DEAR BARON FOCUSED GROWTH FUND SHAREHOLDER:

PERFORMANCE

Baron Focused Growth Fund® (the Fund) had a strong fourth quarter. Although the Fund increased 9.74% (Institutional Shares) in the period, it underperformed the Russell 2500 Growth Index (the Benchmark), which increased 12.59%. Investor expectations of a U.S. Federal Reserve (the Fed) pivot from raising rates to lowering rates over the next year benefited leveraged, cyclical, and interest rate sensitive stocks significantly. We have modest investments in such businesses.

Table I.
Performance
Annualized for periods ended December 31, 2023

	Baron Focused Growth Fund Retail Shares[1,2,3]	Baron Focused Growth Fund Institutional Shares[1,2,3,4]	Russell 2500 Growth Index[2]	S&P 500 Index[2]
Three Months[5]	9.66%	9.74%	12.59%	11.69%
One Year	27.40%	27.78%	18.93%	26.29%
Three Years	2.77%	3.05%	(2.68)%	10.00%
Five Years	25.69%	26.01%	11.43%	15.69%
Ten Years	15.25%	15.54%	8.78%	12.03%
Fifteen Years	16.55%	16.83%	13.64%	13.97%
Since Conversion (June 30, 2008)	13.01%	13.27%	9.90%	11.06%
Since Inception (May 31,1996)	13.20%	13.35%	8.04%	9.39%

DAVID BARON
PORTFOLIO MANAGER

RONALD BARON
CEO AND PORTFOLIO MANAGER

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

For all of 2023, the Fund outperformed its Benchmark by 885 bps, increasing 27.78%. The Benchmark increased 18.93%. The Fund's strength was led by our well-financed, **Disruptive Growth** companies that continue to take share of large market opportunities and achieve extraordinary returns on capital. Examples include **Tesla, Inc.**, **Space Exploration Technologies Corp.**, **Spotify Technology S.A.**, and **Shopify Inc.** Our highly differentiated **Core Growth**

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2022 was 1.32% and 1.06%, respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser may reimburse certain Fund expenses pursuant to a contract expiring on August 29, 2034, unless renewed for another 11-year term and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit baronfunds.com or call 1-800-99-BARON.

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

2 The **Russell 2500® Growth Index** measures the performance of small to medium-sized companies that are classified as growth. The **S&P 500 Index** measures the performance of 500 widely held large-cap U.S. companies. All rights in the FTSE Russell Index (the "Index") vest in the relevant LSE Group company which owns the Index. Russell® is a trademark of the relevant LSE Group company and is used by any other LSE Group company under license. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. The Fund includes reinvestment of dividends, net of withholding taxes, while the Russell 2500® 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.

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

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

5 Not annualized.

investments that have strong, recurring revenue with significant pricing power and high retention rates also led to outperformance in 2023. These include **Guidewire Software, Inc.** and **Verisk Analytics, Inc.** Finally, our **Real/Irreplaceable Assets** investments such as **Hyatt Hotels Corporation**, **Red Rock Resorts, Inc.**, and **Choice Hotels International, Inc.** also helped performance in 2023 given strong, well-known brands that would benefit from a stable economic environment and a potential pivot towards lower interest rates, lower inflation and greater consumer disposable income.

Our portfolio companies performed well in 2023 despite continued macroeconomic concerns of a slowdown in consumer spending and capital investments. While inflation is affecting operating expenses, most of our portfolio companies have offset a portion of their increased costs with higher prices without impacting demand.

The Fund has continued to generate strong returns with less than market risk. Over the trailing 3, 5, and 10 years, the Fund has captured 106%, 129%, and 114%, respectively, of the upside when the market increased. When markets declined, the Fund lost less with 87%, 93%, and 91% downside capture, respectively. The Fund's Sharpe ratio, a measure of risk-adjusted return, was also higher than the Benchmark for each of these periods.

We believe these strong returns with downside protection are due to our research-based investment process. Our research enables us to identify and understand businesses' competitive advantages, differentiation, long-term growth prospects, and exceptional people. As a result, the Fund has outperformed its Benchmark for the 1-, 3-, 5-, 10-, and 15-year periods, as well as since its inception on May 31, 1996. Since its inception as a private partnership more than 27 years ago, the Fund has increased 13.35% annualized. This compares to an 8.04% annualized return for the Benchmark and a 9.39% annualized return for the S&P 500 Index.

