Letter from Ron

Baron Funds®

March 31, 2024

Quarterly Report

"I'm lucky I didn't visit Iscar's Israeli plant before Berkshire purchased that business. I would have paid a lot more for Iscar if I had!!!" Warren Buffett. Chairman. Berkshire Hathaway. 2006.

Buffett made that remark after Berkshire had purchased 80% of Iscar in 2006 for $4 billion! Iscar produces unique, small, consumable, tungsten carbide cutting machine tools. Iscar's tools allow its customers' expensive, large machine tools to earn more money. Iscar's executives, whom Buffett judged to be extraordinarily talented and unquestionably ethical, visited Buffett in Omaha before the acquisition was completed. Buffett did not visit Iscar's Israeli facility until three months *after* its acquisition by Berkshire! Eitan Wertheimer was Iscar's CEO. His family was the principal owner of that generational family business. Soon after Berkshire acquired Iscar, Eitan visited me in New York. When Buffett ultimately did tour Iscar's Israeli factory, Eitan described to me Warren's surprised reaction. "How can a factory that manufactures tools that use greasy lubricants be as spotless as a factory that manufactures drugs?!!!" Warren then remarked he was lucky to have not visited previously since he would have paid a much higher price had he done so.

Although Buffett and Baron both invest for the long term in exceptional people who operate unique, competitively advantaged businesses, we visit *before* we invest. And we keep visiting them...and their competitors...and consultants *after* we invest. Charlie Munger, Buffett's late business partner who recently passed away at age 99, attributed his and Warren's success to identifying and investing in "businesses that have unfair advantages." We, too, look for *unfair advantages*...and find they often become glaringly obvious during our research visits.

On Sunday afternoon, April 7, we visited **Vail Resorts, Inc.** in Vail, Colorado; **Space Exploration Technologies Corp.** (SpaceX) in Los Angeles the following

Monday morning and **Tesla, Inc.** in Palo Alto that Monday afternoon. We returned to New York City that evening. Whew. So, what did we learn? Plenty.

We first met Bill Rock, Vail Resorts' data driven, Chief of Mountain Operations on Sunday. We were interested in how data and AI, what I teasingly call *alien intelligence*, could enhance Vail's operations. Vail had struggled with heavy arrival traffic on weekends. Using data, Vail now dynamically charges for parking if fewer than three people arrive in one vehicle. It also instituted parking reservations. The impact? 60% of skiers arrive by carpool or shuttle! Further, skiers don't like to wait in lift lines. Vail now uses data to load and operate lifts more efficiently. This has reduced uphill time for each skier by more than 10 minutes...which has eliminated the need for four chair lifts! Chair lifts cost on average $10 to $14 million each. Mobile tickets enabled by Vail's scalable resort network also help in this regard. Finally, a super cool subscription revenue generating idea...Vail Epic Gear subscription memberships. Epic Gear equipment supply chains enabled by AI can potentially contribute several hundred million dollars annually to high-margin revenue.

On Monday morning in L.A., one of our analysts and I met a recently hired 23-year-old SpaceX engineer. Her new job was to work on the SpaceX Star Shield satellite network that protects our homeland. She had nine interviews since December before she was hired! The last was with a retired four-star general, the former commander of NORAD and Elon's special advisor on space. "What did he ask you?" was my question to her. "If you were going to design a satellite network, how would you do it? What coding would you use? Why?" "Seriously?" was my response. "You're just 23!!!" My colleague's reaction to that meeting? "She was one of the most impressive young individuals I have ever met." The next two hours we spent at SpaceX were with financial executives. That discussion centered on how SpaceX is able to accomplish so much so fast and at so much lower cost than its competitors. It seemed to us that it's all about SpaceX *question everything* and *first principles* culture that Elon has instilled. Starting from ground zero on all projects...how should each mission best be accomplished? Its focus is not on small incremental changes.

We spent the afternoon at Tesla's factory in Palo Alto. Speaking to engineers in charge of autonomous driving and compute. I have written a lot about Tesla over the past 10 years, so I won't do that again now. But I did appear on CNBC's Squawk Box on April 25 and spent a lot of my 25-minute interview discussing Tesla and our recent visit. That Squawk Box interview is posted on the Baron Funds website. As impressive as the two Tesla executives with whom we met, the afternoon ride in a Tesla full self-driving (FSD) car was as incredible. Actually, the meetings were the highlight...as they always are...it is so much fun to learn every day from awesome people...in this case, the awesome engineers who made this ride possible. The FSD ride was eye opening. We recommend you try it.

On April 19, 2024, *Barron's* published an interview with Jerry Sullivan, a Putnam portfolio manager. During that interview, Jerry described his work as a Fidelity summer research intern in 1985. At Fidelity, Jerry was mentored by my friend, Peter Lynch. Jerry's summer project was to research European chemical companies. He had the difficult task of "navigating differences in languages and accounting and reporting standards." It soon became obvious to Jerry all those years ago that the European businesses he was studying were far cheaper than their publicly owned U.S. counterparts. When he described his research to Peter, Peter invested in the companies. Jerry was puzzled. How could Peter possibly invest in those businesses when no research except Jerry's was available? Peter's response? "You don't know a lot compared to me. But you know a lot more, maybe, than anyone else." Those chemical stocks became among Fidelity Magellan Fund's top performing investments.

