Internet Bubble to Present 12/31/1999 to 12/31/2024		Inception 12/31/1994 to 12/31/2024	
	Value $10,000	Annualized Return (%)	Value $10,000	Annualized Return (%)	Value $10,000	Annualized Return (%)	Value $10,000	Annualized Return (%)
Baron Growth Fund	12,448	2.46	76,496	13.56	95,226	9.43	352,247	12.61
Russell 2000 Growth Index	6,476	–4.71	63,628	12.26	41,203	5.83	98,284	7.92
Russell 3000 Index	7,634	–2.95	86,500	14.44	66,038	7.84	217,671	10.81

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 12.61% on an annualized basis since its inception on December 31, 1994, which exceeds that of the Benchmark by 4.69% and the Russell 3000 Index by 1.80%, 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 13.56%, which has exceeded that of its Benchmark by 1.30% 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 $352,247 on December 31, 2024. This is approximately 3.6 times greater than the $98,284 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 December 31, 2024

	Year Acquired	Market Cap When Acquired ($ billions)	Quarter End Market Cap ($ billions)	Total Return (%)	Contribution to Return (%)
Choice Hotels International, Inc.	1996	0.4	6.7	9.20	0.46
Vail Resorts, Inc.	1997	0.2	7.0	10.22	0.46
FactSet Research Systems Inc.	2006	2.5	18.2	4.65	0.31
MSCI Inc.	2007	1.8	47.0	3.18	0.28
ANSYS, Inc.	2009	2.3	29.5	5.89	0.22

Choice Hotels International, Inc., a global franchisor of hotels under 10 brands, contributed to performance due to accelerating revenue per available room across its portfolio. Combined with an expected increase in the number of units, this revenue growth should produce solid earnings results in 2025. Choice Hotels has a healthy balance sheet in line with long-term targets, which will enable it to use any excess cash flow generated by earnings toward share buybacks and dividends. The stock continues to trade at a discount to its long-term average multiple, and we still compelling upside despite recent strong performance.

Shares of global ski resort company **Vail Resorts, Inc.** contributed to performance after reporting a 7% increase in revenue as skiers bought passes despite poor snow conditions over the previous two ski seasons. The current ski season launched with more favorable conditions, leading to bookings in line with last year's levels. We believe that robust 2025 earnings and free cash flow growth will generate attractive returns for investors. The company has a healthy balance sheet with a well-covered 5% dividend and continues to trade at a discount to its long-term average multiple.

Shares of **FactSet Research Systems Inc.**, a leading provider of investment management tools, contributed to performance. The company held an upbeat Investor Day in November and expressed optimism on its fiscal first quarter of 2025 earnings call in December regarding prospects for the second half of fiscal 2025. While we still see some near-term uncertainty, we retain long-term conviction in FactSet due to the large addressable market, consistent execution on both new product development and financial results, and robust free cash flow generation.

Table VI.
Top detractors from performance for the quarter ended December 31, 2024

	Year Acquired	Market Cap When Acquired ($ billions)	Quarter End Market Cap ($ billions)	Total Return (%)	Contribution to Return (%)
Arch Capital Group Ltd.	2002	0.4	34.7	–13.20	–1.67
IDEXX Laboratories, Inc.	2005	1.9	33.9	–18.26	–0.49
Gartner, Inc.	2007	2.3	37.4	–4.41	–0.40
Bright Horizons Family Solutions, Inc.	2013	1.8	6.4	–20.93	–0.25
CoStar Group, Inc.	2004	0.7	29.3	–5.09	–0.24

Shares of specialty insurer **Arch Capital Group Ltd.** fell due to concerns about a cyclical slowdown following several years of favorable market conditions. The market presently forecasts a decline in property catastrophe reinsurance pricing during the January 1 renewal period, defying earlier hopes for stable pricing. Despite solid third quarter earnings, underwriting margins worsened due to a recent acquisition, business mix shifts, and normal quarterly volatility. Additionally, shares were pressured by an unexpected CEO transition. We continue to own the stock due to Arch's strong management team and our expectation of significant growth in earnings and book value.

Shares of veterinary diagnostics leader **IDEXX Laboratories, Inc.** detracted as foot traffic to veterinary clinics remained under pressure, which has continued to hamper aggregate revenue growth. We remain investors. Despite macro challenges, IDEXX's excellent execution enabled the company to deliver robust financial results. We believe competitive trends are outstanding, and we expect new proprietary innovations and field sales force expansion to be meaningful contributors to growth in 2025. We see increasing evidence that 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 as core subscription growth remained stable rather than inflecting higher. We believe trends are poised to accelerate over the next several quarters as comparisons ease and business conditions improve. In our view, Gartner will emerge as a critical decision support resource for every company evaluating the opportunities and risks of AI on its business, which should provide a tailwind to 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 is in excellent shape and can support aggressive repurchases and bolt-on acquisitions.

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 December 31, 2024, our weighted average holding period was 17.5 years. This is dramatically longer than most other small-cap growth funds, which, according to Morningstar, turn over about 67% of their portfolios annually based on an average for the last three years. The portfolio's 10 largest positions have a weighted average holding period of 19.3 years, ranging from an 8.1-year investment in **Kinsale Capital Group, Inc.** to investments in **Choice Hotels International, Inc.** and **Vail Resorts, Inc.** of approximately 28 years. We have held 23 investments, representing 88.6% of the Fund's total investments, for more than 10 years. We have held 10 investments, representing 11.4% 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 (%)
Choice Hotels International, Inc.	1996	3,962.5	14.1
Arch Capital Group Ltd.	2002	3,296.8	16.8
IDEXX Laboratories, Inc.	2005	2,772.6	18.4
MSCI Inc.	2007	2,589.3	21.2
Gartner, Inc.	2007	2,088.2	19.5
Morningstar, Inc.	2005	1,772.2	16.1
CoStar Group, Inc.	2004	1,688.0	15.4
Cohen & Steers, Inc.	2004	1,664.4	15.1
Mettler-Toledo International Inc.	2008	1,596.3	19.3
Primerica, Inc.	2010	1,522.5	20.8
ANSYS, Inc.	2009	1,197.9	17.4

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 7.4% annualized. Four of these investments have achieved annualized returns that exceeded the Benchmark by more than 10% per year.

Table VIII.
Top performing stocks owned less than 10 years

	Year Acquired	Cumulative Total Return Since Date Acquired (%)	Annualized Return Since Date Acquired (%)
Kinsale Capital Group, Inc.	2016	1,655.4	42.5
Altair Engineering Inc.	2017	495.9	28.3
Moelis & Company	2015	437.8	19.1
Houlihan Lokey, Inc.	2017	389.9	24.7
Red Rock Resorts, Inc.	2016	212.7	14.0

The cohort of investments that we have held for fewer than 10 years has returned 25.3% annually on a weighted average basis since our initial purchase, exceeding the Benchmark by 15.6% annualized. Five of these investments have achieved annualized returns that exceeded the Benchmark by more than 10% per year, including three that have achieved annualized returns that exceeded the Benchmark by more than 20% per year.

Portfolio Holdings

As of December 31, 2024, we owned 33 investments. The top 10 holdings represented 70.5% of the Fund's total investments, all of which have been held for a minimum of eight years. All were small-cap businesses at the time of purchase and have become top 10 positions through stock appreciation. Our holdings in these stocks have returned 19.2% annually based on weighted average assets since our initial investment, exceeding the Benchmark by an average of 10.7% annually. We attribute much of this relative outperformance to the superior growth rates and quality exhibited by these businesses relative to the Benchmark average. We believe all our positions offer significant further appreciation potential individually, and that the Fund's diversification offers potentially better-than-market returns with less risk than the market as measured by beta. Note that diversification cannot guarantee a profit or protect against loss.

Table IX.
Top 10 holdings as of December 31, 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	34.7	814.1	11.4
MSCI Inc.	2007	1.8	47.0	810.0	11.4
Gartner, Inc.	2007	2.3	37.4	658.9	9.2
FactSet Research Systems Inc.	2006	2.5	18.2	504.3	7.1
Kinsale Capital Group, Inc.	2016	0.6	10.8	427.9	6.0
Choice Hotels International, Inc.	1996	0.4	6.7	425.9	6.0
Vail Resorts, Inc.	1997	0.2	7.0	374.9	5.3
Primerica, Inc.	2010	1.0	9.1	350.1	4.9
CoStar Group, Inc.	2004	0.7	29.3	347.2	4.9
Morningstar, Inc.	2005	0.8	14.4	311.5	4.4

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

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

Dear Baron Small Cap Fund Shareholder:

Performance

Baron Small Cap Fund® (the Fund) was down 0.99% (Institutional Shares) in the fourth quarter of 2024. For the year, the Fund was up 13.61%. The Fund modestly trailed the Russell 2000 Growth Index (the Benchmark) for the quarter and the year, with the Benchmark being up 1.70% in the quarter and 15.15% for the year. As small-cap stocks underperformed larger market caps, the Fund lagged the Russell 3000 Index, which rose 2.63% in the quarter and 23.81% for the year. Though this year we did not beat the Benchmark, our long-term performance is well ahead, as shown in the table.

Table I.
Performance†
Annualized for periods ended December 31, 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]	(1.07)%	(0.99)%	1.70%	2.63%
One Year	13.28%	13.61%	15.15%	23.81%
Three Years	(0.39)%	(0.12)%	0.21%	8.01%
Five Years	9.89%	10.18%	6.86%	13.86%
Ten Years	10.21%	10.50%	8.09%	12.55%
Fifteen Years	11.77%	12.06%	10.92%	13.56%
Since Inception (September 30, 1997)	10.14%	10.30%	6.44%	8.87%

CLIFF GREENBERG

PORTFOLIO MANAGER

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

Like most years, 2024 was a year of many unexpected outcomes.

- Even after the Federal Reserve's unprecedented series of interest rate hikes, the economy remained solid and avoided the much-anticipated recession.
- Stock market indexes gained nicely, with the S&P 500 finishing up 25%, well ahead of the predictions of most market prognosticators. This was the second year in a row of over 20% gains, which hadn't happened since the late 1990s. The strong returns were led by extraordinary performance of a small cohort of large-cap technology companies, which were propelled by strong earnings and excitement over AI. The rest of the market did OK but underperformed the broad indexes.
- The U.S. elections resulted in decisive victories for Trump and the Republicans, who secured majorities in both houses of Congress, which was unforeseen by most political pundits.
- The Federal Reserve pivoted and lowered the Fed Funds Rate only to result in significantly higher actual interest rates.

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 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 largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market, as of the most recent reconstitution. All rights in the FTSE Russell Index (the "Index") vest in the relevant LSE Group company which owns the Index. Russell® is a trademark of the relevant LSE Group company and is used by any other LSE Group company under license. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. The Fund includes reinvestment of dividends, net of withholding taxes, while the Russell 2000® Growth and Russell 3000® Indexes include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts the performance results. The indexes are unmanaged. Index performance is not Fund performance. Investors cannot invest directly in an index.

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

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

4 Not annualized.

The fourth quarter had lots of twists and turns. Major highs and lows. The market was roughly flat in October before exploding higher in November in reaction to the election of Trump. The "Trump Rally" was predicated on exuberance about better economic growth spurred by the expected pro-business policies…lower interest rates, less regulation, fiscal responsibility, global security…. that the new administration espoused. These favored fiscal policies were coupled with a dovish Federal Reserve, which cut the Fed Funds Rates for the second time in November. The Federal Reserve hailed progress made in reducing inflation and easing labor conditions, and the market anticipated multiple future cuts in the offing. The stock market rally broadened significantly in November. Small-cap stocks rallied sharply and outperformed, after lagging greatly for the year, on the hopes of faster earnings growth and higher stock multiples.

The market gave back most of its gains in December. In spite of the Federal Reserve rate cuts of 100 basis points since mid-September, the interest rate for the important 10-year U.S. treasury bond rose approximately 100 basis points. The steepening of the yield curve and rise in rates was surprising. Economic reports indicated that activity remained solid and inflation readings were hotter than anticipated. Yields rose over fears of higher inflation fueled by faster growth, and the potential inflationary effects of suspected tariffs and border policies. Concerns about higher government deficits also contributed to higher actual rates. Small caps gave back their gains and underperformed. The market ended the year with a whimper, as the Federal Reserve signaled its plan to slow rate cuts.

The Fund performance this quarter was primarily driven by the operating results of our holdings, which is most often the case. We had many good stocks that posted strong results. But these were offset by companies whose earnings this quarter were below expectations. For the most part, we believe the shortfalls are temporary.

Our best performing sector was Industrials, our largest concentration. **Vertiv Holdings Co**, which is our biggest position, posted strong results and laid out an exciting outlook for continued multi-year growth, benefiting from the enormous capital investment in data centers to enable AI applications. **Chart Industries, Inc.**, a leading domestic manufacturer and service provider, gained on the recognition that its outlook will be enhanced by the policies of the new administration. Our Information Technology (IT) stocks were a mixed bag. Both **Intapp, Inc.** and **Grid Dynamics Holdings, Inc.** rose meaningfully on improving business trends. But these gains were offset as **Guidewire Software, Inc.** gave up some of its gains for the year on profit taking, and **ASGN Incorporated**'s growth remains muted. Of our Consumer Discretionary holdings, shares of **Red Rock Resorts, Inc.** fell when the company reduced guidance because of capital projects that will disrupt operations for the next quarter or two. And our housing-related holdings (**Installed Building Products, Inc.**, **Trex Company, Inc.**, and **Floor & Decor Holdings, Inc.**) fell as interest rates rose, which likely will delay an expected rebound in those end markets. These losses were partially offset by gains in **Planet Fitness, Inc.**, which has new and refreshing leadership and is raising membership pricing, and **The Cheesecake Factory, Inc.**, which is increasing the pace of opening new restaurants. In Health Care, **ICON Plc** and **Neogen Corp.** both missed earnings estimates, and their shares fell, while **HealthEquity, Inc.** rose, benefiting from higher interest rates. Of our Financials holdings, **The Baldwin Insurance Group, Inc.** came back to earth as earnings missed Street expectations. **Houlihan Lokey, Inc.**, a niche investment bank, rose nicely on anticipation of more active corporate finance activity.

For the year, we had some great stocks and some clunkers. On the plus side, the following stocks rose over 50% for the year – Vertiv, Guidewire, Baldwin, **The Trade Desk**, Grid Dynamics, and **Liberty Media Corporation – Liberty Live**. Other significant holdings rose 30% or more – **Kinsale Capital Group, Inc.**, Intapp, **TransDigm Group Incorporated**, Planet Fitness, Houlihan Lokey, **Liberty Media Corporation – Liberty Formula One**, Cheesecake Factory, Chart, HealthEquity, **Clearwater Analytics Holdings, Inc.**, and **Kratos Defense & Security Solutions, Inc.** The biggest percentage losers of the year were **Endava plc**, **Fox Factory Holdings Corp.**, **Sprout Social, Inc.**, **indie Semiconductor, Inc.**, **Janus International Group, Inc.**, **Neogen Corp.**, **Holley Inc.**, **DexCom, Inc.**, and **European Wax Center, Inc.** Some larger positions that were down and hurt performance were ICON, **SiteOne Landscape Supply, Inc.**, **ASGN Incorporated**, Red Rock, and **Cognex Corporation**.

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

	Contribution to Return (%)
Vertiv Holdings Co	1.33
Chart Industries, Inc.	0.99
Intapp, Inc.	0.63
Grid Dynamics Holdings, Inc.	0.52
Planet Fitness, Inc.	0.45

Vertiv Holdings Co, a critical digital infrastructure solutions provider for data centers, continued to perform well. With a leading market share in power and cooling applications for data centers, Vertiv is seen as a prime beneficiary of the AI-related data center buildout. At its November Analyst Day, Vertiv raised organic sales guidance to 12% to 14% CAGR for the next five years and gave guidance of 16% to 18% organic revenue growth for 2025. Vertiv also increased its target adjusted operating profit margin from 20% to 25%. While impressive on their own, these forecasts can prove conservative we think. With the stock up 141% in 2024, we have been trimming the stock into strength to manage position size but hold a large stake as we believe in its growth and that the stock is reasonably valued even after great appreciation the last two years.

Chart Industries, Inc. is a global leader in design, engineering, and manufacturing of process and storage technologies and equipment for gas and liquid handling. Business fundamentals remain solid, with record revenue, backlog, and margins every quarter in 2024 and a book-to-bill ratio above one, indicating resilient demand. 2025 guidance has already been set and looks achievable calling for 12% revenue and 18% EBITDA growth. Chart is unique in its breadth of technology and solutions capabilities, with an EBITDA margin profile of mid-20% and double-digit revenue growth in long-duration markets (LNG, hydrogen, carbon capture, water treatment, etc.). We believe the company will continue to grow and execute to earn the valuation it deserves. The company had issues hitting guidance last year, but we think that it is behind them.

Intapp, Inc. offers a software platform for professional services verticals such as private equity, legal, and consulting firms. Shares rose on strong quarterly results, with year-over-year revenue growth of 17% beating expectations and operating margins more than doubling compared to the same period last year. Management also reported a record pipeline for new deal activity, particularly in large enterprises, boosted further by demand for its new AI products. The favorable backdrop for M&A and capital markets deal activity created by the election outcome should also benefit Intapp indirectly, as stronger deal activity typically leads to higher fees, hiring, and technology investment in its investment banking and private equity end markets.

Other holdings that rose over 25% in the quarter but added less to the overall returns were Grid Dynamics, **John Bean Technologies Corporation**, and Liberty Live.

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

	Contribution to Return (%)
ICON Plc	–1.15
The Baldwin Insurance Group, Inc.	–0.73
Installed Building Products, Inc.	–0.52
Red Rock Resorts, Inc.	–0.50
Neogen Corp.	–0.48

ICON Plc is a leading contract research organization (CRO) that provides outsourced services to the biopharmaceutical industry. Shares fell on weak quarterly results and lowered 2024 guidance. Like other CROs, ICON is facing headwinds due to tighter management of R&D spend by pharmaceuticals, less biotechnology funding availability, a greater number of project delays and cancellations, and an industry shift in preferred business models from full to functional outsourcing. While we expect these headwinds will persist into at least the first half of 2025, we believe pharmaceutical R&D spend will continue to grow and global providers like ICON are well positioned to expand and gain share over time, returning to double-digit EPS growth. With the stock near all-time low valuations, we are holding.

Shares of insurance broker **The Baldwin Insurance Group, Inc.** gave back some gains (up 61% in 2024) due to weaker financial results and an expected earnings headwind from the loss of an insurance partner. The company reported healthy14% organic revenue growth and modest margin expansion yet missed the Street's more bullish expectations, which led to a modest cut to full-year EBITDA guidance. In addition, it disclosed the need to replace an insurance partner in 2025, resulting in a 3% to 5% headwind to earnings. Rising interest rates also weighed on shares due to an elevated leverage profile consisting primarily of variable rate debt. We continue to own the stock, as we expect Baldwin to gain market share while expanding margins and reducing leverage over the next several years. It is a neat, fast-growing business that we believe is on the path to being a more important distinctive player in its space.

Installed Building Products, Inc. installs and delivers insulation and complementary building products for the U.S. residential and non-residential construction markets. Shares detracted on broader investor concerns that growth had stalled in its core residential market, with buyers facing headwinds, including crimped affordability (as mortgage rates continued to rise). We view these headwinds as somewhat temporary and remain optimistic about the company's multi-year, multi-pronged growth strategy of organic and acquisitive growth.

Other stocks that declined over 20% this quarter were Neogen, Janus, **Bright Horizons Family Solutions, Inc.**, **Exponent, Inc.**, Fox Factory, and **Americold Realty Trust**.

Portfolio Structure & Recent Activity

As of December 31, 2024, the Fund had $4.3 billion in net assets and owned 57 stocks. The top 10 holdings made up 40.4% of net assets. Turnover was 11.5% as measured by a three- year average. The portfolio is somewhat more concentrated, and turnover is lower than usual. Though we are comfortable with these levels, we expect to be more active in adding new names to the Fund as the IPO and capital markets revert to historical levels.

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

	Year Acquired	Quarter End Investment Value ($ millions)	Percent of Net Assets (%)
Vertiv Holdings Co	2019	312.4	7.2
Gartner, Inc.	2007	242.2	5.6
Kinsale Capital Group, Inc.	2019	209.3	4.8
Guidewire Software, Inc.	2012	198.1	4.6
Red Rock Resorts, Inc.	2016	143.3	3.3
ICON Plc	2013	141.6	3.3
Chart Industries, Inc.	2022	133.6	3.1
TransDigm Group Incorporated	2006	126.7	2.9
Planet Fitness, Inc.	2018	123.6	2.9
The Baldwin Insurance Group, Inc.	2019	116.3	2.7

The Fund primarily invests in five sectors-Industrials, IT, Consumer Discretionary, Financials, and Health Care. These are the areas where we have been able to find special/unique companies that have the business characteristics that we favor- leaders in their niches, strong growth record and opportunities, proven management teams, durable competitive advantages, and reasonable valuations. We have deep research teams in these sectors and great expertise and understanding of these industries to identify and follow the companies we own and seek to invest in.

We like to invest in businesses that can compound the value of their business at double-digit rates. This growth is often predicated on multiple levels-organic growth, margin expansion, accretive acquisitions, and utilization of free cash flow. We invest at trading multiples that we think are reasonable, if not cheap. Ideally the multiples can expand over time and add to the returns we get from the growth in earnings/value. We do not invest in businesses that are not growing sufficiently. We do not like to invest in businesses that are not yet profitable. We do not invest in stocks that we think are cheap with the main premise of the investment being multiple expansion. To simplify…we are long-term growth investors, in high-quality special companies, that we think are reasonably valued. It is this approach that has generated the Fund's Benchmark-beating long-term performance.

Because we have this distinct approach, the resultant portfolio is very different than the Benchmark to which we are compared and most other funds in our space. Looking at the sectors we invest in and comparing it to the Benchmark, the Fund is well overweight in Industrials, overweight in IT, Consumer Discretionary, and Financials, and significantly underweight in Health Care. This is not by design, but the outgrowth of our process and the business characteristics we favor. We do not own any stocks in the Energy or Utilities sectors and have very modest holdings in Real Estate and Materials, all in contrast to the Benchmark. The significant difference in sector weightings means the Fund is unlikely to track the Benchmark, which is fine with us.

The other major difference in our approach is our long-term perspective and holding period. We have learned over the years that special companies can produce strong results and be great stocks for long periods of time. The best thing for us to do is be shareholders for the long term and benefit from their success. Not to sell too soon. To keep position size and market cap in consideration, but to stay invested in these wonderful companies. And, when we look for new investments, to have this same perspective and seek out extra special small companies that we can invest in for the long term and benefit as they prosper.

As of the end of 2024, about three-quarters of the Fund's assets were in stocks we have held for 5 years or more, which includes a third of the portfolio in stocks we have held 10 years or more. As a group, these stocks (36 in total) have been held for a weighted average of 10.3 years and have produced an annualized total return of 24.2%. Really good. Many of our long-term holdings have been what we call "big winners." 39.4% of the Fund's net assets are in stocks that have appreciated 5 times or more! And this includes 10 stocks which make up 23.1% of the Fund that have gained over 10 times since their initial purchase! So, we believe in our approach because it has succeeded, and we believe it will continue to succeed in the future.

Buying small-cap stocks and holding successful investments for the long term does result in a higher market cap for the Fund as compared to the Benchmark and most competitive funds. We believe it's worth it as it is the essence of our approach and has led to strong returns that benefit our shareholders. Yet we do monitor and are attentive to the overall market cap of the Fund. We keep it in check by buying only small caps and trimming our larger-cap holdings. In the fourth quarter of 2024, we bought or increased stocks with a weighted average market cap of $3.5 billion and sold or trimmed stocks with a weighted average market cap of $26.0 billion.

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

	Year Acquired	Quarter End Market Cap ($ billions)	Net Amount Purchased ($ millions)
Enpro Inc.	2024	3.6	23.0
JFrog Ltd.	2024	3.3	22.0
Driven Brands Holdings Inc.	2021	2.6	20.4
Bright Horizons Family Solutions, Inc.	2013	6.4	13.6
Neogen Corp.	2022	2.6	13.0

Enpro Inc. is a diverse industrial technology company whose proprietary, value-add products and solutions contribute key functionality to and/or safeguard a variety of critical environments. The company underwent meaningful transformation since 2017, having divested over $1 billion in assets and spending close to $1.5 billion on acquisitions to reshape its portfolio to focus on higher growth, margin, and returns businesses with durable long-term moats, resulting in a decreased exposure to heavy-duty trucking and marine end markets and an increased exposure to the semiconductor sector. Over half of revenue today comes from recurring, high margin aftermarket applications across all end markets.

Enpro's Sealing Technologies (ST) designs, engineers, and manufacturers metallic seals, soft gaskets, wheel-end products, and gas analyzers/sensors sold into general industrial, commercial vehicle, power generation, food & pharmaceutical, aerospace, and petrochemical end markets. The business maintains very high margins due to its industry-leading brand (Garlock is the "Kleenex" of soft gaskets), reliability, and innovation and its products are a small cost relative to the overall operations of its customers and relative to the cost of a potential failure by using a lower-quality competitive product. Above-market growth is driven by pricing power and continuous innovation.

The Advanced Surface Technologies (AST) segment is focused on the semiconductor end market and offers precision manufacturing, cleaning, refurbishment, and coating services to wafer fabrication equipment original equipment manufacturers and leading foundries, with a focus on leading-edge semiconductor production. Enpro's businesses are leaders in their respective solutions and are already specified into the upcoming volumes ramps of leading-edge gate-all-around transistor production processes. They are also the only global player who can offer vertical integration across these services, significantly reducing lead times and costs for customers. As leading edge spend from Taiwan Semiconductor Manufacturing Company Limited and others rise, especially in the U.S. where Enpro is extremely well positioned, this segment should see strong above-market growth, with margin expansion for several years as management follows a similar playbook to what has driven the ST segment to best-in-class margins.

We believe the company can deliver a mid- to high single-digit percent organic revenue growth over time with EBITDA margins expanding into the high 20% range (from low-mid 20% range today) as the ST segment continues its track record of above-GDP organic growth and the AST segment benefits from a near-term cyclical recovery in the semiconductor industry combined with a mid- and longer-term secular growth opportunity driven by increasing leading-edge spend and increasing U.S. percentage of semiconductor manufacturing. Additionally, we believe the company will continue to use its free cash flow to acquire highly complementary businesses into which it can deploy its operational excellence best practices to drive meaningful value creation, as management has over the recent past. As the company continues to scale and margins move higher, we also believe it will warrant a more premium valuation, driving further upside in the stock over time.

We initiated a position in **JFrog Ltd.**, a leading provider of software tools that help developers manage, secure, and release modern software applications. JFrog's flagship product, Artifactory, is a universal repository that stores and manages the "binaries" – the machine-readable files that applications rely on to run in production. As companies build increasingly complex applications with numerous dependencies and components from open-source libraries, managing these binaries has become mission-critical. JFrog simplifies this complexity by offering a centralized solution to store, track, and secure all software binaries, ensuring consistent deployments and faster development cycles. The company also provides adjacent security tools, such as JFrog Xray and Advanced Security, which continuously scan these binaries for vulnerabilities and policy violations, ensuring that only safe, compliant software reaches production.

JFrog has established itself as the industry standard in binary management, serving more than 7,000 customers, including 83% of the Fortune 100, the top 10 global technology corporations, the largest 10 financial institutions, and 9 of the top 10 health care organizations. The company is gaining market share from smaller competitors in the binary category due to its breadth and depth of coverage – Artifactory supports over 30 different package formats and programming languages (far more than competitors), while offering more efficient storage, deeper security context, and tighter integrations with other developer tools. Once adopted, JFrog delivers measurable ROI for customers by freeing up developer time, reducing complexity, and preventing costly security breaches. This has driven industry-leading customer gross retention rates of 97%, and solid 117% net expansion rates as customers expand their usage and adopt more product modules. 46 customers each spend more than $1 million annually on the platfrom. JFrog's stickiness and strong developer brand awareness produce healthy unit economics, with trailing-twelve-month free cash flow margins more than doubling over the past two years to 22% as of the latest reported quarter.

Looking ahead, we believe JFrog can sustain healthy growth as generative AI adoption accelerates, driving the need to manage new binary types (e.g., large language model artifacts) and increasing overall application complexity. Additionally, we expect average deal sizes to grow as customers adopt higher-priced products like Advanced Security and migrate to JFrog's cloud offering, which typically yields a 20% to 80% uplift in pricing. This combination of pricing power and operating leverage should drive strong free cash flow growth over time, which we believe will bode well for the stock.

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

	Year Acquired	Market Cap When Acquired ($ billions)	Quarter End Market Cap or Market Cap When Sold ($ billions)	Net Amount Sold ($ millions)
Vertiv Holdings Co	2019	1.0	42.6	99.2
Aspen Technology, Inc.	2015	3.1	15.8	22.4
ASGN Incorporated	2012	0.9	3.7	17.1
Altair Engineering Inc.	2017	1.1	9.3	16.3
Fox Factory Holding Corp.	2023	4.6	1.2	15.3

As previously mentioned, we trimmed **Vertiv Holdings Co** on strength to manage the position size. In late November, **Aspen Technology, Inc.** received a takeout offer of $240 per share in cash from Emerson Electric to acquire the 43% of stock it does not already own. As Aspen forms a special committee to assess the buyout proposal, we decided to take some chips off the table at prices above the current offer. We trimmed **Altair Engineering Inc.** after it entered into a definitive agreement to be acquired by Siemens with expected closing in the second half of 2025 for $113 per share, representing an equity value of around $10.6 billion. A great return from our first purchase in 2017 at a $1.1 billion valuation! We sold out in entirety of lower conviction ideas **Fox Factory Holding Corp.** and **Americold Realty Trust** to redeploy proceeds to more favored ideas.

Outlook

We enter the new year with competing narratives and an uncertain outlook…. which is often the case. The optimistic view is that the Trump administration will be good for business and good for stocks. The economy seems to be poised to grow faster. It is expected that tax rates will be cut, that the regulatory hurdles will be substantially eased, and that animal spirits will be unleashed, and more decisive actions will be taken by business leaders after years of hesitancy and the remnants of the COVID-19 hangover. There is excitement around efforts to reduce government spending and costs (DOGE) and be more fiscally responsible, all which could lead to an outlook for lower government deficits down the road. And maybe stronger American leadership can calm geopolitical tensions and further unleash a sort of "golden age" led by technological advances and American ingenuity. Sounds almost too good to be true…. but it is a real possibility and would be very bullish.

The counter is that stocks have performed very well for the last couple of years and valuations are higher. That much of the above enthusiasm is already reflected in stock prices. And, importantly, that interest rates have risen significantly. If interest rates continue to rise and stay high, that would be an obstacle to future growth and also be a negative for investor psyche and stock valuations. Rates have risen because of concerns about the reacceleration of inflation…. which could be caused by higher economic growth and/or government policy (tariffs, immigration) and/or concern about government deficits. As we go to press, the recent blowout employment report has fueled the flames of stronger growth and caused interest rates to surge.

It's complicated. It always is. Our view as of now is more positive than not. These higher rates are a negative and will probably be a headwind for the market for now. But, from our discussions with the managements of our holdings and other conversations with business executives, we hear that inflation continues to dissipate and also that the pace of business growth, while muted, is on the verge of improving, but higher interest rates could slow that improvement. Though the inversion of the yield curve is a return to more normal conditions, we still think that interest rates will decline from here in conjunction with present economic conditions and modest inflation, which would be a boon for growth and stocks.

It is well chronicled how small-cap stocks have underperformed larger caps and are relatively cheap and under owned. But one must acknowledge that the outperformance of the large technology stocks is the result of the extraordinary growth of those companies. Small caps will do better as their growth accelerates, which we believe is in the offing (though higher interest rates are a hinderance). And, as always, the performance of our Fund will be primarily determined by the results of the companies in which we invest and their longer-term outlooks.

We have worked tirelessly and continually on building a portfolio of special companies. Businesses that we believe are unique and have significant competitive advantages. Businesses that are very well managed by executives that we respect and believe in. To generalize, we believe our holdings will grow faster in the future as the economic environment improves and growth initiatives play out. That they are reasonably valued, if not on the cheap side, so offer great upside in the near and long term. We are excited about the prospects for strong returns.

I would like to thank assistant PM David Goldsmith for his yeoman's work in helping me manage the Fund. David is exceedingly capable and continues to take on greater and broader responsibilities. I am thrilled he is my partner. And I commend the terrific research team of Baron. My fellow portfolio managers are top notch, and our industry analysts are experts in their fields. We all work together to produce strong results for this Fund and all the Baron Funds, which I am pleased to say we have so far succeeded in doing and I believe will continue to do.

Here is to a great 2025.

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

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 fourth quarter, Baron Opportunity Fund® (the Fund) rose 11.92% (Institutional Shares), significantly outperforming the Russell 3000 Growth Index (the Benchmark), which advanced 6.82%, and the S&P 500 Index, which gained 2.41%. For the full year 2024, the Fund posted solid returns, climbing 40.25%, beating the Benchmark, which rose 32.46%, and the S&P 500 Index, which improved 25.02%.

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

	Baron Opportunity Fund Retail Shares[1,2]	Baron Opportunity Fund Institutional Shares[1,2,3]	Russell 3000 Growth Index[1]	S&P 500 Index[1]
Three Months[4]	11.86%	11.92%	6.82%	2.41%
One Year	39.89%	40.25%	32.46%	25.02%
Three Years	6.07%	6.34%	9.93%	8.94%
Five Years	20.33%	20.65%	18.25%	14.53%
Ten Years	17.87%	18.17%	16.22%	13.10%
Fifteen Years	16.08%	16.39%	16.11%	13.88%
Since Inception (February 29, 2000)	10.07%	10.25%	7.69%	8.06%

MICHAEL A. LIPPERT
PORTFOLIO MANAGER

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

Review & Outlook

U.S. equities increased in the fourth quarter, with most of the strength coming in November following Donald Trump's re-election as President and Republicans securing majorities in both chambers of Congress. The market reacted to the Republican sweep by factoring in the elevated probability that the Trump administration will be able to implement the economic policies espoused by his campaign, including lower taxes, higher tariffs, and government deregulation. If enacted, investors expect these programs to enhance economic growth. The Trump rally faded in late December as interest rates rose following more hawkish-than-expected commentary from the Federal Reserve at the committee's December meeting despite lowering the Fed rate by 25 basis points, further fueling the rate move spurred by widening tariff-related inflation concerns. Fourth quarter stock market performance continued to be narrow. After posting modest gains in the third quarter, the Magnificent Seven roared back during the period, accounting for 73% of the Benchmark's fourth quarter returns and 67% of the Benchmark's overall performance in 2024, appreciating by 47.9% as a group during the year while other stocks in the Benchmark gained 19.7%. Sector performance mirrored this lopsided market dynamic, as Consumer Discretionary, Communication Services, and Information Technology (IT) were among the

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of September 30, 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, 2035, 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 historical performance was impacted by gains from IPOs and there is no guarantee that these results can be repeated or that the Fund's level of participation in IPOs will be the same in the future.

1 The **Russell 3000® Growth Index** measures the performance of the broad growth segment of the U.S. equity universe. 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 FUNDS 1987

few sectors that managed gains in the fourth quarter. Fund holdings **Tesla, Inc.** (+54.4%), **Amazon.com, Inc.** (+17.7%), **NVIDIA Corporation** (+10.6%), and **Apple Inc.** (+7.6%), as well as Alphabet Inc. (+14.3%), led the way in these sectors.

As shown above, the Fund delivered robust performance in both the fourth quarter and full year 2024, with strong absolute gains and solid relative outperformance against both the Benchmark and the Morningstar Large Growth Category Average (the Peer Group). For the quarter, the Fund produced excess returns of 510 basis points versus the Benchmark and 653 basis points versus the Peer Group; for the year, those figures were 779 basis points and 1,129 basis points*. As you can see, the average large-cap growth manager trailed the Benchmark for the quarter and year alike.

The Fund's outperformance for both the quarter and year was driven by stock picking across a diversified set of innovation and secular-growth leaders. From a sector attribution perspective, the Fund's stock-specific effect added 577 basis points of relative gains for the quarter and 828 basis points for the year, both figures over 100% of the Fund's excess returns.

- For the quarter, stock picking shined in the IT, Industrials, and Consumer Discretionary sectors. From a stock perspective, the largest contributors to relative outperformance included launch and satellite broadband groundbreaker **Space Exploration Technologies Corp.** (SpaceX), a high-profile private company founded by Elon Musk; its sister company, electric vehicle (EV) and autonomous driving and robotics trailblazer Tesla; AI networking and custom compute leader **Broadcom Inc.**; e-commerce platform pioneer **Shopify Inc.**; collaboration and productivity software provider **Atlassian Corporation Plc**; and streaming audio winner **Spotify Technology S.A.**
- For the year, stock picking excelled in the IT, Health Care, Industrials, and Communication Services sectors. Stand-out stocks included AI platform pioneer and leader, NVIDIA; SpaceX; Spotify; GLP-1 challenger **Viking Therapeutics, Inc.**; Broadcom; and antibody immunology platform innovator **argenx SE**.

As I touched on last quarter, while large investments across the Magnificent Seven have contributed to the Fund's impressive investment gains over the past couple of years, we have aimed to differentiate our portfolio and performance by stock selection within the group and diversification away from it. For the year, our Magnificent Seven investments accounted for 66% of the Fund's overall return (roughly the same as the Benchmark), and our stock picking within the group measured 79% of our relative outperformance. But for the fourth quarter, Magnificent Seven investments totaled just 44% of our overall return (versus 73% for the Benchmark) and only 9% of our relative outperformance. As of this writing, the Magnificent Seven's weight in the Benchmark is 53.3%, but the Fund's allocation is now just under 10 points lower, with a moderate overweight in Tesla; material underweights in Apple and Alphabet; and slight overweights in NVIDIA, **Meta Platforms, Inc.**, **Microsoft Corporation**, and Amazon.

On stage at the Baron Conference, I gave three reasons why investing in innovative, secular-growth themes and the broad technology space has been and remains a good place to invest. Here's a snapshot of what I presented:

- **Growth:** If you believe Warren Buffet, in the long term the market acts as a weighing machine. The best stocks are those that get fat on profits through sustainable top-line growth. The most powerful drivers of durable growth are secular innovation trends like these [see list below].
- **The Future:** We live in the age of technology. SpaceX rockets land in mechanical arms. EVs drive themselves. Robots help doctors perform surgery and will soon work in factories and even our homes. AI agents assist human workers and may one day replace them.
- **Returns:** The top investments of the last half century all won by innovating and exploiting technology breakthroughs. That's why the Magnificent Seven all have trillion-dollar market caps. It's also why these companies yielded "10 Bagger" returns for us—a slide showed **CoStar Group, Inc.**, **The Trade Desk**, Tesla, **Gartner, Inc.**, argenx, NVIDIA, **ServiceNow, Inc.**, and Amazon.

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

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

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

- Networking: **Arista Networks, Inc.**
- Capital Markets: **LPL Financial Holdings Inc.**
- Cybersecurity: **CyberArk Software Ltd.** and **Zscaler, Inc.**
- AI: **X.AI Corp.**
- Semiconductors: **indie Semiconductor, Inc.**

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

	Contribution to Return (%)
Tesla, Inc.	2.32
NVIDIA Corporation	1.59
Space Exploration Technologies Corp.	1.50
Broadcom Inc.	1.35
Amazon.com, Inc.	1.17

Tesla, Inc. designs, manufactures, and sells fully electric vehicles, related software and components, and solar and energy storage products. The company has contributed positively to our results, with growing investor confidence in Tesla's promising AI initiatives, its stabilizing financials, and the release of highly anticipated new vehicle models aimed at accelerating growth. Despite macroeconomic challenges, delivery data in key markets like

* As of 12/31/2024, the annualized returns of the Morningstar Large Growth Category average were 28.96%, 15.42%, 14.02%, and 14.17% for the 1-, 5-, 10, and 15-year periods, respectively.

China have shown considerable improvement while the energy segment's growth remains robust, and the segment's gross margins reached a record 30%. These factors supported stronger than expected profitability, including a 20% increase in overall gross profits last quarter, reversing a declining year-over-year trend. Tesla is channeling these funds into its AI developments, including autonomous-driving technologies and humanoid robots. During the quarter, the company expanded its cutting-edge computing center in Texas and introduced an enhanced version of its Full Self Driving software, version 13, which has demonstrated significant improvements over earlier iterations. With rapid product innovation and expectations for a favorable regulatory environment under the incoming Trump administration, investors are increasingly optimistic about the accelerated rollout of robotaxi technology. Further, Elon Musk's recent commentary suggests that Tesla's humanoid robot start-up business may scale faster than many had anticipated. We continue to believe that Tesla remains the innovation leader in real-world, physical AI, and these developments have only provided further support for our view.

NVIDIA Corporation is a semiconductor and systems company specializing in compute and networking systems for accelerated computing. Its unmatched leadership in AI infrastructure, spanning GPUs, systems, software and networking solutions, continues to drive robust performance. During the quarter, NVIDIA delivered solid results, with record data center revenues amid ongoing demand for its last generation Hopper products, while maintaining a high-confidence outlook for sustained growth in AI infrastructure. Though there are growing debates around the continued buildout of training infrastructure, the advent of reasoning models, which employ chain-of-thought architectures requiring multiple passes through the model, is expected to significantly increase compute intensity in both training and inference. This reinforces our confidence in sustained demand for NVIDIA's compute infrastructure over the medium term, as both training and inference scaling will require high-performance systems. In multiple public appearances, NVIDIA's management has reiterated the faster-than-expected ramp of its Blackwell next generation products, despite rumors to the contrary. Moreover, management has confirmed that gross margins should stabilize round the 75% level once Blackwell products are fully scaled, and that future generations (e.g., Rubin) will not face similar margin pressure during ramp-up. NVIDIA's growing traction in AI networking through Ethernet switches adds another strong pillar to its growth story. The ongoing transition from a chip-only model to a systems and software-driven business further strengthens NVIDIA's long-term profitability. Given its leadership in AI compute, networking, and systems, combined with a clear line of sight to sustained AI infrastructure demand, we remain confident in holding our position as NVIDIA continues to shape the future of accelerated computing.

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 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. 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.

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

	Contribution to Return (%)
Viking Therapeutics, Inc.	–0.32
Rocket Pharmaceuticals, Inc.	–0.30
Microsoft Corporation	–0.29
ASML Holding N.V.	–0.25
Vaxcyte, Inc.	–0.12

Viking Therapeutics, Inc. is a biotechnology company with a best-in-class GLP-1/GIP in development for the treatment of obesity. Despite disclosing strong oral GLP-1/GIP data in early November at Obesity Week, Viking's shares fell on the investor concerns that the company is unlikely to be acquired. The question for Viking is whether it can make the capital investments needed to manufacture these peptide drugs at scale as a standalone company. We think Viking's drugs are worth more as part of a large pharmaceutical company with the capital to invest in manufacturing and sales and marketing at the time of launch. We believe Viking has a very good injectable GLP-1/GIP entering Phase 3 trials next year and capturing even a small percentage share of the market would drive significant upside.

Rocket Pharmaceuticals, Inc. develops gene therapies for rare diseases. As discussed below, we exited our position during the quarter.

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 $150 billion run-rate cloud business, including its Azure cloud infrastructure service and its Office 365 and Dynamics 365 cloud-delivered applications. Shares gave back some gains from strong performance over the first half of 2024. For the first quarter of fiscal year 2025, Microsoft reported a solid quarter with total revenue growing 16%, about 2% ahead of the Street. The outperformance was driven by stable performance across several segments, but most of the upside came from the More Personal Computing segment as both gaming and search exceeded guidance. Azure reported growth was about 1% ahead of expectations, up 34%, including 12 points of growth from AI-related services; Microsoft Cloud grew 22%; and the total business delivered 47% operating income margins and 29% free cash flow margins. The company reiterated its fiscal 2025 targets of double-digit top-line and operating income growth. Over the short term, however, Microsoft continues to work through supply constraints around AI infrastructure capacity, which is capping Azure growth and causing it to be stable but not yet accelerating. This has disappointed the Street and impacted recent trading in Microsoft's stock. We expect Azure growth to reaccelerate in the second half of the fiscal year as these supply constraints ease. We also believe Microsoft's AI application business will benefit from Microsoft 365 adoption, as more proof-of-concepts move into production. We remain confident that Microsoft is well positioned across the overlapping software, cloud computing, and AI landscapes.

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 fourth quarter, the largest market cap holding in the Fund was $3.8 trillion and the smallest was $500 million. The median market cap of the Fund was $37.4 billion, and the weighted average market cap was $1.3 trillion.

To end the quarter, the Fund had $1.5 billion of assets under management. We had investments in 45 unique companies. The Fund's top 10 positions accounted for 59.1% of net assets.

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

	Quarter End Market Cap ($ billions)	Quarter End Investment Value ($ millions)	Percent of Net Assets (%)
NVIDIA Corporation	3,288.8	170.8	11.3
Microsoft Corporation	3,133.8	162.0	10.7
Amazon.com, Inc.	2,306.9	106.5	7.0
Tesla, Inc.	1,296.4	90.1	5.9
Broadcom Inc.	1,086.7	78.8	5.2
Meta Platforms, Inc.	1,478.6	72.0	4.8
Apple Inc.	3,785.3	67.9	4.5
Space Exploration Technologies Corp.	349.1	59.6	3.9
Spotify Technology S.A.	89.8	47.8	3.2
argenx SE	37.1	39.8	2.6

Recent Activity

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

	Quarter End Market Cap ($ billions)	Net Amount Purchased ($ millions)
Arista Networks, Inc.	139.2	15.6
LPL Financial Holdings Inc.	24.4	15.2
Inari Medical, Inc.	3.0	12.7
CyberArk Software Ltd.	16.4	10.3
X.AI Corp.	45.1	10.0

This quarter, we initiated a position in **Arista Networks, Inc.**, a leading provider of high-performance networking solutions for data centers, cloud providers, and enterprises. Arista's advanced switching and routing platforms, powered by its proprietary software, offer enhanced scalability, automation, and flexibility. The company generates revenue through hardware sales bundled with software and post-contract support services, serving major cloud players like Microsoft and Meta, along with a growing range of enterprise customers.

The buildout of AI infrastructure is significantly more network-intensive than conventional data centers, as large numbers of compute systems need to interact with each other via backend networking switches. Additionally, these systems must connect to end users, similar to traditional data centers, creating a front-end networking opportunity. This dual requirement – backend for compute communication and frontend for user connectivity – creates a massive opportunity for networking solutions. Historically, the industry relied on InfiniBand networking exclusively provided by NVIDIA until 2024. However, a shift toward Ethernet-based networking is now underway. Arista, as the leading systems provider for complex networking workloads in traditional data centers at Microsoft and Meta, is well positioned to capitalize on this transition. Furthermore, as AI clusters expand, the complexity and dollar intensity of networking grows non-linearly, implying faster growth than compute components.

The key debate surrounding Arista is its AI-driven revenue potential in 2025. Our proprietary bottom-up analysis – factoring in AI chip shipments, backend networking for model training, and frontend infrastructure for user connectivity – suggests significant upside to current guidance and Street expectations. Beyond AI, Arista is poised to gain market share in the broader enterprise segment, taking business from larger incumbents. With its leadership in Ethernet switching and best-in-class software, Arista is well positioned to benefit from secular growth trends and long-term tailwinds, offering a compelling runway for revenue expansion and healthy stock returns.

In the most recent quarter, we initiated a position in **LPL Financial Holdings Inc**. LPL is the largest independent broker-dealer (IBD) in the U.S. and supports independent financial advisors who run their own practices. LPL is a beneficiary of secular growth in the demand for financial advice, and a shift among financial advisors away from large banks (also known as wirehouses) towards independent models. As the largest IBD, LPL is well placed to continue taking share in this market, as it can offer advisors high-quality technology, a range of business models, and best-in-class incentives. Additionally, LPL is a beneficiary of higher interest rates because it earns a yield on the uninvested cash balances held in client accounts, although it runs a capital-light business.

LPL's turnkey platform helps independent financial advisors run their practices more efficiently and serve their clients more effectively. Traditionally, most financial advisors worked as employees of wirehouses but over time, advisors have begun to favor independent models in which they become the owner-operator of their own advisory practice. Advisors are favoring this independence as it allows them to both retain far more of the revenue they generate and affords them greater flexibility over how to run their business. LPL is also winning with independent advisors at other IBDs, which are smaller and less able to invest in the capabilities that LPL is developing. LPL invests more than its competitors in developing the technology and capabilities that allow advisors to run their practices efficiently. This technology helps simplify and consolidate mission-critical functions such as account opening, client relationship management, trading and portfolio rebalancing, and reporting. Beyond technology, LPL has innovated a range of different advisor models that allow the advisor to outsource as much of their practice operations as they choose. This provides advisors with a high degree of flexibility as they make the transition to independence and means that LPL can position itself as an attractive IBD to a wide range of advisors.

The combination of these benefits enables LPL to continue taking share and recruiting more assets onto its platform. Over time, the company has improved its organic growth rate of Net New Assets from 2% to 5% to 7% to 10%. Besides asset recruitment, LPL is also a beneficiary of rising asset prices, which grow its base of assets under management. We believe that low teens asset growth can generate similar growth in gross profit, while improving margins and significant share repurchases contribute to earnings per share growth at a mid-high teens rate for an extended period.

Inari Medical, Inc. offers catheter-based devices to remove clots from venous thromboembolism (VTE). VTE is a disease state that manifests as deep vein thrombosis (DVT), in which a clot cuts off blood flow in a deep vein (usually in the leg), and as pulmonary embolism (PE), when the clot in the leg breaks off and circulates to lodge in the blood vessels that supply the lungs. VTE is the third most common vascular condition in the U.S. after heart attacks and strokes, and if left untreated can be fatal. Inari's devices are differentiated in that they are specially tailored to venous biology and effectively remove clots without the side effects of alternatives like thrombolytic drugs, which can cause severe bleeding. We invested in Inari during the quarter because we believed the company was attacking a large, unpenetrated addressable opportunity of more than $6 billion, and that the VTE treatment space was still in the very early days of converting to device-based interventions. While we intended to be long-term investors, Stryker, a global leader in medical technologies, apparently agreed with our theses that the VTE space was ripe for disruption and announced its intent to acquire Inari for $80 per share in early January.

This quarter, we initiated a position in **CyberArk Software Ltd.**, an identity security platform that focuses primarily on privileged access management (PAM). CyberArk's technology prevents bad actors from stealing and exploiting the credentials of "superuser" accounts like IT administrators, cybersecurity managers, and network administrators. CyberArk detects, stores, and manages all the privileged credentials in an organization, monitors the critical IT systems, and helps contain the damage a hacker can cause if they breach a corporate network. The increasing frequency and severity of ransomware attacks, heightening geopolitical tension, and stricter regulatory disclosure requirements for public companies that experience breaches have all made PAM a higher priority IT spend category. CyberArk is the market leader in the PAM sector, with over 25% share. The company also recently closed its acquisition of Venafi, an identity security vendor that helps companies secure machine identities, such as digital certificates and SSH keys, that facilitate computer-to-computer communication. The deal, which is accretive to CyberArk's already healthy margins, makes CyberArk the most comprehensive identity solution in the market and expands the cross-sell opportunity. We see a long runway for organic growth, cross-sell synergy, and margin expansion, all of which should enable free cash flow per share to compound at an attractive rate and bode well for the stock.

During the fourth quarter we invested in **X.AI Corp.**, which was founded by Elon Musk and has emerged as an up-and-coming investment opportunity in the rapidly evolving AI landscape. The company's recent multi-billion dollar fundraising round aims to fuel its ambitious goal of developing AI "*to understand the true nature of the universe*." X.AI started pursuing AI development years after major players like Google and OpenAI. But in the short period since its inception, X.AI has developed and launched its first AI model and product, Grok, and its successor, Grok 2, which has produced impressive benchmark results compared to models from its more established competitors. X.AI is currently developing its next version, Grok 3. These impressive early efforts and results showcase X.AI's ability to rapidly develop sophisticated models with relatively lean resources. The recent funding is expected to further support its innovation and monetization efforts by enabling access to more computational power and further attracting top talent.

The company's leadership is a significant asset. Elon's track record in AI development spans many years, including autonomous driving AI model, software, and hardware capabilities at Tesla; deploying AI to improve X.com's (formerly Twitter) functionality; and even co-founding OpenAI. Across his other business engagements, Elon has demonstrated his unique leadership and track record of driving tremendous innovation in complex environments. The X.AI founding team also includes key figures from OpenAI, Google's DeepMind, Tesla, Microsoft, and Meta.

Beyond its team, X.AI's competitive edge stems from several other factors such as data access, computation power and ability to execute complex engineering challenges, software and hardware integration, and distribution opportunities. X.AI has unique access to X.com's data, representing one of the largest growing repositories of real-time, multimodal, diverse, human-to-human interaction data sets available in the world today. About 600 million people use X.com monthly. Users spend over 361.9 billion seconds and watch over 8 billion videos a day on the platform. As the company grows, it's likely to broaden its access to other valuable data assets.

On the computational front, X.AI recently deployed the largest, highest density compute clusters in the world, operationalizing 100,000 NVIDIA H-100 GPUs in only 122 days and starting to run training workloads just 19 days after the first servers were delivered. Jensen Huang, NVIDIA's CEO, publicly proclaimed "there's only one person in the world who can do this and that's Elon." Elon and the X.AI team plan to build an even larger accelerated-compute cluster, with a goal of 300,000 GPUs, by summer of 2025.

Distribution opportunities for X.AI are also substantial. 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, which should benefit from Elon's reach.

Although these are still relatively early days for AI, we are confident in the disruptive potential and value creation opportunities that lie ahead. X.AI's focused strategy, formidable talent, and innovative approach position it as a potentially significant player in shaping the future of AI. As AI continues to reshape industries and create new market opportunities, X.AI can benefit substantially in the coming years and decades.

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

	Quarter End Market Cap or Market Cap When Sold ($ billions)	Net Amount Sold ($ millions)
CrowdStrike Holdings, Inc.	86.5	17.5
Monolithic Power Systems, Inc.	44.8	16.7
Advanced Micro Devices, Inc.	252.9	14.7
The Trade Desk	58.0	9.0
Rocket Pharmaceuticals, Inc.	1.2	8.5

In the cybersecurity software space, we exited **CrowdStrike Holdings, Inc.**, whose stock rebounded to peak valuation levels after last summer's July outage, and reinvested those proceeds in CyberArk and Zscaler.

In the semiconductor space, we exited **Monolithic Power Systems, Inc.** and **Advanced Micro Devices, Inc.** We shifted some of the capital from these sales into building our position size in automotive semiconductor challenger, indie Semiconductor, and initiating a position in AI networking leader, Arista Networks.

We trimmed our **The Trade Desk** position to maintain an appropriate positions size, given the stock's strong performance and valuation.

We exited **Rocket Pharmaceuticals, Inc.**, redeploying the capital into Inari Medical, where we got an unexpected but almost-immediate payday with Stryker's announced acquisition of the company.

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.

Morningstar calculates the Morningstar Large Growth Category Average performance using its Fractional Weighting methodology. Total returns do account for management, administrative, and 12b-1 fees and other costs automatically deducted from fund assets.

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

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

MICHAEL BARON
CO-PRESIDENT AND
PORTFOLIO MANAGER

RON BARON
CEO AND
PORTFOLIO MANAGER

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

Baron Partners Fund® (the Fund) performed very well in the final quarter of 2024. These returns contributed to the Fund meaningfully exceeding the Russell Midcap Growth Index's (the Index) returns over the prior calendar year.

For the fourth quarter, the Fund gained 27.05% (Institutional Shares), meaningfully ahead of advances in the Index and the large-cap dominated Russell 3000 Index (the Market Index), which gained 8.14% and 2.63%, respectively. In 2024, the Fund gained 33.08% compared to the Index and the Market Index's returns of 22.10% and 23.81%, respectively.

While the Fund has modestly trailed the Index and Market Index over the prior 3-year period, it is ranked in the top percentile of its Morningstar category over the prior 5-, 10-, 15-, 20-year, and since conversion periods.* Since its conversion to a mutual fund, the Fund's annual return of 17.63% compared to the Index's return of 11.85%. We are very proud of these long-term achievements.

We believe that after a period of macro driven pressures, investor confidence is improving. Companies are slowly returning to being valued based on their fundamentals and opportunities dictate the stock price. Inflation has remained manageable. Interest rate cuts should persist. The soft landing the government is attempting to orchestrate, is occurring. And the incoming administration appears more accommodating towards growth business objectives.

In the past quarter, the Fund's two largest holdings, **Tesla, Inc.** and **Space Exploration Technologies Corp.**, each appreciated more than 50%. Upcoming product launches and improvements in software propelled Tesla shares higher. The latest version of its autonomous driving software showed massive improvements and investors are optimistic that the new presidential administration will more broadly approve its use. This extended deployment would open new and large revenue opportunities for the company. Additionally, upcoming product launches should spur renewed vehicle sales growth in 2025. The Energy business continued to grow, which not only improved top-line revenue but also carries significantly higher margins. The gross profit of the company has improved significantly. More cost reductions should enable a more profitable business in the future.

While these two companies were the largest contributors, we had several other holdings that appreciated more than 10% in the quarter. They included financial services, real estate related, and core growth companies such as **Vail Resorts, Inc.**, **The Charles Schwab Corporation**, and **Birkenstock Holding plc**. Many of these companies have proven that prior negative sentiment surrounding their businesses was unfounded. Vail had a resurgence in pass sales and continued to exhibit an ability to increase prices at its resorts. An improvement in sales coupled with a focus on cost management, we believe, should lead to margin expansion in the coming years. Schwab has used strong client inflows to pay down expensive short-term borrowings that should lead to improving net interest margins. And Birkenstock demonstrated that demand for its products remains strong. The company continued to gain market share through categories in their existing wholesale accounts.

Only four holdings declined by more than 10% for company-specific reasons. The CEO at **Arch Capital Group Ltd.**, the insurance company,

* As of 12/31/2024, the annualized returns of the Morningstar Large Growth Category average were 28.96%, 15.42%, 14.02%, and 14.17% for the 1-, 5-, 10, and 15-year periods, respectively.

As of 12/31/2024, Morningstar Large Growth Category consisted of 1,088, 952, and 748, share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Partners Fund in the 30th, 1st, 1st, 1st , 1st, and 1st percentiles for the 1-, 5-, 10-, 15-, 20-year, and since inception periods, respectively. The Fund converted into a mutual fund on 4/30/2003, and the category consisted of 678 share classes.

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

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unexpectedly resigned. He had anticipated stepping down from his position at the end of 2025 but accelerated the timing for a smoother transition and less complexity around decision making. **IDEXX Laboratories, Inc.**, **Red Rock Resorts, Inc.**, and **Northvolt AB** also declined in the period. Investors are awaiting IDEXX's new test introductions and smoother clinical visit data. Red Rock faced a tougher Vegas economy. But we believe their ongoing capital improvement projects should enable it to win share in their market. After experiencing significant production and funding challenges in the prior quarter, private battery cell manufacturer Northvolt filed for Chapter 11 bankruptcy protection in the U.S. in November. Northvolt was a very small position in the period with an average weight of only 0.01%.

We remain pleased with the portfolio's composition and the execution of the businesses held. A more constructive investment environment, in our opinion, should be beneficial for the Fund and its holdings.

Table I.
Performance
Annualized for periods ended December 31, 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]	26.97%	27.05%	8.14%	2.63%
One Year	32.74%	33.08%	22.10%	23.81%
Three Years	2.95%	3.21%	4.04%	8.01%
Five Years	28.93%	29.26%	11.47%	13.86%
Ten Years	21.02%	21.34%	11.54%	12.55%
Fifteen Years	20.22%	20.54%	13.31%	13.56%
Since Conversion (April 30, 2003)	17.41%	17.63%	11.85%	11.11%
Since Inception (January 31, 1992)	15.53%	15.67%	10.26%	10.49%

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

	Percent of Total Investments (%)	Total Return (%)	Contribution to Return (%)
Disruptive Growth	**58.2**	**54.88**	**28.86**
Space Exploration Technologies Corp.	15.1	65.18	6.64
Tesla, Inc.	41.3	54.37	21.95
Spotify Technology S.A.	1.1	21.40	0.34
X Holding Corp.	0.2	0.00	0.00
Iridium Communications Inc.	0.6	–4.26	–0.04
Northvolt AB	0.0	–100.00	–0.04
Russell Midcap Growth Index		**8.14**	
Real-Irreplaceable Assets	**10.7**	**2.31**	**0.38**
Vail Resorts, Inc.	3.0	10.22	0.43
Hyatt Hotels Corporation	5.7	3.24	0.24
Gaming and Leisure Properties, Inc.	1.0	–4.99	–0.07
Red Rock Resorts, Inc.	1.0	–14.59	–0.22
Financials	**15.1**	**–2.30**	**–0.28**
The Charles Schwab Corporation	3.6	14.59	1.10
FactSet Research Systems Inc.	3.5	4.67	0.31
MSCI Inc.	1.7	3.20	0.10
Arch Capital Group Ltd.	6.4	–13.20	–1.78
Core Growth	**16.0**	**–6.83**	**–1.37**
Birkenstock Holding plc	1.1	14.95	0.15
StubHub Holdings, Inc.	0.6	2.20	0.06
Gartner, Inc.	3.6	–4.40	–0.04
CoStar Group, Inc.	5.6	–5.12	–0.23
Guidewire Software, Inc.	1.6	–7.85	–0.10
HEICO Corporation	0.6	–8.91	–0.06
IDEXX Laboratories, Inc.	2.9	–18.16	–1.15
Fees		**–0.57**	**–0.57**
Total	**100.0***	**27.02****	**27.02****

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

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, 2035, 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 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 US companies representing approximately 98% 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 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.

Table III.
Top contributors to performance for the quarter ended December 31, 2024

	Year Acquired	Market Cap When Acquired ($ billions)	Quarter End Market Cap ($ billions)	Total Return (%)	Contribution to Return (%)
Tesla, Inc.	2014	21.9	1,296.4	54.37	21.95
Space Exploration Technologies Corp.	2017	21.6	349.1	65.18	6.64
The Charles Schwab Corporation	1992	1.0	135.5	14.59	1.10
Vail Resorts, Inc.	2008	1.6	7.0	10.22	0.43
Spotify Technology S.A.	2020	22.6	89.8	21.40	0.34

Tesla, Inc. designs, manufactures, and sells electric vehicles, related software and components, and solar and energy storage products. Shares rose on growth in the energy segment, the promise of new model launches in 2025, and increasing investor confidence in Tesla's AI initiatives. Despite macroeconomic challenges, delivery data in major markets like China have shown considerable improvement. The energy and automotive segments demonstrated stronger-than-expected profitability. Tesla also expanded its advanced computing center in Texas, released improved version of its software-enhanced driving solution, and is set to launch new mass market vehicles years after the initial rollouts of Models 3 and Y. Expectations of deregulation under the incoming administration point to the potential acceleration of new technology rollouts, which could enhance Tesla's leadership position in real world AI and bolster investor confidence that Tesla will benefit from these large and attractive growth opportunities.

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 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. 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.

Brokerage firm **The Charles Schwab Corporation** contributed to performance after a strong quarterly earnings report. Most notably, client cash levels appeared to be stabilizing at Schwab and across the broader industry after a two-year drawdown caused by interest rate hikes and robust equity markets, both of which pulled idle cash off the sidelines and into investments, creating a headwind to Schwab's net interest income. This cash stabilization should allow Schwab to continue paying down its short-term borrowings, which, in turn, should lead to an increase in net interest income and earnings. The company also participated in the broader rally of financial stocks following the Republican elections sweep, which is expected to lead to more buoyant capital markets and a more business-friendly regulator, both of which should support increased activity and earnings at Schwab. As Schwab continues to improve its balance sheet and earnings, we expect potentially strong earnings growth over a multi-year period.

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

	Year Acquired	Market Cap When Acquired ($ billions)	Quarter End Market Cap ($ billions)	Total Return (%)	Contribution to Return (%)
Arch Capital Group Ltd.	2002	0.6	34.7	–13.20	–1.78
IDEXX Laboratories, Inc.	2013	4.7	33.9	–18.16	–1.15
CoStar Group, Inc.	2005	0.7	29.3	–5.12	–0.23
Red Rock Resorts, Inc.	2017	2.9	4.9	–14.59	–0.22
Guidewire Software, Inc.	2017	6.0	14.1	–7.85	–0.10

Shares of specialty insurer **Arch Capital Group Ltd.** fell due to concerns about a cyclical slowdown following several years of favorable market conditions. The Street has forecast a decline in property catastrophe reinsurance pricing during the January 1 renewal period, defying earlier hopes for stable pricing. Despite solid third quarter earnings, underwriting margins worsened due to a recent acquisition, business mix shifts, and normal quarterly volatility. Additionally, shares were pressured by an unexpected CEO transition. We continue to own the stock due to Arch's strong management team and our expectation of significant growth in earnings and book value.

Shares of veterinary diagnostics leader **IDEXX Laboratories, Inc.** detracted as foot traffic to veterinary clinics remained under pressure, which has continued to hamper aggregate revenue growth. We remain investors. Despite macro challenges, IDEXX's excellent execution enabled the company to deliver robust financial results. We believe competitive trends are outstanding, and we expect new proprietary innovations and field sales force expansion to be meaningful contributors to growth in 2025. We see increasing evidence that secular trends around pet ownership and pet care spending have been structurally accelerated, which should help support IDEXX's long-term growth rate.

CoStar Group, Inc. is the leading provider of information and marketing services to the commercial real estate (CRE) industry. Shares detracted from performance due to mixed net new sales performance in its residential product. We remain encouraged by the traffic growth and growing brand awareness for the company's Homes.com platform. We are optimistic that sales momentum will improve as the company builds out a dedicated residential sales force, enhances its customer targeting, and benefits from potential changes in multiple listing services practices. We believe performance in CoStar's non-residential business remains strong, and we expect to see better organic growth as the CRE market improves and salespeople return to focus exclusively on a single product. We believe the value of CoStar's core non-residential business exceeds the current share price, implying that investors are ascribing negative value to the residential opportunity.

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 December 31, 2024, the Fund held 21 investments. The median market capitalization of these growth companies was $23.7 billion. The top 10 positions represented 90.7% of total investments. Leverage was 12.3%.
The long-term absolute and relative performance of the Fund has been very good. The Fund has returned 17.63% annualized since conversion to a mutual fund on April 30, 2003, exceeding the Index by 5.78% per year.

The Fund's performance has also exceeded the Index over the prior 5-, 10-, 15-, and 20-year periods. But the distinct composition of the portfolio could result in periods of underperformance. The past 3-year period is one of those periods. And while we are disappointed with that distinct period, we are not alarmed by the modest relative underperformance. The low turnover strategy implemented by the Fund has previously resulted in similar difficult stretches. And we have not only endured analogous periods throughout the Fund's history but have also typically emerged with strong absolute and relative performance in subsequent years. Although we have no guarantees of continued success, we believe this trend will continue.

While we present the Fund's absolute and relative returns over the SEC mandated periods, we believe it is also important to discuss how the Fund performs over the course of different market environments. Over the prior two years, the economy and markets have transitioned, in our opinion. The three-year period ended 12/21/2022 was a difficult time for growth investors. It was a period punctuated by a global pandemic, geopolitical instability, and macroeconomic headwinds. The VIX was trading at above-average levels, while Barra factor returns for Beta and Growth were low. And the Index's annual return over this period was below its historical rate. Despite these challenges, the Fund's portfolio of high-quality growth companies weathered the period well.

However, the transition from that market environment to a more constructive environment has been (temporarily) challenging. We believe lower quality, value-oriented businesses tend to be sought by investors along with mega-cap growth companies. This occurred at the end of 2022 and into 2023. It resulted in one calendar year (2022) when the Fund lagged its Index. The Fund typically holds a balanced portfolio of distinct types of quality growth businesses. Customers at many service businesses had retreated causing revenue growth to moderate. Suppliers had increased prices causing margins to be pressured. Higher interest rates increased financing costs and raised the discount on future earnings. Investors gravitated towards large, steady, value-oriented businesses, which are largely not held in the Fund. And the underperformance during this one-year period is what caused the prior three-year returns to slightly trail the Index's.

Therefore, in addition to viewing the Fund's returns over these various SEC mandated trailing annual periods, we believe it is helpful to understand how the Fund has performed over economic cycles.

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 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 Market Index had an annual return of 14.70% during that time.

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 12/31/2024	
	Annualized Return (%)	Value of $10,000	Annualized Return (%)	Value of $10,000	Annualized Return (%)	Value of $10,000
Baron Partners Fund (Institutional Shares)	1.54	11,479	23.65	18,903	15.67	1,205,892
Russell Midcap Growth Index	(4.69)	6,488	3.85	11,200	10.26	249,335
Russell 3000 Index	(2.95)	7,634	7.07	12,273	10.49	266,805

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 could weather the environment and enhance their competitive positioning.

The 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 more than 25%. But the Fund 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%.

The Fund is off to a good start in the current period…

Since the COVID pandemic and subsequent market downturn ended, the Fund has performed well on an absolute and relative basis. Since December 31, 2022, the Fund returned 38.18% annualized compared to the Index's annualized return of 23.97%. While this is only a partial cycle, we believe we are off to a good start.

Over the longer term, this combination of exceeding the Index in various market environments has been rewarding for clients. A $10,000 hypothetical investment at the inception of the Fund on January 31, 1992, would have been worth $1,205,892 on December 31, 2024. That same $10,000 hypothetical investment in a fund designed to track the Index would now be worth $249,335, only approximately 20% of what it would have been worth if invested in the Fund.

