Dear Baron Growth Fund Shareholder:

Performance

Baron Growth Fund® (the Fund) rose 2.71% (Institutional Shares) during the quarter ended June 30, 2023. This compares to the Fund's primary benchmark, the Russell 2000 Growth Index (the Benchmark), which rose 7.05%. The S&P 500 Index, which measures the performance of publicly traded large-cap U.S. companies, gained 8.74% during the period.

The opportunities and risks from artificial intelligence (AI) have become a fundamental lens for assessing future business growth. Stocks viewed as beneficiaries have surged in 2023, with NVIDIA gaining 190% and Meta gaining 138% year-to-date through June 30, 2023. Conversely, stocks deemed ripe for disruption have declined precipitously. We believe that a sizeable portion of our portfolio will benefit from advances in AI, and that this future value has yet to be reflected in their stock prices. We also believe it is more critical than ever to invest in businesses with competitive advantages that are durable as the pace of technological innovation inexorably accelerates.

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 June 30, 2023

	Baron Growth Fund Retail Shares[1,2]	Baron Growth Fund Institutional Shares[1,2,3]	Russell 2000 Growth Index[1]	S&P 500 Index[1]
Three Months[4]	2.64%	2.71%	7.05%	8.74%
Six Months[4]	10.67%	10.81%	13.55%	16.89%
One Year	21.72%	22.03%	18.53%	19.59%
Three Years	11.27%	11.55%	6.10%	14.60%
Five Years	10.89%	11.18%	4.22%	12.31%
Ten Years	11.58%	11.86%	8.83%	12.86%
Fifteen Years	10.60%	10.87%	8.85%	10.88%
Since Inception (December 31,1994)	12.83%	12.97%	7.65%	10.36%

The Fund gained 10.81% year-to-date through June 30, 2023. This performance trailed the Benchmark by 2.74%. From a sector attribution perspective, our performance includes 45 basis points of positive stock selection, which indicates that we continue to select stocks within sectors that perform better than their counterparts in the Benchmark. Our investments in Financials, Communication Services, and Health Care were mostly responsible for the positive selection effect. We are gratified to see consistent favorable stock selection, since we devote the preponderance of our time to working with our research analysts to conduct fundamental analysis.

Our positive year-to-date stock selection was more than offset by unfavorable allocation by sector/sub-industry. This was particularly the case during the second quarter. This unfavorable allocation results from our

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

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

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

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

4 Not annualized.

tendency not to find ideas that meet our investment criteria in certain sectors, industries, or sub-industries. While these cohorts go in and out of the market's favor, we do not reallocate the portfolio to anticipate or chase short-term fluctuations. Most notably, we do not presently have any investments in the biotechnology sub-industry. We believe that most small-cap biotechnology investments represent binary outcomes, where successful drug trials can be lucrative for investors, but unsuccessful trials can be an existential threat for businesses. We also believe that biotechnology companies have meaningful pricing and regulatory risk and tend to be significant consumers of cash, making them hard to research and hold for the long term. While biotechnology stocks declined 27.4% in the Benchmark in 2022, they rose 18.7% in the second quarter of 2023, creating a headwind to our relative returns. We have experienced similar short-term headwinds from our lack of exposure to cyclical businesses in Industrials, Consumer Staples, and certain parts of the Information Technology (IT) sector. While the impact of allocation will ebb and flow by quarter, we believe that our long-term focus on competitively advantaged secular growth businesses will continue to generate superior returns for our shareholders.

The NASDAQ Composite Index, which is heavily weighted in IT stocks, gained 32.3% year-to-date through June 30, 2023. This is the Composite's best first half since 1983. Approximately 75% of the Composite's gains are attributable to the seven largest companies by market cap, bellwethers Microsoft, Meta, Apple, Alphabet, Amazon, Tesla, and NVIDIA. These same stocks account for 74% of the S&P 500 Index's year-to-date gains. We attribute most of this cohort's outstanding performance to growing investor enthusiasm for the transformative potential of AI.

Widespread investor enthusiasm for AI has been building since the launch of ChatGPT-3 last November. Most companies spent the first several months of 2023 contemplating opportunities and risks that advances in AI may have on their businesses. Over the past three months, we have observed AI moving from the ideation phase to being broadly embraced by businesses, with management teams actively deploying capital resources to develop AI capabilities.