"If we had founded Netflix to compete against Blockbuster by renting movies through the mail instead of in stores, I would have named the business 'Movies Through the Mail.' We named the company Netflix!" Reed Hastings. Co-Founder. Netflix. 2002.

That was how Reed described his *vision* for Netflix to me when I visited the Netflix warehouse in Queens, New York, with him in 2002. That visit took place soon after the Netflix initial public offering on May 23, 2002. May 23, by the way, is my birthday, so the Netflix offering obviously had good karma. For the five years following its IPO, Netflix provided a DVD movie subscription service to its customers. That was because 22 years ago, the internet was not sufficiently robust to *stream* movies online. Netflix customers then ordered DVD movies sent from that warehouse facility through the mail. When Netflix subscribers returned their movie DVDs by mail, new DVDs were sent to the customer.

In 2007, Netflix inaugurated its disruptive Watch Now streaming service that we all now know as Netflix. Netflix' business valuation in 2002 was $300 million. Its current market value is more than $240 billion! We owned Netflix part of the way...but not long enough. Another great lesson about investing in visionary exceptional people...who create what we deem competitive advantaged growth businesses? *Invest for the long term*. Even if those businesses in the short term may seem expensive.

Charlie Munger was interviewed by Becky Quick on CNBC's Squawk Box five weeks before his 100th birthday. "Is there anything left on your bucket list? Anything you'd like to do?" Becky asked him. "Yes, Becky. I've always wanted to catch a 200 pound tuna. *But I'm not as strong as I was four years ago!"* I took that remark as encouraging. When Charlie was asked why he had been so successful as an investor, he answered, "I'm very good at recognizing unfair advantages." That's how we think we are distinctive as well. That and our assessment of people and our very long investment time horizon…and how much we enjoy our analyst "jobs" which are not impacted whether or not we can catch a 200 pound tuna.

Mike Minikes is a good friend. Mike is the Vice Chairman of Prime Finance at J.P. Morgan. That means he heads hedge fund prime brokerage, finance, custody, and transaction processing for the bank. Mike had previously been a senior executive at Bear Stearns where he held the same position. Bear was acquired by J.P. Morgan for nominal consideration after Bear went bankrupt in 2008 during the Great Financial Crisis. Not long after Bear Stearns' demise, Michael and his wife were driving to their summer home in East Hampton that Spring. As they passed a Carvel ice cream store in Bridgehampton, which rarely seemed to have any customers, Mike turned to his wife. "Can you believe it? Bear Stearns, one of Fortune's most admired companies...GONE!...but Carvel lives on!!!!" Clearly, Mike missed the competitive advantage Carvel had created with its Cookie Puss and Fudgie the Whale ice cream cakes. You can't make this stuff up. One more thing. Before Bear's collapse, few investors recognized the reason Bear had become so profitable and admired was due to the extraordinary leverage it used to invest in speculative debt securities. The strategy worked in good times, though not during the Great Financial Crisis. The lesson? The most distinguishing characteristic of Bear was its decision to risk its balance sheet.

"If you are doing the same thing as everyone else, you will not be hard to compete against." Sam Altman. Co-Founder and CEO, OpenAI. January 24, 2019.

We, like Sam, believe that if your business is not distinct from others, you will not be difficult to compete against. Baron has investments in about 400 businesses. Only 30 represent about 58% of our Firm's $43 billion AUM. All these growth investments have become significant Baron holdings because their underlying businesses have been successful. Not because we initially made large investments in those businesses. All are clearly different from their competitors and, as Charlie Munger liked to say, have *unfair advantages* over those competitors.

By the way. We founded our Firm in 1982 with $10 million in AUM. In 1992, we had approximately $100 million in AUM. Baron Capital has earned more than $44 billion in realized and unrealized gains since 1992!

Since their respective inceptions as mutual funds, 15 funds, representing 96.7% of Baron Funds' AUM, have outperformed their benchmarks and 12 funds, representing 94.6% of Baron Funds' AUM, rank in the top 20% of their respective Morningstar categories. Five funds, representing 45.7% of Baron Funds' AUM, rank in the top 1% of their categories. **Baron Partners Fund** is the top performing U.S. equity fund (out of 2,091 share classes) since its conversion in 2003 from a partnership to a mutual fund!*

Several examples of what we characterize as competitively advantaged businesses:

Interactive Brokers Group, Inc. has little competition. About 80% of this financial firm's clients are not U.S. citizens. About 80% of Interactive Brokers' customer assets are invested through Interactive Brokers in well-known U.S. growth businesses. Many of this firm's customers have become wealthy in their native countries and seek to diversify their investments to assure that their families will remain wealthy. Most Interactive Brokers' competitors long ago abandoned those markets. That is since compliance with continuously changing local country regulations is extraordinarily difficult. Interactive Brokers has invested significantly in coders and technology to keep up with rule changes and to provide terrific services at attractive prices to its customers in those geographies. Similar services provided by banks domiciled in those countries charge layers upon layers of fees.

Verisk Analytics, Inc. was founded as a not-for-profit data and analytics business by a consortium of insurers. Verisk's purpose was to consolidate and organize U.S. property and casualty insurance industry data to help digitize P&C insurers. P&C companies contribute their data to Verisk for no compensation. They then pay Verisk to use that data after it has been combined with data of other providers! Nearly all U.S. P&C companies contribute their data to Verisk, repurchase that data, and use Verisk analytics. Accordingly, Verisk services are deeply embedded in P&C workflows. Following Verisk's conversion to a for-profit business, its competitive advantage was substantial. *Verisk's contributory databases are virtually impossible to replicate*. The amount paid by P&C insurers to Verisk is less than 0.4% of the insurers' annual expenses. Further, Verisk's client revenue retention rates approximate 99%. Since Verisk continues to add analytics, software, and services to augment and enhance its contributory databases, Verisk's prospects for double-digit revenue and free-cash-flow growth remain strong.