PORTFOLIO HOLDINGS

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

	Year Acquired	Market Cap When Acquired ($ billions)	Quarter End Market Cap ($ billions)	Quarter End Investment Value ($ millions)	Percent of Total Investments (%)
Tesla, Inc.	2014	21.9	1,296.4	3,750.7	41.3
Space Exploration Technologies Corp.	2017	21.6	349.1	1,366.7	15.1
Arch Capital Group Ltd.	2002	0.6	34.7	584.6	6.4
Hyatt Hotels Corporation	2009	4.2	14.8	519.6	5.7
CoStar Group, Inc.	2005	0.7	29.3	512.6	5.6
Gartner, Inc.	2013	5.7	37.4	327.0	3.6
The Charles Schwab Corporation	1992	1.0	135.5	325.6	3.6
FactSet Research Systems Inc.	2007	2.7	18.2	314.6	3.5
Vail Resorts, Inc.	2008	1.6	7.0	271.8	3.0
IDEXX Laboratories, Inc.	2013	4.7	33.9	262.5	2.9

Baron Partners Fund

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

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

The discussions of the companies herein are not intended as advice to any person regarding the advisability of investing in any particular security. The views expressed in this report reflect those of the respective portfolio managers only through the end of the period stated in this report. The portfolio manager's views are not intended as recommendations or investment advice to any person reading this report and are subject to change at any time based on market and other conditions and Baron has no obligation to update them. This report does not constitute an offer to sell or a solicitation of any offer to buy securities of Baron Partners Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

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

DEAR BARON FIFTH AVENUE GROWTH FUND SHAREHOLDER:

PERFORMANCE

We had an excellent quarter to close out another strong year.

Baron Fifth Avenue Growth Fund® (the Fund) was up 11.7% (Institutional Shares) in the fourth quarter, which compared favorably to the 7.1% gain for the Russell 1000 Growth Index (R1KG), and the 2.4% gain for the S&P 500 Index (SPX), the Fund's benchmarks.

For the year, the Fund finished up 37.8% compared to gains of 33.4% and 25.0% for the benchmarks, respectively.

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

	Baron Fifth Avenue Growth Fund Retail Shares[1,2]	Baron Fifth Avenue Growth Fund Institutional Shares[1,2,3]	Russell 1000 Growth Index[1]	S&P 500 Index[1]
Three Months[4]	11.64%	11.72%	7.07%	2.41%
One Year	37.38%	37.75%	33.36%	25.02%
Three Years	2.16%	2.43%	10.47%	8.94%
Five Years	12.21%	12.51%	18.96%	14.53%
Ten Years	13.44%	13.74%	16.78%	13.10%
Fifteen Years	13.55%	13.83%	16.45%	13.88%
Since Inception (April 30, 2004)	10.21%	10.42%	12.48%	10.55%

ALEX UMANSKY
PORTFOLIO MANAGER

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

It's been a blockbuster two-year run for U.S. large-cap growth equities with plenty of plot twists along the way. After the biggest gain in its history of 42.7%, the Russell 1000 Growth Index followed it up with a rise of 33.4% for a two-year cumulative return of a gaudy 90.3%. For context, 2023 began with doom and gloom amid the unrelenting Fed continuing its historical tightening cycle, broad expectations of U.S. and global recessions, heightened geopolitical uncertainty, and poor investor psychology following a 29.1% drawdown the year before, the worst decline experienced by the R1KG since the Great Financial Crisis of 2008. But interest rates peaked during the spring, the economy proved to be more resilient, geopolitical uncertainty did not get worse, and the Fed signaled it was ready to begin the easing cycle in 2024. Though we only got three rate cuts instead of the expected seven, the economic soft-landing scenario materialized and the optimism regarding the Trump administration's return to office buoyed the markets to an encore performance and further gains. The Fund performed well throughout this period with a 37.8% gain this year on top of a 57.6% rise in 2023, for a two-year cumulative return of 117.1%.

Once again, the stocks of the Magnificent Seven (**Alphabet**, **Amazon**, Apple, **Meta**, **Microsoft**, **NVIDIA**, and **Tesla**) were the key driver of the R1KG returns. After accounting for 65% and 62% of the R1KG's and SPX's gains, respectively, in 2023, the Magnificent Seven drove 68% and 53% of the benchmarks' returns in 2024 and now represent 56% and 33% of the

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, 2035, 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 1000® Growth Index** measures the performance of large-sized U.S. companies that are classified as growth. The **S&P 500 Index** measures the performance of 500 widely held large-cap U.S. companies. All rights in the FTSE Russell Index (the "Index") vest in the relevant LSE Group company which owns the Index. Russell® is a trademark of the relevant LSE Group company and is used by any other LSE Group company under license. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. The Fund includes reinvestment of dividends, net of withholding taxes, while the Russell 1000® Growth Index and S&P 500 Index include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts the performance results. The indexes are unmanaged. Index performance is not Fund performance. Investors cannot invest directly in an index.

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

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

4 Not annualized.

BARON FUNDS 1987

respective Indexes. According to Jefferies[1], active fund managers' inability to own enough of these stocks was one of the key reasons why the average large-cap growth mutual fund underperformed its benchmark by 312bps last year. We were *15% underweight the Magnificent Seven*, on average, in 2024, and managed to outperform the R1KG by 439bps despite the headwind. A favorable outcome, indeed.

From a quarterly performance attribution perspective, stock selection generated 422bps of outperformance, relative to R1KG, and was strongest in Information Technology (IT), Health Care, and Industrials. Sector allocation added 42bps. We had 25 gainers versus 7 detractors with **Shopify**, Tesla, NVIDIA, and Amazon contributing over 100bps each to absolute returns. Shares of 18 of our holdings posted double-digit percentage gains during the quarter. **MercadoLibre**, **ASML**, and **Coupang** were the only decliners of note, costing the fund 131bps combined.

For the year, stock selection contributed 366bps to relative returns and was particularly strong in Health Care (**Intuitive Surgical** and **argenx**) and in Communication Services (**Trade Desk** and Meta). Sector allocation added 66bps, largely as a function of having had no investments in Consumer Staples or Real Estate. The Fund did not perform well in Consumer Discretionary (MercadoLibre, **Mobileye**, and Rivian – which we sold earlier in the year), and in Financials (**Block** and **Adyen**). From a stock specific perspective, we had 26 gainers against 9 detractors. As mentioned earlier, while we did now own "enough" of the Magnificent Seven stocks, we owned the best performing ones in size with NVIDIA (+170%), Meta (+66%), Tesla (+60%), and Amazon (+44%), accounting for 31% of the Fund's assets, on average, during the year. Our investments in NVIDIA, **SpaceX**, Meta, Trade Desk, argenx, Tesla, Intuitive Surgical, **ServiceNow,** Amazon, Shopify, Coupang, and **KKR** appreciated in excess of 30% each over the course of 2024. On the other side of the ledger, **Endava**, Mobileye, Rivian, and **Snowflake** detracted over 100bps each. Regrettably, Endava and Rivian will now go under the "Permanent Loss of Capital" column as we exited both investments. We clearly overestimated the resilience of Endava's business model and underestimated the relative ease with which customers delayed spending when their IT budgets came under pressure. We also underestimated the execution risks in scaling a new electric vehicle company, especially in a tougher macroeconomic environment.

To better understand the Fund's performance, we deconstructed it into its two main components – change in multiples and change in the fundamentals. During the fourth quarter, the Fund's weighted average multiple[2] expanded by 5.7%, closing the year up 7.3%. Since the Fund was up 11.7% in the quarter and 37.8% during 2024, the "fundamentals" of our holdings grew (or improved) by approximately 6% in the quarter and by approximately 30% during 2024 – implying that *81% of our performance in 2024 was driven by growth in fundamentals*, while 19% could be attributed to the change/increase in multiples. The fundamentals of our businesses continue to improve after the slowdown in 2022 and 2023 with consensus revenue expectations for 2025 increasing by 1.9% in the fourth quarter and 10.7% during 2024[3], operating income expectations increasing by 5.7% this quarter and 19.3% during the year, and operating margin expectations increasing by 45bps and 122bps, respectively. Most of our companies have reported improving business trends across most customer segments and geographies.

The value of a crystal ball and predicting the direction of the market

Imagine you were gifted a crystal ball for the 2023 holidays. Like any magic ball it could only answer a few questions. Naturally, the first question you asked is "how many interest rate cuts will the Fed implement in 2024?" Consensus expectations were for seven cuts. The crystal ball says… three. "When will they start cutting?" The consensus was March. Crystal ball says… September. "How much will the 10-year yield decline after the three cuts?" The ball says… it won't! The 10-year yield would rise… to almost 5%. "Oy…" you say. We're in for a tough year, as Cramer's voice (sell, sell, sell!!!) is ringing in your ears. If asked to assess the probability of the S&P 500 Index gaining 25% and most major indexes worldwide hitting new all-time record highs – you don't even include it in the range of outcomes. And yet…that is exactly what happened! A fabulous reminder that all these important macro variables are not only difficult to predict with any consistency, but that making investment decisions based on these factors is unlikely to lead to more predictable or successful outcomes. While we're on the subject of predictions…

Predicting the future is easy… getting it right is the hard part

"Making predictions is hard… especially about the future." Too many business leaders ignored this Yogi Berra truism at their own peril.

1946: "*Television won't be able to hold on to any market it captures after the first six months. People will soon get tired of staring at a plywood box every night.*" – Darryl Zanuck, 20th Century Fox.
1966: "*Remote shopping, while entirely feasible, will flop.*" – Time Magazine.
1981: "*Cellular phones will absolutely not replace local wire systems.*" – Marty Cooper, inventor.
1995: "*I predict the Internet will soon go spectacularly supernova and in 1996 catastrophically collapse.*" – Robert Metcalfe, founder of 3Com.
2005: "*There's just not that many videos I want to watch.*" – Steve Chen, CTO and co-founder of YouTube expressing concerns about his company's long-term viability.
2006: "*Everyone's always asking me when Apple will come out with a cell phone. My answer is, 'Probably never.'*" – David Pogue, The New York Times.
2007: "*There's no chance that the iPhone is going to get any significant market share.*" – Steve Ballmer, Microsoft CEO.

This is just a small sample of what we call "short-term thinking." As disruptive-change investors, we have come to realize that the majority of market participants tend to be anchored to the most recent data point or event. Human beings are inherently biased towards short-termism because our brains are evolutionarily wired to think linearly and underestimate the impact of compounding. We systematically underestimate the impact of time. More often than not, the magnitude of the disruptive change becomes obvious to everyone only in hindsight. In 1880, Alexander Graham Bell

1 Jefferies Equity Strategy note from 01/13/2025 – JEF's Manager Holdings – Tough '24 for Active; Not Owning Names Dented Returns
2 We calculate the change in P/E multiple (based on FactSet consensus expectations for EPS for the next 12 months) for each holding as long as the starting P/E is below 100x (and positive). Otherwise, we use an EV/Revenues multiple. We then use the ending weight of each position in the Fund to calculate the weighted average change in the Fund's multiple (and exclude our private holdings).
3 We calculate the change in FactSet consensus expectations for 2025 estimated revenues, operating income, and operating margins for our holdings and calculated the weighted average using end of the year weights. We use Gross Profit for Block (since Sales include the volatile impact of crypto prices).

predicted that *"One day there will be a telephone in every major city in the U.S.*[4] *."* It took over 40 years for the telephone to reach 25% penetration of U.S. households. Ironically, just over 100 years later barely a quarter of the U.S. households still own a landline phone[5]. Maybe Mr. Bell will prove to be right after all. It will just take a little bit longer…

We are incredibly bullish on the development and adoption of Artificial Intelligence (AI). As disruptive change investors, we deploy pattern recognition combined with long-term ownership mindset. We start our analysis by asking if the disruption is real, material, sustainable, and whether it is likely to meaningfully change the way companies do business. In other words, we evaluate every investment opportunity through this disruptive change lens. In the fourth quarter of 2022, amid the market carnage for U.S growth stocks we identified AI as such a disruption. From that quarterly letter: "The advancements in the fields of Artificial Intelligence (AI) and Deep Learning are profound examples of the innovation era we live in today… ChatGPT reached *1 million users a mere five days after it was released* in December of 2022… We believe AI will prove to be a real tailwind for many of our businesses in the years to come." We further identified NVIDIA as the company at the epicenter of this paradigm shift and built a 5.5% position in the stock which exited 2022 with a market capitalization of $359.5 billion, or about 10% of what it would be worth just two short years later.

Still, we believe we are in the early stages of a multi-decade transformation, and we hope you will join us for what will likely be an exciting ride ahead.

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

	Quarter End Market Cap ($ billions)	Contribution to Return (%)
Shopify Inc.	137.6	1.73
Tesla, Inc.	1,296.4	1.50
NVIDIA Corporation	3,288.8	1.48
Amazon.com, Inc.	2,306.9	1.33
ServiceNow, Inc.	218.4	0.93

Shopify Inc. is a cloud-based software provider for multi-channel commerce. Shares rose 32.7% in the fourth quarter, finishing 2024 up 36.5% on strong financial results, including year-over-year revenue growth of 26% thanks to continued market share gains with gross merchandise value growth of 24%. Shopify reported continued success in its original online commerce segment while also expanding into offline, international, and business-to-business (B2B), which grew 27%, 30%, and 145%, respectively. Operating margins of 18% came in 240bps above expectations. While the company again guided for an accelerated pace of reinvestments into the business, which will limit short-term margin expansion, we believe this is the correct long-term strategy, as Shopify is taking advantage of its continuously improving product set and maturing go-to-market, in order to further expand its addressable market, targeting international merchants, offline and B2B retailers and going up market. 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.

Tesla, Inc. designs, manufactures, and sells electric vehicles, related software and components, and solar and energy storage products. Shares rose 54.4% in the fourth quarter (and were up 59.6% in 2024) on growth in the energy segment, the promise of new model launches in 2025, and increasing investor confidence in Tesla's AI initiatives. Despite macroeconomic challenges, delivery data in major markets like China have shown considerable improvement, and the energy and automotive segments overall demonstrated stronger-than-expected profitability. Tesla also expanded its advanced computing center in Texas, released an improved version of its FSD solution, and is set to launch new mass market vehicles shortly. Expectations of deregulation under the incoming administration point to the potential acceleration of new technology rollouts, which could enhance Tesla's leadership position in real world AI and bolster investor confidence that Tesla will benefit from these large and attractive growth opportunities.

NVIDIA Corporation is a fabless semiconductor company specializing in compute and networking systems for accelerated computing and AI. Shares increased 10.6% for the quarter and were up 170.3% in 2024, on strong quarterly results, with record data center revenue, which surpassed $30 billion, driven by demand for its Hopper GPUs, while Gaming and Automotive also beat expectations. Key investor debates include the continued progress on improving the capability of AI models (e.g. scaling laws – see more in the outlook section below), transition from AI training to inference and the potential impact on competitive dynamics, and the pace of adoption of AI across industries. Despite near-term uncertainties, we maintain conviction in NVIDIA's leadership in accelerated computing, driven by its ability to innovate and adapt to market shifts. With robust margins, a dominant data center presence, and a growing ecosystem across hardware and software, we believe NVIDIA is well positioned to capitalize on the structural growth in AI and high-performance computing.

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

	Quarter End Market Cap ($ billions)	Contribution to Return (%)
MercadoLibre, Inc.	86.2	–0.63
ASML Holding N.V.	280.9	–0.46
Coupang, Inc.	39.5	–0.21
Microsoft Corporation	3,133.8	–0.13
Adyen N.V.	46.1	–0.13

MercadoLibre, Inc. is the leading e-commerce marketplace across Latin America. Shares declined 17.1% in the quarter (although finished the year up 8.2%) as the company reported weaker-than-expected operating margins, driving a reduction in near-term earnings expectations. The margin contraction was driven by growth in the credit portfolio (with loan loss provisions accounted ahead of revenue recognition), temporary accounting changes, accruals for long-term incentive plans, and investments to expand the company's distribution network. We see these as temporary and necessary to expand MercadoLibre's competitive advantages relative to peers, supporting its growth runway. MercadoLibre is investing in the

4 https://quotefancy.com/quote/765433/Alexander-Graham-Bell-One-day-there-will-be-a-telephone-in-every-major-city-in-the-USA
5 https://www.washingtonpost.com/business/2023/06/23/landline-telephone-holdouts/

business, which sacrifices near-term profitability but is the correct strategic decision, in our view. Apart from the margin miss, financial results were strong, with 35% year-on-year revenue growth (+103% in constant currency), 28% growth in items sold, and 34% growth in total payments volume (+73% in constant currency). We retain conviction in MercadoLibre as an attractive long-term growth story tied to the secular growth of e-commerce and the penetration of financial services across Latin America.

ASML Holding N.V. is a Dutch company that designs and manufactures photolithography equipment for semiconductor manufacturing. While ASML is the leader across all types of lithography, most importantly, it is the only manufacturer of extreme ultra-violet lithography tools, which are critical for the manufacturing of leading-edge chips. Shares fell 16.6% during the fourth quarter (finishing the year down 7.7%) on reduced guidance for 2025 as well as growing investor concerns about the potential impact of U.S. government restrictions on Chinese demand and the possibility of peaking lithography intensity. Despite near-term noise, we believe that the growing demand for chips in general and AI chips in particular will continue to support long-term growth for the wafer fab equipment industry with ASML's competitive positioning remaining unassailable. While lithography as a percentage of capital expenditure may decrease from current levels, the chip layer count requiring lithography will continue to increase, in our view, as chips continue to become more complex. As a monopoly on critical lithography tools supporting an industry with growing demand fueled by the proliferation of AI, we see strong long-term upside for ASML.

Shares of **Coupang, Inc.**, Korea's largest e-commerce platform, corrected 10.5% in the fourth quarter (even though they finished 2024 up 33.9%). While the company delivered solid quarterly results with 27% year-on-year revenue growth with Farfetch and other initiative losses narrowing significantly, its product commerce EBITDA margin missed expectations due to a temporarily elevated spending on technology and automation. Sluggish domestic consumption in Korea, with the e-commerce market experiencing flattish to negative growth, and political uncertainty stemming from President Yoon's declaration of martial law and subsequent impeachment, further weighed on the stock. Despite these short-term challenges, we maintain a positive outlook on Coupang's long-term market share expansion and margin growth trajectory, and view Coupang as one of the most competitively advantaged e-commerce businesses globally, with significant runway for both revenue and earnings growth.

Portfolio Structure

The Fund is constructed on a bottom-up basis with the quality of ideas and conviction level 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 December 31, 2024, our top 10 holdings represented 58.8% and our top 20 represented 84.4% of the Fund's net assets, respectively. This compares to weightings of 59.4% and 86.9%, respectively at the end of 2023. We finished the year with 33 investments. IT, Consumer Discretionary, Communication Services, Health Care, and Financials made up 97.9% of net assets. The remaining 2.1% was made up of **GM Cruise** and **SpaceX**, two of our three private investments classified as Industrials (the third one is **X.AI** which is included in IT), and cash.

The Fund's turnover was 26.8% in 2024, compared to an average turnover of 22.9% over the last three years, and 20.4% average turnover over the last five years.

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

	Quarter End Market Cap ($ billions)	Quarter End Investment Value ($ millions)	Percent of Net Assets (%)
NVIDIA Corporation	3,288.8	71.8	9.9
Amazon.com, Inc.	2,306.9	63.1	8.7
Meta Platforms, Inc.	1,478.6	53.2	7.3
Shopify Inc.	137.6	50.1	6.9
ServiceNow, Inc.	218.4	38.8	5.4
Intuitive Surgical, Inc.	185.9	36.3	5.0
Tesla, Inc.	1,296.4	32.5	4.5
Microsoft Corporation	3,133.8	28.9	4.0
Cloudflare, Inc.	37.1	26.0	3.6
The Trade Desk	58.0	25.4	3.5

Recent Activity

During the fourth quarter, we invested in Elon Musk's AI company, **X.AI**. We bought back shares in the autonomous and assisted driving solutions provider, **Mobileye**, and added to nine existing positions including the leading cloud networking and cybersecurity platform, **Cloudflare**, the developer platform, **GitLab**, the owner of Google and Waymo, **Alphabet**, the leading next-generation sequencing platform, **Illumina**, and the leading semiconductor manufacturer, **Taiwan Semiconductor**. We trimmed our positions in **Trade Desk**, **NVIDIA**, and **Intuitive Surgical**, to what we felt were more appropriate levels given the strong recent performance in their shares.

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

	Quarter End Market Cap ($ billions)	Net Amount Purchased ($ millions)
Mobileye Global Inc.	16.2	7.0
Cloudflare, Inc.	37.1	6.9
GitLab Inc.	9.1	4.5
Alphabet Inc.	2,324.0	3.9
X.AI Corp.	45.1	3.5

During the fourth quarter we invested in Series C of **X.AI Corp**. Founded by Elon Musk to focus on the development and implementation of AI, the company's modest stated goal is *"to understand the true nature of the universe."*. To put it simply: we would not have invested had it been anyone else! But since we did…

X.AI's growth potential is underpinned by increasing demand for credible AI solutions and continuous product improvements. We believe the company will have an opportunity to revolutionize large and broad sectors of the AI market. In a short period since its inception, X.AI launched its first AI model and product, Grok and its successor Grok 2, which demonstrated impressive results compared to more established models. This early success, coupled with the ongoing development of the next version, Grok 3, showcased X.AI's ability to drive rapid innovation cycles. The company's leadership is a significant asset. Elon'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, Elon has demonstrated unique abilities as a leader who can drive incredible innovation in complex environments. The founding team also includes key figures from OpenAI, Google's DeepMind, Tesla, Microsoft, and Meta, bringing extensive and relevant experience. Beyond its team, X.AI's competitive advantages include data access, computation power, and ability to execute complex engineering challenges with its recently built 100,000 GPU cluster (appropriately named Colossus), software and hardware integration, and distribution opportunities. X.AI has access to X.com's unique data, representing one of the largest growing repositories of real time, multimodal, diverse, human to human interaction data sets available in the world today. There are 600 million active monthly users on X.com who spend 100 million hours and watch over 8 billion videos daily on the platform.

On the computational front, X.AI deployed one of the largest and densest compute clusters in the world, featuring 100,000 GPUs, in only 122 days and started running workloads just 19 days after the first servers were delivered. According to NVIDIA's CEO, Jensen Huang, this was *"super-human… there's only 1 person in the world who can do this and that's Elon."*[6]. These dense compute clusters, though complex, can drive significant improvements in compute utilization and drive cost efficiencies. X.AI plans to follow this by building additional large data centers with a goal to deploy 300,000 even more powerful 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. The integration of hardware and software expertise provides a unique advantage in the AI space, where computational efficiency is crucial.

Distribution opportunities for X.AI are also substantial. 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 are still relatively early days for AI, we are really excited about the disruptive potential and value creation opportunities that lie ahead. X.AI's focused strategy, formidable talent, and innovative approach position it as a significant player in shaping the future of AI. As AI continues to reshape industries and create new market opportunities, X.AI can benefit substantially in the coming years and decades.

During the quarter, we also bought back our shares in **Mobileye Global Inc.**, a leading provider of advanced driver-assistance systems (ADAS) and autonomous driving technologies for the automotive industry. Last year was a particularly challenging year for the company, as it was impacted by cyclical headwinds due to inventory build-up as well as market share losses in China. We believe the company is making progress in its advanced solution portfolio. We were encouraged that the Volkswagen Group signed contracts for 18 different models across brands such as Audi, Bentley, Lamborghini, and Porsche. We maintain our belief that the autonomous vehicle market is substantial and strategically important. Despite recent challenges, we believe that Mobileye can be a key supplier as the market matures and the undemanding valuation creates an attractive risk/reward for long-term investors.

We took advantage of recent inflows to add to several of our existing holdings, in which our relative conviction level and attractive valuations warranted an increase in position sizes. Our largest addition was **Cloudflare, Inc.**, which offers enhanced security and performance for websites, apps, and software as a service. The company continues reporting solid quarterly results with 28% year-on-year revenue growth and 14.8% non-GAAP operating margins, which increased 210bps year-on-year. A double-digit year-on-year increase in sales productivity has started to benefit EMEA and APAC growth rates. Customer additions were also robust and remaining performance obligations were well ahead of expectations, up 39%. In addition, the company announced the hiring of CJ Desai as President of Product & Engineering, a well-regarded executive that helped build ServiceNow into one of the best software businesses of all time – and a large position in the portfolio. Our relative conviction in Cloudflare warranted adding to our position, given the company's visionary management team, and stacking S curves or markets that it can address with its platform as it helps companies modernize their networking infrastructure.

We added to our position in **GitLab Inc.**, a leading software development platform. The company continues to perform well with revenue growth of 31% year-on-year while non-GAAP operating margins were up 1,100bps to 13%. While some analysts suggested that GitLab as a laggard in AI, we believe the company is well positioned due to its unique end-to-end platform which gives it a data advantage, enabling agentic AI. Lastly, we also increased several of our other existing positions including **Alphabet Inc.**, as we still believe the market underappreciates the company's positioning in AI – as could be seen for example with the rapid progress it has been making in both LLMs and physical AI (through Waymo); and the next-generation sequencing platform **Illumina, Inc.** – as we believe the company remains well positioned to benefit from the growing adoption of DNA sequencing as still less than 1% of people had their DNA sequenced. We also believe that as the adoption of the most recent technology matures over the next several years, growth rates which are currently masked (due to the lower price of the new technology), will become more evident. Lastly, we added to our investment in **Taiwan Semiconductor Manufacturing Company Limited**, the leading semiconductor manufacturer, as we believe it will continue to benefit from the company's long duration of growth ahead as a critical enabler of semiconductors for AI.

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

	Quarter End Market Cap ($ billions)	Net Amount Sold ($ millions)
The Trade Desk	58.0	5.7
NVIDIA Corporation	3,288.8	3.9
Intuitive Surgical, Inc.	185.9	2.7

Outlook

We are excited about what is to come!

No, we are not talking about further interest rate cuts, deregulation, improved efficiency and productivity, increased M&A activity, and a more benign geopolitical background – things that are reasonably likely to happen that could provide a nice tailwind for the market and our stocks. No one

[6] https://www.youtube.com/watch?v=bUrCR4jQQg8&pp=ygUVamVuc2VuIG9uIGJnMiBwb2RjYXN0

gifted us a crystal ball this holiday season and even if we had one, we would not know how to use it. We do not know what is priced in or how the market would react to the events in the short term as they unfold. After a blockbuster two-year run with the Fund gaining 117.1% curbing our enthusiasm would seem to be in order. U.S. large-cap growth stocks are not cheap. The prospective returns are always negatively correlated to the recent ones and some normalization or mean reversion is possible. But truthfully – *we have no idea*.

As our crystal ball metaphor was meant to illustrate, short-term market moves, as measured by quarters or even years, are impossible to forecast. We know we have no edge there (we are not sure anyone really does) and so we do not even try. However, when it comes to longer-term trends… we know something about taking advantage of that, and we are really excited about what we think is to come.

We are in the early stages of one of the biggest disruptive changes we have witnessed in our careers and perhaps in all human history. Invoking pattern recognition once again, this reminds us of the early 90's with the internet. Jeff Bezos, whose company was arguably at the epicenter of that transformation, recently remarked that *"This is most like electricity. There was electricity, then compute, and now AI. These horizontal layers, they go everywhere. I guarantee there is not a single application that you can think of, that is not going to be made better by AI*[7]*."* Elon Musk, no stranger to disruptive change himself, recently said that *"Probability that AI exceeds the intelligence of all humans combined by 2030 is about 100%."*[8] *Tobi Lutke, the CEO and Founder of Shopify said in a recent podcast that even if AI development completely stopped today "there's probably $10 trillion of value for industry that can be pulled out of just that over the next ten years."*[9] *Jensen Huang, NVIDIA's Co-Founder and CEO, commented during his 2025 CES keynote*[10] *that "AI agents will drive a multi-trillion dollar industry and transform how people work."*

We own a portfolio of great businesses that we expect will create and realize a lot of value from this disruptive change over long periods of time.

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

[7] https://medium.com/said-differently/jeff-bezos-nails-the-ai-story-5a2ebb86a0e5#:~:text=This%20is%20most%20like%20electricity,be%20made%20better%20by%20AI.

[8] https://x.com/elonmusk/status/1871083864111919134?ref_src=twsrc%5Etfw%7Ctwcamp%5Etweetembed%7Ctwterm%5E1871083864111919134%7Ctwgr%5E495a1e92e9aa11543a659ec927de237b53e1c346%7Ctwcon%5Es1_&ref_url=https%3A%2F%2Fgagadget.com%2Fen%2F555224-ilon-musk-predicted-when-artificial-intelligence-will-surpass-the-intelligence-of-all-of-humanity%2F

[9] https://joincolossus.com/episode/building-islands-of-innovation/

[10] https://www.youtube.com/watch?v=k82RwXqZHY8&t=3911s

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. **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. **Enterprise value (EV)** is a measure of a company's total value, often used as a more comprehensive alternative to equity market capitalization. EV includes in its calculation the market capitalization of a company but also short-term and long-term debt as well as any cash on the company's balance sheet.

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

Baron Focused Growth Fund

Dear Baron Focused Growth Fund Shareholder:

Performance

Baron Focused Growth Fund® (the Fund) continued to generate strong absolute and relative performance in the fourth quarter, increasing 14.49% (Institutional Shares) compared to the Russell 2500 Growth Index (the Benchmark), which appreciated 2.43%. The Fund had strong performance across the board as Trump's election win led investors to believe there could be less regulation of companies and Trump's pro-business mantra could have a significant impact in accelerating the earnings growth rates for many of our investments. This combined with the expectation for the Federal Reserve (the Fed) to continue to lower interest rates over the next year led to gains across the portfolio. Performance was led by 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 **Tesla, Inc.**, **Shopify Inc.**, and **Spotify Technology S.A.**

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

	Baron Focused Growth Fund Retail Shares[1,2,3]	Baron Focused Growth Fund Institutional Shares[1,2,3,4]	Russell 2500 Growth Index[2]	Russell 3000 Index[2]
Three Months[5]	14.42%	14.49%	2.43%	2.63%
One Year	29.52%	29.85%	13.90%	23.81%
Three Years	5.77%	6.04%	(0.02)%	8.01%
Five Years	25.59%	25.91%	8.08%	13.86%
Ten Years	18.00%	18.30%	9.45%	12.55%
Fifteen Years	16.30%	16.59%	12.00%	13.56%
Since Conversion (June 30, 2008)	13.94%	14.21%	10.14%	11.58%
Since Inception (May 31, 1996)	13.73%	13.89%	8.24%	9.79%

DAVID BARON
CO-PRESIDENT AND
PORTFOLIO MANAGER

RONALD BARON
CEO AND
PORTFOLIO MANAGER

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

For calendar year 2024, the Fund outperformed the Benchmark by 15.95%, increasing 29.85% while the Benchmark increased 13.90%. This strength was led by our well-financed, high-growth companies that continue to take share of large market opportunities and invest their capital at high rates of return. Examples of these companies include **Tesla, Inc.**, **Space Exploration Technologies Corp.** (SpaceX), **Spotify Technology S.A.**, and **Shopify Inc.** However, even subtracting the strong performance of Tesla and SpaceX, the Fund still outperformed the Benchmark by 447 bps in 2024.

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, 2035, 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 U.S. companies representing approximately 98% of the investable U.S. equity market, as of the most recent reconstitution. All rights in the FTSE Russell Index (the "Index") vest in the relevant LSE Group company which owns the Index. Russell® is a trademark of the relevant LSE Group company and is used by any other LSE Group company under license. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. The Fund includes reinvestment of dividends, net of withholding taxes, while the Russell 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. The Institutional Shares do not have a distribution fee. If the annual returns for the Institutional Shares prior to May 29, 2009, did not reflect this fee, the returns would be higher.

5 Not annualized.

BARON FUNDS® 1987

Our **Financials** investments were also strong during the year. This is despite the expectation for lower future interest rates as our investments in this category, such as **Interactive Brokers Group, Inc.**, **Jefferies Financial Group Inc.**, and **Arch Capital Group Ltd.**, benefitted from increases in business activity and consumer confidence. Interactive Brokers benefited from a continued acceleration in new client growth and trading revenue, while Arch saw continued growth in insurance premiums written and higher pricing due to strong demand for its property and casualty insurance. Jefferies saw business activity accelerate with client engagement remaining strong.

Our **Core Growth** investments that have strong, recurring revenue with significant pricing power while maintaining high customer retention rates such as **Guidewire Software, Inc.** and **Verisk Analytics, Inc.**, as well as our **Real/Irreplaceable Assets** investments such as **Hyatt Hotels Corporation** and **Choice Hotels International, Inc.** also contributed to outstanding performance for the year.

Our portfolio investments had a strong year despite continued macroeconomic concerns of a slowdown in consumer spending and capital investments due to higher interest rates and stubbornly high inflation. These businesses have yet to experience changes in their customer demographics or spending levels. While inflation has impacted company operating expenses, including labor, insurance, and utilities, most of our portfolio companies have been able to offset these cost increases with higher prices without impacting demand. This has led to stable margins and cash flow for businesses held in the Fund, which when combined with some of the strongest balance sheets in their respective industries, has created a less volatile portfolio and generated strong risk-adjusted returns for our shareholders.

The 2024 stock price gains mentioned above were slightly offset by underperformance in our more economic-sensitive stocks, including **Krispy Kreme, Inc.**, **Red Rock Resorts, Inc.**, and **Vail Resorts, Inc.** These businesses were negatively impacted by an increase in investments across their business which penalized company margins as well as concerns that their pricing power would be eroded by a decline in inflation. However, we believe as interest rates continue to decline, business activity for these companies should accelerate. This should not only increase earnings growth rates but also the stock multiples, creating significant portfolio returns. We continue to believe these businesses have strong competitive advantages with underpenetrated growth opportunities ahead of them and robust balance sheets to fund their growth. We believe valuations are attractive at current levels and continue to see an acceleration in insider buying activity, a key pillar that gives us stronger confidence in our investment theses for these companies and expected stock returns over time.

In the near term, we continue to believe that inflation will remain at or below the 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 Fund has continued to generate strong returns with less than market risk. Over the trailing 3, 5, and 10 years, the Fund has captured 90%, 128%, and 113%, respectively, of the upside when the market increased. When markets declined, the Fund lost less with 72%, 81%, and 82% downside capture, respectively. As a result, the Fund's Sharpe ratio, a measure of risk-adjusted return, was significantly 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, as shown in the table below, the Fund has outperformed its Benchmark for all respective periods including since its inception on May 31, 1996. **Since its inception as a private partnership over 28 years ago, the Fund has increased 13.89% annually. This compares to an 8.24% annualized return for the Benchmark and a 9.79% annualized return for the Russell 3000 Index that measures the performance of the largest 3,000 U.S. companies.**

The Fund's outperformance in the fourth quarter was due to our Disruptive Growth investments. These businesses represented 42.9% of the Fund's net assets and gained 36.0%, adding 13.29% to performance in the quarter.

Tesla increased 54.4% in the quarter, adding 508 bps to performance. Tesla 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, and management indicated they expected a further acceleration in 2025 as they release new lower-cost models. We continue to believe lower interest rates should help sell more cars and halt the company's continuous lowering of prices. In addition, the company's energy storage business continues to grow and increased a strong 60% on a sequential basis. In time, we believe the energy storage business should add significantly to revenue and gross margins and help offset any margin degradation from its automotive business. Tesla continues to generate sufficient gross profit to support a robust product development plan. The refreshed Models 3 and Y continue to generate strong demand with improving unit-level economics and we see further growth coming from newer models that are expected to be introduced in early 2025. 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; auto bidder, an automated energy trading platform; the Optimus, a human-like robot; and energy storage, we believe also provide opportunity. We continue to believe Tesla is well positioned for further growth given its strong balance sheet with substantial cash and strong annual cash generation, which should accelerate over the coming years.

Spotify increased 21.4% in the quarter and helped performance by 136 bps. The company continues to improve its platform by 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 the business.

The Fund's Financials investments also contributed to performance.

Interactive Brokers, a global automated electronic broker, increased 26.9% in the quarter and helped performance by 139 bps. The company continues to gain market share due to its strong automation and ability to operate in international markets with little competition. This is allowing the company to continue to grow its new accounts, which have accelerated recently as they have now added more than a million customers over the past 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 platform 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 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 and paying its customers attractive yields on their uninvested cash balances. More than 80% of Interactive Brokers' clients are non-U.S. citizens, and more than 80% of their investments are in U.S. stocks. The company has little direct competition serving this clientele. Interactive Brokers continues to hire software and computer engineers with a focus on automating many of the processes that competitors rely on employees to perform. With its low-priced offerings and leading range of capabilities, we believe Interactive Brokers is well positioned to continue its rapid pace of account growth from just over 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 over time.

The outperformance described above was partially offset by smaller than Benchmark gains in our investments that are more susceptible to a slowdown in the macroeconomic environment and penalized by high interest rates. These stocks include **FIGS, Inc.** and Red Rock as described below in the "Top detractors" section. However, we believe these businesses can continue to grow and in fact accelerate from current levels in a declining interest rate environment because they both have strong retention of customers who should have an increase in disposable income as inflation and interest rates continue to decline.

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

	Percent of Net Assets (%)	Total Return (%)	Contribution to Return (%)
Disruptive Growth	**42.9**	**36.02**	**13.29**
X.AI Corp.	1.7	80.87	1.09
Space Exploration Technologies Corp.	11.4	65.18	4.62
Tesla, Inc.	11.7	54.36	5.08
Shopify Inc.	3.4	32.68	1.10
Spotify Technology S.A.	5.5	21.40	1.36
On Holding AG	4.0	9.21	0.44
ANSYS, Inc.	1.6	5.91	0.14
Iridium Communications Inc.	1.1	–4.33	–0.06
FIGS, Inc.	2.5	–9.64	–0.47
Financials	**15.6**	**5.34**	**1.14**
Jefferies Financial Group Inc.	0.9	27.98	0.27
Interactive Brokers Group, Inc.	4.5	26.94	1.39
FactSet Research Systems Inc.	2.8	4.67	0.19
MSCI Inc.	3.3	3.22	0.11
Arch Capital Group Ltd.	3.9	–13.19	–0.83
Real/Irreplaceable Assets	**18.3**	**2.46**	**0.66**
Vail Resorts, Inc.	4.6	10.22	0.50
Choice Hotels International, Inc.	2.7	9.20	0.37
Douglas Emmett, Inc.	1.3	6.73	0.13
Airbnb, Inc.	0.8	3.63	0.06
Hyatt Hotels Corporation	4.1	3.21	0.14
Las Vegas Sands Corporation	1.0	2.42	0.04
American Homes 4 Rent	0.4	–1.85	–0.01
Red Rock Resorts, Inc.	3.5	–14.83	–0.57
Russell 2500 Growth Index		**2.43**	
Core Growth	**20.9**	**–1.48**	**–0.34**
Birkenstock Holding plc	2.5	15.09	0.31
Verisk Analytics, Inc.	2.1	2.93	0.12
Illumina, Inc.	1.7	2.47	0.14
CoStar Group, Inc.	3.5	–5.03	–0.20
Live Nation Entertainment, Inc.	1.2	–6.45	–0.06
Krispy Kreme, Inc.	2.2	–7.24	–0.11
Guidewire Software, Inc.	4.2	–7.85	–0.27
IDEXX Laboratories, Inc.	3.5	–18.72	–0.27
Cash and Cash Equivalents	**2.3**	**–**	**0.02**
Fees	**–**	**–0.29**	**–0.29**
Total	**100.0***	**14.48****	**14.48****

* *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 December 31, 2024

	Year Acquired	Market Cap When Acquired ($ billions)	Quarter End Market Cap ($ billions)	Total Return (%)	Contribution to Return (%)
Tesla, Inc.	2014	31.2	1,296.4	54.36	5.08
Space Exploration Technologies Corp.	2017	21.6	349.1	65.18	4.62
Interactive Brokers Group, Inc.	2023	33.8	75.2	26.94	1.39
Spotify Technology S.A.	2020	45.4	89.8	21.40	1.36
Shopify Inc.	2022	43.9	137.6	32.68	1.10

Tesla, Inc. designs, manufactures, and sells electric vehicles, related software and components, and solar and energy storage products. Shares rose on growth in the energy segment, the promise of new model launches in 2025, and increasing investor confidence in Tesla's AI initiatives. Despite macroeconomic challenges, delivery data in major markets like China have shown considerable improvement. The energy and automotive segments demonstrated stronger-than-expected profitability. Tesla also expanded its advanced computing center in Texas, released an improved version of its software-enhanced driving solution, and is set to launch new mass market vehicles years after the initial rollouts of Models 3 and Y. Expectations of deregulation under the incoming administration point to the potential acceleration of new technology rollouts, which could enhance Tesla's leadership position in real world AI and bolster investor confidence that Tesla will benefit from these large and attractive growth opportunities.

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 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. 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.

Interactive Brokers Group, Inc. is a leading online brokerage house that serves customers in over 200 countries. Positive returns during the quarter reflected strong fundamental performance, including year-over-year growth of 30% in accounts, 33% in client assets, and 45% in margin loans. These increases were driven largely by Interactive Brokers' strength in international markets, as non-U.S. investors looked to access U.S. markets and equities, which largely outperformed their global peers in 2024. The company also participated in the broader rally of financial stocks following the Republican elections sweep. Expectations of heightened capital markets activity, a more pro-business regulator, and the potential for increasing market volatility all bode well for the company's volumes, account growth, and earnings. We believe Interactive Brokers has a compelling long-term growth path and remain investors.

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

	Year Acquired	Market Cap When Acquired ($ billions)	Quarter End Market Cap ($ billions)	Total Return (%)	Contribution to Return (%)
Arch Capital Group Ltd.	2003	0.9	34.7	−13.19	−0.83
Red Rock Resorts, Inc.	2017	2.6	4.9	−14.83	−0.57
FIGS, Inc.	2022	1.5	1.1	−9.64	−0.47
IDEXX Laboratories, Inc.	2022	36.5	33.9	−18.72	−0.27
Guidewire Software, Inc.	2013	2.7	14.1	−7.85	−0.27

Shares of specialty insurer **Arch Capital Group Ltd.** fell due to concerns about a cyclical slowdown following several years of favorable market conditions. The Street has forecast a decline in property catastrophe reinsurance pricing during the January 1 renewal period, defying earlier hopes for stable pricing. Despite solid third quarter earnings, underwriting margins worsened due to a recent acquisition, business mix shifts, and normal quarterly volatility. Additionally, shares were pressured by an unexpected CEO transition. We continue to own the stock due to Arch's strong management team and our expectation of significant growth in earnings and book value.

Red Rock Resorts, Inc. is a casino owner focused on the Las Vegas Locals market. Shares fell on a slowdown in the market and cannibalization by its new Durango casino, which has had a larger-than-expected impact on its other casinos. We remain shareholders. The Durango casino continued to attract more visitors and is already generating 20% returns on invested capital. Red Rock is using the cash flow to add parking, hotel rooms, and an expansion of the casino and is also looking to renovate some older casinos with an eye toward an expected market rebound over the next few years. The Las Vegas population is growing at a low single-digit rate, which, when combined with inflationary pricing and recent renovations, should lead to high single-digit growth in EBITDA. Management has been buying stock at current levels, suggesting the stock is attractively valued.

FIGS, Inc. designs and sells scrub wear to health care professionals using a digitally native direct-to-consumer (DTC) strategy. Shares declined following disappointing quarterly results, including a drop in revenue of 1.5% versus Street expectations of slight growth. Management attributed the soft revenue results to specific delays, out of stocks in popular footwear styles, and changes in the marketing calendar. Margins also missed expectations due, in part, to expenses associated with the transition to a new distribution facility. We retain long-term conviction that the company will consolidate the health care apparel industry through its DTC offering and superior product quality. We also believe margins will improve as FIGS laps one-time expenses from an earlier Olympics marketing campaign and the new distribution center.

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 December 31, 2024, the Fund owned 30 investments. The Fund's average portfolio turnover for the past three years was 11.35%. This means the Fund has an average holding period for its investments of nearly nine years. This compares to the average mid-cap growth mutual fund that typically turns over its entire portfolio every 16 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, the Fund is heavily weighted to Consumer Discretionary businesses with 39.5% of net assets in this sector versus 14.1% for the Benchmark. The Fund has no exposure to Energy, Materials, Consumer Staples, 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 10.7% total exposure to these sectors. The Fund also has lower exposure to Health Care stocks at 5.1% for the Fund versus 20.6% 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 **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 December 31, 2024

	Percent of Net Assets (%)	Year Acquired	Cumulative Return Since Date Acquired (%)
Tesla, Inc.	11.7	2014	2,319.1
Space Exploration Technologies Corp.	11.4	2017	1,237.8
Spotify Technology S.A.	5.5	2020	87.0
On Holding AG	4.0	2023	71.7
Shopify Inc.	3.4	2022	205.5
FIGS, Inc.	2.5	2022	–32.4
X.AI Corp.	1.7	2024	80.9
ANSYS, Inc.	1.6	2022	38.5
Iridium Communications Inc.	1.1	2014	339.1

Disruptive Growth firms accounted for 42.9% 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 December 31, 2024

	Percent of Net Assets (%)	Year Acquired	Cumulative Return Since Date Acquired (%)
Guidewire Software, Inc.	4.2	2013	264.7
CoStar Group, Inc.	3.5	2014	234.5
IDEXX Laboratories, Inc.	3.5	2022	–6.3
Birkenstock Holding plc	2.5	2023	40.9
Krispy Kreme, Inc.	2.2	2021	–27.6
Verisk Analytics, Inc.	2.1	2022	61.4
Illumina, Inc.	1.7	2023	17.6
Live Nation Entertainment, Inc.	1.2	2024	–7.7

Core Growth investments, steady growers that continually invest in their businesses for growth and return excess free cash flow to shareholders, represented 20.9% of net assets. An example is **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 December 31, 2024

	Percent of Net Assets (%)	Year Acquired	Cumulative Return Since Date Acquired (%)
Vail Resorts, Inc.	4.6	2013	293.7
Hyatt Hotels Corporation	4.1	2009	476.8
Red Rock Resorts, Inc.	3.5	2017	159.2
Choice Hotels International, Inc.	2.7	2010	612.8
Douglas Emmett, Inc.	1.3	2022	30.6
Las Vegas Sands Corporation	1.0	2023	15.3
Airbnb, Inc.	0.8	2024	14.6
American Homes 4 Rent	0.4	2018	99.3

Companies that own what we believe are **Real/Irreplaceable Assets** represented 18.3% 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 December 31, 2024

	Percent of Net Assets (%)	Year Acquired	Cumulative Return Since Date Acquired (%)
Interactive Brokers Group, Inc.	4.5	2023	123.1
Arch Capital Group Ltd.	3.9	2003	2,567.1
MSCI Inc.	3.3	2021	–5.2
FactSet Research Systems Inc.	2.8	2008	1,017.0
Jefferies Financial Group Inc.	0.9	2023	168.5

Financials investments accounted for 15.6% 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 December 31, 2024, the Fund's top 10 holdings represented 57.4% 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, **Tesla, Inc.**, **Space Exploration Technologies Corp.**, **Spotify Technology S.A.**, **Vail Resorts, Inc.**, and **Interactive Brokers Group, Inc.** 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 December 31, 2024

	Year Acquired	Market Cap When Acquired ($ billions)	Quarter End Market Cap ($ billions)	Quarter End Investment Value ($ millions)	Percent of Net Assets (%)
Tesla, Inc.	2014	31.2	1,296.4	248.4	11.7
Space Exploration Technologies Corp.	2017	21.6	349.1	240.5	11.4
Spotify Technology S.A.	2020	45.4	89.8	117.2	5.5
Vail Resorts, Inc.	2013	2.3	7.0	96.3	4.6
Interactive Brokers Group, Inc.	2023	33.8	75.2	95.4	4.5
Guidewire Software, Inc.	2013	2.7	14.1	88.7	4.2
Hyatt Hotels Corporation	2009	4.2	14.8	85.8	4.1
On Holding AG	2023	10.1	17.7	84.1	4.0
Arch Capital Group Ltd.	2003	0.9	34.7	83.1	3.9
CoStar Group, Inc.	2014	6.2	29.3	74.2	3.5

Recent Activity

In the fourth quarter, we initiated a new position in **Live Nation Entertainment, Inc.**, the leader in the management and operation of live concerts at their owned and third-party venues. They are a leader in concert venue operations, tour promotions, event ticketing through Ticketmaster, and the selling of sponsorships and advertising on their website and owned venues. Live Nation's dominant share in ticketing and unmatched scale in concert promotions are key competitive advantages for them and give them the ability to monetize tours through ticketing, sponsorships, and high-margin food and beverage at their owned and operated venues. Concerts and live events are a secular growing business that we believe should grow at a high single-digit rate for the company as the industry grows and they take share. We believe the company has an opportunity to significantly increase pricing or add new supply given the continued consumer preference for experiences over goods and the scarce nature of these events. The company has an incredible brand, and benefits in both upcycles with strong demand, and downcycles through an increase in supply as touring is a significant part of artists' incomes. Despite concerns about slower consumer spending growth from peak levels, the company continues to grow at a double-digit rate in revenue despite consumer worries and is now leaning in with increased marketing to grow internationally where it remains underpenetrated. The company is still generating strong cash flow with a robust balance sheet to fund venue renovations where it expects to generate 20% returns on capital. John Malone of Liberty Media still owns 30% of the business with the CEO owning a significant portion of his net worth in the stock. We believe valuation remains attractive at current levels given the double-digit growth we expect in both revenue and earnings over the coming years.

In the fourth quarter, we also increased our position in **IDEXX Laboratories, Inc.**, as we believed the stock was trading at an attractive valuation and should see accelerated growth in the years ahead. We increased our position in IDEXX as the stock declined in the quarter due to continued slow foot traffic at its veterinary clinics. However, we believe the pandemic pet boom will create an age wave of pets that will require significantly more diagnostic testing. We believe this combined with an inevitable improvement in foot traffic over time driven by the introduction of new tools and tests should drive double-digit sales growth and mid-teens to 20% EPS growth over the coming years. We still believe the company has significant pricing power given its industry position, which should enable the company to generate strong free cash flow. The company has recently accelerated its share repurchase activity, a sign that gives us further confidence in our investment thesis.

Outlook

We believe the shares of many of our portfolio investments continue to be attractively priced and believe earnings growth could accelerate this year for many of our companies. This should lead to not only earnings growth but also multiple expansion which we believe will provide attractive stock returns for our investors. 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 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 the 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. **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.

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

Dear Baron International Growth Fund Shareholder:

Performance

Baron International Growth Fund® (the Fund) declined 5.90% (Institutional Shares) during the final quarter of 2024, while its primary benchmark, the MSCI ACWI ex USA Index (the Benchmark), retreated 7.60%. The MSCI ACWI ex USA IMI Growth Index (the Proxy Benchmark) lost 7.79% for the quarter. The Fund outperformed both the Benchmark and the Proxy Benchmark during a difficult quarter for non-U.S. equity returns. For the full year 2024, The Fund gained 4.35%, modestly trailing the Benchmark and the Proxy Benchmark, which were up 5.53% and 4.81%, respectively, in the period. While we view our full-year results as respectable though not inspiring, we were pleased that a solid second half of outperformance may mark a longer-term inflection point for all-cap international growth strategies after an extended period of underperformance.

The principal catalyst driving global capital markets during the quarter was the U.S. election outcome, with the anticipated financial impact of Donald Trump's campaign initiatives quickly being discounted. Markets anticipate immigration reform, an extension of U.S. tax legislation passed in 2017 with perhaps even lower corporate tax rates, cuts/efficiencies in domestic fiscal spending, and tariffs or other protectionist trade measures that would also reduce the U.S. current account deficit. Much of this policy mix would be dollar positive in the short term, and the dollar abruptly rallied roughly 6% to a two-year high from pre-election into the new year. Unlike 2016 when Trump's victory was unexpected, betting sites were clearly presaging the outcome this time around, and in our view, the market was already pricing in a decent likelihood that Trump's policies would be enacted. Further, Trump's governing style and policy mix were much more of a mystery in late 2016, while in our view, the greater mystery today is whether Trump's policies in a second term will actually live up to what the market has already discounted. Finally, relative multiples on U.S. and non-U.S. equities are very different today than when Trump was first elected, a fact that we believe sets up an attractive contrarian opportunity, particularly for longer-term and patient investors. We believe post-election market momentum may already be overdone, which we detail further in the Outlook section of this letter. We remain optimistic that international equities currently offer an attractive long-term entry point, with valuations and relative earnings expectations reaching fresh multi-decade lows in the aftermath of the U.S. presidential election, amid elevated investor skepticism. While returns on such equities have certainly lagged, we see multiple forward-looking catalysts that should enhance relative earnings growth potential, and as always, we are confident that our diversified portfolio of well-positioned and well-managed bottom-up investments can perform in the years ahead.

MICHAEL KASS

PORTFOLIO MANAGER

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

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

	Baron International Growth Fund Retail Shares[1,2]	Baron International Growth Fund Institutional Shares[1,2,3]	MSCI ACWI ex USA Index[1]	MSCI ACWI ex USA IMI Growth Index[1]
Three Months[4]	(5.94)%	(5.90)%	(7.60)%	(7.79)%
One Year	4.11%	4.35%	5.53%	4.81%
Three Years	(6.77)%	(6.54)%	0.82%	(2.93)%
Five Years	3.01%	3.26%	4.10%	3.47%
Ten Years	5.59%	5.85%	4.80%	5.39%
Fifteen Years	6.31%	6.58%	4.68%	5.39%
Since Inception (December 31, 2008)	8.38%	8.65%	6.67%	7.32%

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, 2035, 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 (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 U.S.) 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 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.

BARON FUNDS® 1987

For 2024, we modestly underperformed both the Benchmark and our all-cap international growth Proxy Benchmark. Broadly, the underperformance was primarily attributable to our exposure to small-cap stocks, with select holdings (**Watches of Switzerland Group PLC**, **AMG Critical Materials N.V.**, **Befesa S.A.**, and **Meyer Burger Technology AG**) experiencing material corrections during the year. From a sector or theme perspective, our underweight positioning together with adverse stock selection effect in the Financials sector, driven by a few positions across multiple themes (**XP Inc.**, **BNP Paribas S.A.**, **B3 S.A. – Brasil, Bolsa, Balcao**, **EQT AB**, and **Bajaj Finance Limited**), was the largest detractor to relative performance for the year. In addition, poor stock selection in the Energy sector, owing largely to a meaningful drawdown in **Waga Energy SA**, a non-traditional energy business that is part of our sustainability/ESG theme, also stood out as a detractor. Last, adverse stock selection effect in the Communication Services sector, relating to investments in our digitization theme (**LY Corporation**, **Universal Music Group N.V.**, and **Baidu, Inc.**) also weighed on relative results. Partially offsetting the above, favorable stock selection across multiple themes within Consumer Discretionary (**Trent Limited**, **Industria de Diseno Textil, S.A.**, **Coupang, Inc.**, and **Fuyao Glass Industry Group Co., Ltd.**) and Health Care (**argenx SE** and **Max Healthcare Institute Limited**) were positive contributors to relative performance during the year.

From a country perspective for calendar year 2024, poor stock selection effect in the U.K., France, Switzerland and Germany, primarily attributable to the above-mentioned small-cap investments, drove the majority of relative underperformance. Partially offsetting the above was our overweight positioning combined with solid stock selection in India, along with favorable stock selection effect in Korea, Taiwan, and the Netherlands. In addition, positive allocation effect in Israel and our active exposure to the U.S. also bolstered relative results. As expressed in past letters, we are excited about the productivity enhancing economic reforms in India that are kickstarting a virtuous investment cycle and positioning the country as the fastest growing large economy in the world this decade. While Korean equities experienced a meaningful correction during the year (Korea down 23.4% in the Benchmark), we are pleased with the strong absolute returns (and relative gains) that were generated by our investments in the country.

For the fourth quarter, we outperformed the Benchmark, as well as our Proxy Benchmark. Favorable stock selection effect within the Health Care sector, principally our biotechnology/diagnostics theme (**argenx SE**, **Zai Lab Limited**, and **Stevanato Group S.p.A.**), and the Information Technology sector, related to various themes (**Wix.com Ltd.**, **Kaynes Technology India Limited**, **CyberArk Software Ltd.**, and **eMemory Technology Inc.**). Our investments in the Consumer Staples and Consumer Discretionary sectors were other key drivers of positive relative performance. Partly offsetting the above was adverse allocation and stock selection effect in the Materials and Financials sectors, primarily driven by some of our best-in-class/high-quality growth investments (**DSM-Firmenich AG**, **Symrise AG**, **Lynas Rare Earths Limited**, and **Arch Capital Group Ltd.**). From a country perspective, solid stock selection effect in Korea, Spain, China, and India was the key contributor to relative performance during the quarter, while adverse stock selection in the U.K. and Germany detracted. We are encouraged by our performance from the relative low in April, and we enter 2025 cautiously optimistic as we believe the portfolio is positioned to continue to recover lost ground.

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

	Contribution to Return (%)
eDreams ODIGEO SA	0.48
Wix.com Ltd.	0.43
argenx SE	0.35
HD Hyundai Heavy Industries Co., Ltd.	0.35
Kaynes Technology India Limited	0.30

Spain-based **eDreams ODIGEO SA** is an online travel agency with a subscription-based savings program (Prime) for flights and hotels. Shares were up during the quarter, reflecting strength with 6.5 million Prime members, inflecting profitability, and reiteration of 2024's financial targets, coupled with a new €50 million share buyback authorization. As Prime matures, we are seeing profitability improve due to lower marketing spend on customer acquisition. The product roadmap should also materially improve the customer value proposition, with the addition of hotels (particularly in Europe's fragmented hotel landscape) and generative AI enhancements (which the team has been working on for years). Given its strong customer acquisition, impressive pipeline of new products, and plans for the attractive hotel market, we retain conviction in eDreams' long-term opportunity.

Wix.com Ltd. provides cloud-based software that helps micro-businesses build and maintain websites. Shares increased on reports that the company surpassed its mid-term 25% target a year ahead of schedule, with free cash flow margins of over 28%, up nearly 13 points year-over-year. Wix is marching steadily toward its goal of 35% free cash flow margins. After years of penalizing near-term profitability through investments in its Partners segment and sales and marketing, Wix is now leveraging its maturing product and leading brand name to acquire incremental users organically while sustaining rapid revenue growth in its Partners segment. Although advancements in AI remain a risk, we believe AI will be a net benefit for Wix. The company's AI offerings, which it has been investing in for five years, are showing promising results with a 13% higher conversion rate. We remain shareholders.

Argenx SE is a biotechnology company best known for developing Vyvgart, the leading FcRn inhibitor for the treatment of autoimmune conditions. Shares increased as Vyvgart continued its launch in generalized myasthenia gravis and got off to a strong start in chronic inflammatory demyelinating polyneuropathy. In addition, argenx recently announced that Vyvgart appears to be efficacious in three subsets of myositis (a group of rare autoimmune conditions that cause muscle inflammation) in a Phase 2 clinical trial and moved the drug into Phase 3. Over time, we expect Vyvgart to demonstrate efficacy in an ever-expanding range of autoantibody-driven autoimmune conditions. We expect Vyvgart to continue to launch well in its existing indications and the addressable market to expand as the drug is developed in additional indications.

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

	Contribution to Return (%)
DSM-Firmenich AG	-0.61
Symrise AG	-0.53
Experian plc	-0.41
Linde plc	-0.35
Arch Capital Group Ltd.	-0.34

DSM-Firmenich AG is a Swiss-Dutch company specializing in chemicals, nutrition, and materials. Shares fell due to concerns about the separation of the animal health and nutrition segment and its valuation. We remain investors. DSM is one of the leading suppliers of essential nutrients (such as vitamins), enzymes, consumer ingredients, and personal care products. We anticipate the valuation will align more closely with that of its pure-play ingredients and flavors and fragrances peers following the planned divestment of its animal health and nutrition segment. We also expect DSM's innovation pipeline – featuring eco-friendly products such as feed additives that reduce cattle methane emissions and algae-based oil that addresses overfishing – to contribute over $1 billion in revenue over time.

Symrise AG is one of the largest manufacturers in the global flavor and fragrance industry, providing flavor and scent inputs for consumer staples products, including packaged food, beverages, and household and personal care. Shares fell on weaker-than-expected full-year guidance for revenue growth and a slowdown in the Fine Fragrance segment. We remain investors. Demand for processed foods and convenience items that use Symrise products is rising in emerging economies. As one of four global companies that dominate the flavor and fragrance industry, we also think Symrise stands to profit from industry consolidation and will continue to gain share from smaller local companies.

Shares of credit bureau **Experian plc** fell due to concerns about a cyclical slowdown in consumer credit activity due to higher interest rates. Despite a drop of 100 basis point in the overnight rate since the Federal Reserve (the Fed) began cutting rates in September, long-term interest rates as represented by the 10-year Treasury yield have risen by 100 basis points, thereby weighing on the outlook for consumer lending. Nevertheless, Experian reported solid half-year financial results with 7% organic growth, and management slightly raising their full-year margin guidance. Over the medium term, management expects organic revenue growth in the high single digits, ongoing margin expansion, and lower capital intensity. We continue to own the stock because of Experian's long runway for growth and formidable competitive advantages.

Portfolio Structure

Table IV.
Top 10 holdings in Developed Countries as of December 31, 2024

	Percent of Net Assets (%)
argenx SE	3.2
Linde plc	2.9
eDreams ODIGEO SA	2.9
Constellation Software Inc.	2.7
Arch Capital Group Ltd.	2.4
Wix.com Ltd.	2.0
Symrise AG	1.9
Experian plc	1.9
Ajinomoto Co., Inc.	1.8
AstraZeneca PLC	1.8

Table V.
Top five holdings in Emerging Countries as of December 31, 2024

	Percent of Net Assets (%)
Taiwan Semiconductor Manufacturing Company Limited	3.6
InPost S.A.	2.4
HD Korea Shipbuilding & Offshore Engineering Co., Ltd.	2.3
Trent Limited	2.0
Full Truck Alliance Co. Ltd.	1.6

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

	Percent of Net Assets (%)
Japan	10.6
Netherlands	7.7
United Kingdom	7.7
France	7.4
Israel	5.1
Canada	4.6
Spain	4.5
United States	4.2
Sweden	1.9
Germany	1.9
Australia	1.4
Ireland	1.3
Switzerland	1.2
Denmark	1.0
Hong Kong	0.9
Italy	0.9

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

	Percent of Net Assets (%)
India	9.8
China	8.5
Korea	5.9
Taiwan	4.2
Poland	3.2
Brazil	1.4
Peru	1.0

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 fourth quarter of 2024, the Fund's median market cap was $20.7 billion. We were invested 70.2% in large- and giant-cap companies, 20.6% in mid-cap companies, and 5.6% in small- and micro-cap companies, as defined by Morningstar, with the remainder in cash.

Recent Activity

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

As part of our global security theme, we initiated positions in **BAE Systems plc** and **TotalEnergies SE**. BAE is a U.K.-based international defense, aerospace, and security company. As one of the world's largest defense contractors, the company supplies a highly diversified range of products and services for air, land, space, and naval forces, as well as advanced electronics, security, and information technology solutions. In our view, BAE is well positioned to benefit from rising global defense spending, particularly in Europe in the aftermath of Russia's invasion of Ukraine, among other geopolitical conflicts. We also expect multi-year growth opportunities to arise in the Indo-Pacific region, supported by technology partnerships in the development of submarine and next generation combat aircraft systems.

TotalEnergies is an integrated energy company that produces and markets fuels, natural gas, and electricity. The conflict in Ukraine highlighted the need to reorient supply chains away from politically risky jurisdictions such as Russia. Higher energy security in the near term requires increased supply of hydrocarbons, particularly of liquefied natural gas (LNG). TotalEnergies is one of the largest and lowest cost producers of LNG, with one of the industry leading project growth pipelines and LNG marketing networks. In addition, the company is making significant investments in integrated power supply chains by building a large portfolio of renewable, and low carbon power projects. We also like the improvements related to shareholder cash returns and growing ESG initiatives. TotalEnergies has set out several goals aligned with the Paris agreement including a 40% reduction in Scope 1 and 2 emissions by 2030 and becoming a net zero business by 2050.

During the quarter, we initiated an investment in **Airbus SE**, a global leader in aerospace & defense. The company's commercial division, along with Boeing, is a leader in commercial aircraft manufacturing, a highly concentrated duopoly market. Airbus has been impacted by post-COVID supply-chain disruptions including reduced availability of engines and labor cost inflation which has resulted in significant delays in new aircraft deliveries and has pressured Airbus' earnings over the past two years. We expect supply chains, particularly for aircraft engines, to normalize in 2025, leading to significant improvement in aircraft deliveries and resulting in better operating margins and free cash flow. We also like Airbus' market share growth opportunity in the narrowbody jet segment, supported by a near decade-long order backlog.

We increased exposure to our sustainability/ESG theme by building a position in **Lundin Mining Corporation**. The company, headquartered in Canada, is a large copper producer enabling the electrification of transportation and growth in renewable power demand. We are bullish on the long-term growth outlook for copper and expect a multi-year deficit driven by structural demand from electrification. Electric vehicles on average require four times the amount of copper compared to internal combustion engine vehicles, while wind/solar power plants use 5 times the amount of copper per megawatt compared to conventional power plants. We admire Lundin's portfolio transition, the copper production growth opportunity, and the recently announced transformational joint venture partnership with BHP to develop Vicuna District copper deposits in Argentina.

Finally, we added to several of our existing positions during the quarter, most notably **WiseTech Global Limited**, **Waga Energy SA**, **JD.com, Inc.**, **Ajinomoto Co., Inc.**, **Pernod Ricard SA**, **ODDITY Tech Ltd.**, and **Tokyo Electron Limited**.

In our endeavor to concentrate our holdings where we have highest conviction in quality and return potential, we exited the Fund's positions in **Endava plc**, **Befesa S.A.**, and **Shenzhen Mindray Bio-Medical Electronics Co., Ltd**. during the quarter.

Outlook

In our third quarter letter, we posited that the combination of a Fed easing cycle, Japanese interest rate normalization, and enhanced stimulus, liquidity, and property/financial sector support in China had likely triggered a bottom in international equity relative performance. While we noted that the upcoming U.S. election presented risks to non-U.S. equities, we cautioned that most of these risks were reasonably well understood and discounted after a multi-year, relative bear market. Not unexpected, and similar to 2016, the immediate reaction to Trump's victory was a strong U.S. dollar rally, while associated investor enthusiasm towards U.S. equities more than reversed prior quarter underperformance and powered U.S. equity relative multiples to multi-decade highs. Unlike 2016, when non-U.S. equities were priced at the long-term median relative earnings multiple prior to Trump's unexpected win, this time international equities were already trading at a 20-year low, with post-election momentum driving emerging market (EM) equities in particular to a record discount notwithstanding the fact that Trump was favored to win by the real-money oddsmakers. As we enter 2025, U.S. equities trade at approximately 1.6 times the multiple of international equities (ex-U.S.), or roughly 21 times forward earnings versus 13 times for international, suggesting to us that the horse of U.S. exceptionalism has already left the barn, and we maintain that there is likely more upside than downside in non-U.S. relative performance looking forward from here.

Taking the 2016 case study a bit further, we note that the U.S. dollar index (DXY) rallied roughly 5% in the immediate aftermath of that election (in a nearly identical pattern to the 6% rally from Nov. 5, 2024 to Jan. 2, 2025), topping in early January and abruptly reversing the entire gain on the way to a 14% decline from the post-election peak by early 2018. In 2017, international equities rallied 27.2%, while EM equities appreciated 37.3%, both far exceeding the 21.8% return of U.S. equities. Given the larger initial discount now, and catalysts noted above, we would not be surprised to see a similar relative scenario unfold in the coming quarters, particularly if the Trump administration prioritizes domestic immigration and taxes over protectionist trade policy and tariffs in the initial months, perhaps over concerns of stoking politically sensitive inflation. Further, potential military/geopolitical de-escalation or evidence that threats of tariffs would be used as negotiating leverage could trigger a dramatic reduction in risk premium, particularly benefitting non-U.S. assets and currencies, while any confirmation of recent press speculation that Trump may temper campaign rhetoric when transitioning to actual governing would also likely spark some mean reversion in relative performance and narrow the current historic premium attributed to U.S. equities.

Moving to fundamentals and earnings outlook, we remain constructive regarding the outlook for improving relative earnings growth in international and EM jurisdictions. First, as we have consistently mentioned in prior communications, most non-U.S. jurisdictions have less concern regarding inflation and are therefore in a position to deliver more monetary easing than the U.S. Fed, particularly if the dollar peaks and reverses as the period following Trump's first victory in 2016. As we have discussed in recent letters, Taiwan, Korea, and even Europe have many strategically important constituents benefitting from the accelerating growth of AI, advanced computing, leading edge semiconductor design/manufacturing, and data center deployment, and we have focused our resources and added exposure here over the past year. Further, while European politics and geopolitics have led to currency pressure and fiscal prudence in recent quarters, the vast majority of our investments are in global facing companies, rather than purely domestic, which materially dilutes such concerns and helps drive global export opportunity. We see a mean reversion in relative multiples in Europe and the U.K. as likely over the medium term. In addition, Europe's global security and defense priorities remain center stage, and we believe spending in these areas will remain elevated.

