Dear Baron FinTech Fund Shareholder:

Performance

In the quarter ended March 31, 2024, Baron FinTech Fund® (the Fund) rose 6.33% (Institutional Shares) compared with a 3.60% gain for the FactSet Global FinTech Index (the Benchmark). Since inception, the Fund has risen at a 10.58% annualized rate compared with 2.27% for the Benchmark.

Table I.
Performance†
Annualized for periods ended March 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]
Three Months[3]	6.32%	6.33%	3.60%	10.56%
One Year	28.83%	29.12%	18.05%	29.88%
Three Years	1.56%	1.80%	(7.39)%	11.49%
Since Inception (December 31, 2019)	10.32%	10.58%	2.27%	13.95%

JOSH SALTMAN
PORTFOLIO MANAGER

Retail Shares: BFINX
Institutional Shares: BFIIX
R6 Shares: BFIUX

U.S. equities continued their strong run with major market indexes reaching all-time highs during the first quarter. The rally was supported by robust economic data and relatively strong corporate earnings, which fueled investor hopes for a soft landing. Investors appeared unfazed by concerns about persistent inflation, the timing of Federal Reserve (Fed) rate cuts, record consumer and government debt, and potential government shutdowns. Outside of the U.S., emerging market equities remained out of favor due to ongoing weakness in China. Most sectors closed higher in the period, led by Communication Services, while Real Estate was the only sector to close lower as REITs were pressured by higher interest rates. Large-cap stocks outperformed small caps, and growth outperformed value.

The Fund outperformed the Benchmark but trailed the broader market, as defined by the S&P 500 Index. Leaders outperformed Challengers (up 9.0% vs. down 1.0%, respectively), a reversal from last quarter's performance that was likely influenced by the adverse impact of rising interest rates on high-growth stocks. Four of our seven themes contributed to relative performance (Tech-Enabled Financials, Payments, Capital Markets, and Information Services), while three themes detracted (Digital IT Services, Enterprise Software, and E-Commerce).

Stocks in the Tech-Enabled Financials theme contributed the most to relative performance this quarter. Insurance company **The Progressive Corporation** reported significant earnings growth due to higher auto insurance rates and better underwriting margins. To address the impact of high inflation and low profitability last year, Progressive pulled back on advertising and significantly raised prices. Now that margins have expanded back to healthy levels, the company plans to spend more on advertising to accelerate policy growth and market share gains. Latin American digital bank **Nu Holdings Ltd.** also performed well after reporting a continuation of

Performance listed in the above table is net of annual operating expenses. The gross annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2023 was 1.66% and 1.21%, respectively, but the net annual expense ratio was 1.20% and 0.95% (net of the Adviser's fee waivers), respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser waives and/or reimburses certain Fund expenses pursuant to a contract expiring on August 29, 2034, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit baronfunds.com or call 1-800-99-BARON.

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

1 The **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 transactional-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 Fund includes 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; 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 redemptions of Fund shares.

3 Not annualized.

balance sheet growth and improving profitability. Shares of alternative asset manager **Apollo Global Management, Inc.** outperformed due to a positive earnings report and management optimism about growth opportunities over the next several years. Additional outperformance came from commercial insurers **Kinsale Capital Group, Inc.** and **Arch Capital Group Ltd.**, whose shares were bolstered by a combination of strong financial results and broad market outperformance of insurance stocks in the first quarter. Pricing trends in the property & casualty insurance market remain favorable, and higher interest rates are helping investment income.

Payments was another standout theme thanks to double-digit gains from global payment companies **Mastercard Incorporated** and **Fiserv, Inc.** Mastercard's shares rose after the company reported quarterly financial results that exceeded Street expectations, with 13% revenue growth and 20% EPS growth. Spending volume remains healthy, with outsized growth in international markets and cross-border transactions. Management also provided encouraging financial guidance for 2024 that calls for double-digit revenue growth and margin expansion. Meanwhile, investors largely shrugged off potential risks to Mastercard stemming from Capital One's announced acquisition of Discover. Fiserv shares rose in response to robust quarterly earnings, supported by strength in Clover, its point-of-sale system for small businesses. Clover revenue jumped 30% with greater adoption of value-added services. Despite investor concerns about macroeconomic weakness potentially impacting Fiserv's outlook, the company reaffirmed its 2024 guidance. We remain optimistic as Fiserv continues to execute well on its long-term vision, and we believe Clover will play a key role in driving growth for the company in the years ahead.