Following adoption of regulations that limit construction of *locals* casinos in Las Vegas communities (e.g., near homes, schools, playgrounds, houses of worship, and hospitals), the Fertitta family's **Red Rock Resorts, Inc.** owns virtually all the casino developable land in such communities. *Locals* casinos, whose patrons are principally local residents and Strip hotel employees, earn dramatically higher returns on capital invested than Strip casinos. Las Vegas's Strip casinos generally cost four to five times the construction cost of *locals*' entertainment venues.

Vail Resorts, Inc. is the largest ski resort company in the world. Before winter snows, Vail sells season lift ticket passes that can be used at any of its worldwide 41 mountain resorts network. Vail's Epic ski passes purchased in the summer now account for more than 70% of annual skier visits. Vail's goal is to have more than 90% of its lift tickets purchased pre-season! Using data and analytics, Vail is able to more effectively market and invest in its properties. Vail's management team has begun a capital-light European expansion. Annual ski visits in Europe are three times those in the U.S. Other geographies also beckon.

Arch Capital Group Ltd.'s exceptional management team compensates its sales representatives based on profits produced over the term of its policies…not on how much additional premium revenues they produce in a given year. This is an unusual practice in the P&C insurance industry and incents careful underwriting not just premium growth. Accordingly, when rates are low, Arch doesn't grow much. When rates are high, like now, Arch grows a lot. One more thing. Arch management employs a *cycle management* strategy and depends on other insurance products like mortgage insurance…not just property and casualty. This diversification is how Arch stays rich…after it had become rich.

I will continue to write about the *unfair competitive advantages*, returns, and growth prospects of Baron Capital's Top 30 Holdings…as well as opportunities of more recent Baron Capital purchases in future "Letters from Ron."

"Warren and I played Monopoly when we were children. Warren always won. I saved money in little piles in front of me but as the game went on, I was landing on more and more properties with Warren's houses and hotels, and pretty soon all my money was gone. I realized it was a better strategy to buy property than to hoard money. He owes his success to me since I trained him to be a winner and he just kept going." Bertie Buffett Elliott. Warren's 91-year old *younger* sister. Berkshire Hathaway annual meeting, May 2024.

Bertie's perspective, of course, is in sync with Baron Capital's OWN IT! philosophy and the theme of the 2023 Annual Baron Investment Conference. We think of ourselves as part owners of the *unfairly advantaged*, growth businesses Baron OWNs. We believe over the long term these businesses will perform much better than market indexes…and inflation…because the businesses we OWN will grow much faster than markets and GDP, if we are right. We don't expect stocks of businesses in which we invest to outperform every year…just over the long term. To grow faster, businesses generally reinvest a substantial portion of their profits back into their businesses. In the short term, growth capital investments in factories…technology…hiring and training employees…research…hotels…rockets… and satellites…mask the profitability of current operations.

Just like Warren Buffett's hotels and real estate purchases in Monopoly reduced the cash horde in front of him while Bertie's was growing…his younger sister was bankrupt by the end of each game because she didn't invest and had to pay Warren rent. We believe, as Bertie learned, when you stop investing in the future, although your short-term profits may be fine…sooner or later you will go out of business.

I attended law school from 1966-1969 in the evenings and worked as a Patent Examiner in the U.S. Patent Office in the daytime. My position as an examiner was then classified as a *critical skill* position that required knowledge of science and law. My *annual* salary in 1966 was $7,729 and, in addition, I was reimbursed for a large part of my law school tuition.

It was then that I became really interested in the stock market. Uncertainty engendered by student demonstrations against the War in Vietnam…assassinations of President Kennedy…his brother Robert, the Attorney General…and Martin Luther King…race riots…100 of our cities aflame…marches on Washington for Civil Rights…women's rights…and high inflation and interest rates…kept stock prices relatively depressed.

The Dow Jones Industrial Average in 1970 hovered around 1,000. Then, like now, most market seers focused on macro developments rather than studying businesses. They carefully watched money supply on Fridays. Just like they watch non-farm payrolls…the Consumer Price Index…unit labor costs…core CPI ex-food and energy…personal consumption expenditures… average hourly earnings…Bitcoin prices… unemployment rates…labor participation rates… today which impacts markets instantly. Few consider that the Dow is now 39,000!…up 39 times since 1970…and GDP, which measures the size of our economy, is now $28 trillion…up 31 times since 1968. GDP was $900 billion when Robert Kennedy, the assassinated President's brother, campaigned for President…and was also assassinated!

One of my friends recently addressed a group of summer interns at a large Wall Street firm. After his brief presentation, he asked the group where they believed the Dow Jones Industrial Average would be in 50 years when they would retire. The average answer… "up 60%!" We think the economy will grow faster in the next 50 years than in the past 50. Due to the impact of technology and the same 4% to 5% annual inflation rate since WWII that has caused the prices of most items and services to double about every 14 to 15 years, the stock market has doubled about every 10 years during my lifetime. If that continues to be the case, the Dow in 50 years could be 30 to 40 times its current level…not up 60%! Investments in stocks have historically been a great way to protect your savings against inflation…

Thank you for joining us as investors in Baron mutual funds. We will continue to work hard to invest for you and your families as well as ourselves and our families…and to attempt to significantly outperform markets and the growth of our economy. We will also try to continue to provide you with the information about your investments that I would like to have if our roles were reversed.