India, our second-largest country allocation after Japan, continues to ride a wave of productivity and secular growth, and we continue to expect sustainable double-digit earnings gains across the economy, with of course considerably greater potential for the quality leaders and innovators that we own. China, still a top three weight in the Benchmark at year-end, remains challenged by the property sector slowdown and geopolitical shifts, though, as outlined in our previous letter, has recently materially increased stimulus and support efforts, demonstrating a will and commitment to economic growth, consumer confidence, and financial stability, which we believe will eventually result in improving investor perception and declining risk premium. In addition to the extensive support measures outlined in our previous letter, during the fourth quarter several fresh initiatives were announced, including an RMB 10 trillion local government debt swap program, a higher fiscal deficit target for 2025, a doubling of funds for the consumer goods trade-in program, and a civil servant wage hike, alongside quite dovish language suggesting a more accommodative regulatory environment and posture towards the private sector. We maintain our view that the policy pivot last September marks a key inflection point, though we believe leadership is holding back firepower and the makings of an "all-in" signal should the Trump administration launch aggressive trade measures early in the new term.

After India, Korea was the largest source of outperformance for our strategies in 2024 – entirely driven by bottom-up stock selection and in particular our shipbuilding/defense/global security concentration. We remain quite enthusiastic regarding our holdings and, notwithstanding recent political turmoil, we see this jurisdiction as perhaps the most likely out of favor, self-help story within the international asset class. Korea is penalized dearly for a poor corporate governance record, a good portion of which has evolved from misguided policy; a world-leading inheritance tax incents the Chaebol-class to manipulate the value of or restructure their publicly traded holdings, often to the detriment of minority shareholders. Ironically, we see the recent political events, impeachment and likely change in leadership party as a potential positive catalyst, as the liberal-leaning party may actually take the harder line against Chaebol resistance to governance reform. We remain overweight and see very attractive risk/reward for our holdings in this market.

We look forward to what we anticipate will likely be an exciting and volatile year ahead, one that we suspect will offer many intriguing investment opportunities for long-term investors.

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.

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

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

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

Dear Baron Real Estate Fund Shareholder:

Performance

Our 15th Anniversary: We are pleased to report that on Baron Real Estate Fund's® (the Fund) 15th anniversary, the Fund has achieved the #1 real estate ranking for the 15-year period ended December 31, 2024.

According to Morningstar, the Fund has received special recognition for its achievements as follows:

- **#1 real estate fund ranking for each of its 15-, 10-, and 5-year performance periods**
- **Highest 5-Star Morningstar Rating for each of its 10-, 5-, and 3-year performance periods**
- **Highest 5-Star Overall Morningstar Rating™**

Please refer to "Our current top-of-mind thoughts" section in this letter. There, we reflect on the past 15 years and discuss our optimistic expectations for the next 15 years.

For the full year, the Fund increased 12.46% (Institutional Shares), outperforming the MSCI US REIT Index (the REIT Index), which increased 7.49%, and performing similarly to the MSCI USA IMI Extended Real Estate Index (the MSCI Real Estate Index), which increased 12.70%.

The fourth quarter of 2024 was challenging, however, as a sharp rise in the U.S. 10-year treasury yield from 3.8% to 4.6% weighed on several real estate shares in addition to concerns that restrictions on immigration, the possibility of raising or imposing new tariffs, still high federal deficits, and an acceleration in economic growth may result in an uptick in inflation and even higher interest rates. In the most recent quarter, the Fund decreased 2.98%, outperforming both the REIT Index, which declined 6.39%, and the MSCI Real Estate Index, which fell 4.69%.

JEFFREY KOLITCH
PORTFOLIO MANAGER

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

As of 12/31/2024, the Morningstar Real Estate Category consisted of 220, 210, 194, 146, and 110 share classes for the 1-, 3-, 5-, 10-, and 15-year or since inception (12/31/2009) periods. Morningstar ranked Baron Real Estate Fund Institutional Share Class in the 9th, 2nd, 1st, 1st, and 1st percentiles, respectively. On an absolute basis, Morningstar ranked Baron Real Estate Fund Institutional Share Class as the 16th, 6th, 1st, 1st, and 1st best performing share class in its Category, for the 1-, 3-, 5-, 10-, and 15-year or since inception periods, respectively.

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

Baron Real Estate Fund Institutional Share Class was rated 5 stars overall, 5 stars for the trailing 3 years, 5 stars for the trailing 5 years, and 5 stars for the trailing 10 years ended 12/31/2024. There were 210 share classes, 194 share classes, and 146 share classes for the 3-, 5-and 10-year periods. These Morningstar Ratings are for the Institutional Share Class only; other classes may have different performance characteristics.

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 FUNDS 1987

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

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

	Baron Real Estate Fund Retail Shares[1,2]	Baron Real Estate Fund Institutional Shares[1,2]	MSCI USA IMI Extended Real Estate Index[1]	MSCI US REIT Index[1]	S&P 500 Index[1]
Three Months[3]	(3.05)%	(2.98)%	(4.69)%	(6.39)%	2.41%
One Year	12.19%	12.46%	12.70%	7.49%	25.02%
Three Years	(0.04)%	0.21%	1.85%	(3.43)%	8.94%
Five Years	12.25%	12.54%	8.50%	3.10%	14.53%
Ten Years	9.35%	9.64%	8.61%	4.38%	13.10%
Fifteen Years and Since Inception (December 31, 2009) (Annualized)	13.39%	13.68%	11.18%	8.03%	13.88%
Fifteen Years and Since Inception (December 31, 2009) (Cumulative)[3]	558.55%	584.08%	390.13%	218.41%	602.68%

Our Current Top-of-Mind Thoughts

15-year anniversary – reflections on the past

Since its launch on December 31, 2009, the key factor that positioned the Fund for success is that we formulated an investment creed that we believed had the potential to produce superior results over the long term versus our competitors.

Unlike our peers who tend to limit their real estate investment to REITs, we embraced and structured a more expansive, balanced, and diversified real estate-related fund, not a REIT-only fund.

In addition to our investments in REITs, the Fund has also invested in a broader group of non-REIT real estate-related categories, including hotel and leisure companies, real estate services companies, homebuilders, building product and services companies, casino and gaming operators, data center and tower operators, and real estate operating companies.

Further, we felt that the Fund's flexibility would improve the likelihood that it could navigate exogenous events – e.g., a global pandemic, spikes in interest rates, commercial real estate crisis fears – better than its competition, including most active, passive, semi-liquid, and private real estate peers.

In a comparison of U.S. listed REIT returns versus U.S. non-listed or private real estate funds, *Green Street*, a highly regarded third-party REIT research firm, published a report on November 25, 2024, that compares the trailing 15-year annualized total returns of listed U.S. REITs versus non-listed or private real estate funds (through June 2024). According to Green Street, U.S. listed REITs generated an annualized return of 11.5%, far exceeding the 7.4% annualized return of U.S. non-listed real estate funds.

We believe the Fund's cumulative 15-year return through December 31, 2024 also exceeds the performance of most if not all U.S. non-listed or private real estate funds in addition to outperforming actively managed REIT funds, passive/ETF real estate funds, and semi-liquid non-traded REITs.

For example, employing our more expansive and actively managed real estate investment approach, the Fund produced a cumulative return of 584%, far exceeding the REIT Index's cumulative return of 218% for the 15-year period ending December 31, 2024.

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, 2035, 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.

The next 15 years – we are even more optimistic

Looking forward, we believe the merits of our more comprehensive, flexible, and actively managed investment approach will shine even brighter.

A rapidly evolving real estate universe that requires more discerning analysis (there are more "winners" and "losers"), the prospects for a structurally higher interest rate environment, and several other items that may impact real estate including the onset of AI, the rise in geopolitical tensions, immigration, shelter, tariff, and other investment considerations should favor more flexible and liquid real estate investment strategies that cast a wider real estate investment net. We believe we have developed the right real estate product for long-term success.

Our highly differentiated real estate fund enjoys, in our opinion, attractive attributes compared to actively managed REIT funds, passive/ETF real estate funds, non-traded REITs, and private real estate.

The Fund versus actively managed REIT funds

- Larger investment universe than actively managed REIT funds (340 real estate-related companies in the MSCI Real Estate Index versus only 118 REITs in the REIT Index).
- Less reliant on the debt markets than REIT funds (REITs must pay out at least 90% of taxable income in dividends annually).

The Fund versus passive/ETF real estate funds

- More discerning than passive/ETF real estate funds that must own the entire index (both the "good" and "bad" real estate companies).
- Many of the companies held in a passive/ETF real estate fund have unappealing long-term growth prospects, are located in geographic markets with excess real estate inventory, are saddled with poorly constructed balance sheets, and/or have leases with rents that are likely to decline as in-place leases expire and are marked to market at current market rents.
- Our actively managed Fund has a greater ability to pick our spots, emphasize companies with attractive long-term prospects, and pivot away from real estate categories, geographies, balance sheets, and leases that are likely to face long-term cash flow pressures.
- ***Since the launch of the Fund 15 years ago on December 31, 2009, the Fund has increased 584% cumulatively (net of fees), more than double the performance of the largest real estate passive/ETF strategy, the Vanguard Real Estate ETF (VNQ), which increased 258%.***

The Fund versus non-publicly traded REIT funds and private real estate

- Though public and private real estate investment products can be complementary, we believe our Fund offers several compelling advantages versus non-publicly traded REIT funds and private real estate.
- Our Fund tends to offer more liquidity, diversification, valuation transparency, superior capital structures, and lower fees. Further, we believe our Fund's long-term performance exceeds the performance of several non-traded REIT and private real estate alternatives.
- Regarding the topic of volatility and liquidity, there is a narrative among some fans of private real estate that private real estate is preferred over public real estate because it is not as volatile. We have long held the view that that argument is flawed. In our opinion, volatility should only be measured based on the sales price that one is able to exit the investment. If a real estate investment is locked up in a private vehicle, it may feel less volatile each day but may ultimately be more volatile than a public real estate investment when liquidity is ultimately achieved. Notably, in the *2024 Institutional Real Estate Allocations Monitor*, 67% of institutions cited the advantages of liquidity as a primary consideration for investing in REITs (up from 46% in 2023). We believe the restrictions on liquidity for non-traded REITs and private real estate contributed to this notable uptick in the desire for liquidity.

2025 preliminary outlook for real estate and the Fund – we remain bullish, but with guarded optimism

As we peer into 2025, we are positive on the prospects for real estate and the Fund. We are mindful, however, that the possibility of higher-than-expected interest rates may limit widespread opportunities for improvements in valuations. Nonetheless, we have identified several attractively valued real estate companies and believe our active and discerning approach to portfolio management will result in a double-digit annual return as we have done in the past. Note there is no guarantee that this goal will be met.

The time has come

In the 2025 year-end *Emerging Trends in Real Estate report* published by PwC and the Urban Land Institute, we agree with the opening excerpts from chapter one's "The Time Has Come":

- "We are on the cusp of the next upturn in the real estate cycle, and now is the time to be thinking about planning, laying the groundwork for the next two to three years of growth."
- "The skies are finally clearing over commercial real estate markets, even if some dark clouds still linger."

The above commentary aligns with our views. Business prospects are, in most cases, improving, the demand versus supply outlook is generally attractive, most balance sheets are strong, the banking system is well capitalized, much of public real estate has repriced for a higher cost of capital, many real estate share prices have lagged the broader market, and there is the possibility that the Federal Reserve may lower interest rates in 2025 should inflation continue to moderate.

Pillars of total return

We are optimistic that we will be able to generate a double-digit return in 2025 as we have done in the past 15 years. Note there is no guarantee that this goal will be met.

The three pillars of total return include:

- *Growth:* We are positive about growth prospects for several categories of real estate as organic demand, in many cases, is strong, and several companies now have a "green light" to issue equity and pursue accretive external growth opportunities.
- *Dividends:* Most real estate dividends are well covered and should continue to grow in 2025.
- *Valuation multiples:* The path of long-term interest rates will affect the degree to which a company's valuation multiple may improve. We are sanguine, though, that our team will continue to identify several companies that have the potential to improve their valuation multiples.

For further thoughts on our 2025 preliminary outlook, please see "Concluding thoughts on the prospects for real estate and the Fund" later in this letter.

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 II below).

Table II.
Fund investments in real estate-related categories as of December 31, 2024

		Percent of Net Assets (%)
REITs		30.6
Non-REITs		62.2
Real Estate Operating Companies	12.8	
Real Estate Service Companies	12.6	
Building Products/Services	10.6	
Hotels & Leisure	9.4	
Homebuilders & Land Developers	7.9	
Data Centers	4.9	
Casinos & Gaming Operators	4.0	
Cash and Cash Equivalents		7.2
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 from the end of the third quarter:

- Following two years of exceptional share price performance, we decreased the Fund's allocation to homebuilders & land developers from 18.9% to 7.9%. We also decreased the Fund's building products/services exposure from 14.1% to 10.6%. An explanation for the decrease can be found in our "residential-related" real estate commentary below.
- We increased the Fund's exposure to real estate operating companies from 10.1% to 12.8%, reflecting our optimism for the prospects for real estate alternative asset managers.
- We decreased the Fund's exposure to casino & gaming operators from 8.8% to 4.0% following disappointing third quarter results and redirected a portion of the capital to hotels & leisure where we increased the Fund's exposure from 5.2% to 9.4%.
- We increased the Fund's cash and cash equivalents from 1.0% to 7.2%. We are optimistic we will be able to redeploy the capital in compelling investment opportunities in 2025.

REITs

We believe REITs can generate double-digit returns in 2025 through a combination of growth, dividends, and some room for valuations to expand for certain REITs.

Though demand remains tempered for some real estate segments (e.g., self-storage and industrial), most REITs enjoy occupancies of more than 90%, and there are several segments of real estate where demand remains strong (data centers, senior housing, multi-family, retail malls, and shopping centers). Limited new competitive supply is forecasted in the next few years. The transaction market has picked up and we expect several publicly traded REITs, who now have the "green light", to issue equity for accretive external growth. We expect private equity to continue to acquire discounted public REITs. 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. We have identified several REITs that are cheap relative to history and private market valuations.

As of December 31, 2024, we had investments in six REIT categories representing 30.6% of the Fund's net assets. Please see Table III below.

Table III.
REITs as of December 31, 2024

	Percent of Net Assets (%)
Data Center REITs	12.9
Office REITs	6.2
Health Care REITs	4.4
Multi-Family REITs	4.2
Mall REITs	2.5
Other REITs	0.4
Total	**30.6***

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

Residential-related real estate

We have become near-term cautious yet remain long-term bullish.

Following two years of spectacular performance for homebuilders (from September 30, 2022 through September 30, 2024, **Toll Brothers, Inc.**, **D.R. Horton, Inc.**, and **Lennar Corporation** increased 269%, 184%, and 155%, respectively), we chose to decrease the Fund's exposure from 17.6% to 7.2%. Homebuilder valuations for our investments had approached near peak valuations from prior cycles (at or above 2 times tangible book value). We also have concerns that the recent 100 basis point increase in interest rates will further crimp housing affordability. This could lead to flattening home prices and elevated homebuilder incentives to entice buyers to purchase a home. Further, the new administration policy decisions around tariffs, immigration, and deportation may increase the cost for labor and materials. The issues cited above may lead to pressure on homebuilder gross margins in 2025.

The shares of several homebuilders and residential-related building product/services companies foreshadowed some of these concerns in the fourth quarter and valuations are becoming more compelling. We are monitoring developments closely and may look to acquire additional shares in 2025.

Importantly, we maintain our long-term optimism for residential 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 December 31, 2024, residential-related real estate companies represented 18.5% of the Fund's net assets. Please see Table IV below.

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

	Percent of Net Assets (%)
Building Products/Services	9.1
Homebuilders	7.2
Home Centers	2.2
Total	**18.5***

* *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 December 31, 2024, travel-related real estate companies represented 13.4% of the Fund's net assets. Please see Table V below.

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

	Percent of Net Assets (%)
Hotels & Leisure	9.4
Casinos & Gaming Operators	4.0
Total	**13.4***

* *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 positioned to benefit from a secular growth opportunity for alternative assets due to long track records of generating attractive relative and absolute returns with what is perceived, in some cases, as 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** (JLL) 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. Looking forward, we believe we are in the early days of a rebound in commercial real estate sales and leasing activity. We believe CBRE and JLL may generate annual earnings per share growth of more than 20% in the next few years.

Data center operators

In the most recent quarter, we acquired additional shares in data center operator **GDS Holdings Limited**. We believe the shares are attractively valued and offer compelling long-term growth prospects. Please see "Top contributors to performance for the quarter ended December 31, 2024" for more on GDS.

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, is positioned to capitalize on this burgeoning secular growth trend.

As of December 31, 2024, other real estate-related companies (which includes the four investment themes mentioned directly above) represented 30.2% of the Fund's net assets. Please see Table VI below.

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

	Percent of Net Assets (%)
Real Estate-Focused Alternative Asset Managers	12.8
Commercial Real Estate Services Companies	9.8
Data Center Operators	4.9
Property Technology Companies	2.8
Total	**30.2***

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

Top Contributors and Detractors to Performance

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

	Quarter End Market Cap ($ billions)	Contribution to Return (%)
GDS Holdings Limited	4.6	0.67
Blackstone Inc.	210.6	0.55
Equinix, Inc.	91.0	0.43
Digital Realty Trust, Inc.	60.0	0.34
Expedia Group, Inc.	23.9	0.33

Shares of **GDS Holdings Limited** continued to perform well during the quarter, delivering returns into the mid-teens. We traveled to Asia in December to tour the company's newly developed data center campus in Malaysia, spend additional time with GDS International's executive team, and conduct competitor/market due diligence by meeting with the management teams of several global competitors based in Singapore. We also had the opportunity to meet the management team of the largest utility in Malaysia providing power to GDS and competitors, which provided valuable insight on the developing market. We also traveled to Hong Kong to meet, once again, with CEO/founder William Huang and CFO Daniel Newman while touring one of the company's urban data centers with the local operating team. We came away with more confidence regarding the demand visibility and growth that GDS can capture in this region due to its first mover and other competitive advantages. In addition, we believe GDS will be able to secure additional high-demand power capacity in Southeast Asia and other international markets, which will elongate the growth profile of the company and is not currently appreciated by the broader investment community.

We remain optimistic about the company's growth prospects over the next several years, which can be bucketed into: i) its Asia ex-China data center business (GDS International or GDSI); and ii) its mainland China data center business (GDS Holdings or GDSH).

***Bottom line*:** We see a path for the business to be worth $45 to $55 a share in two to three years versus approximately mid-$20s at the recent market price.

- **GDS International (Asia ex-China):** We see cash flow for GDSI growing from less than $50 million today to over $500 million over the next three years! We value GDS' ownership stake at $15 per share after accounting for the growth capital it has secured from renowned U.S. and global investors. Blackstone's recent $16 billion acquisition of Southeast Asia based data center operator AirTrunk at 25 times cash flow is still at a substantial premium to where GDS is raising growth capital today, which provides an important valuation marker for a potential IPO of this business over the next 12 to 15 months. During the quarter, GDSI raised over $1 billion of additional Series B capital to fund its highly compelling and pre-leased growth from several well-known investors including Coatue, Baupost, Ken Griffin, and Soft Bank that valued the international segment at approximately $3.5 billion or 75% higher on a per-share basis to GDS compared with its Series A capital raise back in March.
- **GDS Holdings (China):** We believe the China data center business is at the doorstep of a growth inflection and see cash flow growing from about $700 million today to $1 billion over the next three years. We value the China business at $30 to $40 a share on what we believe is a conservative cash flow multiple and remain encouraged that there will be several catalysts to further surface value (e.g., a transaction to place certain stabilized assets into a listed REIT vehicle in the next few months).

In the most recent quarter, the shares of **Blackstone Inc.**, the world's largest alternative asset manager, continued to perform well due to strong quarterly business results and expectations for enduring and compelling long-term growth prospects. In the year ahead, we believe growth prospects for Blackstone should be strong as management sees meaningful opportunities in private wealth, AI, and data centers, a cyclical recovery in real estate, and additional opportunities which should help to grow fees. In addition, there are emerging green shoots that transaction activity is poised to come back strongly after several years of depressed levels. Increased transaction activity provides the ability to realize carried interest/provide clarity on valuation marks and return capital to limited partners, which feeds the "flywheel" of capital formation for additional fund vehicles.

Blackstone is the largest real estate manager in the world with an impressive investment track record. We believe Blackstone is a true "best-in-class" company. It has a premier brand, a global franchise, loyal customers, and substantial insider ownership. Blackstone is fast growing, manages its business in an asset-light manner with limited needs for capital, produces high cash-flow margins, is anchored by a recurring revenue base, and is able to return nearly 100% of its cash generated through dividends and share repurchases. Led by its exceptional CEO Stephen Schwarzman and President Jon Gray, the company attracts and retains excellent talent. We believe Blackstone is remarkably positioned to continue to increase market share in a secular growth opportunity for alternative assets.

In the most recent quarter, the shares of **Equinix, Inc.**, the premier global operator of network-dense, carrier-neutral data centers, performed well following solid third quarter results. We 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 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.

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

	Quarter End Market Cap ($ billions)	Contribution to Return (%)
D.R. Horton, Inc.	44.9	–1.22
Lennar Corporation	36.9	–1.17
Toll Brothers, Inc.	12.6	–0.70
Installed Building Products, Inc.	4.9	–0.35
SiteOne Landscape Supply, Inc.	5.9	–0.34

As noted earlier in this letter, we chose to decrease the Fund's homebuilder exposure in **D.R. Horton, Inc.**, **Lennar Corporation**, and **Toll Brothers, Inc.** in the most recent quarter following exceptional share price performance over the prior two years. From September 30, 2022, through September 30, 2024, shares of Toll Brothers, Lennar, and D.R. Horton increased 269%, 155%, and 184%, respectively. Homebuilder valuations for our investments had approached near peak valuations from prior cycles (at or above 2 times tangible book value). We also have concerns that the recent 100 basis point increase in interest rates will further crimp housing affordability. This could lead to flattening home prices and elevated homebuilder incentives to entice buyers to purchase a home. Further, the new administration policy decisions around tariffs, immigration, and deportation may increase the cost for labor and materials. The issues cited above may lead to pressure on homebuilder gross margins in 2025.

Though we have become near-term cautious, the shares of several homebuilders and residential-related building product/services companies foreshadowed some of these concerns in the fourth quarter and valuations are becoming more compelling. We are monitoring developments closely and may look to acquire additional shares in 2025.

Importantly, we maintain our long-term optimism for residential real estate due to the following considerations:

- 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).
- 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).
- 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.

Recent Activity

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

	Quarter End Market Cap ($ billions)	Net Amount Purchased ($ millions)
Expedia Group, Inc.	23.9	71.7
Kilroy Realty Corporation	4.8	49.1
Equinix, Inc.	91.0	41.5
The Macerich Company	4.5	30.8
Jones Lang LaSalle Incorporated	12.0	28.1

We continued to acquire shares in our newly initiated investment in **Expedia Group, Inc.** in the fourth quarter after building further confidence following positive data confirming several of our investment thesis points and spending more time with its new CEO Ariane Gorin. Expedia is a travel company providing online reservations and other services to consumers and businesses. The company is investing behind three core brands today including Expedia, Hotels.com and VRBO with 3.5 million properties including 2.5 million alternative accommodations (VRBO). We believe Expedia is a "fallen angel" (cheap/discounted valuation with catalysts), through peak pain on its technology platform migration (three-to four-year journey) and is finally seeing green shoots of growth in its highly valuable VRBO business ("hidden asset" home rental platform that is getting misvalued within the broader company). Lastly, Expedia is led by a strong executive team with new CEO Ariane Gorin, who has made organizational changes to streamline reporting structures, better align interests, and drive the business forward. We believe these changes will allow the company to be well positioned to capitalize on the compelling secular growth in travel going forward.

During the fourth quarter, we initiated a position in **Kilroy Realty Corporation**, a REIT that owns a portfolio of high-quality office properties concentrated in U.S. West Coast markets including San Francisco, San Diego, Los Angeles, and Seattle. The company also owns one property in Austin, Texas.

While we have remained generally cautious on office real estate for several years in light of both cyclical and secular headwinds that we expected would persist, we also have acknowledged that certain well-located, modern office properties were poised to gain market share and outperform as market conditions improved. We would categorize Kilroy's portfolio as falling into this latter bucket.

<u>We are optimistic about our investment in Kilroy for several reasons:</u>

1. Although office fundamentals remain challenged in certain of Kilroy's markets (most notably in the greater San Francisco Bay area), we have begun to see several encouraging signs that lead us to believe that office fundamentals are bottoming and beginning to improve. These signs include stable or rising utilization of office space and more return-to-office mandates, improving levels of leasing activity and tenant interest, declining levels of vacant sublease space, more confident corporate decision making, and stabilizing market rents and concessions.

2. The ongoing proliferation of the AI industry should benefit Kilroy in the future since approximately half of Kilroy's portfolio is in the greater San Francisco Bay Area. The Bay Area commands the highest proportion of AI-related venture capital investment in the country. Management estimates that AI-related leasing accounts for approximately 10% of Kilroy's leasing activity in San Francisco and could trend materially higher over time.

3. The prospects for Kilroy's recently delivered Kilroy Oyster Point development project in South San Francisco appear to be improving. This legacy development project was completed without leasing pre-commitments; however, tenant interest levels have been improving recently. Management is optimistic that a new lease can be signed in the coming months. We believe that a new lease announcement would be well received by investors.

4. Kilroy's new management team is focused on capital recycling. CEO Angela Aman joined Kilroy in January 2024 and was most recently CFO at Brixmor Property Group. We think very highly of Angela and the team that she has been building around her. We are excited about the company's renewed focus on value-enhancing capital recycling, which is different from the company's long history as a developer. Management expects to moderate spending on development, monetize non-core land assets, and pursue select acquisitions. The company's balance sheet is in good shape, with low leverage and a strong liquidity position.

5. We believe Kilroy's valuation screens inexpensive versus the private market value of its real estate portfolio, the replacement cost of its portfolio, and relative to publicly traded peers.

In the most recent quarter, we acquired additional shares of **Equinix, Inc.**, the premier global operator of network-dense, carrier-neutral data centers.

We 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. 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.

Stepping back, we believe the multi-year prospects for real estate data centers are highly compelling – perhaps as strong as they have ever been.

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

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

	Quarter End Market Cap or Market Cap When Sold ($ billions)	Net Amount Sold ($ millions)
Toll Brothers, Inc.	12.6	56.4
Caesars Entertainment, Inc.	7.0	53.6
Lennar Corporation	36.9	51.9
D.R. Horton, Inc.	44.9	43.0
Prologis, Inc.	95.7	34.4

As noted earlier in this letter, we trimmed the Fund's homebuilder investments in **Toll Brothers, Inc.**, Lennar Corporation, and **D.R. Horton, Inc.** following exceptional share price performance in the last two years. We remain optimistic about the long-term prospects for our homebuilders and may look to reacquire shares over time.

We exited the Fund's investment in **Caesars Entertainment, Inc.** following a disappointing third quarter earnings report and our expectation that growth may remain modest in 2025.

Concluding Thoughts on the Prospects for Real Estate and the Fund

2025 Outlook

As cited earlier in this letter, we are optimistic about the prospects for real estate and the Fund in 2025.

Though daily market volatility is likely to be high as the sequencing of the new administration's policies are announced (e.g., less immigration versus less regulation; higher tariffs versus lower taxes), we believe the key driver for a year of solid market performance is that the fundamental backdrop for earnings growth is expected to be strong. Demand conditions are mostly favorable against a backdrop of muted new real estate supply. While some headline valuations screen rich, we believe there are several attractively valued real estate opportunities beneath the surface. Our biggest concern is a resurgence in inflation which would limit the potential for improvements in valuations. We will, of course, be monitoring this closely.

15-Year Anniversary

There is something about a new year, never mind a 15-year anniversary that makes us more reflective.

The prior 15 years have been filled with rapid changes to the real estate landscape and outlook, a global pandemic, the most aggressive Federal Reserve interest rate hiking period in decades, and several other items that have forced us to be flexible and kept us on our toes. Our team works hard to embrace our mantra of being dispassionate research analysts rather than emotional cheerleaders. With all of this in mind, we are proud that we have been able to deliver the #1 ranked real estate fund over this 15-year period.

As we look ahead, we are even more energized about the prospects for the Fund in the next 15 years. We believe the merits of our more comprehensive, flexible, liquid, and actively managed investment approach will shine even brighter in the years ahead. We believe we have developed the right real estate product for long-term success.

Our Team

I smile when I think about our core real estate team – assistant portfolio manager David Kirshenbaum and George Taras, David Berk, and David Baron. They are an outstanding group. They are smart and highly competitive. They have developed a deep knowledge of real estate. Their dedicated work ethic is impressive. And, on a personal note, they are fabulous people. I am the winner to have such an outstanding team.

I and our team remain fully committed and energized to continue to deliver outstanding long-term results.

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

	Quarter End Market Cap ($ billions)	Quarter End Investment Value ($ millions)	Percent of Net Assets (%)
Equinix, Inc.	91.0	188.3	8.7
Blackstone Inc.	210.6	107.5	5.0
CBRE Group, Inc.	40.2	106.0	4.9
GDS Holdings Limited	4.6	105.6	4.9
Brookfield Corporation	94.6	105.2	4.9
Jones Lang LaSalle Incorporated	12.0	104.7	4.9
Welltower Inc.	78.5	95.9	4.4
Digital Realty Trust, Inc.	60.0	89.5	4.2
Vornado Realty Trust	8.0	85.0	3.9
Expedia Group, Inc.	23.9	78.9	3.7

On this, our 15th anniversary, I would also like to thank you, our current and prospective shareholders, and express heartfelt gratitude for your past and continuing support.

I proudly remain a major shareholder of the Baron Real Estate Fund.

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 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. **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.

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

DEAR BARON EMERGING MARKETS FUND SHAREHOLDER:

PERFORMANCE

Baron Emerging Markets Fund® (the Fund) declined 7.35% (Institutional Shares) during the final quarter of 2024, while its primary benchmark, the MSCI Emerging Markets Index (the Benchmark), retreated 8.01%. The MSCI Emerging Markets IMI Growth Index (the Proxy Benchmark) declined 6.84% for the quarter. The Fund modestly outperformed the Benchmark while slightly lagging the Proxy Benchmark during a difficult quarter for non-U.S. equity returns. For the full year 2024, the Fund gained 7.90%, slightly outperforming the Benchmark while trailing the Proxy Benchmark, largely due to the Proxy Benchmark's disproportionate exposure to **Taiwan Semiconductor Manufacturing Company Limited**. We were pleased with full-year results, as a solid second-half resulted in a return to outperformance against the Benchmark and peers for the year, and we remain cautiously optimistic that growth-oriented, non-U.S. equity strategies have reached an inflection point after a multi-year period of underperformance.

MICHAEL KASS
PORTFOLIO MANAGER

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

Table I.
Performance†
Annualized for periods ended December 31, 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]	(7.38)%	(7.35)%	(8.01)%	(6.84)%
One Year	7.63%	7.90%	7.50%	9.44%
Three Years	(4.90)%	(4.66)%	(1.92)%	(3.44)%
Five Years	0.77%	1.02%	1.70%	2.16%
Ten Years	2.62%	2.88%	3.64%	4.39%
Since Inception (December 31, 2010)	3.25%	3.51%	1.97%	2.85%

The principal catalyst driving global capital markets during the quarter was the U.S. election outcome, with the anticipated financial impact of Donald Trump's campaign initiatives quickly being discounted. Markets anticipate immigration reform, an extension of U.S. tax legislation passed in 2017 with perhaps even lower corporate tax rates, cuts/efficiencies in domestic fiscal spending, and tariffs or other protectionist trade measures that would also reduce the U.S. current account deficit. Much of this policy mix would be dollar positive in the short term, and the dollar abruptly rallied roughly 6% to a two-year high from pre-election into the new year. Unlike 2016 when Trump's victory was unexpected, betting sites were clearly presaging the outcome this time around, and in our view, the market was already pricing in a decent likelihood that Trump's policies would be enacted. Further, Trump's governing style and policy mix were much more of a mystery in late 2016, while in our view, the greater mystery today is whether Trump's policies in a second term will actually live up to what the market has already discounted. Finally, relative multiples on U.S. and non-U.S. equities are very different today than when Trump was first elected, a fact that we believe sets up an attractive contrarian opportunity, particularly for longer-term and patient investors. We believe post-election market momentum may already be overdone, which we detail further in the Outlook section of this letter. We remain optimistic that emerging markets (EM) equities currently offer an attractive long-term entry point, with relative valuations and earnings

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, 2035, 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 historical performance was impacted by gains from IPOs and there is no guarantee that these results can be repeated or that the Fund's level of participation in IPOs will be the same in the future.

1 The **MSCI 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.

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expectations reaching fresh multi-decade lows in the aftermath of the U.S. presidential election, amid elevated investor skepticism. While returns on such equities have certainly lagged, we see multiple forward-looking catalysts that should enhance relative earnings growth potential, and as always, we are confident that our diversified portfolio of well-positioned and well-managed bottom-up investments can perform in the years ahead.

For the full year 2024, the Fund modestly outperformed the Benchmark, while underperforming our all-cap EM growth Proxy Benchmark. From a sector or theme perspective, strong stock selection in the Industrials sector, primarily driven by various investments in our sustainability/ESG (**HD Korea Shipbuilding & Offshore Engineering Co., Ltd.**, **HD Hyundai Heavy Industries Co., Ltd.**, and **Contemporary Amperex Technology Co., Limited**) and digitization (**Full Truck Alliance Co. Ltd.** and **InPost S.A.**) themes, was the largest contributor to relative performance during the year. In addition, solid stock selection effect together with our overweight positioning in the Communication Services sector, owing to our India digitization holdings (**Bharti Airtel Limited** and **Indus Towers Limited**), also stood out as a key contributor during the period. Lastly, favorable allocation effect combined with good stock selection in the Materials and Consumer Discretionary sectors also bolstered relative results. Partially offsetting the above was weak stock selection effect in the Financials sector, particularly in our fintech disruption theme (**Pine Labs Pte. Ltd.**, **XP Inc.**, and **Inter & Co Inc.**), and more broadly owing to a few other financial sector holdings in Indonesia (**PT Bank Rakyat Indonesia (Persero) Tbk**), Brazil (**Banco BTG Pactual S.A.** and **B3 S.A. – Brasil, Bolsa, Balcao**), and India (**Bajaj Finance Limited** and **SBI Life Insurance Company Limited**). In addition, adverse stock selection and our overweight positioning in the Consumer Staples sector, largely reflected in weakness across our EM consumer theme (**Budweiser Brewing Company APAC Limited**, **Wal-Mart de Mexico, S.A.B. de C.V.**, **Kweichow Moutai Co., Ltd.**, and **Tata Consumer Products Limited**) also weighed on relative performance during the year.

From a country perspective, for calendar year 2024, strong stock selection in Korea was the largest contributor to relative performance. While Korean equities in general experienced a meaningful correction during the year (Korea down 23.4% in the Benchmark), we are pleased with the positive absolute returns and strong relative gains that were generated by our investments in the country. In particular, we remain excited about our Korea shipbuilding related holdings (HD Korea Shipbuilding and HD Hyundai Heavy) that are entering a multi-year growth cycle with attractive profitability metrics, while also benefiting from geopolitical tailwinds leading to increased collaboration with the U.S. Navy among other global defense related opportunities. In addition, our overweight positioning together with solid stock selection in India also stood out as a key contributor to relative performance. We remain excited about our investments in India as productivity enhancing economic reforms are kickstarting a virtuous investment cycle in the country and positioning India as the fastest growing large economy in the world this decade. Lastly, positive stock selection effect in Taiwan and Poland, and our lack of exposure to Saudi Arabia also bolstered relative results for the full year. Partially offsetting the above was adverse stock selection effect in China, which principally occurred prior to a vector change in monetary, fiscal, and regulatory support measures in late September. With China's express intent to further support its economy into 2025, we anticipate a further broadening of the rally that should especially benefit the private sector growth stocks that we typically invest in. Lastly, our overweight positioning combined with adverse stock selection in Brazil, mostly via our fintech disruption theme, was also a notable detractor during the year.

For the fourth quarter, the Fund modestly outperformed the Benchmark, while slightly trailing the Proxy Benchmark. Solid stock selection effect in Korea and China were the key contributors to relative performance during the period. While China was the largest detractor for full-year 2024, we are encouraged by our performance in the fourth quarter and anticipate a further broadening of the rally in China (as discussed above) to benefit many of our holdings going forward. India, after being our largest contributor to relative performance through the September quarter, partially retraced prior period gains owing to a near-term slowdown in economic growth and related earnings weakness, making it the largest offsetting detractor during the fourth quarter. We believe the current economic slowdown is primarily due to a delay in government capex spending activity, which in turn was principally related to mid-year elections, and we expect a re-acceleration to become evident in the coming quarters. Our lack of exposure to Saudi Arabia and underweight positioning in the United Arab Emirates (UAE) also weighed on relative results during the quarter. From a sector or theme perspective, solid stock selection effect in Industrials and Health Care contributed the most to relative results. Our underweight positioning combined with good stock selection in the Materials sector also bolstered relative performance. Broadly offsetting the above was adverse stock selection effect in Financials and Real Estate.

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

	Contribution to Return (%)
Taiwan Semiconductor Manufacturing Company Limited	0.74
HD Hyundai Heavy Industries Co., Ltd.	0.45
Kaynes Technology India Limited	0.37
Full Truck Alliance Co. Ltd.	0.36
HD Korea Shipbuilding & Offshore Engineering Co., Ltd.	0.22

Semiconductor giant **Taiwan Semiconductor Manufacturing Company Limited** (TSMC) contributed in the fourth quarter due to a 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 AI/high-performance computing, automotive, 5G, and internet of things, will allow the company to sustain strong double-digit earnings growth over the next several years.

HD Hyundai Heavy Industries Co., Ltd. is the world's largest shipbuilder based on orderbook size and the global leader in high-end vessels including liquified natural gas (LNG)-powered ships. Shares rose on stronger-than-expected quarterly results, including margin growth enhanced by higher pricing and lower raw materials costs and strong year-to-date newbuild ship order demand and pricing. We remain shareholders. Hyundai Heavy's vertically integrated business model differentiates it from peers, and it should be the leading beneficiary of decarbonization of shipping. The company has technological leadership and a dominant market position in eco-friendly LNG dual-fueled ships as well as first mover advantage in next-generation ammonia, methanol, and hydrogen shipbuilding. We expect tightening international maritime carbon emission regulations to drive much higher demand for LNG fuel-propelled ships and carbon-free ammonia-fueled ships.

Kaynes Technology India Limited is a leading electronics manufacturing service player in India serving the automotive, industrial, railway, medical, and aerospace and defense industries. Shares were up in the quarter, driven by robust sales and profitability growth. We believe Kaynes is well positioned to benefit from the government's Make in India initiative, which encourages domestic manufacturing of electronic components by providing attractive tax subsidies and manufacturing infrastructure. We are excited about Kaynes' recent development of its outsourced semiconductor assembly and test facility, which we believe represents significant incremental growth opportunity in the medium term. We expect the company to deliver 40% to 45% compounded EBITDA growth over the next three to five years.

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

	Contribution to Return (%)
Swiggy Limited	–0.73
Alibaba Group Holding Limited	–0.55
Samsung Electronics Co., Ltd.	–0.46
Localiza Rent a Car S.A.	–0.38
SBI Life Insurance Company Limited	–0.33

Swiggy Limited is India's leading food delivery platform with a roughly 45% market share. Shares detracted during the quarter. Although the stock increased on robust sales growth and improving profitability after Swiggy's IPO in November, the company went public at a price lower than our private investment. We retain conviction in Swiggy, as we believe India's food delivery industry is still in its infancy and will continue to scale over the next several years, driven by a growing middle class, rising disposable income, higher smartphone penetration, and a structural shift in consumer preference to a technology-savvy younger population.

Alibaba Group Holding Limited is the largest retailer and e-commerce company in China. Alibaba operates shopping platforms Taobao and Tmall as well as businesses in logistics, local services, digital media, and cloud. Shares fell on continued weakness in core domestic commerce growth. Quarterly results were roughly in line with expectations, with relative strength in profitability, but the timing for acceleration in core gross merchandise value is still unclear. We retain conviction that Alibaba is well positioned to benefit from China's ongoing growth in online commerce and cloud in China, though competitive market concerns remain.

Shares of South Korean conglomerate **Samsung Electronics Co., Ltd.** decreased during the quarter due to mixed execution in its DRAM and NAND technology development and investor concerns about a potential cyclical peak in memory prices. We are confident Samsung will remain a key beneficiary of long-term growth in semiconductor demand and a global leader in memory, 5G smartphones, and semiconductor foundry services.

Portfolio Structure

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

	Percent of Net Assets (%)
Taiwan Semiconductor Manufacturing Company Limited	10.5
Tencent Holdings Limited	4.8
HD Korea Shipbuilding & Offshore Engineering Co., Ltd.	3.0
Swiggy Limited	2.6
Alibaba Group Holding Limited	2.5
Bharti Airtel Limited	2.5
Trent Limited	2.3
Full Truck Alliance Co. Ltd.	2.2
InPost S.A.	2.1
Contemporary Amperex Technology Co., Limited	2.1

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

	Percent of Net Assets (%)
India	28.7
China	26.6
Taiwan	14.5
Korea	12.7
Brazil	5.0
Poland	2.9
Philippines	1.6
Peru	1.5
South Africa	1.3
Mexico	1.3
Hong Kong	1.3
Indonesia	0.8
United Arab Emirates	0.7
Argentina	0.4
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 fourth quarter of 2024, the Fund's median market cap was $12.8 billion, and we were invested 49.5% in giant-cap companies, 35.4% in large-cap companies, 14.1% in mid-cap companies, and 0.9% in small- and micro-cap companies, as defined by Morningstar, with the remainder in cash.

Recent Activity

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

We were busy adding to our digitization theme by initiating positions in **S.F. Holding Co., Ltd.** (SF), **MercadoLibre, Inc.**, and **Talabat Holding plc**. SF is Asia's largest logistics provider and a dominant leader in China, particularly in premium express delivery. Asia is the largest, fastest growing, and one of the most fragmented logistics markets globally. With its direct operations model, comprehensive logistics offerings, and the largest air cargo fleet in Asia, the company is well positioned to benefit from the secular trend of Chinese enterprises expanding overseas, particularly within Asia. The full opening of its Ezhou Airport in China, Asia's only dedicated cargo hub, has further strengthened SF's moat in both domestic and international markets. We also see a multi-year margin expansion runway, with annual improvements of 20 to 30bps in the next three years, driven by improved asset utilization from its multi-network integration initiatives, economies of scale, operational optimization, and reduced capital intensity. We expect SF to achieve 20% compound earnings growth over the next three years, with upside potential complemented by its consistent shareholder returns policy.

MercadoLibre operates the largest digital commerce ecosystem in Latin America, with a presence in 18 countries across the region. The company offers a comprehensive suite of e-commerce and digital financial services to consumers and merchants. Since its launch in 1999, MercadoLibre has grown to become the largest e-commerce player in the region, leveraging its first mover advantage and early investments in logistics to provide a superior shopping experience to customers. Using the first-party data generated through its platform, it has built a successful fintech offering centered around payments, credit, and other financial products serving nearly 60 million active monthly users. The company's growth prospects are tied to the secular trends of increasing e-commerce and banking penetration in Latin America, which remain low compared to other developed and emerging markets. Despite its success to date, we see ample opportunities for MercadoLibre to scale in areas such as advertising, financial services, and logistics fulfillment. We believe MercadoLibre's competitive moat is secure in these growing industries given its scale, local knowledge, data insights, and the synergistic relationship of its ecosystem.

During the quarter, the Fund participated in the IPO of Talabat. The company is the leading food, grocery, and retail delivery platform in the MENA region, with operations in the UAE, Kuwait, Qatar, Bahrain, Oman, Jordan, Egypt, and Iraq. As of September 2024, Talabat had more than six million active customers, over 65,000 active partners, and in excess of 119,000 active riders, making it the largest platform in the region, with the highest number of orders and largest segment share. The company operates in attractive markets where high discretionary income and relatively low cost of labor drive a wide gap between average order values and delivery costs. This leads to margins that are several turns higher relative to global peers. The food and grocery delivery industries are largely underpenetrated in the region, suggesting there is a long runway for growth and room for multiple players to operate. As the largest player, Talabat can leverage its breadth and scale to drive more attractive unit economics and grow its market share. In addition, the company has the potential to scale advertising revenue from a low base, which can increase or help protect margins over time. In summary, we are optimistic regarding Talabat's growth and profitability outlook.

Adding to our global security/supply chain diversification theme, we initiated a position in **Hanwha Systems Co., Ltd.**, a leading South Korean defense enterprise that develops high-tech systems including tactical communication, radar, naval combat, and space solutions systems. We expect the company to benefit from an increase in international defense budgets following Russia's invasion of Ukraine and other geopolitical conflicts. In addition, we also anticipate an increase in demand for aircraft and naval combat systems as countries boost their budgets to modernize their fleets. The Korea defense industry is particularly well positioned, in our view, to gain market share in export markets, given cost-effective supply chains and fast delivery times.

Finally, we added to several of our existing positions during the quarter, most notably **Contemporary Amperex Technology Co., Limited**, **Bajaj Finance Limited**, **JD.com, Inc.**, **HDFC Bank Limited**, **Tencent Holdings Limited**, **Kingdee International Software Group Company Limited**, and **Cummins India Limited**. During the quarter, we also exited positions in **PDD Holdings Inc.** and **Hyundai Rotem Company** due to uncertainties over corporate governance, durability of earnings growth, and/or competitive positioning going forward.

Outlook

In our third quarter letter, we posited that the combination of a Fed easing cycle, Japanese interest rate normalization, and enhanced stimulus, liquidity, and property/financial sector support in China had likely triggered a bottom in EM and international equity relative performance. While we noted that the upcoming U.S. election presented risks to non-U.S. equities, we cautioned that most of these risks were reasonably well understood and discounted after a multi-year, relative bear market. Not unexpected, and similar to 2016, the immediate reaction to Trump's victory was a strong U.S. dollar rally, while associated investor enthusiasm towards U.S. equities more than reversed prior quarter underperformance and powered U.S. equity relative multiples to multi-decade highs. Unlike 2016, when non-U.S. equities were priced at the long-term median relative earnings multiple prior to Trump's unexpected win, this time EM and international equities were already trading at a 20-year low, with post-election momentum driving such equities in particular to a record discount notwithstanding the fact that Trump was favored to win by the real-money oddsmakers. As we enter 2025, U.S. equities trade at approximately 1.8 times the multiple of EM equities, or roughly 21 times forward earnings versus 12 times for EM, suggesting to us that the horse of U.S. exceptionalism has already left the barn, and we maintain that there is likely more upside than downside in non-U.S. relative performance looking forward from here.

Taking the 2016 case study a bit further, we note that the U.S. dollar index (DXY) rallied roughly 5% in the immediate aftermath of that election (in a nearly identical pattern to the 6% rally from Nov. 5, 2024 to Jan. 2, 2025), topping in early January and abruptly reversing the entire gain on the way to a 14% decline from the post-election peak by early 2018. In 2017, EM equities rallied 37.3%, while international equities appreciated 27.2%, both far exceeding the 21.8% return of U.S. equities. Given the larger initial discount now, and catalysts noted above, we would not be surprised to see a similar relative scenario unfold in the coming quarters, particularly if the Trump administration prioritizes domestic immigration and taxes over protectionist trade policy and tariffs in the initial months, perhaps over concerns of stoking politically sensitive inflation. Further, potential military/geopolitical de-escalation or evidence that threats of tariffs would be used as negotiating leverage could trigger a dramatic reduction in risk premium, particularly benefitting non-U.S. assets and currencies, while any confirmation of recent press speculation that Trump may temper campaign rhetoric when transitioning to actual governing would also likely spark some mean reversion in relative performance and narrow the current historic premium attributed to U.S. equities.

Moving to fundamentals and earnings outlook, we remain constructive regarding the outlook for improving relative earnings growth in EM jurisdictions over the intermediate term. India continues to ride a wave of productivity and secular growth, and we continue to expect sustainable double-digit earnings gains across the economy, with of course considerably greater potential for the quality leaders and innovators that we own. India's rapidly rising weight within the Benchmark is enhancing the growth potential of the EM asset class on its own. As we have discussed in recent letters, Taiwan (and Korea, to a lesser extent) has many strategically important constituents benefitting from the accelerating growth of AI, advanced computing, leading edge semiconductor design/manufacturing and data center deployment, and we have focused our resources and added exposure here over the past year. China, while still challenged by the property sector slowdown and geopolitical shifts, has recently increased stimulus and support efforts, demonstrating a will and commitment to support economic growth, consumption, and financial stability, which we believe is likely to result in improved investor perception and declining risk premium. In addition to the extensive support measures outlined in our previous letter, during the fourth quarter several fresh initiatives were announced, including an RMB 10 trillion local government debt swap program, a higher fiscal deficit target for 2025, a doubling of funds for the consumer goods trade-in program, and a civil servant wage hike, alongside quite dovish language suggesting a more accommodative regulatory environment and posture towards the private sector. We maintain our view that the policy pivot last September marks a key inflection point, and while some observers are looking for greater transparency and details, we believe leadership is holding back firepower and the makings of an "all-in" signal should the Trump administration launch aggressive trade measures early in the new term. In our view, markedly improved dividend and share repurchase programs are rewarding patience, and we are now seeing some green shoots regarding property transactions, consumption, and forward-looking earnings improvement. We remain slightly underweight this jurisdiction and are cautiously optimistic regarding the potential for a change in market sentiment. Korea was the largest source of outperformance for our strategies in 2024 – entirely driven by bottom-up stock selection and in particular by our shipbuilding/defense/global security concentration. We remain quite enthusiastic regarding our investments here, and notwithstanding the recent political turmoil, we see this jurisdiction as perhaps the most likely self-help story in the asset class with considerable upside on any improvement in sentiment. Korea is penalized dearly for a poor corporate governance record, a good portion of which has evolved from misguided policy; a world-leading inheritance tax incents the Chaebol-class to manipulate the value of or restructure their publicly traded holdings, often to the detriment of minority shareholders. Ironically, we see the recent political events, impeachment, and likely change in leadership party as a potential positive catalyst, as the liberal-leaning party may actually take the harder line against Chaebol resistance to governance reform. Finally, Brazil's currency and equity markets suffered a marked decline in the recent quarter in response to President Lula's softening on fiscal discipline and fears that his populist tendencies will remain unrestrained in the year ahead that precedes the next presidential election. While we are disappointed in the "miss versus fiscal expectation," we also recognize it as a move of desperation as Lula's approval rating has fallen to a record low for this term, and a longer-term view would suggest increasing odds of a regime change in 2026, which would likely trigger a major reduction in risk premium and substantial upside for Brazil's currency and equities. We remain approximately market weight and see very attractive risk/reward for our holdings in this market.

We look forward to what we anticipate will likely be an exciting and volatile year ahead, one that we suspect will offer many intriguing investment opportunities for long-term investors.

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.

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 Global Advantage Fund

Dear Baron Global Advantage Fund Shareholder:

Performance

We had a great quarter to close out another good year.

Baron Global Advantage Fund (the Fund) was up 11.9% (Institutional Shares) during the fourth quarter, compared to the 1.0% decline for the MSCI ACWI Index (the Index), and the 2.6% gain for the MSCI ACWI Growth Index, the Fund's benchmarks. For the year, the Fund was up 26.4%, outperforming the 17.5% and 24.2% returns for the benchmarks, respectively.

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

	Baron Global Advantage Fund Retail Shares[1,2]	Baron Global Advantage Fund Institutional Shares[1,2]	MSCI ACWI Index[1]	MSCI ACWI Growth Index[1]
Three Months[3]	11.81%	11.86%	(0.99)%	2.64%
One Year	26.09%	26.42%	17.49%	24.23%
Three Years	(8.62)%	(8.40)%	5.44%	5.72%
Five Years	6.57%	6.84%	10.06%	13.07%
Ten Years	10.79%	11.05%	9.23%	11.88%
Since Inception (April 30, 2012)	11.47%	11.72%	9.75%	11.85%

ALEX UMANSKY
PORTFOLIO MANAGER

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

It was an interesting year with plenty of plot twists along the way. After staging a nice recovery in 2023, global equity indexes continued to grind higher with single-digit quarterly gains for the first nine months of 2024. Similarly to last year and for similar reasons, we barely managed to keep up. But in the most recent quarter the upward grind came to a halt, while our investments had the best showing of the year. While U.S. stocks in the Index managed to record a 2.7% gain, stocks in China were down 7.7%, Hong Kong 9.6%, Mexico 10.6%, India 11.3%, Brazil 19.4%, and Korea 19.2%. The majority of Western European countries experienced double-digit declines. Giant-cap* stocks were up 1.8%, while all other market caps were down. From this perspective, the fourth quarter has been a microcosm of what we have observed over the last two years: dramatic outperformance of domestic equities and giant-cap stocks.

U.S. companies were responsible for 87% of the Index's returns in 2024 (78% over the last two years) and now comprise 66% of the Index. Giant caps drove 70% of the benchmark's gains last year (63% over the last two years) despite representing only 48% of the Index, on average, in 2024. Alphabet, Amazon, Apple, Meta, Microsoft, **NVIDIA**, and **Tesla**, collectively referred to as the Magnificent Seven, were responsible for 45% of the Index's return in 2024 despite representing only 19% of the benchmark on average. During the year, the Fund was underweight the U.S. by approximately 20% (on average), underweight giant-cap stocks by 3.4%,

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, 2035, 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 historical performance was impacted by gains from IPOs and there is no guarantee that these results can be repeated or that the Fund's level of participation in IPOs will be the same in the future.

1 The **MSCI ACWI 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.

* Defined based on Morningstar's global market cap breakpoints, which fluctuate month to month. As of the end of December, giant-cap stocks in the U.S. had market caps above $390.6 billion; in Canada, above $50.6 billion; in Latin America, above $15.5 billion; in Europe, above $68.8 billion; in Japan, above $34.0 billion; in Australia/New Zealand, above $46.4 billion; and in Asia ex-Japan, above $21.7 billion.

and did not own five of the Magnificent Seven stocks. The bad news is that the investing environment remained quite unfavorable to our style and to the kinds of companies that we prefer to own. The good news is that despite these headwinds, the Fund gained 26.4% in 2024, outperforming its Index by 893bps, and has appreciated 58.7% over the last two years, outperforming its benchmark by 1,516bps on a cumulative basis.

From a quarterly performance attribution perspective, stock selection contributed 980bps to relative returns, while the effect of sector allocation added another 303bps. Information Technology (IT) was our best sector with 921bps of outperformance, of which 782bps was due to stock selection as 12 of our 16 holdings posted double-digit gains, with 9 rising over 20%. **Shopify**, **Cloudflare**, **BILL Holdings**, **Snowflake**, and **ServiceTitan** gained over 30% each during the quarter. Our performance within IT was also consistent from a sub-industry perspective as we outperformed in each sub-industry except semiconductor materials & equipment (**ASML**). Industrials was the second best-performing sector, where we benefited from **SpaceX**'s new funding round, which revalued the company 65% higher. Health Care was another standout driven by continued strength in shares of **argenx**. We also benefited from having negligible exposure to Materials, Consumer Staples, Utilities, Real Estate, or Energy – all sectors that declined during the quarter. This was partially offset by poor performance in Consumer Discretionary and Financials, which cost us 342bps. Our international e-commerce stocks (**MercadoLibre**, **Coupang**, and **PDD**) were mostly responsible for weakness in Consumer Discretionary, while Indian non-bank financial company **Bajaj** weighed on performance in Financials.

For 2024, the Fund's outperformance was driven by both sector allocation (526bps) and stock selection (357bps). Similarly to the fourth quarter, our top three sectors were Industrials, IT, and HealthCare. Industrials was our best sector for the year, contributing 526bps to relative returns with the revaluation of SpaceX partially offset by an 84% write down in the value of **GM Cruise**. IT holdings added 328bps to relative gains, driven by investments in semiconductors and internet services & infrastructure stocks, which contributed 1,226bps of outperformance (NVIDIA, Shopify, Wix, and **GDS**). These strong results were partially offset by weakness in IT consulting & other services, which detracted 596bps, as demand for consulting services remained sluggish. IT performance was also negatively impacted by two of our systems software holdings – Snowflake and **Zscaler**, whose near-term revenue growth rates have yet to recover. The strength in Health Care was once again driven by argenx and the Fund benefited from essentially having no exposure to Materials, Consumer Staples, Energy, Real Estate, or Utilities.

From a geographic perspective, 121% of our outperformance was attributable to our holdings in developed markets which contributed 1,068bps to relative returns, driven entirely by stock selection. Our U.S. holdings were up 47.8% in 2024, compared to a return of 24.6% for U.S stocks in the Index. These generated 925bps of positive stock selection, which was offset by 139bps due to the Fund being underweight. We outperformed in all but one country within the developed markets – the U.K., with IT services provider **Endava** being the culprit. Our emerging markets holdings contributed 63bps to our relative results driven by stock selection (133bps), primarily related to investments in Korea (Coupang) and Poland (**InPost**), which drove 166bps of relative outperformance. This was partially offset by 125bps of underperformance in Argentina, which falls outside of developed and emerging markets.

From a stock specific perspective, we had 25 contributors against 17 detractors. NVIDIA, SpaceX, Shopify, **Zomato**, argenx, Coupang, Wix, MercadoLibre, and Cloudflare contributed over 100bps each to our absolute returns. Shares of NVIDIA, Zomato, **Codere**, GDS, and **Resident Home** more than doubled in price. On the other side of the ledger, Endava, Snowflake, **Rivian**, and **Think & Learn** detracted over 100bps each, costing the Fund 927bps combined. Regrettably, Rivian and Think & Learn will now go under the "Permanent Loss of Capital" column as we have sold the shares of Rivian and wrote down the value of our investment in Think & Learn to essentially zero.

To better understand the Fund's performance, we further deconstructed it into its two components – change in multiples and change in the fundamentals. During the fourth quarter, the weighted average multiple[2] expanded by 4.1% though it was still down 1.5% over the full year. Since the Fund was up 11.9% in the quarter and 26.4% during 2024, **the fundamentals of our holdings grew** by approximately 8% in the quarter and **by approximately 28% during 2024[3] – implying that over 100% of our performance in 2024 was driven by growth in fundamentals** as opposed to the more unpredictable and volatile change in multiple – *a positive data point for the Fund's prospective returns*. The fundamentals of our businesses continue to improve after the slowdown in 2022 and 2023 with consensus revenue expectations for 2025 increasing by 1.4% during the fourth quarter and by 11.9% during 2024[4], operating income expectations rising by 2.9% in the quarter and 12.1% over the year, and operating margin expectations increasing by 30bps in the fourth quarter and 4bps in 2024. Overall, business trends continue to improve across most economic sectors and geographies.

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

	Quarter End Market Cap ($ billions)	Contribution to Return (%)
Space Exploration Technologies Corp.	349.1	3.80
Shopify Inc.	137.6	2.86
Cloudflare, Inc.	37.1	1.69
NVIDIA Corporation	3,288.8	1.26
BILL Holdings, Inc.	8.8	0.87

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

2 We calculate the change in P/E multiple (based on FactSet consensus expectations for EPS for the next 12 months) for each holding as long as the starting P/E is below 100x (and positive). Otherwise, we use an EV/Revenues multiple. For GDS we use an EV/EBITDA multiple. We then use the ending weights of each position in the Fund to calculate the weighted average change in the Fund's multiple (and exclude our private holdings).

3 Excluding SpaceX, would reduce those to approximately 4% and 23%, respectively.

4 We calculate the change in FactSet consensus expectations for 2025 estimated revenues, operating income, and operating margins for our holdings and calculated the weighted average using end of the year weights. We use Gross Profit for Block (since revenues include the volatile impact of crypto prices).

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. 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.

Shopify Inc. is a cloud-based software provider for multi-channel commerce. Shares rose 33.0% in the fourth quarter, finishing 2024 up 36.8% on strong financial results, including year-over-year revenue growth of 26% thanks to continued market share gains with gross merchandise value growth of 24%. Shopify reported continued success in its original online commerce segment while also expanding into offline, international, and business-to-business (B2B), which grew 27%, 30%, and 145%, respectively. Operating margins of 18% came in 240bps above expectations. While the company again guided for an accelerated pace of reinvestments into the business, which will limit short-term margin expansion, we believe this is the correct long-term strategy, as Shopify is taking advantage of its continuously improving product set and maturing go-to-market, in order to further expand its addressable market, targeting international merchants, offline and B2B retailers and going up market. 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. offers enhanced security and performance for websites, apps, and software as a service. Shares increased 33.1% during the quarter and finished 2024 up 29.9% on solid quarterly results with 28% year-on-year revenue growth and 14.8% non-GAAP operating margins, which increased 210bps year-on-year. A double-digit year-on-year increase in sales productivity has started to benefit EMEA and APAC growth rates, although North American growth, where sales headcount cuts were deeper, was still softer. Large and total customer additions were robust and the remaining performance obligations were well ahead of expectations up 39%. In addition, the company announced the hiring of CJ Desai, a well-regarded executive who helped build ServiceNow into one of the best software businesses of all time, as President of Product & Engineering. We retain conviction in Cloudflare given its visionary management team, disruptive business model, and stacking S curves or markets that it can address with its platform as it helps companies modernize their networking infrastructure.

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

	Quarter End Market Cap ($ billions)	Contribution to Return (%)
MercadoLibre, Inc.	86.2	–1.41
ASML Holding N.V.	280.9	–0.61
Coupang, Inc.	39.5	–0.53
Bajaj Finance Limited	49.3	–0.49
GM Cruise Holdings LLC	1.1	–0.46

MercadoLibre, Inc. is the leading e-commerce marketplace across Latin America. Shares of MercadoLibre declined 17.3% in the quarter (although finished the year up 8.0%) as the company reported weaker-than-expected operating margins, leading to a reduction in near-term earnings expectations. The margin contraction was driven by growth in the credit portfolio (with loan loss provisions accounted ahead of revenue recognition), temporary accounting changes, accruals for long-term incentive plans and investments to expand the company's distribution network. We see these as temporary and necessary to expand MercadoLibre's competitive advantages relative to peers, supporting its growth runway. MercadoLibre is investing in the business, which sacrifices near-term profitability but is the correct strategic decision, in our view. Apart from the margin miss, financial results were strong, with 35% year-on-year revenue growth (+103% in constant currency), 28% growth in items sold and 34% growth in total payments volume (+73% in constant currency). We retain conviction in MercadoLibre as an attractive long-term growth story tied to the secular growth of e-commerce and the penetration of financial services across Latin America.

ASML Holding N.V. is a Dutch company that designs and manufactures photolithography equipment for semiconductor manufacturing. While ASML is the leader across all types of lithography, most importantly, it is the only manufacturer of extreme ultra-violet lithography tools, which are critical for the manufacturing of leading-edge chips. Shares fell 15.6% during the fourth quarter (finishing the year down 6.6%) on reduced guidance for 2025 as well as growing investor concerns about the potential impact of U.S. government restrictions on Chinese demand and the possibility of peaking lithography intensity. Despite near-term noise, we believe that the growing demand for chips in general and AI chips in particular will continue to support long-term growth for the wafer fab equipment industry with ASML's competitive positioning remaining unassailable. While lithography as a percentage of capital expenditure may decrease from current levels, the chip layer count requiring lithography will continue to increase, in our view, as chips continue to become more complex. As a monopoly on critical lithography tools supporting an industry with growing demand fueled by the proliferation of AI, we see strong long-term upside for ASML.

Shares of **Coupang, Inc.**, Korea's largest e-commerce platform, corrected 10.6% in the fourth quarter (even though they finished 2024 up 35.5%). While the company delivered solid quarterly results with 27% year-on-year revenue growth with Farfetch and other initiative losses narrowing significantly, its product commerce EBITDA margin missed expectations due to a temporarily elevated spending on technology and automation. Sluggish domestic consumption in Korea, with the e-commerce market experiencing flattish to negative growth, and political uncertainty stemming from President Yoon's declaration of martial law and subsequent impeachment, further weighed on the stock. Despite these short-term challenges, we maintain a positive outlook on Coupang's long-term market share expansion and margin growth trajectory, and view Coupang as one of the most competitively advantaged e-commerce businesses globally, with significant runway for both revenue and earnings growth.

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 December 31, 2024, the top 10 positions represented 61.2% of the Fund's net assets, and the top 20 represented 85.6% (this compares to 60.2% and 87.7% at the end of 2023, respectively). We ended 2024 with 38 investments compared to 34 at the end of 2023. Our investments in the IT, Consumer Discretionary, Industrials, Financials, and Health Care sectors, as classified by GICS, represented 99.4% of the Fund's net assets.

Investments in non-U.S. companies represented 53.4% of net assets, and our holdings in emerging markets and other non-developed countries (Argentina) totaled 25.3%.

The Fund's active share was 92.1% (and averaged 94.7% over the last 3 years) and its turnover was 8.3% in 2024, roughly in-line with the Fund's average turnover of 7.3% and 10.9% over the last 3 and 5 years, respectively.

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

	Quarter End Market Cap ($ billions)	Quarter End Investment Value ($ millions)	Percent of Net Assets (%)
Space Exploration Technologies Corp.	349.1	60.6	10.3
Shopify Inc.	137.6	55.9	9.5
NVIDIA Corporation	3,288.8	48.6	8.2
MercadoLibre, Inc.	86.2	39.8	6.8
Cloudflare, Inc.	37.1	37.2	6.3
Coupang, Inc.	39.5	27.8	4.7
argenx SE	37.1	27.6	4.7
Datadog, Inc.	48.5	22.8	3.9
Zomato Limited	31.3	21.4	3.6
Wix.com Ltd.	11.8	19.0	3.2

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

	Percent of Net Assets (%)
United States	46.1
Netherlands	9.7
Canada	9.5
Argentina	9.0
India	6.4
Israel	5.0
Korea	4.7
United Kingdom	2.6
Poland	2.1
Spain	1.4
Brazil	1.3
Taiwan	1.1
China	0.7

Recent Activity

During the fourth quarter, we participated in the IPO of the software provider, **ServiceTitan**. We also added to two existing positions – the auto-focused fabless semiconductor company, **indie Semiconductor**, as well as **Tesla**.

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

	Quarter End Market Cap ($ billions)	Net Amount Purchased ($ millions)
ServiceTitan, Inc.	9.1	1.8
indie Semiconductor, Inc.	0.8	1.5
Tesla, Inc.	1,296.4	0.7

During the fourth quarter, we participated in the IPO of **ServiceTitan, Inc.**, a leading business management software platform for the trades (e.g., plumbers, HVAC technicians). The platform serves as a system of record offering clients nearly everything they need to run their business including customer relationship management, field service management, enterprise resource planning, human capital management, and fintech.

ServiceTitan operates in a large and under-digitized market. In the U.S. & Canada alone, the trades represent a $1.5 trillion annual industry and ServiceTitan's current solutions can address around $650 billion of that spend. With total spending on its platform annualizing at just over $60 billion, ServiceTitan has a long runway for growth. We also like the industry's resilience given that roughly 75% of U.S. residential trades jobs are non-discretionary in nature. Relative to the competition, ServiceTitan has several notable advantages including: 1) they are by far the leading end-to-end software platform built specifically for the trades, providing a strong ROI to clients (resulting in a 95% plus gross revenue retention) and would be very hard to catch at this point given that they can virtually be a one-stop-shop for all of a trades business' technology needs; 2) having a first mover advantage that allowed the company to build broad-based customer trust over time, becoming a standard across a growing number of trades and a competitive disadvantage to not use; and 3) the company's scale provides a big data advantage as ServiceTitan can use their industry leading data to make continuous improvements to their product offerings and connect previously disparate processes for customers, driving further ROI for customers. By offering a unified cloud-based platform specifically built for the trades, ServiceTitan is an important driver of digitization for trades businesses and is helping their customers modernize away from disjointed and on-premises legacy solutions. We believe that ServiceTitan is a high-quality business that will enjoy a long growth runway as it solves more problems for its customers and addresses larger parts of the market over time.

We also took advantage of the volatility in the shares of the automotive-focused fabless semiconductor company **indie Semiconductor, Inc.**, to add to our position. We continue to believe the risk/reward for long-term investors is attractive as the company is temporarily impacted by the cyclical downturn in automative. While the industry is in a downturn, indie continues winning new business, adding to its backlog, which has now surpassed $7 billion. This compared to annualized revenues of just over $200 million, creating a favorable outlook with a long runway for growth.

We added to our **Tesla, Inc.** position during the quarter. We believe that the company's progress in robotics (both in autonomous driving as well as in humanoids), creates significant opportunities for the business model to inflect positively. While Tesla's automotive gross profits were under pressure in the short term, overall gross profits grew, enabling the company to continue reinvesting significant amounts in its future endeavors, including energy solutions, autonomous driving, AI, and humanoids. We believe that the majority of Tesla's intrinsic value would be driven over time by its other offerings outside of selling vehicles and have therefore added to our position.