AI is advancing at an exponential rate, and forecasts of its impact on businesses are changing even faster. One year ago, most investors expected to see imminent disruptions to traditionally lower skilled jobs, with some forecasting a paradigm shift to autonomous trucks, fulfilment centers managed by robots, and fully digitalized grocery stores. Today, it appears that higher-skilled knowledge workers could be disrupted sooner, as AI brings superior composition, data collection, and analysis capabilities at a fraction of the cost.

We are working closely with our growing team of analysts to identify investment opportunities and risks stemming from AI. We are certain that as the speed of innovation accelerates, companies that sell commodity products or services will quickly be disrupted. Companies with differentiated offerings will be able to capture more value with lower costs. Similarly, companies that are short-term oriented will be left behind by innovative organizations that invest aggressively to leverage enabling technologies.

Many areas of our portfolio are favorably exposed to advances in AI. Businesses with large proprietary data sets and expertise in data concordance, such as **MSCI Inc.** and **CoStar Group, Inc.**, should be meaningful beneficiaries. We believe that technology will enable these companies to gather new data in cost effective ways, allow users to query the data through conversational user interfaces, and enable customers to draw insightful yet non-intuitive conclusions in an automated manner. These advances should enable such companies to deliver greater value to customers, broadening their addressable user bases and supporting better price realization.

Similarly, syndicated research provider **Gartner, Inc.** is a meaningful beneficiary of AI. Gartner's team of 2,200 research analysts create proprietary knowledge by assessing technology capabilities and trends. Customers access this insight through written research and virtual interactions with analysts on a subscription basis. Every company will need to assess the impact of AI on its business and will turn to Gartner to help understand and leverage these new technologies. We also expect Gartner to leverage generative AI across its own vast sales force to help enhance the productivity of its salespeople.

We think that businesses with sizeable software development organizations will be meaningful beneficiaries of AI. **ANSYS, Inc.**, a leading provider of simulation software and services, spends approximately 22% of its revenue on research and development. In 2022, ANSYS' product development organization included 2,100 employees, many of whom hold advanced degrees and have industry experience in engineering, mathematics, or computer science. We believe that *copilots*, such as Microsoft's GitHub copilot, will dramatically enhance software developer productivity by making AI-powered suggestions that help write code faster, debug code, and suggest improvements. We expect forward-looking companies like ANSYS to use this to accelerate the pace of their product development, enabling them to bring better products to market faster. We note that management teams with a short-term orientation may opt to replace developers with AI tools, providing a short-term boost to profitability at the expense of longer-term product development capabilities.

We view property and casualty (P&C) insurance software vendor **Guidewire Software, Inc.** as a meaningful beneficiary of AI. Guidewire's InsuranceSuite Cloud platform serves as the technological backbone of P&C insurers, enabling them to bind policies, process claims, and collect premium payments. We believe that insurers seeking to take advantage of AI in their own businesses will first need to modernize their legacy on-premise software to Guidewire's best-in-class cloud platform. We view this as an additional incentive for customers to undertake the modernization process, helping to accelerate Guidewire's growth. Additionally, like ANSYS, Guidewire's sizeable product development organization should experience better productivity by utilizing AI copilots.

Finally, we expect businesses with large customer service organizations to substitute technology and chatbots for human labor, enhancing client experiences while also helping profit margins. Market data and analytics vendor **FactSet Research Systems Inc.** recently indicated that approximately 50% of questions submitted to its help desk are related to FactSet FQL, its proprietary coding language. Utilizing AI-driven chatbots can help increase the scalability of this organization, enabling management to reallocate investment dollars toward revenue-generating areas while maintaining best-in-class customer satisfaction.