Respectfully,

Ronald Baron

Ronald Baron
CEO
May 12, 2024

P.S. It is amazingly gratifying, as I am sure you must understand by now, for me to be recognized virtually wherever I go and be thanked by our shareholders for the returns that many long-time Baron Fund shareholders have earned…which have changed their lives. Thank you for trusting us to invest for you and your families.

Letter from Ron

* This is a hypothetical ranking created by Baron Capital using Morningstar data and is as of 3/31/2024. There were 2,091 share classes in the nine Morningstar Categories mentioned below for the period from 4/30/2003 to 3/31/2024.

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

As of 3/31/2024, the Morningstar Large Growth Category consisted of 1,191, 1,037, and 807 share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Partners Fund (Institutional Shares) in the 100th, 1st, 3rd, and 1st percentiles for the 1-, 5-, 10-year, and since conversion periods, respectively. The Fund converted into a mutual Fund on 4/30/2003, and the category consisted of 750 share classes. On an absolute basis, Morningstar ranked Baron Partners Fund Institutional Share Class as the 1,189th, 1st, 15th, 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 3/31/2024

Fund	Primary Benchmark	Annualized Return Since Fund Inception	Annualized Benchmark Return Since Fund Inception	Inception Date	Average Annualized Returns				Annual Expense Ratio	Net Assets
					1-Year	3-Year	5-Year	10-Year		
SMALL CAP										
Baron Discovery Fund†	Russell 2000 Growth Index	12.59%	8.36%	9/30/2013	15.27%	(6.72)%	8.96%	10.55%	1.06%[3]	$1.54 billion
Baron Growth Fund	Russell 2000 Growth Index	12.97%	7.88%	12/31/1994	12.46%	3.87%	11.69%	10.81%	1.05%[3][4]	$8.05 billion
Baron Small Cap Fund	Russell 2000 Growth Index	10.54%	6.36%	9/30/1997	29.94%	3.42%	11.84%	10.64%	1.05%[3]	$4.88 billion
SMALL/MID CAP										
Baron Focused Growth Fund[1]	Russell 2500 Growth Index	13.29%	8.28%	5/31/1996	13.48%	3.58%	23.56%	15.79%	1.06%[5]	$1.39 billion
MID CAP										
Baron Asset Fund	Russell Midcap Growth Index	11.47%	10.40%[2]	6/12/1987	18.08%	2.10%	9.98%	11.06%	1.05%[3]	$4.57 billion
LARGE CAP										
Baron Durable Advantage Fund	S&P 500 Index	15.97%	13.37%	12/29/2017	39.01%	15.89%	18.84%	N/A	1.00%/0.70%[3][7]	$329.97 million
Baron Fifth Avenue Growth Fund†	Russell 1000 Growth Index	9.72%	11.97%	4/30/2004	48.30%	(0.24)%	10.76%	12.32%	0.78%/0.76%[3][8]	$612.20 million
ALL CAP										
Baron Opportunity Fund†	Russell 3000 Growth Index	9.69%	7.15%	2/29/2000	46.63%	3.25%	19.47%	15.81%	1.06%[3]	$1.31 billion
Baron Partners Fund[1]	Russell Midcap Growth Index	14.70%	10.14%	1/31/1992	5.78%	(0.20)%	25.16%	17.37%	1.99%[5][6]	$6.05 billion
NON-U.S./GLOBAL										
Baron Emerging Markets Fund	MSCI EM Index	3.31%	1.70%	12/31/2010	8.09%	(8.17)%	1.19%	2.54%	1.11%[5]	$4.22 billion
Baron Global Advantage Fund†	MSCI ACWI Index	10.64%	9.63%	4/30/2012	18.88%	(13.49)%	5.63%	9.29%	0.95%/0.91%[5][9]	$637.91 million
Baron International Growth Fund	MSCI ACWI ex USA Index	8.88%	6.95%	12/31/2008	5.11%	(5.22)%	4.79%	5.15%	0.98%/0.95%[5][10]	$370.22 million
Baron New Asia Fund	MSCI AC Asia ex Japan Index	(6.50)%	(6.17)%	7/30/2021	9.42%	N/A	N/A	N/A	6.93%/1.20%[5][11]	$4.64 million
SECTOR										
Baron FinTech Fund†	FactSet Global FinTech Index	10.58%	2.27%	12/31/2019	29.12%	1.80%	N/A	N/A	1.21%/0.95%[5][12]	$61.38 million
Baron Health Care Fund	Russell 3000 Health Care Index	13.61%	11.45%	4/30/2018	20.36%	3.49%	14.19%	N/A	0.88%/0.85%[5][13]	$240.82 million
Baron Real Estate Fund	MSCI USA IMI Extended Real Estate Index	14.14%	11.36%	12/31/2009	26.46%	2.75%	16.09%	10.41%	1.06%[5]	$1.89 billion
Baron Real Estate Income Fund	MSCI US REIT Index	8.29%	3.78%	12/29/2017	12.46%	0.95%	9.41%	N/A	0.96%/0.80%[5][14]	$150.14 million
Baron Technology Fund	MSCI ACWI Information Technology Index	1.93%	7.08%	12/31/2021	53.08%	N/A	N/A	N/A	5.04%/0.95%[5][15]	$25.22 million
EQUITY ALLOCATION										
Baron WealthBuilder Fund	S&P 500 Index	13.10%	13.37%	12/29/2017	19.42%	0.80%	14.18%	N/A	1.22%/1.19%[5][16]	$569.76 million