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

	Quarter End Market Cap ($ billions)	Net Amount Sold ($ millions)
Shopify Inc.	137.6	8.5
Coupang, Inc.	39.5	8.0
NVIDIA Corporation	3,288.8	7.6
MercadoLibre, Inc.	86.2	5.9
CrowdStrike Holdings, Inc.	84.3	2.2

Outlook

After a decade of a very favorable investing environment spurred by globalization and record low interest rates, the last few years have proven to be a challenge for global investors. A spike in inflation, partly caused by the COVID pandemic, triggered an unprecedented tightening cycle by the global monetary authorities which prompted a significant drawdown for equity markets worldwide in 2022. Once the tightening cycle ended, the markets stabilized and began to recover, despite increased geopolitical tensions and wars in Europe and the Middle East, the MSCI ACWI Index gained 43.6% over the last two years. While impressive on the surface, the gains were driven by a narrow group of U.S. companies with giant market capitalizations leaving most international and non-giant-cap stocks still in correction territory. The Fund struggled for most of that period, as being in the wrong neighborhoods and not being in those few narrow stocks that drove the Index's returns proved to be a significant headwind. Still, it returned 58.7% over the last two years, though it did not feel like it, outperforming the benchmark by 15.2%. As we begin 2025, deglobalization is expected to accelerate. The incoming Trump administration is vocal about using tariffs as a preferred tool to exert leverage on its trading partners. But tariffs are barriers to trade with the effect of localizing supply chains. Deglobalization will likely make it more expensive to make things, which is inflationary in nature, and the last mile in getting inflation down to the stated desired level has already proven to be harder than expected.

Even so, we are excited about what is to come!

No, we are not talking about further interest rate cuts, deregulation, improved efficiency and productivity, increased M&A activity, and a more benign geopolitical background – things that are reasonably likely to happen that could provide a nice tailwind for the market and our stocks. No one gifted us a crystal ball this holiday season and even if we had one, we would not know how to use it. We do not know what is priced in or how the market would react to the events in the short term as they unfold.

We are in the early stages of one of the biggest disruptive changes we have witnessed in our careers and perhaps in all human history. Invoking pattern recognition once again, this reminds us of the early 90's with the internet. Jeff Bezos, whose company was arguably at the epicenter of that transformation, recently remarked that *"This is most like electricity. There was electricity, then compute, and now AI. These horizontal layers, they go everywhere. I guarantee there is not a single application that you can think of, that is not going to be made better by AI[5]."* Elon Musk, no stranger to disruptive change himself, recently said that *"Probability that AI exceeds the intelligence of all humans combined by 2030 is about 100%."*[6] Tobi Lutke, the CEO and Founder of **Shopify** said in a recent podcast that even if AI development completely stopped today *"there's probably $10 trillion of value for industry that can be pulled out of just that over the next ten years."*[7] Jensen Huang, **NVIDIA**'s Co-Founder and CEO, commented during his 2025 CES keynote[8] that *"AI agents will drive a multi-trillion dollar industry and transform how people work."*

We believe that AI model intelligence, or how capable these models are, is improving rapidly. Scaling laws suggest that as models get bigger and are trained on more data, they become smarter. However, we now have additional ways to enhance model intelligence beyond just increasing model and data size during pre-training. Even if scaling laws slow down (which has not happened yet), we now have more vectors to progress:

- **Multiple modalities**: Training models on text, images, videos, and audio.
- **Synthetic data**: Using AI-generated and simulated data to improve training and fine-tuning.
- **Post-training techniques**: For example, Reinforcement Learning (RL) methods like Proximal Policy Optimization (PPO), RLHF (RL with Human Feedback) or RLAIF (RL with AI Feedback).
- **Inference-time scaling**: Models that are capable of thinking through multiple steps (or chain of thought) before answering, like OpenAI's new reasoning models (o1 and o3). These models have shown great improvement in advanced benchmarks, with frontier math scores rising from 2% (o1) to 25% (o3), and general intelligence scores improving from 25-30% to 75-88%[9].

In robotics, we are also seeing promising progress even though it is still early – with Waymo reaching an incredible 22% market share in San Francisco, same as Lyft[10] and Tesla showing Optimus robots in the wild at its "We Robot" event. Very exciting, indeed!

We own a portfolio of great businesses that should benefit from these disruptive changes over time – from NVIDIA at the epicenter of the AI paradigm shift, to the e-commerce platforms such as Shopify that can utilize AI to help its merchants run their businesses better, to infrastructure software platforms like **Datadog** or **Cloudflare**, that use AI on their proprietary data to dramatically improve their offerings for customers.

5 https://medium.com/said-differently/jeff-bezos-nails-the-ai-story-5a2ebb86a0e5#:~:text=This%20is%20most%20like%20electricity,be%20made%20better%20by%20AI.
6 https://x.com/elonmusk/status/1871083864111919134?ref_src=twsrc%5Etfw%7Ctwcamp%5Etweetembed%7Ctwterm%5E1871083864111919134%7Ctwgr%5E495a1e92e9aa11543a659ec927de237b53e1c346%7Ctwcon%5Es1_&ref_url=https%3A%2F%2Fgagadget.com%2Fen%2F555224-ilon-musk-predicted-when-artificial-intelligence-will-surpass-the-intelligence-of-all-of-humanity%2F
7 https://joincolossus.com/episode/building-islands-of-innovation/
8 https://www.youtube.com/watch?v=k82RwXqZHY8&t=3911s
9 https://arcprize.org/blog/oai-o3-pub-breakthrough
10 https://x.com/aleximm/status/1867257473671082356

After the weighted average multiple of the Fund[11] declined by 57% in 2022, and recovered 16% in 2023, it declined again in 2024, by 1.5%. Overall, in the last two years, while the multiple recovered approximately 14%, the Fund gained almost 59%, suggesting that approximately three quarters of the recovery has been driven by growth in fundamentals rather than multiple expansion. We expect that to continue to be the case over the long term, and the longer the time horizon, the more important growth in fundamentals will be to the performance of the Fund.

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

[11] Calculated based on year-end weights and using either an EV/Revenue multiple or a P/E multiple based on FactSet consensus estimates for the next 12 months.

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.

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. **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. **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. **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 Discovery Fund Shareholder:

Performance

"[B]etween the vagaries of fate and our uncertain state of knowledge about the world, getting things even somewhat right is hard enough. Probabilities are usually the best you can do."
Nate Silver, *On the Edge*, p. 16

Baron Discovery Fund® (the Fund) was up 6.20% (Institutional Shares) in the fourth quarter, outperforming the Russell 2000 Growth Index (the Benchmark) by 4.50%. For the full year ended December 31, 2024, the Fund was up 16.28%, outperforming the Benchmark by 1.13%. We were very pleased with the outperformance, particularly given the difficult start that we had in the first half of the year. At the end of the second quarter, the Fund was down 3.57%, trailing the Benchmark by about 8%. During this period of underperformance, we remained consistent with our process and long-term focus. We didn't view the underperformance as fundamentally driven. In our June 30, 2024 letter we wrote "we believe the downside moves [in our worst performing investments] are more technically related to macroeconomic factors and the trading environment and could reverse extremely quickly . . . " Our belief proved to be prescient as the Fund significantly outperformed in the second half of the year (the Benchmark was up 10.26% and the Fund was up 20.58%, producing outperformance of 10.32%!).

RANDY GWIRTZMAN
PORTFOLIO MANAGER

LAIRD BIEGER
PORTFOLIO MANAGER

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

Table I.
Performance[†]
Annualized for periods ended December 31, 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]	6.11%	6.20%	1.70%	2.63%
One Year	15.95%	16.28%	15.15%	23.81%
Three Years	(2.83)%	(2.57)%	0.21%	8.01%
Five Years	9.73%	10.01%	6.86%	13.86%
Ten Years	10.98%	11.26%	8.09%	12.55%
Since Inception (September 30, 2013) (Annualized)	12.47%	12.76%	8.44%	13.22%
Since Inception (September 30, 2013) (Cumulative)[3]	275.19%	286.08%	148.71%	304.05%

Nate Silver's book *On the Edge* is a terrific exploration of some of the most important events, trends, and people in the recent past including AI, cryptocurrency, Silicon Valley venture capitalists, hugely successful entrepreneurs, and even financial villains. Silver, a professional political pollster and also a professional poker player, relates to the world in a construct that divides it into two key personality types, "Riverians" and "Villagers." Riverians are gamblers, investors, entrepreneurs, and other risk takers who view their actions in terms of expected value (EV). EV simplistically is the value of a result being successful, multiplied by the probability that success occurs. If something has positive EV (+EV) after subtracting its costs, then it's worth pursuing (at the most abstract level). Riverians are individualistic and calculating (sometimes to the extreme). By contrast, "Villagers" are more tribal and prize sticking to their community as the paramount way to achieve success (also sometimes to the extreme). Villagers (politicians, academics, journalists, and the like) are by nature more risk-averse. It won't surprise you to hear that your Fund managers are Riverians by nature, and we strive to create what Silver calls "edge" via our style of long-term, fundamentally sound investing.

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, 2035, 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 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 3000 U.S. companies representing approximately 98% of the investable U.S. equity market. 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.

BARON FUNDS 1987

"Edge" is defined as consistently making +EV decisions (p. 22). It is important to understand that long-term actualized positive value does not mean that every investment or investment period is a guaranteed winner. Just that each investment is made with +EV at the outset. Pursuing this road requires a distinctive mixture of traits, including contrarianism (being critical of consensus thinking, not merely blindly defying the majority) (p. 25), risk taking (p. 221), a commitment to process versus using results as a goal (p. 221), with a long-term perspective (p. 226) based on experiential preparation (p. 232), and high-quality quantification of these experientially derived intuitions (p. 237). Sound familiar? It should. This is our daily process and it has allowed us to create long-term annualized returns for the Fund since inception of 12.76% with outperformance (our annualized return above the market after fees) of 4.32%.

As Silver says, "it's hard for anybody to have alpha. But not everybody is playing the same game. People have different incentives, and they may be following their incentives rationally, but it nevertheless creates profitable opportunities. . . It's easier to achieve alpha at your objective when other people aren't playing the same game. . . . So be a conscientious contrarian – look for flaws in people's incentives rather than their intelligence – and then seek out a place where your own incentives are well-aligned with your goals." (p. 242). "Many times you can make a +EV bet just by being more patient than the next person. And it represents a comparative advantage because patience is an atypical trait in the United States." (p. 259).

We are patient and we are playing the long-term game, which is contrary to most market participants (perhaps because their investors are driven by short-term performance or because they simply don't have the patience). We also "eat our own cooking." We have substantial investments in the Fund which we have not sold, even when markets have been fearsome. This was particularly true in the first half of 2024 when as mentioned we were behind the market on a relative basis. Periods such as this set up big +EV opportunities, as emotions drive most investors to routinely sell quality investments at a discount due to fear. We are extremely proud of our long-term performance, particularly when every day the market seems to value "patience" less and less. Our contrarian outlook and measurement of "edge" over a longer-term horizon makes us different from most other funds and investors – we are playing a different game.

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

	Contribution to Return (%)
Axon Enterprise, Inc.	1.56
Chart Industries, Inc.	0.99
PAR Technology Corporation	0.97
Reddit, Inc.	0.85
Liberty Media Corporation – Liberty Live	0.77

Shares of **Axon Enterprise, Inc.**, the leading provider of tasers, body cameras, and other public safety solutions, rose after a robust quarterly earnings report. The company closed the quarter with record bookings and highlighted the 2025 launch of an AI bundle oriented around its innovative Draft One product (which automates the process of report writing for public safety officers). With eleven consecutive quarters of more than 25% revenue growth, Axon continues to find new areas of expansion as it pulls ahead of the competition and is on track to become the dominant provider of public safety solutions in the U.S., and, increasingly, in Europe.

Chart Industries, Inc. is a global leader in the design, engineering, and manufacturing of process and storage technologies and equipment for gas and liquid handling. Shares of Chart rose during the quarter as the company reported strong financial results, importantly with free cash flow ahead of investor expectations. The fundamentals for the business continue to be very strong, with record revenue, backlog, and margins every quarter in 2024 and a book-to-bill ratio above one. The stock had been "in the penalty box" for self-inflicted issues, with management setting too-high expectations and continuing to need to cut them back, but this quarter showed Chart has finally set more achievable expectations and we believe it is set up for strong execution into 2025. Chart is unique in its breadth of technology and solutions serving long-duration secular growth markets (liquid natural gas, hydrogen, carbon capture, water treatment, and more) with a mid-20% (and improving) EBITDA margin profile and with revenue growing double digits. As the company continues to grow and execute its operational excellence plan, we believe it will earn a more premium valuation, which combined with its strong earnings growth profile will drive significant near- and long-term upside in the stock.

PAR Technology Corporation is a leading software, hardware, and service provider to the restaurant industry. Shares of PAR rose during the quarter as it continued to deliver strong growth while reporting its first quarter of adjusted cash flow (EBITDA) profitability since embarking on its current strategy. The restaurant industry historically underinvested in technology, and PAR is building an all-in-one platform for enterprise restaurants to run the most critical portions of their technology stacks. PAR remains well positioned given limited competition, accelerating restaurant adoption of technology, and best-of-breed products. We believe PAR will deliver on its greater than 20% software revenue growth target for the next several years with possible significant upside if PAR closes some of its potential large customer deals. We further believe EBITDA margins will rapidly scale from this first profitable quarter as the company has maintained strong cost controls coincident with its growth. The company's recent TASK and Stuzo acquisitions further strengthen the long-term opportunity as well, allowing for expansion into convenience stores and international markets and opening up opportunities with additional Tier 1 restaurants.

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

	Contribution to Return (%)
CareDx, Inc.	–0.95
Montrose Environmental Group, Inc.	–0.57
Floor & Decor Holdings, Inc.	–0.50
Exact Sciences Corporation	–0.34
Varonis Systems, Inc.	–0.34

CareDx, Inc. is a diagnostic company that facilitates donor matches pre-organ transplant and rejection monitoring post-transplant. The market reacted poorly to the company's Investor Day in October, with its preannouncement of quarterly results underwhelming expectations. And the stock was up over 100% in the prior quarter, leaving little room for disappointment. Short-term momentum shifts notwithstanding, our long-term investment thesis remains intact. We believe there is significant greenfield in the transplant diagnostics market alongside the backdrop of a cleaner reimbursement landscape.

Shares of **Montrose Environmental Group, Inc.**, a leading environmental services firm, were down due to a multitude of issues and negative news flow. Previously, the stock came under pressure when the U.S. Supreme

Court struck down the Chevron Doctrine in July, raising investor concerns about the authority of federal agencies to enforce environmental regulations that drive portions of Montrose's business. In September, shares sank after a short report targeted the company. Finally, the perception that Montrose will fare worse under the incoming administration due to a reduced focus on regulation also hurt shares. Management has refuted all these points and met with investors to give confidence around their 2025 outlook. They noted the company grew under the prior Trump administration and paused acquisitions in the short term to demonstrate organic revenue growth and cash flow generation, which the short report claimed was lacking. We added to our position on weakness.

Floor & Decor Holdings, Inc. is a hard-surface flooring retailer with a long growth runway driven by double-digit unit growth as they consolidate the hard-surface flooring industry. The company has long-term, sustainable competitive advantages in its ability to source and price products versus both big box retailers and independents. Despite this positive long-term secular potential, the company's shares can be highly sensitive to changes in interest rates over the short term as higher interest rates increase the risk of a prolonged housing recovery. As the year ended, rates on longer-dated maturities increased and, as a result, shares underperformed during the quarter due mostly to changes in interest rates. Despite this dynamic, demand for the company's products appears to have stabilized and we believe once the housing market begins to recover, Floor & Decor will continue to be well positioned.

Portfolio Structure

Our top ten positions comprised 28.2% of the portfolio, consistent with long-term levels. Our cash position was 3.9%, also in line with historical levels. The Fund has significant capital loss carryforwards from prior years to offset current year capital gains.

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

	Year Acquired	Quarter End Investment Value ($ millions)	Percent of Net Assets (%)
CyberArk Software Ltd.	2022	53.4	3.4
Kratos Defense & Security Solutions, Inc.	2020	51.2	3.2
PAR Technology Corporation	2018	50.9	3.2
Liberty Media Corporation – Liberty Live	2023	47.6	3.0
DraftKings Inc.	2023	45.9	2.9
Clearwater Analytics Holdings, Inc.	2021	41.3	2.6
Dayforce, Inc.	2022	40.0	2.5
Axon Enterprise, Inc.	2022	39.9	2.5
Guidewire Software, Inc.	2022	39.7	2.5
SentinelOne, Inc.	2023	39.4	2.5

Recent Activity

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

	Year Acquired	Quarter End Market Cap ($ billions)	Net Amount Purchased ($ millions)
The Macerich Company	2024	4.5	21.3
ServiceTitan, Inc.	2024	9.1	20.4
Independence Realty Trust, Inc.	2024	4.5	20.1
Montrose Environmental Group, Inc.	2020	0.6	16.9
Brunello Cucinelli S.p.A.	2024	7.5	13.7

This quarter we initiated a new position in **The Macerich Company**. Macerich is a REIT that owns a portfolio of 43 exceptionally high-quality malls in the U.S., located in key states such as California, New York, and Arizona.

We are excited about the short- to medium-term prospects for Macerich for four reasons: 1) The fundamental backdrop for high-quality mall real estate remains favorable. Tenant demand remains robust, as a broad-based group of retailers seek to secure space to meet their five- to ten-year growth objectives. In the meantime, there is a shortage of desirable space that is available, since industry occupancy is high and no new mall developments are underway. This demand/supply imbalance is enabling landlords to raise rents. 2) Macerich owns an exceptionally high-quality portfolio of mall real estate. Approximately 90% of the company's portfolio value is derived from malls graded Class A, which means the properties are well located, highly productive, and appealing to prospective tenants. 3) We see continued growth opportunities for Macerich through increases in occupancy, rents, margins, and redevelopment projects, which should lead to continued cash flow growth. 4) A CEO transition is underway for the first time in decades. Effective March 1, 2024, Jackson Hsieh became President and CEO of Macerich. Jackson most recently served as CEO of net lease REIT Spirit Realty Capital until its acquisition by Realty Income in January 2024. At Spirit, Jackson led a successful turnaround effort to improve overall portfolio quality and simplify the company's capital structure. We believe Jackson has an opportunity to make similar improvements at Macerich, including selling non-core properties and repaying debt.

At the recent share price, we believe Macerich is valued at a significant discount relative to its closest publicly traded mall peers and relative to recent mall transactions that have taken place in the private market. We anticipate that this valuation discount will narrow or close in the coming years as the company's turnaround plan progresses.

ServiceTitan, Inc. is the leading business management software platform for "the trades" (i.e HVAC, plumbing, electrical, pest control, roofing, etc.). The platform serves as a system of record offering clients nearly everything they need to run their businesses including customer relationship management (sales enablement, marketing automation, and customer service), field service management (scheduling/dispatching), enterprise resource planning (inventory), human capital management (compensation and payroll) and fintech (payments and consumer financing).

ServiceTitan operates in a large market. In just the U.S. and Canada, the trades are roughly a $1.5 trillion annual industry and ServiceTitan's current set of solutions serve about $650 billion of this spend. This equates to about a $30 billion addressable market for the company, of which $13 billion is serviceable today. The industry is also resilient given that over 75% of U.S. residential trades jobs are non-discretionary in nature. Relative to its competition, ServiceTitan has several notable advantages including: 1) it is by far the leading end-to-end software platform built specifically for the trades that provides a strong return on investment to clients and would be very hard to catch at this point given it is virtually a one-stop-shop for all of a trade's business' technology needs; 2) it has a first mover advantage that allowed the company to build up broad-based customer trust over time; and 3) the company's scale provides a big data advantage as ServiceTitan can use its industry leading data to make continuous improvements to its product offerings and connect previously disparate processes for customers.

We believe ServiceTitan is well positioned to drive at least high teens to 20% or more organic revenue growth for many years driven by a combination of natural growth with existing clients (as customers grow, ServiceTitan grows with them), increased adoption of add-on products for existing customers and new product launches (today the company captures about 1% of customer transaction volume with the opportunity to reach 2% if a customer adopts the full suite of solutions), new customer acquisitions in existing trades (less than 10% penetrated today), and expansion into new trades.

The company has started to ramp its margin profile, but we see a long runway left for additional margin expansion from roughly breakeven levels today up to 25% or more operating margins over time. As the margin ramps, we expect strong free cash flow conversion, which should bolster the company's healthy balance sheet and provide flexibility around capital allocation. We believe that ServiceTitan is a high-quality business and will be a solid earnings compounder, which should drive good stock returns over a multi-year period.

During the quarter, we initiated a new position in multi-family REIT **Independence Realty Trust, Inc.** (IRT)**.** We believe the stock is attractive due to a favorable valuation level, continued robust demand outlook across its markets, and other idiosyncratic considerations.

IRT owns 33,000 apartment units that cater to a more affordable income demographic. We believe the return prospects for the stock continue to be appealing given 1) the company's discounted public market valuation relative to both recent private market transactions and publicly traded peers that have communities in overlapping markets; 2) its "value-add" program that provides superior growth prospects versus peers; and 3) less new multi-family apartment supply in its markets go forward which will enhance IRT's pricing power. Furthermore, we believe the broader market is under-appreciating the company's additional cash flow growth from the *lease-up* of its two recently completed development projects. It is our view that the market is not embedding the associated cash flow from this lease up into the company's earnings expectations.

We bought more shares of **Montrose Environmental Group, Inc.** as we believe the company will start to show meaningful free cash flow production in 2025, and that the concern about negative regulatory issues is overstated.

Another new addition was **Brunello Cucinelli S.p.A.**, a high-end luxury brand focused on the creation, production, and sale of Brunello Cucinelli branded clothing, accessories, and lifestyle products. We believe that Brunello Cucinelli provides one of the best top-line growth resiliency stories in the consumer sector due to the company's strong brand heritage and appeal in the highly attractive, and less cyclical, "absolute luxury" segment. The brand is meticulously managed to maintain exclusivity and deliver the highest quality products for a very discerning customer base of approximately 400,000 customers (who spend on average about €2,500 per year). We believe that Brunello Cucinelli's strong brand, solid pricing power, limited competition, and generally more recession-proof consumer demand make it one of the best-positioned luxury brands in a more uncertain environment.

We expect Brunello Cucinelli to grow its revenues at a minimum of 10% per year driven by a combination of opening new company stores, expanding older company stores, adding new wholesale clients, and annual price increases. Brunello Cucinelli also has expansion opportunities in China (we believe sales can grow from 12% of total company revenues to 18% over time), and through new product introductions (for example, the company recently entered eyewear and fragrance categories). We also expect a measured approach to profit margin expansion and believe that Brunelli Cucinelli can expand margins by 20 to 30 basis points per year. The combination of double-digit revenue growth and operating margin expansion should lead to earnings growth compounding in the low to mid-teens for the foreseeable future.

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

	Year Acquired	Market Cap When Acquired ($ billions)	Quarter End Market Cap or Market Cap When Sold ($ billions)	Net Amount Sold ($ millions)
Axon Enterprise, Inc.	2022	8.9	45.3	42.5
Rexford Industrial Realty, Inc.	2019	3.0	9.2	28.0
Intapp, Inc.	2024	2.6	5.0	14.4
Advanced Energy Industries, Inc.	2019	2.6	4.4	14.0
ASGN Incorporated	2022	6.0	3.7	11.0

We sold some of our investment in **Axon Enterprise, Inc.** as shares had run up significantly in the quarter due to an outsized earnings beat. This brought the position to approximately 5% of net assets during the day on November 8, 2024. After a total return of nearly 400% on our investment at December 31, 2024, we still own a 2.5% position in Axon (which we think is one of the best companies we have ever owned).

We reduced our position in **Intapp, Inc.** and sold out of **Rexford Industrial Realty, Inc.** to fund the purchases of Macerich and ServiceTitan, respectively.

We trimmed our investment in **Advanced Energy Industries, Inc.** to manage the position size to about 2%. We still believe the company has many opportunities to grow its state-of-the-art power management product set in semiconductor capital equipment, medical devices, and advanced industrial applications. Finally, we trimmed our position in **ASGN Incorporated**, as we found some higher return on invested capital ideas that we wanted to fund.

Outlook

We believe that there is significant upside to our current portfolio given current valuations and the growth profiles of the companies in which we invest. Broadly, small capitalization markets have been worse than stagnant. The Benchmark at December 31, 2024 was still 12% below its February 9, 2021 peak. This is incredible – a nearly four-year stretch at a standstill, when these companies are producing real and rapid fundamental growth. We have written at length about the relative valuation discounts in small versus large capitalization markets (see our third quarter investor letter for more details). And we are about to enter a period of time in which the country might get a step function of positive catalysts including increased deregulation, lower taxes, a serious effort to reduce the federal debt, and a return to more normalized energy policies. We believe that this confluence of factors should provide a powerful tailwind for small capitalization stocks.

We thank you for your own long-term commitment to our investment process. Here's to more "edge!"

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.

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

PERFORMANCE

We had another good quarter to finish out a solid 2024.

Baron Durable Advantage Fund® (the Fund) gained 3.1% (Institutional Shares) in the fourth quarter, compared to the 2.4% gain for the S&P 500 Index (the Index). For calendar year 2024, the Fund gained 27.1%, which compared favorably to the 25.0% gain for the Index.

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

	Baron Durable Advantage Fund Retail Shares[1,2]	Baron Durable Advantage Fund Institutional Shares[1,2]	S&P 500 Index[1]
Three Months[3]	3.11%	3.14%	2.41%
One Year	26.87%	27.14%	25.02%
Three Years	11.36%	11.63%	8.94%
Five Years	16.93%	17.21%	14.53%
Since Inception (December 29, 2017)	16.12%	16.40%	13.83%

ALEX UMANSKY

PORTFOLIO MANAGER

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

U.S. large-cap equities was again the place to be in 2024. After a 26.3% gain last year, the S&P 500 Index returned an impressive 25.0% for an encore. The U.S economy remains strong, with the latest GDP forecast from the Atlanta Fed estimating 3.1% GDP growth in the fourth quarter, while the rate of inflation remained below 3%. It seems that only yesterday Apple's market cap reached the *$1 trillion milestone*. As of January 2025, after a two-year blockbuster run, there were **ELEVEN** companies with market values of $1 trillion or more. While Apple remained the world's most valuable company at $3.8 trillion it was joined by **NVIDIA**, **Microsoft**, **Alphabet**, **Amazon**, **Meta**, Tesla, Berkshire Hathaway, **Taiwan Semiconductor**, Saudi Aramco, and **Broadcom**. An impressive run and a notable list, indeed. Seven of these companies, collectively known as the Magnificent Seven, were again the key driver of Index returns. In 2023, Alphabet, Amazon, Apple, Meta, Microsoft, NVIDIA, and Tesla represented 26% of the Index, on average, and accounted for 62% of its gains. In 2024, this group was responsible for 53% of the Benchmark's return while representing approximately 31% of its weight. Our Magnificent Seven holdings outperformed the Index's by 127bps, while the rest of our portfolio outperformed the remainder of the Index's holdings by 402bps.

Magnificent Seven performance has captured a lot of attention from the news and financial media, who spend a lot of time highlighting the group's returns but not so much emphasizing its fundamentals. As a group, Magnificent Seven total operating profits rose from $343 billion in 2022 to $575 billion in 2024[4], and its free cash flow increased from $256 billion to $414 billion. During 2024, consensus estimates for 2025 earnings have increased by 21%. Now, add the fact that these companies are some of the best and most obvious beneficiaries of the AI opportunity, owning and operating key platforms enabling AI. In that context, is it really surprising that the Magnificent Seven performed as well as they did?

From a quarterly performance attribution perspective, there was not much insight to be gleaned from what was a pretty uneventful quarter. We did well in Financials where **Apollo** and **LPL Financial** generated excess returns, while our investments in Industrials and Health Care lagged. Not having investments in Materials, Utilities, and Energy also contributed to relative returns. Broadcom, Amazon, Apollo, LPL Financial, and Taiwan Semiconductor were our top five contributors to absolute returns, while **Monolithic Power**, **Thermo Fisher**, and **Danaher** detracted.

Performance listed in the table above is net of annual operating expenses. The gross annual expense ratio for the Retail and Institutional Shares as of September 30, 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, 2035, 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.

4 Based on FactSet consensus expectations for the group as of 12/31/2024.

For the year, investments in Communication Services, Consumer Staples, Consumer Discretionary, and Financials contributed 376bps combined to relative returns, while not owning stocks in Energy, Materials, and Utilities added an additional 136bps. This was offset by poor performance in Real Estate, Information Technology (IT), and Health Care holdings, which detracted 126bps. From a stock specific perspective, we had 29 contributors and 8 detractors – a solid batting average in what was a mixed year for our investable universe. But where we really shined was our slugging percentage with NVIDIA, Meta, Amazon, Broadcom, Taiwan Semiconductor, Apollo, Alphabet, Microsoft, and **Brookfield** contributing over 100bps each to absolute gains, while 13 of our holdings saw their stock prices rise over 30%. The average position size of investments that outperformed the Index was 3.6%, while the average position size of those that underperformed was 2.1% – or 150bps lower.

The last three years proved to be quite a ride for equity investors. In many ways, it can be perceived and evaluated as a full market cycle: a sizable drawdown in 2022, followed by a meaningful recovery in 2023 and 2024. We are pleased with how the Fund performed over this combined period, generating a gain of 39.1%, close to 1,000bps better than the 29.3% return for the S&P 500 Index. As a reminder, we seek to generate 100bps to 200bps of alpha over the Index (per year, net of fees and expenses, and over full-market cycles) by investing in high-quality, competitively advantaged businesses for the long term, while minimizing the probability of a permanent loss of capital. We do it differently from many of our competitors who construct their portfolios similarly to the Index by combining cheap *value* stocks with more expensive *growth* stocks. Both value and growth labels are as much a function of the multiple that is currently assigned to the stock as they are of the business's growth; they do not tell us anything about the most important characteristic of the business: its quality.

Instead of splitting the investable universe into value stocks and growth stocks, we separate them into high-quality and lower-quality businesses. We further split the high-quality category into *Big Ideas* and companies that we call *holders of value*. Big Ideas are businesses going through the steep part of their growth s-curves that are in the earlier stages of their growth life cycles from the industry penetration perspective. These are companies that are either driving or are benefiting from disruptive change and that can become significantly larger in the future than they are today. This is the bread and butter of many investment strategies at Baron. This Fund, however, offers a home for the companies that are either in the later stages of being a Big Idea or that are transitioning into becoming holders of value (although, occasionally we may find a company priced and perceived as a holder of value that is on its way to becoming a Big Idea, as was the case with NVIDIA when we first invested in the company towards the end of 2022, and Broadcom, which was acquired early in 2024). Essentially, we focus on long-term *compounders with lower risk*: the highest quality large-cap companies with attractive business models (asset light, high recurring revenues, low financial leverage, etc.), durable growth characteristics (long duration of growth, though the growth rates may be lower), that solve critical problems for their customers and have durable competitive advantages. Typically, these companies face lower risk of getting disrupted by competitors or new technologies. We also look for management teams with long track records of operational excellence and prudent capital allocation. One of the most common signs of a company leaving the realm of a Big Idea and transitioning into the holder of value is the recognition that it can no longer reinvest all of its excess cash flow back into the business at high rates of return, and therefore it chooses to return capital back to shareholders via dividends or stock buybacks. If we are successful in identifying and investing in businesses with the above characteristics, it should make our claim and conviction in *lower risk of a permanent loss of capital* somewhat self-evident.

We believe that the best way to assess whether we are successful in doing what we set out to do is to measure our performance over full market cycles. We believe that rolling monthly performance is helpful in that regard. This analysis shows that on an annual basis, the Fund has outperformed the S&P 500 Index and its Morningstar peer group, 62% and 68% of the time, respectively.* But as the time horizon extends so has the Fund's winning percentage. On a 3-year rolling monthly return basis, it has outperformed 78% and 86%, and on a 5-year basis, the Fund has outperformed 96%, and 100% of the time, respectively. Note of course that past performance does not guarantee future results.

Table II.

Percentage of time Fund outperformed benchmarks and peers over different time periods from inception through 12/31/2024

Rolling Return Period	3 Months	1 Year	3 Years	5 Years
Outperformance vs. S&P 500 Index	61%	62%	78%	96%
Outperformance vs. Morningstar Large Growth Category Average[1]	59%	68%	86%	100%

The performance data quoted represents past performance. Current performance may be lower or higher than the performance data quoted. The indexes is unmanaged. Index performance is not Fund performance. Investors cannot invest directly in an index.

Sources: Baron Capital, S&P Global Inc., and Morningstar Direct.

Table III.

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

	Quarter End Market Cap ($ billions)	Contribution to Return (%)
Broadcom Inc.	1,086.7	1.26
Amazon.com, Inc.	2,306.9	1.10
Apollo Global Management, Inc.	93.5	1.02
LPL Financial Holdings Inc.	24.4	0.65
Taiwan Semiconductor Manufacturing Company Limited	1,024.3	0.58

Broadcom Inc. is a fabless semiconductor and enterprise software company with 60% of revenue from semiconductors and 40% from software. Shares increased 34.8% in the fourth quarter, and 72.4%[5] in 2024, on rising investor confidence in its AI market opportunity and strong execution across segments. Broadcom reported solid fourth quarter results, driven by robust semiconductor solutions growth of 12% with AI revenues reaching $12.2 billion for the fiscal year, although software revenues slightly missed forecasts due to deal delays. Broadcom estimated its serviceable addressable market for AI at a range of $60 billion to $90 billion by fiscal 2027, primarily across Google, Meta, and ByteDance, with additional opportunity with other

* As of 12/31/2024, the annualized returns of the Morningstar Large Growth Category average were 28.96%, 15.42%, and 14.28% for the 1-year, 5-year, and since inception (12/29/2017) periods, respectively.

5 Since we first purchased shares in March 2024.

customers. Moreover, the company continues to progress ahead of schedule on integrating VMware, with rapid margin expansion (reducing VMware spend to $1.2 billion in the fourth quarter of 2024, down 50% from $2.4 billion prior to the acquisition) and faster-than-anticipated incremental EBITDA contribution, highlighting Broadcom's operational discipline. Non-AI semiconductor businesses showed signs of recovery, while networking solutions including Tomahawk and Jericho continue to perform well. We remain confident in Broadcom's ability to capitalize on the growth in AI infrastructure, deliver operational synergies, and maintain leadership in networking technologies.

Amazon.com, Inc. is the world's largest retailer and cloud services provider. Shares increased 17.7% in the fourth quarter, ending 2024 up 44.5%, after the company reported solid third quarter results, with $17.4 billion in operating profits, nearly $3 billion above consensus expectations; solid growth in Amazon's cloud business (Amazon Web Services or AWS), which grew 19% year-over-year; and continued positive commentary on AI, with Andy Jassy calling generative AI[6] a *"once-in-a-lifetime type of opportunity,"* sharing promising data on growth: *"our AI business is a multibillion-dollar business. It's growing triple-digit percentages year-over-year, and it's growing 3x faster at its stage of evolution than AWS did itself. We thought AWS grew pretty fast."* While the company is investing large amounts in AI, it continues to improve profitability across its core North American retail, international retail, and even AWS, thanks to cost discipline and operational optimization. While we continue to monitor progress across all cloud hyperscalers, we believe AWS will ultimately be a winner in generative AI, given Amazon's scale and technical infrastructure advantages. Longer term, Amazon has substantially more room to grow in e-commerce, where it still has less than 15% of its total addressable market. Amazon also remains the clear leader in the vast and growing cloud infrastructure market, with large opportunities in application software, including enabling generative AI workloads.

Shares of alternative asset manager **Apollo Global Management, Inc.** rose 32.6% in the fourth quarter, ending the year up 73.3%[7]. The company held a well-received Investor Day in October, in which management highlighted the work done to build Apollo into a successful credit manager and laid out bullish five-year targets of $1.5 trillion, $5 billion, and $5 billion for assets under management, fee-related earnings, and spread-related earnings, respectively, as well as a $15-plus EPS target. Apollo also participated in the broader rally of financial stocks spurred by the Republican November elections sweep, which has bolstered expectations for greater capital markets activity and reduced regulatory scrutiny. In addition, investors anticipate that a more business-friendly administration will not block growth initiatives from alternative managers, including plans to introduce private investments into a broader swathe of retirement assets. Finally, Apollo was added to the Index in the quarter. We remain shareholders given Apollo's strong long-term growth prospects driven by the growth of alternative investments and the company's strong competitive advantages thanks to scale, first-movers advantage, and proprietary origination capabilities.

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

	Quarter End Market Cap ($ billions)	Contribution to Return (%)
Monolithic Power Systems, Inc.	28.9	–0.58
Thermo Fisher Scientific Inc.	199.0	–0.44
Danaher Corporation	165.8	–0.43
Booz Allen Hamilton Holding Corporation	16.4	–0.41
UnitedHealth Group Incorporated	465.5	–0.32

Monolithic Power Systems, Inc. is a fabless high-performance analog and power semiconductor company serving diverse end markets across the semiconductor industry. Monolithic is a relatively small player that leverages its deep system-level and applications knowledge, strong design experience, and innovative process technologies to provide highly integrated, energy-efficient, cost-effective, and easy-to-use products. Shares fell 35.9% in the fourth quarter and finished the year down 5.6% on rumors Monolithic was being displaced as a power module supplier for NVIDIA's AI systems. While management always discussed multi-sourcing for NVIDIA's Blackwell, sell-side reports suggested Monolithic would be fully removed, which could also suggest issues with its products. After speaking with management, we believe the rumors are unlikely to materialize. As the demand environment improves, Monolithic should return to growing 10% to 15% above the industry average as it expands its addressable market and takes advantage of areas where competition fails to innovate, driving meaningful long-term upside in the stock.

Thermo Fisher Scientific Inc. is a life sciences company that offers instruments and consumables for research, tools for bioproduction, specialty diagnostics, and contract research and manufacturing services. Shares fell 15.8% in the fourth quarter and ended the year down 2.1%, on underwhelming quarterly results marked by cautious commentary around China, slow progress of biopharmaceutical projects, and equipment purchases. The election of Trump and his selection of Robert F. Kennedy, Jr. to head Health and Human Services also pressured shares as they introduced an element of uncertainty into health care regulation and life science funding. We retain conviction as Thermo Fisher is a dominant and a diversified supplier across multiple end markets, that together with its scale, make it more resilient to a variety of market conditions. Once the macro environment normalizes, we expect a durable organic growth profile in the high single-digit range along with double-digit EPS growth.

Danaher Corporation supplies instruments to the life sciences industry for lab research, genomics services, and bioproduction and diagnostics tools for clinical tests in large core labs, hospitals, pathology labs, and at the point of care. Shares declined 17.3% in the quarter and finished 2024 down 0.5% on cautious forward-looking quarterly commentary marked by weakness in China, biopharmaceutical projects, and equipment cycles. The election of Trump and his selection of Robert F. Kennedy, Jr. to head Health and Human Services also pressured shares as they introduced an element of uncertainty

[6] Amazon's third quarter 2024 earnings conference call.
[7] Since we acquired the shares in January 2024.

into health care regulation and life science funding. We retain conviction given Danaher's market leadership and broad portfolio within bioprocessing, which addresses a biologics market with double-digit growth that should benefit growth thanks to a wave of biosimilars entering the market. Danaher has a portfolio of high-quality assets, with targets of high single-digit core revenue growth and double-digit EPS growth that we believe should sustain for the long term.

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 December 31, 2024, our top 10 positions represented 53.5% of the Fund's net assets, the top 20 were 79.5%, and we exited 2024 with 34 investments (this compares to 52.6%, 82.2% and 30 investments as of the end of 2023, respectively). As of year end, Financials and IT were our largest sectors, representing 62.0% of the Fund. Communication Services, Health Care, Consumer Discretionary, Industrials, Real Estate, and Consumer Staples represented another 37.6% of the Fund. Cash was the remaining 0.3%.

Table V.
Top 10 holdings as of December 31, 2024

	Quarter End Market Cap ($ billions)	Quarter End Investment Value ($ millions)	Percent of Net Assets (%)
Microsoft Corporation	3,133.8	37.1	7.7
Amazon.com, Inc.	2,306.9	35.5	7.4
Meta Platforms, Inc.	1,478.6	33.4	6.9
Broadcom Inc.	1,086.7	25.0	5.2
NVIDIA Corporation	3,288.8	24.3	5.0
Taiwan Semiconductor Manufacturing Company Limited	1,024.3	22.5	4.7
Alphabet Inc.	2,324.0	22.2	4.6
Visa Inc.	637.5	19.7	4.1
Apollo Global Management, Inc.	93.5	19.4	4.0
S&P Global Inc.	158.1	19.3	4.0

Recent Activity

During the fourth quarter, we initiated a position in the senior living focused REIT, **Welltower**. We also increased six existing positions, including continuing to build two of our most recent additions to the portfolio – the government-focused services contractor, **Booz Allen**, and the aerospace and defense supplier, **TransDigm**. We also sold our stub position in Lineage during the quarter as we reallocated to ideas in which we had greater conviction.

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

	Quarter End Market Cap ($ billions)	Net Amount Purchased ($ millions)
Booz Allen Hamilton Holding Corporation	16.4	3.7
TransDigm Group Incorporated	71.3	2.7
Welltower Inc.	78.5	2.5
Visa Inc.	637.5	1.7
Alphabet Inc.	2,324.0	1.0

We initiated a new investment in **Welltower Inc.** in the most recent quarter. Welltower owns and operates senior housing and medical office buildings in the U.S. and internationally. Welltower owns over 2,100 properties with nearly 200,000 units and is focused on the most attractive, high end of the market, a segment in which they enjoy the benefits of geographic density, scale, and pricing power.

We believe that senior housing fundamentals will continue to be robust with Welltower well positioned to capture both the cyclical and secular growth inflection over the coming years. The industry backdrop hasn't been this favorable in many years with accelerating demand while growth in supply is limited. Underlying demand is supported by a demographics boom with the 80+ year-old population growing at a 4% to 5% CAGR over the next five years versus annual growth below 2% coming out of the Great Financial Crisis. While growth is accelerating, supply is muted given construction starts are declining rapidly, current developer economics are no longer attractive, and there is a five-plus year timeline to entitle and build a new project.

We believe that by returning to normalized occupancy rates, there is a path for senior housing cash flow to grow by over 50%. In addition, there is further structural upside opportunity to both operating margins and occupancy through enhanced asset management, employing proprietary data analytics and introducing initiatives such as amenity-based pricing. We recently met with the entire Welltower executive team in our offices and came away even more encouraged by the multi-dimensional growth opportunities ahead. Welltower has recruited top senior executives from the multi-family space to execute and deploy these initiatives that will drive operating margins and occupancy beyond industry standards.

Lastly, the management team, led by Shankh Mitra (CEO), John Burkart (COO), Tim McHugh (CFO), and Nikhil Chaudhri (CIO) are astute allocators of capital focused on driving shareholder value. Shankh's annual letters to shareholders might sound familiar to the Fund's shareholders – from defining risk as *"permanent capital loss; not volatility"* to reducing risk by *"seeking a large margin of safety… acquiring assets for less than what it costs to build"* and with the company's north star being the *"long-term compounding of per share cash flow."* If you enjoy reading our letters, you will enjoy these even more – https://welltower.com/investors/.

The current capital constrained financing environment for senior housing with loans either coming due or interest rate caps coming off assets acquired during a period of low interest rates should provide an active and growing external growth pipeline where management will be able to invest at an attractive "cost basis" below replacement cost. Putting this all together, we see a path for earnings to more than double over the next five years, leading to attractive return prospects for shareholders.

During the quarter, our largest additions were to two of our recent purchases – **TransDigm Group Incorporated** and **Booz Allen Hamilton Holding Corporation**. While commercial aftermarket growth has slowed relative to the elevated levels seen in 2022-2023, OEMs still struggle to ramp up production, and travel demand remains strong, providing durable tailwinds for TransDigm. With 90% of its portfolio classified as proprietary, the company has significant pricing power, enabling mid-single-digit growth even with inflation coming down. Additionally, the company just had one of its most active years of M&A in a while and sees more opportunities ahead with the new administration's more pro-M&A-stance. Booz Allen is seeing extraordinary demand from different federal agencies with its technology focused solutions. It has become the largest provider of AI and sophisticated cyber services and is at the forefront of the government's broad-based technology modernization efforts. The incoming administration's DOGE initiative is being perceived as a risk, and it has hurt both companies' share prices post the election results. While we continue to assess the range of possible outcomes, we believe the risk is both overstated and manageable. Approximately 6% of TransDigm's sales are direct to the DoD with less than 1% not under formal contracts. The company's parts are mission-critical, low cost, and purchased in low volumes. Even in scenarios in which replacement parts were to be considered, since TransDigm's parts are largely sole-sourced, it would take a while to develop, test, and certify a whole new set of solutions. More importantly, it is unlikely to yield meaningful savings and would be extremely time-consuming and risky. Booz Allen has a key set of strategic capabilities as an enabler of efficiency and technological progress with especially strong capabilities in cyber and AI.

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

	Quarter End Market Cap or Market Cap When Sold ($ billions)	Net Amount Sold ($ millions)
Lineage, Inc.	15.5	2.1
Agilent Technologies, Inc.	38.4	0.1

Outlook

"Time is the friend of the wonderful business, the enemy of the mediocre."
– Warren Buffett's letter to shareholders, 1989

We continue to operate in an environment where an overwhelming majority of investors are hyper-focused on the minute-by-minute news cycle. What is the incremental change? The reality is that this incremental change is very rarely of any consequence or materiality, yet stock prices react to the change and pick up momentum in both directions. We work hard on trying to cut through the noise and focus on seeing the forest for the trees.

The range of outcomes continues to be fairly wide, creating a challenging environment for investors. We stick to focusing on well-managed, high-quality businesses with sustainable competitive advantages for the long term. We continue to speak with company management teams as often as we can, test our investment theses, look for disconfirming evidence, and measure how well our businesses are performing *fundamentally*.

Over the long term, stock prices will reflect the intrinsic value of businesses. Of course, in any given year, stocks can trade ahead or behind because businesses' intrinsic values are not readily available to investors. Instead, they must be estimated by making assumptions and projections about growth rates, profitability, direction and level of interest rates, opportunity costs, and so on. These projections are often volatile and can swing violently in both directions depending on a multitude of factors including investors' psychology, time horizon, and risk appetite.

To get a glimpse into the direction of intrinsic values and investor perception, we deconstructed the Fund's returns into two components – the change in multiples and change in the fundamentals. During the quarter, the Fund's weighted average multiple[8] declined by 0.7%, and finished 2024 up 6.4%. Since the Fund was up 3.1% in the quarter and 27.1% during 2024, **the fundamentals of our holdings grew by approximately 4% in the quarter and by approximately 21% during 2024** – implying that 77% of our performance in 2024 was driven by growth in fundamentals while 23% was driven by the change in multiples. The fundamentals of our businesses continue to improve after the slowdown in 2022 with consensus revenue expectations for 2025 rising by 1.1% during the quarter and 7.6% during 2024[9], operating income estimates increasing by 1.7% and 10.6% respectively, and operating margin expectations increasing by 28bps in the quarter and 59bps in 2024. Business trends are improving across most sectors and geographies. A longer-term perspective on the weighted average multiple of the Fund shows that the weighted average multiple today is in line (0.1% lower) with the weighted average multiple of our holdings over the last five years.

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

8 We calculate the change in P/E multiple (based on FactSet consensus expectations for EPS for the next 12 months) for each holding except for Apollo and Blackstone for whom we use the more appropriate P/FRE (price to fee related earnings) multiple and Welltower, for whom we use the more appropriate multiple for REITs, P/FFO (price to funds from operations). We exclude Brookfield from the calculation since we value the firm on a sum of the parts basis. We then use the ending weights of each position in the Fund to calculate the weighted average change in the Fund's multiple.

9 We calculate the change in FactSet consensus expectations for 2025 estimated revenues, operating income and operating margins for our holdings and calculated the weighted average using end of the year weights. We use FRE for Apollo and Blackstone instead of operating income.

Baron Durable Advantage Fund

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 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.

Morningstar calculates the Morningstar Large Growth Category Average performance using its Fractional Weighting methodology. Total returns do account for management, administrative, and 12b-1 fees and other costs automatically deducted from fund assets.

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

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

Dear Baron Real Estate Income Fund Shareholder:

Performance

We are pleased to report that on its 7th anniversary, Baron Real Estate Income Fund® (the Fund) delivered the #1 ranked 2024 performance among all real estate funds.

Looking back over its 7-year period since inception on December 29, 2017, through December 31, 2024, the Fund's cumulative return of 89.30% (Institutional Shares) was more than double that of the MSCI US REIT Index (the REIT Index), which increased 36.42%.

As of December 31, 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 ranking since the Fund's inception on December 29, 2017**

Notably, the only real estate fund that is ranked higher than the Fund for the trailing 5-year and since inception periods is the other real estate fund that we manage, the Baron Real Estate Fund®, which has three share classes.

Please refer to "Our current top-of-mind thoughts" section in this letter. There, we reflect on the past 7 years and discuss our optimistic expectations for the next 7 years.

For the full year, the Fund increased 17.36%, significantly outperforming the REIT Index, which appreciated 7.49%.

The fourth quarter of 2024 was challenging, however, as a sharp rise in the U.S. 10-year treasury yield from 3.8% to 4.6% weighed on several real estate shares in addition to concerns that restrictions on immigration, the possibility of raising or imposing new tariffs, still high federal deficits, and an acceleration in economic growth may result in an uptick in inflation and even higher interest rates. In the most recent quarter, the Fund increased 0.95%, significantly outperforming the REIT Index, which decreased 6.39%.

JEFFREY KOLITCH

PORTFOLIO MANAGER

Retail Shares: BRIFX
Institutional Shares: BRIIX
R6 Shares: BRIUX

We will address the following topics in this letter:

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

As of 12/31/2024, the Morningstar Real Estate Category consisted of 220, 210, 194, and 196 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 1st, 5th, 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 2nd, 11th, 5th, and 4th best performing share class in its Category, for the 1-, 3-, 5-year, and since inception periods, respectively.

As of 12/31/2024, Morningstar ranked Baron Real Estate Income Fund R6 Share Class in the 1st, 5th, 2nd, and 3rd percentiles for the 1-, 3-, 5-year, and since inception periods, respectively. On an absolute basis, Morningstar ranked Baron Real Estate Income Fund R6 Share Class as the 1st, 10th, 4th, and 5th best performing share class in its Category, for the 1-, 3-, 5-year, and since inception periods, respectively.

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.

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

BARON FUNDS 1987

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

	Baron Real Estate Income Fund Retail Shares[1,2]	Baron Real Estate Income Fund Institutional Shares[1,2]	MSCI US REIT Index[1]	S&P 500 Index[1]
Three Months[3]	0.91%	0.95%	(6.39)%	2.41%
One Year	17.16%	17.36%	7.49%	25.02%
Three Years	(0.81)%	(0.56)%	(3.43)%	8.94%
Five Years	9.00%	9.28%	3.10%	14.53%
Since Inception (December 29, 2017)	9.31%	9.55%	4.54%	13.83%
Since Inception (December 29, 2017) (Cumulative)[3]	86.49%	89.30%	36.42%	147.70%

Our Current Top-of-mind Thoughts

7-year review – reflections on the past

Since its launch on December 29, 2017, the key factor that positioned the Fund for success relative to more traditional active and passively managed REIT funds is that we embraced and structured a more expansive and diversified real estate income fund.

Though REITs tend to be at least 75% to 80% of net assets (versus most REIT funds that tend to invest approximately 100% in REITs), the Fund has the capacity to invest up to 20% to 25% in non-REITs, primarily dividend paying real estate companies. Further, unlike many of our peers, the Fund is willing to invest in REITs that are not in the REIT Index. The Fund primarily invests in U.S. real estate equity income securities, but it may also invest in international real estate companies and other real estate income vehicles such as real estate debt and preferred securities.

Further, we felt that the Fund's flexibility would improve the likelihood that it could navigate exogenous events – e.g., a global pandemic, spikes in interest rates, commercial real estate crisis fears – better than its competition, including most active, passive, semi-liquid, and private real estate peers.

In a comparison of U.S. listed REIT returns versus U.S. non-listed or private real estate funds, *Green Street*, a highly regarded third-party REIT research firm, published a report on November 25, 2024, that compares the trailing 15-year annualized total returns of listed US REITs versus non-listed or private real estate funds (through June 2024). According to Green Street, U.S. listed REITs generated an annualized return of 11.5%, far exceeding the 7.4% annualized return of U.S. non-listed real estate funds.

We believe the Fund's cumulative 7-year return through December 31, 2024, also exceeds the performance of most if not all U.S. non-listed or private real estate funds in addition to outperforming actively managed REIT funds, passive/ETF real estate funds, and semi-liquid non-traded REITs.

The next 7 years – we are even more optimistic

Looking forward, we believe the merits of our more comprehensive, flexible, and actively managed investment approach will shine even brighter.

A rapidly evolving real estate universe that requires more discerning analysis (there are more "winners" and "losers"), the prospects for a structurally higher interest rate environment, and several other items that may impact real estate including the onset of AI, the rise in geopolitical tensions, immigration, shelter, tariff, and other investment considerations should favor more flexible and liquid real estate investment strategies that cast a wider real estate investment net. We believe we have developed the right real estate income product for long-term success.

Our highly differentiated real estate income fund enjoys, in our opinion, attractive attributes compared to actively managed REIT funds, passive/ETF real estate funds, non-traded REITs, and private real estate.

The Fund versus actively managed REIT funds

- The Fund's flexibility allows it to invest approximately 20% to 25% of net assets in non-REIT real estate companies (also with a dividend yield prioritization). At times, these companies may present superior growth, income, and/or share price appreciation potential.
- Many REIT funds limit their REIT investments to companies that are included in their comparative REIT benchmark. Our key focus is identifying compelling REITs and other real estate income companies with attractive share price appreciation potential – regardless of whether the company is part of the REIT benchmark.
- The Fund may invest in real estate debt and preferred securities and international real estate companies.

Performance listed in the above table is net of annual operating expenses. The gross annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2023 was 1.32% and 0.96%, respectively, but the net annual expense ratio was 1.05% and 0.80% (net of the Adviser's fee waivers), respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost The Adviser waives and/or reimburses certain Fund expenses pursuant to a contract expiring on August 29, 2035, 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.

The Fund versus passive/ETF real estate funds

- More discerning than passive/ETF real estate funds that must own the entire index (both the "good" and "bad" real estate companies).
- Many of the companies held in a passive/ETF real estate fund have unappealing long-term growth prospects, are located in geographic markets with excess real estate inventory, are saddled with poorly constructed balance sheets, and/or have leases with rents that are likely to decline as in-place leases expire and are marked to market at current market rents.
- Our actively managed Fund has a greater ability to pick our spots, emphasize companies with attractive long-term prospects, and pivot away from real estate categories, geographies, balance sheets, and leases that are likely to face long-term cash flow pressures.
- ***Since the launch of the Fund 7 years ago on December 29, 2017, the Fund has increased 89.30% cumulatively (net of fees) which is more than double the performance of the largest real estate passive/ETF strategy, the Vanguard Real Estate ETF (VNQ), which increased 40.33%.***

The Fund versus non-publicly traded REIT funds and private real estate

- Though public and private real estate investment products can be complementary, we believe our Fund offers several compelling advantages versus non-publicly traded REIT funds and private real estate.
- Our Fund tends to offer more liquidity, diversification, valuation transparency, superior capital structures, and lower fees. Further, our Fund's long-term performance exceeds the performance of several non-traded REIT and private real estate alternatives.
- Regarding the topic of volatility and liquidity, there is a narrative among some fans of private real estate that private real estate is preferred over public real estate because it is not as volatile. We have long held the view that that argument is flawed. In our opinion, volatility should only be measured based on the sales price that one is able to exit the investment. If a real estate investment is locked up in a private vehicle, it may feel less volatile in a given day but may ultimately be more volatile than a public real estate investment when liquidity is ultimately achieved. Notably, in the *2024 Institutional Real Estate Allocations Monitor*, 67% of institutions cited the advantages of liquidity as a primary consideration for investing in REITs (up from 46% in 2023). We believe the restrictions on liquidity for non-traded REITs and private real estate contributed to this notable uptick in the desire for liquidity.

2025 preliminary outlook for real estate and the Fund – we remain bullish, but with guarded optimism

As we peer into 2025, we are positive on the prospects for REITs, non-REIT real estate, and the Fund. We are mindful, however, that the possibility of higher-than-expected interest rates may limit widespread opportunities for improvements in valuations. Nonetheless, we have identified several attractively valued REITs and non-REIT real estate companies and believe our active and discerning approach to portfolio management will result in a double-digit annual return as we have done the last two years.

The time has come

In the 2025 year-end *Emerging Trends in Real Estate report* published by PwC and the Urban Land Institute, we agree with the opening excerpts from chapter one's "The Time Has Come":

- "We are on the cusp of the next upturn in the real estate cycle, and now is the time to be thinking about planning, laying the groundwork for the next two to three years of growth."
- "The skies are finally clearing over commercial real estate markets, even if some dark clouds still linger."

The above commentary aligns with our views. Business prospects are, in most cases, improving, the demand versus supply outlook is generally attractive, most balance sheets are strong, the banking system is well capitalized, much of public real estate has repriced for a higher cost of capital, many real estate share prices have lagged the broader market, and there is the possibility that the Federal Reserve may lower interest rates in 2025 should inflation continue to moderate.

Pillars of total return

We are optimistic that we will be able to generate a double-digit return in 2025.

The three pillars of total return include:

- *Growth:* We are positive about growth prospects for several categories of real estate as organic demand, in many cases, is strong, and several companies now have a "green light" to issue equity and pursue accretive external growth opportunities.
- *Dividends:* Most real estate dividends are well covered and should continue to grow in 2025.
- *Valuation multiples:* The path of long-term interest rates will affect the degree to which a company's valuation multiple may improve. We are sanguine, though, that our team will continue to identify several companies that have the potential to improve their valuation multiples.

For further thoughts on our 2025 preliminary outlook, please see "Concluding thoughts on the prospects for real estate and the fund" later in this letter.

Portfolio Composition

As of December 31,2024, we invested the Fund's net assets as follows: REITs (75.9%), non-REIT real estate companies (17.9%), and cash (6.2%). 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 II below).

Table II.
Fund investments in REIT categories as of December 31, 2024

		Percent of Net Assets (%)
REITs		75.9
Data Center REITs	16.2	
Health Care REITs	15.6	
Multi-Family REITs	14.4	
Mall REITs	9.3	
Office REITs	9.2	
Hotel REITs	3.7	
Triple Net REITs	2.2	
Single-Family Rental REITs	2.2	
Shopping Center REITs	2.0	
Other REITs	0.6	
Timber REITs	0.5	
Non-REIT Real Estate Companies		17.9
Cash and Cash Equivalents		6.2
Total		**100.0***

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

<u>Notable changes to the Fund's portfolio from the end of the third quarter:</u>

- Increased the Fund's exposure to multi-family REITs from 8.4% to 14.4% due to affordability advantages versus for-sale housing, a favorable supply outlook over the next three years, and reasonable valuations versus private market valuations.
- Increased the Fund's exposure to office REITs from 5.7% to 9.2% with the addition of **Kilroy Realty Corporation**. Please see "top net purchases" for a discussion about the company.
- Increased the Fund's exposure to mall REITs from 5.9% to 9.3% as the fundamental backdrop for high-quality mall and outlet real estate remains favorable.
- Eliminated the Fund's exposure to industrial REITs due to demand normalizing to pre-pandemic levels (elongated corporate decision making), moderating rent growth in certain geographic markets, inventory de-stocking, and pricey headline valuations relative to other REIT categories.
- Exited the Fund's modest exposure to wireless tower REITs due to underwhelming near-term growth prospects.
- We increased the Fund's cash and cash equivalents from 1.6% to 6.2%. We are optimistic we will be able to redeploy the capital in compelling investment opportunities in 2025.

REITs

We believe REITs can generate double-digit returns in 2025 through a combination of growth, dividends, and some room for valuations to expand for certain REITs.

Though demand remains tempered for some real estate segments (e.g., self-storage and industrial), most REITs enjoy occupancies of more than 90%, and there are several segments of real estate where demand remains strong (data centers, senior housing, multi-family, retail malls, and shopping centers). Limited new competitive supply is forecasted in the next few years. The transaction market has picked up and we expect several publicly traded REITs, who now have the "green light", to issue equity for accretive external growth. We expect private equity to continue to acquire discounted public REITs. 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. We have identified several REITs that are cheap relative to history and private market valuations.

Summary REIT and Non-REIT Category Commentary

Data Center REITs (16.2%)

- **We maintain conviction in the multi-year favorable prospects for data centers**. Data center landlords such as **Equinix, Inc.** and **Digital Realty Trust, Inc.** are benefiting from record low vacancy, demand outpacing supply, more constrained power availability, and rising rental rates. Several secular demand vectors, which are currently broadening, are contributing to robust fundamentals for data center space globally. They include the outsourcing of information technology infrastructure, increased cloud computing adoption, the ongoing growth in mobile data and internet traffic, and AI as a new wave of data center demand. Put simply, each year data continues to grow exponentially, and all of this data needs to be processed, transmitted, and stored—supporting increased demand for data center space. In addition, while it is still early innings, we believe AI could not only provide a source of incremental demand but also further accelerate existing secular trends by driving increased prioritization and additional investment in digital transformation among enterprises. Aside from positions in Equinix and Digital Realty, the Fund also has a position in **Iron Mountain Incorporated**, which we consider a data center REIT even though GICS classifies the company in other specialized REITs (shown as Other REITs in Table II).

Health Care REITs (15.6%)

- **We maintain a favorable view of the multi-year prospects for senior housing** and remain bullish on the outlook for **Welltower Inc.**, **Ventas, Inc.**, and **American Healthcare REIT, Inc.** 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 punitive financing and construction costs. 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. The Fund also maintains an investment in **Healthpeak Properties, Inc.**

Multi-Family REITs (14.4%)

- **We remain optimistic** due to the rental affordability advantages versus for-sale housing (move-outs to buy remain low), an attractive supply outlook in 2025 to 2027, the benefits of a partial inflation hedge given annual leases, and still modest discounts to private market valuations.

Mall REITs (9.3%)

- **We are optimistic** about the prospects for the Fund's investments in mall REITs **The Macerich Company** and **Simon Property Group, Inc.** The fundamental backdrop for high-quality mall and outlet real estate remains favorable. Tenant demand remains robust. There is a shortage of desirable retail space (occupancy is high and there is a dearth of new mall developments). The favorable demand/supply imbalance is enabling landlords to raise rents. Valuations are attractive. We remain optimistic about the two-to-three-year prospects for Macerich following the announcement of a new highly regarded CEO (Jackson Hsieh) who we believe will unlock value (sell non-core properties and repay debt).

Office REITs (9.2%)

- While we have remained generally cautious on office real estate for several years in light of both cyclical and secular headwinds that we expected would persist, we have also identified certain geographic markets (New York City) and certain well-located, modern office properties (New York City and parts of the West Coast) that we believe are poised to gain market share and outperform as market conditions improved.
- We believe certain office REIT valuations screen inexpensive versus the private market value of its real estate portfolio, the replacement cost of its portfolio, and relative to publicly traded peers.

Hotel REITs (3.7%)

- **Recent travel trends have been mixed** – leisure demand is moderating, and business travel is mixed in certain cities. On the other hand, group and convention travel remain strong. **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. We maintain an allocation to select travel-related real estate including hotel REITs because we believe the long-term investment case for travel is compelling, valuations are appealing as many hotel REITs are currently valued at 25% to 50% discounts to net asset value, and we believe hotel REITs could be targeted by private equity firms for purchase.

Triple Net REITs (2.2%)

- **We remain optimistic about the long-term prospects for triple-net REIT Agree Realty Corporation.** Investment merits include its high-quality retail real estate portfolio and tenant base, the company's investment grade portfolio, a cost of capital advantage to pursue accretive acquisitions, an opportunity to triple the size of the current portfolio and Agree Realty is a founder-led firm with shareholder interests aligned. We believe Agree Realty could be an outsized beneficiary of a decline in interest rates given its reliance on acquisitions to drive earnings growth and the long duration nature of cash flows.

Single-Family Rental REITS (2.2%)

- **Near term we have remained cautious** in part due to the onset of elevated supply in a few key geographic markets.
- **We remain long-term bullish** due to favorable demand/supply prospects (homeownership affordability challenges, a desire for flexibility and not to be burdened by mortgages, and limited supply of homes for rent in most geographic markets) which should lead to strong long-term growth prospects and an ability of landlords to increase rents.

Shopping Center REITs (2.0%)

- **We remain optimistic** about the prospects for **Brixmor Property Group Inc.** Shopping centers are seeing strong tenant demand for space, limited store closures/bankruptcies, tenants that are broadly healthy, and positive rent growth. Private equity interest in shopping centers would suggest that certain shopping center REITs are undervalued in the public market.

Non-REIT Real Estate Companies (17.9%)

- 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. We remain optimistic about the Fund's prospects for its non-REIT real estate holdings.

Top Contributors and Detractors to Performance

Table III.
Top contributors to performance for the quarter ended December 31, 2024

	Quarter End Market Cap ($ billions)	Contribution to Return (%)
GDS Holdings Limited	4.6	0.81
Equinix, Inc.	91.0	0.62
Digital Realty Trust, Inc.	60.0	0.53
Vornado Realty Trust	8.0	0.49
The Macerich Company	4.5	0.46

Shares of **GDS Holdings Limited** continued to perform well during the quarter, delivering returns into the mid-teens. We traveled to Asia in December to tour the company's newly developed data center campus in Malaysia, spend additional time with GDS International's executive team, and conduct competitor/market due diligence by meeting with the management teams of several global competitors based in Singapore. We also had the opportunity to meet the management team of the largest utility in Malaysia providing power to GDS and competitors, which provided valuable insight on the developing market. We also traveled to Hong Kong to meet, once again, with CEO/founder William Huang and CFO Daniel Newman while touring one of the company's urban data centers with the local operating team. We came away with more confidence regarding the demand visibility and growth that GDS can capture in this region due to its first mover and other competitive advantages. In addition, we believe GDS will be able to secure additional high-demand power capacity in Southeast Asia and other international markets, which will elongate the growth profile of the company and is not currently appreciated by the broader investment community.

We remain optimistic about the company's growth prospects over the next several years, which can be bucketed into: i) its Asia ex-China data center business (GDS International or GDSI); and ii) its mainland China data center business (GDS Holdings or GDSH).

***Bottom line*:** We see a path for the business to be worth $45 to $55 a share in two to three years versus approximately mid-$20s at the recent market price.

- **GDS International (Asia ex-China):** We see cash flow for GDSI growing from less than $50 million today to over $500 million over the next three years! We value GDS' ownership stake at $15 per share after accounting for the growth capital it has secured from renowned U.S. and global investors. Blackstone's recent $16 billion acquisition of Southeast Asia based data center operator AirTrunk at 25 times cash flow is still at a substantial premium to where GDS is raising growth capital today, which provides an important valuation marker for a potential IPO of this business over the next 12 to 15 months. During the quarter, GDSI raised over $1 billion of additional Series B capital to fund its highly compelling and pre-leased growth from several well-known investors including Coatue, Baupost, Ken Griffin, and Soft Bank that valued the international segment at approximately $3.5 billion or 75% higher on a per-share basis to GDS compared with its Series A capital raise back in March.
- **GDS Holdings (China):** We believe the China data center business is at the doorstep of a growth inflection and see cash flow growing from about $700 million today to $1 billion over the next three years. We value the China business at $30 to $40 a share on what we believe is a

conservative cash flow multiple and remain encouraged that there will be several catalysts to further surface value (e.g., a transaction to place certain stabilized assets into a listed REIT vehicle in the next few months).

In the most recent quarter, the shares of **Equinix, Inc.**, the premier global operator of network-dense, carrier-neutral data centers, performed well following solid third quarter results. We 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 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.

In the most recent quarter, the shares of data center REIT **Digital Realty Trust, Inc.** continued to appreciate due to strong 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 the 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 IV.

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

	Quarter End Market Cap or Market Cap When Sold ($ billions)	Contribution to Return (%)
Ventas, Inc.	24.7	–0.34
Iron Mountain Incorporated	30.8	–0.31
American Tower Corporation	92.3	–0.28
Lennar Corporation	42.0	–0.24
Prologis, Inc.	93.9	–0.22

In the most recent quarter, the shares of **Ventas, Inc.**, a health care REIT that owns a $30 billion portfolio of senior housing, medical office, hospitals, and life science properties, declined alongside the broader REIT market. We remain optimistic about the company's prospects. We believe Ventas' senior housing operations will continue to inflect positively in the years to come given the favorable supply/demand backdrop and increasing growth of the 80-plus year-old population. The company owns high-quality real estate and benefits from a compelling occupancy recovery story within senior housing.

Shares of **Iron Mountain Incorporated** lagged during the quarter after outsized absolute and relative year-to-date performance. Iron Mountain offers records storage management along with an evolving fast-growing data center segment. We recently met with CFO Barry Hytinen in our offices and came away encouraged by the company's prospects to grow overall cash flow by approximately 10% and by high single digits on a per share basis over the next several years. Growth is underpinned by predictable and stable growth in its core records management business while outsized growth is driven by its data center business, which has visibility to more than the triple operational capacity from today's in-place base. We actively managed our position, and took some near-term tax losses but remain encouraged by the company's growth prospects and may revisit position sizing in the future.

The shares of **American Tower Corporation**, a global operator of over 200,000 wireless towers, declined alongside the other publicly traded wireless tower REITs in the fourth quarter in part due to the sensitivity of these businesses to higher interest rates and our expectation for the continuation of uninspiring growth prospects in the year ahead. We exited our position in the fourth quarter. Nonetheless, our fundamental conviction regarding the secular growth of mobile data, evolving network needs and the idiosyncratic growth prospects for American Tower remain unchanged and we may look to acquire additional shares in the future.