The underperformance in the fourth quarter was partly due to our **Financials** investments. Financials businesses represented 16.7% of the Fund's net assets compared to 8.5% for the Benchmark. While these companies continued to perform well, investor expectations for the Fed to begin lowering rates this year negatively impacted their stock price performance. We believe these businesses can continue to grow in a declining rate environment. That is because their recurring revenue, fee-oriented businesses have strong pricing power and high client retention rates.

Several of our Real/Irreplaceable Assets and Disruptive Growth holdings also declined in the period, accounting for the remainder of our underperformance. **Marriott Vacations Worldwide Corporation** and **Rivian Automotive, Inc.** penalized the Fund's results in the quarter, and we sold out of these positions. **Choice Hotels International, Inc.**, **BioNTech SE**, and **Tesla, Inc.** also declined in the period.

Hotel franchisor Choice declined 7.5% and hurt performance by 19 bps. Choice's proposed hostile takeover of Wyndham Hotels pressured shares because it would increase leverage that could take two to three years to pay down. Regardless, we think the acquisition would benefit Choice and Wyndham since increased scale would enable franchisees to pay lower fees to online travel agencies, increase revenue via a larger loyalty program, and generate higher royalty rates given better revenue management tools. Choice's shares are now trading at historically attractive levels, and we believe the stock is likely to increase if this transaction is not consummated.

BioNTech declined 12.2% in the fourth quarter and hurt performance by 20 bps. The company, a leader in the mRNA drug industry, was hurt in the quarter by lower uptake of its mRNA COVID vaccine as fewer people took the new vaccine. This has resulted in lower revenue and cash flow this year, but the company's strong pipeline of new oncology and infectious disease drugs over the next couple of years remains promising. The company is profitable and is generating strong cash flow. At current valuations, 70% of the company's equity value is cash. Accordingly, we believe investors are getting its pipeline for free at current price levels.

Our large position in Tesla was down modestly in the period, detracting 28 bps from performance. Tesla designs, manufactures, and sells electric vehicles, related software and components, and solar and energy storage products. The stock detracted as the core automotive segment remained under pressure due to a complex macroeconomic environment, higher interest rates, factory shutdowns, and Tesla's price reductions throughout the year, presenting pressure on the near-term growth and margin profile. Nonetheless, Tesla continued to generate sufficient gross profit to support a robust product development plan that can propel the automotive segment higher over time. Tesla also started to deliver its highly anticipated Cybertruck, its first pickup truck with a tremendous amount of consumer interest and a slew of new technologies within the car and its manufacturing lines. The refreshed Model 3 also seems to be generating strong demand while improving unit-level economics. Lastly, while early, investors now expect Tesla to benefit from its investment in artificial intelligence (AI) through development of autonomous driving technology Dojo (an AI training computer), autobidder (an automated energy trading platform), and humanoid (a human-like robot).

The one group that outperformed the Benchmark in the fourth quarter was Core Growth, owing mostly to strong gains from **IDEXX Laboratories, Inc.** and **Guidewire Software, Inc.**

Veterinary diagnostics leader IDEXX appreciated 26.9% in the period, contributing 34 bps to performance. While foot traffic to veterinary clinics in the U.S. has been subdued for the past year, IDEXX's excellent execution has enabled the company to continue delivering robust financial results. Traffic to clinics now appears to be rebounding, and we expect this to lead to accelerated revenue growth. We believe IDEXX's competitive trends are outstanding, and we expect new proprietary innovations to contribute to growth in 2024 and beyond. We see increasing evidence that long-term secular trends around pet ownership and pet care spending have been structurally accelerated, which should help support IDEXX's long-term growth rate.

Property and casualty (P&C) insurance software vendor Guidewire was up 21.2% for the quarter, adding 85 bps to performance. After a multi-year transition period, we believe the company's cloud transition is substantially complete. We believe that cloud will be the sole path forward, with annual recurring revenue (ARR) benefiting from new customer wins and migrations of the existing customer base to InsuranceSuite Cloud. We also expect the company to shift R&D resources to product development from infrastructure investment, which will help to drive cross-sales into its sticky installed base and potentially accelerate ARR over time. We are also encouraged by Guidewire's subscription gross margin expansion, which improved by approximately 1,600 bps in its most recently reported quarter. We believe that Guidewire will be the critical software vendor for the global P&C insurance industry, capturing 30% to 50% of its $15 billion to $30 billion total addressable market and generating margins above 40%.