(1) Reflects the actual fees and expenses that were charged when the Funds were partnerships. The predecessor partnerships charged a 20% performance fee (Baron Partners Fund) or a 15% performance fee (Baron Focused Growth Fund) after reaching a certain performance benchmark. If the annual returns for the Funds did not reflect the performance fee for the years the predecessor partnerships charged a performance fee, returns would be higher. The Funds' shareholders are not charged a performance fee.
(2) For the period June 30, 1987 to March 31, 2024.
(3) As of 9/30/2023.
(4) Comprised of operating expenses of 1.04% and interest expense of 0.01%.
(5) As of 12/31/2023.
(6) Comprised of operating expenses of 1.04% and interest expense of 0.95%.
(7) Gross annual expense ratio was 1.00%, but the net annual expense ratio was 0.70% (net of Adviser's fee waivers).
(8) 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%).
(9) 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%).
(10) Gross annual expense ratio was 0.98%, but the net annual expense ratio was 0.95% (net of Adviser's fee waivers).
(11) Gross annual expense ratio was 6.93%, but the net annual expense ratio was 1.20% (net of Adviser's fee waivers and expense reimbursements).
(12) Gross annual expense ratio was 1.21%, but the net annual expense ratio was 0.95% (net of Adviser's fee waivers).
(13) Gross annual expense ratio was 0.88%, but the net annual expense ratio was 0.85% (net of Adviser's fee waivers).
(14) Gross annual expense ratio was 0.96%, but the net annual expense ratio was 0.80% (net of Adviser's fee waivers).
(15) 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).
(16) 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 baronfunds.com. Please read them carefully before investing.

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

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

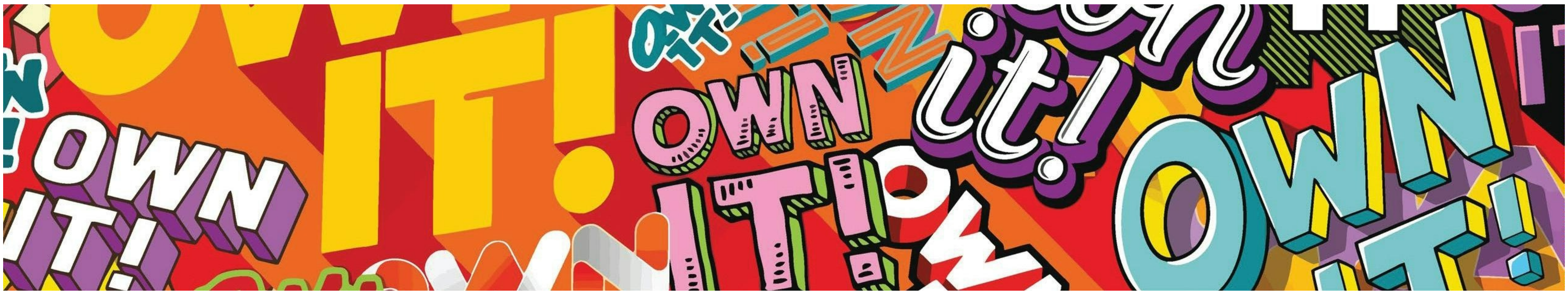
Baron Discovery Fund's 1Q2024, 5- and 10-year, **Baron Fifth Avenue Growth Fund's** 3- and 5-year, **Baron Fin Tech Fund's** 3-year**, Baron Global Advantage Fund's** 5- and 10-year, and **Baron Opportunity Fund's** 3-, 5- and 10-year historical performance were impacted by gains from IPOs and there is no guarantee that these results can be repeated or that the Funds' level of participation in IPOs will be the same in the future.

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

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.