Recent Activity

Table V.

Top net purchases for the quarter ended December 31, 2024

	Quarter End Market Cap ($ billions)	Net Amount Purchased ($ millions)
Kilroy Realty Corporation	4.8	6.4
Equity Residential	27.2	6.0
Independence Realty Trust, Inc.	4.5	5.0
Simon Property Group, Inc.	56.2	4.2
American Healthcare REIT, Inc.	4.4	3.5

During the fourth quarter, we initiated a position in **Kilroy Realty Corporation**, a REIT that owns a portfolio of high-quality office properties concentrated in U.S. West Coast markets including San Francisco, San Diego, Los Angeles, and Seattle. The company also owns one property in Austin, Texas.

While we have remained generally cautious on office real estate for several years in light of both cyclical and secular headwinds that we expected would persist, we also have acknowledged that certain well-located, modern office properties were poised to gain market share and outperform as market conditions improved. We would categorize Kilroy's portfolio as falling into this latter bucket.

We are optimistic about our investment in Kilroy for several reasons:

1. Although office fundamentals remain challenged in certain of Kilroy's markets (most notably in the greater San Francisco Bay area), we have begun to see several encouraging signs that lead us to believe that office fundamentals are bottoming and beginning to improve. These signs include stable or rising utilization of office space and more return-to-office mandates, improving levels of leasing activity and tenant interest, declining levels of vacant sublease space, more confident corporate decision making, and stabilizing market rents and concessions.
2. The ongoing proliferation of the AI industry should benefit Kilroy in the future since approximately half of Kilroy's portfolio is located in the greater San Francisco Bay Area. The Bay Area commands the highest

proportion of AI-related venture capital investment in the country. Management estimates that AI-related leasing accounts for approximately 10% of Kilroy's leasing activity in San Francisco and could trend materially higher over time.

3. The prospects for Kilroy's recently delivered Kilroy Oyster Point development project in South San Francisco appear to be improving. This legacy development project was completed without leasing pre-commitments; however, tenant interest levels have been improving recently. Management is optimistic that a new lease can be signed in the coming months. We believe that a new lease announcement would be well received by investors.

4. Kilroy's new management team is focused on capital recycling. CEO Angela Aman joined Kilroy in January 2024 and was most recently CFO at Brixmor Property Group. We think very highly of Angela and the team that she has been building around her. We are excited about the company's renewed focus on value-enhancing capital recycling, which is different from the company's long history as a developer. Management expects to moderate spending on development, monetize non-core land assets, and pursue select acquisitions. The company's balance sheet is in good shape, with low leverage and a strong liquidity position.

5. We believe Kilroy's valuation screens inexpensive versus the private market value of its real estate portfolio, the replacement cost of its portfolio, and relative to publicly traded peers.

We increased the Fund's exposure to two multi-family REIT owners/operators **Equity Residential** and **Independence Realty Trust, Inc.** (IRT) during the fourth quarter due to more favorable valuation levels, a continued robust demand outlook across their respective markets, and other idiosyncratic considerations.

Equity Residential owns approximately 80,000 apartment homes primarily in coastal markets. We believe this portfolio offers superior growth prospects due to: i) favorable supply/demand dynamics; ii) a high-earning, well-employed resident profile with attractive rent-to-income ratios allowing for future pricing power; iii) an undersupply of housing in the U.S. with above-average cost of ownership versus renting in their respective markets; iv) a meaningful discount to its underlying net asset value; and v) a low levered balance sheet to present attractive opportunities for accretive external growth (e.g. Equity Residential acquired a 3,500 unit apartment portfolio in Dallas, Denver, and Atlanta back in August for $1 billion).

IRT owns 33,000 apartment units that cater to a more affordable income demographic. We believe the return prospects for the stock continue to be attractive given the company's discounted public market valuation relative to both recent private market transactions and publicly traded peers that have communities in overlapping markets, its "value-add" program that provides superior growth prospects versus peers, and abating supply deliveries in its markets that should enhance pricing power. Furthermore, we believe the broader market is under-appreciating the company's additional cash flow growth from the *lease-up* of its two recently completed development projects that is not reflected in its current earnings.

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

	Quarter End Market Cap or Market Cap When Sold ($ billions)	Net Amount Sold ($ millions)
Prologis, Inc.	93.9	6.0
American Tower Corporation	92.3	5.0
Rexford Industrial Realty, Inc.	10.1	3.6
First Industrial Realty Trust, Inc.	6.6	3.0
Toll Brothers, Inc.	14.0	2.8

In the most recent quarter, we exited the Fund's investments in industrial REITs **Prologis, Inc.** and **Rexford Industrial Realty, Inc.** because demand continues to normalize to pre-pandemic levels (elongated corporate decision making), rents continue to moderate in several geographic markets, and headline valuations remain pricey relative to other REIT categories.

We exited the Fund's investment in **American Tower Corporation**, a global operator of over 200,000 wireless towers, in part due to the sensitivity of wireless tower REITs to higher interest rates and our expectation for the continuation of uninspiring growth prospects in the year ahead. Nonetheless, our fundamental conviction regarding the secular growth of mobile data, evolving network needs and the idiosyncratic growth prospects for American Tower remain unchanged and we may look to acquire additional shares in the future.

Concluding Thoughts on the Prospects for Real Estate and the Fund

2025 Outlook

As cited earlier in this letter, we are optimistic about the prospects for real estate and the Fund in 2025.

Though daily market volatility is likely to be high as the sequencing of the new administration's policies are announced (e.g., less immigration versus less regulation; higher tariffs versus lower taxes), we believe the key driver for a year of solid market performance is that the fundamental backdrop for earnings growth is expected to be strong. Demand conditions are mostly favorable against a backdrop of muted new real estate supply. While some headline valuations screen rich, we believe there are several attractively valued real estate opportunities beneath the surface. Our biggest concern is a resurgence in inflation which would limit the potential for improvements in valuations. We will, of course, be monitoring this closely.

7-Year Review

The prior 7 years have been filled with rapid changes to the real estate landscape and outlook, a global pandemic, the most aggressive Federal Reserve interest rate hiking period in decades, and several other items that have forced us to be flexible and kept us on our toes. Our team works hard to embrace our mantra of being dispassionate research analysts rather than emotional cheerleaders. With all of this in mind, we are proud that we have been able to deliver the 2nd best performing real estate fund over this 7-year period (second only to the other real estate fund that we manage, the Baron Real Estate Fund).

As we look ahead, we are even more energized about the prospects for the Fund in the next 7 years. We believe the merits of our more comprehensive, flexible, liquid, and actively managed investment approach will shine even brighter in the years ahead. We believe we have developed the right real estate product for long-term success.

Our Team

I smile when I think about our core real estate team – assistant portfolio manager David Kirshenbaum and George Taras, David Berk, and David Baron. They are an outstanding group. They are smart and highly competitive. They have developed a deep knowledge of real estate. Their dedicated work ethic is impressive. And, on a personal note, they are fabulous people. I am the winner to have such an outstanding team.

I and our team remain fully committed and energized to continue to deliver outstanding long-term results.

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

	Quarter End Market Cap ($ billions)	Quarter End Investment Value ($ millions)	Percent of Net Assets (%)
Equinix, Inc.	91.0	18.8	10.2
Welltower Inc.	78.5	15.2	8.3
Equity Residential	27.2	11.8	6.4
Digital Realty Trust, Inc.	60.0	10.9	5.9
Vornado Realty Trust	8.0	10.6	5.8
GDS Holdings Limited	4.6	10.5	5.7
The Macerich Company	4.5	10.0	5.4
Brookfield Corporation	94.6	8.3	4.5
Ventas, Inc.	24.7	8.1	4.4
Independence Realty Trust, Inc.	4.5	8.0	4.3

I would also like to thank you, our current and prospective shareholders, and express heartfelt gratitude for your past and continuing support.

I proudly remain a major shareholder of the Baron Real Estate Income Fund.

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.

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Dear Baron WealthBuilder Fund Shareholder:

Performance

Baron WealthBuilder Fund® (the Fund) performed well in the final quarter of 2024, gaining 5.53% (Institutional Shares). This result was ahead of returns for its mega-cap dominated benchmark, the S&P 500 Index (the Index), and the globally-oriented MSCI ACWI Index (the Global Index), which returned 2.41% and -0.99%, respectively.

In 2024, the Fund gained 18.73%. While this return is respectable in any market environment, it trailed the Index's results although it exceeded the Global Index's performance. Those two indexes returned 25.02% and 17.49%, respectively.

While the Fund modestly trailed the Index since its inception, the Fund's since inception annualized return of 13.62% is ranked in the top percentile of its Morningstar category over that period. While disappointed in the relative returns compared to the Index, we are proud of this long-term ranking achievement in the peer category and absolute results.

We believe that after a period of macro driven pressures, investor confidence is improving. Companies are slowly returning to being valued based on their fundamentals and opportunities dictate the stock price. Inflation has remained manageable. Interest rate cuts should persist. The soft landing the government is attempting to orchestrate is occurring. And the incoming administration appears more accommodating towards growth business objectives.

In the fourth quarter, our more concentrated portfolios performed the best due to substantial gains for their two largest holdings. This strong performance was led by Baron Partners and Focused Growth Funds. Additionally, higher growth and larger-cap portfolios also contributed to returns. This group includes Baron Opportunity and Fifth Avenue Growth Funds. Only a handful of portfolios materially detracted from performance, with the largest being Baron Health Care and Emerging Markets Funds as health care and emerging market equities remained out of favor in the period.

During the fourth quarter, the Fund's two largest underlying holdings, **Tesla, Inc.** and **Space Exploration Technologies Corp.**, each appreciated more than 50%. Upcoming product launches and improvements in software propelled Tesla shares higher. The latest version of its autonomous driving software showed massive improvements and investors are optimistic that the new presidential administration will more broadly approve its use. This extended deployment would open new and large revenue opportunities for

MICHAEL BARON
CO-PRESIDENT AND PORTFOLIO MANAGER

RONALD BARON
CEO AND PORTFOLIO MANAGER

Retail Shares: BWBFX
Institutional Shares: BWBIX
TA Shares: BWBTX

the company. Additionally, upcoming product launches should spur renewed vehicle sales growth in 2025. The Energy business continued to grow, which not only improved top-line revenue but also carried significantly higher margins. The gross profit of the company has improved significantly. More cost reductions should enable a more profitable business in the future.

While these 2 companies were the largest contributors, we had many other underlying holdings across different segments that performed well in the period. While higher growth technology-oriented companies continue to contribute to performance, the next 10 largest contributors included financial services, real estate related, and core growth companies such as **Vail Resorts, Inc.**, **The Charles Schwab Corporation**, and **Chart Industries, Inc.** Many of these companies have proven that prior negative sentiment surrounding their businesses was unfounded. Vail had a resurgence in pass sales and continued to exhibit an ability to increase prices at its resorts. An improvement in sales coupled with a focus on cost management, we believe, should lead to margin expansion in the coming years. Schwab has used strong client inflows to pay down expensive short-term borrowings that should lead to improving net interest margins. And

As of 12/31/2024, the Morningstar Aggressive Allocation Category consisted of 185, 181, 169, and 176 share classes for the 1-, 3-, 5-year, and since inception (12/29/2017) time periods. Morningstar ranked Baron WealthBuilder Fund Institutional Share Class in the 9th, 93rd, 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.

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Chart, a leading provider of engineered equipment and solutions to the industrial gas and clean energy industry, demonstrated that demand for its products remains strong. The company showed substantial growth and even greater free cash flow conversion. The company hosted an investor meeting where it described how it can gain market share within the growing industry and expand gross margins over the coming five years.

The largest underlying detractors declined because of near-term, company-specific issues. The CEO at specialty insurer **Arch Capital Group Ltd.** unexpectedly resigned. He had anticipated stepping down from his position at the end of 2025 but accelerated the timing for a smoother transition and less complexity around decision making. Investors are awaiting **IDEXX Laboratories, Inc.**'s new test introductions and smoother clinical visit data. We believe upcoming product introductions will help improve the consistency of its growth rate.

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

	Baron Wealth Builder Fund Retail Shares[1,2]	Baron Wealth Builder Fund Institutional Shares[1,2]	Baron Wealth Builder Fund TA Shares[1,2]	S&P 500 Index[1]	MSCI ACWI Index[1]
Three Months[3]	5.46%	5.53%	5.53%	2.41%	(0.99)%
One Year	18.47%	18.73%	18.74%	25.02%	17.49%
Three Years	(0.04)%	0.21%	0.19%	8.94%	5.44%
Five Years	13.56%	13.85%	13.84%	14.53%	10.06%
Since Inception (December 29, 2017)	13.35%	13.62%	13.61%	13.83%	9.21%

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 61.7% of the Fund (compared to only 19.0% 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. The past few years have been one of these environments. Large-cap growth companies outperformed small-cap growth companies during the year and in many instances over the last decade. Since the Fund's inception 7 years ago the 1-year rolling monthly returns of the Russell 1000 Growth Index have outperformed the Russell 2000 Growth Index 78% of the time including 6 out of the past 7 calendar years.

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, 2035, 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.

[1] The **S&P 500 Index** measures the performance of 500 widely held large cap U.S. companies. The **MSCI ACWI Index Net (USD)** is an unmanaged, free float-adjusted market capitalization weighted index reflected in U.S. dollars that measures the equity market performance of large- and mid-cap securities across developed and emerging markets. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. The MSCI ACWI Index Net (USD) and the Fund include reinvestment of dividends, net of foreign withholding taxes, while the S&P 500 Index includes reinvestment of dividends before taxes. Reinvestment of dividends positively impacts performance results. The indexes are unmanaged Index performance is not Fund performance. 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.

Table II.
Baron Funds Performance as of December 31, 2024
Institutional Share Class Data

% of Net Assets of Fund			Fourth Quarter of 2024*	Annualized 12/29/2017 to 12/31/2024	Primary Benchmark	Fourth Quarter of 2024*	Annualized 12/29/2017 to 12/31/2024
30.7%		**Small Cap**					
	4.9%	Baron Discovery Fund	6.20%	**10.85%**	Russell 2000 Growth Index	1.70%	**7.17%**
	13.6%	Baron Growth Fund	(2.42)%	**10.79%**			
	12.2%	Baron Small Cap Fund	(0.99)%	**10.67%**			
7.3%		**Small/Mid Cap**					
	7.3%	Baron Focused Growth Fund	14.49%	**23.14%**	Russell 2500 Growth Index	2.43%	**8.85%**
9.8%		**Mid Cap**					
	9.8%	Baron Asset Fund	(0.04)%	**10.62%**	Russell Midcap Growth Index	8.14%	**12.08%**
8.0%		**Large Cap**					
	3.4%	Baron Durable Advantage Fund	3.14%	**15.88%†**	S&P 500 Index	2.41%	**13.64%†**
	4.6%	Baron Fifth Avenue Growth Fund	11.72%	**13.68%**	Russell 1000 Growth Index	7.07%	**18.08%**
21.2%		**All Cap**					
	4.7%	Baron Opportunity Fund	11.92%	**21.43%**	Russell 3000 Growth Index	6.82%	**17.40%**
	16.5%	Baron Partners Fund	27.05%	**26.40%**	Russell Midcap Growh Index	8.14%	**12.08%**
9.4%		**Non-U.S./Global**					
	2.6%	Baron Emerging Markets Fund	(7.35)%	**0.27%**	MSCI Emerging Markets Index	(8.01)%	**1.38%**
	4.0%	Baron Global Advantage Fund	11.86%	**8.50%†**	MSCI ACWI Index	(0.99)%	**8.30%†**
	2.8%	Baron International Growth Fund	(5.90)%	**3.24%**	MSCI ACWI ex USA Index	(7.60)%	**3.53%**
13.6%		**Sector**					
	2.8%	Baron FinTech Fund	5.29%	**12.41%†**	FactSet Global FinTech Index	4.24%	**5.24%†**
	2.5%	Baron Health Care Fund	(9.80)%	**10.43%†**	Russell 3000 Health Care Index	(9.75)%	**7.87%†**
	6.0%	Baron Real Estate Fund	(2.98)%	**10.67%**	MSCI USA IMI Extended Real Estate Index	(4.69)%	**8.30%**
	2.3%	Baron Real Estate Income Fund	0.95%	**3.68%†**	MSCI US REIT Index	(6.39)%	**2.89%†**

* 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.

Table III.
Cumulative performance throughout the pandemic and its aftermath

	Pre-COVID	COVID Panic	COVID New Normal	Macro-Induced Market Rotation	COVID Pandemic Cycle	Conclusion of COVID Pandemic Cycle to Present
	12/31/2019 to 2/19/2020	2/19/2020 to 3/23/2020	3/23/2020 to 11/18/2021	11/18/2021 to 12/31/2022	12/31/2019 to 12/31/2022	12/31/2022 to 12/31/2024
Baron WealthBuilder Fund (Institutional Shares)	13.84%	(38.48)%	179.85%	(34.64)%	28.11%	22.18%
S&P 500 Index	5.08%	(33.79)%	115.86%	(16.91)%	24.79%	25.65%
MSCI ACWI Index	2.74%	(33.64)%	102.32%	(18.44)%	12.50%	19.82%
Russell 2000 Growth Index	5.09%	(38.46)%	129.58%	(31.34)%	1.96%	16.89%
Russell Midcap Growth Index	6.97%	(35.71)%	134.05%	(30.42)%	12.00%	23.97%

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. Investors cannot invest directly in an index.

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 pandemic and subsequent Macro-Induced Market Rotation has been very difficult for small- and mid-sized growth companies. Investors have favored large-cap, value-oriented businesses that are deemed safer during a time of uncertainty. We believe this offers a great opportunity for long-term investors to invest in small- and mid-cap growth businesses at attractive prices. Markets first peaked in late February 2020 before rapidly dropping as the economy braced for the COVID pandemic. It recovered quickly before experiencing another sizable drop based on macroeconomic factors. Over the three years of the COVID pandemic ended 12/31/2022, the Russell 2000 Growth Index, a small-cap growth index, gained only 1.96% on a cumulative basis. The Russell Midcap Growth Index fared better with a cumulative 3-year return of 12.00%. With that backdrop, the Fund performed better and appreciated 28.11%. We believe protecting and growing clients' assets during this challenging period positions long-term investors well for meaningful appreciation once the macro landscape changes. Table III provides a more complete look at how the Fund and various indexes performed during the pandemic and its aftermath.

We do not yet know if the challenges caused by the COVID pandemic will persist. Volatility has remained high, but we are hopeful that interest rate increases, policy factors, and COVID hangovers are ending. Global conflict has increased and geopolitics remains uncertain. But growth companies have recently begun to outperform value. So far, we are optimistic that companies will again be valued on their fundamentals rather than on macroeconomic concerns. We have started to see the performance of some individual securities diverge. This divergence of returns, we believe, should favor growth investors. Given our weightings, the Fund's performance has trailed the large-cap Index since the start of this cycle. However, the Fund's return has continued to meaningfully exceed small-cap growth indexes.

While we present the Fund's absolute and relative returns over the SEC mandated periods, we believe it is also important to discuss how the Fund performs over the course of different market environments. The three-year period ended 12/31/2022 was a difficult time for growth investors. It was a period punctuated by a global pandemic, geopolitical instability, and macroeconomic headwinds. The VIX was trading at above-average levels, while Barra factor returns for Beta and Growth were low. Despite these challenges, the Fund's high-quality growth portfolio weathered the period well, marginally exceeding the Index. The Fund returned 8.61% annualized compared to the Index's return of 7.66%.

However, the economy and markets have transitioned, in our opinion, over the prior two years. This market transition to a more constructive environment has been (temporarily) challenging. This started at the end of 2022 and extended into 2024. The Fund's underlying holdings are a balanced group of distinct types of quality-growth businesses. Customers at many service businesses had retreated causing revenue growth to moderate. Suppliers had increased prices causing margins to be pressured. Higher interest rates increased financing costs and raised the discount on future earnings. Investors gravitated towards more speculative, lower-quality businesses, and mega-cap companies with AI opportunities. These businesses do not have material representation in the underlying portfolios, which has resulted in an annualized return of 22.18% for the Fund since 12/31/2022. While substantial on an absolute basis, this return trailed the Index's annualized gain of 25.65%

This transitional period appears to be ending. Over the prior two quarters, the Fund had a cumulative return of 16.26% compared to 8.44% for the Index. We are optimistic that a sustained constructive market will result in both good absolute and relative returns for the Funds, similar to how most Baron Funds have performed since their inceptions.

Table IV.

Performance based characteristics since inception through December 31, 2024

	Baron WealthBuilder Fund (Institutional Shares)	S&P 500 Index	Morningstar Aggressive Allocation Category
Alpha (%) – Annualized	–1.95	0.00	–4.89
Beta	1.19	1.00	0.93
Sharpe Ratio	0.50	0.67	0.30
Standard Deviation (%) – Annualized	22.29	17.18	16.30
Upside Capture (%)	108.76	100.00	81.27
Downside Capture (%)	115.16	100.00	100.43

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 December 31, 2024

	Percent of Total Investments (%)	S&P 500 Index Weight (%)	MSCI ACWI Index Weight (%)
Consumer Discretionary	22.6	11.3	11.3
Information Technology	21.0	32.5	26.0
Financials	19.3	13.6	16.8
Industrials	13.1	8.2	10.2
Health Care	9.3	10.1	9.7
Real Estate	8.3	2.1	2.0
Communication Services	4.7	9.4	8.2
Materials	0.8	1.9	3.5
Consumer Staples	0.7	5.5	5.9
Energy	0.1	3.2	3.8
Utilities	0.0*	2.3	2.5

* Represents less than 0.1%

Table VI.
Fund of fund holdings as of December 31, 2024

	Percent of Total Investments (%)
Baron Partners Fund	16.5
Baron Growth Fund	13.6
Baron Small Cap Fund	12.2
Baron Asset Fund	9.8
Baron Focused Growth Fund	7.3
Baron Real Estate Fund	6.0
Baron Discovery Fund	4.9
Baron Opportunity Fund	4.7
Baron Fifth Avenue Growth Fund	4.6
Baron Global Advantage Fund	4.0
Baron Durable Advantage Fund	3.4
Baron FinTech Fund	2.8
Baron International Growth Fund	2.8
Baron Emerging Markets Fund	2.6
Baron Health Care Fund	2.5
Baron Real Estate Income Fund	2.3

Thank you for joining us as fellow shareholders in Baron WealthBuilder Fund. We continue to work hard to justify your confidence and trust in our stewardship of your hard-earned savings. We remain dedicated to giving you the information we would want 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.

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.

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. **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). **Beta** explains common variation in stock returns due to different stock sensitivities to market or systematic risk that cannot be explained by the US Country factor. Positive exposure indicates high beta stock. Negative exposure indicates low beta stock. **Free Cash Flow (FCF)** represents the cash that a company generates after accounting for cash outflows to support operations and maintain its capital assets.

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

Baron Funds (Institutional Shares) and Benchmark Performance 12/31/2024

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	16.28%	(2.57)%	10.01%	11.26%	12.76%	1.06%(6)	$1.59 billion
Russell 2000 Growth Index		15.15%	0.21%	6.86%	8.09%	8.44%		
Baron Growth Fund®	12/31/1994	5.02%	(2.14)%	8.42%	10.28%	12.61%	1.05%(6)(7)	$6.96 billion
Russell 2000 Growth Index		15.15%	0.21%	6.86%	8.09%	7.92%		
Baron Small Cap Fund®†	9/30/1997	13.61%	(0.12)%	10.18%	10.50%	10.30%	1.05%(6)	$4.32 billion
Russell 2000 Growth Index		15.15%	0.21%	6.86%	8.09%	6.44%		
Small/Mid Cap								
Baron Focused Growth Fund® 1	5/31/1996	29.85%	6.04%	25.91%	18.30%	13.89%	1.06%(8)	$2.11 billion
Russell 2500 Growth Index		13.90%	(0.02)%	8.08%	9.45%	8.24%		
Mid Cap								
Baron Asset Fund®†	6/12/1987	10.77%	(1.23)%	7.97%	10.59%	11.35%	1.05%(6)	$4.21 billion
Russell Midcap Growth Index 2		22.10%	4.04%	11.47%	11.54%	10.50%		
Large Cap								
Baron Durable Advantage Fund®	12/29/2017	27.14%	11.63%	17.21%		16.40%	1.00%/0.70%(6)(10)	$482.62 million
S&P 500 Index		25.02%	8.94%	14.53%		13.83%		
Baron Fifth Avenue Growth Fund®	4/30/2004	37.75%	2.43%	12.51%	13.74%	10.42%	0.78%/0.76%(6)(11)	$725.12 million
Russell 1000 Growth Index		33.36%	10.47%	18.96%	16.78%	12.48%		
All Cap								
Baron Opportunity Fund®†	2/29/2000	40.25%	6.34%	20.65%	18.17%	10.25%	1.06%(6)	$1.52 billion
Russell 3000 Growth Index		32.46%	9.93%	18.25%	16.22%	7.69%		
Baron Partners Fund®3,4	1/31/1992	33.08%	3.21%	29.26%	21.34%	15.67%	1.99%(8)(9)	$8.08 billion
Russell Midcap Growth Index		22.10%	4.04%	11.47%	11.54%	10.26%		
Non-U.S./Global								
Baron Emerging Markets Fund®†	12/31/2010	7.90%	(4.66)%	1.02%	2.88%	3.51%	1.11%(8)	$3.62 billion
MSCI Emerging Markets Index		7.50%	(1.92)%	1.70%	3.64%	1.97%		
MSCI Emerging Markets IMI Growth Index		9.44%	(3.44)%	2.16%	4.39%	2.85%		
Baron Global Advantage Fund®†	4/30/2012	26.42%	(8.40)%	6.84%	11.05%	11.72%	0.95%/0.91%(8)(12)	$589.49 million
MSCI ACWI Index		17.49%	5.44%	10.06%	9.23%	9.75%		
MSCI ACWI Growth Index		24.23%	5.72%	13.07%	11.88%	11.85%		
Baron India Fund®	7/30/2021	17.75%	(3.09)%			(2.24)%	6.79%/1.20%(14)(15)	$8.83 million
MSCI AC Asia ex Japan/India Linked Index		1.18%	(4.85)%			(5.18)%		
MSCI AC Asia ex Japan Index		11.96%	(1.59)%			(2.33)%		
MSCI India Index		11.22%	7.34%			9.82%		
MSCI Emerging Markets Index		7.50%	(1.92)%			(2.49)%		
Baron International Growth Fund®	12/31/2008	4.35%	(6.54)%	3.26%	5.85%	8.65%	0.98%/0.95%(8)(13)	$321.24 million
MSCI ACWI ex USA Index		5.53%	0.82%	4.10%	4.80%	6.67%		
MSCI ACWI ex USA IMI Growth Index		4.81%	(2.93)%	3.47%	5.39%	7.32%		
Sector								
Baron FinTech Fund®†	12/31/2019	23.14%	1.50%	12.17%		12.17%	1.21%/0.95%(8)(16)	$69.08 million
FactSet Global FinTech Index		14.17%	(2.24)%	3.93%		3.93%		
Baron Health Care Fund®	4/30/2018	1.55%	(3.52)%	8.95%		10.82%	0.88%/0.85%(8)(17)	$193.40 million
Russell 3000 Health Care Index		3.48%	(0.02)%	7.18%		9.32%		

Fund/Benchmark	Inception Date	Average Annualized Returns % 1 Year	3 Years	5 Years	10 Years	Since Inception	Annual Expense Ratio	Net Assets
Baron Real Estate Fund®	12/31/2009	12.46%	0.21%	12.54%	9.64%	13.68%	1.06%(8)	$2.16 billion
MSCI USA IMI Extended Real Estate Index		12.70%	1.85%	8.50%	8.61%	11.18%		
Baron Real Estate Income Fund®	12/29/2017	17.36%	(0.56)%	9.28%		9.55%	0.96%/0.80%(8)(18)	$183.54 million
MSCI US REIT Index		7.49%	(3.43)%	3.10%		4.54%		
Baron Technology Fund®	12/31/2021	47.80%	10.38%			10.38%	5.04%/0.95%(8)(19)	$55.98 million
MSCI ACWI Information Technology Index		31.59%	11.06%			11.06%		
Equity Allocation								
Baron WealthBuilder Fund®	12/29/2017	18.73%	0.21%	13.85%		13.62%	1.22%/1.19%(8)(20)	$572.48 million
S&P 500 Index		25.02%	8.94%	14.53%		13.83%		
Broad-Based Benchmarks[5]								
Russell 3000 Index		23.81%	8.01%	13.86%	12.55%			
S&P 500 Index		25.02%	8.94%	14.53%	13.10%			
MSCI ACWI Index		17.49%	5.44%	10.06%	9.23%			
MSCI ACWI ex USA Index		5.53%	0.82%	4.10%	4.80%			
MSCI Emerging Markets Index		7.50%	(1.92)%	1.70%	3.64%			

(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 fee 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 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 impacted 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 after reaching a certain performance benchmark. If the annual returns for the Fund did not reflect the performance fee 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 impacted its performance.

(4) While the Fund may invest in securities of any market capitalization, 42.1% of the Fund's long holdings were invested in SMID, Mid and Mid/Large-Cap securities (as defined by Russell, Inc.) as of 12/31/2024 (SMID represents 12.6% of the portfolio and has market market capitalizations between $5.2 – $15.8 billion; Mid represents 24.8% and has market capitalizations between $15.8 – $52.6 billion; Mid /Large represents 4.7% and has market capitalizations between $52.6 – $180.5 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) Based on estimated amounts for the current fiscal year.

(15) Gross annual expense ratio was 6.79%, but the net annual expense ratio was 1.20% (net of Adviser's fee waivers and expense reimbursements).

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

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

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

(19) 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).

(20) Gross annual expense ratio was 1.22%, but the net annual expense ratio was 1.19% (includes acquired fund fees and expenses, net of the expense reimbursements).

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

Dear Baron Health Care Fund Shareholder:

Performance

In the quarter ended December 31, 2024, Baron Health Care Fund® (the Fund) declined 9.58% (Institutional Shares), compared with the 9.75% decline for the Russell 3000 Health Care Index (the Benchmark) and the 2.63% gain for the Russell 3000 Index (the Index). For the full year 2024, the Fund increased 1.55% compared with the 3.48% gain for the Benchmark and the 23.81% gain for the Index. Since inception (April 30, 2018), the Fund increased 10.82% on an annualized basis compared with the 9.32% gain for the Benchmark and the 13.91% gain for the Index.

Table I.
Performance
Annualized for periods ended December 31, 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]	(9.61)%	(9.58)%	(9.75)%	2.63%
One Year	1.31%	1.55%	3.48%	23.81%
Three Years	(3.75)%	(3.52)%	(0.02)%	8.01%
Five Years	8.70%	8.95%	7.18%	13.86%
Since Inception (April 30, 2018)	10.55%	10.82%	9.32%	13.91%

In a difficult quarter for the broader Health Care sector, the Fund performed roughly in line with the Benchmark. The Fund failed to separate itself from the Benchmark because favorable impacts from stock selection and cash exposure in a down market were mostly offset by adverse impacts from differences in sub-industry weights.

Apart from cash, stock selection was positive overall due to solid gains from a handful of holdings in health care equipment, biotechnology, life sciences tools & services, and health care services. Stock selection in health care equipment was an 80-plus basis point tailwind to performance owing to modest gains from the Fund's large positions in global medical device manufacturer **Boston Scientific Corporation** and robotic surgical system leader **Intuitive Surgical, Inc.** We discuss reasons for Boston Scientific's contribution below. Intuitive's quarterly revenue and earnings surpassed Street expectations due to strong systems placements and procedure growth. The company remains in the early stages of a new product cycle with its new da Vinci 5 system, and we continue to believe the company has a long runway for growth driven by continued adoption and expansion of robotic surgery.

NEAL KAUFMAN
PORTFOLIO MANAGER

Retail Shares: BHCFX
Institutional Shares: BHCHX
R6 Shares: BHCUX

Argenx SE contributed the vast majority of relative gains in biotechnology after the company's shares appreciated double digits in the period. We discuss the company in greater detail below.

Strength in life sciences tools & services and health care services came from cell-free DNA testing leader **Natera, Inc.** and diagnostic imaging services provider **RadNet, Inc.**, respectively. Natera was a top contributor after reporting blowout quarterly results, while RadNet's shares outperformed in

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, 2035, 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 98% of the investable U.S. equity market. 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.

response to solid quarterly results, raised full-year guidance, and the announcement of an attractive strategic collaboration with GE HealthCare to further the innovation and adoption of AI-powered solutions in imaging through RadNet's DeepHealth platform.

Mostly offsetting the above was weakness in pharmaceuticals related to not owning shares of Benchmark heavyweight Bristol-Myers Squibb Company, whose shares increased 10.5% in the period, accounting for nearly half of the relative shortfall in the sub-industry. Poor performance from **AstraZeneca PLC** also factored into the underperformance in pharmaceuticals. The company is currently dealing with several ongoing investigations into employees in its China business. We believe shares are undervalued relative to what remains an attractive long-term growth outlook driven by indication expansion for current products (Tagrisso and Enhertu) as well as a range of pipeline assets.

Disappointing stock selection in health care facilities coupled with higher exposure to this lagging sub-industry also weighed on performance. **HCA Healthcare, Inc.** and **Tenet Healthcare Corporation** were mostly responsible for relative losses in health care facilities after their share prices declined alongside other hospital operators following Donald Trump's victory in the U.S. presidential election. We discuss these stocks below.

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 17.6% of GDP in 2023 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 December 31, 2024

	Contribution to Return (%)
argenx SE	0.70
Natera, Inc.	0.44
Boston Scientific Corporation	0.35
Intuitive Surgical, Inc.	0.30
Glaukos Corporation	0.18

Argenx SE is a biotechnology company best known for developing Vyvgart, the leading FcRn inhibitor for the treatment of autoimmune conditions. Shares increased as Vyvgart continued its launch in generalized myasthenia gravis and got off to a strong start in chronic inflammatory demyelinating polyneuropathy. In addition, argenx recently announced that Vyvgart appears to be efficacious in three subsets of myositis (a group of rare autoimmune conditions that cause muscle inflammation) in a Phase 2 clinical trial and moved the drug into Phase 3. Over time, we expect Vyvgart to demonstrate efficacy in an ever-expanding range of autoantibody-driven autoimmune conditions. We expect Vyvgart to continue to launch well in its existing indications and the addressable market to expand as the drug is developed in additional indications.

Natera, Inc. is a diagnostics company for women's health, organ transplant diagnostics, and oncology. Natera offers a personalized blood-based DNA test called Signatera, which, by detecting how much residual cancer DNA remains in the body, helps doctors determine whether post-surgery chemotherapy is needed and monitor for cancer recurrence before it is detectable with standard imaging. Shares increased on blowout quarterly results, with outsized growth in the Signatera business and robust gross margin progression overall. We think Signatera is in the early innings of adoption in a market estimated at more than $20 billion and will ultimately change the standard of care. We see a long runway for growth with expanding margins and profitability.

Boston Scientific Corporation is a global manufacturer of devices used in a broad range of interventional medical specialties. Shares climbed steadily throughout the quarter on solid company fundamentals, including a double-digit EPS growth profile and cost discipline that produces more than 50 basis points of annual operating margin expansion. We believe Boston Scientific can see sustainable organic growth in the high single digits, driven by differentiated products in electrophysiology and structural heart, in particular, the emerging field of pulsed field ablation (PFA), where the company is well positioned. Temperature-based methods (either hot or cold) to disable heart tissue responsible for irregular heartbeats can damage surrounding tissue. 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. In our opinion, Boston Scientific is a compelling name within the large-cap medical device universe.

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

	Contribution to Return (%)
UnitedHealth Group Incorporated	–1.18
Eli Lilly and Company	–1.10
Thermo Fisher Scientific Inc.	–0.80
Vertex Pharmaceuticals Incorporated	–0.77
HCA Healthcare, Inc.	–0.75

Shares of **UnitedHealth Group Incorporated**, the largest health care company by revenue, were volatile in the quarter. Quarterly medical cost trends ran higher than expected, the high end of quarterly guidance was cut, and the preliminary 2025 outlook missed consensus. The Republican November election sweep drove shares up, as Republicans have historically been more supportive of managed care, which bodes especially well for Medicare Advantage, the industry's main growth engine. In December, UnitedHealth's CEO was shot and killed, and the subsequent outpouring of public anger over the managed care industry's history of claims denials sparked concern about the industry's ability to control health care spend. The specter of pharmacy benefit manager (PBM) legislation was an additional pressure along with multiple press pieces questioning managed care practices and profit drivers. Longer term, we believe managed care will remain embedded in the U.S. health care system and UnitedHealth, as the largest, best managed, and most disciplined and forward-thinking company in the industry, will continue to grow.

Eli Lilly and Company is a global pharmaceutical company best known for developing and selling GLP-1 medications for diabetes and obesity. Shares detracted from performance as recent GLP-1 revenue results missed heightened expectations. We view Lilly's Mounjaro/Zepbound GLP-1/GIP drug as an important treatment for diabetic and non-diabetic obese patients and see Lilly continuing to innovate and develop more effective and convenient next-generation medications. Although manufacturing supply and access is limited in the near term, we think this class of drug should be the standard of care for both diabetes and obesity and will become a $150 billion category. We think the recent revenue miss related to the mistiming of demand-generation activities with supply increases and elevated investor expectations after a very strong result in the prior quarter. We think this market is in the early innings of uptake and the adoption of GLP-1s will triple Lilly's total revenues by 2030.

Thermo Fisher Scientific Inc. is a life sciences company that offers instruments/consumables for research, tools for bioproduction, specialty diagnostics, and contract research and manufacturing services. Shares fell on underwhelming quarterly results marked by cautious commentary around China, biopharmaceutical project progression, and equipment purchases. The election of Trump and his selection of Robert F. Kennedy, Jr. to head Health and Human Services also pressured shares as they introduced an element of uncertainty into health care regulation and life science funding. We retain conviction as Thermo Fisher is dominant across multiple end markets and its scale gives it resilience. Once the macro environment normalizes, we expect an organic growth profile in the high single-digit range along with double-digit EPS growth.

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 December 31, 2024, we held 37 stocks. This compares with 532 stocks in the Benchmark. International stocks represented 9.1% of the Fund's net assets. The Fund's 10 largest holdings represented 61.1% of net assets. Compared with the Benchmark, the Fund was overweight in biotechnology, life sciences tools & services, health care equipment, and health care supplies, roughly equal weight in health care facilities, and most underweight in pharmaceuticals, health care services, and managed health care. The market cap range of the investments in the Fund was $1.3 billion to $733 billion with a weighted average market cap of $174 billion. This compared with the Benchmark's weighted average market cap of $225 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, 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 December 31, 2024

	Year Acquired	Market Cap When Acquired ($ billions)	Quarter End Market Cap ($ billions)	Quarter End Investment Value ($ millions)	Percent of Net Assets (%)
UnitedHealth Group Incorporated	2018	227.2	465.5	16.4	8.5
Intuitive Surgical, Inc.	2018	49.9	185.9	15.8	8.2
Eli Lilly and Company	2021	187.4	732.9	15.4	8.0
argenx SE	2018	2.8	37.1	14.5	7.5
Boston Scientific Corporation	2023	73.4	131.6	14.2	7.3
Thermo Fisher Scientific Inc.	2019	117.4	199.0	10.4	5.4
Arcellx, Inc.	2023	1.9	4.1	9.4	4.9
Stryker Corporation	2023	98.8	137.3	7.9	4.1
Vertex Pharmaceuticals Incorporated	2022	61.4	103.7	7.2	3.7
Danaher Corporation	2022	202.9	165.8	6.9	3.6

Table V.
Fund investments in GICS sub-industries as of December 31, 2024

	Percent of Net Assets (%)
Biotechnology	25.1
Health Care Equipment	23.9
Life Sciences Tools & Services	14.9
Pharmaceuticals	11.1
Managed Health Care	10.0
Health Care Supplies	2.9
Health Care Facilities	2.0
Health Care Services	1.3
Cash and Cash Equivalents	8.9
Total	**100.0***

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

Recent Activity

During the December quarter, we added five new positions and exited eight positions. Below we discuss some of our top net purchases and sales.

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

	Quarter End Market Cap ($ billions)	Net Amount Purchased ($ millions)
HealthEquity, Inc.	8.3	2.8
Edgewise Therapeutics, Inc.	2.5	1.8
Insmed Incorporated	12.4	1.4
Wave Life Sciences Ltd.	1.9	1.3
Arcellx, Inc.	4.1	1.1

We re-established a position in **HealthEquity, Inc.**, a leading provider and custodian of health savings accounts (HSAs) and other consumer-directed benefits (CDBs). HSAs offer a way for consumers to save money in a tax advantaged manner to pay for future health care expenses. HSAs have “triple tax” benefits: (1) individuals can claim a tax deduction for contributions they make; (2) the interest or earnings on assets in the accounts accumulate without being subject to tax; and (3) distributions are tax free if they are used to pay for qualified medical expenses.

HealthEquity is one of the largest custodians of HSAs as measured by accounts and assets. As of October 31, 2024, the company had roughly 9.5 million HSAs and $30 billion in assets. The company’s competitive differentiation consists of its unique and purpose-built technology platform, integrated offering of HSAs with complementary CDBs, large and diverse distribution channel, and high level of customer service.

HealthEquity generates revenue from three sources: service fees, custodial revenue, and interchange. Service fees are paid by partners and clients for account administration services. Custodial revenue comes from interest earned on deposits placed with banks and insurance companies. The company earns interchange revenue from fees paid by merchants on payments that account holders make with a physical payment card to pay for medical expenses.

In addition to account growth and growth in assets, the yield on assets is a key growth driver for the business. Recently, the average annualized yield on assets has been increasing from unusually low levels (due to assets that were placed at exceptionally low interest rates during the COVID-19 years) and we expect this trend to continue as depositary contracts come up for renewal and assets are placed at today’s higher rates. In addition, the company has a program with insurance company partners called Enhanced Rates, which offers a higher interest rate to HealthEquity compared with the Basic Rates paid by federally insured bank partners. As contracts with Basic Rates mature, HealthEquity is placing an increasing percentage of assets into Enhanced Rates contracts. As a result, while short-term interest rates have been coming down, the company should see rising custodial rates over at least the next few years, which should boost custodial revenue, total company revenue, and cash flows. In addition, a new CEO is set to take over in January, and while we are big fans of the outgoing CEO Jon Kessler, we are optimistic that the new CEO Scott Cutler can find ways to create shareholder value. Finally, proposed legislation would expand the number of people eligible for HSAs (currently limited to people who have high deductible health plans), which if enacted would materially expand the company’s total addressable market.

We initiated a position in **Edgewise Therapeutics, Inc.**, which develops drugs that target muscle physiology, including sevasemten to treat Becker’s muscular dystrophy (BMD) and Duchenne muscular dystrophy (DMD), and EDG-7500 to treat hypertrophic cardiomyopathy (HCM). Sevasemten is a myosin inhibitor that is designed to protect fast-twitch muscle against contraction-induced injury in muscular dystrophy patients. Sevasemten recently showed impressive Phase 2 data in Becker’s patients that suggests a meaningful benefit in muscle function that will likely translate into Phase 3 success. There are no medicines approved specifically for Becker’s patients today, and we think this could be a $1 billion drug. We think the drug should also work in Duchenne’s muscular dystrophy, since Duchenne’s is driven by the same underlying dysfunction in dystrophin protein as Becker’s. Edgewise is also developing EDG-7500, which targets cardiac sarcomere to treat hypertrophic cardiomyopathy. Although it’s early in development, EDG-7500 has shown early data that suggested impressive efficacy on LVOT gradient reduction without meaningful safety risks in the form of changes in ejection fraction. If this is borne out in more clinical trials, this would be an important point of differentiation versus existing treatments for HCM, which require patient monitoring and dose titration to avoid safety risks.

We added to the position in **Insmed Incorporated**, a biopharmaceutical company with three lead drugs that we believe could collectively generate over $8 billion of peak sales. The company expects to launch Brensocatib for non-cystic fibrosis bronchiectasis (NCFBE) in 2025. In a Phase 3 clinical trial, the drug achieved a 20% reduction in pulmonary exacerbations and an improvement in lung function. We think there could be as many as 500,000 NCFBE patients in the U.S. and that the disease is widely underdiagnosed (or rather, mis-diagnosed as asthma/COPD) given there are no approved treatments. In addition, brensocatib is a pipeline in a product. It’s a DPP1 inhibitor that is very potent against neutrophil serine proteases. Neutrophil serine protease activity is key in the cycle of inflammation and lung damage in bronchiectasis and is also known to play an important role in chronic rhinosinusitis without nasal polyps. In addition, another drug, Arikayce is on-market to treat refractory MAC lung disease and will likely get a front-line label with Phase 3 data expected in 2025. A third drug candidate, TPIP, is in the early stage but shows impressive efficacy/safety in PAH/PH-ILD and could be a best-in-class option.

We initiated a position in **Wave Life Sciences Ltd.**, which develops RNA-based drugs to treat a variety of conditions. Wave’s platform is based on their decade-plus research into stereochemistry and their novel phosphoryl guanidine (PN) oligonucleotide backbone, which enables them to develop RNA-based drugs that are more stable and better at getting into the target cell. We are most excited about Wave’s exon-skipping drugs to treat Duchenne Muscular Dystrophy (DMD), their INHBE RNAi obesity drug, and their new RNA-editing platform. Although DMD has become a competitive space, we think Wave has the most potent exon-skipping platform with WVE-N531 recently demonstrating 9.0% muscle-adjusted and 5.5% unadjusted dystrophin expression after 24 weeks. We think this supports approval in exon 53-skipping-amenable patients and also suggests that Wave’s other DMD exon-skipping drugs in earlier stages of development will have similarly potent results. In 2025, we are also expecting first clinical data for WVE-007, Wave’s INHBE RNAi drug for obesity and other metabolic disorders. As evidenced by the GLP-1 drug class, this is a huge potential market and the preclinical data for INHBE suggests this is an orthogonal mechanism that could drive impressive results as a twice-yearly injection. We are also excited about Wave’s new RNA-editing platform, which recently demonstrated impressive results in Alpha-1-antitrypsin deficiency (A1AT). Although the A1AT drug is outlicensed to GlaxoSmithKline, we think this platform offers an elegant, convenient, and safe way to treat genetic diseases and has a wide range of applications.

We added to the position in **Arcellx, Inc.**, a biotechnology company dedicated to developing cell therapies for multiple myeloma. Data presented at a recent medical conference showed that the company's cell therapy is roughly as effective as the leading competitor cell therapy but without the risks of delayed neurotoxicity symptoms. In addition, through the company's partnership with Gilead, the global leader in cell therapy, Arcellx may have a manufacturing advantage. We continue to think Arcellx is well positioned to capture a significant share of the $12 billion market opportunity for cell therapy for multiple myeloma.

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

	Net Amount Sold ($ millions)
ICON Plc	6.0
Merck & Co., Inc.	5.4
Elevance Health, Inc.	5.0
HCA Healthcare, Inc.	3.7
Regeneron Pharmaceuticals, Inc.	3.7

We sold **ICON Plc** due to contract research organization industry challenges. We sold **Merck & Co., Inc.** due to slowing Gardasil growth and emerging competition for key drug Keytruda. We sold **Elevance Health, Inc.** due to negative estimate revisions caused by challenges in the company's Medicaid business. We reduced **HCA Healthcare, Inc.** because of potential health care policy headwinds (discussed further below). We took a tax loss in **Regeneron Pharmaceuticals, Inc.** due to sooner than expected generic competition for Eylea and slower than expected conversion from Eylea to Eylea HD.

Outlook

Health care stocks underperformed the broader market for the second year in a row. Heading into the presidential election, certain health care sub-industries experienced negative earnings revisions. Elevated medical cost trends and insufficient rate increases hit the earnings of managed care stocks. Life sciences tools stocks faced continued cautious biopharmaceutical spending, customer inventory destocking, and weakness in China. Then, after the election, President-elect Trump's nomination of Robert F. Kennedy Jr. as Secretary of Health and Human Services sparked investor fears about disruptive health care policies, leading to a sharp decline in health care stocks in the last two months of 2024. Proposed legislation at year end, which included PBM reforms (such as delinking drug prices from PBM compensation in Medicare Part D, banning spread pricing in Medicaid, and requiring PBMs to divest any pharmacies they own) exacerbated investor concerns.

We think market sentiment towards health care stocks is at maximum negativity and the sector is poised for better performance as the overhang from policy uncertainty fades and fundamentals improve. Valuations for many stocks in the sector are at multi-year lows relative to the S&P 500 Index.

Business trends for medical device companies like **Intuitive Surgical, Inc.**, **Boston Scientific Corporation**, and **Stryker Corporation** remain strong, driven by new product cycles and healthy procedure volumes. We think these companies face lower risks related to potential health care policy changes.

We continue to see opportunities in the biotechnology sector outside of mega-cap companies. We remain bullish on **argenx SE**, **Arcellx, Inc.**, and **Insmed Incorporated**, among others, and we added new biotechnology names with innovative drugs in their pipelines. We also think with the new Republican administration and new leadership at the FTC that M&A activity could accelerate as large pharmaceutical companies look to replenish their pipelines as key products lose patent protection.

On the topic of drug pricing, we see risk the Trump administration could utilize the IRA Medicare drug pricing negotiation program to narrow the price differential between drug prices in the U.S. and in Europe. This was a goal during the first Trump administration and now there is a mechanism to implement it. We remain substantially underweight mega-cap pharmaceutical and biotechnology, despite low valuations, because many of these companies face patent cliffs and pricing pressure. The next list of 15 drugs selected for price negotiation will be published by February 1, 2025 (the prices will be disclosed in November 2025 but not implemented until 2027). On the positive side for the industry, it is possible that Congress could amend the IRA to extend the period in which small molecules are exempt from Medicare price negotiation to match biologics – the law now gives small molecules just 9 years post-FDA approval before they are subject to price negotiation, while biologics have 13 years.

We continue to look for a recovery in the life sciences tools sector. After two years of nominal growth, we expect growth to accelerate. Customer inventory destocking is largely over, biotechnology funding has improved (up around 40% in 2024), innovation in the biotechnology sub-industry continues to advance, and demand in China has stabilized. While new concerns have arisen regarding the NIH budget, tariffs, and foreign currency headwinds, we think the long-term outlook is positive for our life sciences tools holdings which serve attractive end markets with favorable long-term trends.

The outlook for managed care companies is mixed. In the near term, managed care companies face elevated cost trends and insufficient rate increases in the Medicare Advantage business, a mismatch between rates and acuity in the Medicaid business, and potential policy changes, such as PBM reforms. **UnitedHealth Group Incorporated** also faces a government investigation threatening to break up the company and has been the target of relentless media attacks on its market power and business practices.

Long term, we believe managed care companies will remain embedded in the U.S. health care system and will continue to grow. Encouragingly, CMS just proposed a rate increase for Medicare Advantage companies for 2026 that was higher than investor expectations, which should drive better margins and profits in 2026. Regarding potential PBM reform, if legislation bans spread pricing and/or requires PBMs to pass through 100% of rebates to prescription drug plan sponsors, by contract the payment to the PBMs would change to a fee-based model, which would minimize the economic impact. Proposed legislation requiring PBMs to divest pharmacies seems less likely to pass. Regarding the risk of a government break-up of UnitedHealth or possible new regulations relating to utilization management practices, we think these are relatively low risks. UnitedHealth management has guided to high single-digit earnings growth in 2025. Beyond 2025, earnings growth should accelerate as medical cost trends normalize and as rates improve under the new Republican administration which may adopt a more industry friendly stance. At year end, the stock was trading at close to a 10-year low valuation relative to the S&P 500 Index.

Health care policy uncertainty has been a factor weighing on hospital stocks. Enhanced ACA subsidies are set to expire at the end of 2025. If Congress does not renew the enhanced ACA subsidies, an estimated four million people would become uninsured, which would negatively impact the earnings of the hospital companies that serve those people. In addition, potential Medicaid reform is another risk for hospitals which have benefited from state-directed payments/supplemental payments over the past few years. As a result of these risks, we reduced our hospital positions.

Last quarter, we highlighted how a team of researchers in China reversed a woman's diabetes through a stem cell transplant using her own cells which they had reprogrammed. In that case, the patient was taking immunosuppressants. The scientific advance we are highlighting this quarter is the news from Sana Biotechnology, which reported data in early January from a first in human study in Sweden. In the study, a patient with type 1 diabetes received an implant of islet cells taken from a deceased donor and edited by Sana so that the cells would not be recognized and rejected by the patient's immune system. After four weeks, the implanted cells are alive and producing insulin without the need for immunosuppression. The key breakthrough is that the cells evaded the patient's immune system without the patient having to take immunosuppressants. While the data is from only one patient and there is a long way to go before there is a viable, commercially available product, this news marks an important step towards a potential cure for type 1 diabetes.

Overall, despite near-term policy uncertainty, we think fundamentals are stabilizing, and our long-term outlook for Health Care remains bullish. Innovation in the sector is robust. Advances in science and technology are leading to new ways to diagnose, monitor, and treat diseases in more cost-effective ways. Favorable demographic trends should drive increased demand for quality health care. We continue to follow our process for identifying investment opportunities and creating a portfolio of competitively advantaged growth companies with strong management teams.

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.

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

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.

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

Dear Baron Fintech Fund Shareholder:

Performance

In the quarter ended December 31, 2024, Baron FinTech Fund® (the Fund) rose 5.29% (Institutional Shares) compared with a 4.24% increase for the FactSet Global FinTech Index (the Benchmark). Since inception, the Fund has risen at a 12.17% annualized rate compared with 3.93% for the Benchmark.

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

	Baron FinTech Fund Retail Shares[1,2]	Baron FinTech Fund Institutional Shares[1,2]	FactSet Global FinTech Index[1]	S&P 500 Index[1]	MSCI ACWI Index[1]
Three Months[3]	5.23%	5.29%	4.24%	2.41%	(0.99)%
One Year	22.87%	23.14%	14.17%	25.02%	17.49%
Three Years	1.25%	1.50%	(2.24)%	8.94%	5.44%
Five Years and Since Inception (December 31, 2019)	11.90%	12.17%	3.93%	14.53%	10.06%

JOSH SALTMAN
PORTFOLIO MANAGER

Retail Shares: BFINX
Institutional Shares: BFIIX
R6 Shares: BFIUX

U.S. equities rose for a fifth consecutive quarter, with most of the strength coming in November following the U.S. elections that saw President Donald Trump re-elected and Republicans win majorities in both houses of Congress. Investors expect the Republican sweep will spur economic growth through lower taxes and deregulation with some offset from higher tariffs. The Trump rally faded in December as interest rates rose following hawkish commentary from the Federal Reserve and stubbornly persistent inflation. The pullback was also attributed to stretched valuations and narrow market breadth as the Magnificent Seven dominated market returns late in the year. The Magnificent Seven accounted for all of the S&P 500's fourth quarter gains and more than half of its full-year performance. Large-cap stocks outpaced small and mid-caps by more than 2 percentage points during the quarter. Growth outperformed value across the board, with the differential being most pronounced in the mid- and large-cap segments with 9 percentage points of outperformance.

Outside of the U.S., Donald Trump's victory was met with caution, particularly in emerging markets and developed Europe where equities and currencies fell on concerns about U.S. trade policy and its implications for global growth. Higher U.S. yields also strengthened the U.S. dollar. The MSCI ACWI ex USA and MSCI Emerging Markets Indexes were down 7.6% and 8.0%, respectively, in the fourth quarter, meaningfully trailing the S&P 500 Index, which rose 2.4%.

During the fourth quarter, the Fund outperformed the Benchmark and the S&P 500 Index. The outperformance versus the Benchmark was driven by double-digit gains from holdings in Payments and Capital Markets. Leaders outperformed Challengers (up 6.1% versus up 3.9%, respectively). Against the broader S&P 500 Index, the Fund overcame strength from the Magnificent Seven, which climbed nearly 10%, partly due to favorable stock selection. The Fund's holdings were up more than 5% in the period, outperforming the non-Magnificent Seven stocks in the S&P 500, which fell 1%. The Fund also benefited from meaningfully higher exposure to the strong-performing Financials sector, which rose more than 7%.

Favorable stock selection in Payments was mostly attributable to double-digit gains from global payment companies **Visa Inc.** and **Fiserv, Inc.** Visa was a top contributor after the company reported strong quarterly results and provided a positive outlook for the next fiscal year. Quarterly revenue

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, 2035, 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 historical performance was impacted by gains from IPOs and there is no guarantee that these results can be repeated or that the Fund's level of participation in IPOs will be the same in the future.

1 The **FactSet Global Fintech Index™** is an unmanaged and equal-weighted index that measures the equity market performance of companies engaged in Financial Technologies, primarily in the areas of software and consulting, data and analytics, digital payment processing, money transfer, and payment 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 (DM) 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 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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growth of 12% and EPS growth of 16% exceeded Street expectations, and initial guidance for fiscal 2025 calls for continued double-digit earnings growth. Similarly, Fiserv reported robust quarterly results and raised annual guidance. Looking ahead, we are optimistic about the international rollout of Clover, Fiserv's payment platform for small businesses, which is growing revenue by more than 25%.

Strength in Capital Markets was led by excellent performance from **Interactive Brokers Group, Inc.**, a low-cost brokerage with customers in over 200 countries. The 26.9% share price appreciation during the quarter reflected strong fundamentals, including 30% growth in accounts and 33% growth in client assets. These gains were driven by international investors seeking access to U.S. markets, which largely outperformed their global peers in 2024. Shares of Interactive Brokers also participated in the broader rally of financial stocks following the Republican elections sweep. Expectations of heightened capital markets activity, a more favorable regulatory environment, and the potential for higher market volatility all bode well for the company's growth prospects.

Higher exposure to the better performing Tech-Enabled Financials theme coupled with solid stock selection in the Enterprise Software theme also bolstered relative results. Within Tech-Enabled Financials, alternative asset managers **Apollo Global Management, Inc.** and **KKR & Co. Inc.** participated in the financial stock rally following the U.S. elections and expectations for more active deal-making. **LPL Financial Holdings Inc.** and **Wise Plc** rebounded from last quarter's underperformance with both gaining over 40% due to strong fundamentals and easing concerns about regulation and competition. Recent addition **ServiceTitan, Inc.** was mostly responsible for stock-specific strength in Enterprise Software after the company's IPO was well received by investors.

Partially offsetting the above was unfavorable stock selection in E-Commerce along with higher exposure to Information Services, which was the only theme in the Benchmark to decline during the quarter. Weakness in E-Commerce came from **MercadoLibre, Inc.**, the Latin American online marketplace and fintech provider. The company's margins fell during the quarter due to temporary factors and investments to drive long-term growth. Within Information Services, a pullback in our rating agency and credit bureau stocks resulted from higher interest rates and expectations for more muted credit activity.

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

	Contribution to Return (%)
Apollo Global Management, Inc.	1.22
LPL Financial Holdings Inc.	0.84
Wise Plc	0.73
Visa Inc.	0.61
Interactive Brokers Group, Inc.	0.60

Alternative asset manager **Apollo Global Management, Inc.** contributed to performance. The company held a well-received Investor Day during which management highlighted the firm's expansive credit management capabilities and introduced bullish five-year growth targets. Apollo also participated in the broader rally of financial stocks spurred by the Republican elections sweep, which has bolstered expectations for greater capital markets activity and looser regulations. Investors expect a more business-friendly administration will support growth initiatives for alternative managers, including plans to introduce private investments into retirement accounts. Finally, Apollo was added to the S&P 500 Index during the quarter, which prompted passive buying of the shares. We remain invested due to Apollo's long-term growth prospects, formidable competitive advantages, and strong management team.

LPL Financial Holdings Inc. is an independent broker-dealer that provides a turnkey platform for financial advisors. Shares rebounded from last summer's pullback on concerns that regulators would take actions to erode the profitability of client cash. These concerns abated following the November elections with investors now expecting a more favorable regulatory climate and better growth prospects. LPL's operational performance has been strong, with high single-digit organic growth in net new assets, compelling growth opportunities from outsourcing deals with banks and insurance companies, and stabilizing cash levels that should support better earnings growth. We remain bullish on the stock given its leading asset growth and strong long-term prospects.

Wise Plc is a U.K.-based provider of money transfer services for individuals and businesses worldwide. Shares advanced during the quarter on stronger-than-expected revenue growth and gross margins in the first half of the fiscal year. Revenues were boosted by growth in ancillary services, including multi-currency Wise Accounts and debit cards. Gross margins improved due to operational efficiencies and cost savings from direct integrations with local payment systems. Wise also announced the onboarding of two major global banks (Standard Chartered and Morgan Stanley) onto its white-label Wise Platform solution, which brings market validation and significant growth potential from the banks' own customers. We believe Wise's platform, licenses, and global connections are competitive advantages that enable the company to deliver a better customer value proposition and gain share in the large global market for money transfer.

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

	Contribution to Return (%)
MercadoLibre, Inc.	–0.66
Nu Holdings Ltd.	–0.56
Arch Capital Group Ltd.	–0.40
Guidewire Software, Inc.	–0.24
The Progressive Corporation	–0.21

MercadoLibre, Inc. is the leading e-commerce marketplace in Latin America. Shares declined due to weaker-than-expected margins in the recent quarter. Margins were pressured due to growth in the credit portfolio, accounting changes, accruals for long-term incentive plans, and investments to expand the distribution network. We see these impacts as temporary and necessary to expand MercadoLibre's advantages in the large but competitive markets for e-commerce and financial services. Management is willing to sacrifice near-term profitability to drive faster growth and higher cash flow over the long term. We retain conviction in MercadoLibre as a prime beneficiary of the secular growth of e-commerce and greater financial inclusion in Latin America.

Nu Holdings Ltd. is a digital bank with operations in Brazil, Mexico, and Colombia. Shares fell after the company reported a lower net interest margin and tightened underwriting criteria for unsecured loans. We see these impacts as temporary and tied to the company's growth. The margin contraction was largely driven by rapid deposit growth in Mexico and Colombia, an intentional part of Nu's client acquisition strategy. The tighter underwriting standards are a necessary part of the ongoing process of adjusting lending criteria to new clients. We remain confident in Nu's growth prospects as the company is addressing key pain points faced by banking customers across the region, including high fees, poor customer service, and limited access to financial products. We believe its superior product offering will lead to continued share gains in the large and growing Latin American market.

Shares of specialty insurer **Arch Capital Group Ltd.** fell due to concerns about a cyclical slowdown following several years of favorable market conditions. The Street expects property catastrophe reinsurance pricing to decline during the January 1 renewal period, defying earlier hopes for stable pricing. Despite solid third quarter earnings, underwriting margins worsened due to a recent acquisition, business mix shifts, and normal quarterly volatility. Additionally, shares were pressured by an unexpected CEO transition. We continue to own the stock due to Arch's strong management team and our expectation of significant growth in earnings and book value.

Portfolio Structure

We seek to invest in competitively advantaged, growing fintech companies for the long term. 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.

As of December 31, 2024, the Fund held 47 positions (34 excluding those smaller than 1%). The Fund's 10 largest holdings represented 40.9% of net assets, and the 20 largest holdings represented 69.3% of net assets. International stocks represented 10.6% of net assets. The market capitalization range of the investments in the Fund was $816 million to $638 billion with a median of $32 billion and a weighted average of $114 billion. The Fund's active share versus the Benchmark was 85.9%.

We segment the Fund's holdings into seven investment themes. As of December 31, 2024, Tech-Enabled Financials represented 28.7% of net assets, Information Services represented 22.3%, Payments represented 16.2%, Enterprise Software represented 14.3%, Capital Markets represented 11.0%, E-Commerce represented 5.2%, and Digital IT Services represented 1.8%. Relative to the Benchmark, the Fund remains underweight in Enterprise Software, Payments, and Hardware, and has overweight positions in Tech-Enabled Financials, Capital Markets, Information Services, E-Commerce, and Digital IT Services.

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 faster growth rates, lower margins, and higher valuation multiples. As of December 31, 2024, Leaders represented 77.1% of net assets and Challengers represented 22.4%, with the remainder in cash.

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

	Year Acquired	Market Cap When Acquired ($ billions)	Quarter End Market Cap ($ billions)	Quarter End Investment Value ($ millions)	Percent of Net Assets (%)
Visa Inc.	2020	376.2	637.5	3.2	4.6
Mastercard Incorporated	2020	306.1	483.4	3.2	4.6
S&P Global Inc.	2020	67.9	158.1	3.1	4.5
Apollo Global Management, Inc.	2023	40.4	93.5	2.9	4.3
LPL Financial Holdings Inc.	2021	12.9	24.4	2.8	4.1
Fair Isaac Corporation	2020	11.1	48.5	2.7	3.9
Fiserv, Inc.	2022	67.7	116.9	2.7	3.9
KKR & Co. Inc.	2024	88.9	131.4	2.7	3.9
Intuit Inc.	2020	69.3	175.9	2.6	3.8
Tradeweb Markets Inc.	2020	11.1	28.6	2.5	3.6

Table V.
Fund investments in GICS sub-industries as of December 31, 2024

	Percent of Net Assets (%)
Financial Exchanges & Data	19.8
Transaction & Payment Processing Services	19.6
Application Software	15.0
Investment Banking & Brokerage	11.0
Property & Casualty Insurance	7.0
Asset Management & Custody Banks	5.6
Research & Consulting Services	4.9
Diversified Financial Services	4.3
Broadline Retail	3.4
Diversified Banks	1.9
Internet Services & Infrastructure	1.8
IT Consulting & Other Services	1.8
Insurance Brokers	1.2
Life & Health Insurance	1.1
Real Estate Services	0.9
Cash and Cash Equivalents	0.5
Total	**100.0***

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

Recent Activity

During the quarter, we initiated two new positions and sold two positions. Below we discuss some of our top net purchases and sales.

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

	Quarter End Market Cap ($ billions)	Net Amount Purchased ($ thousands)
LPL Financial Holdings Inc.	24.4	909.5
ServiceTitan, Inc.	9.1	403.9
Robinhood Markets, Inc.	33.0	324.4
Primerica, Inc.	9.1	169.0
KKR & Co. Inc.	131.4	149.1

We added to our position in **LPL Financial Holdings Inc.** after determining that concerns around potential regulatory actions affecting the company's ability to monetize client cash were overdone and had created an attractive buying opportunity. Our purchase proved timely as shares rallied sharply after the U.S. elections, with the incoming Republican administration expected to be more business-friendly and less likely to make adverse regulatory changes. Fundamentals have been strong with LPL gaining market share, benefiting from higher-for-longer interest rates, and seeing a slowdown in customers sorting cash into higher yielding but less profitable money market funds, all while trading at an undemanding valuation multiple.

We participated in the IPO of **ServiceTitan, Inc.**, the leading provider of business management software for the field service industry, which includes plumbing, roofing, landscaping, and HVAC. The company's software helps customers with nearly everything they need to run their businesses, including generating leads, scheduling appointments, dispatching technicians, tracking inventory, managing payroll, accepting payments, and offering financing. The company is led by the two co-founders who serve as CEO and president and together own 17% of the company.

ServiceTitan operates in a large market with a long runway for growth. Property owners and managers spend $1.5 trillion each year on trades services for their homes and businesses in the U.S. and Canada. This equates to $30 billion of potential revenue for ServiceTitan, of which $13 billion is serviceable across the trades and markets where the company operates today. With $685 million of annual revenue, ServiceTitan is serving only a small fraction of the market opportunity. Trades businesses are resilient in times of economic uncertainty given that most U.S. residential trades jobs are immediate, preventative, or non-discretionary in nature. Relative to the competition, ServiceTitan has distinct advantages including: 1) a market-leading, end-to-end software platform built specifically for the trades that provides a strong ROI to customers (as evidenced by a gross revenue retention rate exceeding 95%); 2) a first-mover advantage that has enabled the company to become a trusted vendor for 8,000 customers; and 3) a unique ability to collect data across all users and workflows to glean insights and improve the product offering.

We believe ServiceTitan is well positioned to grow revenue by 20% or more for the next several years. Approximately half of the growth comes from existing customers as they expand their own businesses and adopt more solutions. Subscription revenue increases alongside growth in the number of technicians, and usage revenue increases alongside growth in payment volume. ServiceTitan's revenue would nearly double if its existing customers adopted the full suite of solutions. Revenue growth also comes from adding new customers in existing trades (where the company is less than 10% penetrated) and expansion into new trades.

After years of investment in product development and sales, the company is now focused on margin expansion and earnings growth. We expect adjusted operating margins to expand from the low single digits today to 25% or greater over time. This margin expansion should drive strong growth in free cash flow, which should bolster the company's already healthy balance sheet and provide flexibility around capital allocation. We believe that ServiceTitan is a high-quality business with significant earnings growth potential, which should drive good returns for the stock over time.

We also initiated a position in **Robinhood Markets, Inc.** during the quarter. Robinhood is an online brokerage that offers free trading across stocks, options, and cryptocurrencies. Baron Capital has long invested in successful brokerage companies such as Charles Schwab, Interactive Brokers, and LPL Financial. We first met Robinhood in 2021 during their IPO process. Customers were using Robinhood because of its low-cost offering and simple user interface that makes trading easy and accessible. While we were impressed with management's success in building a modern brokerage with a large user base and strong product-market fit, we were hesitant to invest at a cyclical peak in trading activity and fintech valuations during the middle of the COVID-era meme-stock craze. Following the IPO, trading activity soon normalized and the share price fell significantly.