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

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

	% of Net Assets (as of 6/30/2023)	Total Return (%)	Contribution to Return (%)
Core Growth	**26.2**	**11.41**	**2.86**
Dechra Pharmaceuticals PLC	0.1	43.03	0.02
Trex Company, Inc.	1.0	34.70	0.26
CoStar Group, Inc.	5.9	29.27	1.44
Bright Horizons Family Solutions, Inc.	1.3	20.08	0.23
Neogen Corp.	0.3	17.45	0.05
West Pharmaceutical Services, Inc.	2.4	10.45	0.22
Bio-Techne Corporation	3.1	10.14	0.31
Littelfuse, Inc.	0.2	8.91	0.02
Gartner, Inc.	6.8	7.53	0.54
IDEXX Laboratories, Inc.	3.4	0.43	0.00
Krispy Kreme, Inc.	0.5	–5.60	–0.01
Mettler-Toledo International Inc.	1.2	–14.28	–0.21
Marel hf.	0.1	–23.20	–0.02
Russell 2000 Growth Index		**7.05**	
Disruptive Growth	**13.3**	**0.88**	**0.10**
FIGS, Inc.	0.6	33.58	0.15
Farmers Business Network, Inc.	0.2	7.82	0.02
Northvolt AB	0.2	5.36	0.01
Altair Engineering Inc.	0.7	5.17	0.04
Iridium Communications Inc.	6.3	0.52	–0.01
ANSYS, Inc.	4.3	–0.76	–0.03
Velo3D, Inc.	0.1	–4.85	–0.01
Guidewire Software, Inc.	0.9	–7.28	–0.07
Financials	**38.2**	**0.78**	**0.22**
Kinsale Capital Group, Inc.	4.8	24.73	0.99
Moelis & Company	0.2	19.97	0.04
Essent Group Ltd.	0.3	17.50	0.05
Primerica, Inc.	3.8	15.22	0.54
Houlihan Lokey, Inc.	0.6	13.08	0.07
Arch Capital Group Ltd.	8.7	10.28	0.81
The Carlyle Group Inc.	0.7	4.21	0.03
Clearwater Analytics Holdings, Inc.	0.1	–0.56	–0.00
FactSet Research Systems Inc.	6.2	–3.23	–0.24
Morningstar, Inc.	2.3	–3.25	–0.09
Cohen & Steers, Inc.	1.4	–8.38	–0.14
MSCI Inc.	9.1	–15.91	–1.84
Real/Irreplaceable Assets	**21.0**	**–0.89**	**–0.21**
Vail Resorts, Inc.	6.5	8.66	0.57
Boyd Gaming Corporation	0.4	8.44	0.03
Red Rock Resorts, Inc.	1.0	5.49	0.06
American Assets Trust, Inc.	0.0	5.04	0.00
Douglas Emmett, Inc.	0.7	3.54	0.03
Choice Hotels International, Inc.	4.5	0.28	0.00
Gaming and Leisure Properties, Inc.	3.4	–5.56	–0.21
Marriott Vacations Worldwide Corporation	2.0	–8.48	–0.20
Alexandria Real Estate Equities, Inc.	1.1	–8.63	–0.11
PENN Entertainment, Inc.	1.5	–19.09	–0.37
Cash	**1.2**	**–**	**0.01**
Fees	**–**	**–0.29**	**–0.29**
Total	**100.0***	**2.70****	**2.70****

Sources: FactSet PA, BAMCO, and FTSE Russell.

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

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

Our investments in **Real/Irreplaceable Assets**, **Core Growth**, and **Financials** represent between 21.0% and 38.2% of the Fund's net assets, and aggregate to 85.5% of net assets. Another 13.3% of net assets are invested in businesses that we consider to be **Disruptive Growth** businesses, which we believe offer greater growth potential, albeit with more risk relative to other investments. We believe this balance appropriately reflects our goal to generate superior returns over time with less risk than the Benchmark.

As shown in the table above, our Core Growth investments meaningfully outperformed the Benchmark, while our investments in the other three cohorts trailed the Benchmark. We note that within our Financials cohort, our investments in market data and analytics vendors, including MSCI, **Morningstar, Inc.**, and FactSet declined during the period, while our investments in insurance and most advisory businesses appreciated. We attribute the decline in the market data and analytics stocks to short-term cyclical headwinds. In the quarter, management teams highlighted modest headwinds from lower capital markets activities, slower sales cycles for technology spending at large buy-side institutions, and a digestion phase after a period of rapid adoption of ESG tools. We are starting to see nascent signs of improvement across many of these vectors and remain confident that the long-term earnings and cash flow potential of these businesses are intact.