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

Ranking information provided is calculated for the **Institutional Share Class** and is as of **3/31/2024.** 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 1191, 1037, and 807, share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Opportunity Fund in the 7th, 5th, 10th, and 3rd percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 2/29/2000, and the category consisted of 592 share classes. Morningstar ranked Baron Partners Fund in the 100th, 1st, 3rd, 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 750 share classes. Morningstar ranked Baron Durable Advantage Fund in the 43rd, 9th, and 22nd percentiles for the 1-, 5-, and since inception periods, respectively. The Fund launched 12/29/2017, and the category consisted of 1079 share classes. The **Morningstar Mid Cap Growth Category** consisted of 549, 489, and 393, share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Asset Fund in the 78th, 68th, 28th, and 11th percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 6/12/1987, and the category consisted of 70 share classes. Morningstar ranked Baron Growth Fund in the 94th, 32nd, 34th, and 1st percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 12/31/1994, and the category consisted of 160 share classes. Morningstar ranked Baron Focused Growth Fund in the 92nd, 1st, 1st, and 3rd percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund converted into a mutual fund 6/30/2008, and the category consisted of 434 share classes. The **Morningstar Small Cap Growth Category** consisted of 585, 520, and 400, share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Small Cap Fund in the 6th, 16th, 15th, and 5th percentiles for the 1-, 5-, 10-year, and since inception periods, respectively. The Fund launched 9/30/1997, and the category consisted of 235 share classes. Morningstar ranked Baron Discovery Fund in the 68th, 46th, 16th, and 5th percentiles for the 1-, 5-, 10-, and since inception periods, respectively. The Fund launched 9/30/2013, and the category consisted of 513 share classes. The Fund launched 9/30/2013, and the category consisted of 513 share classes. The **Morningstar Real Estate Category** consisted of 250, 217, and 160, share classes for the 1-, 5-, and 10-year periods. Morningstar ranked Baron Real Estate Fund in the 1st, 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 181 share classes. Morningstar ranked Baron Real Estate Income Fund in the 9th, 2nd, and 2nd percentiles for the 1-, 5-, and since inception periods, respectively. The Fund launched 12/29/2017, and the category consisted of 224 share classes. The **Morningstar Foreign Large Growth Category** consisted of 407, 327, 223, and 244 share classes for the 1-, 5-,10-year, and since inception (12/31/2008) periods. Morningstar ranked Baron International Growth Fund in the 92nd, 85th, 58th, and 24th, respectively. The **Morningstar Diversified Emerging Markets Category** consisted of 817, 657, 425, and 375 share classes for the 1-, 5-, 10-year, and since inception (12/31/2010) periods. Morningstar ranked Baron Emerging Markets Fund in the 59th, 80th, 61st, and 14th, respectively. The **Morningstar Health Category** consisted of 178, 136, and 138 share classes for the 1-, 5-, and since inception (12/31/2018) periods. Morningstar ranked Baron Health Care Fund in the 15th, 2nd, and 1st, respectively. The **Morningstar Aggressive Allocation Category** consisted of 184, 163, and 175 share classes for the 1-, 5-, and since inception (12/29/2017) periods. Morningstar ranked Baron WealthBuilder Fund in the 68th, 1st, and 1st, respectively.



BARON CAPITAL'S TOP 30 HOLDINGS
As of 3/31/2024

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	$3,027	6.8	$4,238	1,378.2	14.8	30.4
2	931JQH909	*Space Exploration Technologies Corp.*	2017	$2,231	5.0	$1,255	576.4	6.8	33.9
3	IT	*Gartner, Inc.*	2007	$2,026	4.6	$2,669	1,772.2	18.7	18.8
4	ACGL	*Arch Capital Group Ltd.*	2002	$1,944	4.4	$2,139	3,133.4	32.3	17.1
5	CSGP	*CoStar Group, Inc.*	2001	$1,868	4.2	$2,134	5,467.7	55.7	19.6
6	MSCI	*MSCI Inc.*	2007	$1,263	2.8	$1,354	2,390.2	24.9	21.7
7	FDS	*FactSet Research Systems Inc.*	2006	$1,244	2.8	$1,319	973.6	10.7	14.6
8	IDXX	*IDEXX Laboratories, Inc.*	2005	$1,137	2.6	$2,271	3,651.5	37.5	20.8
9	MTN	*Vail Resorts, Inc.*	1997	$1,069	2.4	$1,209	1,203.6	13.0	9.9
10	KNSL	*Kinsale Capital Group, Inc.*	2016	$1,008	2.3	$960	2,841.8	29.4	55.4
11	H	*Hyatt Hotels Corporation*	2009	$858	1.9	$673	484.8	5.8	13.0
12	GWRE	*Guidewire Software, Inc.*	2012	$725	1.6	$464	404.4	5.0	14.6
13	RRR	*Red Rock Resorts, Inc.*	2016	$623	1.4	$374	298.7	4.0	19.1
14	ANSS	*ANSYS, Inc.*	2009	$610	1.4	$894	1,235.7	13.4	18.6
15	CHH	*Choice Hotels International, Inc.*	1996	$601	1.4	$791	3,490.2	35.9	14.0
16	SCHW	*The Charles Schwab Corp.*	1992	$538	1.2	$1,493	11,477.4	115.8	16.4
17	PRI	*Primerica, Inc.*	2010	$482	1.1	$591	1,397.5	15.0	21.3
18	TSM	*Taiwan Semiconductor Manufacturing Company Limited*	2013	$456	1.0	$374	873.6	9.7	23.5
19	MTD	*Mettler-Toledo International Inc.*	2008	$405	0.9	$983	1,745.4	18.5	21.0
20	MORN	*Morningstar, Inc.*	2005	$404	0.9	$449	1,607.7	17.1	16.2
21	NVDA	*NVIDIA Corporation*	2018	$403	0.9	$403	1,266.1	13.7	60.7
22	VRT	*Vertiv Holdings Co*	2019	$396	0.9	$503	641.6	7.4	59.3
23	GLPI	*Gaming and Leisure Properties, Inc.*	2013	$381	0.9	$375	161.3	2.6	9.7
24	WST	*West Pharmaceutical Services, Inc.*	2013	$353	0.8	$535	1,145.0	12.4	26.3
25	TECH	*Bio-Techne Corporation*	2009	$352	0.8	$365	501.1	6.0	12.6
26	ICLR	*ICON Plc*	2013	$326	0.7	$286	1,065.7	11.7	24.4
27	IRDM	*Iridium Communications Inc.*	2014	$312	0.7	$244	266.7	3.7	14.0
28	VRSK	*Verisk Analytics, Inc.*	2009	$308	0.7	$450	796.3	9.0	16.3
29	677172	*Samsung Electronics Co., Ltd.*	2013	$264	0.6	$146	178.0	2.8	10.4
30	SITE	*SiteOne Landscape Supply, Inc.*	2016	$261	0.6	$260	554.5	6.5	26.9

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 3/31/2024. Depending on Baron Capital's purchases and sales over the period, this performance may be lower or higher than the performance of the investment.