Table II.
Total returns by category for the quarter ended December 31, 2023

	% of Net Assets (as of 12/31/2023)	Total Return (%)	Contribution to Return (%)
Core Growth	**22.5**	**13.92**	**3.12**
IDEXX Laboratories, Inc.	1.4	26.94	0.34
Krispy Kreme, Inc.	3.3	21.39	0.67
Guidewire Software, Inc.	4.3	21.16	0.85
Illumina, Inc.	2.1	17.99	0.41
CoStar Group, Inc.	4.2	13.66	0.61
Birkenstock Holding plc	1.6	6.53	0.11
Verisk Analytics, Inc.	2.9	1.25	0.04
On Holding AG	2.9	–2.04	0.09
Russell 2500 Growth Index		**12.59**	
Disruptive Growth	**36.0**	**12.06**	**3.97**
Shopify Inc.	2.0	42.75	0.75
Space Exploration Technologies Corp.	9.4	29.53	2.41
ANSYS, Inc.	2.6	21.96	0.46
Spotify Technology S.A.	3.7	21.56	0.88
FIGS, Inc.	3.0	17.80	0.54
Tesla, Inc.	11.4	–0.70	–0.28
Iridium Communications Inc.	2.2	–9.23	–0.35
BioNTech SE	1.6	–12.19	–0.20
Rivian Automotive, Inc.	–	–19.48	–0.23
Real/Irreplaceable Assets	**24.2**	**10.34**	**2.48**
Red Rock Resorts, Inc.	3.8	30.72	0.95
Alexandria Real Estate Equities, Inc.	1.6	27.90	0.40
Hyatt Hotels Corporation	4.9	23.10	1.07
MGM Resorts International	1.7	21.55	0.36
Douglas Emmett, Inc.	1.6	15.11	0.23
Las Vegas Sands Corporation	1.0	11.84	0.12
American Homes 4 Rent	0.6	7.38	0.05
Manchester United plc	1.8	3.18	0.05
Vail Resorts, Inc.	4.3	–1.90	–0.04
Choice Hotels International, Inc.	3.0	–7.45	–0.19
Marriott Vacations Worldwide Corporation	–	–28.59	–0.53
Financials	**16.7**	**2.08**	**0.43**
Jefferies Financial Group Inc.	0.8	11.31	0.08
MSCI Inc.	3.8	10.55	0.37
FactSet Research Systems Inc.	4.5	9.33	0.45
Interactive Brokers Group, Inc.	2.7	–4.10	–0.16
Arch Capital Group Ltd.	5.0	–6.82	–0.31
Cash	**0.5**	**–**	**0.01**
Fees	**–**	**–0.28**	**–0.28**
Total	**100.0***	**9.72****	**9.72****

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

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

Table III.
Top contributors to performance for the quarter ended December 31, 2023

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
Space Exploration Technologies Corp.	2017	$ –	$ –	29.53%	2.41%
Hyatt Hotels Corporation	2009	4.2	13.5	23.10	1.07
Red Rock Resorts, Inc.	2017	2.6	5.6	30.72	0.95
Spotify Technology S.A.	2020	45.4	37.3	21.56	0.88
Guidewire Software, Inc.	2013	2.7	8.9	21.16	0.85

Space Exploration Technologies Corp. (SpaceX), a high-profile private company founded by Elon Musk, designs, manufactures, and launches rockets and satellites. Shares contributed to performance in the wake of another record-breaking year. The company closed 2023 with a record 96 Falcon rocket launches, nearly twice a week on average, substantially more than the 61 launches in 2022 and surpassing all its private and government program peers. Starlink, SpaceX's satellite constellation, also achieved remarkable milestones, including operating over 5,500 satellites, the majority of active satellites in space, and now providing connectivity services to 2.3 million active customers, more than doubling its customer base during the year. Starship, SpaceX's groundbreaking new rocket, successfully performed its second test flight this quarter. Over time, SpaceX expects Starship to both reduce costs and expand the company's operational capabilities, including supporting SpaceX's long-term goal to enable human beings to inhabit Mars. We value SpaceX using a proprietary valuation model and recent financing transactions, which trended positively even through a more complex funding environment.

Shares of global hotelier **Hyatt Hotels Corporation** increased in the quarter. The company reported strong demand across its portfolio, led by robust leisure travel and improvement in its business transient and group business that is now pacing above pre-COVID levels. Room rate increases are generating solid margins and cash flow. In our view, Hyatt's sound, underleveraged balance sheet keeps it well positioned should we enter a possible downturn in 2024. The hotel transaction market is improving, and the company has two properties for sale that should close in early 2024. At that time more than 80% of revenue will be generated from fees with the remainder from owned assets. We also believe these transactions should help boost the stock's multiple over time.