Partially offsetting the above was disappointing performance in Digital IT Services, where shares of outsourced software developers **Endava plc** and **Globant S.A.** fell sharply. Endava was the top detractor after management cut guidance for the fiscal year ending June 30, 2024. Growth has slowed over the last year as business customers pulled back on discretionary IT spending due to macroeconomic uncertainty. Last fall, management was optimistic about a recovery given a growing pipeline of new projects, but these projects have taken longer to materialize as customers remain cautious about spending. While not immune to a broad slowdown in IT spending, Globant has shown more resilient growth due to its diversified customer base, favorable geographic mix, and acquisition strategy. Management expects market share gains to continue in 2024 with 16% revenue growth and 13% EPS growth, but this guidance was below more optimistic expectations. We believe these cyclical headwinds will abate over time, leading to better growth for our Digital IT Services companies.

Enterprise Software was another source of relative underperformance for the Fund. Cloud-based professional services software company **Intapp, Inc.** and investment management tools provider **FactSet Research Systems Inc.** were the largest detractors in the category. Intapp was a new addition to the Fund during the quarter. Despite reporting solid quarterly financial results, the company's shares sold off on investor concerns about near-term budgetary headwinds in the investment banking customer segment. We are optimistic about Intapp's long-term prospects as it continues to win share in financial services markets, expand its wallet share across large clients, and improve its free-cash-flow margins. FactSet's solid quarterly results were overshadowed by a negative guidance revision driven by challenges in the financial services market. The company has a strong pipeline and is seeing signs of stabilization, but client caution continues to delay purchasing decisions.

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

	Percent Impact
The Progressive Corporation	1.05%
Nu Holdings Ltd.	0.78
Apollo Global Management, Inc.	0.76
Mastercard Incorporated	0.62
Fiserv, Inc.	0.60

Shares of insurer **The Progressive Corporation** outperformed during the quarter after the company reported strong financial results. Earnings for the first two months of the year more than doubled from the same period a year ago due to a significant improvement in underwriting margins combined with accelerating policy growth. Last year, the company pulled back on growth while it applied for large rate increases from state regulators to offset higher inflation. Having achieved adequate rates in most states, management now plans to increase advertising to drive faster policy growth. Competitors are also raising their rates, which should prompt more consumer shopping and faster market share gains for Progressive while supporting healthy margins.

Nu Holdings Ltd. is a digital bank with operations in Brazil, Mexico, and Colombia. Shares appreciated during the quarter after the company reported strong balance sheet growth and improving margins. New product launches and expansion in newer countries are yielding favorable results. Nu also benefited from inclusion in the MSCI Brazil Index, which prompted buying from passively managed funds. We continue to own the stock because Nu is disrupting the financial services industry in Latin America with its digital distribution and intense focus on user experience. The company has grown to serve over 90 million customers in less than 10 years, largely through word-of-mouth referrals. We believe the company's superior product offering will drive continued share gains in large and growing markets.

Shares of alternative asset manager **Apollo Global Management, Inc.** outperformed after the company reported strong financial results and gave a positive outlook on growth over the next several years. In the most recent quarter, assets under management increased 19% and earnings per share increased 27%. Despite a more dovish interest rate outlook, management maintained 2024 financial guidance, which calls for 15% to 20% growth in fee-related earnings and double-digit growth in spread-related earnings. Fundraising remains strong, which supports management's goal of more than doubling the pace of capital deployment over the next five years. Management remains bullish on private credit due to growth opportunities across fixed income replacement, retirement accounts, and high-net-worth investors.

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

	Percent Impact
Endava plc	-1.20%
Globant S.A.	-0.35
Intapp, Inc.	-0.21
S&P Global Inc.	-0.15
FactSet Research Systems Inc.	-0.14

Shares of IT services provider **Endava plc** fell after the company cut guidance for the fiscal year ending June 30, 2024. Growth has slowed over the last year as business customers pulled back on discretionary IT spending due to budget pressures and macroeconomic uncertainty. Last fall, management was seeing early signs of a recovery, but new projects have taken longer to materialize as customers delay spending decisions. Higher expenses from increased staffing to meet anticipated demand weighed on margins as well. Management acknowledged that it misread the market and is taking steps to right-size the cost structure to improve margins. We remain invested because we expect these near-term headwinds to abate over time, leading to better growth as clients embrace digital transformation.

Globant S.A. provides outsourced software development, design, and digital marketing services for business customers. Shares fell after the company provided financial guidance that was below Street expectations. While management expects market share gains to continue, 2024 guidance indicates a slowdown in revenue and earnings growth. We remain investors. Despite a broad slowdown in IT spending, the company showed resilient business momentum with 18% revenue growth and 16% EPS growth in the most recent quarter, well above peer levels due to Globant's diversified customer base, favorable geographic mix, and acquisition strategy. We believe Globant has a long runway for expansion in a large global market for IT services.