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

	Millennium Internet Bubble to Financial Panic 12/31/1999 to 12/31/2008	Financial Panic to Present 12/31/2008 to 6/30/2023	Millennium Internet Bubble to Present 12/31/1999 to 6/30/2023	Inception 12/31/1994 to 6/30/2023
Alpha (%)	5.05	3.95	5.48	6.95
Beta	0.58	0.83	0.71	0.72

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

	Millennium Internet Bubble to Financial Panic 12/31/1999 to 12/31/2008		Financial Panic to Present 12/31/2008 to 6/30/2023		Millennium Internet Bubble to Present 12/31/1999 to 6/30/2023		Inception 12/31/1994 to 6/30/2023	
	Value $10,000	Annualized	Value $10,000	Annualized	Value $10,000	Annualized	Value $10,000	Annualized
Baron Growth Fund	$12,448	2.46%	$70,197	14.38%	$87,385	9.66%	$323,245	12.97%
Russell 2000 Growth Index	$ 6,476	–4.71%	$52,877	12.17%	$34,241	5.38%	$ 81,678	7.65%
S&P 500 Index	$ 7,188	–3.60%	$65,794	13.87%	$47,292	6.84%	$166,051	10.36%

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

In addition to strong short- and medium-term results, the Fund has meaningfully outperformed its Benchmark over the long term. The Fund has gained 12.97% on an annualized basis since its inception on December 31, 1994, which exceeds that of the Benchmark by 5.32% and the S&P 500 Index by 2.61%, 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 during the most recent five-year period, which featured two significant market corrections.

While the Fund did not make much money from December 31, 1999, through December 31, 2008, a period which includes the highs of the Internet Bubble and the lows of the Financial Panic, it did generate a positive annualized return of 2.46%. Conversely, a hypothetical investment in a fund designed to track the Fund's Benchmark would have declined in value by 4.71% on an annualized basis over the same time. Similarly, a hypothetical investment in a fund designed to track the large-cap S&P 500 Index would have declined 3.60% annualized. (Please see Table IV – Millennium Internet Bubble to Financial Panic). From the Financial Panic to present, the Fund generated an annualized return of 14.38%, which has exceeded that of its Benchmark by 2.21% annually, and the S&P 500 Index by 0.51% annually.

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 $323,245 on June 30, 2023. This is approximately 4.0 times greater than the $81,678 the same hypothetical investment made in a fund designed to track the Benchmark would be worth, and nearly double a hypothetical investment in the S&P 500 Index. Hypothetically, our returns were achieved with approximately 28% less volatility than the Benchmark, as represented by its beta. (Please see Tables III and IV.) Importantly, we believe that the returns in the portfolio have come primarily through the compounded growth in the revenue and cash flow of the businesses in which we have invested rather than increases in valuation multiples. We are pleased that our long-term investments in what we believe are competitively advantaged companies with attractive growth prospects and exceptional management teams have generated attractive returns in good markets and have helped to protect capital during more challenging ones.

Table V.
Top contributors to performance for the quarter ended June 30, 2023

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
CoStar Group, Inc.	2004	$0.7	$36.4	29.27%	1.44%
Kinsale Capital Group, Inc.	2016	0.6	8.7	24.73	0.99
Arch Capital Group Ltd.	2002	0.4	27.9	10.28	0.81
Vail Resorts, Inc.	1997	0.2	9.7	8.66	0.57
Gartner, Inc.	2007	2.3	27.7	7.53	0.54

CoStar Group, Inc. is a provider of data, analytics and marketing services to the real estate industry. Shares increased on robust financial performance, with net new sales growing 18% in the first quarter, driven by acceleration in multifamily bookings, which was partially offset by slower results in commercial real estate. We are encouraged by early signs of traction in CoStar's nascent residential offering. We estimate that CoStar invested around $230 million in this initiative in 2022 and is targeting a total investment approaching $500 million in 2023. While this is a significant upfront commitment, we believe residential represents a transformative opportunity for CoStar. We believe the company's proprietary data, broker-oriented approach, and best-in-class management uniquely position it to succeed in this endeavor. We are particularly encouraged by early success in driving traffic to its Homes.com platform.