After revisiting the company this past year, we believe Robinhood is a much-improved business today. Departing from its early reputation as a gamified enabler of retail speculation in meme stocks, Robinhood has been professionalized and transformed into a more durable company that can reliably gain market share and grow earnings over the long term. Some examples of the company's maturation include: 1) providing retirement accounts that should create larger and longer-lasting client relationships; 2) launching the Gold subscription service that delivers additional value to Robinhood's best customers; 3) introducing the web-based Legend platform that offers more advanced features for active traders; and 4) exercising expense discipline to right-size the cost base and deliver profitability alongside growth. These efforts have delivered strong financial results, with Robinhood generating annualized net new asset growth of 29%, custodied asset growth of 76%, and an adjusted EBITDA margin of 42% in the most recent quarter. Average revenue per user has also increased significantly from $60 in 2022 to $107 in the first nine months of 2024 across more than 24 million funded accounts. The customer retention rate is a very strong 95%, up from 80% three years ago.

We believe Robinhood's leading position with younger investors should make it a prime beneficiary of the largest expected generational wealth transfer in history. Millennials and Gen Z represent 75% of customers, and while most aren't wealthy today, they stand to inherit more than $80 trillion over the next 20 years. With only $160 billion of client assets today, Robinhood has the potential to grow many multiples in size over time. In the near term, we expect Robinhood will grow by adding Gold subscribers and active traders, building out advisory services, adding cryptocurrencies, and expanding internationally. Robinhood's cost base is mostly fixed, so revenue growth should flow through at high incremental margins, supporting faster growth in earnings. Given the size of the opportunity ahead, we think Robinhood can generate strong earnings growth for many years.

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

	Quarter End Market Cap or Market Cap When Sold ($ billions)	Net Amount Sold ($ thousands)
Global Payments Inc.	28.5	707.7
Apollo Global Management, Inc.	93.5	378.9
The Progressive Corporation	140.4	366.1
Endava plc	1.7	224.4
Intuit Inc.	175.9	132.4

We reduced **Global Payments Inc.** due to concerns about the company's competitive positioning, underwhelming performance from large acquisitions, and a strategic shift toward divestitures. We trimmed **Apollo Global Management, Inc.** and **The Progressive Corporation** on strength to manage position sizes and fund purchases elsewhere in the portfolio. We sold our small remaining positions in **Endava plc** and **Repay Holding Corporation** due to growth concerns.

Outlook

The Fund just celebrated its fifth anniversary. It's been a rollercoaster ride with the COVID pandemic, an equity bear market, a stimulus-driven rally, spiking inflation, Fed rate hikes, another equity bear market, the rise of generative AI, moderating inflation, and two consecutive years of strong equity market returns. Since inception, the Fund has generated attractive risk-adjusted returns with 8 percentage points of annual outperformance and lower volatility than the Benchmark. The Fund has outperformed in all market environments by capturing 103% of the Benchmark gains in up-markets but only 80% of the declines in down-markets. As long-term investors, Fund turnover since inception has been modest at 18% (implying a 5.6-year average hold period).

We have achieved these results by staying true to the investment philosophy we articulated in our very first shareholder letter: "We seek to invest in fintech companies with long runways for growth, sustainable competitive advantages, exceptional management teams, and attractive valuations." Fintech sits at the intersection of financial services and technology where we find large markets, outstanding business models, and significant innovation taking place. The secular growth trends we identified five years ago remain just as relevant today: growing demand for data to inform decision making, the electronification of the capital markets, the shift to electronic payments, the rise of e-commerce, and the need for digital transformation across financial institutions. These trends continue to drive the digitization of the financial sector and the growth of fintech companies.

We start the year optimistic about the prospects for the Fund's holdings. The U.S. economy has been resilient with relatively low unemployment and healthy consumer spending. The new U.S. administration should be positive for corporate earnings by maintaining or cutting tax rates, easing regulations, and promoting domestic capital investment. JPMorgan CEO Jamie Dimon recently noted, "Businesses are more optimistic about the economy, and they are encouraged by expectations for a more pro-growth agenda and improved collaboration between government and business." Dimon also noted two big risks from persistent inflation and geopolitical instability. Despite 100 basis points of cumulative Fed rate cuts since mid-September, long-term interest rates have risen with the 10-year Treasury yield up 100 basis points over the same period. Our base case is that inflation and interest rates will moderate from current levels, but the Fund should be well positioned even if rates remain higher for longer. Earnings growth drives share prices over the long term, and we remain confident in the growth prospects for the Fund's holdings.

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

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 India Fund Shareholder:

Performance

Baron India Fund® (the Fund) declined 6.01% (Institutional Shares) during the fourth quarter of 2024, while its relevant benchmark, the MSCI AC Asia ex Japan/India Linked Index (the Linked Benchmark), was down 11.32%. As a reminder to investors, as of market close on August 30, 2024, Baron New Asia Fund was converted into Baron India Fund, necessitating a Linked Benchmark to allow the predecessor track record to attach to the new Fund. In essence, our reported performance represents the return of Baron New Asia Fund from July 30, 2021 (Fund inception date) through August 31, 2024 and that of the reconstituted Baron India Fund beginning thereafter. Similarly, the Linked Benchmark, effective September 1, 2024, will reflect the performance of the MSCI India Index, the primary benchmark of Baron India Fund, while the period from July 30, 2021 through August 31, 2024 will reflect the performance of the MSCI AC Asia ex Japan Index. For the full year 2024, the Fund appreciated 17.75% compared with 1.18% for the Linked Benchmark.

For the fourth quarter, the first full quarter of Baron India Fund, we comfortably outperformed our Linked Benchmark. After making fresh all-time highs toward the end of September, Indian equities partly retraced prior period gains owing to a near-term slowdown in domestic economic activity that resulted in earnings misses across various sectors. A Trump 2.0 presidency together with growing expectations that the U.S. Federal Reserve (the Fed) will need to recalibrate the pace of monetary easing going into 2025, also weighed broadly on emerging market (EM) equities. That said, the BJP's (Prime Minister Modi's political party) landslide victory in local state elections helped offset some of the selling pressure toward the end of November. In our view, India, compared to other EM peers, will be one of the least impacted from potential tariffs given it's primarily a domestic consumer driven economy with a low share of global exports. In addition, we expect a further strengthening of the U.S.-India relationship under Trump 2.0 given tectonic shifts in the geopolitical landscape, especially as it relates to rising tensions between the U.S. and China. India, with its growing military and economic ties to the U.S./Europe, is increasingly being viewed as a strategic counterbalance to a rising China. The country will also be a key beneficiary of global corporates diversifying their supply chains (ex-China), with potential tariffs on Chinese goods and vendors further accelerating this mega trend, in our view.

MICHAEL KASS
PORTFOLIO MANAGER
ADVISER

ANUJ AGGARWAL
PORTFOLIO MANAGER

Retail Shares: BINRX
Institutional Shares: BINDX
R6 Shares: BINUX

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

	Baron India Fund Retail Shares[1,2]	Baron India Fund Institutional Shares[1,2]	MSCI AC Asia ex Japan/ India Linked Index[1]	MSCI AC Asia ex Japan Index[1]	MSCI India Index[1]	MSCI Emerging Markets Index[1]
Three Months[3]	(6.05)%	(6.01)%	(11.32)%	(7.59)%	(11.32)%	(8.01)%
One Year	17.55%	17.75%	1.18%	11.96%	11.22%	7.50%
Three Years	(3.35)%	(3.09)%	(4.85)%	(1.59)%	7.34%	(1.92)%
Since Inception (July 30, 2021)	(2.47)%	(2.24)%	(5.18)%	(2.33)%	9.82%	(2.49)%

From a sector or theme perspective, solid stock selection effect in the Consumer Discretionary sector, across multiple themes (**Trent Limited**, **Zomato Limited**, and **Dixon Technologies (India) Limited**), was the largest contributor to relative performance during the quarter. Trent, as part of our formalization theme, is a leading, high growth, fast fashion retailer that we

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, 2035, 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/India Linked Index Net (USD)** was created by the Adviser and links the performance of the MSCI AC Asia ex Japan Index for all periods prior to September 1st, 2024 and the MSCI India Index for all periods thereafter. 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 India Index Net (USD)** is a broad-based securities index that is designed to measure the performance of the large and mid-cap segments of the Indian market. 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. 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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internally refer to as the "Zara of India." The company, in our view, is one of the most misunderstood stocks in India that has seen consensus earnings upgrades of above 100% over the past 12 to 18 months. The stock has more than quadrupled since our initial purchase in the legacy Baron New Asia Fund in May 2023. Zomato, belonging to our digitization theme, is India's largest food delivery platform with over 50% market share. The company is now disrupting India's e-commerce industry through its "Blinkit" app, which is a leading "quick commerce" platform, offering 10 to 15 minute delivery of over 5,000 (and growing) SKUs, including groceries, packaged consumer goods, electronics, apparel, among other products. Blinkit is scaling rapidly with gross merchandize value (GMV) expected to grow more than 100% (to over $3 billion) this fiscal year. In our view, we are in early innings of quick commerce disruption in India and expect Blinkit to sustain a 40% to 50% compounded growth rate for the next three to five years. Zomato's core food delivery business should also maintain its high growth trajectory of over 20% compounded growth rate for the next few years. Favorable stock selection in the Health Care sector, driven by our investments in **Aster DM Healthcare Limited** and **Max Healthcare Institute Limited**, also stood out as a material contributor to relative results. We are excited about India's hospital services industry, which is expected to sustain low to mid-teens growth over the next several years. With a rising middle class and growing discretionary incomes, we are witnessing a structural shift in consumer preference toward organized, high-quality, hospital chains that today account for only 5% to 10% of the industry. We believe there is a massive opportunity for industry consolidation to play out over the next few years and expect both Aster DM Healthcare and Max Healthcare to be key beneficiaries of this structural trend. Lastly, good stock selection effect together with our underweight positioning in the Energy sector also bolstered relative performance during the period. We will typically remain underweight Energy given the commodity/cyclical nature of the sector. Partially offsetting the above was adverse stock selection effect in the Financials (**SBI Life Insurance Company Limited**, **Cholamandalam Investment and Finance Company Limited**, and **JM Financial Limited)** and Communication Services (**Indus Towers Limited** and **Tata Communications Limited**) sectors.

For calendar year 2024, the Fund meaningfully outperformed the Linked Benchmark. We are pleased with delivering over 1,600 basis points of relative gains for the year, while also generating solid double-digit absolute performance (+17.75%). Due to the conversion of Baron New Asia Fund into Baron India Fund during the year, we will not provide full year attribution commentary given the change in Fund strategy.

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

	Contribution to Return (%)
Kaynes Technology India Limited	0.89
Aster DM Healthcare Limited	0.63
Shaily Engineering Plastics Limited	0.53
Max Healthcare Institute Limited	0.29
360 ONE WAM Limited	0.19

Kaynes Technology India Limited is a leading electronics manufacturing service player in India serving the automotive, industrial, railway, medical, and aerospace and defense industries. Shares were up in the quarter, driven by robust sales and profitability growth. We believe Kaynes is well positioned to benefit from the government's Make in India initiative, which encourages domestic manufacturing of electronic components by providing attractive tax subsidies and manufacturing infrastructure. We are excited about Kaynes' recent development of its outsourced semiconductor assembly and test facility, which we believe represents significant incremental growth opportunity in the medium term. We expect the company to deliver 40% to 45% compounded EBITDA growth over the next three to five years.

Aster DM Healthcare Limited is the third-largest listed hospital chain in India with over 4,500 bed capacity. Shares were up, driven by robust quarterly results and the announced merger with Quality Care, which will make the merged entity India's largest hospital chain with over 10,000 bed capacity. We are excited about the multi-year growth opportunity that lies ahead for hospital services in India, and we retain conviction in Aster as a key beneficiary of ongoing industry consolidation. We expect the company to deliver sustaining mid-teens revenue growth over the next three to five years.

Shaily Engineering Plastics Limited is a leading manufacturer of precision injection-molded plastic components in India, with diverse product offerings spanning sectors such as furniture, pharmaceuticals, and toys. Shares rose during the quarter, driven by strong quarterly results and the announcement of plans to double its injection pen manufacturing capacity over the next two to three years. We remain invested in Shaily, as we believe the company will benefit from global supply chain diversification away from China, as well as opportunities in GLP-1 pen manufacturing.

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

	Contribution to Return (%)
Bharti Airtel Limited	–1.15
Reliance Industries Limited	–1.06
SBI Life Insurance Company Limited	–0.70
Cholamandalam Investment and Finance Company Limited	–0.64
Indus Towers Limited	–0.62

Bharti Airtel Limited detracted from performance during the quarter due to subscriber loss resulting from consolidation in the telecommunications industry. We retain conviction. The company reported steady quarterly earnings performance and visibility into strong free cash flow generation. As India's dominant mobile operator, Bharti should realize longer-term benefits from 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 profits from rising mobile tariffs.

Reliance Industries Limited is India's leading conglomerate, with businesses that encompass petrochemicals, refining, and oil-and gas-related operations as well as retail, telecommunications, and media. Shares were down due to soft performance in the retail and energy businesses. We retain conviction as the company is positioned to leverage its telecommunications network to transform into a digital services company, offering products such as video streaming, broadband, and e-commerce services. Reliance is also laying the groundwork for an online marketplace that will connect over 12 million mom & pop retailers to over 400 million mobile and internet subscribers. We believe earnings will sustain double-digit growth over the next three to five years.

SBI Life Insurance Company Limited is one of the leading life insurance providers in India, offering a wide range of insurance products, including traditional life insurance, unit-linked insurance plans, pension plans, and health insurance. The company is a subsidiary of State Bank of India, India's largest commercial bank, which gives it a strong brand presence and access to an extensive customer base across the country. Shares were down during the quarter due to weaker-than-expected quarterly revenue. We retain conviction in SBI Life as we believe the company is well positioned to benefit from growing demand for insurance services and the financialization of household savings in India. In our view, the company's ability to leverage India's largest bank branch network through its parent entity is a critical competitive advantage, and we expect SBI Life to sustain mid-teens growth in embedded value over the next three to five years.

Portfolio Structure

We combine a bottom-up investment approach with a thematic overlay to construct and manage a portfolio of high-quality, competitively advantaged companies located in India. Consistent with the "Baron Approach," we invest behind value-creating, private sector entrepreneurs with significant ownership stakes, whose businesses are either gaining market share, disrupting, or consolidating their respective industries. We leverage our deep relationships in the country to discover and invest in growth-oriented businesses for the long term.

The Fund is a diversified, all-cap strategy with the flexibility to invest across market caps, especially in small- and mid-cap stocks where we see significant mispricing due to limited sell-side coverage and/or those that remain "under the radar." We typically invest across 30 to 50 stocks and concentrate capital toward our highest conviction ideas. As of December 31, 2024, we held 43 positions with our 10 largest investments comprising 52.3% of net assets.

Our principal investment themes with respective weightings (as of December 31, 2024) are as follows:

- **Digitization (27.1% of net assets)**: *India's rising middle class and smartphone penetration (over 700 million and growing) is creating significant opportunities across e-commerce, food tech, digital streaming, and fintech*
- **Formalization of the Economy (25.1%)**: *Economic reforms are accelerating formalization leading to market share gains for organized, branded players across various industries*
- **Consumer Finance (19.1%)**: *Low penetration levels; industry poised to grow mid-to high teens over the next several years; well managed private sector players to gain market share*
- **Global Security/Supply Chain Diversification (12.7%)**: *Tectonic shifts in geopolitics are accelerating supply chain diversification (ex-China); significant opportunity for Indian players to gain market share in global supply chains*
- **Power Reforms (7.2%)**: *Market friendly reforms along with growing demand for electricity in India (real estate, manufacturing, data centers, AC penetration) is necessitating a multi-year investment cycle in power generation and transmission*
- **Financialization of Savings (5.5%)**: *Structural shift in household savings from gold/real estate into financial products such as equities/life insurance savings policies; capital market proxies along with asset managers/life insurers to benefit*

We also segment the portfolio based on a S-curve analysis to serve as a form of risk management framework with respective weightings (as of December 31, 2024) as follows:

- **Phase 1 (12.7% of net assets):** ***"Under the Radar"*** *or in* ***"Investment Mode"*** *– a phase of market mispricing/time arbitrage and an opportunity for significant alpha generation as these businesses enter Phase 2*
- **Phase 2 (25.4%):** ***"Disruptors"*** *or* ***"Scale Builders"*** *– this is a period when our holdings should generate non-linear growth and continued alpha capture on price discovery, earnings upgrades, and/or market disruption*
- **Phase 3 (37.2%):** ***"Compounders"*** *– post scale up, our companies have gained durable competitive moats and are well positioned to compound capital and earnings over the next several years*
- **Phase 4 (21.4%):** ***"Market Performers/Mature Businesses"*** *– period of stable growth with good earnings visibility; allocation to this segment will be viewed from a risk management / portfolio beta perspective*

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

	Percent of Net Assets (%)
Bharti Airtel Limited	8.6
Trent Limited	6.9
ICICI Bank Limited	6.4
Bajaj Finance Limited	4.7
HDFC Bank Limited	4.7
Zomato Limited	4.6
Reliance Industries Limited	4.3
Tata Consultancy Services Limited	4.1
Max Healthcare Institute Limited	4.0
Aster DM Healthcare Limited	4.0

Table V.
Fund investments in GICS sectors as of December 31, 2024

	Percent of Net Assets (%)
Financials	25.3
Consumer Discretionary	15.9
Communication Services	13.1
Industrials	11.8
Information Technology	9.8
Health Care	8.0
Energy	4.3
Consumer Staples	2.7
Materials	2.6
Utilities	2.3
Real Estate	1.0
Cash and Cash Equivalents	3.3
Total	**100.0***

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

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 companies of all sizes in India can exhibit attractive growth potential. At the end of the fourth quarter of

2024, the Fund's median market cap was $11.6 billion, and we were invested 54.5% in giant-cap companies, 27.0% in large-cap companies, 9.9% in mid-cap companies, and 5.4% in small and micro-cap companies, as defined by Morningstar, with the remainder in cash.

Recent Activity

During the fourth quarter, we added two new investments to existing themes while also increasing exposure to several positions based on company specific fundamentals. We strive to concentrate capital toward our highest conviction ideas.

We increased exposure to our digitization theme by initiating a position in **Coforge Limited**, a leading IT services company in India. In our view, Coforge is uniquely positioned to benefit from structural growth opportunities arising from the multi-year digital transformation of global enterprises. Under CEO Sudhir Singh's leadership, the company has sharpened its focus on three industry verticals: banking and financial services, insurance, and travel. With deep domain expertise, the company has gained a reputation as a leader in software integration for niche subsegments, such as personal and casualty insurance. Management has also revamped the sales team's compensation structure to incentivize large deals, providing visibility into sustained growth. The successful turnaround has lifted Coforge from a lackluster, mid-tier IT services company to the top growth quartile. In our view, the merit-based corporate culture and the growth-driven mindset of the management team contribute to the company's industry-leading employee retention metrics, which is a key driver of superior profitability and returns in the long term. We are excited about the company's expansion in North America and entry into new industry verticals, bolstered by recent acquisitions. We expect the company to deliver 15% to 20% compounded earnings growth over the next three to five years.

As part of our global security/supply-chain diversification theme, we initiated an investment in **Zen Technologies Limited**, a leader in defense training systems and anti-drone technologies in India. With strong in-house research and development capabilities, Zen Technologies has been granted over 90 industry-leading patents. Its product portfolio includes virtual simulators for tanks and firearms, and radio frequency-based drone detection and radar tracking systems. Best-in-class technology has helped Zen Technologies build a loyal customer base, with 90% of revenue from repeat purchases. The company has also established a vendor base for simulators and achieved backward integration for counter-drone solutions, leading to strong profit margins. In our view, escalating geopolitical risks around the globe have led to increased interest in controlled environment training and cost-effective solutions, which should drive robust order intake for Zen Technologies. Additionally, the company is uniquely positioned to benefit from the Government of India's push to develop strong indigenous defense manufacturing capabilities and its preference for domestically developed products. We are also excited about the company's potential entry into the U.S. market over the next two to three years, as well as its foray into aerial and naval simulators, which should tremendously expand its addressable market. We expect the company to deliver over 30% compounded earnings growth over the next three to five years.

Finally, we added to several of our existing positions during the quarter, most notably **Bajaj Finance Limited**, **ICICI Bank Limited**, **Bharti Airtel Limited**, **Max Healthcare Institute Limited**, **Zomato Limited**, **InterGlobe Aviation Limited**, **Aster DM Healthcare Limited**, and **Mahindra & Mahindra Limited**. During the quarter, we also exited positions in **CSL Finance Limited** and **Tube Investments of India Limited** due to uncertainties over durability of earnings growth and/or competitive positioning going forward.

Outlook

We are excited about the multi-decadal growth opportunity that lies ahead for India. Productivity enhancing economic reforms implemented over the past several years are kickstarting a virtuous investment cycle and positioning India as the fastest growing large economy in the world this decade. In our view, India's roughly $4 trillion economy, growing 6% to 8% in real terms and 10% to 12% in nominal terms, will leap ahead of both Japan and Germany in the next two to three years to become the third largest economy, only trailing the U.S. and China. With the reelection of Prime Minister Modi to a historic third term (next general elections in 2029) and landslide victories for Modi's Bhartiya Janata Party (BJP) in recent state elections, we expect policy continuity to support sustained economic growth for many years to come.

India is also a key beneficiary of the tectonic shifts in the geopolitical landscape, especially amid rising tensions between the U.S. and China. As the largest English-speaking democracy with growing economic and military ties with the U.S./Europe, India is increasingly being viewed as a strategic counterbalance to a rising China. We expect a further strengthening of the U.S.-India relationship under Trump 2.0, adding to India's attractiveness as an investment destination. In the aftermath of the pandemic and the war in Ukraine, U.S./European corporates continue to diversify supply chains (ex-China), which has the potential to make India the next global manufacturing hub over time. To support this initiative, India introduced the Performance Linked Incentive (PLI) scheme which offers attractive subsidies (4% to 6% of sales) to incentivize global vendors to establish a manufacturing presence in the country. Apple is a great example that we share with investors. Taking advantage of the PLI scheme, Apple (through its contract manufacturers) is now producing roughly 14% of iPhones in India, up significantly from 1% to 2% levels just three years ago. Production is expected to ramp up to over 25% in the foreseeable future, with recent media articles indicating that AirPods will also be manufactured in India. New (and higher) tariffs on Chinese goods and vendors, if imposed under a Trump presidency, would further accelerate supply chains to move into India and other friendly jurisdictions (i.e. friendshoring). In our view, supply-chain diversification will be a structural trend that should create attractive bottom-up opportunities for long-term investors.

As we enter 2025, we expect increased market volatility, especially related to uncertainties around global trade and tariff hikes as proposed by President-elect Trump. A potential recalibration (i.e. moderation) of the monetary easing cycle by the Fed, given a resilient U.S. economy, is also a key monitorable for developing market equities. While we cannot predict policy outcome, we are confident and excited about our thematic and bottom-up positioning, as many of our holdings will be key beneficiaries of tariffs on countries such as China, Mexico, and Canada. **Kaynes Technology India Limited,** a leading supplier of mission critical electronic components that competes with Chinese and Southeast Asian vendors, and **Shaily Engineering Plastics Limited**, a key contract manufacturer for Ikea, both rallied over 35% post Trump's victory through year end. We expect India's economic growth to recover toward the second half of 2025 primarily driven by accelerating government spend on productivity enhancing capex that should have a multiplier effect on the economy and drive higher employment. In addition, with the appointment of Sanjay Malhotra as the new governor of the Reserve Bank of India, India's central bank, we expect a more accommodative monetary policy going forward that should further bolster economic growth. *We think investors should consider using any market corrections to build exposure to India, as we cannot be more excited about the long-term potential of the country.*

Despite being one of the best performing markets in the world over the last two-plus decades, we believe India's value creation opportunity is still in the early innings. The MSCI India Index has generated a 9.7% annualized gross return (in U.S. dollars) over the past 25 years as compared to the S&P 500 Index at 7.7% and the MSCI Emerging Markets Index at 6.0%. Put another way, $10,000 invested in India at the turn of the century would now be worth over $101,000 versus the S&P 500 Index at approximately $64,000 and the MSCI Emerging Markets Index at around $43,000.

Thank you for investing in the Baron India Fund.

Sincerely,

Anuj Aggarwal
Portfolio Manager

Michael Kass
Portfolio Manager Adviser

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.

As stated within the Supplement to the Prospectus and Statement of Additional Information dated April 26, 2024, effective September 1, 2024, Baron New Asia Fund® has changed its name to Baron India Fund®. For additional information please refer to the Supplement.

Risks: Non-U.S. investments may involve additional risks to those inherent in U.S. investments, including exchange-rate fluctuations, political or economic instability, the imposition of exchange controls, expropriation, limited disclosure and illiquid markets. In addition, investments in developing countries may have increased risks due to a greater possibility of settlement delays; currency and capital controls; interest rate sensitivity; corruption and crime; exchange rate volatility; and inflation or deflation. Government actions, bureaucratic obstacles and inconsistent economic reform within the Indian government have had a significant effect on the Indian economy and could adversely affect market conditions, economic growth and the profitability of private enterprises in India.

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

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

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

Alpha measures the difference between a fund's actual returns and its expected performance, given its level of risk as measured by beta. **Beta** explains common variation in stock returns due to different stock sensitivities to market or systematic risk that cannot be explained by the US Country factor. Positive exposure indicates high beta stock. Negative exposure indicates low beta stock.

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

Dear Baron Technology Fund Shareholder:

Performance

During the fourth quarter, Baron Technology Fund® (the Fund) rose 15.85% (Institutional Shares), outperforming the MSCI ACWI Information Technology Index (the Benchmark), which increased 4.28%, and the broader S&P 500 Index, which rose 2.41%. For the full year 2024, the Fund posted a robust gain, increasing 47.80%, materially outperforming the Benchmark, which rose 31.59%, and the S&P 500 Index, which appreciated 25.02%.

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 December 31, 2024

	Baron Technology Fund Retail Shares[1,2]	Baron Technology Fund Institutional Shares[1,2]	MSCI ACWI Information Technology Index[1]	S&P 500 Index[1]	MSCI ACWI Index[1]
Three Months[3]	15.73%	15.85%	4.28%	2.41%	(0.99)%
One Year	47.51%	47.80%	31.59%	25.02%	17.49 %
Three Years and Since Inception (December 31, 2021)	10.03%	10.38%	11.06%	8.94%	5.44 %

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, 2035, 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. 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. 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 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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REVIEW & OUTLOOK

We are pleased to report that the Fund delivered outstanding performance in both the fourth quarter and full year 2024, reflecting the success of our investment philosophy and our focus on identifying innovative companies reshaping their industries. For the fourth quarter, the Fund outperformed its Benchmark by an impressive 1,157 basis points and exceeded its Morningstar peer group average by 989 basis points. This strong finish capped a robust year, with the Fund outperforming the Benchmark by 1,621 basis points and peers by 2,584 basis points, earning a second percentile rank among its Morningstar peer group.*

As we celebrate the Fund's three-year anniversary, we are proud of its resilience and long-term results. Despite navigating a challenging 2022 backdrop for the technology space and our Fund, we ended the three-year period in the top 14% of our Morningstar peer group, outperforming the peer group average by 711 basis points, on an annualized basis. This performance underscores our long-term focus and ability to manage through adversity and position the portfolio for differentiated growth and returns versus our peer group.

Drivers of Performance in 2024 and the Fourth Quarter

The Fund's outperformance in 2024 and the fourth quarter was the result of several key factors:

- **Broader Technology Universe:** For 2024, the Fund's exposure to non-Information Technology (IT) stocks accounted for 50% of our outperformance versus the Benchmark, while 32% came from stock selection within the IT sector. The remaining relative gains came from underweight positions in certain IT specific industries, such as software, IT services, electronic equipment instruments and components, and technology hardware storage & peripherals, all of which trailed the Benchmark in the period.
- **Strategic Positioning in Emerging Winners:** Our investment strategy is to blend and balance investments in established leaders, like **Amazon.com, Inc.**, **NVIDIA Corporation**, and **Broadcom Inc.**, among others, with emerging winners–businesses with competitive traction on the steep part of the growth S-curve and long runways for future growth. Our stock selection in mid- and small-cap stocks (30% portfolio weight versus 25% and 9% for our Morningstar peer group and Benchmark, respectively) contributed materially to our relative outperformance for the quarter and year.
- **Differentiated Contributors to Relative Performance:** The largest contributors to the Fund's outperformance versus the Benchmark for the year included **Reddit, Inc.**, **Spotify Technology S.A.**, **GDS Holdings Limited**, **Duolingo, Inc.**, **Tesla, Inc.**, and **The Trade Desk**, all of which are high-growth, innovative companies. Notably, none of these names are Benchmark holdings, illustrating our commitment to finding differentiated opportunities, and Reddit, GDS, Duolingo, and Trade Desk are mid- or small-cap names. Other important contributors included companies like **Axon Enterprise, Inc.** and **PAR Technology Corporation**, both also absent from the Benchmark and further validation of our emerging-winner strategy.

Portfolio Construction and Sector Insights

The Fund continued to have a concentrated and high conviction approach, with approximately 57% of the portfolio in the top 10 names and 42 investments in total.

Among others, during the fourth quarter we initiated or increased positions in the following names:

- E-commerce: **ODDITY Tech Ltd.** and **Amazon.com, Inc.**
- Financial Technology: **LPL Financial Holdings Inc.**
- Software: **Atlassian Corporation Plc** and **ServiceNow, Inc.**
- Cybersecurity: **Zscaler, Inc.** and **CyberArk Software Ltd.**
- Digital Media: **Spotify Technology S.A.**
- Defense Technology: **Zen Technologies Limited**
- Semiconductors: **HPSP Co., Ltd., indie Semiconductor, Inc.**, and **Broadcom Inc.**
- Communications Equipment: **Arista Networks, Inc.**
- Food Delivery: **Zomato Limited**

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

	Contribution to Return (%)
Reddit, Inc.	2.47
Amazon.com, Inc.	1.57
Broadcom Inc.	1.56
NVIDIA Corporation	1.52
Tesla, Inc.	1.50

* As of 12/31/2024, the annualized returns of the Morningstar Technology Category average were 21.96% and 3.27% for the 1-year and since inception (12/31/2021) periods, respectively.

As of 12/31/2024, Morningstar Technology Category consisted of 271 and 239 share classes for the 1- and 3-year periods, respectively. Morningstar ranked Baron Technology Fund in the 2nd and 14th percentiles for the 1- and 3-year 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.

Reddit, Inc. is the largest forum-based social network, with over 97 million daily active users and 500 million monthly active users, primarily monetizing through advertising. Shares rose this quarter as Reddit delivered another exceptional quarter, exceeding expectations across key metrics. Daily active users grew 48% year-over-year and revenue surged 67% year-over-year – significantly outpacing social network peers. Adjusted EBITDA also came in ahead of expectations at a 27% margin, a dramatic turnaround from -9% in 2023. This operational improvement reflects both robust top-line growth and disciplined cost management. We see a substantial growth runway ahead for Reddit. User growth continues at a healthy clip, fueled by ongoing product enhancements and international expansion efforts, including the use of AI to translate Reddit's massive corpus into multiple languages. Monetization per user remains low, with meaningful opportunities to introduce new ad products, increase ad load, enhance performance, and expand vertical coverage. Our checks suggest that Reddit continues to win new advertisers and capture larger budgets from existing ones, who value the platform's unique reach, engaged user base, and strong price-performance. Additionally, Reddit has created a high-margin revenue stream by licensing its unique data to companies like OpenAI and Google for AI model training. Longer term, we believe Reddit's business model has potential for even greater profitability, given that its growth roadmap requires relatively modest additional investment. Emerging opportunities include search monetization – where Reddit processes over 1 billion searches monthly – and a nascent user economy. We remain confident in Reddit's ability to capitalize on its unique platform dynamics, drive strong growth, and deliver long-term value to shareholders.

Amazon.com, Inc. is the world's largest retailer and leading provider of cloud infrastructure services through its Amazon Web Services (AWS) division. Shares increased in the quarter following a strong beat on operating profit, driven by robust results across its core North American retail, international retail, and AWS businesses. Management's heightened focus on cost discipline and operational efficiency continues to yield tangible results, improving profitability across all segments. AWS delivered another solid quarter, with improving demand trends and an encouraging trajectory around generative AI use cases. While competition among cloud infrastructure hyperscalers remains intense, we believe AWS is well positioned to maintain and expand its leadership as developers and enterprise customers increasingly look to deploy generative AI workloads given its scale, technical expertise (including developing its own semiconductors), and open AI model ecosystem. Across its retail businesses, despite its pioneering leadership, Amazon remains in the early stages of capturing its vast total addressable market, as the company holds less than 15% market penetration globally. As our largest position, we remain confident in Amazon's ability to execute on its long-term growth strategy and deliver meaningful value for shareholders.

Broadcom Inc. is a leading semiconductor and enterprise software company, with 60% of revenue derived from semiconductors and 40% from software. Shares increased in the quarter as investor confidence in Broadcom's AI growth opportunity and strong execution across its diversified portfolio drove positive sentiment. Broadcom reported solid fiscal fourth-quarter results, with robust growth in semiconductor solutions and AI-related revenues reaching $12.2 billion for fiscal 2024. While software revenues were slightly below expectations due to delayed deal closings, the VMware integration has exceeded expectations, delivering rapid margin expansion and incremental EBITDA contributions ahead of schedule. This performance underscores Broadcom's operational discipline and its ability to drive synergies from strategic acquisitions. The company's leadership in networking technologies remains evident, with sustained growth in solutions like Tomahawk and Jericho supporting its competitive edge. Non-AI semiconductor segments also showed early signs of recovery, highlighting Broadcom's diversified revenue streams. Broadcom's estimated serviceable addressable market in AI, projected at $60 billion to $90 billion by fiscal 2027, primarily driven by major hyperscalers such as Google, Meta, and ByteDance, reinforces its potential to lead in the AI infrastructure market. We remain confident in Broadcom's ability to capitalize on the secular growth of AI infrastructure, execute operationally, and sustain its leadership in key networking technologies.

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

	Contribution to Return (%)
ASML Holding N.V.	–0.36
Lam Research Corporation	–0.18
Advanced Micro Devices, Inc.	–0.15
Microsoft Corporation	–0.15
ODDITY Tech Ltd.	–0.14

ASML Holding N.V. is a Dutch company that designs and manufactures photolithography equipment, critical for semiconductor production. ASML is the clear leader in lithography technology and the sole manufacturer of extreme ultraviolet (EUV) lithography tools, which are essential for enabling advancements in chip performance and scaling. Shares declined during the quarter, reflecting reduced guidance for 2025 and investor concerns about potential impacts from U.S. government export restrictions and the possibility of peaking lithography intensity. While these challenges have created greater short-term uncertainty, we remain optimistic about ASML's long-term prospects for growth. The secular demand for semiconductors, driven by trends such as the proliferation of AI, high-performance computing, and 5G communication, underpins a favorable industry outlook. While lithography's share of semiconductor capital expenditure may moderate, we believe the increasing complexity and layer count of chips will sustain robust demand for ASML's tools. As the sole provider of EUV technology – an essential enabler for next-generation chip designs – ASML occupies a critical position in the semiconductor supply chain. We view ASML as a unique, quasi-monopolistic asset within the semiconductor ecosystem, well positioned to benefit from long-term industry growth.

Lam Research Corporation is a leading global supplier of wafer fabrication equipment (WFE) and services to the semiconductor industry. The company specializes in etch and deposition process steps that are critical to the production of NAND and DRAM memory chips, as well as logic devices. Shares declined during the quarter amid continued negative sentiment toward WFE-related stocks, driven by concerns over restrictions on equipment shipments to China and muted industry demand outside of AI-related chips. Despite these near-term headwinds, we believe Lam is positioned at a pivotal inflection point that will drive significant long-term growth. The shift to gate-all-around transistor architectures in logic devices is creating increased demand for advanced deposition and etch processes, areas where Lam's expertise is unparalleled. Additionally, the rise of high-bandwidth memory and advanced packaging solutions is driving the need for high-aspect-ratio etching, a market in which Lam commands nearly 100% share. These technological transitions underscore Lam's critical role in enabling the next generation of semiconductor innovation. We also believe the market is undervaluing Lam's earnings potential, as NAND WFE spending is poised to recover from one of the most severe downcycles in 2023. Lam's leadership in advanced semiconductor manufacturing technologies and its ability to capture upside from recovering demand reinforce our confidence in its long-term growth trajectory. We remain optimistic about Lam's ability to benefit from these structural shifts in the semiconductor industry and deliver meaningful value to shareholders over time.

Advanced Micro Devices, Inc. (AMD) is a global semiconductor company specializing in high-performance computing technologies, including CPUs, GPUs, and FPGAs. The company has historically demonstrated a strong ability to compete in diverse semiconductor markets. Shares declined during the quarter as investors questioned AMD's competitive positioning in the rapidly evolving AI compute market, particularly against NVIDIA. While we recognize AMD's progress in AI-related products, its slower execution compared to NVIDIA, coupled with uncertainties surrounding GPU adoption and revenue growth, led to a reassessment of our thesis. In the AI compute market, NVIDIA's ability to deliver integrated hardware and software solutions has widened the gap, making it increasingly difficult for AMD to gain meaningful market share in the near-to-medium term. Given these dynamics, we made the decision to exit our position. We will continue to monitor AMD closely for signs of improvement in its ability compete more aggressively in systems and software in the AI compute market.

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 fourth quarter, the largest market cap holding in the Fund was $3.8 trillion and the smallest was $820 million. The median market cap of the Fund was $37.2 billion and the weighted average market cap was $1.2 trillion.

We had investments in 42 unique companies. Our top 10 positions accounted for 57.2% of net assets.

To end the quarter, the Fund had $56.0 million in net assets. Fund inflows were solid during the quarter.

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

	Quarter End Market Cap ($ billions)	Quarter End Investment Value ($ millions)	Percent of Net Assets (%)
Amazon.com, Inc.	2,306.9	5.4	9.7
NVIDIA Corporation	3,288.8	4.6	8.3
Microsoft Corporation	3,133.8	4.2	7.5
Apple Inc.	3,785.3	3.9	6.9
Broadcom Inc.	1,086.7	3.4	6.1
Spotify Technology S.A.	89.8	3.1	5.5
Taiwan Semiconductor Manufacturing Company Limited	1,024.3	2.3	4.1
Tesla, Inc.	1,296.4	2.0	3.5
Arista Networks, Inc.	139.2	1.7	3.0
Duolingo, Inc.	14.3	1.5	2.7

Table V.
Fund investments in GICS industries as of December 31, 2024

	Percent of Net Assets (%)
Semiconductors & Semiconductor Equipment	23.9
Software	20.9
Broadline Retail	9.7
Technology Hardware Storage & Peripherals	6.9
Entertainment	5.5
IT Services	5.4
Electronic Equipment Instruments & Components	3.7
Automobiles	3.5
Hotels Restaurants & Leisure	3.1
Communications Equipment	3.0
Diversified Consumer Services	2.7
Media	1.8
Interactive Media & Services	1.8
Real Estate Management & Development	1.6
Aerospace & Defense	1.1
Capital Markets	1.0
Construction & Engineering	1.0
Personal Care Products	1.0
Cash and Cash Equivalents	2.5
Total	**100.0***

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

Recent Activity

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

	Quarter End Market Cap ($ billions)	Net Amount Purchased ($ thousands)
Arista Networks, Inc.	139.2	1,560.3
Amazon.com, Inc.	2,306.9	1,213.4
CyberArk Software Ltd.	16.4	1,108.2
Zomato Limited	31.3	1,060.3
Microsoft Corporation	3,133.8	1,001.3

This quarter, we initiated a position in **Arista Networks, Inc.**, a leading provider of high-performance networking solutions for data centers, cloud providers, and enterprises. Arista's advanced switching and routing platforms, powered by its proprietary software, offer enhanced scalability, automation, and flexibility. The company generates revenue through hardware sales bundled with software and post-contract support services, serving major cloud players like Microsoft and Meta, along with a growing range of enterprise customers.

The buildout of AI infrastructure is significantly more network-intensive than conventional data centers, as large numbers of compute systems need to interact with each other via backend networking switches. Additionally, these systems must connect to end users, similar to traditional data centers, creating a frontend networking opportunity. This dual requirement – backend for compute communication and frontend for user connectivity – creates a massive opportunity for networking solutions. Historically, the industry relied on InfiniBand networking exclusively provided by NVIDIA until 2024. However, a shift toward Ethernet-based networking is now underway. Arista, as the leading systems provider for complex networking workloads in traditional data centers at Microsoft and Meta, is well positioned to capitalize on this transition. Furthermore, as AI clusters expand, the complexity and dollar intensity of networking grows non-linearly, implying faster growth than compute components.

The key debate surrounding Arista is its AI-driven revenue potential in 2025. Our proprietary bottom-up analysis – factoring in AI chip shipments, backend networking for model training, and frontend infrastructure for user connectivity – suggests significant upside to current guidance and Street expectations. Beyond AI, Arista is poised to gain market share in the broader enterprise segment, taking business from larger incumbents. With its leadership in Ethernet switching and best-in-class software, Arista is well positioned to benefit from secular growth trends and long-term tailwinds, offering a compelling runway for revenue expansion and healthy stock returns.

We added to our position in **Amazon.com, Inc.** at the end of the quarter as we continue to see it as one of the best positioned companies heading into 2025. Please read the contributor section for more details.

During the fourth quarter, we initiated a position in **CyberArk Software Ltd.**, an identity security platform that focuses primarily on privileged access management (PAM). CyberArk's technology prevents bad actors from stealing and exploiting the credentials of "superuser" accounts like IT administrators, cybersecurity managers, and network administrators. CyberArk detects, stores, and manages all the privileged credentials in an organization, monitors the critical IT systems, and helps contain the damage a hacker can cause if they breach a corporate network. The increasing frequency and severity of ransomware attacks, heightening geopolitical tension, and stricter regulatory disclosure requirements for public companies that experience breaches have all made PAM a higher priority IT spend category. CyberArk is the market leader in the PAM sector, with over 25% share. The company also recently closed its acquisition of Venafi, an identity security vendor that helps companies secure machine identities, such as digital certificates and SSH keys, that facilitate computer-to-computer communication. The deal, which is accretive to CyberArk's already healthy margins, makes CyberArk the most comprehensive identity solution in the market and expands the cross-sell opportunity. We see a long runway for organic growth, cross-sell synergy, and margin expansion, all of which should enable free cash flow per share to compound at an attractive rate and bode well for the stock.

We initiated a position in **Zomato Limited**, a leading food delivery platform in India with approximately 55% market share. Zomato is well positioned to capitalize on the structural growth of online food delivery in India, a market that remains significantly underpenetrated relative to global peers. After navigating a period of intense competition, the $50 billion Indian food delivery market has consolidated into a duopoly between Zomato and Swiggy. This industry structure supports a more rational pricing environment and sets the stage for sustained long-term profitability. We are also excited about Zomato's fast-growing quick commerce segment, which is disrupting India's traditional grocery retail industry by offering grocery and essentials delivery within 15 minutes of ordering. India's total addressable grocery retail market exceeds $500 billion, yet this segment – called "quick commerce" – represents less than $10 billion in gross merchandise value. This provides a significant multi-year growth opportunity, with Zomato already emerging as a leader, holding approximately 40% market share in the quick commerce category. Zomato's success in quick commerce is driven by its superior logistics infrastructure, focus on customer experience, and visionary management team. While we recognize that rising competition may create near-term headwinds for profitability, we are confident in Zomato's ability to deliver profitable growth over the long term.

We added to our position in **Microsoft Corporation** ahead of what we expect to be an acceleration in growth of the company's Azure cloud business.

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

	Quarter End Market Cap or Market Cap When Sold ($ billions)	Net Amount Sold ($ thousands)
Reddit, Inc.	28.7	876.3
Meta Platforms, Inc.	1,593.0	833.7
CrowdStrike Holdings, Inc.	86.5	755.7
Advanced Micro Devices, Inc.	241.2	751.6
Dynatrace, Inc.	16.8	444.8

In the cybersecurity software space, we exited **CrowdStrike Holdings, Inc.**, whose stock rebounded to peak valuation levels after last summer's July outage, and exited our position in **Dynatrace, Inc.**, reinvesting those proceeds in CyberArk and Zscaler. We also exited smaller positions.

In the internet space, we exited our position in **Meta Platforms, Inc.**, and reduced our position in **Reddit, Inc.**, given the stocks' strong performance and valuation, and reinvested those proceeds into a new position in Zomato.

In the semiconductor space, we exited **Monolithic Power Systems, Inc.** and **Advanced Micro Devices, Inc.** We shifted some of the capital from these sales into building our position size in automotive semiconductor challenger, indie Semiconductor, adding to our position in Broadcom, and initiating a position in AI networking leader, Arista Networks.

Looking Ahead

We want to thank you, our investors, for your trust and partnership. Our mission is to deliver long-term value by identifying exceptional companies that leverage technology and innovation across various stages of growth. By maintaining a broad perspective, we cast a wider net for investment opportunities, enabling greater portfolio differentiation and, over time, the potential for better Fund performance.

As we enter 2025, we continue to navigate what we see as an extraordinary period of technological advancement. AI is poised to be the defining force not only in technology but across all industries in the decade ahead. With this in mind, we strive to position the portfolio to capitalize on the transformative growth this era promises and 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.

Thank you for your support, and we wish you all the best in the year ahead.

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.

Morningstar calculates the Morningstar Technology 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.

Alpha measures the difference between a fund's actual returns and its expected performance, given its level of risk as measured by beta. **Upside Capture** explains how well a fund performs in time periods where the benchmark's returns are greater 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).

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.	$349,102^	4.9%
The Charles Schwab Corporation	135,479	2.6
Equinix, Inc.	90,978	1.1
Spotify Technology S.A.	89,838	1.1
Amphenol Corporation	83,730	2.7
Welltower Inc.	78,478	0.4
Hilton Worldwide Holdings Inc.	60,253	0.2
The Trade Desk	58,010	1.3
Roper Technologies, Inc.	55,743	2.8
X.AI Corp.	51,000^	1.7
Fair Isaac Corporation	48,475	3.8
MSCI Inc.	47,024	0.7
Quanta Services, Inc.	46,653	2.1
Axon Enterprise, Inc.	45,320	0.8
CBRE Group, Inc.	40,177	1.6
Verisk Analytics, Inc.	38,894	5.5
Gartner, Inc.	37,369	9.4
argenx SE	37,126	0.5
Arch Capital Group Ltd.	34,746	4.4
Veeva Systems Inc.	34,134	1.6
IDEXX Laboratories, Inc.	33,854	5.1
Willis Towers Watson Public Limited Company	31,551	0.6
ANSYS, Inc.	29,500	1.4
CoStar Group, Inc.	29,349	3.7
Tradeweb Markets Inc.	28,572	1.0
Mettler-Toledo International Inc.	25,823	4.3
West Pharmaceutical Services, Inc.	23,723	1.8
CDW Corporation	$23,193	1.0%
Rollins, Inc.	22,448	1.5
VeriSign, Inc.	19,889	0.4
SS&C Technologies Holdings, Inc.	18,770	0.8
StubHub Holdings, Inc.	18,694^	1.2
The Cooper Companies, Inc.	18,348	1.6
FactSet Research Systems Inc.	18,245	2.6
TransUnion	18,069	1.7
On Holding AG	17,707	1.3
Booz Allen Hamilton Holding Corporation	16,444	0.6
IDEX Corporation	15,848	1.1
Hyatt Hotels Corporation	14,818	1.9
Morningstar, Inc.	14,442	1.2
Duolingo, Inc.	14,261	0.2
Guidewire Software, Inc.	14,080	4.9
Dayforce, Inc.	11,455	2.5
Bio-Techne Corporation	11,445	1.9
Procore Technologies, Inc.	11,139	0.7
Floor & Decor Holdings, Inc.	10,691	0.5
Birkenstock Holding plc	10,642	0.5
ServiceTitan, Inc.	9,077	0.6
Vail Resorts, Inc.	7,018	2.3
Choice Hotels International, Inc.	6,660	1.7
		100.0%*

* Individual weights may not sum to displayed total due to rounding.
^ Estimate based upon available information.

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
MSCI Inc.	$47,024	11.4%
Gartner, Inc.	37,369	9.2
Arch Capital Group Ltd.	34,746	11.4
IDEXX Laboratories, Inc.	33,854	2.0
ANSYS, Inc.	29,500	4.0
CoStar Group, Inc.	29,349	4.9
Mettler-Toledo International Inc.	25,823	1.0
FactSet Research Systems Inc.	18,245	7.1
The Carlyle Group Inc.	18,059	1.1
Alexandria Real Estate Equities, Inc.	17,048	0.5
Morningstar, Inc.	14,442	4.4
Guidewire Software, Inc.	14,080	2.0
Gaming and Leisure Properties, Inc.	13,215	3.5
Houlihan Lokey, Inc.	12,069	1.1
Bio-Techne Corporation	11,445	2.2
Kinsale Capital Group, Inc.	10,832	6.0
Altair Engineering Inc.	9,332	0.5
Primerica, Inc.	9,058	4.9
Trex Company, Inc.	7,396	0.6

Company	Equity Market Cap (in millions)	% of Total Investments
Vail Resorts, Inc.	$7,018	5.3%
Clearwater Analytics Holdings, Inc.	6,806	0.1
Choice Hotels International, Inc.	6,660	6.0
Bright Horizons Family Solutions, Inc.	6,450	0.9
Moelis & Company	5,547	0.4
Red Rock Resorts, Inc.	4,884	1.5
Cohen & Steers, Inc.	4,669	2.2
Iridium Communications Inc.	3,304	2.8
Douglas Emmett, Inc.	3,108	1.0
Neogen Corp.	2,631	0.2
Krispy Kreme, Inc.	1,688	0.8
FIGS, Inc.	1,051	1.1
Farmers Business Network, Inc.	500^	0.0**
Northvolt AB	0	0.0
		100.0%*

* Individual weights may not sum to displayed total due to rounding.
^ Estimate based upon available information.
** Rounds to less than 0.1%.

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	$71,260	2.9%
The Trade Desk	58,010	1.9
Waste Connections, Inc.	44,279	1.2
Vertiv Holdings Co	42,642	7.2
Gartner, Inc.	37,369	5.6
IDEXX Laboratories, Inc.	33,854	0.2
DexCom, Inc.	30,377	0.8
Mettler-Toledo International Inc.	25,823	0.7
Liberty Media Corporation – Liberty Formula One	22,791	2.1
SBA Communications Corp.	21,913	0.2
DraftKings Inc.	18,140	0.8
ICON Plc	17,314	3.3
Aspen Technology, Inc.	15,789	1.4
Guidewire Software, Inc.	14,080	4.6
Houlihan Lokey, Inc.	12,069	2.0
Dayforce, Inc.	11,455	1.6
Kinsale Capital Group, Inc.	10,832	4.8
Floor & Decor Holdings, Inc.	10,691	1.0
RBC Bearings Incorporated	9,396	1.7
Altair Engineering Inc.	9,332	0.6
Planet Fitness, Inc.	8,387	2.9
HealthEquity, Inc.	8,315	1.7
Chart Industries, Inc.	8,170	3.1
Trex Company, Inc.	7,396	0.8
WEX Inc.	6,975	0.8
Clearwater Analytics Holdings, Inc.	6,806	1.6
Bright Horizons Family Solutions, Inc.	6,450	1.9
Liberty Media Corporation – Liberty Live	6,202	0.3
Cognex Corporation	6,151	1.3
SiteOne Landscape Supply, Inc.	5,946	2.7
Inspire Medical Systems, Inc.	$5,555	0.8%
Madison Square Garden Sports Corp.	5,415	1.2
Intapp, Inc.	4,960	2.6
Installed Building Products, Inc.	4,932	1.4
Red Rock Resorts, Inc.	4,884	3.3
The Baldwin Insurance Group, Inc.	4,612	2.7
Exponent, Inc.	4,523	0.5
JBT Marel Corporation	4,047	2.1
Kratos Defense & Security Solutions, Inc.	3,985	1.4
nCino Inc.	3,888	1.0
Avient Corporation	3,733	1.4
ASGN Incorporated	3,684	2.6
Enpro Inc.	3,620	0.5
JFrog Ltd.	3,281	0.5
First Advantage Corporation	3,234	1.6
Driven Brands Holdings Inc.	2,649	1.8
Neogen Corp.	2,631	1.7
The Cheesecake Factory, Inc.	2,421	2.2
ODDITY Tech Ltd.	2,400	1.1
GCM Grosvenor Inc.	2,321	0.6
UTZ Brands, Inc.	2,222	1.2
Ibotta, Inc.	1,993	1.1
Grid Dynamics Holdings, Inc.	1,835	1.5
Janus International Group, Inc.	1,037	1.0
indie Semiconductor, Inc.	820	0.6
Repay Holdings Corporation	746	0.7
Holley Inc.	362	0.3
		99.0%*

* 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
Apple Inc.	$3,785,304	4.5%
NVIDIA Corporation	3,288,762	11.3
Microsoft Corporation	3,133,802	10.7
Amazon.com, Inc.	2,306,888	7.0
Meta Platforms, Inc.	1,478,643	4.8
Tesla, Inc.	1,296,351	5.9
Broadcom Inc.	1,086,717	5.2
Taiwan Semiconductor Manufacturing Company Limited	1,024,291	1.6
Visa Inc.	637,533	2.0
Mastercard Incorporated	483,358	1.8
Space Exploration Technologies Corp.	349,102^	3.9
ASML Holding N.V.	280,921	1.0
ServiceNow, Inc.	218,385	2.2
Intuitive Surgical, Inc.	185,911	1.4
Arista Networks, Inc.	139,241	1.1
Shopify Inc.	137,557	1.9
Spotify Technology S.A.	89,838	3.2
Cadence Design Systems, Inc.	82,405	0.6
Atlassian Corporation Plc	63,411	1.3
The Trade Desk	58,010	1.2
X.AI Corp.	51,000^	0.7
Datadog, Inc.	48,476	1.4
Gartner, Inc.	37,369	2.1
argenx SE	37,126	2.6
Cloudflare, Inc.	37,087	1.2
HubSpot, Inc.	$35,970	1.1%
CoStar Group, Inc.	29,349	2.2
Zscaler, Inc.	27,682	0.5
Samsara Inc.	24,519	1.1
LPL Financial Holdings Inc.	24,449	1.0
CyberArk Software Ltd.	16,422	0.7
Duolingo, Inc.	14,261	1.2
Guidewire Software, Inc.	14,080	1.6
Dayforce, Inc.	11,455	1.1
GitLab Inc.	9,146	0.9
X Holding Corp.	8,502^	0.1
GDS Holdings Limited	4,619	1.2
Viking Therapeutics, Inc.	4,484	0.7
Arcellx, Inc.	4,147	1.1
Inari Medical, Inc.	2,989	0.9
PAR Technology Corporation	2,638	0.7
ODDITY Tech Ltd.	2,400	0.4
indie Semiconductor, Inc.	820	1.5
Farmers Business Network, Inc.	500^	0.2
GM Cruise Holdings LLC	–"	0.0
		98.6%*

* Individual weights may not sum to displayed total due to rounding.
^ Estimate based upon available information.
" Market cap information not available.

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. capitalization.

Company	Equity Market Cap (in millions)	% of Total Investments
Tesla, Inc.	$1,296,351	41.3%
Space Exploration Technologies Corp.	349,102^	15.1
The Charles Schwab Corporation	135,479	3.6
Spotify Technology S.A.	89,838	1.1
MSCI Inc.	47,024	1.7
Gartner, Inc.	37,369	3.6
Arch Capital Group Ltd.	34,746	6.4
IDEXX Laboratories, Inc.	33,854	2.9
CoStar Group, Inc.	29,349	5.6
HEICO Corporation	28,674	0.6
StubHub Holdings, Inc.	18,694^	0.6
FactSet Research Systems Inc.	18,245	3.5
Hyatt Hotels Corporation	14,818	5.7
Guidewire Software, Inc.	$14,080	1.6%
Gaming and Leisure Properties, Inc.	13,215	1.0
Birkenstock Holding plc	10,642	1.1
X Holding Corp.	8,502^	0.2
Vail Resorts, Inc.	7,018	3.0
Red Rock Resorts, Inc.	4,884	1.0
Iridium Communications Inc.	3,304	0.6
Northvolt AB	0	0.0
		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
NVIDIA Corporation	$3,288,762	9.9%
Microsoft Corporation	3,133,802	4.0
Alphabet Inc.	2,324,023	2.8
Amazon.com, Inc.	2,306,888	8.7
Meta Platforms, Inc.	1,478,643	7.3
Tesla, Inc.	1,296,351	4.5
Taiwan Semiconductor Manufacturing Company Limited	1,024,291	2.7
Mastercard Incorporated	483,358	2.3
Space Exploration Technologies Corp.	349,102^	1.4
ASML Holding N.V.	280,921	1.9
ServiceNow, Inc.	218,385	5.4
Intuitive Surgical, Inc.	185,911	5.0
Shopify Inc.	137,557	6.9
KKR & Co. Inc.	131,378	2.1
MercadoLibre, Inc.	86,208	3.2
CrowdStrike Holdings, Inc.	84,284	1.7
Atlassian Corporation Plc	63,411	1.6
The Trade Desk	58,010	3.5
Block, Inc.	52,678	2.2
X.AI Corp.	$51,000^	0.5%
Snowflake Inc.	50,971	2.4
Datadog, Inc.	48,476	3.0
Adyen N.V.	46,147	1.7
Coupang, Inc.	39,539	2.1
argenx SE	37,126	2.8
Cloudflare, Inc.	37,087	3.6
Veeva Systems Inc.	34,134	1.2
Samsara Inc.	24,519	1.7
Illumina, Inc.	21,194	1.2
Mobileye Global Inc.	16,156	1.0
GitLab Inc.	9,146	1.0
Grail, Inc.	600	0.0**
GM Cruise Holdings LLC	–“	0.0
		99.2%*

* Individual weights may not sum to displayed total due to rounding.
^ Estimate based upon available information.
“ Market cap information not available.
** Rounds to less than 0.1%.

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.	$1,296,351	11.7%
Space Exploration Technologies Corp.	349,102^	11.4
Shopify Inc.	137,557	3.4
Spotify Technology S.A.	89,838	5.5
Airbnb, Inc.	84,316	0.8
Interactive Brokers Group, Inc.	75,171	4.5
X.AI Corp.	51,000^	1.7
MSCI Inc.	47,024	3.3
Verisk Analytics, Inc.	38,894	2.1
Las Vegas Sands Corporation	37,237	1.0
Arch Capital Group Ltd.	34,746	3.9
IDEXX Laboratories, Inc.	33,854	3.5
Live Nation Entertainment, Inc.	30,090	1.2
ANSYS, Inc.	29,500	1.6
CoStar Group, Inc.	29,349	3.5
Illumina, Inc.	21,194	1.7
FactSet Research Systems Inc.	18,245	2.8
On Holding AG	$17,707	4.0%
Jefferies Financial Group Inc.	16,111	0.9
Hyatt Hotels Corporation	14,818	4.1
Guidewire Software, Inc.	14,080	4.2
American Homes 4 Rent	13,827	0.4
Birkenstock Holding plc	10,642	2.5
Vail Resorts, Inc.	7,018	4.6
Choice Hotels International, Inc.	6,660	2.7
Red Rock Resorts, Inc.	4,884	3.5
Iridium Communications Inc.	3,304	1.1
Douglas Emmett, Inc.	3,108	1.3
Krispy Kreme, Inc.	1,688	2.2
FIGS, Inc.	1,051	2.5
		97.7%*

* 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	$1,024,291	3.6%
Tencent Holdings Limited	490,563	1.2
Novo Nordisk A/S	384,079	0.8
LVMH Moet Hennessy Louis Vuitton SE	329,366	0.7
Nestle S.A.	216,171	0.8
Samsung Electronics Co., Ltd.	215,734	0.4
AstraZeneca PLC	203,154	1.8
Alibaba Group Holding Limited	202,113	0.8
Linde plc	198,870	2.9
Reliance Industries Limited	192,124	1.0
Contemporary Amperex Technology Co., Limited	160,472	0.7
Industria de Diseno Textil, S.A.	160,257	1.6
Mitsubishi UFJ Financial Group, Inc.	141,434	1.1
TotalEnergies SE	132,552	0.8
Airbus SE	127,026	0.7
Meituan	118,093	0.8
Recruit Holdings Co., Ltd.	116,861	1.5
Bharti Airtel Limited	111,027	1.3
Keyence Corporation	99,898	1.3
Prosus N.V.	98,858	0.6
Sumitomo Mitsui Financial Group, Inc.	93,883	1.7
Compagnie Financiere Richemont SA	89,853	0.5
SK hynix Inc.	85,996	0.2
Tokyo Electron Limited	71,207	0.8
BNP Paribas S.A.	69,367	1.7
Constellation Software Inc.	65,529	2.7
JD.com, Inc.	56,172	0.3
Nu Holdings Ltd.	49,796	0.3
Universal Music Group N.V.	46,841	1.5
BAE Systems plc	43,299	0.7
Experian plc	39,667	1.9
Coupang, Inc.	39,539	0.7
Agnico Eagle Mines Limited	39,267	1.2
Agilent Technologies, Inc.	38,367	1.8
argenx SE	37,126	3.2
Arch Capital Group Ltd.	34,746	2.4
EQT AB	34,362	0.5
Trent Limited	29,578	2.0
Pernod Ricard SA	28,483	0.7
DSM-Firmenich AG	26,893	1.8
Sberbank of Russia PJSC	26,462	0.0**
WiseTech Global Limited	25,062	0.7
Techtronic Industries Co. Ltd.	24,182	0.9
Jio Financial Services Limited	22,166	0.5
Fuyao Glass Industry Group Co., Ltd.	21,493	0.8
Ajinomoto Co., Inc.	20,844	1.8
InterGlobe Aviation Limited	20,554	0.6
Epiroc AB	$20,413	1.4%
Tencent Music Entertainment Group	19,478	0.4
LY Corporation	19,062	0.7
HD Hyundai Heavy Industries Co., Ltd.	17,337	1.3
CyberArk Software Ltd.	16,422	1.5
Symrise AG	14,862	1.9
Credicorp Ltd.	14,581	1.0
Genmab A/S	13,813	0.2
Godrej Consumer Products Limited	12,930	0.6
Max Healthcare Institute Limited	12,810	0.7
Suzano S.A.	12,642	0.3
Wix.com Ltd.	11,762	2.0
Japan Exchange Group, Inc.	11,751	0.5
Full Truck Alliance Co. Ltd.	11,315	1.6
BE Semiconductor Industries N.V.	11,117	0.3
HD Korea Shipbuilding & Offshore Engineering Co., Ltd.	10,961	2.3
Indus Towers Limited	10,533	0.3
Eurofins Scientific SE	9,857	1.3
Godrej Properties Limited	9,803	0.4
Dino Polska S.A.	9,253	0.8
Bank of Ireland Group plc	9,153	1.3
China Mengniu Dairy Co. Ltd.	8,861	0.6
InPost S.A.	8,551	2.4
eMemory Technology Inc.	7,641	0.7
Lundin Mining Corporation	6,686	0.6
Stevanato Group S.p.A	6,599	0.9
Localiza Rent a Car S.A.	5,699	0.3
Kaynes Technology India Limited	5,546	1.2
Nippon Life India Asset Management Limited	5,382	0.6
B&M European Value Retail S.A.	4,612	0.4
Kingdee International Software Group Company Limited	3,938	0.6
Lynas Rare Earths Limited	3,720	0.7
Japan Airport Terminal Co., Ltd.	2,960	0.4
Zai Lab Limited	2,866	0.8
ODDITY Tech Ltd.	2,400	1.7
Afya Limited	1,520	0.5
JM Financial Limited	1,451	0.6
eDreams ODIGEO SA	1,150	2.9
ISC Co., Ltd	1,038	0.4
Park Systems Corporation	1,004	0.7
SMS Co., Ltd.	875	0.7
AMG Critical Materials N.V.	468	0.4
Waga Energy SA	410	1.5
		96.4%*

* Individual weights may not sum to displayed total due to rounding.
** Rounds to less than 0.1%.

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 35%.

Company	Equity Market Cap (in millions)	% of Net Assets
Blackstone Inc.	$210,589	5.0%
Lowe's Companies, Inc.	139,356	2.2
Brookfield Corporation	94,634	4.9
Equinix, Inc.	90,978	8.7
Welltower Inc.	78,478	4.4
Hilton Worldwide Holdings Inc.	60,253	3.0
Digital Realty Trust, Inc.	59,991	4.2
D.R. Horton, Inc.	44,858	2.3
CBRE Group, Inc.	40,177	4.9
Las Vegas Sands Corporation	37,237	2.9
Lennar Corporation	36,914	2.2
Vulcan Materials Company	33,970	1.6
AvalonBay Communities, Inc.	31,288	1.6
Iron Mountain Incorporated	30,846	0.4
CoStar Group, Inc.	29,349	2.8
Equity Residential	27,228	2.7
Brookfield Asset Management Ltd.	24,009	2.9
Expedia Group, Inc.	23,915	3.7
Builders FirstSource, Inc.	$16,449	0.4%
Hyatt Hotels Corporation	14,818	2.8
Toll Brothers, Inc.	12,600	2.7
Jones Lang LaSalle Incorporated	12,010	4.9
MGM Resorts International	10,317	0.2
Vornado Realty Trust	8,015	3.9
Trex Company, Inc.	7,396	1.2
Louisiana-Pacific Corporation	7,273	2.7
SiteOne Landscape Supply, Inc.	5,946	2.5
Installed Building Products, Inc.	4,932	0.7
Red Rock Resorts, Inc.	4,884	1.0
Kilroy Realty Corporation	4,775	2.2
GDS Holdings Limited	4,619	4.9
The Macerich Company	4,493	2.5
		92.8%*

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

Baron Emerging Markets Fund

Baron Emerging Markets Fund is a diversified fund that invests 80% of its net assets in non-U.S. companies of all sizes domiciled, headquartered or whose primary business activities or principal trading markets are in developing countries. The Fund may invest up to 20% in companies in developed market countries and in Frontier Countries.

Company	Equity Market Cap (in millions)	% of Net Assets
Taiwan Semiconductor Manufacturing Company Limited	$1,024,291	10.5%
Tencent Holdings Limited	490,563	4.8
Kweichow Moutai Co., Ltd.	262,280	0.5
Samsung Electronics Co., Ltd.	215,734	1.6
Alibaba Group Holding Limited	202,113	2.5
Reliance Industries Limited	192,124	1.3
Contemporary Amperex Technology Co., Limited	160,472	2.1
HDFC Bank Limited	158,366	0.7
Meituan	118,093	2.0
Bharti Airtel Limited	111,027	2.5
MercadoLibre, Inc.	86,208	0.4
SK hynix Inc.	85,996	0.7
Midea Group Co., Ltd	78,528	1.1
JD.com, Inc.	56,172	0.9
Nu Holdings Ltd.	49,796	0.6
Bajaj Finance Limited	49,331	1.3
Wal-Mart de Mexico, S.A.B. de C.V.	45,927	0.4
Samsung Biologics Co., Ltd.	45,881	0.5
Mahindra & Mahindra Limited	43,678	0.9
Shenzhen Mindray Bio-Medical Electronics Co., Ltd.	42,357	0.2
Naspers Limited	40,208	0.5
Coupang, Inc.	39,539	1.5
PT Bank Rakyat Indonesia (Persero) Tbk	38,419	0.8
Grupo Mexico, S.A.B. de C.V.	36,937	0.9
WEG S.A.	35,853	0.6
Delta Electronics, Inc.	34,109	1.8
Titan Company Limited	33,734	0.5
Power Grid Corporation of India Limited	33,536	1.2
Trent Limited	29,578	2.3
S.F. Holding Co., Ltd.	28,274	0.8
NARI Technology Co. Ltd.	27,755	1.0
Sberbank of Russia PJSC	26,462	0.0**
Techtronic Industries Co. Ltd.	24,182	1.0
Jio Financial Services Limited	22,166	0.8
KB Financial Group Inc.	22,161	0.4
Fuyao Glass Industry Group Co., Ltd.	21,493	1.1
InterGlobe Aviation Limited	20,554	1.0
Banco BTG Pactual S.A.	19,700	0.3
Tencent Music Entertainment Group	19,478	0.7
Galaxy Entertainment Group Limited	18,589	0.3
Yum China Holdings Inc.	18,268	0.3
HD Hyundai Heavy Industries Co., Ltd.	17,337	1.7
SBI Life Insurance Company Limited	16,274	1.0
Credicorp Ltd.	14,581	1.5
Swiggy Limited	14,142	2.6
BDO Unibank, Inc.	13,125	1.1
Godrej Consumer Products Limited	12,930	0.9
Max Healthcare Institute Limited	12,810	0.9
Budweiser Brewing Company APAC Limited	12,772	0.3
Suzano S.A.	12,642	1.1
Shenzhou International Group Holdings Ltd.	$12,000	1.2%
Gold Fields Limited	11,814	0.8
Cholamandalam Investment and Finance Company Limited	11,647	0.3
Samsung SDI Co., Ltd.	11,561	0.4
Full Truck Alliance Co. Ltd.	11,315	2.2
HD Korea Shipbuilding & Offshore Engineering Co., Ltd.	10,961	3.0
Tata Consumer Products Limited	10,613	0.5
Cummins India Limited	10,601	0.5
Indus Towers Limited	10,533	1.2
Godrej Properties Limited	9,803	0.8
Jiangsu Hengli Hydraulic Co., Ltd.	9,694	0.8
E Ink Holdings Inc.	9,542	0.6
Dino Polska S.A.	9,253	0.8
Talabat Holding plc	8,876	0.7
China Mengniu Dairy Co. Ltd.	8,861	1.3
InPost S.A.	8,551	2.1
SRF Limited	7,749	0.4
eMemory Technology Inc.	7,641	0.8
Ayala Land, Inc.	6,659	0.4
XP Inc.	6,401	0.4
Kanzhun Limited	6,188	0.5
Kingsoft Corporation Ltd.	5,789	0.1
Localiza Rent a Car S.A.	5,699	0.8
Tata Communications Limited	5,671	0.8
Kaynes Technology India Limited	5,546	1.6
Nippon Life India Asset Management Limited	5,382	1.2
Chroma ATE Inc.	5,306	0.5
Kingdee International Software Group Company Limited	3,938	1.2
ASPEED Technology Inc.	3,836	0.4
Korea Aerospace Industries, Ltd.	3,635	0.8
Pine Labs Pte. Ltd.	3,537^	1.1
Nuvama Wealth Management Limited	2,902	0.7
Hanwha Systems Co., Ltd	2,900	0.6
Zai Lab Limited	2,866	1.0
Inter & Co Inc.	1,840	0.2
Aarti Industries Limited	1,736	0.3
Afya Limited	1,520	0.5
HPSP Co., Ltd	1,473	0.2
JM Financial Limited	1,451	1.2
Sigma Lithium Corporation	1,248	0.3
ISC Co., Ltd	1,038	0.7
Park Systems Corporation	1,004	0.5
DCW Limited	316	0.2
Codere Online Luxembourg, S.A.	292	0.4
Think & Learn Private Limited	23^	0.0**
		99.8%*

* Individual weights may not sum to displayed total due to rounding.
^ Estimates based upon available information.
** Rounds to less than 0.1%.