Shares of **Intapp, Inc.**, a provider of cloud-based software for the legal, accounting, private capital, and investment banking sectors, detracted during the period held in the quarter. Intapp reported strong quarterly results that exceeded Street expectations with 23% revenue growth and significant margin expansion, leading management to raise its full-year financial guidance. However, shares sold off during the quarter due to investor concerns about budget pressure in the investment banking customer segment. In addition, one of Intapp's pre-IPO investors exited most of its position in early March. We view both issues as short term and purchased more shares on weakness. We are optimistic about Intapp's long-term prospects as it continues to gain share in the financial services market, expand wallet share across large clients, and improve margins.

Portfolio Structure

We seek to invest in competitively advantaged, growing fintech companies for the long term. We conduct independent, fundamental research and take a long-term perspective. We invest in companies across all market capitalizations and geographies. The quality of the ideas and level of conviction determine the position size of each investment. We do not try to mimic an index, and we expect the Fund will look very different from the Benchmark.

As of March 31, 2024, we held 44 positions. The Fund's 10 largest holdings represented 41.5% of net assets, and the 20 largest holdings represented 67.9% of net assets. International stocks represented 13.1% of net assets. The market capitalization range of the investments in the Fund was $558 million to $575 billion with a median of $33.5 billion and a weighted average of $106.5 billion. The Fund's active share versus the Benchmark was 86.0%.

We segment the Fund's holdings into seven investment themes. As of March 31, 2024, Tech-Enabled Financials represented 24.8% of net assets, Information Services represented 23.1%, Payments represented 19.2%, Enterprise Software represented 13.6%, Capital Markets represented 9.0%, Digital IT Services represented 5.6%, and E-Commerce represented 4.8%. Relative to the Benchmark, the Fund remains underweight in Enterprise Software and Payments, and has overweight positions in Tech-Enabled Financials, Information Services, Capital Markets, Digital IT Services, and E-Commerce.

We also segment the Fund's holdings between Leaders and Challengers. Leaders are generally larger, more established companies with stable growth rates, higher margins, and moderate valuation multiples. Challengers are generally smaller, earlier-stage companies with higher growth rates, lower margins, and higher valuation multiples. As of March 31, 2024, Leaders represented 77.9% of net assets and Challengers represented 22.2%.

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

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Mastercard Incorporated	2020	$306.1	$449.3	$3.0	4.9%
Intuit Inc.	2020	69.3	182.0	3.0	4.8
Visa Inc.	2020	376.2	575.2	3.0	4.8
S&P Global Inc.	2020	67.9	136.3	2.7	4.5
Fair Isaac Corporation	2020	11.1	31.1	2.6	4.2
The Progressive Corporation	2022	65.4	121.1	2.6	4.2
Apollo Global Management, Inc.	2023	40.4	63.9	2.5	4.1
Fiserv, Inc.	2022	67.7	94.4	2.1	3.4
MercadoLibre, Inc.	2020	53.7	76.7	2.0	3.3
Tradeweb Markets Inc.	2020	11.1	24.6	1.9	3.1

Table V.
Fund investments in GICS sub-industries as of March 31, 2024

	Percent of Net Assets
Transaction & Payment Processing Services	22.7%
Financial Exchanges & Data	20.2
Application Software	14.0
Property & Casualty Insurance	8.4
Investment Banking & Brokerage	8.4
IT Consulting & Other Services	5.6
Research & Consulting Services	4.8
Diversified Financial Services	4.1
Broadline Retail	3.3
Diversified Banks	2.7
Asset Management & Custody Banks	2.3
Real Estate Services	1.6
Internet Services & Infrastructure	1.5
Insurance Brokers	0.5
Cash and Cash Equivalents	0.0*
Total	100.0%**

* *Represents less than 0.1%.*
***Individual weights may not sum to the displayed total due to rounding.*

Recent Activity

During the quarter, we initiated one new position and exited one position. Below we discuss some of our top net purchases and sales.

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

	Quarter End Market Cap (billions)	Net Amount Purchased (thousands)
Intapp, Inc.	$ 2.5	$611.1
Nu Holdings Ltd.	56.9	254.8
WEX Inc.	9.9	79. 9
Arch Capital Group Ltd.	34.6	50.6
Jack Henry & Associates, Inc.	12.7	45.3

We initiated a position in **Intapp, Inc.**, a provider of cloud-based software for professional services companies, including law firms, accounting firms, consulting firms, private equity funds, and investment banks. Intapp's software helps manage and automate many of the administrative workflows unique to these industries, such as clearing conflicts for new engagements, onboarding new clients, tracking billable hours, and establishing regulatory walls between divisions. Its DealCloud suite functions as a deal lifecycle management and customer relationship management system that has become the industry standard in private equity and investment banking. Founded in 2000, Intapp serves more than 2,400 customers, including 96 of the top 100 U.S. law firms, 15 of the top 20 accounting firms, and 1,600 leading financial services firms.