Specialty insurer **Kinsale Capital Group, Inc.** contributed to performance after reporting consensus-beating quarterly results. Gross written premiums grew 46% and EPS grew 49%. Market conditions remained favorable with rising premium rates and more business shifting from the standard lines market to the excess and surplus lines market where Kinsale operates. The company is also capitalizing on disruption in the property market where rates are rising rapidly after years of industry losses and a reduction in reinsurance capacity.

Shares of specialty insurer **Arch Capital Group Ltd.** contributed to performance after reporting quarterly results that beat consensus amid favorable industry conditions. During the first quarter, net premiums written grew 30%, underwriting margins remained strong, and net investment income more than doubled. The operating ROE exceeded 20%, and book value per share grew 15% excluding unrealized investment losses. Pricing trends in the P&C insurance market remain favorable, and higher interest rates are driving higher investment yields.

Table VI.
Top detractors from performance for the quarter ended June 30, 2023

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
MSCI Inc.	2007	$1.8	$37.6	–15.91%	–1.84%
PENN Entertainment, Inc.	2008	2.5	3.7	–19.09	–0.37
FactSet Research Systems Inc.	2006	2.5	15.4	–3.23	–0.24
Gaming and Leisure Properties, Inc.	2013	4.2	12.7	–5.56	–0.21
Mettler-Toledo International Inc.	2008	2.4	28.9	–14.28	–0.21

Shares of **MSCI Inc.**, a leading provider of investment decision support tools, detracted from performance. The company reported steady first quarter earnings results and reiterated its outlook for 2023. The stock's decline was driven by weaker new ESG sales activity, which we attribute to the complex U.S. political environment and some new regulatory classifications in the E.U. Sales were also negatively impacted by broader macro uncertainty following several regional bank failures, which led to a tightening of client budgets, lengthening of sales cycles, and some increased cancelations with smaller clients. While there is some near-term uncertainty, we believe that business fundamentals remain sound, and we believe MSCI owns strong, *all weather* franchises that should enable the company to compound earnings at a double-digit rate for many years.

PENN Entertainment, Inc. operates regional casinos across the U.S. Shares fell on investor concerns that a potential recession would negatively impact visitor spending. While an increase in competition and economic deterioration in certain regional markets is pressuring results, we believe PENN will successfully navigate current headwinds given its strong balance sheet and cash flow profile. We believe PENN will continue generating strong cash flow to invest in its digital gaming opportunity and return cash to shareholders through buybacks. PENN's stock, which fell to an historical trough EBITDA multiple during the quarter, should revert to its historical average multiple as conditions improve and its digital gaming operation reaches breakeven revenue and cash flow in 2024.

Shares of **FactSet Research Systems Inc.**, a leading provider of investment management tools, detracted from performance. The company reported solid fiscal third quarter of 2023 earnings, and its business continues to perform well. However, shares declined as macro-related uncertainty, including challenges in the banking sector, lengthening sales cycles, and constrained client budgets caused annual subscription value growth to decelerate. While there is some near-term uncertainty, we believe these issues are cyclical. FactSet's large addressable market, consistent execution on both new product development and financial results, and robust free cash flow generation, make this company an unusually attractive investment.

Recent Activity

We continued to increase our holdings in **Krispy Kreme, Inc.**, an omni-channel manufacturer and retailer of doughnuts. Krispy Kreme sells its product through its owned and franchised doughnut shops, in grocery and convenience stores through its Delivered Fresh Daily (DFD) network, and via e-commerce in U.S. and non-U.S. markets. The company also owns Insomnia Cookies, a digital-first brand specializing in cookies and focused on young consumers.

Krispy Kreme is successfully executing its plan to grow fresh points of access by 10% to 15% annually. It now services over 12,000 points of access globally by leveraging 400 doughnut producing hubs worldwide. In its most recently reported quarter, the company grew revenue at 14.4% organically as it benefited from price increases and premium seasonal innovation, including strong Valentine's and St. Patrick's Day offerings. Krispy Kreme continued to expand its capabilities to offer specialty doughnuts across channels, with e-commerce a key beneficiary of this investment. We are encouraged by the results, with e-commerce revenue growing 23% year-over-year and now approaching 20% of total company sales.