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	$3,288,762	8.2%
Tesla, Inc.	1,296,351	1.7
Taiwan Semiconductor Manufacturing Company Limited	1,024,291	1.1
Space Exploration Technologies Corp.	349,102^	10.3
ASML Holding N.V.	280,921	2.8
Shopify Inc.	137,557	9.5
PDD Holdings Inc.	134,697	0.7
MercadoLibre, Inc.	86,208	6.8
CrowdStrike Holdings, Inc.	84,284	1.3
Block, Inc.	52,678	2.5
Snowflake Inc.	50,971	3.1
Bajaj Finance Limited	49,331	2.7
Datadog, Inc.	48,476	3.9
Adyen N.V.	46,147	2.3
Coupang, Inc.	39,539	4.7
argenx SE	37,126	4.7
Cloudflare, Inc.	37,087	6.3
Zomato Limited	31,342	3.6
Zscaler, Inc.	27,682	2.1
Illumina, Inc.	$21,194	1.1%
Wix.com Ltd.	11,762	3.2
Globant S.A.	9,284	2.3
ServiceTitan, Inc.	9,077	0.4
BILL Holdings, Inc.	8,767	2.0
InPost S.A.	8,551	2.1
GDS Holdings Limited	4,619	1.6
Viking Therapeutics, Inc.	4,484	0.5
Endava plc	1,824	2.6
Afya Limited	1,520	1.3
Taboola.com Ltd.	1,227	0.0
Fiverr International Ltd.	1,120	1.7
indie Semiconductor, Inc.	820	1.0
Grail, Inc.	600	0.0**
Farmers Business Network, Inc.	500^	0.1
Innovid Corp.	466	0.0**
Codere Online Luxembourg, S.A.	292	1.4
Think & Learn Private Limited	23^	0.0**
GM Cruise Holdings LLC	–“	0.1
		99.5%*

* Individual weights may not sum to displayed total due to rounding.
^ Estimate based upon available information.
“ Market cap information not available.
** Rounds to less than 0.1%.

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.	$45,320	2.5%
Reddit, Inc.	28,697	1.2
Liberty Media Corporation – Liberty Formula One	22,791	1.0
DraftKings Inc.	18,140	2.9
On Holding AG	17,707	1.2
CyberArk Software Ltd.	16,422	3.4
Dynatrace, Inc.	16,223	1.5
Guidewire Software, Inc.	14,080	2.5
Texas Roadhouse, Inc.	12,037	2.3
Dayforce, Inc.	11,455	2.5
Procore Technologies, Inc.	11,139	1.8
Kinsale Capital Group, Inc.	10,832	2.2
Floor & Decor Holdings, Inc.	10,691	1.9
Exact Sciences Corporation	10,399	2.4
AAON, Inc.	9,565	0.5
RBC Bearings Incorporated	9,396	1.0
GitLab Inc.	9,146	2.4
ServiceTitan, Inc.	9,077	1.4
Masimo Corporation	8,850	2.4
Chart Industries, Inc.	8,170	2.4
Repligen Corporation	8,065	1.1
Brunello Cucinelli S.p.A.	7,479	0.9
Trex Company, Inc.	7,396	1.0
RH	7,322	0.7
SentinelOne, Inc.	7,134	2.5
Loar Holdings Inc.	6,915	0.6
Clearwater Analytics Holdings, Inc.	6,806	2.6
Stevanato Group S.p.A	6,599	1.8
Liberty Media Corporation – Liberty Live	6,202	3.0
SiteOne Landscape Supply, Inc.	$5,946	2.3%
Nova Ltd.	5,729	1.0
Inspire Medical Systems, Inc.	5,555	1.2
Novanta Inc.	5,488	0.7
Tempus AI, Inc.	5,315	0.8
SiTime Corporation	5,012	0.8
Varonis Systems, Inc.	4,997	1.3
Intapp, Inc.	4,960	1.6
Red Rock Resorts, Inc.	4,884	0.9
The Macerich Company	4,493	1.4
Independence Realty Trust, Inc.	4,466	1.2
Integer Holdings Corporation	4,445	1.3
Advanced Energy Industries, Inc.	4,356	2.0
Kratos Defense & Security Solutions, Inc.	3,985	3.2
Alkami Technology Inc.	3,686	1.2
ASGN Incorporated	3,684	0.8
Veracyte, Inc.	3,069	1.7
Inari Medical, Inc.	2,989	2.5
PAR Technology Corporation	2,638	3.2
Mercury Systems, Inc.	2,505	2.4
Enerpac Tool Group Corp.	2,235	1.0
TWFG, Inc.	1,724	1.5
Maravai LifeSciences Holdings, Inc.	1,422	0.6
Establishment Labs Holdings Inc.	1,290	1.6
CareDx, Inc.	1,148	2.3
indie Semiconductor, Inc.	820	1.1
Couchbase, Inc.	816	1.0
Montrose Environmental Group, Inc.	636	2.1
		96.1%*

* 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
NVIDIA Corporation	$3,288,762	5.0%
Microsoft Corporation	3,133,802	7.7
Alphabet Inc.	2,324,023	4.6
Amazon.com, Inc.	2,306,888	7.4
Meta Platforms, Inc.	1,478,643	6.9
Broadcom Inc.	1,086,717	5.2
Taiwan Semiconductor Manufacturing Company Limited	1,024,291	4.7
Visa Inc.	637,533	4.1
Mastercard Incorporated	483,358	2.6
UnitedHealth Group Incorporated	465,535	2.3
Costco Wholesale Corporation	406,731	1.4
Accenture plc	236,890	1.8
Blackstone Inc.	210,589	3.5
Thermo Fisher Scientific Inc.	198,988	2.3
Adobe Inc.	195,748	1.8
Intuit Inc.	175,928	2.0
Texas Instruments Incorporated	171,050	1.3
Danaher Corporation	165,798	2.0
S&P Global Inc.	$158,125	4.0%
Brookfield Corporation	94,634	3.0
Apollo Global Management, Inc.	93,450	4.0
Moody's Corporation	85,775	3.3
CME Group, Inc.	83,687	1.0
Welltower Inc.	78,478	0.5
TransDigm Group Incorporated	71,260	2.1
MSCI Inc.	47,024	2.3
Agilent Technologies, Inc.	38,367	1.0
Arch Capital Group Ltd.	34,746	1.7
CoStar Group, Inc.	29,349	1.8
Monolithic Power Systems, Inc.	28,863	1.0
HEICO Corporation	28,674	2.5
Mettler-Toledo International Inc.	25,823	1.3
LPL Financial Holdings Inc.	24,449	2.2
Booz Allen Hamilton Holding Corporation	16,444	1.6
		99.7%*

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

Baron Real Estate Income Fund

Baron Real Estate Income Fund is a non-diversified fund that under normal circumstances, invests at least 80% of its net assets in real estate income-producing securities and other real estate securities of any market capitalization, including common stocks and equity securities, debt and preferred securities, non-U.S. real estate income-producing securities, and any other real estate-related yield securities.

Company	Equity Market Cap (in millions)	% of Net Assets
Blackstone Inc.	$210,589	3.3%
Brookfield Corporation	94,634	4.5
Equinix, Inc.	90,978	10.2
Welltower Inc.	78,478	8.3
Hilton Worldwide Holdings Inc.	60,253	1.4
Digital Realty Trust, Inc.	59,991	5.9
Simon Property Group, Inc.	56,188	3.8
AvalonBay Communities, Inc.	31,288	3.6
Iron Mountain Incorporated	30,846	0.6
Equity Residential	27,228	6.4
Ventas, Inc.	24,696	4.4
Brookfield Asset Management Ltd.	24,009	2.9
Weyerhaeuser Company	$20,453	0.5%
Healthpeak Properties, Inc.	14,178	1.0
American Homes 4 Rent	13,827	2.2
Brixmor Property Group Inc.	8,409	2.0
Vornado Realty Trust	8,015	5.8
Agree Realty Corporation	7,293	2.2
Ryman Hospitality Properties, Inc.	6,250	1.2
Kilroy Realty Corporation	4,775	3.4
GDS Holdings Limited	4,619	5.7
The Macerich Company	4,493	5.4
Independence Realty Trust, Inc.	4,466	4.3
American Healthcare REIT, Inc.	4,415	1.9
Park Hotels & Resorts Inc.	2,904	2.5
		93.8%*

* 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	$732,872	8.0%
UnitedHealth Group Incorporated	465,535	8.5
AstraZeneca PLC	203,154	0.7
Thermo Fisher Scientific Inc.	198,988	5.4
Intuitive Surgical, Inc.	185,911	8.2
Danaher Corporation	165,798	3.6
Stryker Corporation	137,257	4.1
Boston Scientific Corporation	131,642	7.3
Vertex Pharmaceuticals Incorporated	103,707	3.7
HCA Healthcare, Inc.	76,027	1.0
Zoetis Inc.	73,508	1.1
argenx SE	37,126	7.5
IDEXX Laboratories, Inc.	33,854	1.3
DexCom, Inc.	30,377	0.3
BioNTech SE	27,089	0.9
Mettler-Toledo International Inc.	25,823	1.5
West Pharmaceutical Services, Inc.	23,723	0.7
Illumina, Inc.	21,194	0.5
Natera, Inc.	20,899	2.9

Company	Equity Market Cap (in millions)	% of Net Assets
The Cooper Companies, Inc.	$18,348	2.9%
Insmed Incorporated	12,351	2.1
Tenet Healthcare Corporation	12,004	1.0
Bio-Techne Corporation	11,445	0.4
Vaxcyte, Inc.	10,203	1.1
HealthEquity, Inc.	8,315	1.5
Glaukos Corporation	8,267	1.6
Inspire Medical Systems, Inc.	5,555	1.2
RadNet, Inc.	5,170	1.3
Arcellx, Inc.	4,147	4.9
Ultragenyx Pharmaceutical Inc.	3,885	0.9
Biohaven Ltd.	3,777	0.8
Janux Therapeutics, Inc.	3,132	0.2
Xenon Pharmaceuticals Inc.	2,989	2.0
Kymera Therapeutics, Inc.	2,606	0.5
Edgewise Therapeutics, Inc.	2,528	0.8
Wave Life Sciences Ltd.	1,887	0.5
Rocket Pharmaceuticals, Inc.	1,311	0.5
		91.1%*

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

Baron FinTech Fund

Baron FinTech Fund is a 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.	$637,533	4.6%
Mastercard Incorporated	483,358	4.6
Accenture plc	236,890	0.8
Intuit Inc.	175,928	3.8
BlackRock Inc.	158,768	1.8
S&P Global Inc.	158,125	4.5
The Progressive Corporation	140,366	3.5
Shopify Inc.	137,557	1.8
The Charles Schwab Corporation	135,479	1.2
KKR & Co. Inc.	131,378	3.9
Fiserv, Inc.	116,867	3.9
Apollo Global Management, Inc.	93,450	4.3
MercadoLibre, Inc.	86,208	3.4
Moody's Corporation	85,775	2.7
CME Group, Inc.	83,687	1.7
Interactive Brokers Group, Inc.	75,171	2.8
Block, Inc.	52,678	1.7
Nu Holdings Ltd.	49,796	1.9
Fair Isaac Corporation	48,475	3.9
MSCI Inc.	47,024	2.7
Verisk Analytics, Inc.	38,894	2.5
Arch Capital Group Ltd.	34,746	2.4
Robinhood Markets, Inc.	32,987	0.4
Equifax Inc.	31,589	1.1
CoStar Group, Inc.	29,349	0.9
Tradeweb Markets Inc.	$28,572	3.6%
Global Payments Inc.	28,519	0.2
LPL Financial Holdings Inc.	24,449	4.1
FactSet Research Systems Inc.	18,245	2.1
TransUnion	18,069	1.4
Morningstar, Inc.	14,442	2.5
Guidewire Software, Inc.	14,080	3.3
Wise Plc	13,679	2.4
Jack Henry & Associates, Inc.	12,790	1.5
Houlihan Lokey, Inc.	12,069	2.5
Kinsale Capital Group, Inc.	10,832	1.1
Globant S.A.	9,284	0.8
ServiceTitan, Inc.	9,077	0.7
Primerica, Inc.	9,058	1.1
BILL Holdings, Inc.	8,767	0.5
WEX Inc.	6,975	0.8
Clearwater Analytics Holdings, Inc.	6,806	0.8
Intapp, Inc.	4,960	1.4
The Baldwin Insurance Group, Inc.	4,612	0.6
Alkami Technology Inc.	3,686	0.6
TWFG, Inc.	1,724	0.7
CI&T, Inc.	816	0.2
		99.5%*

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

Baron India Fund

Baron India Fund is a diversified fund that invests primarily in companies in India. Under normal market conditions, the Fund will invest at least 80% of its net assets in the common stock of companies located in India.

Company	Equity Market Cap (in millions)	% of Net Assets
Reliance Industries Limited	$192,124	4.3%
Tata Consultancy Services Limited	173,049	4.1
HDFC Bank Limited	158,366	4.7
Bharti Airtel Limited	111,027	8.6
ICICI Bank Limited	105,676	6.4
Bajaj Finance Limited	49,331	4.7
Mahindra & Mahindra Limited	43,678	3.0
Titan Company Limited	33,734	0.5
Power Grid Corporation of India Limited	33,536	2.3
Zomato Limited	31,342	4.6
Trent Limited	29,578	6.9
Siemens Limited	27,188	1.0
Avenue Supermarts Limited	27,073	0.5
Bharat Electronics Limited	25,029	1.4
Jio Financial Services Limited	22,166	1.5
InterGlobe Aviation Limited	20,554	3.0
SBI Life Insurance Company Limited	16,274	2.2
REC Limited	15,400	0.7
Godrej Consumer Products Limited	12,930	1.5
Max Healthcare Institute Limited	12,810	4.0
Dixon Technologies Ltd.	12,585	0.9
Cholamandalam Investment and Finance Company Limited	11,647	1.8
Tata Consumer Products Limited	$10,613	0.8%
Cummins India Limited	10,601	0.7
Indus Towers Limited	10,533	1.9
Godrej Properties Limited	9,803	1.0
SRF Limited	7,749	0.4
Coforge Limited	7,546	1.1
360 ONE WAM Limited	5,691	1.4
Tata Communications Limited	5,671	1.5
Thermax Limited	5,623	0.5
Kaynes Technology India Limited	5,546	3.6
Aster DM Healthcare Limited	2,999	4.0
Nuvama Wealth Management Limited	2,902	0.5
Zen Technologies Limited	2,579	1.1
Kirloskar Oil Engines Limited	1,741	1.0
JM Financial Limited	1,451	1.5
Tips Industries Limited	1,137	1.0
GMR Power and Urban Infra Limited	1,009	0.9
Shaily Engineering Plastics Limited	773	2.3
Neogen Chemicals Limited	688	0.6
Precision Wires India Limited	354	0.9
DCW Limited	316	1.5
		96.7%*

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

Baron Technology Fund

Baron Technology Fund is a non-diversified fund that, under normal market conditions, invests at least 80% of its net assets in equity securities in the form of common stock of U.S. and non-U.S. technology companies of any market capitalization, selected for their durable growth potential from the development, advancement and use of technology.

Company	Equity Market Cap (in millions)	% of Net Assets
Apple Inc.	$3,785,304	6.9%
NVIDIA Corporation	3,288,762	8.3
Microsoft Corporation	3,133,802	7.5
Amazon.com, Inc.	2,306,888	9.7
Tesla, Inc.	1,296,351	3.5
Broadcom Inc.	1,086,717	6.1
Taiwan Semiconductor Manufacturing Company Limited	1,024,291	4.1
ASML Holding N.V.	280,921	1.3
ServiceNow, Inc.	218,385	1.6
Intuit Inc.	175,928	1.3
Arista Networks, Inc.	139,241	3.0
Shopify Inc.	137,557	1.8
Lam Research Corporation	92,937	1.2
Spotify Technology S.A.	89,838	5.5
Cadence Design Systems, Inc.	82,405	1.2
Atlassian Corporation Plc	63,411	0.7
The Trade Desk	58,010	1.1
Datadog, Inc.	48,476	1.5
Quanta Services, Inc.	46,653	1.0
Axon Enterprise, Inc.	45,320	1.1
Gartner, Inc.	37,369	1.4
Cloudflare, Inc.	$37,087	1.3%
Zomato Limited	31,342	1.9
CoStar Group, Inc.	29,349	1.6
Reddit, Inc.	28,697	1.8
Zscaler, Inc.	27,682	1.5
LPL Financial Holdings Inc.	24,449	1.0
CyberArk Software Ltd.	16,422	2.1
Duolingo, Inc.	14,261	2.7
Guidewire Software, Inc.	14,080	0.8
GitLab Inc.	9,146	1.0
ServiceTitan, Inc.	9,077	0.4
eMemory Technology Inc.	7,641	0.8
GDS Holdings Limited	4,619	2.2
PAR Technology Corporation	2,638	2.1
Zen Technologies Limited	2,579	1.0
ODDITY Tech Ltd.	2,400	1.0
Ibotta, Inc.	1,993	0.7
HPSP Co., Ltd	1,473	0.6
eDreams ODIGEO SA	1,150	1.2
Park Systems Corporation	1,004	0.7
indie Semiconductor, Inc.	820	1.6
		97.5%*

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

Baron Asset Fund — PORTFOLIO OF INVESTMENTS

December 31, 2024

Shares		Cost	Value
Common Stocks (92.31%)			
Communication Services (2.37%)			
	Advertising (1.31%)		
467,000	The Trade Desk, Inc., Cl A[1]	$ 8,931,930	$ 54,886,510
	Movies & Entertainment (1.06%)		
100,000	Spotify Technology SA[1,2]	24,563,323	44,738,000
Total Communication Services		33,495,253	99,624,510
Consumer Discretionary (8.57%)			
	Education Services (0.18%)		
23,000	Duolingo, Inc.[1]	6,012,308	7,457,290
	Footwear (1.82%)		
351,069	Birkenstock Holding PLC[1,2]	16,149,174	19,891,570
1,037,000	On Holding AG, Cl A[1,2]	30,424,600	56,796,490
		46,573,774	76,688,060
	Home Improvement Retail (0.50%)		
211,000	Floor & Decor Holdings, Inc., Cl A[1]	18,452,772	21,036,700
	Hotels, Resorts & Cruise Lines (3.75%)		
503,442	Choice Hotels International, Inc.	2,156,126	71,478,695
31,000	Hilton Worldwide Holdings, Inc.	6,489,341	7,661,960
500,233	Hyatt Hotels Corp., Cl A	13,700,166	78,526,576
		22,345,633	157,667,231
	Leisure Facilities (2.32%)		
520,538	Vail Resorts, Inc.	10,058,752	97,574,848
Total Consumer Discretionary		103,443,239	360,424,129
Financials (13.11%)			
	Financial Exchanges & Data (5.46%)		
224,305	FactSet Research Systems, Inc.	11,906,828	107,729,205
156,000	Morningstar, Inc.	32,512,227	52,534,560
47,000	MSCI, Inc.	15,780,557	28,200,470
316,189	Tradeweb Markets, Inc., Cl A	12,240,920	41,395,464
		72,440,532	229,859,699
	Insurance Brokers (0.63%)		
84,421	Willis Towers Watson PLC[2]	10,305,610	26,444,034
	Investment Banking & Brokerage (2.60%)		
1,478,936	The Charles Schwab Corp.	1,300,762	109,456,053
	Property & Casualty Insurance (4.42%)		
2,011,444	Arch Capital Group Ltd.[1,2]	7,235,191	185,756,854
Total Financials		91,282,095	551,516,640
Health Care (16.83%)			
	Biotechnology (0.49%)		
33,366	argenx SE, ADR[1,2]	10,531,100	20,520,090
	Health Care Equipment (5.09%)		
517,630	IDEXX Laboratories, Inc.[1]	9,143,870	214,008,947
	Health Care Supplies (1.63%)		
748,672	The Cooper Companies, Inc.[1]	28,401,949	68,825,417
	Health Care Technology (1.58%)		
317,386	Veeva Systems, Inc., Cl A[1]	17,573,173	66,730,407

Shares		Cost	Value
Common Stocks (continued)			
Health Care (continued)			
	Life Sciences Tools & Services (8.04%)		
1,119,944	Bio-Techne Corporation	$ 26,038,448	$ 80,669,566
147,117	Mettler-Toledo International, Inc.[1]	8,529,910	180,024,131
236,404	West Pharmaceutical Services, Inc.	10,119,584	77,436,494
		44,687,942	338,130,191
Total Health Care		110,338,034	708,215,052
Industrials (16.70%)			
	Aerospace & Defense (0.81%)		
57,000	Axon Enterprise, Inc.[1]	11,338,430	33,876,240
	Construction & Engineering (2.14%)		
285,000	Quanta Services, Inc.	47,697,750	90,074,250
	Data Processing & Outsourced Services (0.77%)		
428,076	SS&C Technologies Holdings, Inc.	11,483,223	32,439,599
	Environmental & Facilities Services (1.54%)		
1,400,418	Rollins, Inc.	18,594,520	64,909,374
	Human Resource & Employment Services (2.52%)		
1,458,093	Dayforce, Inc.[1]	54,559,959	105,915,876
	Industrial Machinery & Supplies & Components (1.11%)		
222,760	IDEX Corp.	15,773,801	46,621,440
	Research & Consulting Services (7.81%)		
200,000	Booz Allen Hamilton Holding Corp.	22,670,902	25,740,000
775,500	TransUnion	32,394,913	71,896,605
839,206	Verisk Analytics, Inc.	20,449,687	231,142,509
		75,515,502	328,779,114
Total Industrials		234,963,185	702,615,893
Information Technology (27.87%)			
	Application Software (14.28%)		
171,250	ANSYS, Inc.[1]	4,516,740	57,767,763
81,000	Fair Isaac Corp.[1]	30,955,875	161,265,330
1,216,809	Guidewire Software, Inc.[1]	58,804,235	205,129,661
420,000	Procore Technologies, Inc.[1]	30,886,420	31,470,600
228,192	Roper Technologies, Inc.	18,952,931	118,625,611
256,493	ServiceTitan, Inc., Cl A[1]	20,395,336	26,385,435
		164,511,537	600,644,400
	Electronic Components (2.74%)		
1,658,000	Amphenol Corp., Cl A	39,080,302	115,148,100
	Internet Services & Infrastructure (0.41%)		
84,173	Verisign, Inc.[1]	3,749,061	17,420,444
	IT Consulting & Other Services (9.44%)		
820,323	Gartner, Inc.[1]	16,576,407	397,421,884
	Technology Distributors (1.00%)		
241,363	CDW Corp.	14,540,766	42,006,816
Total Information Technology		238,458,073	1,172,641,644

Baron Asset Fund — PORTFOLIO OF INVESTMENTS (Continued)

December 31, 2024

Shares		Cost	Value
Common Stocks (continued)			
Real Estate (6.86%)			
	Data Center REITs (1.09%)		
48,416	Equinix, Inc.	$ 3,085,999	$ 45,650,962
	Health Care REITs (0.45%)		
150,000	Welltower, Inc.	19,268,419	18,904,500
	Real Estate Services (5.32%)		
516,323	CBRE Group, Inc., Cl A[1]	5,774,214	67,788,047
2,181,930	CoStar Group, Inc.[1]	43,637,218	156,204,369
		49,411,432	223,992,416
Total Real Estate		71,765,850	288,547,878
TOTAL COMMON STOCKS		**883,745,729**	**3,883,585,746**
Private Common Stocks (1.91%)			
Communication Services (1.19%)			
	Movies & Entertainment (1.19%)		
197,613	StubHub Holdings, Inc., Cl A[1,3,4]	50,000,041	50,215,439
Industrials (0.72%)			
	Aerospace & Defense (0.72%)		
92,406	Space Exploration Technologies Corp., Cl A[1,3,4]	7,115,262	17,095,110
69,932	Space Exploration Technologies Corp., Cl C[1,3,4]	5,384,764	12,937,420
Total Industrials		12,500,026	30,032,530
TOTAL PRIVATE COMMON STOCKS		**62,500,067**	**80,247,969**
Private Preferred Stocks (5.95%)			
Industrials (4.23%)			
	Aerospace & Defense (4.23%)		
96,298	Space Exploration Technologies Corp., Series N[1,3,4]	26,000,460	178,151,300
Information Technology (1.72%)			
	Application Software (1.72%)		
3,341,687	X.AI Corp.[1,3,4]	39,999,994	72,347,524
TOTAL PRIVATE PREFERRED STOCKS		**66,000,454**	**250,498,824**
TOTAL INVESTMENTS (100.17%)		**$1,012,246,250**	**4,214,332,539**
LIABILITIES LESS CASH AND OTHER ASSETS (-0.17%)			**(7,023,973)**
NET ASSETS			**$4,207,308,566**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 At December 31, 2024, the market value of restricted securities amounted to $330,746,793 or 7.86% 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

December 31, 2024

Shares		Cost	Value
Common Stocks (102.43%)			
Communication Services (2.86%)			
	Alternative Carriers (2.86%)		
6,850,000	Iridium Communications, Inc.[4]	$ 38,210,005	$ 198,787,000
Consumer Discretionary (15.87%)			
	Apparel, Accessories & Luxury Goods (1.10%)		
12,368,569	Figs, Inc., Cl A[1]	87,745,510	76,561,442
	Casinos & Gaming (1.53%)		
2,298,635	Red Rock Resorts, Inc., Cl A	59,715,807	106,288,882
	Education Services (0.88%)		
550,000	Bright Horizons Family Solutions, Inc.[1]	17,159,054	60,967,500
	Hotels, Resorts & Cruise Lines (6.12%)		
3,000,000	Choice Hotels International, Inc.[4]	75,582,685	425,940,000
	Leisure Facilities (5.39%)		
2,000,000	Vail Resorts, Inc.[4]	56,102,209	374,900,000
	Restaurants (0.85%)		
5,961,977	Krispy Kreme, Inc.	81,469,186	59,202,432
Total Consumer Discretionary		377,774,451	1,103,860,256
Financials (51.10%)			
	Asset Management & Custody Banks (3.35%)		
1,575,000	The Carlyle Group, Inc.	32,097,167	79,521,750
1,665,000	Cohen & Steers, Inc.	34,367,632	153,746,100
		66,464,799	233,267,850
	Financial Exchanges & Data (23.37%)		
1,050,000	FactSet Research Systems, Inc.	52,220,913	504,294,000
925,000	Morningstar, Inc.	18,840,637	311,503,000
1,350,000	MSCI, Inc.	24,388,819	810,013,500
		95,450,369	1,625,810,500
	Investment Banking & Brokerage (1.50%)		
450,000	Houlihan Lokey, Inc.	19,625,873	78,147,000
350,000	Moelis & Co., Cl A	3,842,331	25,858,000
		23,468,204	104,005,000
	Life & Health Insurance (5.03%)		
1,290,000	Primerica, Inc.	26,519,377	350,131,800
	Property & Casualty Insurance (17.85%)		
8,815,000	Arch Capital Group Ltd.[1,2]	27,361,313	814,065,250
920,000	Kinsale Capital Group, Inc.	30,298,033	427,919,600
		57,659,346	1,241,984,850
Total Financials		269,562,095	3,555,200,000
Health Care (5.65%)			
	Health Care Equipment (2.08%)		
350,000	IDEXX Laboratories, Inc.[1]	4,836,201	144,704,000
	Health Care Supplies (0.24%)		
1,342,434	Neogen Corp.[1]	17,026,471	16,297,149
	Life Sciences Tools & Services (3.33%)		
2,200,000	Bio-Techne Corporation	28,476,272	158,466,000
60,000	Mettler-Toledo International, Inc.[1]	2,742,937	73,420,800
		31,219,209	231,886,800
Total Health Care		53,081,881	392,887,949

Shares		Cost	Value
Common Stocks (continued)			
Industrials (0.59%)			
	Building Products (0.59%)		
600,000	Trex Co., Inc.[1]	$ 5,348,769	$ 41,418,000
Information Technology (16.18%)			
	Application Software (6.71%)		
300,000	Altair Engineering, Inc., Cl A[1]	3,900,000	32,733,000
840,000	ANSYS, Inc.[1]	18,874,754	283,357,200
305,000	Clearwater Analytics Holdings, Inc., Cl A[1]	4,682,009	8,393,600
845,000	Guidewire Software, Inc.[1]	25,057,001	142,450,100
		52,513,764	466,933,900
	IT Consulting & Other Services (9.47%)		
1,360,000	Gartner, Inc.[1]	18,519,723	658,879,200
Total Information Technology		71,033,487	1,125,813,100
Real Estate (10.18%)			
	Health Care REITs (0.52%)		
375,000	Alexandria Real Estate Equities, Inc.	12,224,338	36,581,250
	Office REITs (1.07%)		
4,000,000	Douglas Emmett, Inc.	33,703,592	74,240,000
	Other Specialized REITs (3.60%)		
5,200,000	Gaming and Leisure Properties, Inc.	106,525,085	250,432,000
	Real Estate Services (4.99%)		
4,850,000	CoStar Group, Inc.[1]	20,211,932	347,211,500
Total Real Estate		172,664,947	708,464,750
TOTAL COMMON STOCKS		**987,675,635**	**7,126,431,055**
Private Common Stocks (0.01%)			
Materials (0.01%)			
	Fertilizers & Agricultural Chemicals (0.01%)		
422,278	Farmers Business Network, Inc.[1,3,5]	**16,300,002**	**785,437**
Private Convertible Preferred Stocks (0.00%)			
Industrials (0.00%)			
	Electrical Components & Equipment (0.00%)		
59,407,006	Northvolt AB (Sweden)[1,2,3,5]	**9,374,988**	**0**
TOTAL INVESTMENTS (102.44%)		**$1,013,350,625**	**7,127,216,492**
LIABILITIES LESS CASH AND OTHER ASSETS (-2.44%)			**(169,646,289)**
NET ASSETS			**$6,957,570,203**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 At December 31, 2024, the market value of restricted securities amounted to $785,437 or 0.01% 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

December 31, 2024

Shares		Cost	Value
Common Stocks (98.97%)			
Communication Services (6.67%)			
	Advertising (3.03%)		
750,000	Ibotta, Inc., Cl A[1]	$ 55,619,500	$ 48,810,000
700,000	The Trade Desk, Inc., Cl A[1]	2,485,000	82,271,000
		58,104,500	131,081,000
	Movies & Entertainment (3.64%)		
1,000,000	Liberty Media Corp.-Liberty Formula One, Cl C[1]	15,681,001	92,660,000
207,610	Liberty Media Corporation-Liberty Live, Cl C[1]	680,178	14,129,937
225,000	Madison Square Garden Sports Corp.[1]	8,416,557	50,778,000
		24,777,736	157,567,937
Total Communication Services		82,882,236	288,648,937
Consumer Discretionary (13.71%)			
	Automotive Parts & Equipment (0.28%)		
4,000,000	Holley, Inc.[1]	23,112,642	12,080,000
	Casinos & Gaming (4.06%)		
875,000	DraftKings, Inc., Cl A[1]	11,187,787	32,550,000
3,100,000	Red Rock Resorts, Inc., Cl A	91,485,805	143,344,000
		102,673,592	175,894,000
	Education Services (1.86%)		
725,000	Bright Horizons Family Solutions, Inc.[1]	31,922,423	80,366,250
	Home Improvement Retail (1.04%)		
450,000	Floor & Decor Holdings, Inc., Cl A[1]	14,749,690	44,865,000
	Homebuilding (1.42%)		
350,000	Installed Building Products, Inc.	13,854,997	61,337,500
	Leisure Facilities (2.86%)		
1,250,000	Planet Fitness, Inc., Cl A[1]	53,545,034	123,587,500
	Restaurants (2.19%)		
2,000,000	The Cheesecake Factory, Inc.	51,839,090	94,880,000
Total Consumer Discretionary		291,697,468	593,010,250
Consumer Staples (2.27%)			
	Packaged Foods & Meats (1.18%)		
3,250,000	UTZ Brands, Inc.	51,037,718	50,895,000
	Personal Care Products (1.09%)		
1,125,000	Oddity Tech Ltd., Cl A[1,2]	41,428,946	47,272,500
Total Consumer Staples		92,466,664	98,167,500
Financials (11.63%)			
	Asset Management & Custody Banks (0.62%)		
2,200,000	GCM Grosvenor, Inc., Cl A	24,429,527	26,994,000
	Insurance Brokers (2.69%)		
3,000,000	Baldwin Insurance Group, Inc. Cl A[1]	46,953,071	116,280,000
	Investment Banking & Brokerage (2.01%)		
500,000	Houlihan Lokey, Inc.	23,001,811	86,830,000

Shares		Cost	Value
Common Stocks (continued)			
Financials (continued)			
	Property & Casualty Insurance (4.84%)		
450,000	Kinsale Capital Group, Inc.	$ 64,570,201	$ 209,308,500
	Transaction & Payment Processing Services (1.47%)		
3,750,000	Repay Holdings Corporation[1]	32,041,410	28,612,500
200,000	WEX, Inc.[1]	8,201,011	35,064,000
		40,242,421	63,676,500
Total Financials		199,197,031	503,089,000
Health Care (9.15%)			
	Health Care Equipment (1.82%)		
425,000	DexCom, Inc.[1]	1,408,692	33,052,250
25,000	IDEXX Laboratories, Inc.[1]	344,777	10,336,000
190,000	Inspire Medical Systems, Inc.[1]	9,493,280	35,222,200
		11,246,749	78,610,450
	Health Care Supplies (1.69%)		
6,000,000	Neogen Corp.[1]	103,021,742	72,840,000
	Life Sciences Tools & Services (3.98%)		
675,000	ICON plc[1,2]	33,117,841	141,554,250
25,000	Mettler-Toledo International, Inc.[1]	1,205,243	30,592,000
		34,323,084	172,146,250
	Managed Health Care (1.66%)		
750,000	HealthEquity, Inc.[1]	12,292,452	71,962,500
Total Health Care		160,884,027	395,559,200
Industrials (30.11%)			
	Aerospace & Defense (4.30%)		
2,250,000	Kratos Defense & Security Solutions, Inc.[1]	34,436,698	59,355,000
100,000	TransDigm Group, Inc.[1]	0	126,728,000
		34,436,698	186,083,000
	Building Products (1.82%)		
5,750,000	Janus International Group, Inc.[1]	56,199,483	42,262,500
525,000	Trex Co., Inc.[1]	18,023,818	36,240,750
		74,223,301	78,503,250
	Diversified Support Services (1.77%)		
4,750,000	Driven Brands Holdings, Inc.[1]	86,053,931	76,665,000
	Electrical Components & Equipment (7.22%)		
2,750,000	Vertiv Holdings Co., Cl A	27,733,038	312,427,500
	Environmental & Facilities Services (1.19%)		
300,000	Waste Connections, Inc.[2]	13,100,000	51,474,000
	Human Resource & Employment Services (3.22%)		
950,000	Dayforce, Inc.[1]	29,430,555	69,008,000
3,750,000	First Advantage Corp.[1]	60,629,977	70,237,500
		90,060,532	139,245,500
	Industrial Machinery & Supplies & Components (7.37%)		
700,000	Chart Industries, Inc.[1]	103,706,326	133,588,000
125,000	Enpro, Inc.	22,983,025	21,556,250
700,000	John Bean Technologies Corp.	63,192,030	88,970,000
250,000	RBC Bearings, Incorporated[1]	27,992,037	74,785,000
		217,873,418	318,899,250

Baron Small Cap Fund — PORTFOLIO OF INVESTMENTS (Continued)

December 31, 2024

Shares		Cost	Value
Common Stocks (continued)			
Industrials (continued)			
	Research & Consulting Services (0.55%)		
265,000	Exponent, Inc.	$ 20,189,458	$ 23,611,500
	Trading Companies & Distributors (2.67%)		
875,000	SiteOne Landscape Supply, Inc.[1]	33,566,364	115,298,750
Total Industrials		597,236,740	1,302,207,750
Information Technology (23.82%)			
	Application Software (11.74%)		
225,000	Altair Engineering, Inc., Cl A[1]	2,982,233	24,549,750
250,000	Aspen Technology, Inc.[1]	21,959,930	62,407,500
2,500,000	Clearwater Analytics Holdings, Inc., Cl A[1]	44,280,887	68,800,000
1,175,000	Guidewire Software, Inc.[1]	29,913,239	198,081,500
1,750,000	Intapp, Inc.[1]	68,442,216	112,157,500
1,250,000	nCino, Inc.[1]	40,886,486	41,975,000
		208,464,991	507,971,250
	Electronic Equipment & Instruments (1.33%)		
1,600,000	Cognex Corp.	29,581,044	57,376,000
	IT Consulting & Other Services (9.70%)		
1,325,000	ASGN, Inc.[1]	26,301,801	110,425,500
500,000	Gartner, Inc.[1]	6,387,894	242,235,000
3,000,000	Grid Dynamics Holdings, Inc.[1]	36,322,597	66,720,000
		69,012,292	419,380,500
	Semiconductors (0.56%)		
6,000,000	indie Semiconductor, Inc., Cl A[1]	37,247,069	24,300,000
	Systems Software (0.49%)		
725,000	JFrog Ltd.[1,2]	22,015,909	21,322,250
Total Information Technology		366,321,305	1,030,350,000

Shares		Cost	Value
Common Stocks (continued)			
Materials (1.42%)			
	Specialty Chemicals (1.42%)		
1,500,000	Avient Corp.	$ 46,528,336	$ 61,290,000
Real Estate (0.19%)			
	Telecom Tower REITs (0.19%)		
40,000	SBA Communications Corp.	161,021	8,152,000
TOTAL COMMON STOCKS		**1,837,374,828**	**4,280,474,637**

Principal Amount		Cost	Value
Short-Term Investments (1.37%)			
$59,047,048	Repurchase Agreement with Fixed Income Clearing Corp., dated 12/31/2024, 3.85% due 1/2/2025; Proceeds at maturity $59,059,678; (Fully Collateralized by $59,482,200 U.S. Treasury Note, 4.125% due 2/15/2027 Market value - $60,228,113)	**59,047,048**	**59,047,048**
TOTAL INVESTMENTS (100.34%)		**$1,896,421,876**	**4,339,521,685**
LIABILITIES LESS CASH AND OTHER ASSETS (-0.34%)			**(14,562,012)**
NET ASSETS			**$4,324,959,673**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.

Baron Opportunity Fund — PORTFOLIO OF INVESTMENTS

December 31, 2024

Shares		Cost	Value
	Common Stocks (93.71%)		
	Communication Services (9.13%)		
	Advertising (1.22%)		
157,610	The Trade Desk, Inc., Cl A[1]	$ 2,999,802	$ 18,523,903
	Interactive Media & Services (4.75%)		
123,000	Meta Platforms, Inc., Cl A	24,382,736	72,017,730
	Movies & Entertainment (3.16%)		
106,900	Spotify Technology SA[1,2]	28,425,433	47,824,922
	Total Communication Services	55,807,971	138,366,555
	Consumer Discretionary (14.14%)		
	Automobile Manufacturers (5.94%)		
223,200	Tesla, Inc.[1]	11,606,117	90,137,088
	Broadline Retail (7.03%)		
485,500	Amazon.com, Inc.[1]	29,742,116	106,513,845
	Education Services (1.17%)		
54,700	Duolingo, Inc.[1]	10,532,490	17,735,381
	Total Consumer Discretionary	51,880,723	214,386,314
	Consumer Staples (0.43%)		
	Personal Care Products (0.43%)		
155,000	Oddity Tech Ltd., Cl A[1,2]	7,603,283	6,513,100
	Financials (4.78%)		
	Investment Banking & Brokerage (0.99%)		
46,100	LPL Financial Holdings, Inc.	15,222,440	15,052,111
	Transaction & Payment Processing Services (3.79%)		
52,700	Mastercard, Incorporated, Cl A	9,940,228	27,750,239
93,900	Visa, Inc., Cl A	13,273,862	29,676,156
		23,214,090	57,426,395
	Total Financials	38,436,530	72,478,506
	Health Care (6.67%)		
	Biotechnology (4.39%)		
214,000	Arcellx, Inc.[1]	13,941,627	16,411,659
64,739	argenx SE, ADR[1,2]	9,490,491	39,814,485
258,600	Viking Therapeutics, Inc.[1]	3,555,576	10,406,064
		26,987,694	66,632,208
	Health Care Equipment (2.28%)		
256,000	Inari Medical, Inc.[1]	12,746,771	13,068,800
41,105	Intuitive Surgical, Inc.[1]	4,585,816	21,455,166
		17,332,587	34,523,966
	Total Health Care	44,320,281	101,156,174
	Industrials (1.07%)		
	Human Resource & Employment Services (1.07%)		
223,570	Dayforce, Inc.[1]	10,877,867	16,240,125

Shares		Cost	Value
	Common Stocks (continued)		
	Information Technology (55.29%)		
	Application Software (8.85%)		
81,400	Atlassian Corp., Cl A[1,2]	$ 12,212,683	$ 19,811,132
29,600	Cadence Design Systems, Inc.[1]	8,208,384	8,893,616
253,500	Gitlab, Inc., Cl A[1,4]	10,307,749	14,284,725
148,100	Guidewire Software, Inc.[1]	3,715,804	24,966,698
24,600	HubSpot, Inc.[1]	9,099,151	17,140,542
372,900	Samsara, Inc., Cl A[1]	11,374,662	16,292,001
30,900	ServiceNow, Inc.[1,4]	5,088,781	32,757,708
		60,007,214	134,146,422
	Communications Equipment (1.06%)		
145,800	Arista Networks, Inc.[1]	15,620,750	16,115,274
	Electronic Equipment & Instruments (0.73%)		
153,000	PAR Technology Corp.[1]	7,924,050	11,118,510
	Internet Services & Infrastructure (3.16%)		
796,000	GDS Holdings Ltd., ADR[1,2]	14,589,203	18,912,960
273,000	Shopify, Inc., Cl A[1,2]	11,478,770	29,028,090
		26,067,973	47,941,050
	IT Consulting & Other Services (2.08%)		
64,887	Gartner, Inc.[1]	805,043	31,435,805
	Semiconductor Materials & Equipment (0.99%)		
21,700	ASML Holding N.V.[2]	10,416,186	15,039,836
	Semiconductors (19.51%)		
339,700	Broadcom, Inc.	46,205,033	78,756,048
5,445,971	indie Semiconductor, Inc., Cl A[1]	31,463,351	22,056,182
1,272,100	NVIDIA Corp.	7,530,102	170,830,309
121,700	Taiwan Semiconductor Manufacturing Co., Ltd., ADR[2]	14,430,983	24,034,533
		99,629,469	295,677,072
	Systems Software (14.43%)		
167,300	Cloudflare, Inc., Cl A[1,4]	8,689,365	18,014,864
31,900	CyberArk Software Ltd.[1,2]	10,317,829	10,627,485
143,500	Datadog, Inc., Cl A[1,4]	12,464,955	20,504,715
384,300	Microsoft Corporation	53,208,785	161,982,450
42,000	Zscaler, Inc.[1]	7,721,368	7,577,220
		92,402,302	218,706,734
	Technology Hardware, Storage & Peripherals (4.48%)		
271,000	Apple, Inc.	51,792,162	67,863,821
	Total Information Technology	364,665,149	838,044,524
	Real Estate (2.20%)		
	Real Estate Services (2.20%)		
465,130	CoStar Group, Inc.[1]	23,649,851	33,298,657
	TOTAL COMMON STOCKS	**597,241,655**	**1,420,483,955**

Baron Opportunity Fund — PORTFOLIO OF INVESTMENTS (Continued)

December 31, 2024

Shares		Cost	Value
Private Common Stocks (1.79%)			
Communication Services (0.09%)			
	Interactive Media & Services (0.09%)		
50,000	X Holdings I, Inc., Cl A[1,3,4]	$ 5,000,000	$ 1,366,000
Industrials (1.67%)			
	Aerospace & Defense (1.67%)		
105,020	Space Exploration Technologies Corp., Cl A[1,3,4]	4,607,169	19,428,700
31,890	Space Exploration Technologies Corp., Cl C[1,3,4]	1,392,972	5,899,650
		6,000,141	25,328,350
	Passenger Ground Transportation (0.00%)^		
3,571	GM Cruise Holdings LLC, Cl B[1,3,4]	103,563	3,571
Total Industrials		6,103,704	25,331,921
Materials (0.03%)			
	Fertilizers & Agricultural Chemicals (0.03%)		
182,067	Farmers Business Network, Inc.[1,3,4]	2,394,651	338,645
TOTAL PRIVATE COMMON STOCKS		**13,498,355**	**27,036,566**
Private Convertible Preferred Stocks (0.18%)			
Materials (0.18%)			
	Fertilizers & Agricultural Chemicals (0.18%)		
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 (2.94%)			
Industrials (2.28%)			
	Aerospace & Defense (2.26%)		
18,519	Space Exploration Technologies Corp., Series N[1,3,4]	5,000,130	34,260,150
	Passenger Ground Transportation (0.02%)		
266,956	GM Cruise Holdings LLC, Cl G[1,3,4]	7,034,291	266,956
Total Industrials		12,034,421	34,527,106
Information Technology (0.66%)			
	Application Software (0.66%)		
461,893	X.AI Corp., Series C[1,3,4]	9,999,983	9,999,983
TOTAL PRIVATE PREFERRED STOCKS		**22,034,404**	**44,527,089**

Principal Amount		Cost	Value
Short-Term Investments (1.36%)			
$20,643,471	Repurchase Agreement with Fixed Income Clearing Corp., dated 12/31/2024, 3.85% due 1/2/2025; Proceeds at maturity $20,647,886; (Fully Collateralized by $20,995,700 U.S. Treasury Note, 4.125% due 10/31/2027 Market value - $21,056,351)	**$ 20,643,471**	**$ 20,643,471**
TOTAL INVESTMENTS (99.98%)		**$658,889,001**	**1,515,457,082**
CASH AND OTHER ASSETS LESS LIABILITIES (0.02%)			**337,268**
NET ASSETS			**$1,515,794,350**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
[3] At December 31, 2024, the market value of restricted securities amounted to $74,329,656 or 4.90% 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

December 31, 2024

Shares		Cost	Value
Common Stocks (94.57%)			
Communication Services (1.88%)			
	Alternative Carriers (0.64%)		
1,775,000	Iridium Communications, Inc.[6]	$ 42,941,890	$ 51,510,500
	Movies & Entertainment (1.24%)		
225,000	Spotify Technology SA[1,2,6]	36,152,863	100,660,500
Total Communication Services		79,094,753	152,171,000
Consumer Discretionary (58.51%)			
	Automobile Manufacturers (46.39%)		
9,287,500	Tesla, Inc.[1,5,6]	135,478,320	3,750,664,000
	Casinos & Gaming (1.12%)		
1,954,558	Red Rock Resorts, Inc., Cl A[6]	70,946,879	90,378,762
	Footwear (1.21%)		
1,725,000	Birkenstock Holding PLC[1,2,6]	78,199,680	97,738,500
	Hotels, Resorts & Cruise Lines (6.43%)		
3,310,000	Hyatt Hotels Corp., Cl A[6]	114,517,357	519,603,800
	Leisure Facilities (3.36%)		
1,450,000	Vail Resorts, Inc.[6]	143,600,315	271,802,500
Total Consumer Discretionary		542,742,551	4,730,187,562
Financials (17.00%)			
	Financial Exchanges & Data (5.74%)		
655,000	FactSet Research Systems, Inc.[6]	41,071,258	314,583,400
250,000	MSCI, Inc.[6]	88,967,758	150,002,500
		130,039,016	464,585,900
	Investment Banking & Brokerage (4.03%)		
4,400,000	The Charles Schwab Corp.[6]	113,630,270	325,644,000
	Property & Casualty Insurance (7.23%)		
6,330,000	Arch Capital Group Ltd.[1,2,6]	28,515,226	584,575,500
Total Financials		272,184,512	1,374,805,400
Health Care (3.25%)			
	Health Care Equipment (3.25%)		
635,000	IDEXX Laboratories, Inc.[1,6]	27,736,777	262,534,400
Industrials (0.64%)			
	Aerospace & Defense (0.64%)		
125,625	HEICO Corp.[6]	9,632,520	29,866,087
116,875	HEICO Corp., Cl A[6]	7,586,429	21,748,100
Total Industrials		17,218,949	51,614,187

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (5.88%)			
	Application Software (1.83%)		
880,000	Guidewire Software, Inc.[1,6]	$ 71,023,556	$ 148,350,400
	IT Consulting & Other Services (4.05%)		
675,000	Gartner, Inc.[1,6]	80,865,424	327,017,251
Total Information Technology		151,888,980	475,367,651
Real Estate (7.41%)			
	Other Specialized REITs (1.07%)		
1,800,000	Gaming and Leisure Properties, Inc.[6]	56,364,978	86,688,000
	Real Estate Services (6.34%)		
7,160,000	CoStar Group, Inc.[1,6]	95,870,856	512,584,400
Total Real Estate		152,235,834	599,272,400
TOTAL COMMON STOCKS		**1,243,102,356**	**7,645,952,600**
Private Common Stocks (6.59%)			
Communication Services (0.83%)			
	Interactive Media & Services (0.21%)		
600,000	X Holdings I, Inc., Cl A[1,3,4]	60,000,000	16,392,000
		60,000,000	16,392,000
	Movies & Entertainment (0.62%)		
197,613	StubHub Holdings, Inc., Cl A[1,3,4]	50,000,041	50,215,439
Total Communication Services		110,000,041	66,607,439
Industrials (5.76%)			
	Aerospace & Defense (5.76%)		
2,216,310	Space Exploration Technologies Corp., Cl A[1,3,4]	29,920,185	410,017,350
302,210	Space Exploration Technologies Corp., Cl C[1,3,4]	4,079,835	55,908,850
Total Industrials		34,000,020	465,926,200
TOTAL PRIVATE COMMON STOCKS		**144,000,061**	**532,533,639**
Private Convertible Preferred Stocks (0.00%)			
Industrials (0.00%)			
	Electrical Components & Equipment (0.00%)		
21,213,656	Northvolt AB, Series E2 (Sweden)[1,2,3,4]	**7,843,621**	**0**

Baron Partners Fund — PORTFOLIO OF INVESTMENTS (Continued)

December 31, 2024

Shares		Cost	Value
Private Preferred Stocks (11.14%)			
Industrials (11.14%)			
	Aerospace & Defense (11.14%)		
311,111	Space Exploration Technologies Corp., Cl H[1,3,4]	$ 41,999,985	$ 575,555,350
131,657	Space Exploration Technologies Corp., Cl I[1,3,4]	22,250,032	243,565,450
44,146	Space Exploration Technologies Corp., Series N[1,3,4]	11,919,420	81,670,100
TOTAL PRIVATE PREFERRED STOCKS		**76,169,437**	**900,790,900**
TOTAL INVESTMENTS (112.30%)		**$1,471,115,475**	**9,079,277,139**
LIABILITIES LESS CASH AND OTHER ASSETS (-12.30%)			**(994,552,924)**
NET ASSETS			**$8,084,724,215**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 At December 31, 2024, the market value of restricted securities amounted to $1,433,324,539 or 17.73% 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.
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 December 31, 2024, the total market value of pledged securities amounted to $1,979,985,731 or 24.49% of net assets.

Baron Fifth Avenue Growth Fund — PORTFOLIO OF INVESTMENTS

December 31, 2024

Shares		Cost	Value
Common Stocks (97.35%)			
Communication Services (13.60%)			
	Advertising (3.51%)		
216,408	The Trade Desk, Inc., Cl A[1]	$ 11,875,580	$ 25,434,432
	Interactive Media & Services (10.09%)		
105,495	Alphabet, Inc., Cl A	15,525,501	19,970,203
90,909	Meta Platforms Inc., Cl A	6,630,519	53,228,129
		22,156,020	73,198,332
Total Communication Services		34,031,600	98,632,764
Consumer Discretionary (19.51%)			
	Automobile Manufacturers (4.49%)		
80,591	Tesla, Inc.[1]	17,330,182	32,545,869
	Automotive Parts & Equipment (1.01%)		
369,555	Mobileye Global, Inc., Cl A[1]	6,994,478	7,361,536
	Broadline Retail (14.01%)		
287,686	Amazon.com, Inc.[1]	2,726,880	63,115,432
680,704	Coupang, Inc., Cl A[1]	12,159,012	14,961,874
13,817	MercadoLibre, Inc.[1]	9,299,061	23,494,979
		24,184,953	101,572,285
Total Consumer Discretionary		48,509,613	141,479,690
Financials (8.33%)			
	Asset Management & Custody Banks (2.08%)		
101,953	KKR & Co., Inc.	12,349,109	15,079,869
	Transaction & Payment Processing Services (6.25%)		
8,265	Adyen N.V., 144A (Netherlands)[1,2]	7,869,686	12,282,434
189,751	Block, Inc.[1]	11,620,969	16,126,937
32,067	Mastercard, Incorporated, Cl A	1,161,898	16,885,520
		20,652,553	45,294,891
Total Financials		33,001,662	60,374,760
Health Care (10.20%)			
	Biotechnology (2.78%)		
32,834	argenx SE, ADR[1,2]	10,908,181	20,192,910
	Health Care Equipment (5.01%)		
69,566	Intuitive Surgical, Inc.[1]	7,719,439	36,310,669
	Health Care Technology (1.17%)		
40,309	Veeva Systems, Inc., Cl A[1]	2,538,180	8,474,967
	Life Sciences Tools & Services (1.24%)		
4,609	GRAIL, Inc.[1]	28,246	82,271
66,749	Illumina, Inc.[1]	5,886,000	8,919,669
		5,914,246	9,001,940
Total Health Care		27,080,046	73,980,486
Common Stocks (continued)			
Information Technology (45.71%)			
	Application Software (9.60%)		
46,865	Atlassian Corp., Cl A[1,2]	$ 7,376,794	$ 11,406,004
129,565	Gitlab, Inc., Cl A[1,4]	6,893,160	7,300,988
276,245	Samsara, Inc., Cl A[1]	10,353,627	12,069,144
36,609	ServiceNow, Inc.[1,4]	11,370,213	38,809,933
		35,993,794	69,586,069
	Internet Services & Infrastructure (6.91%)		
471,283	Shopify, Inc., Cl A[1,2]	19,346,878	50,111,521
	Semiconductor Materials & Equipment (1.91%)		
20,016	ASML Holding N.V.[2]	1,527,248	13,872,689
	Semiconductors (12.60%)		
534,621	NVIDIA Corp.	6,989,401	71,794,254
99,044	Taiwan Semiconductor Manufacturing Co., Ltd., ADR[2]	17,355,463	19,560,200
		24,344,864	91,354,454
	Systems Software (14.69%)		
241,740	Cloudflare, Inc., Cl A[1,4]	16,423,868	26,030,563
35,464	Crowdstrike Holdings, Inc., Cl A[1]	1,533,125	12,134,362
151,618	Datadog, Inc., Cl A [1,4]	9,184,124	21,664,696
68,611	Microsoft Corporation	27,091,466	28,919,537
114,891	Snowflake, Inc., Cl A[1,4]	13,341,484	17,740,320
		67,574,067	106,489,478
Total Information Technology		148,786,851	331,414,211
TOTAL COMMON STOCKS		**291,409,772**	**705,881,911**
Private Common Stocks (1.37%)			
Industrials (1.37%)			
	Aerospace & Defense (1.37%)		
41,330	Space Exploration Technologies Corp., Cl A[1,3,4]	1,932,253	7,646,050
12,240	Space Exploration Technologies Corp., Cl C[1,3,4]	567,692	2,264,400
TOTAL PRIVATE COMMON STOCKS		**2,499,945**	**9,910,450**
Private Preferred Stocks (0.50%)			
Industrials (0.02%)			
	Passenger Ground Transportation (0.02%)		
133,288	GM Cruise Holdings LLC, Cl G[1,3,4]	3,512,139	133,288
		3,512,139	133,288
Information Technology (0.48%)			
	Application Software (0.48%)		
161,662	X.AI Corp., Series C[1,3,4]	3,499,982	3,499,982
TOTAL PRIVATE PREFERRED STOCKS		**7,012,121**	**3,633,270**

Baron Fifth Avenue Growth Fund — PORTFOLIO OF INVESTMENTS (Continued)

December 31, 2024

Principal Amount		Cost	Value
Short-Term Investments (0.46%)			
$3,347,089	Repurchase Agreement with Fixed Income Clearing Corp., dated 12/31/2024, 3.85% due 1/2/2025; Proceeds at maturity $3,347,805; (Fully Collateralized by $3,371,800 U.S. Treasury Note, 4.125% due 2/15/2027 Market value - $3,414,127)	**$ 3,347,089**	**$ 3,347,089**
TOTAL INVESTMENTS (99.68%)		**$304,268,927**	**722,772,720**
CASH AND OTHER ASSETS LESS LIABILITIES (0.32%)			**2,351,570**
NET ASSETS			**$725,124,290**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
[3] At December 31, 2024, the market value of restricted securities, excluding Rule 144A securities as separately described below, amounted to $13,543,720 or 1.87% 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 December 31, 2024, the market value of Rule 144A securities amounted to $12,282,434 or 1.69% of net assets.

Baron Focused Growth Fund — PORTFOLIO OF INVESTMENTS

December 31, 2024

Shares		Cost	Value
Common Stocks (84.58%)			
Communication Services (7.83%)			
	Alternative Carriers (1.10%)		
800,000	Iridium Communications, Inc.	$ 18,500,912	$ 23,216,000
	Movies & Entertainment (6.73%)		
195,000	Live Nation Entertainment, Inc.[1]	26,551,870	25,252,500
262,000	Spotify Technology SA[1,2]	35,016,218	117,213,560
		61,568,088	142,466,060
Total Communication Services		80,069,000	165,682,060
Consumer Discretionary (39.55%)			
	Apparel, Accessories & Luxury Goods (2.49%)		
8,493,569	Figs, Inc., Cl A[1]	65,129,065	52,575,192
	Automobile Manufacturers (11.74%)		
615,000	Tesla, Inc.[1]	8,168,271	248,361,600
	Casinos & Gaming (4.48%)		
410,000	Las Vegas Sands Corp.	17,975,256	21,057,600
1,592,500	Red Rock Resorts, Inc., Cl A	65,268,310	73,637,200
		83,243,566	94,694,800
	Footwear (6.47%)		
930,000	Birkenstock Holding PLC[1,2]	43,586,874	52,693,800
1,535,000	On Holding AG, Cl A[1,2]	43,531,637	84,071,950
		87,118,511	136,765,750
	Hotels, Resorts & Cruise Lines (7.58%)		
134,000	Airbnb, Inc., Cl A[1]	15,295,942	17,608,940
400,000	Choice Hotels International, Inc.	33,100,257	56,792,000
546,500	Hyatt Hotels Corp., Cl A	31,905,137	85,789,570
		80,301,336	160,190,510
	Leisure Facilities (4.55%)		
513,842	Vail Resorts, Inc.	90,129,275	96,319,683
	Restaurants (2.24%)		
4,770,000	Krispy Kreme, Inc.	61,472,400	47,366,100
Total Consumer Discretionary		475,562,424	836,273,635
Financials (15.56%)			
	Financial Exchanges & Data (6.19%)		
125,000	FactSet Research Systems, Inc.	25,848,439	60,035,000
118,000	MSCI, Inc.	60,102,471	70,801,180
		85,950,910	130,836,180
	Investment Banking & Brokerage (5.44%)		
540,000	Interactive Brokers Group, Inc., Cl A	47,496,720	95,401,800
250,000	Jefferies Financial Group, Inc.	7,732,070	19,600,000
		55,228,790	115,001,800
	Property & Casualty Insurance (3.93%)		
900,000	Arch Capital Group Ltd.[1,2]	25,104,585	83,115,000
Total Financials		166,284,285	328,952,980
Health Care (5.14%)			
	Health Care Equipment (3.49%)		
178,500	IDEXX Laboratories, Inc.[1]	76,602,473	73,799,040
	Life Sciences Tools & Services (1.65%)		
261,200	Illumina, Inc.[1]	28,524,417	34,904,156
Total Health Care		105,126,890	108,703,196

Shares		Cost	Value
Common Stocks (continued)			
Industrials (2.08%)			
	Research & Consulting Services (2.08%)		
160,000	Verisk Analytics, Inc.	$ 28,339,398	$ 44,068,800
Information Technology (9.18%)			
	Application Software (5.79%)		
100,000	ANSYS, Inc.[1]	25,699,482	33,733,000
526,300	Guidewire Software, Inc.[1]	48,175,978	88,723,654
		73,875,460	122,456,654
	Internet Services & Infrastructure (3.39%)		
675,000	Shopify, Inc., Cl A[1,2]	34,732,650	71,772,750
Total Information Technology		108,608,110	194,229,404
Real Estate (5.24%)			
	Office REITs (1.32%)		
1,500,000	Douglas Emmett, Inc.	21,662,219	27,840,000
	Real Estate Services (3.51%)		
1,036,700	CoStar Group, Inc.[1]	46,143,920	74,217,353
	Single-Family Residential REITs (0.41%)		
235,000	American Homes 4 Rent, Cl A	5,062,679	8,793,700
Total Real Estate		72,868,818	110,851,053
TOTAL COMMON STOCKS		**1,036,858,925**	**1,788,761,128**
Private Common Stocks (6.76%)			
Industrials (6.76%)			
	Aerospace & Defense (6.76%)		
629,570	Space Exploration Technologies Corp., Cl A[1,3,4]	26,390,845	116,470,450
143,170	Space Exploration Technologies Corp., Cl C[1,3,4]	6,808,820	26,486,450
TOTAL PRIVATE COMMON STOCKS		**33,199,665**	**142,956,900**
Private Preferred Stocks (6.32%)			
Industrials (4.61%)			
	Aerospace & Defense (4.61%)		
29,630	Space Exploration Technologies Corp., Cl H[1,3,4]	4,000,050	54,815,500
1,479	Space Exploration Technologies Corp., Cl I[1,3,4]	249,951	2,736,150
12,346	Space Exploration Technologies Corp., Series K[1,3,4]	10,000,260	22,840,100
9,259	Space Exploration Technologies Corp., Series N[1,3,4]	2,499,930	17,129,150
Total Industrials		16,750,191	97,520,900
Information Technology (1.71%)			
	Application Software (1.71%)		
1,670,843	X.AI Corp.[1,3,4]	19,999,991	36,173,751
TOTAL PRIVATE PREFERRED STOCKS		**36,750,182**	**133,694,651**

Baron Focused Growth Fund — PORTFOLIO OF INVESTMENTS (Continued)

December 31, 2024

Principal Amount		Cost	Value
Short-Term Investments (1.89%)			
$39,872,503	Repurchase Agreement with Fixed Income Clearing Corp., dated 12/31/2024, 3.85% due 1/2/2025; Proceeds at maturity $39,881,032; (Fully Collateralized by $40,166,400 U.S. Treasury Note, 4.125% due 2/15/2027 Market value - $40,670,145)	**$ 39,872,503**	**$ 39,872,503**
TOTAL INVESTMENTS (99.55%)		**$1,146,681,275**	**2,105,285,182**
CASH AND OTHER ASSETS LESS LIABILITIES (0.45%)			**9,444,002**
NET ASSETS			**$2,114,729,184**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 At December 31, 2024, the market value of restricted securities amounted to $276,651,551 or 13.08% 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.