Portfolio holdings as a percentage of net assets as of March 31, 2024 for securities mentioned are as follows: Tesla, Inc. – Baron Fifth Avenue Growth Fund (2.7%), Baron Focused Growth Fund (7.8%), Baron Global Advantage Fund (2.8%), Baron Opportunity Fund (3.0%), Baron Partners Fund (29.3% *), Baron Technology Fund (1.4%); ***Space Exploration Technologies Corporation*** – Baron Asset Fund (2.3%), Baron Fifth Avenue Growth Fund (0.9%), Baron Focused Growth Fund (9.1%), Baron Global Advantage Fund (4.9%), Baron Opportunity Fund (2.4%), Baron Partners Fund (11.1% *); ***Gartner, Inc.*** – Baron Asset Fund (9.8%), Baron Growth Fund (8.8%), Baron Opportunity Fund (3.0%), Baron Partners Fund (4.6% *), Baron Small Cap Fund (5.1%), Baron Technology Fund (2.9%); ***Arch Capital Group Ltd.*** – Baron Asset Fund (4.1%), Baron Durable Advantage Fund (2.5%), Baron FinTech Fund (2.7%), Baron Focused Growth Fund (6.0%), Baron Growth Fund (10.4%), Baron International Growth Fund (2.8%), Baron Partners Fund (8.5% *); ***CoStar Group, Inc.*** – Baron Asset Fund (4.8%), Baron Durable Advantage Fund (1.4%), Baron FinTech Fund (1.6%), Baron Focused Growth Fund (4.7%), Baron Growth Fund (6.2%), Baron Opportunity Fund (3.3%), Baron Partners Fund (10.0% *), Baron Real Estate Fund (4.6%), Baron Technology Fund (4.3%); ***MSCI Inc.*** – Baron Asset Fund (0.6%), Baron Durable Advantage Fund (2.2%), Baron FinTech Fund (2.8%), Baron Focused Growth Fund (3.6%), Baron Growth Fund (10.4%), Baron Partners Fund (2.0% *); ***FactSet Research Systems Inc.*** – Baron Asset Fund (3.4%), Baron FinTech Fund (2.7%), Baron Focused Growth Fund (4.1%), Baron Growth Fund (6.8%), Baron Partners Fund (4.6% *); ***IDEXX Laboratories, Inc.*** – Baron Asset Fund (6.5%), Baron Focused Growth Fund (1.3%), Baron Growth Fund (3.4%), Baron Health Care Fund (1.6%), Baron Partners Fund (5.4% *), Baron Small Cap Fund (0.3%); ***Vail Resorts, Inc.*** – Baron Asset Fund (2.7%), Baron Focused Growth Fund (4.4%), Baron Growth Fund (5.5%), Baron Partners Fund (3.8% *); ***Kinsale Capital Group, Inc.*** – Baron Discovery Fund (3.4%), Baron FinTech Fund (1.5%), Baron Growth Fund (6.5%), Baron Small Cap Fund (5.1%); ***Hyatt Hotels Corporation*** – Baron Asset Fund (1.7%), Baron Focused Growth Fund (5.7%), Baron Partners Fund (7.5% *), Baron Real Estate Fund (1.9%); ***Guidewire Software, Inc.*** – Baron Asset Fund (3.3%), Baron Discovery Fund (1.8%), Baron FinTech Fund (2.5%), Baron Focused Growth Fund (4.4%), Baron Growth Fund (1.3%), Baron Opportunity Fund (1.6%), Baron Partners Fund (1.5% *), Baron Small Cap Fund (2.9%), Baron Technology Fund (1.2%); ***Red Rock Resorts, Inc.*** – Baron Discovery Fund (1.5%), Baron Focused Growth Fund (4.2%), Baron Growth Fund (1.5%), Baron Partners Fund (1.5% *), Baron Real Estate Fund (1.8%), Baron Small Cap Fund (3.7%); ***ANSYS, Inc.*** – Baron Asset Fund (2.3%), Baron Focused Growth Fund (2.4%), Baron Growth Fund (4.3%); ***Choice Hotels International, Inc.*** – Baron Asset Fund (1.4%), Baron Focused Growth Fund (3.4%), Baron Growth Fund (4.7%); ***The Charles Schwab Corp.*** – Baron Asset Fund (2.6%), Baron FinTech Fund (1.4%), Baron Partners Fund (4.6% *); ***Primerica, Inc.*** – Baron Growth Fund (4.7%); ***Taiwan Semiconductor Manufacturing Company Limited*** – Baron Durable Advantage Fund (2.1%), Baron Emerging Markets Fund (7.9%), Baron International Growth Fund (2.4%), Baron New Asia Fund (8.2%), Baron Opportunity Fund (1.2%), Baron Technology Fund (3.5%); ***Mettler-Toledo International Inc.*** – Baron Asset Fund (4.6%), Baron Durable Advantage Fund (1.0%), Baron Growth Fund (1.1%), Baron Health Care Fund (1.5%), Baron Small Cap Fund (0.9%); ***Morningstar, Inc.*** – Baron Asset Fund (1.1%), Baron FinTech Fund (2.6%), Baron Growth Fund (3.5%); ***NVIDIA Corporation*** – Baron Durable Advantage Fund (4.4%), Baron Fifth Avenue Growth Fund (14.7%), Baron Global Advantage Fund (11.1%), Baron Opportunity Fund (11.6%), Baron Technology Fund (9.7%); ***Vertiv Holdings Co*** – Baron Small Cap Fund (8.1%); ***Gaming and Leisure Properties, Inc.*** – Baron Growth Fund (3.0%), Baron Partners Fund (1.2% *); ***West Pharmaceutical Services, Inc.*** – Baron Asset Fund (2.6%), Baron Growth Fund (1.8%), Baron Health Care Fund (1.9%); ***Bio-Techne Corporation*** – Baron Asset Fund (2.2%), Baron Growth Fund (2.4%), Baron Health Care Fund (1.2%); ***ICON Plc*** – Baron Asset Fund (1.4%), Baron Health Care Fund (2.8%), Baron Small Cap Fund (4.8%); ***Iridium Communications Inc.*** – Baron Focused Growth Fund (1.4%), Baron Growth Fund (2.4%), Baron Partners Fund (0.8% *); ***Verisk Analytics, Inc.*** – Baron Asset Fund (4.5%), Baron FinTech Fund (2.4%), Baron Focused Growth Fund (2.7%); ***Samsung Electronics Co., Ltd.*** – Baron Emerging Markets Fund (4.9%), Baron International Growth Fund (1.4%), Baron New Asia Fund (5.0%); ***Interactive Brokers Group, Inc.*** – Baron FinTech Fund (1.8%), Baron Focused Growth Fund (3.7%); ***SiteOne Landscape Supply, Inc.*** – Baron Discovery Fund (2.5%), Baron Real Estate Fund (2.5%), Baron Small Cap Fund (3.3%).