In the U.S., the company expanded its footprint in traditional DFD locations while also demonstrating its ability to execute on new growth opportunities. We are particularly excited by an expanded trial at McDonald's in the Louisville, Kentucky area. The company was able to add over 160 McDonald's locations serviced by three local hubs with no disruption to existing locations or sales in the area.

Internationally, Krispy Kreme is on track to have a presence in up to seven new countries in 2023, with an additional three to five in 2024. The company's total pipeline of new hubs and fresh shops from franchise partners now exceeds 1,000 shops, which will be used to unlock additional points of access over the next five years. As the company continues to execute on its international expansion plan and domestic growth opportunities like the potential McDonald's partnership, Krispy Kreme's ability to expand from 12,000 points of access to 75,000 points of access should drive outsized top-line and EBITDA growth.

We also added to our investment in **Neogen Corp.**, a pure-play food security company. We have been investing in Neogen since 2009 and opportunistically added to our position as short-term merger integration challenges depressed the stock price. Neogen announced the acquisition of 3M Food Safety in 2022. We view this acquisition as a transformational deal that creates a scaled food security leader with a broad product portfolio and increased capacity to drive future innovation. The 3M Food Safety business was underfunded and undermanaged by its prior owner but will benefit from enhanced focus and capital allocation by Neogen management. Recent financial results have exposed several areas of weakness in 3M's Petrifilm production and fulfillment processes, which have temporarily reduced

Petrifilm's earnings. We expect this situation to gradually improve over the year and be fully resolved when Petrifilm manufacturing is transferred to Neogen's facilities.

Once the integration is complete, we expect Neogen to compound its revenue at a high single-digit rate organically. The company serves an addressable market that exceeds $20 billion of annual recurring revenue, or more than 20 times larger than its business. The food security market is growing at a mid-single rate annually, driven by durable secular trends including more incidents of food contamination, rising incomes in emerging markets, more health-conscious consumers, increasing food allergies, and an increasing focus from regulators. Beyond organic growth, the company has a muti-decade long track record of making successful bolt-on acquisitions, which we expect will continue.

The company derives around 95% of its revenue from consumable products. Revenue tends to be recurring in nature. Neogen also boasts strong customer retention rates as its products often become deeply embedded in daily workflows. The ongoing 3M Food Safety merger integration will distort near-term profitability, but we expect adjusted EBITDA margins to reach 30% over the next few years, with correspondingly strong free-cash-flow generation. Once the merger integration is finished, Neogen will be a steady mid-teens earnings compounder, which we expect will drive strong compounded stock returns over a multi-year period.

Portfolio Structure and Investment Strategy

We seek to invest in businesses with attractive fundamental characteristics and long-term growth prospects. These attributes include high barriers to entry, durable competitive advantages, large and growing addressable markets, and enduring secular tailwinds. We favor business models that have high levels of recurring and predictable revenue, generate attractive incremental margins, are cash generative, and are not dependent on third-party financing. We exclusively invest with management teams that consistently reinvest into their businesses. This is to raise barriers to entry and pursue long-term profitable growth. We work with our growing team of research analysts and portfolio managers, who are senior analysts, to verify, refine, or refute our assessment of these businesses and our expectations for durable growth across business cycles.

We hold investments for the long term. As of June 30, 2023, our weighted average holding period was 15.5 years. This is dramatically longer than most other small-cap growth funds, which, according to Morningstar, turn over about 76% of their portfolios annually based on an average for the last three years. The portfolio's 10 largest positions have a weighted average holding period of 17.3 years, ranging from a 6.6-year investment in **Kinsale Capital Group, Inc.** to investments in **Choice Hotels International, Inc.** and **Vail Resorts, Inc.** that now both exceed 26 years. We have held 24 investments, representing 78.1% of the Fund's net assets, for more than 10 years. We have held 19 investments, representing 20.7% of the Fund's net assets, for less than 10 years. We believe that Table VII and Table VIII quantify the merits of our long-term holding philosophy.