Shares of **Red Rock Resorts, Inc.,** a casino operator in the Las Vegas Locals market, increased on the opening of its new Durango casino in early December. The company reported strong initial visitation and spend levels without cannibalization at its other properties. Red Rock expects the casino to generate profits from its first day of operation and projects a 20% annualized return on capital its $800 million investment by 2026. The company has 300 acres of gaming-entitled land in the Las Vegas Locals market to develop and expects to double its current EBITDA levels by the end of the decade while funding all new developments internally with cash flow. We believe its stock remains very attractively valued at current levels.

Table IV.
Top detractors from performance for the quarter ended December 31, 2023

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap or Market Cap When Sold (billions)	Total Return	Percent Impact
Marriott Vacations Worldwide Corporation	2022	$ 5.5	$ 2.6	–28.59%	–0.53%
Iridium Communications Inc.	2014	0.6	5.1	–9.23	–0.35
Arch Capital Group Ltd.	2003	0.9	27.7	–6.82	–0.31
Tesla, Inc.	2014	31.2	789.9	–0.70	–0.28
Rivian Automotive, Inc.	2023	19.2	18.6	–19.48	–0.23

Shares of timeshare company **Marriott Vacations Worldwide Corporation** fell in the quarter, driven by soft sales of timeshare units due to higher interest rates and the slow ramp of a new product offering. A default rate that was higher than the company had anticipated forced it to take a charge to increase its reserves, pressuring earnings and cash flow. We opted to exit our position due to the increased stress on its consumer base and a resulting increase in financial leverage, which we found inappropriate for a focused fund.

Iridium Communications Inc. is a mobile voice and data communications services vendor offering global coverage via satellite. In 2022, Iridium announced an agreement with Qualcomm to incorporate Iridium's technology into Qualcomm's Snapdragon chip, allowing devices to seamlessly connect to both cellular and satellite networks. In a surprise turn of events, Qualcomm backed out of the partnership in November 2023. The decision shook investors' confidence in Iridium's direct-to-device opportunity. We retain conviction. Iridium remains a unique satellite owner and operator, with L-band spectrum, years of operational experience, relatively new satellite hardware, and hundreds of partners across verticals and geographies. In addition, management announced a commitment of $3 billion in return to shareholders between 2023 and 2030, representing a material portion of the current enterprise value.

Shares of specialty insurer **Arch Capital Group Ltd.** gave up some gains in the fourth quarter after solid performance for most of the year. We believe the share price weakness was primarily due to a sector rotation away from defensive stocks to more speculative stocks following a decline in interest rates. Company fundamentals remained strong, with net premiums written growing 23%, operating ROE expanding to 25%, and book value per share rising 30% in the third quarter. Management expects favorable market conditions will persist. We continue to own Arch due to its experienced and talented management team and our expectation of solid growth in earnings and book value.

Investment Strategy & Portfolio Structure

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

As of December 31, 2023, we owned 31 investments. The Fund's average portfolio turnover for the past three years was 24.5%. This means the Fund has an average holding period for its investments of approximately four years. The average mid-cap growth mutual fund typically turns over its entire portfolio every 17 months. From a quality standpoint, the Fund's investments have stronger sales growth, higher EBITDA, operating, and free-cash-flow margins, and stronger returns on invested capital than the Benchmark. We believe these metrics help limit risk in this focused portfolio.

While focused, the Fund is diversified by sector. The Fund's weightings are significantly different than those of the Benchmark. For example, we are heavily weighted to Consumer Discretionary businesses with 40.9% of net assets in this sector versus 13.4% for the Benchmark. We have no exposure to Energy, Materials, or Utilities. We believe companies in these sectors can be cyclical, linked to commodity prices, and/or have very little if any competitive advantage. This compares to the Benchmark that had 8.8% exposure to these sectors. We also have lower exposure to Health Care stocks at 5.1% for the Fund versus 21.0% for the Benchmark. The performance of many stocks in the Health Care sector can change quickly due to exogenous events or binary outcomes (e.g., biotechnology and pharmaceuticals). As a result, we do not invest a large amount in these stocks in this focused portfolio. In Health Care, we invest in competitively advantaged companies such as our positions in **IDEXX Laboratories, Inc.**, the leading provider of diagnostics to the veterinary industry, **BioNTech SE**, the leader in mRNA drugs, and **Illumina, Inc.**, the leader in DNA sequencing instruments and consumables. The Fund is further diversified by investments in businesses at different stages of growth and development.