Baron International Growth Fund — PORTFOLIO OF INVESTMENTS

December 31, 2024

Shares		Cost	Value
Common Stocks (96.39%)			
Australia (1.40%)			
566,963	Lynas Rare Earths Ltd.[1]	$ 2,431,906	$ 2,235,754
30,234	WiseTech Global Ltd.	2,497,232	2,257,064
Total Australia		4,929,138	4,492,818
Brazil (1.42%)			
109,875	Afya Ltd., Cl A[1]	1,464,642	1,744,815
215,532	Localiza Rent a Car SA	2,384,824	1,122,615
84,661	NU Holdings Ltd., Cl A[1]	690,987	877,088
81,170	Suzano SA	658,830	816,420
Total Brazil		5,199,283	4,560,938
Canada (4.56%)			
49,146	Agnico Eagle Mines Ltd.	2,349,223	3,843,709
2,836	Constellation Software, Inc.	64,687	8,769,533
235,134	Lundin Mining Corp.	2,439,190	2,023,449
Total Canada		4,853,100	14,636,691
China (8.54%)			
30,894	Alibaba Group Holding Limited, ADR	2,605,092	2,619,502
790,334	China Mengniu Dairy Co. Ltd.	1,294,921	1,768,069
60,881	Contemporary Amperex Technology Co. Ltd., Cl A[1]	1,775,576	2,219,151
481,087	Full Truck Alliance Co. Ltd., ADR	3,349,445	5,205,361
284,497	Fuyao Glass Industry Group Co. Ltd., Cl A	1,726,923	2,432,153
29,834	JD.com, Inc., ADR	1,130,105	1,034,345
1,641,202	Kingdee International Software Group Co. Ltd.[1]	1,274,300	1,783,478
138,185	Meituan, Cl B, 144A[1]	1,927,287	2,686,781
41,645	Tencent Holdings Limited	593,090	2,222,711
31,390	Tencent Holdings Limited, ADR	1,285,943	1,669,320
114,565	Tencent Music Entertainment Group, ADR	1,055,354	1,300,313
94,487	Zai Lab Limited, ADR[1]	2,029,214	2,474,614
Total China		20,047,250	27,415,798
Denmark (1.01%)			
31,691	Genmab A/S, ADR[1]	1,046,343	661,391
30,020	Novo Nordisk AS, ADR	2,955,380	2,582,321
Total Denmark		4,001,723	3,243,712
France (7.43%)			
14,334	Airbus SE[1]	2,286,923	2,295,315
87,784	BNP Paribas S.A.	3,113,028	5,389,653
82,817	Eurofins Scientific SE	1,570,783	4,223,858
3,439	LVMH Moët Hennessy Louis Vuitton SE	768,944	2,262,149
19,952	Pernod Ricard SA	3,376,965	2,254,314
44,347	TotalEnergies SE	2,555,520	2,470,786
298,331	Waga Energy SA[1]	7,634,821	4,966,623
Total France		21,306,984	23,862,698
Germany (1.91%)			
57,389	Symrise AG	4,599,683	6,121,832
Hong Kong (0.87%)			
213,504	Techtronic Industries Co. Ltd.[3]	1,572,953	2,806,711
India (9.77%)			
315,929	Bharti Airtel Ltd. PP	1,684,213	4,334,783
146,671	Godrej Consumer Products Ltd.	1,818,436	1,850,474
39,328	Godrej Properties Ltd.[1]	423,679	1,275,983
232,624	Indus Towers Ltd.[1]	857,439	925,856
38,903	InterGlobe Aviation Ltd., 144A[1]	1,538,521	2,065,051

Shares		Cost	Value
Common Stocks (continued)			
India (continued)			
416,381	Jio Financial Services Ltd.[1]	$ 959,482	$ 1,448,666
1,176,065	JM Financial Limited	1,261,068	1,780,625
44,968	Kaynes Technology India Ltd.[1]	1,491,066	3,884,975
165,157	Max Healthcare Institute Ltd.	1,106,306	2,171,009
236,445	Nippon Life India Asset Management Ltd., 144A	757,345	2,002,974
222,432	Reliance Industries Limited	1,911,607	3,150,216
78,284	Trent Ltd.	1,809,463	6,495,233
Total India		15,618,625	31,385,845
Ireland (1.25%)			
440,826	Bank of Ireland Group PLC	3,306,151	4,020,086
Israel (5.15%)			
14,733	CyberArk Software Ltd.[1]	2,665,598	4,908,299
126,928	Oddity Tech Ltd., Cl A[1]	4,300,841	5,333,514
29,369	Wix.com Ltd.[1]	2,121,011	6,301,119
Total Israel		9,087,450	16,542,932
Italy (0.85%)			
125,584	Stevanato Group SpA	2,649,721	2,736,475
Japan (10.57%)			
143,650	Ajinomoto Co., Inc.	5,357,223	5,848,114
44,775	Japan Airport Terminal Co. Ltd.	1,822,435	1,411,705
145,252	Japan Exchange Group, Inc.	1,312,805	1,611,632
10,118	Keyence Corporation	2,600,374	4,112,677
851,966	LY Corp.	2,327,705	2,252,675
295,681	Mitsubishi UFJ Financial Group, Inc., ADR	2,104,691	3,465,381
68,600	Recruit Holdings Co, Ltd.	1,093,317	4,768,243
227,200	SMS Co. Ltd.	6,237,826	2,253,384
229,191	Sumitomo Mitsui Financial Group, Inc.	3,245,627	5,500,636
18,133	Tokyo Electron Limited	1,479,590	2,725,739
Total Japan		27,581,593	33,950,186
Korea, Republic of (5.95%)			
98,752	Coupang, Inc., Cl A[1]	1,175,761	2,170,569
21,392	HD Hyundai Heavy Industries Co. Ltd.[1]	1,971,006	4,142,912
47,742	HD Korea Shipbuilding & Offshore Engineering Co. Ltd.[1]	3,415,122	7,342,220
28,658	ISC Co. Ltd.	1,178,696	1,376,639
14,855	Park Systems Corp.[1]	1,951,113	2,110,992
35,448	Samsung Electronics Co., Ltd.	1,892,966	1,265,026
6,182	SK Hynix, Inc.	786,277	708,397
Total Korea, Republic of		12,370,941	19,116,755
Netherlands (7.72%)			
90,734	AMG Critical Materials NV[3]	2,181,920	1,304,804
16,519	argenx SE, ADR[1]	463,028	10,159,185
6,122	BE Semiconductor Industries NV	787,330	839,131
56,551	DSM-Firmenich AG	7,177,151	5,716,399
45,628	Prosus NV	1,600,969	1,812,565
194,063	Universal Music Group NV	4,137,782	4,963,959
Total Netherlands		16,348,180	24,796,043
Peru (1.04%)			
18,162	Credicorp, Ltd.	2,564,129	3,329,458
Poland (3.20%)			
28,609	Dino Polska SA, 144A[1]	2,045,474	2,700,060
444,491	InPost SA[1]	4,086,824	7,588,412
Total Poland		6,132,298	10,288,472

Baron International Growth Fund — PORTFOLIO OF INVESTMENTS (Continued)

December 31, 2024

Shares		Cost	Value
Common Stocks (continued)			
Russia (0.00%)^			
487,800	Sberbank of Russia PJSC[2]	$ 1,650,983	$ 249
Spain (4.54%)			
1,033,243	eDreams ODIGEO SA[1]	7,196,118	9,311,475
102,964	Industria de Diseno Textil, S.A.	2,977,131	5,274,220
Total Spain		10,173,249	14,585,695
Sweden (1.92%)			
265,359	Epiroc AB, Cl A	4,367,765	4,624,574
56,172	EQT AB	1,787,822	1,552,809
Total Sweden		6,155,587	6,177,383
Switzerland (1.22%)			
9,861	Compagnie Financiere Richemont SA, Cl A[3]	1,154,305	1,491,714
29,618	Nestle S.A.	2,617,877	2,429,955
Total Switzerland		3,772,182	3,921,669
Taiwan (4.21%)			
20,566	eMemory Technology, Inc.	1,575,114	2,101,171
330,453	Taiwan Semiconductor Manufacturing Co., Ltd.	6,879,824	10,739,730
3,467	Taiwan Semiconductor Manufacturing Co., Ltd., ADR	211,499	684,698
Total Taiwan		8,666,437	13,525,599
United Kingdom (7.71%)			
87,652	AstraZeneca PLC, ADR	3,360,883	5,742,959
311,104	B&M European Value Retail S.A.	1,158,741	1,426,401
154,122	BAE Systems PLC	2,701,306	2,210,922
140,802	Experian plc	2,722,320	6,051,648
22,038	Linde Public Limited Company	3,213,541	9,323,836
Total United Kingdom		13,156,791	24,755,766
United States (4.15%)			
42,137	Agilent Technologies, Inc.	1,642,510	5,660,685
83,212	Arch Capital Group Ltd.[1]	1,253,630	7,684,628
Total United States		2,896,140	13,345,313
TOTAL COMMON STOCKS		**208,640,570**	**309,619,124**
Warrants (0.00%)			
Canada (0.00%)			
5,029	Constellation Software, Inc. Exp. 3/31/2040[1,2]	**0**	**0**

Principal Amount		Cost	Value
Short-Term Investments (4.18%)			
$13,443,762	Repurchase Agreement with Fixed Income Clearing Corp., dated 12/31/2024, 3.85% due 1/2/2025; Proceeds at maturity $13,446,637; (Fully Collateralized by $13,673,200 U.S. Treasury Note, 4.125% due 10/31/2027 Market value - $13,712,752)	**$ 13,443,762**	**$ 13,443,762**
TOTAL INVESTMENTS (100.57%)		**$222,084,332**	**323,062,886**
LIABILITIES LESS CASH AND OTHER ASSETS (-0.57%)			**(1,820,849)**
NET ASSETS			**$321,242,037**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] At December 31, 2024, the market value of restricted securities, excluding Rule 144A securities as separately described below, amounted to $249 or 0.00% 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 December 31, 2024, the market value of Rule 144A securities amounted to $9,454,866 or 2.94% of net assets.

Summary of Investments by Sector as of December 31, 2024	Percentage of Net Assets
Industrials	17.5%
Information Technology	17.0%
Consumer Discretionary	12.7%
Financials	12.0%
Health Care	11.3%
Materials	9.8%
Consumer Staples	6.9%
Communication Services	5.5%
Energy	3.3%
Real Estate	0.4%
Cash and Cash Equivalents*	3.6%
	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

December 31, 2024

Shares		Cost	Value
Common Stocks (92.79%)			
Consumer Discretionary (23.61%)			
	Casinos & Gaming (4.03%)		
1,197,600	Las Vegas Sands Corp.	$ 51,297,867	$ 61,508,736
129,055	MGM Resorts International[1]	3,934,614	4,471,756
451,249	Red Rock Resorts, Inc., Cl A	3,994,242	20,865,754
		59,226,723	86,846,246
	Home Improvement Retail (2.24%)		
195,650	Lowe's Companies, Inc.	38,943,126	48,286,420
	Homebuilding (7.93%)		
358,550	D.R. Horton, Inc.	23,254,143	50,132,461
84,200	Installed Building Products, Inc.	9,298,931	14,756,050
347,649	Lennar Corp., Cl A	23,457,068	47,408,894
466,300	Toll Brothers, Inc.	20,156,419	58,730,485
		76,166,561	171,027,890
	Hotels, Resorts & Cruise Lines (9.41%)		
423,550	Expedia Group, Inc.[1]	71,695,003	78,920,071
261,250	Hilton Worldwide Holdings, Inc.	43,363,280	64,570,550
378,100	Hyatt Hotels Corp., Cl A	48,394,212	59,354,138
		163,452,495	202,844,759
Total Consumer Discretionary		337,788,905	509,005,315
Financials (12.79%)			
	Asset Management & Custody Banks (12.79%)		
623,550	Blackstone, Inc.	61,993,323	107,512,491
1,163,056	Brookfield Asset Management Ltd., Cl A[2]	46,233,035	63,026,004
1,831,075	Brookfield Corp., Cl A[2]	75,643,472	105,195,259
Total Financials		183,869,830	275,733,754
Industrials (4.04%)			
	Building Products (1.55%)		
59,200	Builders FirstSource, Inc.[1]	8,219,673	8,461,456
361,700	Trex Co., Inc.[1]	25,211,174	24,968,151
		33,430,847	33,429,607
	Trading Companies & Distributors (2.49%)		
406,735	SiteOne Landscape Supply, Inc.[1]	51,129,838	53,595,471
Total Industrials		84,560,685	87,025,078
Information Technology (4.90%)			
	Internet Services & Infrastructure (4.90%)		
4,442,498	GDS Holdings Ltd., ADR[1,2]	56,422,249	105,553,753
Materials (4.34%)			
	Construction Materials (1.61%)		
134,695	Vulcan Materials Co.	26,111,108	34,647,595
	Forest Products (2.73%)		
568,552	Louisiana-Pacific Corp.	52,425,585	58,873,559
Total Materials		78,536,693	93,521,154
Common Stocks (continued)			
Real Estate (43.11%)			
	Data Center REITs (12.89%)		
504,554	Digital Realty Trust, Inc.	$ 62,811,577	$ 89,472,561
199,735	Equinix, Inc.	143,841,236	188,328,134
		206,652,813	277,800,695
	Health Care REITs (4.45%)		
760,650	Welltower, Inc.	69,750,531	95,864,720
	Multi-Family Residential REITs (4.23%)		
152,915	AvalonBay Communities, Inc.	30,049,712	33,636,713
802,202	Equity Residential	51,477,732	57,566,015
		81,527,444	91,202,728
	Office REITs (6.19%)		
1,196,350	Kilroy Realty Corp.	49,146,789	48,392,357
2,021,750	Vornado Realty Trust	71,359,246	84,994,370
		120,506,035	133,386,727
	Other Specialized REITs (0.35%)		
72,750	Iron Mountain, Inc.	8,454,033	7,646,753
	Real Estate Services (12.55%)		
807,150	CBRE Group, Inc., Cl A[1]	70,555,716	105,970,723
836,413	CoStar Group, Inc.[1]	47,025,088	59,878,807
413,642	Jones Lang LaSalle, Inc.[1]	80,909,322	104,709,336
		198,490,126	270,558,866
	Retail REITs (2.45%)		
2,655,032	The Macerich Co.	49,126,019	52,888,237
Total Real Estate		734,507,001	929,348,726
TOTAL COMMON STOCKS		**1,475,685,363**	**2,000,187,780**

Principal Amount		Cost	Value
Short-Term Investments (6.96%)			
$150,071,983	Repurchase Agreement with Fixed Income Clearing Corp., dated 12/31/2024, 3.85% due 1/2/2025; Proceeds at maturity $150,104,082; (Fully Collateralized by $151,177,800 U.S. Treasury Note, 4.125% due 2/15/2027 Market value - $153,073,432)	**150,071,983**	**150,071,983**
TOTAL INVESTMENTS (99.75%)		**$1,625,757,346**	**2,150,259,763**
CASH AND OTHER ASSETS LESS LIABILITIES (0.25%)			**5,456,670**
NET ASSETS			**$2,155,716,433**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
[ADR] American Depositary Receipt.

Baron Emerging Markets Fund — PORTFOLIO OF INVESTMENTS

December 31, 2024

Shares		Cost	Value
Common Stocks (98.68%)			
Argentina (0.39%)			
8,313	MercadoLibre, Inc.[1]	$ 14,805,970	$ 14,135,758
Brazil (5.02%)			
1,237,315	Afya Ltd., Cl A[1]	26,538,292	19,648,562
2,728,210	Banco BTG Pactual SA	19,025,640	12,001,252
1,717,498	Inter & Co., Inc. BDR	6,897,527	7,185,194
5,674,912	Localiza Rent a Car SA	37,926,802	29,558,222
2,252,646	NU Holdings Ltd., Cl A[1]	17,368,555	23,337,413
926,285	Sigma Lithium Corp.[1]	13,181,950	10,392,918
4,099,322	Suzano SA	33,323,940	41,231,572
2,615,421	WEG SA	20,876,500	22,340,420
1,334,453	XP, Inc., Cl A	16,959,365	15,813,268
Total Brazil		192,098,571	181,508,821
China (26.59%)			
1,070,241	Alibaba Group Holding Limited, ADR	87,898,169	90,745,734
20,352,485	China Mengniu Dairy Co. Ltd.	36,833,294	45,530,878
2,103,279	Contemporary Amperex Technology Co. Ltd., Cl A	60,721,919	76,665,840
7,360,275	Full Truck Alliance Co. Ltd., ADR	53,705,895	79,638,176
4,802,853	Fuyao Glass Industry Group Co. Ltd., Cl A	28,723,607	41,059,399
2,552,512	Galaxy Entertainment Group Ltd.	15,626,241	10,745,140
904,340	JD.com, Inc., ADR	34,814,118	31,353,468
4,036,505	Jiangsu Hengli Hydraulic Co. Ltd., Cl A	30,730,617	29,184,083
1,261,764	Kanzhun Ltd., ADR[1]	19,384,133	17,412,343
40,505,642	Kingdee International Software Group Co. Ltd.[1]	31,127,201	44,017,071
523,087	Kingsoft Corp. Ltd.	1,390,067	2,246,080
91,218	Kweichow Moutai Co. Ltd., Cl A	21,942,378	19,045,448
3,754,800	Meituan, Cl B, 144A[1]	57,642,103	73,005,925
2,014,625	Midea Group Co. Ltd.[1]	15,238,940	19,388,492
1,962,813	Midea Group Co., Ltd., Cl A	12,786,562	20,222,264
10,752,405	NARI Technology Co. Ltd., Cl A	33,587,994	37,157,668
6,732,170	SF Holding Co. Ltd., Cl H[1]	29,986,176	29,254,664
217,324	Shenzhen Mindray Bio-Medical Electronics Co. Ltd., Cl A	6,141,406	7,590,671
5,277,360	Shenzhou International Group Holdings Ltd.	29,395,220	41,622,747
2,710,734	Tencent Holdings Limited	57,675,110	144,679,522
517,774	Tencent Holdings Limited, ADR	21,774,942	27,535,221
2,285,348	Tencent Music Entertainment Group, ADR	21,576,878	25,938,700
239,044	Yum China Holdings, Inc., (Hong Kong)	12,303,326	11,427,829
1,393,018	Zai Lab Limited, ADR[1]	27,961,325	36,483,141
Total China		748,967,621	961,950,504
Hong Kong (1.30%)			
10,833,485	Budweiser Brewing Co. APAC Ltd., 144A	24,652,356	10,346,732
2,786,350	Techtronic Industries Co. Ltd.	10,849,467	36,629,199
Total Hong Kong		35,501,823	46,975,931
India (27.51%)			
2,563,257	Aarti Industries Ltd.	25,728,207	12,251,824
578,978	Bajaj Finance Limited	24,582,825	46,039,484
3,888,150	Bharti Airtel Ltd.	27,508,899	71,991,674
1,312,923	Bharti Airtel Ltd. PP	5,357,016	18,014,289
714,588	Cholamandalam Investment & Finance Co. Ltd.	11,436,744	9,878,734
480,924	Cummins India Ltd.	21,376,949	18,341,756
7,031,903	DCW Ltd.[1]	7,955,403	7,495,650
2,660,674	Godrej Consumer Products Ltd.	30,181,840	33,568,385
929,090	Godrej Properties Ltd.[1]	16,980,600	30,144,005

Shares		Cost	Value
Common Stocks (continued)			
India (continued)			
1,302,364	HDFC Bank Ltd.	$ 21,982,076	$ 26,933,288
10,912,633	Indus Towers Ltd.[1]	30,734,337	43,432,857
674,195	InterGlobe Aviation Ltd., 144A[1]	25,520,192	35,787,658
8,067,608	Jio Financial Services Ltd.[1]	19,405,179	28,068,696
28,808,717	JM Financial Limited	34,088,876	43,617,933
658,280	Kaynes Technology India Ltd.[1]	23,284,687	56,871,575
895,648	Mahindra & Mahindra Ltd.	16,644,736	31,350,550
2,573,958	Max Healthcare Institute Ltd.	18,623,790	33,834,985
4,971,038	Nippon Life India Asset Management Ltd., 144A	15,922,489	42,110,678
296,587	Nuvama Wealth Management Ltd.	11,490,597	23,964,208
12,311,916	Power Grid Corp. of India Ltd.	47,003,728	44,314,415
3,416,919	Reliance Industries Limited	28,080,447	48,392,464
2,280,545	SBI Life Insurance Company Limited, 144A	23,274,814	36,956,033
487,319	SRF Ltd.	15,183,884	12,713,092
14,689,512	Swiggy Ltd.[1]	70,999,923	92,807,020
1,479,688	Tata Communications Ltd.	7,675,846	29,373,158
1,729,760	Tata Consumer Products Ltd.	6,029,694	18,446,510
445,432	Titan Co. Ltd.	6,007,824	16,886,285
986,298	Trent Ltd.	19,365,335	81,833,265
Total India		612,426,937	995,420,471
Indonesia (0.77%)			
110,111,271	Bank Rakyat Indonesia (Persero) Tbk PT	32,067,545	27,797,419
Korea, Republic of (12.75%)			
2,476,384	Coupang, Inc., Cl A[1]	30,557,071	54,430,920
1,407,496	Hanwha Systems Co. Ltd.	24,770,411	21,516,549
319,756	HD Hyundai Heavy Industries Co. Ltd.[1]	16,755,773	61,925,993
705,201	HD Korea Shipbuilding & Offshore Engineering Co. Ltd.[1]	62,483,489	108,452,534
512,652	HPSP Co. Ltd.	11,426,627	8,886,598
547,798	ISC Co. Ltd.	20,650,943	26,314,476
268,984	KB Financial Group, Inc.	12,879,816	15,146,747
793,582	Korea Aerospace Industries Ltd.	27,018,907	29,490,934
135,280	Park Systems Corp.[1]	17,737,600	19,224,164
30,136	Samsung Biologics Co. Ltd., 144A[1]	23,555,920	19,310,172
1,650,811	Samsung Electronics Co., Ltd.	39,876,064	58,912,170
77,864	Samsung SDI Co. Ltd.[1]	28,063,520	12,870,045
215,420	SK Hynix, Inc.	18,423,460	24,685,045
Total Korea, Republic of		334,199,601	461,166,347
Mexico (1.34%)			
7,110,590	Grupo Mexico S.A.B. de C.V., Series B	17,337,612	33,856,380
5,528,107	Wal-Mart de Mexico, S.A.B de C.V.	12,103,087	14,550,022
Total Mexico		29,440,699	48,406,402
Peru (1.50%)			
296,670	Credicorp, Ltd.	37,657,393	54,385,544
Philippines (1.58%)			
35,413,065	Ayala Land, Inc.	23,215,722	15,939,232
16,713,651	BDO Unibank, Inc.	29,281,259	41,345,735
Total Philippines		52,496,981	57,284,967
Poland (2.92%)			
304,908	Dino Polska SA, 144A[1]	27,178,770	28,776,606
4,511,744	InPost SA[1]	55,790,229	77,025,119
Total Poland		82,968,999	105,801,725

Baron Emerging Markets Fund — PORTFOLIO OF INVESTMENTS (Continued)

December 31, 2024

Shares		Cost	Value
Common Stocks (continued)			
Russia (0.00%)^			
17,949,100	Sberbank of Russia PJSC[2]	$ 64,430,586	$ 9,156
South Africa (1.34%)			
644,582	Gold Fields Ltd.	6,833,337	8,433,315
1,541,455	Gold Fields Ltd., ADR	15,561,359	20,347,206
88,900	Naspers Ltd., Cl N	12,563,141	19,687,570
Total South Africa		34,957,837	48,468,091
Spain (0.39%)			
1,791,760	Codere Online Luxembourg, S.A. Forward Shares[1]	17,917,600	11,556,852
358,352	Codere Online Luxembourg, S.A. Founders Shares[1]	3,116	2,311,371
26,518	Codere Online Luxembourg, S.A. Private Shares, Cl A[1]	265,181	171,041
Total Spain		18,185,897	14,039,264
Taiwan (14.55%)			
146,999	ASPEED Technology, Inc.	16,072,130	14,877,477
1,358,013	Chroma ATE, Inc.	13,708,802	16,896,853
4,882,451	Delta Electronics, Inc.	17,698,671	63,907,563
2,728,752	E Ink Holdings, Inc.	22,758,408	22,721,630
281,926	eMemory Technology, Inc.	23,012,621	28,803,595
9,510,315	Taiwan Semiconductor Manufacturing Co., Ltd.	174,678,044	309,085,455
354,335	Taiwan Semiconductor Manufacturing Co., Ltd., ADR	6,424,194	69,977,619
Total Taiwan		274,352,870	526,270,192
United Arab Emirates (0.73%)			
69,595,721	Talabat Holding PLC[1]	30,548,638	26,526,731
TOTAL COMMON STOCKS		**2,595,107,968**	**3,570,147,323**
Private Common Stocks (1.15%)			
India (1.15%)			
27,027	Pine Labs PTE. Ltd., Series 1[1,2]	10,077,362	10,434,854
6,833	Pine Labs PTE. Ltd., Series A[1,2]	2,547,771	2,638,153
7,600	Pine Labs PTE. Ltd., Series B[1,2]	2,833,757	2,934,284
6,174	Pine Labs PTE. Ltd., Series B2[1,2]	2,302,055	2,383,720
9,573	Pine Labs PTE. Ltd., Series C[1,2]	3,569,416	3,696,040
1,932	Pine Labs PTE. Ltd., Series C1[1,2]	720,371	745,926
2,459	Pine Labs PTE. Ltd., Series D[1,2]	916,870	949,395
45,680	Pine Labs PTE. Ltd., Series J[1,2]	17,032,398	17,636,591
TOTAL PRIVATE COMMON STOCKS		**40,000,000**	**41,418,963**
Private Convertible Preferred Stocks (0.00%)^			
India (0.00%)^			
15,334	Think & Learn Private Limited, Series F[1,2]	**49,776,072**	**73,536**
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**	**7,955**

Principal Amount		Cost	Value
Short-Term Investments (1.01%)			
$36,677,785	Repurchase Agreement with Fixed Income Clearing Corp., dated 12/31/2024, 3.85% due 1/2/2025; Proceeds at maturity $36,685,630; (Fully Collateralized by $21,763,100 U.S. Treasury Note, 4.125% due 2/15/2027 Market value - $22,036,007 and Fully Collateralized by $15,331,100 U.S. Treasury Note, 4.125% due 10/31/2027 Market value - $15,375,396)	$ 36,677,785	$ 36,677,785
TOTAL INVESTMENTS (100.84%)		**$2,721,561,825**	**3,648,325,562**
LIABILITIES LESS CASH AND OTHER ASSETS (-0.84%)			**(30,404,688)**
NET ASSETS			**$3,617,920,874**

% Represents percentage of net assets.
^ Rounds to less than 0.01%.
1 Non-income producing securities.
2 At December 31, 2024, the market value of restricted securities, excluding Rule 144A securities as separately described below, amounted to $41,501,655 or 1.15% 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 December 31, 2024, the market value of Rule 144A securities amounted to $246,293,804 or 6.81% of net assets.

Summary of Investments by Sector as of December 31, 2024	Percentage of Net Assets
Information Technology	21.5%
Consumer Discretionary	19.7%
Industrials	19.2%
Financials	13.7%
Communication Services	10.5%
Consumer Staples	4.7%
Materials	4.1%
Health Care	2.7%
Energy	1.3%
Real Estate	1.3%
Utilities	1.2%
Cash and Cash Equivalents*	0.2%
	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

December 31, 2024

Shares		Cost	Value
Common Stocks (89.02%)			
Argentina (9.01%)			
61,883	Globant S.A.[1]	$ 4,029,714	$ 13,268,953
23,414	MercadoLibre, Inc.[1]	11,969,268	39,814,102
Total Argentina		15,998,982	53,083,055
Brazil (1.30%)			
483,261	Afya Ltd., Cl A[1]	8,742,077	7,674,185
Canada (9.48%)			
525,424	Shopify, Inc., Cl A[1]	19,140,093	55,868,334
China (0.66%)			
40,272	PDD Holdings, Inc.[1]	5,667,876	3,905,981
India (6.37%)			
203,149	Bajaj Finance Limited	11,299,075	16,154,111
6,607,712	Zomato Ltd.[1]	10,977,766	21,404,757
Total India		22,276,841	37,558,868
Israel (4.96%)			
323,315	Fiverr International Ltd.[1]	7,334,441	10,258,785
88,332	Wix.com Ltd.[1]	7,441,819	18,951,631
Total Israel		14,776,260	29,210,416
Korea, Republic of (4.72%)			
1,266,419	Coupang, Inc., Cl A[1]	21,124,082	27,835,890
Netherlands (9.70%)			
8,934	Adyen N.V., 144A[1]	6,863,044	13,276,620
44,829	argenx SE, ADR[1]	2,465,088	27,569,835
23,273	ASML Holding N.V.	4,319,538	16,301,205
Total Netherlands		13,647,670	57,147,660
Poland (2.12%)			
733,515	InPost SA[1]	8,201,625	12,522,670
Spain (1.32%)			
827,902	Codere Online Luxembourg S.A.[1]	7,576,156	5,339,968
271,380	Codere Online Luxembourg, S.A. Forward Shares[1]	2,713,800	1,750,401
104,612	Codere Online Luxembourg, S.A. Founders Shares[1]	910	674,747
Total Spain		10,290,866	7,765,116
Taiwan (1.11%)			
33,094	Taiwan Semiconductor Manufacturing Co., Ltd., ADR	5,389,735	6,535,733
United Kingdom (2.62%)			
500,477	Endava plc, ADR[1]	19,020,911	15,464,739
United States (35.65%)			
139,157	Bill.Com Holdings, Inc.[1]	5,551,114	11,787,989
171,036	Block, Inc.[1]	13,804,826	14,536,350
345,359	Cloudflare, Inc., Cl A[1]	7,427,363	37,188,257
22,497	Crowdstrike Holdings, Inc., Cl A[1]	1,126,875	7,697,573
159,444	Datadog, Inc., Cl A[1]	6,376,119	22,782,953
387,028	GDS Holdings Ltd., ADR[1]	4,436,268	9,195,785
154	GRAIL, Inc.[1]	7,341	2,749
49,941	Illumina, Inc.[1]	6,073,385	6,673,616
1,423,030	indie Semiconductor, Inc., Cl A[1]	8,017,750	5,763,271
362,023	NVIDIA Corp.	6,828,742	48,616,069
25,007	ServiceTitan, Inc., Cl A[1]	1,775,497	2,572,470

Shares		Cost	Value
Common Stocks (continued)			
United States (continued)			
116,938	Snowflake, Inc., Cl A[1]	$ 14,032,560	$ 18,056,397
24,680	Tesla, Inc.[1]	5,765,746	9,966,771
74,811	Viking Therapeutics, Inc.[1]	4,953,838	3,010,395
68,332	Zscaler, Inc.[1]	3,074,763	12,327,776
Total United States		89,252,187	210,178,421
TOTAL COMMON STOCKS		**253,529,205**	**524,751,068**
Private Common Stocks (10.37%)			
United States (10.37%)			
299,761	Farmers Business Network, Inc.[1,2]	12,250,007	557,556
252,130	Space Exploration Technologies Corp., Cl A[1,2]	11,571,518	46,644,050
75,250	Space Exploration Technologies Corp., Cl C[1,2]	3,428,124	13,921,250
TOTAL PRIVATE COMMON STOCKS		**27,249,649**	**61,122,856**
Private Convertible Preferred Stocks (0.01%)			
India (0.01%)			
9,201	Think & Learn Private Limited, Series F[1,2]	**29,867,591**	**44,124**
Private Preferred Stocks (0.08%)			
United States (0.08%)			
461,004	GM Cruise Holdings LLC, Cl G[1,2]	**12,147,455**	**461,005**
Warrants (0.06%)			
Israel (0.01%)			
68,986	Innovid Corp., Exp. 12/31/2027 exercise price USD 11.50[1]	117,942	7,582
228,748	Taboola.com Ltd., Exp. 6/29/2026 exercise price USD 11.50[1]	417,100	71,621
Total Israel		535,042	79,203
Spain (0.05%)			
502,360	Codere Online Luxembourg S.A. Private Shares, Exp. 11/30/2026 exercise price USD 11.50[1]	845,632	301,416
TOTAL WARRANTS		**1,380,674**	**380,619**
TOTAL INVESTMENTS (99.54%)		**$324,174,574**	**586,759,672**
CASH AND OTHER ASSETS LESS LIABILITIES (0.46%)			**2,729,326**
NET ASSETS			**$589,488,998**

% Represents percentage of net assets.

[1] Non-income producing securities.

[2] At December 31, 2024, the market value of restricted securities, excluding Rule 144A securities as separately described below, amounted to $61,627,985 or 10.45% 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 December 31, 2024, the market value of Rule 144A securities amounted to $13,276,620 or 2.25% of net assets.

Baron Global Advantage Fund — PORTFOLIO OF INVESTMENTS (Continued)

December 31, 2024

Summary of Investments by Sector as of December 31, 2024	Percentage of Net Assets
Information Technology	51.3%
Consumer Discretionary	20.1%
Industrials	14.2%
Financials	7.5%
Health Care	6.3%
Materials	0.1%
Communication Services	0.0%^
Cash and Cash Equivalents*	0.5%
	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

December 31, 2024

Shares		Cost	Value
Common Stocks (96.08%)			
Communication Services (5.20%)			
	Interactive Media & Services (1.23%)		
120,000	Reddit, Inc., Cl A[1]	$ 4,080,000	$ 19,612,800
	Movies & Entertainment (3.97%)		
185,000	Liberty Media Corporation-Liberty Formula One, Cl A[1]	5,408,362	15,547,400
700,000	Liberty Media Corporation-Liberty Live, Cl C[1]	24,701,179	47,642,000
		30,109,541	63,189,400
Total Communication Services		34,189,541	82,802,200
Consumer Discretionary (10.75%)			
	Apparel, Accessories & Luxury Goods (0.89%)		
260,000	Brunello Cucinelli SpA, ADR[2]	13,057,598	14,201,104
	Casinos & Gaming (3.76%)		
1,235,000	DraftKings, Inc., Cl A[1]	23,984,451	45,942,000
300,000	Red Rock Resorts, Inc., Cl A	9,685,392	13,872,000
		33,669,843	59,814,000
	Footwear (1.21%)		
350,000	On Holding AG, Cl A[1,2]	7,945,300	19,169,500
	Home Improvement Retail (1.88%)		
300,000	Floor & Decor Holdings, Inc., Cl A[1]	9,074,455	29,910,000
	Homefurnishing Retail (0.74%)		
30,000	RH[1]	7,459,296	11,807,700
	Restaurants (2.27%)		
200,000	Texas Roadhouse, Inc.	17,901,519	36,086,000
Total Consumer Discretionary		89,108,011	170,988,304
Financials (3.71%)			
	Insurance Brokers (1.52%)		
785,000	TWFG, Inc.[1]	16,660,641	24,178,000
	Property & Casualty Insurance (2.19%)		
75,000	Kinsale Capital Group, Inc.	3,355,498	34,884,750
Total Financials		20,016,139	59,062,750
Health Care (19.59%)			
	Health Care Equipment (7.43%)		
766,956	Inari Medical, Inc.[1]	38,490,107	39,153,104
104,000	Inspire Medical Systems, Inc.[1]	22,298,540	19,279,520
158,000	Integer Holdings Corp.[1]	18,388,085	20,938,160
235,000	Masimo Corp.[1]	31,556,825	38,845,500
		110,733,557	118,216,284
	Health Care Supplies (1.65%)		
569,085	Establishment Labs Holdings, Inc.[1,2]	29,943,086	26,217,746
	Life Sciences Tools & Services (10.51%)		
1,681,454	CareDx, Inc.[1,4]	19,780,040	35,999,930
680,000	Exact Sciences Corp.[1,4]	31,376,661	38,209,200
1,629,676	Maravai LifeSciences Holdings, Inc., Cl A[1]	15,496,854	8,881,734
122,500	Repligen Corp.[1]	19,531,284	17,632,650
1,281,429	Stevanato Group SpA[2]	32,667,703	27,922,338
358,139	Tempus AI, Inc., Cl A[1]	14,157,947	12,090,773
668,790	Veracyte, Inc.[1,4]	17,030,107	26,484,084
		150,040,596	167,220,709
Total Health Care		290,717,239	311,654,739

Shares		Cost	Value
Common Stocks (continued)			
Industrials (21.47%)			
	Aerospace & Defense (8.73%)		
67,095	Axon Enterprise, Inc.[1]	$ 6,239,999	$ 39,875,901
1,942,158	Kratos Defense & Security Solutions, Inc.[1]	26,482,410	51,234,128
125,000	Loar Holdings, Inc.[1]	6,673,190	9,238,750
920,380	Mercury Systems, Inc.[1]	33,144,240	38,655,960
		72,539,839	139,004,739
	Building Products (1.49%)		
70,000	AAON, Inc.	5,033,071	8,237,600
225,000	Trex Co., Inc.[1]	9,525,718	15,531,750
		14,558,789	23,769,350
	Environmental & Facilities Services (2.06%)		
1,763,493	Montrose Environmental Group, Inc.[1,3]	38,055,348	32,712,795
	Human Resource & Employment Services (2.51%)		
550,000	Dayforce, Inc.[1]	29,611,830	39,952,000
	Industrial Machinery & Supplies & Components (4.40%)		
200,000	Chart Industries, Inc.[1]	26,265,365	38,168,000
375,000	Enerpac Tool Group Corp., Cl A	14,358,665	15,408,750
55,000	RBC Bearings, Inc.[1]	11,183,890	16,452,700
		51,807,920	70,029,450
	Trading Companies & Distributors (2.28%)		
275,000	SiteOne Landscape Supply, Inc.[1]	22,980,691	36,236,750
Total Industrials		229,554,417	341,705,084
Information Technology (32.73%)			
	Application Software (13.43%)		
500,000	Alkami Technology, Inc.[1]	10,351,966	18,340,000
1,500,000	Clearwater Analytics Holdings, Inc., Cl A[1]	25,944,978	41,280,000
677,889	Gitlab, Inc., Cl A[1,4]	25,647,628	38,199,045
235,357	Guidewire Software, Inc.[1]	18,259,547	39,676,483
395,000	Intapp, Inc.[1]	14,158,288	25,315,550
375,000	Procore Technologies, Inc.[1]	24,508,547	28,098,750
222,623	ServiceTitan, Inc., Cl A[1]	20,391,471	22,901,228
		139,262,425	213,811,056
	Electronic Equipment & Instruments (5.91%)		
275,321	Advanced Energy Industries, Inc.	17,644,532	31,835,367
74,131	Novanta, Inc.[1,2]	8,196,882	11,324,993
700,000	PAR Technology Corp.[1]	21,961,338	50,869,000
		47,802,752	94,029,360
	IT Consulting & Other Services (0.80%)		
153,731	ASGN, Inc.[1]	13,043,545	12,811,941
	Semiconductor Materials & Equipment (0.97%)		
78,129	Nova Ltd.[1,2]	1,784,398	15,387,507
	Semiconductors (1.98%)		
4,507,493	indie Semiconductor, Inc., Cl A[1]	37,165,033	18,255,347
61,600	SiTime Corp.[1]	6,114,169	13,215,048
		43,279,202	31,470,395

Baron Discovery Fund — PORTFOLIO OF INVESTMENTS (Continued)

December 31, 2024

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (continued)			
	Systems Software (9.64%)		
1,070,100	Couchbase, Inc.[1,4]	$ 20,819,110	$ 16,682,859
160,200	CyberArk Software Ltd.[1,2]	20,574,697	53,370,630
430,775	Dynatrace, Inc.[1,4]	10,425,484	23,412,621
1,775,000	SentinelOne, Inc., Cl A[1]	29,985,343	39,405,000
461,000	Varonis Systems, Inc.[1]	9,834,763	20,482,230
		91,639,397	153,353,340
Total Information Technology		336,811,719	520,863,599
Real Estate (2.63%)			
	Multi-Family Residential REITs (1.25%)		
1,000,000	Independence Realty Trust, Inc.	20,056,917	19,840,000
	Retail REITs (1.38%)		
1,100,000	The Macerich Co.	21,307,627	21,912,000
Total Real Estate		41,364,544	41,752,000
TOTAL COMMON STOCKS		**1,041,761,610**	**1,528,828,676**

Principal Amount			
Short-Term Investments (3.89%)			
$61,951,579	Repurchase Agreement with Fixed Income Clearing Corp., dated 12/31/2024, 3.85% due 1/2/2025; Proceeds at maturity $61,964,830; (Fully Collateralized by $62,408,100 U.S. Treasury Note, 4.125% due 2/15/2027 Market value - $63,190,667)	**61,951,579**	**61,951,579**
TOTAL INVESTMENTS (99.97%)		**$1,103,713,189**	**1,590,780,255**
CASH AND OTHER ASSETS LESS LIABILITIES (0.03%)			**542,494**
NET ASSETS			**$1,591,322,749**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 An "Affiliated" investment may include any company in which the Fund owns 5% or more of its outstanding shares.
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 Durable Advantage Fund — PORTFOLIO OF INVESTMENTS

December 31, 2024

Shares		Cost	Value
Common Stocks (99.66%)			
Communication Services (11.53%)			
	Interactive Media & Services (11.53%)		
116,682	Alphabet, Inc., Cl C	$ 15,667,505	$ 22,220,920
57,053	Meta Platforms, Inc., Cl A	17,492,254	33,405,102
Total Communication Services		33,159,759	55,626,022
Consumer Discretionary (7.36%)			
	Broadline Retail (7.36%)		
161,969	Amazon.com, Inc.[1]	23,545,746	35,534,379
Consumer Staples (1.40%)			
	Consumer Staples Merchandise Retail (1.40%)		
7,370	Costco Wholesale Corp.	4,068,670	6,752,910
Financials (31.66%)			
	Asset Management & Custody Banks (6.48%)		
97,042	Blackstone, Inc.	11,094,591	16,731,982
253,265	Brookfield Corp., Cl A[2]	9,805,361	14,550,074
		20,899,952	31,282,056
	Diversified Financial Services (4.02%)		
117,429	Apollo Global Management, Inc.	12,322,464	19,394,573
	Financial Exchanges & Data (10.59%)		
21,113	CME Group, Inc.	4,120,848	4,903,072
33,741	Moody's Corp.	12,212,562	15,971,977
18,137	MSCI, Inc.	9,108,981	10,882,382
38,811	S&P Global, Inc.	15,626,793	19,329,042
		41,069,184	51,086,473
	Investment Banking & Brokerage (2.22%)		
32,846	LPL Financial Holdings, Inc.	7,731,961	10,724,547
	Property & Casualty Insurance (1.69%)		
88,182	Arch Capital Group Ltd.[1,2]	5,523,457	8,143,608
	Transaction & Payment Processing Services (6.66%)		
23,590	Mastercard, Incorporated, Cl A	9,517,135	12,421,786
62,415	Visa, Inc., Cl A	15,919,404	19,725,637
		25,436,539	32,147,423
Total Financials		112,983,557	152,778,680
Health Care (8.91%)			
	Life Sciences Tools & Services (6.62%)		
35,986	Agilent Technologies, Inc.	4,598,360	4,834,359
42,419	Danaher Corp.	9,735,316	9,737,282
4,982	Mettler-Toledo International, Inc.[1]	6,246,556	6,096,374
21,635	Thermo Fisher Scientific, Inc.	11,477,399	11,255,176
		32,057,631	31,923,191
	Managed Health Care (2.29%)		
21,890	UnitedHealth Group, Incorporated	10,438,326	11,073,275
Total Health Care		42,495,957	42,996,466

Shares		Cost	Value
Common Stocks (continued)			
Industrials (6.07%)			
	Aerospace & Defense (4.52%)		
63,732	HEICO Corp., Cl A	$ 9,083,174	$ 11,859,251
7,844	TransDigm Group, Inc.[1]	10,805,327	9,940,544
		19,888,501	21,799,795
	Research & Consulting Services (1.55%)		
58,147	Booz Allen Hamilton Holding Corp.	9,387,099	7,483,519
Total Industrials		29,275,600	29,283,314
Information Technology (30.38%)			
	Application Software (3.78%)		
19,136	Adobe, Inc.[1]	9,447,650	8,509,396
15,471	Intuit, Inc.	8,012,689	9,723,524
		17,460,339	18,232,920
	IT Consulting & Other Services (1.75%)		
24,078	Accenture plc, Cl A[2]	7,728,442	8,470,400
	Semiconductors (17.17%)		
107,620	Broadcom, Inc.	14,476,414	24,950,621
8,503	Monolithic Power Systems, Inc.	3,697,232	5,031,225
180,820	NVIDIA Corp.	7,499,896	24,282,318
113,945	Taiwan Semiconductor Manufacturing Co., Ltd., ADR[2]	15,262,651	22,502,998
32,488	Texas Instruments, Inc.	5,702,070	6,091,825
		46,638,263	82,858,987
	Systems Software (7.68%)		
87,961	Microsoft Corporation	30,893,594	37,075,561
Total Information Technology		102,720,638	146,637,868
Real Estate (2.35%)			
	Health Care REITs (0.51%)		
19,614	Welltower, Inc.	2,460,909	2,471,952
	Real Estate Services (1.84%)		
124,189	CoStar Group, Inc.[1]	10,849,189	8,890,691
Total Real Estate		13,310,098	11,362,643
TOTAL COMMON STOCKS		**361,560,025**	**480,972,282**

Principal Amount			
Short-Term Investments (0.23%)			
$1,094,896	Repurchase Agreement with Fixed Income Clearing Corp., dated 12/31/2024, 3.85% due 1/2/2025; Proceeds at maturity $1,095,130; (Fully Collateralized by $1,103,000 U.S. Treasury Note, 4.125% due 2/15/2027 Market value - $1,116,867)	**1,094,896**	**1,094,896**
TOTAL INVESTMENTS (99.89%)		**$362,654,921**	**482,067,178**
CASH AND OTHER ASSETS LESS LIABILITIES (0.11%)			**554,393**
NET ASSETS			**$482,621,571**

% 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

December 31, 2024

Shares		Cost	Value
Common Stocks (93.80%)			
Consumer Discretionary (1.41%)			
	Hotels, Resorts & Cruise Lines (1.41%)		
10,447	Hilton Worldwide Holdings, Inc.	$ 2,063,991	$ 2,582,081
Financials (10.83%)			
	Asset Management & Custody Banks (10.83%)		
35,457	Blackstone, Inc.	4,891,377	6,113,496
145,265	Brookfield Corp., Cl A[2]	6,830,319	8,345,474
99,816	Brookfield Asset Management Ltd., Cl A[2]	4,067,568	5,409,029
Total Financials		15,789,264	19,867,999
Information Technology (5.71%)			
	Internet Services & Infrastructure (5.71%)		
441,208	GDS Holdings Ltd., ADR[1,2]	4,035,091	10,483,102
Real Estate (75.85%)			
	Data Center REITs (16.17%)		
61,276	Digital Realty Trust, Inc.	7,244,799	10,866,073
19,939	Equinix, Inc.	15,131,900	18,800,284
		22,376,699	29,666,357
	Health Care REITs (15.58%)		
122,775	American Healthcare REIT, Inc.	3,488,148	3,489,266
89,716	Healthpeak Properties, Inc.	1,629,234	1,818,543
136,979	Ventas, Inc.	7,461,046	8,066,693
120,814	Welltower, Inc.	9,588,236	15,226,189
		22,166,664	28,600,691
	Hotel & Resort REITs (3.70%)		
332,317	Park Hotels & Resorts, Inc.	4,884,128	4,675,700
20,315	Ryman Hospitality Properties, Inc.	2,126,952	2,119,667
		7,011,080	6,795,367
	Multi-Family Residential REITs (14.38%)		
30,240	AvalonBay Communities, Inc.	5,707,962	6,651,893
164,082	Equity Residential	10,890,726	11,774,524
401,781	Independence Realty Trust, Inc.	7,626,166	7,971,335
		24,224,854	26,397,752
	Office REITs (9.17%)		
153,627	Kilroy Realty Corp.	6,297,951	6,214,212
252,456	Vornado Realty Trust	7,981,544	10,613,251
		14,279,495	16,827,463

Shares		Cost	Value
Common Stocks (continued)			
Real Estate (continued)			
	Other Specialized REITs (0.61%)		
10,555	Iron Mountain, Inc.	$ 1,235,129	$ 1,109,436
	Retail REITs (13.52%)		
58,536	Agree Realty Corp.	4,015,206	4,123,861
131,428	Brixmor Property Group, Inc.	3,453,836	3,658,956
501,545	The Macerich Co.	8,154,915	9,990,776
40,900	Simon Property Group, Inc.	6,407,452	7,043,389
		22,031,409	24,816,982
	Single-Family Residential REITs (2.18%)		
106,900	American Homes 4 Rent, Cl A	3,612,485	4,000,198
	Timber REITs (0.54%)		
35,435	Weyerhaeuser Co.	991,840	997,495
Total Real Estate		117,929,655	139,211,741
TOTAL COMMON STOCKS		**139,818,001**	**172,144,923**

Principal Amount			
Short-Term Investments (5.57%)			
$10,226,794	Repurchase Agreement with Fixed Income Clearing Corp., dated 12/31/2024, 3.85% due 1/2/2025; Proceeds at maturity $10,228,982; (Fully Collateralized by $10,302,200 U.S. Treasury Note, 4.125% due 2/15/2027 Market value - $10,431,429)	**10,226,794**	**10,226,794**
TOTAL INVESTMENTS (99.37%)		**$150,044,795**	**182,371,717**
CASH AND OTHER ASSETS LESS LIABILITIES (0.63%)			**1,164,408**
NET ASSETS			**$183,536,125**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
ADR American Depositary Receipt.

Baron WealthBuilder Fund — PORTFOLIO OF INVESTMENTS

December 31, 2024

Shares		Cost	Value
Affiliated Mutual Funds (100.03%)			
Small Cap Funds (30.75%)			
857,172	Baron Discovery Fund - Institutional Shares	$ 21,272,072	$ 27,918,099
816,685	Baron Growth Fund - Institutional Shares	76,709,678	78,050,584
2,118,619	Baron Small Cap Fund - Institutional Shares	68,135,556	70,062,718
Total Small Cap Funds		166,117,306	176,031,401
Small/Mid Cap Funds (7.28%)			
842,345	Baron Focused Growth Fund - Institutional Shares	26,674,857	41,662,400
Mid Cap Funds (9.78%)			
570,359	Baron Asset Fund - Institutional Shares	51,355,943	55,986,404
Large Cap Funds (8.01%)			
684,537	Baron Durable Advantage Fund - Institutional Shares	11,003,536	19,591,455
443,011	Baron Fifth Avenue Growth Fund - Institutional Shares	14,395,860	26,266,119
Total Large Cap Funds		25,399,396	45,857,574
All Cap Funds (21.28%)			
536,911	Baron Opportunity Fund - Institutional Shares	13,221,974	27,097,896
431,208	Baron Partners Fund - Institutional Shares	36,568,330	94,744,922
Total All Cap Funds		49,790,304	121,842,818
Non-U.S./Global Funds (9.35%)			
996,621	Baron Emerging Markets Fund - Institutional Shares	14,050,937	14,959,276
572,645	Baron Global Advantage Fund - Institutional Shares	15,201,850	22,797,003
586,958	Baron International Growth Fund - Institutional Shares	15,491,288	15,753,949
Total Non-U.S./Global Funds		44,744,075	53,510,228
Sector Funds (13.58%)			
909,258	Baron FinTech Fund - Institutional Shares	12,303,331	15,921,109
747,514	Baron Health Care Fund - Institutional Shares	13,045,300	14,397,113
861,396	Baron Real Estate Fund - Institutional Shares	28,329,503	34,498,911
769,285	Baron Real Estate Income Fund - Institutional Shares	12,001,304	12,916,296
Total Sector Funds		65,679,438	77,733,429
TOTAL AFFILIATED MUTUAL FUNDS (100.03%)		$429,761,319	572,624,254
LIABILITIES LESS CASH AND OTHER ASSETS (-0.03%)			(146,340)
NET ASSETS			$572,477,914

% Represents percentage of net assets.

Baron Health Care Fund — PORTFOLIO OF INVESTMENTS

December 31, 2024

Shares		Cost	Value
Common Stocks (91.07%)			
Health Care (91.07%)			
	Biotechnology (25.10%)		
122,500	Arcellx, Inc.[1]	$ 6,578,876	$ 9,394,525
23,555	argenx SE, ADR[1,2]	8,176,329	14,486,325
44,000	Biohaven Ltd.[1,2]	1,580,219	1,643,400
15,000	BioNTech SE, ADR[1,2]	1,715,055	1,709,250
60,000	Insmed, Inc.[1]	4,365,039	4,142,400
6,000	Janux Therapeutics, Inc.[1]	376,271	321,240
25,000	Kymera Therapeutics, Inc.[1]	1,170,440	1,005,750
75,000	Rocket Pharmaceuticals, Inc.[1]	1,193,462	942,750
40,000	Ultragenyx Pharmaceutical, Inc.[1]	2,256,928	1,682,800
25,000	Vaxcyte, Inc.[1]	2,737,361	2,046,500
18,000	Vertex Pharmaceuticals, Incorporated[1]	4,451,188	7,248,600
100,100	Xenon Pharmaceuticals, Inc.[1,2]	3,651,406	3,923,920
		38,252,574	48,547,460
	Health Care Equipment (23.88%)		
159,000	Boston Scientific Corp.[1]	8,552,673	14,201,880
7,500	DexCom, Inc.[1]	823,467	583,275
20,000	Glaukos Corp.[1]	1,931,207	2,998,800
6,000	IDEXX Laboratories, Inc.[1]	2,325,418	2,480,640
12,000	Inspire Medical Systems, Inc.[1]	1,660,719	2,224,560
30,233	Intuitive Surgical, Inc.[1]	7,267,519	15,780,417
22,000	Stryker Corp.	6,547,461	7,921,100
		29,108,464	46,190,672
	Health Care Facilities (2.02%)		
6,500	HCA Healthcare, Inc.	1,315,530	1,950,975
15,500	Tenet Healthcare Corp.[1]	2,022,390	1,956,565
		3,337,920	3,907,540
	Health Care Services (1.26%)		
35,000	RadNet, Inc.[1]	1,643,218	2,444,400
	Health Care Supplies (2.85%)		
60,000	The Cooper Companies, Inc.	5,160,554	5,515,800
	Life Sciences Tools & Services (14.88%)		
10,000	Bio-Techne Corporation	569,865	720,300
30,000	Danaher Corp.	7,535,467	6,886,500
7,500	Illumina, Inc.[1]	1,027,601	1,002,225
2,350	Mettler-Toledo International, Inc.[1]	2,383,840	2,875,648
35,000	Natera, Inc.[1,3]	2,256,724	5,540,500
20,000	Thermo Fisher Scientific, Inc.	10,039,092	10,404,600
4,100	West Pharmaceutical Services, Inc.	1,098,966	1,342,996
		24,911,555	28,772,769
	Managed Health Care (9.99%)		
30,000	HealthEquity, Inc.[1]	2,828,022	2,878,500
32,500	UnitedHealth Group, Incorporated	11,669,284	16,440,450
		14,497,306	19,318,950

Shares		Cost	Value
Common Stocks (continued)			
Health Care (continued)			
	Pharmaceuticals (11.09%)		
20,000	AstraZeneca PLC, ADR[2]	$ 1,147,558	$ 1,310,400
60,000	Edgewise Therapeutics, Inc.[1]	1,740,840	1,602,000
20,000	Eli Lilly & Co.	4,305,205	15,440,000
85,000	WaVe Life Sciences Ltd.[1,2]	1,308,070	1,051,450
12,500	Zoetis, Inc.	1,808,548	2,036,625
		10,310,221	21,440,475
TOTAL COMMON STOCKS		**127,221,812**	**176,138,066**

Principal Amount		Cost	Value
Short-Term Investments (9.14%)			
$17,677,939	Repurchase Agreement with Fixed Income Clearing Corp., dated 12/31/2024, 3.85% due 1/2/2025; Proceeds at maturity $17,681,720; (Fully Collateralized by $17,808,200 U.S. Treasury Note, 4.125% due 2/15/2027 Market value - $18,031,498)	**17,677,939**	**17,677,939**
TOTAL INVESTMENTS (100.21%)		**$144,899,751**	**193,816,005**
LIABILITIES LESS CASH AND OTHER ASSETS (-0.21%)			**(412,489)**
NET ASSETS			**$193,403,516**

% 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

December 31, 2024

Shares		Cost	Value
Common Stocks (99.51%)			
Consumer Discretionary (3.37%)			
	Broadline Retail (3.37%)		
1,370	MercadoLibre, Inc.[1]	$ 2,029,389	$ 2,329,603
Financials (71.55%)			
	Asset Management & Custody Banks (5.63%)		
1,200	Blackrock, Inc.	897,601	1,230,132
18,000	KKR & Co., Inc.	2,035,995	2,662,380
		2,933,596	3,892,512
	Diversified Banks (1.95%)		
130,000	NU Holdings Ltd., Cl A[1,2]	1,051,999	1,346,800
	Diversified Financial Services (4.26%)		
17,800	Apollo Global Management, Inc.	1,279,284	2,939,848
	Financial Exchanges & Data (19.81%)		
5,000	CME Group, Inc.	1,025,662	1,161,150
3,000	FactSet Research Systems, Inc.	1,238,688	1,440,840
4,000	Moody's Corp.	1,417,488	1,893,480
5,200	Morningstar, Inc.	1,144,198	1,751,152
3,150	MSCI, Inc.	1,353,379	1,890,031
6,200	S&P Global, Inc.	2,417,984	3,087,786
18,800	Tradeweb Markets, Inc., Cl A	1,559,960	2,461,296
		10,157,359	13,685,735
	Insurance Brokers (1.22%)		
10,000	Baldwin Insurance Group, Inc. Cl A[1]	287,121	387,600
14,800	TWFG, Inc.[1]	253,845	455,840
		540,966	843,440
	Investment Banking & Brokerage (11.00%)		
10,000	Houlihan Lokey, Inc.	746,412	1,736,600
11,000	Interactive Brokers Group, Inc., Cl A	948,392	1,943,370
8,600	LPL Financial Holdings, Inc.	1,861,055	2,807,986
8,000	Robinhood Markets, Inc.[1]	324,398	298,080
11,000	The Charles Schwab Corp.	808,792	814,110
		4,689,049	7,600,146
	Life & Health Insurance (1.06%)		
2,700	Primerica, Inc.	701,456	732,834
	Property & Casualty Insurance (6.99%)		
18,000	Arch Capital Group Ltd.[1,2]	1,477,058	1,662,300
1,600	Kinsale Capital Group, Inc.	270,056	744,208
10,100	The Progressive Corp.	1,199,031	2,420,061
		2,946,145	4,826,569
	Transaction & Payment Processing Services (19.63%)		
13,908	Block, Inc.[1]	2,510,342	1,182,041
13,000	Fiserv, Inc.[1]	1,390,370	2,670,460
1,000	Global Payments, Inc.	101,178	112,060
6,000	Jack Henry & Associates, Inc.	999,875	1,051,800
6,000	Mastercard, Incorporated, Cl A	2,060,483	3,159,420
10,000	Visa, Inc., Cl A	2,101,899	3,160,400
3,300	WEX, Inc.[1]	668,542	578,556
124,000	Wise PLC, Cl A (United Kingdom)[1,2]	1,430,338	1,648,129
		11,263,027	13,562,866
Total Financials		35,562,881	49,430,750

Shares		Cost	Value
Common Stocks (continued)			
Industrials (4.95%)			
	Research & Consulting Services (4.95%)		
3,000	Equifax, Inc.	$ 662,551	$ 764,550
10,200	TransUnion	989,148	945,642
6,200	Verisk Analytics, Inc.	1,183,525	1,707,666
Total Industrials		2,835,224	3,417,858
Information Technology (18.71%)			
	Application Software (15.04%)		
12,000	Alkami Technology, Inc.[1]	304,616	440,160
4,000	Bill.Com Holdings, Inc.[1]	452,074	338,840
20,000	Clearwater Analytics Holdings, Inc., Cl A[1]	483,869	550,400
1,350	Fair Isaac Corp.[1]	585,898	2,687,756
13,500	Guidewire Software, Inc.[1]	1,517,347	2,275,830
14,700	Intapp, Inc.[1]	645,301	942,123
4,200	Intuit, Inc.	1,544,963	2,639,700
5,000	ServiceTitan, Inc., Cl A[1]	403,852	514,350
		5,937,920	10,389,159
	Internet Services & Infrastructure (1.85%)		
12,000	Shopify, Inc., Cl A[1,2]	1,691,746	1,275,960
	IT Consulting & Other Services (1.82%)		
1,500	Accenture plc, Cl A[2]	358,144	527,685
25,000	CI&T, Inc., Cl A[1,2]	364,692	151,750
2,700	Globant S.A.[1,2]	605,399	578,934
		1,328,235	1,258,369
Total Information Technology		8,957,901	12,923,488
Real Estate (0.93%)			
	Real Estate Services (0.93%)		
9,000	CoStar Group, Inc.[1]	771,264	644,310
TOTAL COMMON STOCKS		**50,156,659**	**68,746,009**

Principal Amount			
Short-Term Investments (0.43%)			
$295,273	Repurchase Agreement with Fixed Income Clearing Corp., dated 12/31/2024, 3.85% due 1/2/2025; Proceeds at maturity $295,336; (Fully Collateralized by $297,500 U.S. Treasury Note, 4.125% due 2/15/2027 Market value - $301,282)	**295,273**	**295,273**
TOTAL INVESTMENTS (99.94%)		**$50,451,932**	**69,041,282**
CASH AND OTHER ASSETS LESS LIABILITIES (0.06%)			**43,315**
NET ASSETS			**$69,084,597**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.

Baron India Fund — PORTFOLIO OF INVESTMENTS

December 31, 2024

Shares		Cost	Value
Common Stocks (96.73%)			
Communication Services (13.05%)			
	Integrated Telecommunication Services (3.43%)		
42,514	Indus Towers Ltd.[1]	$ 140,672	$ 169,208
6,729	Tata Communications Ltd.	142,185	133,577
		282,857	302,785
	Movies & Entertainment (0.98%)		
9,799	Tips Industries Ltd.	59,189	87,037
	Wireless Telecommunication Services (8.64%)		
55,619	Bharti Airtel Ltd. PP	656,605	763,134
Total Communication Services		998,651	1,152,956
Consumer Discretionary (15.87%)			
	Apparel Retail (6.90%)		
7,346	Trent Ltd.	390,917	609,498
	Apparel, Accessories & Luxury Goods (0.55%)		
1,280	Titan Co. Ltd.	39,712	48,525
	Automobile Manufacturers (2.97%)		
7,503	Mahindra & Mahindra Ltd.	233,255	262,629
	Consumer Electronics (0.86%)		
362	Dixon Technologies India Ltd.	35,432	75,642
	Restaurants (4.59%)		
125,258	Zomato Ltd. (India)[1]	244,016	405,756
Total Consumer Discretionary		943,332	1,402,050
Consumer Staples (2.71%)			
	Food Retail (0.47%)		
998	Avenue Supermarts Ltd., 144A[1]	62,929	41,470
	Packaged Foods & Meats (0.76%)		
6,280	Tata Consumer Products Ltd.[2]	67,732	66,971
	Personal Care Products (1.48%)		
10,402	Godrej Consumer Products Ltd.	135,219	131,237
Total Consumer Staples		265,880	239,678
Energy (4.31%)			
	Oil & Gas Refining & Marketing (4.31%)		
26,855	Reliance Industries Limited	451,739	380,337
Financials (25.33%)			
	Asset Management & Custody Banks (1.36%)		
8,236	360 ONE WAM Ltd.	74,222	120,403
	Consumer Finance (6.52%)		
5,252	Bajaj Finance Limited (India)	437,122	417,631
11,480	Cholamandalam Investment & Finance Co. Ltd.	182,457	158,704
		619,579	576,335
	Diversified Banks (11.09%)		
19,914	HDFC Bank Ltd.	402,751	411,828
38,010	ICICI Bank Ltd.	568,291	567,938
		971,042	979,766
	Diversified Financial Services (1.51%)		
38,396	Jio Financial Services Ltd.[1]	110,712	133,587

Shares		Cost	Value
Common Stocks (continued)			
Financials (continued)			
	Investment Banking & Brokerage (1.96%)		
85,048	JM Financial Limited	$ 105,885	$ 128,767
550	Nuvama Wealth Management Ltd.	36,731	44,440
		142,616	173,207
	Life & Health Insurance (2.16%)		
11,757	SBI Life Insurance Company Limited, 144A	224,451	190,521
	Specialized Finance (0.73%)		
11,038	REC Ltd.	73,243	64,358
Total Financials		2,215,865	2,238,177
Health Care (7.97%)			
	Health Care Facilities (7.97%)		
58,358	Aster DM Healthcare Ltd., 144A	294,383	349,500
26,982	Max Healthcare Institute Ltd.	300,749	354,682
Total Health Care		595,132	704,182
Industrials (11.80%)			
	Aerospace & Defense (1.41%)		
36,543	Bharat Electronics Ltd.	132,297	124,703
	Construction & Engineering (0.95%)		
59,517	GMR Power & Urban Infra Ltd.[1]	51,902	83,619
	Construction & Machinery & Heavy Trucks (0.73%)		
1,684	Cummins India Ltd.	74,047	64,226
	Electrical Components & Equipment (0.91%)		
40,632	Precision Wires India Ltd.	75,582	80,263
	Industrial Conglomerates (0.96%)		
1,120	Siemens Ltd.	94,937	85,295
	Industrial Machinery & Supplies & Components (3.80%)		
7,105	Kirloskar Oil Engines Ltd.	79,398	85,086
12,103	Shaily Engineering Plastics Ltd.	157,840	202,982
1,012	Thermax Ltd.	52,517	47,685
		289,755	335,753
	Passenger Airlines (3.04%)		
5,058	InterGlobe Aviation Ltd., 144A[1]	258,203	268,489
Total Industrials		976,723	1,042,348
Information Technology (9.82%)			
	Electronic Equipment & Instruments (1.07%)		
3,312	Zen Technologies Ltd. (India)	84,352	94,204
	Electronic Manufacturing Services (3.59%)		
3,671	Kaynes Technology India Ltd.[1]	158,532	317,153
	IT Consulting & Other Services (5.16%)		
849	Coforge Ltd.	81,238	95,390
7,561	Tata Consultancy Services Ltd.	388,667	360,822
		469,905	456,212
Total Information Technology		712,789	867,569

Baron India Fund — PORTFOLIO OF INVESTMENTS (Continued)

December 31, 2024

Shares		Cost	Value
Common Stocks (continued)			
Materials (2.59%)			
	Commodity Chemicals (1.52%)		
126,146	DCW Ltd.[1]	$ 126,145	$ 134,465
	Diversified Chemicals (0.44%)		
1,485	SRF Ltd.	45,600	38,740
	Specialty Chemicals (0.63%)		
2,118	Neogen Chemicals Ltd.	34,548	55,140
Total Materials		206,293	228,345
Real Estate (0.96%)			
	Real Estate Development (0.96%)		
2,606	Godrej Properties Ltd. (India)[1]	59,521	84,551
Utilities (2.32%)			
	Electric Utilities (2.32%)		
57,001	Power Grid Corp. of India Ltd.	217,853	205,164
TOTAL COMMON STOCKS		**7,643,778**	**8,545,357**

Principal Amount			
Short-Term Investments (5.29%)			
$467,640	Repurchase Agreement with Fixed Income Clearing Corp., dated 12/31/2024, 3.85% due 1/2/2025; Proceeds at maturity $467,740; (Fully Collateralized by $471,100 U.S. Treasury Note, 4.125% due 2/15/2027 Market value - $477,021)	**467,640**	**467,640**
TOTAL INVESTMENTS (102.02%)		**$8,111,418**	**9,012,997**
LIABILITIES LESS CASH AND OTHER ASSETS (-2.02%)			**(178,374)**
NET ASSETS			**$8,834,623**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI.
[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 December 31, 2024, the market value of Rule 144A securities amounted to $849,980 or 9.62% of net assets.

Baron Technology Fund — PORTFOLIO OF INVESTMENTS

December 31, 2024

Shares		Cost	Value
Common Stocks (97.50%)			
Communication Services (9.06%)			
	Advertising (1.84%)		
6,087	Ibotta, Inc., Cl A[1]	$ 484,577	$ 396,142
5,388	The Trade Desk, Inc., Cl A[1]	381,157	633,252
		865,734	1,029,394
	Interactive Media & Services (1.75%)		
5,999	Reddit, Inc., Cl A[1]	302,665	980,476
	Movies & Entertainment (5.47%)		
6,847	Spotify Technology SA[1,2]	1,980,083	3,063,211
Total Communication Services		3,148,482	5,073,081
Consumer Discretionary (19.03%)			
	Automobile Manufacturers (3.52%)		
4,884	Tesla, Inc.[1]	928,822	1,972,355
	Broadline Retail (9.70%)		
24,750	Amazon.com, Inc.[1]	4,347,669	5,429,902
	Education Services (2.71%)		
4,669	Duolingo, Inc.[1]	915,924	1,513,830
	Hotels, Resorts & Cruise Lines (1.16%)		
72,050	eDreams ODIGEO SA (Spain)[1,2]	520,959	649,307
	Restaurants (1.94%)		
335,195	Zomato Ltd. (India)[1,2]	1,060,268	1,085,817
Total Consumer Discretionary		7,773,642	10,651,211
Consumer Staples (0.98%)			
	Personal Care Products (0.98%)		
12,965	Oddity Tech Ltd., Cl A[1,2]	623,762	544,789
Financials (0.99%)			
	Investment Banking & Brokerage (0.99%)		
1,701	LPL Financial Holdings, Inc.	560,541	555,394
Industrials (2.13%)			
	Aerospace & Defense (1.15%)		
1,079	Axon Enterprise, Inc.[1]	335,389	641,271
	Construction & Engineering (0.98%)		
1,742	Quanta Services, Inc.	468,007	550,559
Total Industrials		803,396	1,191,830
Information Technology (63.70%)			
	Application Software (7.03%)		
1,697	Atlassian Corp., Cl A[1,2]	327,212	413,016
2,279	Cadence Design Systems, Inc.[1]	646,978	684,748
9,910	Gitlab, Inc., Cl A[1,3]	528,879	558,428
2,572	Guidewire Software, Inc.[1]	289,169	433,588
1,136	Intuit, Inc.	681,123	713,976
847	ServiceNow, Inc.[1,3]	631,249	897,922
2,288	ServiceTitan, Inc., Cl A[1]	162,448	235,367
		3,267,058	3,937,045

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (continued)			
	Communications Equipment (2.96%)		
15,004	Arista Networks, Inc.[1]	$ 1,560,306	$ 1,658,392
	Electronic Equipment & Instruments (3.67%)		
15,856	PAR Technology Corp.[1]	714,089	1,152,255
2,589	Park Systems Corp. (Korea, Republic of)[1,2]	342,878	367,914
18,852	Zen Technologies Ltd. (India)[2,4]	547,509	536,213
		1,604,476	2,056,382
	Internet Services & Infrastructure (3.99%)		
50,838	GDS Holdings Ltd., ADR[1,2]	686,795	1,207,911
9,628	Shopify, Inc., Cl A[1,2]	708,271	1,023,745
		1,395,066	2,231,656
	IT Consulting & Other Services (1.40%)		
1,618	Gartner, Inc.[1]	680,160	783,872
	Semiconductor Materials & Equipment (3.03%)		
1,015	ASML Holding N.V.[2]	845,981	703,476
19,519	HPSP Co. Ltd. (Korea, Republic of)[2]	366,560	338,353
9,019	Lam Research Corp.	720,310	651,443
		1,932,851	1,693,272
	Semiconductors (20.84%)		
14,815	Broadcom, Inc.	1,927,388	3,434,710
4,318	eMemory Technology, Inc. (Taiwan)[2]	334,663	441,158
214,789	indie Semiconductor, Inc., Cl A[1]	1,127,777	869,895
34,510	NVIDIA Corp.	1,958,202	4,634,348
7,884	Taiwan Semiconductor Manufacturing Co., Ltd. (Taiwan)[2]	161,540	256,230
10,288	Taiwan Semiconductor Manufacturing Co., Ltd., ADR[2]	1,494,688	2,031,777
		7,004,258	11,668,118
	Systems Software (13.87%)		
7,001	Cloudflare, Inc., Cl A[1,3]	570,411	753,868
3,468	CyberArk Software Ltd.[1,2]	1,108,186	1,155,364
5,945	Datadog, Inc., Cl A[1,3]	703,253	849,481
9,913	Microsoft Corporation	3,880,235	4,178,330
4,596	Zscaler, Inc.[1]	869,413	829,164
		7,131,498	7,766,207
	Technology Hardware, Storage & Peripherals (6.91%)		
15,447	Apple, Inc.	3,077,118	3,868,238
Total Information Technology		27,652,791	35,663,182
Real Estate (1.61%)			
	Real Estate Services (1.61%)		
12,612	CoStar Group, Inc.[1]	1,034,233	902,893
TOTAL COMMON STOCKS		**41,596,847**	**54,582,380**

Baron Technology Fund — PORTFOLIO OF INVESTMENTS (Continued)

December 31, 2024

Principal Amount		Cost	Value
Short-Term Investments (1.80%)			
$1,009,812	Repurchase Agreement with Fixed Income Clearing Corp., dated 12/31/2024, 3.85% due 1/2/2025; Proceeds at maturity $1,010,028; (Fully Collateralized by $1,017,300 U.S. Treasury Note, 4.125% due 2/15/2027 Market value - $1,030,104)	$ 1,009,812	$ 1,009,812
TOTAL INVESTMENTS (99.30%)		$42,606,659	55,592,192
CASH AND OTHER ASSETS LESS LIABILITIES (0.70%)			392,100
NET ASSETS			$55,984,292

% 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

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