Table VII.
Top performing stocks owned more than 10 years

	Year of First Purchase	Cumulative Return Since Date of First Purchase	Annualized Return Since Date of First Purchase
IDEXX Laboratories, Inc.	2005	3,389.5%	21.3%
Arch Capital Group Ltd.	2002	2,518.1	16.6
Choice Hotels International, Inc.	1996	2,389.7	13.3
CoStar Group, Inc.	2004	2,122.8	18.1
MSCI Inc.	2007	1,968.5	21.4
Mettler-Toledo International Inc.	2008	1,718.2	22.0
Vail Resorts, Inc.	1997	1,519.9	11.1
Gartner, Inc.	2007	1,482.2	19.0

The cohort of investments that we have held for more than 10 years earned a weighted average annualized rate of return of 16.8% since initial purchase. This exceeded the performance of the Fund's Benchmark by 8.1% annualized. Five of these investments have achieved annualized returns that exceeded the Benchmark by more than 10% per year.

Table VIII.
Top performing stocks owned less than 10 years

	Year of First Purchase	Cumulative Return Since Date of First Purchase	Annualized Return Since Date of First Purchase
Kinsale Capital Group, Inc.	2016	1,309.3%	49.5%
Iridium Communications Inc.	2014	761.6	26.5
Trex Company, Inc.	2014	637.4	24.1
Altair Engineering Inc.	2017	314.2	28.5

The cohort of investments that we have held for less than 10 years has returned 25.3% annually on a weighted average basis since our initial purchase, exceeding the Benchmark by 17.3% annualized. Seven of these investments have achieved annualized returns that exceeded the Benchmark by more than 10% per year, including five that have achieved annualized returns that exceeded the Benchmark by more than 15% per year.

Portfolio Holdings

As of June 30, 2023, we owned 43 investments. The top 10 holdings represented 63.1% of the Fund's net assets, many of which have been held for more than 10 years. All were small-cap businesses at the time of purchase and have become top 10 positions mostly through stock appreciation. Our holdings in these stocks have returned 20.4% annually based on weighted average assets since our initial investment, exceeding the Benchmark by an average of 12.4% annually. We attribute much of this relative outperformance to the superior growth rates and quality exhibited by these businesses relative to the Benchmark average. We believe all our positions offer significant further appreciation potential individually, and that the Fund's diversification offers potentially better-than-market returns with less risk than the market as measured by beta. Note that diversification cannot guarantee a profit or protect against loss.

While we only purchase small-cap companies, we tend to hold stocks as long as our investment thesis remains intact, and we see a path to earning attractive compounded returns. This causes the Fund to own a significant percentage of assets in securities that have appreciated beyond their market capitalizations at the time of purchase. Baron Growth Fund's median market cap is $7.0 billion, and its weighted average market cap is $18.8 billion. This compares to Morningstar's U.S. market cap breakpoints for small- and mid-cap funds of $7.7 billion and $42.3 billion, respectively, as of June 30, 2023.

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

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
MSCI Inc.	2007	$1.8	$37.6	$711.0	9.1%
Arch Capital Group Ltd.	2002	0.4	27.9	678.1	8.7
Gartner, Inc.	2007	2.3	27.7	529.0	6.8
Vail Resorts, Inc.	1997	0.2	9.7	503.5	6.5
Iridium Communications Inc.	2014	0.6	7.8	486.1	6.3
FactSet Research Systems Inc.	2006	2.5	15.4	480.8	6.2
CoStar Group, Inc.	2004	0.7	36.4	459.2	5.9
Kinsale Capital Group, Inc.	2016	0.6	8.7	374.2	4.8
Choice Hotels International, Inc.	1996	0.4	6.0	348.4	4.5
ANSYS, Inc.	2009	2.3	28.6	330.3	4.3

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

Respectfully,

Ronald Baron
CEO and Portfolio Manager

Neal Rosenberg
Portfolio Manager

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

Risks: The Adviser believes that there is more potential for capital appreciation in smaller companies, but there also may be more risk. Specific risks associated with investing in smaller companies include that the securities may be thinly traded, and they may be more difficult to sell during market downturns. The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

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

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

The portfolio manager defines "**Best-in-class**" as well-managed, competitively advantaged, faster growing companies with higher margins and returns on invested capital and lower leverage that are leaders in their respective markets. Note that this statement represents the manager's opinion and is not based on a third-party ranking.

Alpha: measures the difference between a fund's actual returns and its expected performance, given its level of risk as measured by beta.

Beta: measures a fund's sensitivity to market movements. The beta of the market (Russell 2000 Growth Index) is 1.00 by definition. **Free cash flow (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).