Table V.
Disruptive Growth Companies as of December 31, 2023

	Percent of Net Assets	Year Acquired	Cumulative Return Since Initial Purchase
Tesla, Inc.	11.4%	2014	1,388.4%
Space Exploration Technologies Corp.	9.4	2017	601.4
Spotify Technology S.A.	3.7	2020	–21.5
FIGS, Inc.	3.0	2022	–24.1
ANSYS, Inc.	2.6	2022	49.0
Iridium Communications Inc.	2.2	2014	510.5
Shopify Inc.	2.0	2022	123.8
BioNTech SE	1.6	2023	1.5

Disruptive Growth firms accounted for 36.0% of the Fund's net assets. On current metrics, these businesses may appear expensive; however, we think they will continue to grow significantly and, if we are correct, they have the potential to generate exceptional returns over time. Examples of these companies include electric vehicle leader **Tesla, Inc.**, commercial satellite and launch company **Space Exploration Technologies Corp.**, and audio streaming service provider **Spotify Technology S.A.** These companies all have large, underpenetrated addressable markets.

Table VI.
Investments with Real/Irreplaceable Assets as of December 31, 2023

	Percent of Net Assets	Year Acquired	Cumulative Return Since Initial Purchase
Hyatt Hotels Corporation	4.9%	2009	377.3%
Vail Resorts, Inc.	4.3	2013	327.8
Red Rock Resorts, Inc.	3.8	2017	188.3
Choice Hotels International, Inc.	3.0	2010	464.9
Manchester United plc	1.8	2022	–3.9
MGM Resorts International	1.7	2023	1.3
Douglas Emmett, Inc.	1.6	2022	–2.8
Alexandria Real Estate Equities, Inc.	1.6	2022	–9.2
Las Vegas Sands Corporation	1.0	2023	8.5
American Homes 4 Rent	0.6	2018	86.3

Companies that own what we believe are **Real/Irreplaceable Assets** represented 24.2% of net assets. **Vail Resorts, Inc.**, owner of the premier ski resort portfolio in the world, **Hyatt Hotels Corporation**, upscale lodging brand, and **Red Rock Resorts, Inc.**, the largest player in the Las Vegas Locals casino gaming market, are examples of companies we believe possess meaningful brand equity and barriers to entry that equate to pricing power.

Table VII.
Core Growth Investments as of December 31, 2023

	Percent of Net Assets	Year Acquired	Cumulative Return Since Initial Purchase
Guidewire Software, Inc.	4.3%	2013	135.9%
CoStar Group, Inc.	4.2	2014	308.4
Krispy Kreme, Inc.	3.3	2021	8.8
On Holding AG	2.9	2023	–15.4
Verisk Analytics, Inc.	2.9	2022	39.1
Illumina, Inc.	2.1	2023	19.1
Birkenstock Holding plc	1.6	2023	21.2
IDEXX Laboratories, Inc.	1.4	2022	25.8

Core Growth investments, steady growers that continually invest in their businesses for growth and return excess free-cash-flow to shareholders, represented 22.5% of net assets. An example would be **CoStar Group, Inc.**, a marketing and data analytics provider to the real estate industry. The company continues to add new services in commercial and residential real estate, which have grown its addressable market and enhanced services for its clients. This has improved client retention and cash flow. CoStar continues to invest its cash flow in its business to accelerate growth, which we believe should generate strong returns over time.

Table VIII.
Financials Investments as of December 31, 2023

	Percent of Net Assets	Year Acquired	Cumulative Return Since Initial Purchase
Arch Capital Group Ltd.	5.0	2003	1,939.8%
FactSet Research Systems Inc.	4.5	2008	999.3
MSCI Inc.	3.8	2021	–11.6
Interactive Brokers Group, Inc.	2.7	2023	4.0
Jefferies Financial Group Inc.	0.8	2023	35.1

Financials investments accounted for 16.7% of the Fund's net assets. These businesses generate strong recurring earnings through subscriptions and premiums that generate highly predictable earnings and cash flow. These businesses use cash flows to continue to invest in new products and services, while returning capital to shareholders through share buybacks and dividends. These companies include **Arch Capital Group Ltd.**, **FactSet Research Systems Inc.**, and **MSCI Inc.**

Portfolio Holdings

As of December 31, 2023, the Fund's top 10 holdings represented 55.6% of net assets. Most of these investments have been successful and were purchased when they were much smaller businesses. We believe they continue to offer significant appreciation potential, although we cannot guarantee that will be the case.