Intapp competes in a large and growing market, spanning 28,000 firms that collectively spend $15 billion annually on software in Intapp's categories. The company has increased its annual recurring revenue by more than 20% annually for the past five years. Customers have seen good returns on their Intapp investment. For example, Intapp products have helped professional services firms reduce processing times for new client onboarding and conflict clearance by more than 50%, saved millions of dollars in billable hours leakage, and significantly expanded new deal origination volumes for financial services firms. This success has led to high retention rates, rising market share, and expanding wallet share with existing customers. Intapp has several competitive advantages that should drive continued market share gains over time, including a proprietary graph data model that is better equipped for professional services needs than traditional databases, strong brand recognition with decades of experience serving the largest firms in its end markets, and AI capabilities that continuously improve product effectiveness.

We see a long runway for growth through a combination of existing customer expansion and new customer wins. Management believes Intapp is serving less than 30% of a $1.3 billion budget opportunity across its 200 largest customers, creating the potential to more than triple revenue before adding another customer. We expect revenue from existing customers will grow at a mid-teens annual rate by cross-selling additional products, increasing user penetration, and raising prices. Intapp has also been adding approximately 200 new customers per year and is pursuing a pipeline of 28,000 potential accounts. New go-to-market partnerships with systems integrators like KPMG and cloud providers like Microsoft should extend the sales team's reach and help Intapp maintain a healthy pace of new customer wins. While Intapp is profitable today and has expanded its free-cash-flow margins over the last two years, we see an opportunity for further margin expansion to 20% or more as the company benefits from operating leverage and a higher cloud revenue mix. The combination of good organic growth and margin expansion should bode well for the stock over the long term.

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

	Quarter End Market Cap (billions)	Net Amount Sold (thousands)
BlackRock Inc.	$125.0	$360.0
Intuit Inc.	182.0	278.3
Mastercard Incorporated	449.3	191.4
Visa Inc.	575.2	171.9
Accenture plc	232.6	150.2

We trimmed some of our larger holdings to fund purchases of other ideas and manage position sizes. We sold our small position in bank software provider **nCino, Inc.** to fund the purchase of Intapp, another enterprise software company with better growth prospects.

Outlook

We're encouraged by the strong start to the year and the generally positive outlooks from management teams across the Fund. However, we're also mindful of persistently high inflation and a back-up in interest rates. The 10-Year U.S. Treasury yield started the year at 3.9% and has risen to 4.6% as of April 15, signaling resilient economic growth but also creating headwinds for equity valuations. Expectations for Fed rate cuts have also been pushed back. In early January, investors had expected six quarter-point rate cuts this year, whereas now they only expect one or two.

While being mindful of interest rates and economic trends, we don't base our investment decisions on macroeconomic predictions. We balance the Fund's exposure to macro risks to try to insulate returns from whatever scenario may unfold. One way we seek to moderate risk within a sector fund is by diversifying across the seven Fintech themes. Another way is by balancing our exposure across stable Leaders and higher-growth Challengers. A third way is by being mindful of earnings sensitivity to interest rates. While interest rates will impact the cost of capital and valuation multiples for all equities, we estimate that rates have a neutral impact on earnings for the majority of the Fund (55%). For the rest, we believe earnings for 25% of the Fund benefit from higher rates, while earnings for 20% of the Fund benefit from lower rates. During a period of rising rates, rate beneficiaries across insurance and broker-dealers were among our best-performing stocks this quarter. We do not expect a return to the low interest rate regime of the last decade, so we will continue to proactively manage the Fund's interest rate exposure and focus on holding well-managed, competitively advantaged businesses that can gain market share in any rate environment.

We mentioned in last quarter's letter that "we expect many of the cyclical headwinds that our companies faced last year to reverse and become tailwinds this year." Now, three months into the year, our prediction has had mixed success. We've been right about our rating agencies benefiting from stronger debt issuance, with **S&P Global Inc.** reporting a 45% jump in issuance in the first quarter. However, rising interest rates have tempered the rebound in mortgage and consumer lending for credit bureaus and added uncertainty to the deal activity outlook for advisory firms. Where we've been most wrong is projecting a return to robust growth in digital transformation projects for our IT services companies as business customers remain cautious about spending. We believe that a rebound for IT services demand is more a question of *when* rather than *if*, so we continue to own these stocks at now lower valuations and with moderated expectations on the timing of a demand acceleration. Significant market changes and industry dislocations can take a lot longer to work their way through companies than we often expect. The digitization of financial services remains a large, multi-decade growth opportunity that should benefit the Fund's holdings over the long term.

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 baronfunds.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 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.

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 is 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.