*% of Long Positions

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

BARON FUNDS 1987

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.

	Year	Cost	March 2024*	Multiple	CAGR
Ron's Home 1948-1955 1122 Grassmere Avenue, Wanamassa, NJ (Asbury Park, NJ "suburb")	1948	$5,000	$558,100[1]	111.6X	6.5%
Ron's Home 1955-1975 542 Deal Parkway, West Allenhurst, NJ (Asbury Park, NJ "suburb")	1955	$20,000	$1,293,300[1]	64.7X	6.3%
Minimum Wage (New York City)	1957	$1 hour	$16[2] hour	16.0X	4.3%
Golf Caddy Fees	1957	$4 18 holes	$160 18 holes	40.0x	5.7%
Gallon of Gasoline	1960	$0.31 gallon	*$3.52[3]* *gallon*	11.4x	3.9%
Ron's Annual Tuition at Bucknell University	1965	$3,500	*$64,418[4]*	18.4X	5.1%
Ron's U.S. Patent Examiner Annual Salary	1966	$7,729	$138,728[5]	17.9x	5.2%
Ford Mustang (starting price)	1966	$2,500	$30,920[6]	12.4x	4.5%
Sirloin Steak	1966	$0.67 pound	$11.72[7] pound	17.5x	5.1%
NYC Top Law Firm – First Year Associate Annual Salary	1970	$15,000	$225,000[8]	15.0x	5.2%
Gold	1974	$188 ounce	$2,255[9] ounce	12.0x	5.2%
Dow Jones Industrial Average	1982	795	39,807[9]	50.0x**	9.7%**
S&P 500 Index	1982	107	5,354.35[9]	49.9x**	9.7%**
Gross Domestic Product (GDP)	1968	$968 billion	$27,957[10] Billion	28.9x**	6.3%

* Sirloin Steak cost as of 2/29/2024, GDP data as of 12/31/2023.

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

Sources:

1 - www.zillow.com. Data Retrieved April 1, 2024.
2 - New York State Department of Labor, New York's Minimum Wage, www.labor.ny.gov/minimumwage
3 - U.S. Energy Information Administration, US Regular All Formulations Gas Price [GASREGW], retrieved from FRED, Federal Reserve Bank of St. Louis; ********fred.stlouisfed.org/series/GASREGW, April 1, 2024.
4 - Bucknell University - Bursar Services, Cost Breakdown for 2023-24, https://www.bucknell.edu/admissions-aid/tuition-fees-financial-aid/information-about-tuition-fees
5 - Office of Personnel Management(OPM) Enterprise Human Resources Integration, Patent Examiner – Federal Salaries of 2022, retrieved from FederalPay.org, ***.federalpay.org/employees/occupations/patent-examining
6 - Ford Motor Company, 2024 Ford Mustang, https://www.ford.com/cars/mustang/
7 - U.S. Bureau of Labor Statistics, Average Price: Steak, Sirloin, USDA Choice, Boneless (Cost per Pound/453.6 Grams) in U.S. City Average [APU0000703613], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/APU0000703613, April 1, 2024.
8 - Merken, S. (2023, November 29). U.S. law firm salary raises spread for second year in a row. *Reuters*. https://www.reuters.com/legal/legalindustry/us-law-firm-salary-raises-spread-second-year-row-2023-11-29/
9 - FactSet.
10 - U.S. Bureau of Economic Analysis, Gross Domestic Product [GDP], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/GDP, April 1, 2024.

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; 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).

BARON FUNDS 1987