The top five positions in the portfolio, **Tesla, Inc.**, **Space Exploration Technologies Corp.**, **Arch Capital Group Ltd.**, **Hyatt Hotels Corporation**, and **FactSet Research Systems Inc.**, all have, in our view, significant competitive advantages due to irreplaceable assets, strong brand awareness, technologically superior industry expertise, or exclusive data that is integral to their operations. We think these businesses cannot be easily duplicated, which enhances their potential for superior earnings growth and returns over time.

Table IX.
Top 10 holdings as of December 31, 2023

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Tesla, Inc.	2014	$31.2	$789.9	$152.8	11.4%
Space Exploration Technologies Corp.	2017	–	–	126.1	9.4
Arch Capital Group Ltd.	2003	0.9	27.7	66.8	5.0
Hyatt Hotels Corporation	2009	4.2	13.5	65.2	4.9
FactSet Research Systems Inc.	2008	2.5	18.1	59.6	4.5
Vail Resorts, Inc.	2013	2.3	8.1	57.6	4.3
Guidewire Software, Inc.	2013	2.7	8.9	57.4	4.3
CoStar Group, Inc.	2014	6.2	35.7	55.5	4.2
MSCI Inc.	2021	53.9	44.7	50.9	3.8
Red Rock Resorts, Inc.	2017	2.6	5.6	50.2	3.8

Baron Focused Growth Fund

Recent Activity

In the fourth quarter, we initiated a new position in **Illumina, Inc.**, the leader in next-generation DNA sequencing, after the stock fell 45% earlier in the year. Controversy regarding the company's acquisition and disposition of Grail with its cancer diagnostic test is the reason Illumina's share price performed poorly. With Illumina's products, customers perform life science research, run diagnostic tests, treat cancer, and perform noninvasive prenatal testing, among other applications. Customers include leading genomic research centers, academic institutions, government laboratories, and hospitals. Illumina has a $120 billion addressable market opportunity through oncology testing, genetic disease testing, prenatal testing, and scientific research and analysis. Its sales are currently about $4.5 billion. The company generates high margins and cash flow and is currently accelerating its investments in the business. We believe Illumina can grow its revenue at a double-digit rate, and its EBITDA even faster.

Outlook

We believe the shares of many of our portfolio investments already reflect overly pessimistic earnings estimates for 2024. Investors obviously remember operating declines during the 2008/2009 Global Financial Crisis and are pricing in similar declines today. If we do not go into a deep recession this year, or if the slowdown and expected decline in earnings are not as bad as feared, we believe investors will see significant near-term upside in the portfolio. We believe our stocks are cyclically depressed, not secularly challenged, and see further upside over the next 12 to 18 months. So far, most of our portfolio holdings have not experienced a slowdown in sales or earnings growth, and their outlooks remain strong. In addition, we believe that even if a downturn were to occur, our portfolio companies would still be operating above pre-pandemic levels. These businesses' balance sheets have been strengthened compared to pre-COVID levels, and we believe they remain well positioned to weather a downturn should one occur.

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

Respectfully,

Ronald Baron
CEO and Portfolio Manager

David Baron
Portfolio Manager

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

Risks: The Fund is non-diversified which means, in addition to increased volatility of the Fund's returns, it will likely have a greater percentage of its assets in a single issuer or a small number of issuers, including in a particular industry than a diversified fund. Single issuer risk is the possibility that factors specific to an issuer to which the Fund is exposed will affect the market prices of the issuer's securities and therefore the net asset value of the Fund. As of the most recent quarter-end, about 15% of the Fund's assets are invested in Tesla stock. Therefore, the Fund is exposed to the risk that were Tesla stock to lose significant value, which could happen rapidly, the Fund's performance would be adversely affected. Specific risks associated with investing in small and medium-sized companies include that the securities may be thinly traded and more difficult to sell during market downturns.

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

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

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Upside Capture explains how well a fund performs in time periods where the benchmark's returns are greater than zero. **Downside Capture** measures how well a fund performs in time periods where the benchmark's returns are less than zero. **Enterprise value (EV)** is a measure of a company's total value, often used as a more comprehensive alternative to equity market capitalization. EV includes in its calculation the market capitalization of a company but also short-term and long-term debt as well as any cash on the company's balance sheet.

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